



**King County**

**Skyway-West Hill and North Highline  
Anti-displacement Strategies Report**

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September 30, 2021

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## I. Executive Summary

In accordance with the 2020 King County Comprehensive Plan update (Workplan Action 19) and King County Motion 15539, this Anti-displacement Strategies Report analyzes and makes recommendations for a suite of actionable anti-displacement strategies for the Skyway-West Hill and North Highline communities.<sup>1, 2</sup> The recommendations are based upon a variety of factors, including community identified priorities, magnitude of impact, time and cost of implementation, and other feasibility implications.

### A. Background

#### Displacement Context

Most people move multiple times over the course of their lifetime. While moving to the neighborhood of one's choice can be a positive experience, sometimes households are forced to relocate due to increased housing costs, evictions, or the loss of neighborhood community connections. For the purposes of this report, housing displacement refers to instances where the existing residents of a neighborhood are involuntarily forced to relocate. This can take the following forms: direct economic displacement, indirect economic displacement, cultural displacement, and physical displacement.<sup>3, 4</sup>

Displacement describes a pattern in which households involuntarily move as a result of factors such as housing market forces, disinvestment in communities of color, changing preferences for central city living, and redevelopment projects and new investments.<sup>5</sup> Displacement can increase the risk of homelessness and have lasting negative effects on health, education, earnings, and cultural connections.<sup>6</sup>

#### Community Context, Housing Needs, and Displacement Risk

Skyway-West Hill and North Highline are urban unincorporated areas of King County. With Black, Indigenous, and people of color (BIPOC) making up 64 percent of Skyway-West Hill residents and 54 percent of North Highline residents, both neighborhoods are more racially diverse than King County as a whole.<sup>7, 8</sup> Both neighborhoods have higher percentages of residents that are foreign born, multilingual, or have limited English proficiency than King County as a whole.<sup>9</sup> Skyway-West-Hill has the highest

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<sup>1</sup> 2016 King County Comprehensive Plan, updated July 24, 2020, Chapter 12. [\[link\]](#)

<sup>2</sup> Motion 15539. [\[link\]](#)

<sup>3</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 54. [\[link\]](#)

<sup>4</sup> Puget Sound Regional Council. "Displacement Risk Mapping." [\[link\]](#)

<sup>5</sup> University of Texas at Austin Uprooted Project. "Understanding Gentrification and Displacement." [\[link\]](#)

<sup>6</sup> Urban Displacement Project. "Pushed Out: Displacement Today and Lasting Impacts." [\[link\]](#)

<sup>7</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 66 and 91. [\[link\]](#)

<sup>8</sup> King County Affordable Housing Committee Dashboard. "Jurisdictional Data for Download." [\[link\]](#)

<sup>9</sup> King County Affordable Housing Committee Dashboard. "Jurisdictional Data for Download." [\[link\]](#)

percentage of black residents of any area in Washington State.<sup>10, 11</sup> In 2018, Skyway West-Hill’s household median income was \$68,782, and North Highline’s was \$51,898 in White Center and \$56,325 in Boulevard Park.<sup>12</sup> By comparison, the County’s overall median household income was \$89,418.<sup>13, 14</sup>

The combination of rising housing prices and lower income populations puts Skyway-West Hill and North Highline residents at increased displacement risk. In 2020, the average residential rental rates per square foot in both North Highline and Skyway-West Hill were lower than that of King County as a whole:

- King County -\$2.25 per square foot;
- North Highline (South Seattle submarket cluster) - \$2.00 per square foot; and
- Skyway-West Hill - \$1.55 per square foot.<sup>15</sup>

Over the past eight years, housing costs have increased rapidly throughout King County and even more rapidly in these two communities. Table 1 shows the percentage of annual rent increase compared to King County as a whole.

<b>Area</b>	<b>Rent Increase</b>
North Highline	4.9%
Skyway-West Hill	4.0%
King County	3.8%

Institutionalized racism has contributed to disinvestment in Skyway-West Hill and North Highline neighborhoods. Redlining, displacement from Seattle’s Central District, and the persistent economic disparities between White and Black households also contributed to relatively lower real estate values these neighborhoods.<sup>17</sup> However, the recent rapid growth of adjacent areas has caused rents and home prices in these neighborhoods to rise, creating a market ripe for gentrification.<sup>18</sup> While the White Center community in North Highline has received significant affordable housing investment, primarily through

<sup>10</sup> Girmay Zahilay, “For Black lives to matter in WA, Skyway must matter.” *Crosscut* (September 3, 2020). [\[link\]](#)

<sup>11</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 68 and 99. [\[link\]](#)

<sup>12</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 68 and 99. [\[link\]](#)

<sup>13</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 68 and 99. [\[link\]](#)

<sup>14</sup> King County Affordable Housing Committee Dashboard. “Jurisdictional Data for Download.” [\[link\]](#)

<sup>15</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 84 and p 113. [\[link\]](#)

<sup>16</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 63 and p 94. [\[link\]](#)

<sup>17</sup> University of Washington’s Seattle Civil Rights and Labor History Project. “Segregated Seattle.” [\[link\]](#)

<sup>18</sup> Heidi Groover, “Seattle-area housing market is ‘on steroids’; see what’s happening near you.” *The Seattle Times* (April 8, 2021). [\[link\]](#)

the King County Housing Authority, Skyway-West Hill , aside from housing repair assistance, has had no King County-funded affordable housing investments in the past 10 years.

During the community engagement process, community members expressed concern that increased housing costs will force them to move out of their communities. Many residents also stated in community meetings they fear losing the unique cultural character of Skyway-West Hill and North Highline neighborhoods to gentrification and higher income residents. County staff also spoke with immigrant residents, some of whom are aging and facing housing instability.

### Report Methodology

The Department of Community and Human Services (DCHS) and the Department of Local Services (DLS) collaborated on the production of this report and briefed the Office of Equity and Social Justice and the Office of Performance, Strategy, and Budget at key stages of this report’s development to ensure alignment with King County’s overall goals. The DCHS-DLS interdepartmental workgroup (the “DCHS-DLS workgroup”) analyzed each of the anti-displacement strategies, organized outreach materials, participated in community work sessions as technical advisors, attended community organization meetings, and provided interim briefings for stakeholders.

The DCHS-DLS workgroup met from January 2020 to June 2021 to engage with community groups and individual residents, analyze the potential anti-displacement strategies, and manage contracts with consultants.

The DCHS-DLS workgroup utilized U.S. Census and King County Assessor data to assess housing affordability and displacement risk. In order to assist with background research on housing markets and potential anti-displacement strategies, the DCHS-DLS workgroup contracted with Enterprise Community Partners and BERK Consulting, Inc. for the *Affordable Housing Incentives Analysis: North Highline Skyway-West Hill* report and the University of Washington Livable City Year Program for the *Anti-Displacement Strategies for Urban Unincorporated King County* report, to assist with background research on housing markets and potential anti-displacement strategies.<sup>19, 20</sup> This report is also informed by King County plans and reports, in particular the *King County Comprehensive Plan* and the *North Highline and Skyway-West Hill Subarea Plans*.<sup>21</sup> The DCHS-DLS workgroup also conducted direct research through surveys and interviews to collect anecdotal information about housing and economic conditions in Skyway-West Hill and North Highline.

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<sup>19</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) [\[link\]](#)

<sup>20</sup> University of Washington Livable City Year. *Anti-Displacement Strategies for Urban Unincorporated King County* (Seattle, WA: University of Washington, 2020). [\[link\]](#)

<sup>21</sup> *2016 King County Comprehensive Plan*, updated July 24, 2020. [\[link\]](#)

## B. Community Engagement

### Methods

King County used a collaborative process to co-develop the recommendations in the Skyway-West Hill and North Highline Anti-displacement Strategies Report with community stakeholders. The DCHS-DLS workgroup contracted with a team of community facilitators with close connections to North Highline and Skyway-West Hill.<sup>22</sup> The DCHS-DLS workgroup and community facilitators co-designed and co-facilitated an equitable engagement process that centered the concerns and experiences of residents most directly impacted by displacement pressure, specifically residents who are Black, Indigenous and people of color (BIPOC), low-income, renters, households with children, immigrants and refugees, and youth. The community facilitators provided critical leadership, partnership, and served as a feedback mechanism to the DCHS-DLS workgroup to ensure that engagement methods were accessible and meaningful.

The DCHS-DLS workgroup engaged with community members through multiple venues, including:

- The community facilitator team;
- Interactive workshops;
- Community meetings & working sessions;
- Interviews with community-based organizations;
- Community-led surveys of youth and small business owners;
- A Public Input website and survey;<sup>23</sup> and
- An online resource hub and anti-displacement strategies toolkit.<sup>24</sup>

Due to the COVID-19 pandemic, meetings were held virtually or over the phone. Translation and interpretation services were offered for community meetings and the public input and small business owner surveys. Over 225 community members actively participated in the community engagement effort.

## C. Legal Analysis

King County has broad constitutional power and detailed statutory authorization to discourage displacement and increase the availability of affordable housing. State and federal laws that impact King County's ability to implement policies and programs analyzed in this report include, but are not limited to:

- US Constitution Amendments 5 and 14;
- Washington Constitution Article 1, Sections 3, 12, and 16;

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<sup>22</sup> Community facilitators represented organizations including, but not limited to, African Community Housing and Development [\[link\]](#), the New Birth Center for Community Inclusion, Supporting Partnerships in Education and Beyond [\[link\]](#), the Skyway Coalition [\[link\]](#), the West Hill Community Association [\[link\]](#), and the White Center Community Development Association [\[link\]](#).

<sup>23</sup> King County. Departments of Local Services and Community & Human Services. "Skyway-West Hill and North Highline Anti-displacement Strategies Report" [\[link\]](#)

<sup>24</sup> King County, King County Department of Local Services and Community and Human Services. "King County's Skyway-West Hill and North Highline Anti-displacement Strategies Toolkit" [\[link\]](#)

- Washington Constitution Article 7;
- Washington Constitution Article 11, Sections 4 and 11;
- Revised Code of Washington (RCW) 36.70A.540;
- RCW 58.18.440;
- RCW 64.34.440; and
- RCW 84.14.

Analysis of how specific statutory restrictions might limit the County’s ability to act is often complex and requires careful evaluation of the proposed county Ordinance or action with the assistance of legal counsel. This sort of detailed legal review is beyond the scope of this report but should be undertaken with the assistance of legal counsel before formally implementing the recommendations of this report.

## D. Report Requirements

### **Anti-displacement Strategies Evaluation and Recommendations**

This report analyzes a broad suite of anti-displacement strategies identified in the King County Comprehensive Plan 2020 update and Motion 15539.<sup>25, 26</sup> Table 2 summarizes the report’s analysis and the Executive’s recommendations for each of these strategies. The table organizes the strategies by timeline to feasibly implement, beginning with strategies that King County can implement in the near-term. King County staff determined the priority for each strategy based on a combination of community interest, best practices identified in policy research, and feasibility. King County staff determined the impact on community based on the anticipated number of households that would be positively impacted and the degree of expected impact on a given household. The strategies are also labeled with icons representing three categories: strategies that require King County creating a new policy, program, or fund; strategies that King County could implement by expanding existing programs; and strategies that this report does not recommend pursuing.

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<sup>25</sup> 2016 King County Comprehensive Plan, updated July 24, 2020, Chapter 12. [\[link\]](#)

<sup>26</sup> Motion 15539. [\[link\]](#)

**Table 2: Skyway-West Hill and North Highline Anti-Displacement Strategies**

Strategy	Analysis	Recommendation
<b>Near-Term Strategies</b>		
<p><b>Community Preference/ Right to Return</b></p> 	<ul style="list-style-type: none"> <li>• Cost – <b>Low</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	<p>King County should require a community preference policy for all new affordable housing projects King County funds in North Highline and Skyway-West Hill.</p> <p>King County should explore including a community preference requirement for affordable housing constructed through an inclusionary housing program.</p>
<p><b>Property Tax Exemptions</b></p> 	<ul style="list-style-type: none"> <li>• Cost – <b>Low</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	<p>King County should raise awareness about the existing Property Tax Exemption programs for eligible homeowners in North Highline and Skyway-West Hill. This should be a joint effort led by the Assessor’s Office.</p>
<p><b>Priority Hire</b></p> 	<ul style="list-style-type: none"> <li>• Cost – <b>Low</b></li> <li>• Priority – <b>Medium</b></li> <li>• Impact on Community – <b>Medium</b></li> </ul>	<p>King County should perform outreach about the existing King County priority hire program in Skyway-West Hill &amp; North Highline to increase residents’ connections to economic opportunities.</p>
<b>Mid-Term Strategies</b>		
<p><b>Mandatory Inclusionary Housing</b></p> 	<ul style="list-style-type: none"> <li>• Cost – <b>TBD</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	<p>King County should continue to work with the community to develop a mandatory inclusionary housing policy.</p>

**Table 2: Skyway-West Hill and North Highline Anti-Displacement Strategies**

Strategy	Analysis	Recommendation
<b>Voluntary Inclusionary Housing-Affordable Housing Development Incentive</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>TBD</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	King County should continue to work with the community to develop a voluntary density incentive for housing developments consisting of 100% affordable units.
<b>Voluntary Inclusionary Housing-Incentive Housing Affordability</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>TBD</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	King County should continue to work with the community to develop a policy allowing increased density in exchange for affordable housing units throughout North Highline and Skyway-West Hill.
<b>Tenant Relocation Assistance</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>TBD</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	King County should explore a tenant relocation assistance policy that provides tenants with financial assistance when the tenant is involuntarily displaced due to development-related reasons or conversion of the unit into a condominium.
<b>Long-Term Strategies</b>		
<b>Down Payment Assistance</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>High</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	King County should continue and expand funding for down payment assistance programs to provide more homeownership opportunities in Skyway-West Hill and North Highline.

**Table 2: Skyway-West Hill and North Highline Anti-Displacement Strategies**

Strategy	Analysis	Recommendation
<b>Affordable Rental Housing</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>High</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	King County should invest in subsidized affordable rental housing affordable to households earning at or below 60% area median income (AMI). This includes supporting community-driven development, family-sized units, and culturally specific housing.
<b>Community Land Trust</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>High</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>High</b></li> </ul>	King County should expand investment in community land trusts and other models of permanently affordable, shared equity homeownership. This includes supporting community-driven development, family-sized units, and culturally specific housing.
<b>Manufactured Housing Community Preservation</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>High</b></li> <li>• Priority – <b>High</b></li> <li>• Impact on Community – <b>Medium</b></li> </ul>	King County should preserve the manufactured housing communities in Skyway by investing in these communities, keeping them sustainable and affordable for the long term.
<b>Redevelopment Assistance</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>High</b></li> <li>• Priority – <b>Medium</b></li> <li>• Impact on Community – <b>Low</b></li> </ul>	King County should implement a redevelopment assistance program that provides financial and technical assistance for homeowners at 80% AMI or below to build an accessory dwelling unit for tenants with incomes at 60% AMI or below.
<b>Not Recommended</b>		
<b>Rent to Own</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>High</b></li> <li>• Priority – <b>N/A</b></li> <li>• Impact on Community – <b>Risky</b></li> </ul>	King County should not support rent-to own programs.

Table 2: Skyway-West Hill and North Highline Anti-Displacement Strategies		
Strategy	Analysis	Recommendation
<b>Residential Community Benefit Agreements</b> 	<ul style="list-style-type: none"> <li>• Cost - <b>Low</b></li> <li>• Priority – <b>N/A</b></li> <li>• Impact on Community – <b>Low</b></li> </ul>	King County should not mandate community benefit agreements for developments.
<b>No Net Loss</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>Low</b></li> <li>• Priority – <b>N/A</b></li> <li>• Impact on Community – <b>Low</b></li> </ul>	King County should not implement a no net loss policy.
<b>Commercial Linkage Fees</b> 	<ul style="list-style-type: none"> <li>• Cost – <b>Low</b></li> <li>• Priority – <b>N/A</b></li> <li>• Impact on Community – <b>Low</b></li> </ul>	King County should not implement commercial linkage fees. If in the future, community demonstrates interest in commercial development that aligns with a linkage fee program, the County should explore linkage fees.
<u>Key</u>  = Increase funding and expand existing program  = New policy or program & funding  = Serious concerns, not recommended		

Both the North Highline and the Skyway-West Hill communities helped develop the recommendations. Except for the rent-to-own strategy, which the community supported, and some of the details of the inclusionary housing strategy, the communities’ priorities align with the recommendations in Table 2. See Exhibit 5 for a detailed listing of community priorities (refer to III. Community Engagement). More community engagement is needed to ensure that community members remain informed and meaningfully influence the implementation of the recommendations. (For a description of planning for future community engagement during the implementation phase of the anti-displacement recommended strategies, refer to V. Report Requirements, B. Motion 15539, Equity Review and Implementation of Recommended Strategies).

### Community-Generated Anti-displacement Strategies

In addition to the strategies required by King County Motion 15539 and Action 19 of the 2020 *King County Comprehensive Plan* update, the Skyway-West Hill and North Highline communities suggested the following ideas for the County to address displacement:

- Develop more publicly subsidized affordable housing, especially for households below 60 percent of AMI,
- Increase the development of family-sized housing (three- to five- bedroom units),

- Build culturally specific housing for elders, and
- Invest in community driven development.

This report recommends that King County also implement these strategies.

### **Equity Impact Review and Implementation of Recommended Strategies**

County staff integrated equity and social justice principles at all stages of the development of this report. Implementation of the recommendations in this report seeks to stabilize communities and empower residents of Skyway-West Hill and North Highline with large percentages of BIPOC, low-income, and immigrant households. Staff collaborated with community facilitators to develop the engagement plan and prioritized the feedback from residents in the analysis and development of the recommendations. This report recommends ongoing communication with community members and co-leading decision making and implementation of the strategies with community members and organizations whenever feasible.

The workgroup responsible for planning and monitoring the implementation of any recommended strategies will include DCHS, DLS, and the Office of Equity and Social Justice. The implementation workgroup will plan regularly scheduled touch points with community stakeholders over the next three to five years to monitor progress toward King County’s goal of reducing and preventing displacement and preserving and increasing affordable housing. This will include following community stakeholders’ recommendations to minimize any unintended negative disproportionate impacts to communities of color.

Remaining in conversation with community members and community organizations will be critical throughout the implementation phase. County staff will collaborate with community members to co-design measurement and evaluation metrics, identify unintended impacts, and co-develop recommendations for adjusting policy and program approaches to address ongoing learning and changing conditions.

### **Feasibility Analysis**

This report conducts a feasibility analysis for each recommended strategy based on estimated costs, resources available, and time to implement. The feasibility analysis identifies community preference, property tax exemptions, and priority hire as near-term strategies that County staff can implement within existing resources and staff capacity in the current biennium. This report identifies the inclusionary housing and relocation assistance recommendations as mid-term strategies that require an Ordinance and additional funding, outreach, and analysis to implement. County staff can begin implementation of the homeownership down payment assistance, affordable rental housing, and community-land trust strategies in the near term but require additional funding to achieve the desired outcomes. Therefore, these three strategies are considered long-term strategies. Finally, County staff identify the manufactured housing preservation and redevelopment assistance program recommendations as long-term strategies that have high costs and require additional funding and new programming to implement. Although a lower priority to fund at this time due to current market conditions, the County will continue to evaluate these strategies for reprioritization via ongoing market monitoring, community engagement, and other factors.

## Implementation Plan for Recommended Strategies

The Executive has directed DCHS and DLS to begin planning for implementation of the recommended strategies to prevent and mitigate displacement in North Highline and Skyway-West Hill.

The Executive plans to implement the near-term strategies during the 2021-2022 biennium using existing programs and staff. This includes:

- community preference,
- property tax exemptions, and
- priority hire.

The Executive aims to begin implementation of high priority, long term strategies in the near- to mid-term under existing DCHS Housing Finance Program (HFP) programs. Specifically, DCHS will start to make progress on these strategies using funds available in the King County 2021-2022 Adopted Budget, coupled with strategic outreach for projects in the Skyway-West Hill and North Highline communities. Full implementation of all recommendations requires resources beyond those currently available in King County's 2021-2022 Adopted Budget. Until funding is identified for the higher cost strategies, the Executive will use existing staffing capacity to begin planning.

To achieve scale and meaningful outcomes that address the long history of disinvestment in these communities, additional long-term funding from new sources will be needed. Flexible new funding will enable the County to support the development of new housing opportunities driven and informed by the community, including investments in staffing, capacity building for community-based organizations and other supports for the community to engage more fully in the implementation of these strategies.

Despite this need, the Executive will explore opportunities for existing resources to implement identified community priorities. Specifically, the Executive will identify opportunities through planning, including upcoming budget processes, to implement these strategies over the long term. Additionally, the Executive is committed to securing new federal, state, or local funding resources to implement these housing solutions.

## E. Conclusion and Next Steps

The Executive will take immediate steps to establish the Community Preference policy, increase awareness of the Property Tax Exemption and Priority Hire programs, and fund community-based organizations to develop community-driven affordable housing. The Executive will also take steps to begin implementation in the near term for the recommendations regarding homeownership down payment assistance, increased affordable rental housing, and community land trust strategies. However, fully funding those recommendations will require additional resources.

The Council must take legislative action to implement the inclusionary housing and relocation assistance program recommendations. The Executive anticipates transmitting the inclusionary housing Ordinance in December 2021, at the same time as transmittal of the Skyway-West Hill and North Highline Subarea Plans. The Executive anticipates transmitting the relocation assistance Ordinance in 2022 after conducting additional community and stakeholder engagement and identifying budget resources for program implementation.

The Executive is committed to working in partnership with community-based organizations to implement the recommended anti-displacement strategies. King County will take proactive steps over the near and long term to stabilize long-time BIPOC residents and important cultural connections.

## II. Background

This report is transmitted in response to two pieces of King County legislation: Motion 15539 and Ordinance 19146.<sup>27, 28</sup> The King County Council adopted Motion 15539 on October 23, 2019.<sup>29</sup> The Motion requests that the Executive conduct a study that identifies concrete actions that King County can take to develop and retain existing affordable housing in Skyway-West Hill and North Highline.<sup>30</sup> The King County Council adopted the 2020 update to the 2016 Comprehensive Plan on July 24, 2020 through passage of Ordinance 19146.<sup>31</sup> The 2020 Comprehensive Plan update included Workplan Action 19, directing King County to complete an Anti-Displacement Strategy for Skyway-West Hill and North Highline.<sup>32</sup> Refer to Appendix A: Ordinance 19146 and Appendix C: Motion 15539 for the relevant text from both pieces of legislation. The due dates and deliverables in the Ordinance supersede those that were included in the Motion.

### A. Department Overview

The King County Department of Community and Human Services (DCHS) provides equitable opportunities for people to be healthy, happy, and connected to community. Within DCHS, the Housing, Homelessness, and Community Development Division's (HHCCDD) mission is to increase housing stability and develop strong communities. The division strives to be anti-racist and to collaborate with partners to center historically excluded and systemically marginalized people.

The King County Department of Local Services (DLS) works to promote the well-being of residents and communities in unincorporated King County by seeking to understand their needs and delivering responsive government services. This includes conducting outreach for and developing the County's subarea plans, which are community-driven plans that outline a 20-year vision and implementing policies for each of King County's six rural Community Service Areas and five large urban Potential Annexation Areas.<sup>33</sup> Within DLS, the Permitting Division provides land use, building, and fire regulatory and operating permits; code enforcement; and a limited number of business licenses in unincorporated areas of the County.

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<sup>27</sup> King County Ordinance 19146. [\[link\]](#)

<sup>28</sup> Motion 15539. [\[link\]](#)

<sup>29</sup> Motion 15539. [\[link\]](#)

<sup>30</sup> Motion 15539. [\[link\]](#)

<sup>31</sup> *2016 King County Comprehensive Plan*, updated July 24, 2020. [\[link\]](#)

<sup>32</sup> *2016 King County Comprehensive Plan*, updated July 24, 2020. [\[link\]](#)

<sup>33</sup> Rural Community Service Areas: Bear Creek/Sammamish, Four Creeks/Tiger Mountain, Greater Maple Valley/Cedar River, Snoqualmie Valley/NE King, and Southeast King County. [\[link\]](#) Urban Potential Annexation Areas: East Renton, Fairwood, Federal Way, North Highline, and Skyway-West Hill.

## B. Displacement Context

Most people move multiple times over the course of their lifetime. While moving to the neighborhood of one's choice can be a positive experience, sometimes households are forced to relocate due to increased housing costs, evictions, or the loss of neighborhood community connections. For purposes of this report, housing displacement refers to instances where the existing residents of a neighborhood are involuntarily forced to relocate. This can take the following forms:

- **Direct economic displacement** occurs when residents move because they can no longer afford to live in an area due to rent increases
- **Indirect economic displacement** results when existing residents move out, and higher rents preclude comparable households from moving back in
- **Cultural displacement** takes place when existing residents move from a neighborhood because their social and cultural connections within the area have declined as a result of gentrification factors
- **Physical displacement** occurs when existing housing units are lost due to property rehabilitation, redevelopment, or demolition <sup>34, 35</sup>

Displacement occurs as a result of factors such as:

- housing market forces;
- disinvestment in communities of color;
- changing preferences for central city living; and
- redevelopment projects and new investments.<sup>36</sup>

Displacement can increase the risk of homelessness and have lasting negative impacts on health, education, and earnings.<sup>37</sup> Displacement also disrupts people's lives and weakens the cultural fabric of a community.<sup>38</sup> It can distance households from cultural anchors, businesses, community establishments, and faith-based organizations that bring neighbors together and provide direct support or connect people to support systems. The undermining of these systems is particularly apparent with the displacement of historically underserved Black, Indigenous, and People of Color (BIPOC) communities.

## C. Community Context

Skyway-West Hill and North Highline are urban unincorporated areas of King County. King County serves as the local government for the unincorporated areas of King County. Skyway-West Hill is south of the City of Seattle, northeast of the City of Tukwila, and west and north of the City of Renton. See Exhibit 1 for the boundaries and land uses in the Skyway-West Hill Unincorporated Area.

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<sup>34</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 54 [\[link\]](#)

<sup>35</sup> Puget Sound Regional Council, "Displacement Risk Mapping," [\[link\]](#)

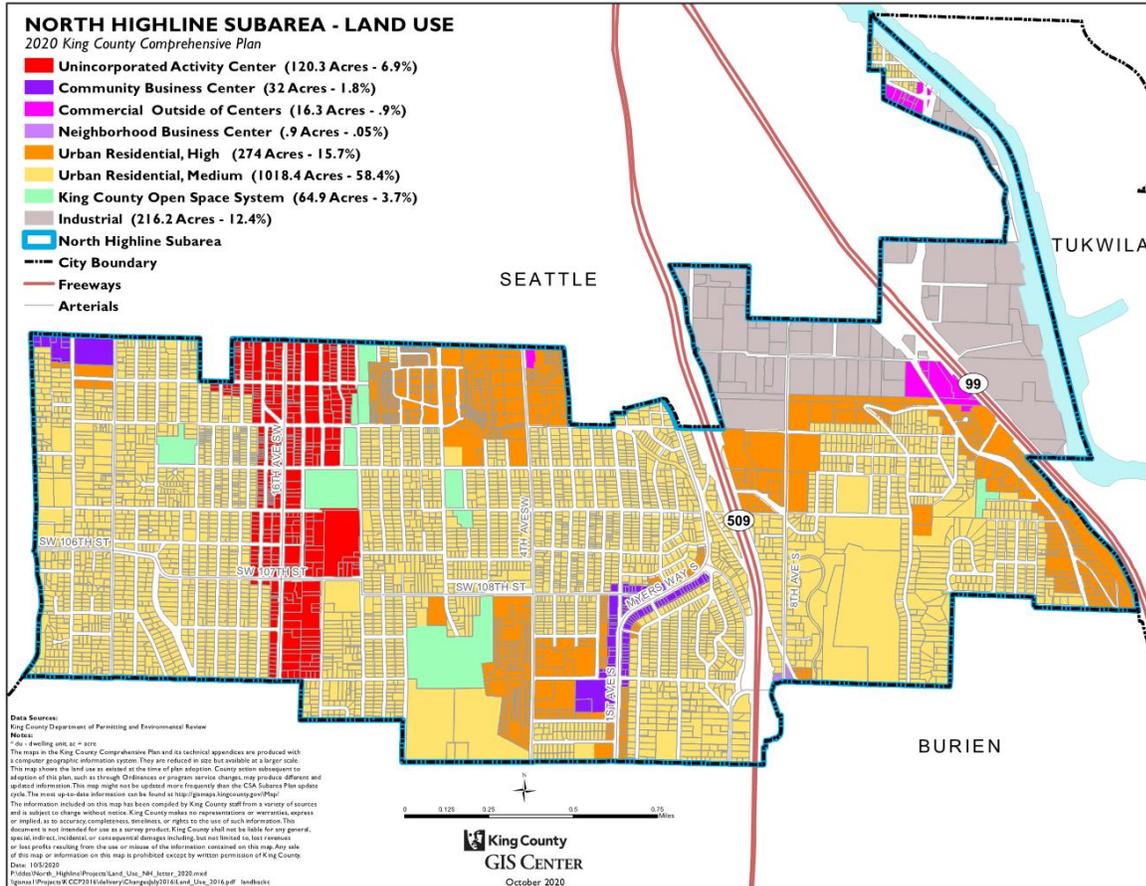
<sup>36</sup> University of Texas at Austin Uprooted Project "Understanding Gentrification and Displacement" [\[link\]](#)

<sup>37</sup> Urban Displacement Project, "Pushed Out: Displacement Today and Lasting Impacts." [\[link\]](#)

<sup>38</sup> Jason Richardson, Bruce Mitchell, and Juan Franco, *Shifting Neighborhoods: Gentrification and Cultural Displacement in American Cities*. (National Community Reinvestment Council: 2019) [\[link\]](#)



## Exhibit 2: North Highline Unincorporated Area



Both neighborhoods are diverse communities with lower median household incomes than the countywide median household income. In 2018, Skyway West-Hill’s household median income was \$68,782, while North Highline’s was \$51,898 in White Center and \$56,325 in Boulevard Park.<sup>39</sup> Both are significantly lower than the County median household income of \$89,418.<sup>40</sup> Table 3 provides additional demographic information for both neighborhoods and King County as a whole.

<sup>39</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) [\[link\]](#) p 68 and 99.

<sup>40</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) [\[link\]](#) p 68 and 99.

**Table 3: Demographics of Skyway-West Hill, North Highline, and King County<sup>41, 42, 43</sup>**

Demographic	North Highline	Skyway-West Hill	King County
American Indian and Alaska Native	1.5%	0.6%	0.5%
Asian	20.0%	31.2%	14.8%
Black or African American	10.4%	27.6%	5.7%
Hispanic or Latino	27.8%	8.4%	6.8%
Native Hawaiian and other Pacific Islander	2.6%	0.5%	0.5%
Two or More Races	8.3%	6.3%	3.6%
White, not Hispanic or Latino	38.0%	25.4%	68.1%
Foreign Born	33.6%	30.9%	23.1%
Multilingual	44.5%	41.1%	27.8%
Limited English Proficiency	22.8%	21.6%	10.7%

**Annexation**

Washington’s Growth Management Act indicates that urban services are typically provided by the cities.<sup>44</sup> King County’s Countywide Planning Policies encourage annexation of urban unincorporated areas.<sup>45</sup> In November 2012, in the most recent vote on annexation in these communities, 56 percent of Skyway-West Hill voters voted not to annex to the City of Renton, and 65 percent of North Highline voters voted not to annex to the City of Burien.<sup>46</sup> As of the transmittal of this report, none of the adjacent cities have adopted a timeline for annexation or made immediate plans to move forward with annexation.<sup>47</sup> The City of Seattle has received approval from the Boundary Review Board to move forward with a North Highline annexation ballot measure if and when they choose to do so. Seattle is updating its Comprehensive Plan and revising its growth strategy in 2021. These planning efforts will help prepare the City to make a decision on whether to move forward with an annexation attempt in early to mid-2022.

**Housing Stock**

Most existing housing units in both North Highline and Skyway-West Hill are single-family homes constructed between the 1940s and the 1960s.<sup>48</sup> The majority of new construction has been multifamily housing since the 1960s in North Highline and since the 1980s in Skyway-West Hill, although

<sup>41</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 66 and 91. [\[link\]](#)

<sup>42</sup> King County Affordable Housing Committee Dashboard. "Jurisdictional Data for Download." [\[link\]](#)

<sup>43</sup> US Census American Community Survey, 2019 5-year data.

<sup>44</sup> RCW 36.70A.030(24). [\[link\]](#)

<sup>45</sup> *2012 King County Countywide Planning Policies* (King County WA: Office of Performance, Strategy, and Budget, 2012). [\[link\]](#) p 23

<sup>46</sup> King County, Department of Elections. *2012 General Election Results*. (King County, WA: Department of Elections, 2012). [\[link\]](#)

<sup>47</sup> *North Highline Annexation - Area "Y"* (King County, WA: Boundary Review Board, 2018). [\[link\]](#)

<sup>48</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 62 and 93. [\[link\]](#)

redevelopment of single family homes has increased in recent decades.<sup>49</sup> Remaining sites for potential future development in North Highline are primarily on occupied properties, while Skyway still has some larger vacant properties, primarily in the southwest portion of the community.<sup>50</sup>

#### D. Housing Needs and Displacement Risk

Over the past eight years, housing costs have increased rapidly throughout King County, with costs in Skyway-West Hill and North Highline areas rising faster than the countywide average. In addition, BIPOC households in both communities experience higher levels of housing cost burden, meaning the household pays more than 30 percent of their income in rent, than BIPOC households in the county as a whole or White households in the communities or countywide.<sup>51</sup> See Tables 4, 5, and 6 for data related to changes in the cost of housing and disproportionate cost burden for BIPOC households in Skyway-West Hill, North Highline, and King County as a whole.

<b>Table 4: Average Annual Rent Increase – 2012 to 2020<sup>52</sup></b>	
North Highline	4.9%
Skyway-West Hill	4.0%
King County	3.8%

<b>Table 5: Home Sale Price Per Square Foot Increase – 2012 to 2020<sup>53</sup></b>	
North Highline	133%
Skyway-West Hill	130%
King County	105%

<sup>49</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 93. [\[link\]](#)

<sup>50</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 62 and 93. [\[link\]](#)

<sup>51</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 45. [\[link\]](#)

<sup>52</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 63 and 94. [\[link\]](#)

<sup>53</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 94. [\[link\]](#)

Table 6: Percent Housing Cost Burdened Households by Race			
Race	Skyway-West Hill	North Highline	King County
All	40.1%	40.2%	32.2%
American Indian and Alaska Native	50.0%	100%	38.6%
Asian	36.5%	32.7%	29.8%
Black	57.5%	72.1%	51.5%
Hispanic	46.9%	55.0%	41.3%
Other	77.5%	61.5%	37.2%
Native Hawaiian	0%	28.9%	41.3%
White	24.1%	26.3%	29.7%

The combination of rising housing prices, the high rate of cost burdened households, and lower than average incomes put Skyway-West Hill and North Highline residents at increased risk of displacement. Black, Indigenous, and people of color in both neighborhoods are about twice as likely to be severely cost burdened than White households, which indicates an increased risk of displacement for households of color. Community members reported that current residents have already been displaced from West Seattle, the Central District, and Rainier Valley to Skyway-West Hill and North Highline and are concerned that increased housing costs will force them to move farther south. Most renters in both neighborhoods are cost burdened, which also increases the risk of displacement<sup>55</sup> The Puget Sound Regional Council Regional Displacement index, which incorporates socio-demographic, transportation, and housing indicators; neighborhood character; and civic engagement data into its analysis, identifies parts of North Highline at “higher” risk and Skyway-West Hill at “moderate” risk.<sup>56</sup> Enterprise Community Partners, with BERK Consulting, Inc., under contract to DCHS, developed the *Affordable Housing Incentives Analysis: North Highline Skyway-West Hill* to inform this report. This report analyzed the scale of potential displacement in both neighborhoods. Based on the assumptions of a five to seven percent annual rent increase from 2019 to 2025, about 380 to 490 households (about nine to 11 percent of renters) in North Highline and 80 to 230 households (about three to eight percent of renters) in Skyway-West Hill are expected to become severely cost burdened by 2025 due to rent increases.<sup>57</sup>

<sup>54</sup> King County Affordable Housing Committee Dashboard. “Jurisdictional Data for Download.” [\[link\]](#)  
<sup>55</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) [\[link\]](#) p 63 and p 95.  
<sup>56</sup> Puget Sound Regional Council, “Displacement Risk Mapping.” [\[link\]](#)  
<sup>57</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) [\[link\]](#) p 46.

## E. Report Methodology

### Work Team

DCHS and DLS staff collaborated to develop this report. The DCHS-DLS workgroup consisting of people from both departments met weekly over the course of one and a half years. The DCHS-DLS workgroup engaged with the community, researched the anti-displacement strategies, and managed contracts with consultants from Enterprise Community Partners, BERK Consulting, Inc., and the University of Washington Livable City Year Program. These consultants provided analysis on market conditions and policies to inform the report's recommendations.

### Data Used

Enterprise Community Partners, BERK Consulting, Inc., and the University of Washington Livable City Year Program assisted with background research. As discussed in *Affordable Housing Incentives Analysis: North Highline Skyway-West Hill*, by Enterprise Community Partners, Inc., and BERK Consulting, Inc., an examination of the market for new residential development in Skyway-West Hill and North Highline reached these summary conclusions:

- Both neighborhoods have little vacant land zoned for multifamily development.
- Multifamily development is currently not feasible on some occupied land due to high development costs and market-rate rents that are lower than the regional average.
- Rent increases of 10 to 20 percent could increase development feasibility but would place affordable housing further out of reach.
- Current density incentives in the County's Residential Density Incentive Program do not provide enough benefit to encourage new affordable development.
- Other subsidies may be required to promote development of deeply affordable units.
- The long-term impacts of COVID on the economy are uncertain.<sup>58</sup>

The University of Washington Livable City Year Program completed the *Anti-displacement Strategies for Urban Unincorporated King County* report. The report authors researched the following anti-displacement strategies:

- affordable homeownership;
- community benefit agreements;
- community preference;
- inclusionary housing;
- manufactured housing;
- no net loss policies; and
- opportunity zones.<sup>59</sup>

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<sup>58</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) [\[link\]](#)

<sup>59</sup> University of Washington Livable City Year. *Anti-Displacement Strategies for Urban Unincorporated King County* (Seattle, WA: University of Washington, 2020) [\[link\]](#)

This report also draws from numerous other data sources, including but not limited to:

- White Center Community Development Association Small Business Survey;
- Skyway Youth Leadership Council Youth Survey;
- U.S. Census American Community Survey data;
- King County Assessor data;
- information collected through community engagement;
- literature review of similar programs adopted by other jurisdictions or organizations;
- King County Code;
- the Revised Code of Washington; and
- federal regulations.

These and other data sources are referenced throughout the report.

## Linkages to Other County Policies and Plans

### King County Comprehensive Plan

This report is transmitted, in part, as a response to Workplan Action Item 19 of the 2020 King County Comprehensive Plan update. The Comprehensive Plan is the long-range policy document that guides land use planning and development regulations in unincorporated King County. The Comprehensive Plan includes policies that address housing needs, and regional services provided throughout the County such as transit, sewers, parks, trails and open space. The Comprehensive Plan's Workplan and associated actions directs additional work to be done to implement and further refine the policies and goals of the Comprehensive Plan. The language of Action Item 19 is included as Appendix A to this report. This report is also responsive to Comprehensive Plan policies, including but not limited to:

- H-155: King County shall give particular consideration in its affordable housing and community development investments to projects that provide housing and community development solutions in the areas of the County with the most disparate outcomes in health, economic prosperity and housing conditions, and where residents may be at high risk of displacement. King County shall work to coordinate planning and community development investments to support such communities as they experience changes in their demographics, built environment, and real estate markets.
- H-161: King County should develop and expand incentives and subsidy programs to preserve affordable housing threatened by market forces and expiring federal subsidies. Relocation assistance and replacement housing should be funded, where feasible, to help low-income households when displacement is unavoidable.
- I-601: King County should develop incentives for the Urban Growth Area that encourage the development industry to provide a broad range of housing and business space, including areas of the County with the most disparate outcomes in health, economic prosperity, and housing conditions, where residents may be at high risk of displacement.<sup>60</sup>

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<sup>60</sup> 2016 King County Comprehensive Plan, updated July 24, 2020. [\[link\]](#)

### King County True North

This report furthers King County’s True North values of problem-solving, racial justice, and respecting all people.<sup>61</sup> The recommendations are based in data, careful analysis, and close engagement with residents and community-based organizations. They advance racial justice by reducing the impact of displacement, repairing past displacement, and increasing housing stability. The recommended strategies will also help keep the Skyway-West Hill and North Highline in a welcoming place where residents can thrive.

### King County Strategic Plan

This report furthers the King County Strategic Plan goals to increase access to quality housing by providing affordable housing resources to communities and individuals that meet their specific needs, increasing housing stability for low-income households, and seeking innovative partnerships to expand the supply and funding of affordable housing.<sup>62</sup>

### King County Equity and Social Justice Strategic Plan

This report furthers the King County Equity and Social Justice Strategic Plan by incorporating a pro-equity approach and by advancing social justice values by focusing on the people and places with the greatest needs.<sup>63</sup> Both Skyway-West Hill and North Highline represent communities with the highest proportions of lower-income BIPOC in unincorporated King County. This report recommends investing in community partnerships and inviting the community to co-lead funding award decisions to implement its anti-displacement strategies.

### King County Community Service Area Subarea Plans

Subarea plans are an element of the King County Comprehensive Plan and are meant to communicate the community’s long-range vision for their neighborhood and to enumerate neighborhood-specific policies that support that vision.<sup>64</sup> The current long-range plan for North Highline is the 1994 White Center Community Action Plan.<sup>65</sup> Skyway-West Hill’s current plans are the 1994 West Hill Community Plan and the 2020 Skyway-West Hill Land Use Strategy.<sup>66, 67</sup> This report furthers the following policies from the Skyway-West Hill Land Use Strategy:

- SWH-4: Prioritize achieving equitable development outcomes that serve the needs of all Skyway-West Hill residents through tools and strategies that support the creation of new affordable housing and preservation of existing units, and prevent residential and cultural displacement.
- SWH-5: Address residential displacement risks associated with new development through strategies that slow or prevent the loss of affordable housing, particularly for low- and moderate-income families.

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<sup>61</sup> *True North and Values* (King County Executive, 2020). [\[link\]](#)

<sup>62</sup> *King County Strategic Plan* (King County Office of Performance, Strategy, and Budget, 2017). [\[link\]](#)

<sup>63</sup> *Equity and Social Justice Strategic Plan* (King County WA: Office of Equity and Social Justice, 2020). [\[link\]](#)

<sup>64</sup> *2016 King County Comprehensive Plan*, updated July 24, 2020. [\[link\]](#) p 11-1.

<sup>65</sup> *White Center Community Action Plan and Area Zoning*. (King County, WA: Office of Performance, Strategy, and Budget, 1994). [\[link\]](#)

<sup>66</sup> *West Hill Community Plan and Area Zoning*. (King County, WA: Office of Performance, Strategy, and Budget, 1994). [\[link\]](#)

<sup>67</sup> *Skyway-West Hill Land Use Strategy*. (King County, WA: Department of Local Services, 2020). [\[link\]](#)

King County is in the process of developing new subarea plans for both North Highline and Skyway-West Hill and anticipates adopting them in June 2022. Subarea planning staff in DLS contributed to this report to ensure that the two efforts are complementary.

### **King County Regional Affordable Housing Task Force Five-Year Action Plan**

The King County Regional Affordable Housing Task Force convened regional elected officials and stakeholders over 18 months, resulting in the development of the Five-Year Action Plan accepted by Motion 15372 in 2019.<sup>68</sup> This report furthers the following goals from the Five-Year Action Plan:

- Goal 2: Increase construction and preservation of affordable homes for households earning less than 50 percent area median income (AMI);
- Goal 3: Prioritize affordability accessible within a half mile walkshed of existing and planned frequent transit service, with a particular priority for high-capacity transit stations;
  - Strategy A: Implement comprehensive inclusionary/incentive housing policies in all existing and planned frequent transit service to achieve the deepest affordability possible through land use incentives to be identified by local jurisdictions.
- Goal 4: Preserve access to affordable homes for renters by supporting tenant protections to increase housing stability and reduce risk of homelessness;
- Goal 5: Protect existing communities of color and low-income communities from displacement in gentrifying communities; and
- Goal 7: Better engage local communities and other partners in addressing the urgent need for and benefits of affordable housing.<sup>69</sup>

### **King County Strategic Climate Action Plan**

This report furthers the goals of the 2020 Strategic Climate Action Plan Update by supporting sustainable and resilient frontline communities. Specifically, this report addresses the focus area on housing security and anti-displacement within the Sustainable and Resilient Frontline Communities section.<sup>70</sup> Skyway-West Hill and North Highline are neighborhoods that meet the report’s definition of frontline communities, which include “Black, Indigenous, and People of Color (BIPOC) communities, immigrants and refugees, people living with low-incomes, communities experiencing disproportionate pollution exposure, women and gender non-conforming people, Lesbian, Gay, Bisexual, Queer and/or Questioning, Intersex and Asexual and/or Ally (LGBTQIA+) people, people who live and/or work outside, those with existing health issues, people with limited English skills, and other climate vulnerable groups.”<sup>71</sup> Preventing displacement is an important aspect of climate resiliency because having a strong support network near your home can be integral to surviving and thriving during and after an adverse climate event.

### **King County Analysis of Impediments to Fair Housing Choice**

In 2019, King County conducted an analysis to understand the barriers to fair housing choice and guide

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<sup>68</sup> Motion 15372. [\[link\]](#)

<sup>69</sup> *King County Regional Affordable Housing Task Force Final Report and Five-Year Action Plan* (King County, WA: Department of Community and Human Services, 2019) [\[link\]](#)

<sup>70</sup> *King County Strategic Climate Action Plan: Sustainable and Resilient Frontline Communities* (King County WA: Department of Natural Resources and Parks, 2020) [\[link\]](#)

<sup>71</sup> *King County Strategic Climate Action Plan: Sustainable and Resilient Frontline Communities* (King County WA: Department of Natural Resources and Parks, 2020) [\[link\]](#)

policy and funding decisions to end discrimination and historic patterns of segregation in King County.<sup>72</sup> This report addresses three of the goals included in the Analysis of Impediments to Fair Housing Choice: "engage underrepresented communities on an ongoing basis to better understand barriers and increase access to opportunity," "preserve and increase affordable housing in communities at high risk of displacement," and "work with communities to guide investments in historically underserved communities."<sup>73</sup>

### III. Community Engagement

#### Overview

In preparation for writing the Skyway-West Hill and North Highline Anti-displacement Strategies Report, the County's DCHS-DLS workgroup engaged closely with community members and residents to hear their ideas and understand their concerns regarding displacement. The overarching goal of the engagement was to collaboratively shape the anti-displacement recommendations to reflect the communities' priorities. The DCHS-DLS workgroup designed the additional goals and guiding principles in Exhibits 3 and 4 to guide the engagement process.

#### Exhibit 3: Community Engagement Goals

##### Community Engagement Goals

- Provide transparent and clear information about proposed anti-displacement strategies to Skyway-West Hill and North Highline residents and key stakeholders, especially low-income communities and communities of color who are most directly impacted by displacement.
- Incorporate residents' feedback on the proposed anti-displacement strategies in the draft recommendations to reflect the priorities identified by both communities.
- Learn about additional community needs and ideas from residents to address displacement.
- Identify opportunities to strengthen relationships and collaboration with community partners who want to engage with the DCHS & the County around the implementation of strategies over the next several years.

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<sup>72</sup> 2019 King County Analysis of Impediments to Fair Housing Choice (King County WA: Department of Community and Human Services, 2020) [\[link\]](#)

<sup>73</sup> 2019 King County Analysis of Impediments to Fair Housing Choice (King County WA: Department of Community and Human Services, 2020) [\[link\]](#)

## Exhibit 4: Guiding Principles for Community Engagement

### Guiding Principles for Community Engagement

- **Equity & Social Justice:** DCHS commits to developing anti-racist housing policies and ending structural inequities that heighten the risk of displacement for BIPOC and low-income communities.
- **Respect:** DCHS commits to listening as community members share their experiences and needs in their own words.
- **Transparency:** DCHS commits to providing information accessibly, easily and transparently with community members.
- **Honesty:** DCHS commits to being upfront about what the proposed anti-displacement strategies do and do not do, and potential impacts or consequences, and opportunities and limitations within DCHS' process.
- **Authenticity:** DCHS commits to putting in the work necessary to build trust with community members, meet community members where they are at, and make space for relationship-building with community members.
- **Empowerment:** DCHS commits to delivering information in an empowering and educational manner so anyone can engage with the anti-displacement work and understand how the proposed anti-displacement strategies will impact them and their community.

While King County staff strived to engage the community in multiple ways, the COVID-19 pandemic created unforeseen challenges. All workshops were held virtually, and staff could not perform in-person outreach. Many community members have been economically, physically, and mentally impacted by the pandemic, understandably limiting some community members' capacity to engage with this process. Additionally, a mostly virtual approach to community outreach limits engagement from community members whose preferred method of engagement is in-person.

DCHS and DLS translated written materials and offered Spanish, Somali, and Vietnamese interpretation at the first three workshop sessions. These are the three most-spoken languages other than English in Skyway-West Hill and North Highline.<sup>74</sup> In-language support was utilized by fewer than 10 community members per meeting.

Even with the challenges caused by the pandemic, over 80 community members from Skyway-West Hill and North Highline participated in the community meetings for this report. Many participants attended multiple sessions. The DCHS-DLS workgroup created engagement opportunities at every level, in accordance with King County's Community Engagement Continuum so that community members had different options for providing input that corresponded with their level of interest and circumstances.<sup>75</sup>

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<sup>74</sup> *King County's Top Languages* (King County, WA: King County Executive, 2010) [[link](#)]

<sup>75</sup> *Community Engagement Guide: A Tool to Advance Equity & Social Justice in King County* (King County, WA: King County Executive, 2011) [[link](#)]

The DCHS-DLS workgroup created a website with updates about the report process, an anti-displacement resource hub, video recordings of all the meetings, and a public input survey.<sup>76</sup> Over 275 community members signed up to receive status updates on the project and information about ongoing anti-displacement and equitable development work in Skyway-West Hill and North Highline.

The DCHS-DLS workgroup invested most heavily in direct conversations with community members. This occurred through the community workshops, working sessions, and meetings with community-based organizations. The engagement process acknowledged the lack of trust with the County and the history of disinvestment in Skyway-West Hill and parts of North Highline, centered the voices of low-income and BIPOC residents, provided training and information, and invited genuine collaboration with residents. County staff worked closely with a team of community leaders who contracted with the County as community facilitators to co-design and co-facilitate the anti-displacement workshops. The County staff and community facilitator collaboration allowed for community ownership over the process. This increased accountability to those most impacted by displacement, gave credibility to the process, and boosted community participation.

In developing the strategies recommended in this report, the DCHS-DLS workgroup relied heavily on the feedback from community members and community-based organizations gathered through these processes.

## A. Methods

The following section details the methods County staff utilized to collect input from community members. County staff collected community input from October 2020 through April 2021.

### Community Facilitators

To support community engagement, DCHS and DLS engaged a community facilitator team consisting of seven community leaders (listed below). These leaders represented six stakeholder organizations in Skyway-West Hill and North Highline that were focused on communities most impacted by displacement. Community facilitators were paid consultants and played a critical role in the process, contributing approximately 30 to 45 hours of their time over six months. That role included co-designing the curriculum for the Anti-displacement Workshop Series, co-facilitating five out of the six community meetings, providing in-language facilitation in Spanish, Vietnamese, and Somali as needed, initiating a community work session to develop community-led recommendations, and providing feedback and strategic guidance to County staff on the draft recommendations. The facilitator team included:

- Hamdi Abdulle, African Community Housing and Development
- Yen Baynes, White Center Community Development Association
- Tram Chung, White Center Community Development Association
- Regina Elmi, Supporting Partnerships in Education and Beyond (formerly known as Somali Parent Education Board)
- Kimberly Sopher-Dunn, New Birth Center for Community Inclusion

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<sup>76</sup> King County. Departments of Local Services and Community & Human Services. “Skyway-West Hill and North Highline Anti-displacement Strategies Report.” [\[link\]](#)

- Jeannie Williams, West Hill Community Association

### **Anti-displacement Workshop Series**

In the fall of 2020, County staff worked with the community facilitators to design and host three workshops to review the anti-displacement strategies identified in King County Motion 15539 and Action 19 of the 2020 update to the King County Comprehensive Plan. The workshops explained what each strategy does and does not do, indicated how it might be applied in each neighborhood, identified potential equity impacts, and noted other policy or program considerations. Community members engaged in an extensive dialogue with County staff and community facilitators to share ideas and address community members' questions regarding each potential anti-displacement strategy. Over 40 community members participated in the fall workshop series.

- October 17, 2020 - Workshop 1: Strategies to Increase Affordable Homeownership
- November 7, 2020 - Workshop 2: Strategies to Mitigate Displacement when Development Happens
- December 5, 2020 - Workshop 3: Strategies for Preservation and Creation of Affordable Housing

### **Community Work Sessions & Discussions**

In January 2021, 35 community members came together with the community facilitators to generate community-led recommendations and provide feedback to County staff about the proposed anti-displacement strategies. Community members also identified other ideas and areas of concern apart from the proposed anti-displacement strategies (refer to the Equity review and Implementation of Recommended Strategies, Community Priorities and Concerns section). In March 2021, the DCHS-DLS workgroup hosted another work session to further explore inclusionary housing strategies. Community members reviewed and provided input on different options for inclusionary housing regulations. In April 2021, the County hosted a community meeting to review the draft anti-displacement recommendations, answer questions, and gather final input. These and other discussions with the community shaped the recommendations of this report.

- January 30, 2021 - Virtual Anti-Displacement Recommendations Discussion
- March 20, 2021 - Inclusionary Housing Discussion Part 1
- April 10, 2021 - Anti-Displacement Draft Recommendations Report Back
- May 25, 2021 - Inclusionary Housing Discussion Part 2
- June 9, 2021 – Inclusionary Housing Discussion Part 3

### **Collaboration with Skyway Youth Leadership Council & Youth Survey**

From January to April 2021, King County staff partnered with the Skyway Youth Leadership Council (SYLC), a youth leadership organization comprised of nine youth aged 13 to 24 years old who live in the Skyway area, to collect input on anti-displacement strategies from young people living in Skyway-West Hill and North Highline. After learning about the potential anti-displacement strategies, the SYLC decided to focus on Community Preference, Priority Hire, and Community Land Trusts. The SYLC created and launched a survey to understand how youth are impacted by displacement and gather input on these three strategies. Forty youth from Skyway-West Hill and North Highline responded to the survey. Almost half of the respondents had experienced some form of displacement. Many youth shared concerns that housing is too expensive, indicating that their households needed financial assistance with rent and bills.

### **Collaboration with White Center Community Development Association & Small Business Survey**

The White Center Community Development Association surveyed 15 BIPOC and immigrant business owners in White Center about displacement and the impact of displacement on their business. Business owners reported customer and employee loss due to displacement and identified struggling with expensive commercial rent. The survey also asked the business owners to review the DCHS-DLS and community-recommended anti-displacement strategies. Most business owners surveyed reported that the recommended anti-displacement strategies would benefit their community and business.

### **Interviews with Immigrant and Refugee Community Organizations**

The DCHS-DLS workgroup held in-depth dialogues with several organizations serving immigrant and refugee communities in the Skyway-West Hill and North Highline neighborhoods. Organization staff were invited to a Neighborhood House meeting with 35 Vietnamese elders who shared their challenges accessing housing, their desire for a community gathering space located near affordable housing, and their need for accessible transportation options. Staff also met with the Khmer Community of Seattle/King County which shared their community's need for a community gathering space, culturally appropriate housing, deeply affordable housing, and homeownership options. Finally, staff met with the Duwamish Valley Affordable Housing Coalition. The Coalition indicated that Latinx immigrant communities in North Highline need accessible and affordable homeownership options specifically targeted towards immigrants, as well as community-owned projects and zoning changes that meet the needs of community-owned affordable housing projects.

### **Online Surveys and Social Media**

County staff administered an online public input survey from late September 2020 through mid-April 2021. Staff also sent surveys out after each workshop to gather more in-depth feedback from community members. DLS staff also incorporated survey outreach into the community engagement performed for the subarea planning work. Over 40 community members completed the surveys. The survey respondents reported that anti-displacement needs should be a top priority for King County, with a strong emphasis on developing affordable housing, creating affordable homeownership opportunities, and exploring innovative strategies like investing in community land trusts.

### **Anti-displacement Strategies Toolkit and Online Resource Hub**

In addition to online surveys, the County used the Anti-displacement Public Input webpage as a way to document the community process and create an online resource hub with links to materials including a glossary of terms, background documents, explanations of each strategy, workshop presentation slides, and workshop video recordings.<sup>77</sup> The County also made all materials, including those translated into Somali, Spanish, and Vietnamese, available on Google Drive in the form of an Anti-displacement Strategies Toolkit to maximize the accessibility and shareability of the resources.<sup>78</sup> The Anti-displacement Strategies Toolkit also referenced case studies of similar programs and policies in other cities. The communities of Skyway-West Hill and North Highline identified the following community priorities in Exhibit 5.

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<sup>77</sup> King County. Departments of Local Services and Community & Human Services. "Skyway-West Hill and North Highline Anti-displacement Strategies Report." [\[link\]](#)

<sup>78</sup> King County, King County Department of Local Services and Community and Human Services. "King County's Skyway-West Hill and North Highline Anti-displacement Strategies Toolkit." [\[link\]](#)

## Exhibit 5: Community Priorities

### Community Priorities

The below community priorities emerged from the community engagement process.

1. **Increase public investment in affordable housing:**
  - fund permanently affordable homeownership units for households at 50 through 80 percent of AMI;
  - build affordable rental units for households at or below 60 percent of AMI;
  - finance community-driven development projects;
  - provide funding for strategic land acquisition for community development;
  - create mixed-use developments with affordable housing, commercial and non-profit office space, and community gathering space;
  - preserve manufactured home communities in Skyway-West Hill; and
  - increase housing options and types in Skyway-West Hill and North Highline, such as allowing and investing in accessory dwelling units (ADUs), family size units, and culturally specific affordable housing for immigrant and refugee elders.
2. **Enact policies and programs that prevent displacement, protect tenants, and prioritize neighborhood residents:**
  - prioritize current and past residents for new affordable housing units;
  - connect eligible homeowners with home repair and property tax exemption programs;
  - provide eviction prevention and rental assistance for low-income renters and implement tenant protections;
  - provide down payment assistance for low-income home buyers; and
  - reduce commercial displacement and support economic development opportunities for current residents.
3. **Increase access to opportunities, amenities, and benefits to current residents when private development happens:**
  - build more mixed-income developments;
  - increase density or other incentives in exchange for affordable units, especially in the commercial core of both communities; and
  - maintain building scale, adequate parking, and accessibility as density increases.

Many of the communities' priorities are addressed by the strategies identified in Action 19 of the 2020 King County Comprehensive Plan update and in King County Motion 15539.<sup>79, 80</sup> Several additional strategies and recommendations emerged through the community engagement process. These are detailed in the subsections entitled *Developing More Publicly Subsidized Affordable Housing* and *Investing in Community-Driven Development*. The DCHS-DLS workgroup recommends that the County also implement the strategies generated from the community.

### Developing More Publicly Subsidized Affordable Housing

Community members noted that the availability of affordable housing units reduces displacement. They recommended that more publicly supported affordable housing be built to prevent many BIPOC

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<sup>79</sup> 2016 King County Comprehensive Plan, updated July 24, 2020. [\[link\]](#)

<sup>80</sup> Motion 15539. [\[link\]](#)

households from being displaced. Based on the inclusionary housing analysis (refer to section V. Report Requirements, A. Action 19, Mandatory Inclusionary Housing section), market development forces alone cannot create the number of affordable units needed to offset the displacement pressures occurring now in Skyway-West Hill and North Highline. Inclusionary housing can ward against future displacement as market conditions become more favorable for private development.<sup>81</sup> That said, both neighborhoods, particularly Skyway-West Hill, need increased investments now to create a sufficiently sizeable number of publicly subsidized units for households below 60 percent of AMI.

Community members expressed specific concerns that large households and elders already have a hard time finding affordable housing options. Community members recommend increasing development of family-size units and culturally specific housing for elders from immigrant and refugee communities.

- **Family-size housing:** Many community members agreed that larger units available for rent or purchase are usually not affordable to larger low-income households, who need it most. Low-income renters in these areas want affordable units that can house intergenerational households. They want homes located near schools, with positive and safe environments for households.
- **Culturally specific housing for elders:** Community members emphasized the importance for elders to have culturally specific housing options that are close to local community ties and that are also safe, accessible by transit, and affordable. For example, a tight-knit Vietnamese community has been living in North Highline for a long time. For these community elders, remaining close to their households, friends, and caregivers is essential for their safety, well-being, and sense of community connection. Access to reliable public transportation is likewise an important issue for older adults, who use it for joining community activities, maintaining cultural and community ties, and accessing medical care. Community centers provide a crucial link for many older adults.

The community recommended that King County increase investment in deeply affordable rental units and support a pipeline of affordable housing projects in Skyway-West Hill and North Highline that serve households at and below 60 percent of AMI. The community also requested an increase in development of three-to five-bedroom units and those designed for intergenerational households living together.

The community also recommended that King County prioritize senior housing for immigrant and refugee populations that are located near or have accessible access to community centers and cultural services and organizations within the community. The community suggested that senior housing should have culturally relevant in-house resident services, such as staff conversant in residents' languages, in-language programming, transportation services to and from cultural organizations, and ethnically specific food options.

### **Investing in Community-Driven Development**

While increasing affordable housing development is a priority, the County should take steps to ensure that the projects it invests in have support from current residents. Several community organizations and leaders have begun facilitating visioning, planning, and organizing related to affordable housing and other community-development projects in these areas. Both communities have a vision for the types of

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<sup>81</sup> Grounded Solutions Network. Inclusionary Housing. "Will Inclusionary Housing Prevent Displacement?" [\[link\]](#)

affordable housing that is needed in their neighborhoods, and they want King County investment in community controlled and stewarded development.

The DCHS-DLS workgroup recommends that King County should invest in affordable housing projects driven by organizations that have deep connections in these neighborhoods and/or that are identified and planned through other inclusive community engagement processes that center BIPOC community members. The DCHS-DLS workgroup also recommends providing community-based organizations with organizational capacity building, technical assistance, predevelopment assistance, site acquisition funding and funding for development and construction, through processes that align with King County's Equitable Development Program.

#### IV. Legal Analysis

King County has broad constitutional power, home rule charter authority, and detailed statutory authorization to discourage displacement and increase the availability of affordable housing. County authority to protect the public health, safety, or general welfare is established in Article 11, Section 11 of the Washington Constitution.<sup>82</sup> Zoning and other development regulations are generally considered valid exercises of such power as long as they bear a substantial relation to the public health, safety, or general welfare.<sup>83</sup> While the County's constitutional authority to regulate land uses and development exists independent of any statutory authorization, exercise of this authority is subject to the express limitation that such regulations may not conflict with state law.<sup>84</sup> Similarly, as a home rule charter county, King County maintains significant constitutional authority to regulate pursuant to Article XI, Section 4 of the Washington Constitution.<sup>85</sup> Exercise of home rule charter authority by the county is likewise subject to an express constitutional restriction against adopting laws that conflict with the state's constitution or statutes.<sup>86</sup> Absent such conflict, however, the home rule jurisdiction's legislative power is considered to be as broad as that of the state.<sup>87</sup>

In some instances, the strategies discussed in this report involve measures that are expressly authorized by state statute. Such statutory authorization may, at times, include specific limitations that constrain counties from requiring measures in excess of what the state allows. Examples of this, discussed elsewhere in this report, include state limitations regarding certain types of relocation assistance. While the legislature allows counties to require relocation assistance for low-income tenants in the context of development-related displacement and condominium conversions, it has specified limits on the persons eligible for such assistance, on the amount of assistance that can be required and on the process by

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<sup>82</sup> Washington State Constitution, Article XI. [\[link\]](#)

<sup>83</sup> *Duckworth v. City of Bonney Lake*, 91 Wn.2d 19, 34, 586 P.2d 860 (1978); see also *Village of Euclid v. Ambler Realty Co.*, 272 U.S. 365, 386-88, 47 S. Ct. 114, 118, 71 L. Ed. 303 (1926).

<sup>84</sup> *Nelson v. City of Seattle*, 64 Wn.2d 862, 866, 395 P.2d 82 (1964).

<sup>85</sup> Washington State Constitution, Article XI. "Any county may frame a 'Home Rule' charter for its own government subject to the Constitution and laws of this state...." [\[link\]](#)

<sup>86</sup> *Norco Constr., Inc. v. King County*, 29 Wn. App. 179, 185, 627 P.2d 988 (1981), *modified on other grounds*, 97 Wn.2d 711, 649 P.2d 103 (1982).

<sup>87</sup> See *King County v. King County Water Districts*, 194 Wn.2d 830, 840, 453 P.3d 681 (2019).

which assistance is to be paid.<sup>88, 89</sup> Apart from relocation assistance, there are other examples of statutes that authorize county actions to address displacement while restricting the scope and manner of such local government authority. In the context of property taxes, for instance, state law allows counties to designate urban centers in which development of affordable housing will be eligible for special tax exemptions and incentives.<sup>90, 91</sup> Such incentives must be provided in a manner consistent with the state-authorized program. Similarly, in the context of land use regulation, the Washington State Growth Management Act (GMA) authorizes counties to enact affordable housing incentive programs that encourage development of lower-income housing in exchange for development incentives such as increased density and height allowances, reductions in parking and other requirements or expedited and lower-cost permit processing.<sup>92</sup> Such programs must, however, be consistent with requirements specified in that and other sections of the GMA. Analysis of how specific statutory restrictions might limit the county's ability to act is often complex and requires careful evaluation of the particular proposed county Ordinance or action with assistance of legal counsel. This sort of detailed legal review is beyond the scope of this report but would necessarily occur for any strategy considered for subsequent implementation.

Apart from restrictions that are specified in various state statutes, efforts to limit displacement resulting from unconstrained market forces may implicate constitutionally protected property and contract interests. Such limitations may include those imposed under state and federal Takings clauses, requirements, and procedural and substantive due process provisions.<sup>93, 94, 95, 96</sup> Analysis of these constitutional principles is nuanced, ever-evolving and necessarily focused on project-specific details that exceed the scope of this report. To avoid unintended legal concern, legal evaluation of whether these constitutional principles impact the county's ability to adopt certain displacement strategies should be undertaken with assistance of legal counsel before formally implementing measures discussed in this report. Analysis of these constitutional principles is nuanced, ever-evolving and necessarily focused on project-specific details that exceed the scope of this report. To avoid unintended legal concern, legal evaluation of whether these constitutional principles impact the county's ability to adopt certain displacement strategies should be undertaken with assistance of legal counsel before formally implementing measures discussed in this report.

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<sup>88</sup> RCW 59.18.440. [\[link\]](#)

<sup>89</sup> RCW 64.34.440. [\[link\]](#)

<sup>90</sup> RCW 84.14. [\[link\]](#)

<sup>91</sup> RCW 84.36.379. [\[link\]](#)

<sup>92</sup> RCW 36.70A.540. [\[link\]](#)

<sup>93</sup> For the takings clause, see WASH. CONST. art. I, §16 (“No private property shall be taken or damaged for public or private use without just compensation having been first made....”); see also U.S. CONST. Amend. V (“nor shall private property be taken for public use, without just compensation”).

<sup>94</sup> For Equal Protection requirements, see Article I, Section 12 of the Washington Constitution; see also the Fourteenth Amendment to the United States Constitution

<sup>95</sup> For procedural and substantive due process provisions, see U.S. Constitution amend. XIV, cl. 1; Washington State Constitution, art. I §3.

<sup>96</sup> For procedural and substantive due process provisions, see U.S. Constitution amend. XIV, cl. 1; Washington State Constitution, art. I §3.

## V. Report Requirements

The following sections conduct the analysis as required by Action 19 in the 2020 King County Comprehensive Plan update and King County Motion 15539.<sup>97, 98</sup>

Informed by best practices, research, other ongoing efforts in King County and the robust community engagement process, each strategy section provides:

- a description of the strategy;
- a review of key related, existing programs and policies;
- an explanation of the key policy choices to design and implement the strategy;
- a financial analysis of King County implementing the strategy;
- an overview of community feedback on the specific strategy; and
- recommendations for concrete actions that King County can take, on its own or in partnership with other agencies, to prevent or mitigate displacement in Skyway-West Hill or North Highline.

This section also contains a subsection discussing the feasibility of implementing the proposed policies. (For a legal overview, refer to IV. Legal Analysis).

### A. Action 19: Skyway-West Hill and North Highline Anti-displacement Strategies

The following sections analyze:

1. mandatory inclusionary housing;
2. preservation for manufactured housing and manufactured housing communities;
3. residential community benefit agreements;
4. relocation assistance;
5. redevelopment assistance;
6. right to return; and
7. community preference programs.

## Mandatory Inclusionary Zoning/Mandatory Inclusionary Housing

### Introduction

Inclusionary housing may include both voluntary incentive and mandatory programs. This section reviews and provides recommendations for a mandatory inclusionary housing program (for a discussion of voluntary inclusionary housing refer to V. Report Requirements, B. Motion 15539, Mandatory or Voluntary Inclusionary Housing Legislative Strategies).

### Definition

Mandatory inclusionary housing is a set of policies and administrative procedures requiring or providing incentives for new development to include a certain percentage of affordable dwelling units based on

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<sup>97</sup> 2016 King County Comprehensive Plan, updated July 24, 2020. [\[link\]](#)

<sup>98</sup> King County Motion 15539 [\[link\]](#)

the number of market-rate dwelling units in new or substantially improved residential or mixed-use developments.<sup>99</sup>

### [Background](#)

A mandatory inclusionary housing program requires private developers to build or fund affordable units for sale or rent under conditions established in zoning or building codes. Generally, in Washington, mandatory inclusionary housing programs are aimed at increasing the number of units affordable to households at or below 80 percent of AMI.<sup>100</sup> Mandatory inclusionary housing policies require developers to commit to build or fund affordable units as a condition of development permit approval. Some programs simultaneously provide benefits to the developers, such as increasing density; increasing the allowed height of the development; or allowing for flexibility in setbacks, lot coverage, or other development standards.<sup>101</sup>

Mandatory inclusionary housing programs set specific requirements for a housing development, such as:

- affordability levels for mandatory units;
- requirements for unit mix and specifications such as size and finishes;
- geographic scope;
- quantity of affordable units; and
- duration of affordability.

Mandatory inclusionary housing programs generally succeed in creating or funding more affordable housing units better than voluntary inclusionary housing programs.<sup>102</sup> Successful mandatory inclusionary housing programs also tailor developer requirements to local housing markets, typically by using market analyses to design the programs and scaling both requirements and developer benefits accordingly. Even with a mandatory inclusionary housing program, jurisdictions need public investment to create affordable housing options for households with incomes at or below 50 percent AMI.

King County retained Berk Consulting, Inc., to prepare a supplemental update to the Enterprise Community Partners and BERK Consulting, Inc., *Affordable Housing Incentives Analysis: North Highline Skyway-West Hill* analysis, to consider current housing market conditions and the potential impact that the proposed inclusionary housing program and a possible Multifamily Tax Exemption (MFTE) program would have on development in the Skyway-West Hill and North Highline areas. This report update concluded that the proposed incentives for the inclusionary housing program balance the cost of providing the affordable housing at this time. Contributing factors to making this program work include reducing parking requirements, increasing allowed density, and increased market rent levels. After passage of E2SSB 5287 during the 2021 Washington State legislative session, King County could implement an MFTE program in unincorporated King County.<sup>103</sup> MFTE would further increase the economic viability of development projects with inclusionary housing units.

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<sup>99</sup> Grounded Solutions Network, “What is Inclusionary Housing?” [\[link\]](#)

<sup>100</sup> RCW 36.70A.540. [\[link\]](#)

<sup>101</sup> RCW 36.70A.540(3). [\[link\]](#)

<sup>102</sup> Grounded Solutions Network. Inclusionary housing. “Voluntary Programs.” [\[link\]](#)

<sup>103</sup> Engrossed Second Substitute Senate Bill 5287. [\[link\]](#)

## Overview of Existing Programs and Policies

### [King County, WA](#)

The County does not currently have a mandatory inclusionary housing program, but does have an existing voluntary Residential Density Incentive program (RDI) that offer density incentives to developers that choose to provide certain levels of affordable housing. The program, which has been in place for over two decades, has not resulted in the creation of any affordable housing units (refer to V. Report Requirements, B. Motion 15539, Mandatory or Voluntary Inclusionary Housing Legislative Strategies, Density Bonus for Developers). While a mandatory program does not currently exist for unincorporated King County, there is support for such a program in the Countywide Planning Policies, King County Comprehensive Plan, and Regional Affordable Housing Task Force Final Report and Recommendations.<sup>104, 105, 106</sup>

### [City of Seattle, WA](#)

The City of Seattle's Mandatory Housing Affordability program (MHA), adopted through several Ordinances passed in 2017 and 2019, requires certain new developments to either include affordable units in the development or contribute to a fund used to produce affordable units in specified neighborhoods.<sup>107, 108</sup> The program was implemented as part of a grand bargain in which neighborhoods that Seattle's MHA targeted were also rezoned to allow increased densities for development. The specific MHA requirements vary based on location. Seattle requires between five and 11 percent of units in a new development covered by MHA to be affordable to households between 40 and 80 percent of AMI. The affordability level is based on the size of the unit and whether it is a rental or ownership unit. Thus far, most developers have opted to pay for rather than construct affordable units. As of the end of 2020, developers produced 21 MHA affordable units (also known as on-site performance under MHA), with another 83 MHA units planned for development.<sup>109</sup> In 2020, the City of Seattle Office of Housing awarded approximately \$53.2 million for low-income housing using MHA payment proceeds. These investment proceeds from investors who chose to pay a fee rather than produce onsite units will help create approximately 700 affordable rental homes.<sup>110</sup>

The following cities in King County have likewise instituted either voluntary or mandatory inclusionary housing programs and regulations: Auburn, Bothell, Issaquah, Kenmore, Kirkland, Maple Valley, Newcastle, Redmond, Sammamish, Shoreline, and Snoqualmie. The following paragraphs review approaches used in Redmond, Issaquah, Federal Way, and Shoreline, and in other jurisdictions outside of King County.

### [City of Redmond, WA](#)

The City of Redmond's mandatory inclusionary housing program, which began in 1993, applies to all new

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<sup>104</sup> 2012 King County Countywide Planning Policies, Policy H-8. [\[link\]](#)

<sup>105</sup> 2016 King County Comprehensive Plan, updated July 24, 2020, policies H-103, H-119, H-132, H-134, and H-144.

[\[link\]](#)

<sup>106</sup> King County Motion 15372, Attachment A, Goal 3, Strategy A. [\[link\]](#)

<sup>107</sup> Seattle Municipal Code 23.58C. [\[link\]](#)

<sup>108</sup> Seattle Municipal Code 23.58B. [\[link\]](#)

<sup>109</sup> *Mandatory Housing Affordability and Incentive Zoning 2020 Report* (Seattle WA: Office of Housing, March 2021). [\[link\]](#)

<sup>110</sup> *Mandatory Housing Affordability and Incentive Zoning 2020 Report* (Seattle WA: Office of Housing, March 2021). [\[link\]](#)

senior housing and all residential and mixed-use construction in eight neighborhoods.<sup>111</sup> For all new construction over 10 units, at least 10 percent must be set aside as affordable at 80 percent AMI. Above this minimum, developers are given one bonus market-rate unit for each additional unit affordable at 80 percent AMI and two bonus market-rate units for each additional unit affordable at 50 percent AMI, up to 15 percent above the maximum density otherwise allowed.<sup>112</sup> Fees-in-lieu and some off-site development options are available as compliance alternatives. Between 1994 and July 2020, the program created 541 affordable units in Redmond.<sup>113, 114</sup>

#### [City of Issaquah, WA](#)

The City of Issaquah has instituted both mandatory and voluntary inclusionary housing in targeted areas.<sup>115, 116</sup> The mandatory inclusionary housing program produced 11 affordable rental units in the Central Issaquah neighborhood.<sup>117</sup> The City of Issaquah has also allowed additional density under other development agreements in exchange for 280 owner-occupied and 85 renter-occupied affordable units.<sup>118</sup> Under the mandatory program, units must remain affordable for 50 years.<sup>119</sup> In the Central Issaquah Urban Core area, for multifamily and mixed-use developments, at least 12.5 percent of units must be affordable to low- to moderate-income households, or at least 10 percent of the units must be affordable to low-income households.<sup>120</sup> The Issaquah Municipal Code defines low-moderate income housing as renter-occupied units affordable to households earning 60 percent of AMI or below or owner-occupied units affordable to households at or below 70 percent of AMI.<sup>121</sup>

#### [City of Federal Way, WA](#)

The City of Federal Way adopted a mandatory inclusionary housing program in 1997.<sup>122</sup> Under the program, developments with 25 or more dwelling units must provide either two affordable units or five percent of the total proposed units, whichever is greater.<sup>123</sup> The City of Federal Way defines "affordable" to mean either owner-occupied units affordable to households at or below 80 percent of AMI or rental units affordable to households at or below 50 percent of AMI.<sup>124</sup> In certain areas, the minimum lot size can be reduced by up to 20 percent in new single family developments in exchange for affordable units. These provisions for single family developments are voluntary.<sup>125</sup> The affordability requirements last for the life of the project.<sup>126</sup>

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<sup>111</sup> City of Redmond. "Housing." [\[link\]](#)

<sup>112</sup> Redmond Zoning Code 21.20. [\[link\]](#)

<sup>113</sup> Fees-in-lieu are described later in this subsection, under "Key Policy Choices."

<sup>114</sup> *Draft Redmond Housing Action Plan* (Redmond, WA: City of Redmond Department of Communications, January 2021). [\[link\]](#)

<sup>115</sup> City of Issaquah Ordinance 2664. [\[link\]](#)

<sup>116</sup> City of Issaquah Ordinance 2832. [\[link\]](#)

<sup>117</sup> Michael Stanger, A Regional Coalition for Housing Senior Planner, email to Xochitl Maykovich. August 2021.

<sup>118</sup> Michael Stanger, A Regional Coalition for Housing Senior Planner, email to Xochitl Maykovich. August 2021.

<sup>119</sup> Issaquah Municipal Code 18.21.040. [\[link\]](#)

<sup>120</sup> Issaquah Municipal Code 18.21.070. [\[link\]](#)

<sup>121</sup> Issaquah Municipal Code 18.21.020. [\[link\]](#)

<sup>122</sup> City of Federal Way Ordinance 97-306. [\[link\]](#)

<sup>123</sup> Federal Way Revised Code 19.110.010. [\[link\]](#)

<sup>124</sup> Federal Way Revised Code 19.110.010. [\[link\]](#)

<sup>125</sup> Federal Way Revised Code 19.110.010. [\[link\]](#)

<sup>126</sup> Federal Way Revised Code 19.110.010. [\[link\]](#)

### [City of Shoreline, WA](#)

The City of Shoreline adopted mandatory inclusionary housing requirements in the areas around the future light rail stations.<sup>127</sup> Under the program, 20 percent of rental units must be affordable to households at 70 percent of AMI for studio and one bedroom units, or at 80 percent of AMI for units with two or more bedroom units.<sup>128</sup> Developers can opt to instead have only 10 percent of the rental units being affordable, but these units must be affordable to households making 60 percent of AMI for studio and one bedroom units or 70 percent of AMI, for units with two or more bedroom units.<sup>129</sup> Affordable units built under the mandatory inclusionary housing program must remain affordable for 99 years.<sup>130</sup>

### [City of Portland, OR](#)

The City of Portland implemented a mandatory inclusionary housing program in 2017 in targeted areas.<sup>131</sup> The program requires all new residential buildings with 20 or more units to provide 15 percent of the new units at rents affordable to households earning 80 percent or less than median family income (MFI) or 10 percent of units affordable to households earning at or below 60 percent MFI.<sup>132, 133</sup> City of Portland staff reported that between 2017 and August 2020, 128 affordable units were created under the program.<sup>134</sup>

### [City of Boston, MA](#)

The City of Boston instituted its Inclusionary Development Policy (IDP) in 2000.<sup>135</sup> Through this policy, developers have directly built 2,599 affordable units and amounts collected from the program have funded 1,414 additional affordable units.<sup>136</sup> In exchange for allowing the developer to deviate from zoning code requirements, the developer must develop 13 percent of its onsite units as income-restricted. In some cases, the IDP allows developers to pay a fee-in-lieu for affordable units, build the units offsite, or a combination of these options. The IDP is citywide, although requirements vary by neighborhood.

### **Key Policy Choices**

A mandatory inclusionary housing program complements other strategies recommended in this report by supporting the development of a long-term supply of affordable units. A program can also support other anti-displacement measures through, for example, pairing a mandatory inclusionary housing program with a community preference policy (refer to V. Report Requirements, A. Action 19, Community Preference Programs). This would prioritize new affordable housing units for people with ties to Skyway-West Hill and North Highline.

There are several policy choices associated with mandatory inclusionary housing affordable housing requirements, including supplementing the incentives currently available under RDI and developing new

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<sup>127</sup> Shoreline Municipal Code 20.40.235. [\[link\]](#)

<sup>128</sup> Shoreline Municipal Code 20.40.235. [\[link\]](#)

<sup>129</sup> Shoreline Municipal Code 20.40.235. [\[link\]](#)

<sup>130</sup> Shoreline Municipal Code 20.40.235. [\[link\]](#)

<sup>131</sup> City of Portland Code 30.01.120. [\[link\]](#)

<sup>132</sup> *Inclusionary housing* (Portland OR: Portland Housing Bureau, March 2021). [\[link\]](#)

<sup>133</sup> The U.S. Department of Housing and Urban Development (HUD) AMI standard and the MFI standard that Portland uses are comparable.

<sup>134</sup> Chris Flanary, City of Portland Housing Program Specialist, email to Jacqueline Reid, November 2020.

<sup>135</sup> City of Boston. Boston Planning & Development Agency. "Inclusionary Development Policy: 2019 Update" [\[link\]](#)

<sup>136</sup> City of Boston. Boston Planning & Development Agency. "Inclusionary Development Policy: 2019 Update" [\[link\]](#)

housing delivery options.<sup>137</sup> Policymakers need to find the best mix of features to achieve community goals while keeping in mind that much of the program’s success will depend on market conditions in Skyway-West Hill, North Highline, countywide, and the wider region.

### Affordable Housing Requirements

Key elements to consider in a mandatory inclusionary housing program are below.

- *Affordability level/percentage of affordable units:* Jurisdictions typically tailor the number of required affordable units to the affordability levels being provided. In general, regulations that require deeper affordability, such as units with rent levels at 50 percent AMI, require a lower number of affordable units. Regulations that allow units with higher rent levels, such as 70 percent AMI, require more affordable units.<sup>138</sup>
- *Size of projects subject to mandatory inclusionary housing:* Jurisdictions determine whether to establish a minimum size for new projects that would be subject to the mandatory inclusionary housing requirements.
- *Benefits for developers:* Some jurisdictions offer benefits to developers under mandatory inclusionary housing regulations. Benefits may include the following provisions:
  - expedited permits;
  - reduced permit fees;
  - increased height;
  - increased density; and
  - reduced parking requirements.
- *Fee in lieu of affordable units:* Some jurisdictions allow developers to pay a fee in lieu of building affordable units to fulfill the jurisdiction's mandatory inclusionary housing requirements. Jurisdictions then use the fees to support affordable units in the same neighborhood or elsewhere in the jurisdiction. In Seattle, most developers opt for the payment option instead of constructing affordable units under the MHA program.<sup>139</sup> Given the smaller geographic area and the limited supply of building sites in North Highline and Skyway-West Hill, a heavily used fee-in-lieu option could potentially create market-rate housing without associated affordable units in the community.<sup>140</sup> Fee-in-lieu may also be used when the number of required affordable housing units results in a fraction of a unit. For example, under a mandatory inclusionary housing program that requires 25 percent of units built to be affordable, an 85-unit property would be required to build 21.25 affordable units. Because a quarter of a unit, cannot be built, the .25 is the fractional share potentially subject to fee-in-lieu.

### Timing of Implementation

The timing of implementation of a mandatory inclusionary housing program is critical. Mandatory inclusionary housing regulations should be established before the housing development market in a

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<sup>137</sup> King County Code 21.A.34 [\[link\]](#)

<sup>138</sup> Ruoni (Vince) Wang, Ph.D., Sasha Hauswald, and Emily Thaden, Ph.D., *What Do We Know About Inclusionary Housing?* (Grounded Solutions Network, 2018) p 6 [\[link\]](#)

<sup>139</sup> City of Seattle. Office of Housing. *Mandatory Housing Affordability and Incentive Zoning 2020 Report* (Seattle, WA: Office of Housing, 2021). [\[link\]](#)

<sup>140</sup> Grounded Solutions, Inclusionary housing “In-Lieu Fees.” [\[link\]](#)

given area becomes robust to best leverage the new construction activity.<sup>141</sup> If the regulations are not established prior to increased new residential development, the opportunity to leverage that development to add affordable units through mandatory inclusionary housing is lost permanently.

#### [Potential Impact on Market-rate Development and Housing Affordability](#)

Multiple considerations exist in the contemplation of a mandatory inclusionary housing program. A mandatory inclusionary housing program may chill development which constricts housing supply and increases housing costs, increasing displacement. On the other hand, market-rate development built without a mandatory inclusionary housing component likely will not create affordable units, contributing to displacement. Factors of the rates of development that may influence displacement include:

- *Chilling development and constricting housing supply:* If affordable housing requirements are set too high or private benefits are too low, a mandatory inclusionary housing program for North Highline and Skyway-West Hill might reduce housing development, effectively constricting housing supply. A constricted housing supply puts upwards pressure on rental and home sale price points, resulting in an escalation in housing values and increased risk of displacement to the extent that housing is unaffordable to existing residents.<sup>142</sup>
- *Market-rate development without a mandatory inclusionary housing program:* As market prices increase, more development will occur (absent a moratorium on development). New market-rate housing products will be more expensive and will drive up the costs of existing units, making them unaffordable to many of the current residents and escalating displacement risk.<sup>143</sup>

#### **Financial Analysis**

A mandatory inclusionary housing program requires administrative oversight to ensure that affordable units are constructed and remain affordable throughout the required affordability period specified by the program. Administrative duties also include tracking and monitoring use of collected fees-in-lieu.

#### **Community Feedback**

Community members noted that a mandatory inclusionary housing program would be a good strategy for reducing future displacement, but they also feel it would not have an immediate impact on preventing displacement. Many community members supported a program that would provide more density opportunities for townhomes and duplexes, or even fourplexes in the area. Some other community members did raise concerns about additional density. Community members expressed concerns about potential affordability levels, stating support for deeply affordable units (50 percent of AMI or below). A mandatory inclusionary housing program's affordable units could also be paired with additional subsidies to provide deeper affordability.

#### **Recommendation**

The DCHS-DLS workgroup recommends continuing to explore adopting a mandatory inclusionary housing program to increase the number of affordable housing units in Skyway-West Hill and North

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<sup>141</sup> Planning Home: American Planning Association Housing Initiative "Promote Inclusionary Growth." [\[link\]](#)

<sup>142</sup> Joe Cortright. "If you want less displacement, build more housing." (August 27, 2018) *City Commentary*. [\[link\]](#)

<sup>143</sup> Jake Blumgart. "How does new construction affect nearby housing prices?" (February 19, 2021) *City Monitor*. [\[link\]](#)

Highline as market-rate development increases in these neighborhoods. The following sections discuss potential elements of a mandatory inclusionary housing program.

#### Potential Mandatory Inclusionary Housing/Mandatory Inclusionary Housing Locations

The purpose of the recommended mandatory inclusionary housing program is to ensure the creation of new housing units that are affordable to residents making less than area median income in areas with high risk for displacement due to the high potential for new development in those communities. Therefore, this report recommends that a mandatory program apply to the areas in Skyway-West Hill and North Highline with the highest opportunity for residential and commercial densities, and thus the highest risk of displacement. Specifically, it is recommended that it apply to the Skyway Business District and adjacent high- and medium-density residential areas as well as the White Center Unincorporated Activity Center (UAC). See Exhibit 6 and Exhibit 7 below for the proposed geographic area for the mandatory policy in both neighborhoods.

The Skyway Business District is the largest commercial area in the community. The Business District has significant potential for commercial and mixed-use infill development and redevelopment. Such development would also likely increase the potential for new residential development in the adjacent high- and medium-density zones. In North Highline, the White Center UAC is a high-density hub of commercial and residential development. Similar to the Skyway Business District, this area is also expected to receive substantively more growth in housing and employment than the rest of the community.

Part of the expected growth is anticipated as a result of near-term public investments, such as planned bus rapid transit routes through the commercial hubs in both communities. These investments will increase the hubs' attractiveness as prime locations for new commercial and residential development. Additionally, the County is currently updating the subarea plans for both communities. It is likely that these updated plans will include policies and zoning changes that reflect the communities' expressed desires to revitalize and reinvest in these residential and commercial hubs, including creating opportunities for new development. It is also anticipated that the plans will direct action to address the displacement risks associated with the potential for increased development in these areas.

The current neighborhood conditions indicate the risk of displacement in both high-density residential and commercial areas will increase as new development occurs. King County should implement a mandatory inclusionary housing program in these geographies now to ward off displacement pressures caused by future development.

The areas proposed for MHA coincide with the White Center Unincorporated Activity Center in North Highline and an area in Skyway that is being proposed for designation as an Unincorporated Activity Center in the draft Skyway-West Hill Subarea Plan (refer to Exhibit 6: Potential Mandatory Housing Affordability Area for Skyway-West Hill and Exhibit 7: Proposed Mandatory Housing Affordability Area for North Highline). Unincorporated Activity Centers provide employment, housing, shopping, services, and leisure-time amenities to meet the needs of the local economy, and the mix of uses is intended to include multi-family housing and mixed-use development. King County Metro serves both areas proposed for MHA application, with a Rapid Ride line serving the proposed North Highline MHA area starting up shortly. A Rapid Ride line is proposed for Skyway-West Hill in the future.





- *Fee-in-lieu:* The program could allow an option for developers to pay a fee-in-lieu in some cases, rather than integrating affordable units into a market-rate project. However, given the challenges of allowing a fee-in-lieu in small geographies, as described in the Key Policy Choices subsection, the County should limit the cases where this option applies. Any funds collected could be directed to the local community and the fee collected could be calibrated to the conditions in the local market. As property values change, the fee could be adjusted accordingly.
- *Affordability levels:* Given the analysis in the Enterprise Community Partners, Inc., and BERK Consulting, Inc., Home and Hope Initiative, Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill, King County should explore the possible affordability level requirements shown in Table 7. In this example, if a developer chose to provide units at the 70 percent of AMI affordability level, they would be required to dedicate 25 percent of the total units in the development at that price point. Deeper affordability levels will need to require fewer numbers of affordable units in the project.

<b>Table 7: Possible Mandatory Affordability Requirements</b>	
<b>Maximum Affordability Level</b>	<b>Percentage of Units Required to be Affordable</b>
80% AMI (Ownership)	30%
70% AMI (Ownership and Rental)	25%
60% AMI (Rental)	20%
50% AMI (Rental)	15%

- *Developer bonuses:* In addition to requiring affordable housing development, the County should increase density for development and explore reducing regulatory barriers that increase development costs.
- *Affordability term:* The program could explore variations in the required term of affordability for the units beyond the current typical 50-year term requirement.
- *Implementation:* The program should require a covenant or deed restriction, specifying the affordability levels and terms, be recorded to ensure compliance and clarity around terms at potential future sale of property.
- *Connection to voluntary inclusionary housing:* This report recommends pairing the mandatory inclusionary housing program with a voluntary inclusionary housing program to encourage voluntary inclusion of affordable units in market-rate development in other areas of North Highline and Skyway-West Hill (refer to V. Report Requirements, B. Motion 15539, Mandatory or Voluntary Inclusionary Housing Legislative Strategies, Density Bonus for Developers).

## Preservation for Manufactured Housing and Manufactured Housing Communities

### Introduction

#### Definition

Manufactured housing communities (MHCs)—also called mobile home parks—are clusters of manufactured homes on a single property.<sup>144</sup> Typically, residents own their manufactured home and rent the space for the home, although sometimes residents rent the home as well.<sup>145</sup> Manufactured homes are theoretically transportable structures that contain plumbing, heating, air conditioning, and electrical systems and are designed for use with or without a permanent foundation. In practice, manufactured homes are often immobile, which makes manufactured homeowners at high risk of housing instability if the park in which their home is located is converted to another use.<sup>146</sup> For the purposes of this report, the term manufactured housing does not include recreational vehicles.

Manufactured housing communities provide a sense of stability and community for the residents. Manufactured housing communities serve a market niche to provide homeownership opportunities for lower-income households.<sup>147</sup> Factory-built housing, which includes manufactured housing, provides the largest source of unsubsidized affordable housing in the United States.<sup>148</sup> Manufactured housing residents are typically lower-income households. The median annual income of a manufactured homeowner is nearly half of the median income of households living in single-family homes.<sup>149</sup>

#### Connection to Displacement

Manufactured housing communities, mostly developed from 1950 to 1970, continue to offer affordable housing options. However, the lower-income residents of privately owned MHCs face housing instability due to increasing housing costs as space rental fees escalate. Their risk of displacement is high if the community closes due to sale or redevelopment. Nationwide, investment firms and smaller-scale entrepreneurs purchase existing MHCs and extract cash flow by charging residents escalating fees and pass-through expenses while holding sites for sale or redevelopment.<sup>150</sup> This puts residents of privately owned MHCs at a high risk of displacement.

MHC residents lack comparable replacement housing in the event of closure of their community. Other housing options in Skyway-West Hill cost more than the space rental for a manufactured home. A two-bedroom apartment in Skyway-West Hill costs almost \$1,500 monthly, compared to \$575 to \$1,100 for a private-market manufactured home space and \$338 to \$572 in a nonprofit manufactured home space in

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<sup>144</sup> Renia Ehrenfeucht, Grounded Solutions *Moving Beyond the Mobile Myth: Preserving Manufactured Housing Communities* (Grounded Solutions). [\[link\]](#)

<sup>145</sup> Renia Ehrenfeucht, Grounded Solutions *Moving Beyond the Mobile Myth: Preserving Manufactured Housing Communities* (Grounded Solutions). [\[link\]](#)

<sup>146</sup> Renia Ehrenfeucht, Grounded Solutions *Moving Beyond the Mobile Myth: Preserving Manufactured Housing Communities* (Grounded Solutions). [\[link\]](#)

<sup>147</sup> Renia Ehrenfeucht, Grounded Solutions *Moving Beyond the Mobile Myth: Preserving Manufactured Housing Communities* (Grounded Solutions). [\[link\]](#)

<sup>148</sup> Department of Housing and Urban Development, Office of Policy Development and Research, “Factory-Build Housing for Affordability, Efficiency, and Resilience.” (2020) [\[link\]](#)

<sup>149</sup> Lance George. “Manufactured Housing.” *National Low Income Housing Coalition* (2016). [\[link\]](#)

<sup>150</sup> Sheelah Kolhatkar. “What Happens When Investment Firms Acquire Trailer Parks.” (March 8, 2021). *The New Yorker*. [\[link\]](#)

the Skyway MHC' in the affordable portfolio.<sup>151, 152, 153</sup> As of July 2021, the typical home in Skyway-West Hill costs \$615,111, a 22.2 percent increase from the previous year, far beyond the financial means of most MHC residents.<sup>154</sup>

The prices of new mobile or manufactured homes vary widely and do not include siting costs. Siting a new manufactured home requires a property lot or a vacant space in an MHC. Many of the manufactured homes in use nationwide are sited on the owner's land. In August 2021, manufactured homes in existing MHCs located in King County have listed for sale ranging from \$14,500 to \$225,000, depending upon the size and age of the home and the location of the community.<sup>155</sup> This report discusses only preservation strategies for MHCs, not the cost of buying and siting new manufactured homes.

### Skyway-West Hill and North Highline

There are three MHCs in Skyway-West Hill: the Empire View Mobile Home Park (51 lots), the Vue Mobile Home Park (47 lots), and the Skyway Mobile Home Park (54 lots).<sup>156</sup> There are no MHCs located in North Highline. Manufactured Housing Community Preservationists (MHCP), a nonprofit organization that purchases, renovates, and operates MHCs as affordable housing, owns both the Empire View Mobile Home Park (purchased in 2000) and the Vue Mobile Home Park (purchased in 1992).<sup>157, 158</sup> A private entity owns the Skyway Mobile Home Park.<sup>159</sup>

According to the MHCP Executive Director, the Vue Mobile Home Park, and the Empire View Mobile Home Park both require life cycle capital investments.<sup>160</sup> This includes infrastructure investments like the replacement of the domestic water supply system, site electrical system upgrades, and improvement of existing retaining walls. MHCs do not have ability to refinance and raise more capital for system upgrades. These projects do not generate substantial cash flow, so they require periodic additional public investments.

MHC preservation is an equity and racial justice issue. While preservation of MHCs would not increase affordable homeownership, it does support the ability of existing residents to stay in their communities. These residents tend to be very low-income, with a high percentage of BIPOC and immigrant households.<sup>161</sup> As a part of the annual compliance reporting required for funding investments in the Vue

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<sup>151</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) [\[link\]](#) p 83.

<sup>152</sup> BERK Consulting and Alma Villegas Consulting. *City of Kent Manufactured home Park Preservation Study* (Kent, WA: City of Kent, 2021). [\[link\]](#)

<sup>153</sup> Interview with Executive Director of Manufactured Housing Preservationists.

<sup>154</sup> Zillow, "Bryn Mawr-Skyway Home Values" (accessed: August 23, 2021). [\[link\]](#)

<sup>155</sup> Zillow, "King County WA Mobile Homes" (accessed August 6, 2021). [\[link\]](#)

<sup>156</sup> Greg Blount, Manufactured Housing Community Preservationist Executive Director, email to Valerie Kendall. August 2021.

<sup>157</sup> King County Assessor's Office *Parcel Number 217200-0451* (King County, WA: 2021). [\[link\]](#)

<sup>158</sup> King County Assessor's Office *Parcel Number 217200-0612* (King County, WA: 2021). [\[link\]](#)

<sup>159</sup> King County Assessor's Office *Parcel Number 217200-0565* (King County, WA: 2021). [\[link\]](#)

<sup>160</sup> Interview with Executive Director of Manufactured Housing Community Preservationists.

<sup>161</sup> Lance George. "Manufactured Housing." *National Low Income Housing Coalition* (2016). [\[link\]](#)

and Empire View mobile home parks in Skyway, King County collects income and demographic information for residents. Nearly all the residents in both communities identify as Asian, specifically Cham or Vietnamese. Some of these households are headed by immigrants who came to this area from refugee camps after fleeing Vietnam following the Vietnam war. Many households include multiple generations. These two housing communities serve as a practical, social, and cultural anchor for residents. Extended households, relatives, and broader members of the Cham community live in both the Vue and Empire View Mobile Home Parks. Continuing to keep these communities viable is critical to supporting this valuable housing resource. See Table 8 for more detail on the demographics of the Vue and Empire View residents in 2020.<sup>162</sup>

<b>Table 8: Vue and Empire View Resident Demographics (98 households)</b>	
People of Color	96%
People who are White	4%
Households with children	40%
People who have a stated disability	6%
Households with incomes at or below 30% AMI	45%
Households with incomes between 30%-50% AMI	26%
Households with incomes between 50-80% AMI	24%
Households with incomes above 80% AMI who pay market rent for their space	5%

## Overview of Existing Programs and Policies

### Preservation Strategies Through Zoning

Some jurisdictions act through zoning to protect MHCs rather than waiting for residents to face displacement due to redevelopment of their communities for apartments or condominiums. For example, the City of Tumwater passed a zoning Ordinance limiting the uses of MHCs and requiring approval from the city council for alternative uses. Three MHC owners sued under a takings and due process claim. The City of Tumwater successfully defended this action. The Ninth Circuit Court found this did not constitute a taking because the zoning Ordinance did not “destroy or limit any fundamental property right” under Washington law. The Ninth Circuit Court also rejected a spot zoning claim.<sup>163</sup>

The City of Kenmore also took action to protect MHCs in a proactive manner.<sup>164</sup> In April 2019, the City of Kenmore passed an Ordinance to approve new zoning for all six manufactured housing communities located within city boundaries.<sup>165</sup> The new zoning restricts or delays other land uses possible on the sites with the intention of limiting redevelopment of the properties.<sup>166</sup> The restriction protects approximately 250 households. The City of Kenmore received an appeal from three of the MHC owners to the Growth Management Hearings Board. During the pending appeal process the Ordinance remains in effect.

<sup>162</sup> Greg Blount, Manufactured Housing Community Preservationist Executive Director, email to Valerie Kendall. August 2021.

<sup>163</sup> Lee Adams, Willamette University Law, “Laurel Park Community v. City of Tumwater” [\[link\]](#)

<sup>164</sup> City of Kenmore “Manufactured Housing Communities/Mobile Home Park Project” [\[link\]](#)

<sup>165</sup> City of Kenmore Ordinance 19-0418 [\[link\]](#)

<sup>166</sup> City of Kenmore Ordinance 19-0418 [\[link\]](#)

### Preservation Strategies Through Nonprofit or Resident Ownership

In Skyway, Manufactured Housing Community Preservationists purchased Empire View Mobile Home Park in 1992 and Vue Mobile Home Park in 2000.<sup>167</sup> Both communities are mixed-income affordable properties, serving households with incomes at or below 50 percent of AMI (\$46,300 for a household of two people) and 80 percent of AMI (\$74,050 for a household of two people as of 2021).<sup>168</sup> Space rental for both the Empire View and The Vue communities ranges from \$338 to \$500 per month. Some households with incomes above 80 percent of AMI pay a market space rental fee of \$572, since the public funder policy is to avoid displacing residents who increase their income. Space rentals are separately metered and require payment of water utilities at cost. Both communities are preserved in perpetuity; however, with limited revenues from operations, the communities may need additional public assistance to maintain their infrastructure.<sup>169</sup>

In Resident Owned Communities (ROCs), homeowners form a nonprofit cooperative and purchase the MHC.<sup>170</sup> Each resident is a member of the cooperative, which owns and manages the land. Residents control monthly lot rent, community repairs, and improvements. Resident control provides long-term security against loss of the community and housing. For example, the Duvall Riverside Village is a resident-owned community located in Duvall, WA, that opened in the 1970s. The residents twice unsuccessfully attempted to purchase their community before buying it in 2012. The residents formed a cooperative with the support of the Northwest Cooperative Development Center.<sup>171</sup> The purchase was financed by ROC USA Capital in partnership with the Washington State Housing Finance Commission.<sup>172</sup> The residents established a board of directors and hired a property management firm to assist with operations. Since taking ownership, the residents have repaired their private road, increased street lighting, and established rotating social events to bring the community members closer together.

### Resident Issues

For manufactured home residents whose homes are on leased spaces, the biggest risk is redevelopment of their communities and the loss of place for their home. Residents may not be able to relocate their home if an MHC closes. In 1976 the U.S. Department of Housing and Urban Development (HUD) changed the standards for manufactured housing, and this created a divide between pre-1976 models, referred to as mobile homes, and post-1976 models, called manufactured homes.<sup>173</sup> Most MHCs will not accept homes older than 1976 due to the upgraded requirements specified by HUD. This makes it nearly impossible for residents of older homes to relocate them if their community closes. The high costs of moving manufactured homes, approximately \$10,000 depending upon the distance, also prohibits owners from readily relocating to other communities, even if they own a post-1976 model.

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<sup>167</sup> Manufactured Housing Community Preservationists. MHCP is a Washington nonprofit corporation that purchases renovates and operates mobile home/manufactured housing communities as affordable housing.” [\[link\]](#)

<sup>168</sup> King County 2021 Income and Rent Limits – Multifamily Rental Housing. [\[link\]](#)

<sup>169</sup> Wendy Sullivan, Karen Bauer, and Beth Sorce. “Promoting Infrastructure Maintenance in Manufactured Housing Communities.” (October 2016) *Grounded Solutions*. [\[link\]](#)

<sup>170</sup> Resident Owned Communities USA. “What is a ROC? How is it Different?” [\[link\]](#)

<sup>171</sup> Duvall Riverside Village - A Resident-Owned Community. “The Duvall Riverside Village Story.” [\[link\]](#)

<sup>172</sup> Duvall Riverside Village - A Resident-Owned Community. “The Duvall Riverside Village Story.” [\[link\]](#)

<sup>173</sup> U.S. Department of Housing and Urban Development. “Manufactured Housing and Standards - Frequently Asked Questions.” [\[link\]](#)

The declining condition of many older manufactured homes poses another problem for residents. Many residents own pre-1976 homes in poor condition and do not have the financial resources to make replacements or repairs such as roof replacement, plumbing maintenance/upgrade, or replacing aging water heaters. The DCHS Housing Repair Program is one of the few resources available to assist residents with necessary repairs, offering up to \$8,000 in grants and providing project management expertise for residents with incomes at or below 50 percent of AMI.<sup>174</sup>

Manufactured housing generally depreciates in value. This differs fundamentally from conventional homeownership. Generally, owners of manufactured homes do not own the land and therefore miss out on the benefits of combined house and land property appreciation. Manufactured homes are treated as personal property, like a boat or a car, and as such are usually more expensive to finance.<sup>175</sup> These factors combine to put MHC residents in a static or declining wealth position in terms of their home.

### [Landlord/Tenant Protections for Residents](#)

The hybrid structure of MHCs, where residents rent land and own the home, puts them in a particularly vulnerable position around landlord/tenant issues. The State of Washington put protections in place because residents cannot easily move their homes to another MHC. The Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) governs rental agreements in MHCs.<sup>176</sup> MHC owners must offer a year-long lease to homeowners. Homeowners can ask for a shorter lease, but the terms of the shorter lease must not differ from the year-long lease.<sup>177</sup> A lease for a manufactured homeowner must include the following:

- amount of rent and the due date;
- zoning of the underlying land;
- future of the community (the lease must include a statement that the park will remain a manufactured housing community for three years or that the park may be closed at any time after notifying the tenants); and
- the rent the tenants paid each year, over the previous five years.<sup>178</sup>

In order to evict a manufactured homeowner from the land, the park owner must have just cause under the MHLTA, which authorizes the park owner to only evict a tenant only based on a list of specific reasons.<sup>179</sup>

### [Relocation Assistance for Residents](#)

If a park owner decides to close a manufactured home park, the park owner must give the homeowners at least 12 months' notice. Manufactured homeowners are eligible for relocation assistance from the state Manufactured/ Mobile Home Park Relocation Fund if they are at or below 80 percent of AMI. The fund receives monthly deposits from a fee collected when a home is purchased in a manufactured home park.<sup>180</sup> Relocation assistance is prioritized for households who live in a manufactured home park closed

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<sup>174</sup> *Housing Repair* (King County, WA: Housing, Homelessness and Community Development, July 2019). [\[link\]](#)

<sup>175</sup> Will Van Vactor, NOLO. "Buying a Mobile Home Instead of a Regular Home: Pros and Cons." [\[link\]](#)

<sup>176</sup> RCW 59.20. [\[link\]](#)

<sup>177</sup> RCW 59.20.050. [\[link\]](#)

<sup>178</sup> RCW 59.20.060. [\[link\]](#)

<sup>179</sup> RCW 59.20.080. [\[link\]](#)

<sup>180</sup> RCW 59.21.050 [\[link\]](#)

for health and safety issues or park-owner fraud; remaining relocation assistance applications are filled on a first-come, first-serve basis.

During the 2021 legislative session, the Washington State Legislature passed E2SHB 1083 to increase the amount of relocation assistance available to manufactured homeowners.<sup>181</sup> Manufactured homeowners of single-section homes now are eligible for up to \$11,000 in relocation assistance, increased from \$7,500. Manufactured homeowners of single-section homes with additional built living space or multi-section homes now are eligible for up to \$17,000 in relocation assistance, increased from \$12,000. Eligible manufactured homeowners receive a portion of the assistance upon qualifying, but the homeowners must either move the home or transfer the title to the park owners within 90 days to receive the remainder of the assistance. If the home is not relocated or the title is not transferred, the park owner may apply for reimbursement from the fund up to \$4,000 for a multi-section home or \$2,500 for a single-section home.

## Key Policy Choices

### Whether to Preserve MHCs

Manufactured Housing Communities located on land with underlying zoning potential for multifamily housing development present questions about maximizing the development potential of land in urban unincorporated King County. Closing MHCs displaces lower income residents. As previously discussed, monthly costs of alternative housing exceed those of manufactured homeownership and residents of these communities have very limited options to move their homes. If these communities are not preserved, low-income MHC residents will likely need alternative government support to secure replacement, affordable housing.

### How to Preserve MHCs

Nonprofit-owned parks and privately owned parks require different preservation strategies. While the nonprofit-owned parks have long-term covenants preserving the use and affordability of the park, they require life cycle capital investments to maintain their quality.

Privately owned parks may require strategies to preserve affordability level or uses. MHC preservation strategies for privately owned parks include:

- purchase of the MHC by a nonprofit or a community land trust,
- investing in replacing aging infrastructure,
- purchasing the development rights from the owner, and
- modifying the underlying zoning to better meet the needs of the existing community.

## Financial Analysis

### Purchase by a Nonprofit or Community Land Trust

Outright purchase from a park owner willing to sell is legal and is an eligible activity for funding under the DCHS Housing Finance Program (HFP). Purchase prices would be a matter of negotiation between seller and buyer. The King County Assessor's Office valued Skyway Mobile Home Park at \$2.52 million.<sup>182</sup>

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<sup>181</sup> Washington State Legislature Engrossed Second Substitute House Bill 1803. [\[link\]](#)

<sup>182</sup> King County Assessor's Office *Parcel Number 217200-0565* (King County, WA: 2021). [\[link\]](#)

### Infrastructure Investment

Investment in replacing aging infrastructure is eligible for funding under the HFP.<sup>183</sup> MHCs held by nonprofits or Community Land Trusts may struggle with maintaining infrastructure. Policymakers would need to support investments in ongoing maintenance and operation costs to continue sustainability. In 2010, HFP funded \$2 million for improvements at Bonel Mobile Manor to replace obsolete water supply lines and improve a private road. Future infrastructure capital replacements in the existing MHCs would require a similar level of investment.

### Purchase Development Rights

The price of purchasing development rights, which requires the owner to voluntarily sell, varies depending upon the underlying development potential of the land and the value of the development rights. This preservation method costs less than outright purchase of an MHC.

### Modify Zoning

In July 2020, the King County Council took action to preserve MHCs in Skyway limiting redevelopment of MHCs and recreational vehicle parks in Skyway-West Hill.<sup>184, 185</sup> The Ordinance limits the use of these parcels to mobile home parks, community residential facilities, senior assisted housing, daycares, and religious institutions.

### **Community Input**

Community members expressed a desire to preserve existing manufactured housing communities and concern about potential displacement of BIPOC and low-income residents. They supported preserving the existing manufactured home parks in the Skyway-West Hill neighborhood. Community members want to investigate purchasing the Skyway Mobile Home Park and to monitor the Vue and Empire View Mobile Home Parks for financial sustainability and infrastructure condition.

### **Recommendation**

This report recommends monitoring the MHCs in Skyway, two of which are non-profit owned and one of which is privately owned, for long-term sustainability. As previously discussed, monthly costs of alternative housing exceed those of manufactured homeownership and residents of these communities have very limited options to move their homes. Further, in the event of a park closure, providing alternative homeownership options to households currently living in the MHCs is likely unfeasible due to the high costs of homeownership in King County and the high cost of construction.<sup>186</sup>

For the nonprofit-owned communities, this report recommends monitoring their need for additional public capital investments. For the privately owned community, Skyway Mobile Home Park, this report

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<sup>183</sup> King County, Housing Finance Program, *Housing Finance Program Guidelines* (King County, WA: Housing, Homelessness and Community Development, 2018). [\[link\]](#)

<sup>184</sup> Appendix D, Map Amendment 8.i.

<sup>185</sup> King County, Department of Local Services, *WH-P10: Skyway-West Hill Sub-Area, Development limitations* (King County, WA: Permitting Division, 2020) [\[link\]](#)

<sup>186</sup> Many of the existing MHC homeowners may not qualify for a new private loan or other underwriting requirements of the homebuying process. Since their existing homes have low or no resale value, the current home will not yield net proceeds to assist with a down payment for a new home. A typical new construction affordable homeownership unit costs about \$300,000. That includes various levels of public funding from King County and other public and private funders. See also Matthew Furman, *Eradicating Substandard Manufactured Homes: Replacement Programs as a Strategy* (Harvard's Joint Center for Housing Studies, 2014). [\[link\]](#)

recommends exploring future potential protections such as moving ownership to a nonprofit, purchasing development rights, or similar strategies. If the Skyway Mobile Home Park is not preserved, rents could become too high for residents, forcing these residents to relocate. Because manufactured homes are difficult and costly to move, most residents will not be able to move the homes they own, pushing them into the rental market.

## Residential Community Benefit Agreements

### Introduction

#### Definition

Community Benefit Agreements (CBAs) are contracts between community organizations and developers that include commitments to make investments in or provide benefits to a community in exchange for support for the project.<sup>187</sup> Such agreements usually relate to proposed large-scale and potentially controversial developments, such as hospital expansions, airports, or large-scale commercial developments. Developers benefit from CBAs because they reduce the risk of litigation or public backlash during permitting and other governmental approval processes.

The traditional and strongest form of a CBA is a private CBA between community organizations and the developer.<sup>188</sup> As private CBAs are contracts between private actors, their terms do not face the same legal restrictions as contracts between government and private actors. Building and managing a community-based coalition strong enough to effectively organize residents to pressure a developer to agree to a CBA is a time- and resource-intensive task. A well-organized community with the necessary legal support can successfully pressure developers to agree to a strong CBA that mitigates the impacts of the development and capitalizes on the opportunity to address community needs.<sup>189</sup>

Government involvement in a CBA process severely limits the possible terms of the agreement.<sup>190</sup> Public CBAs are agreements, often required by ordinance, between developers and a government with approval power over the development. Community organizations can influence the agreement but are not a party to it. Public CBAs do not create as many or as broad community benefits as private CBAs because of legal limitations on government's ability to regulate development.

#### Connection to Displacement

Major development projects often bring positive benefits for communities, such as an increased tax base and improved infrastructure, but these improvements can directly impact or indirectly displace current residents because of increased property values and rent.<sup>191</sup> Direct displacement may occur

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<sup>187</sup> Julian Gross, "Community Benefits Agreements: Definitions, Values, and Legal Enforceability." *Journal of Affordable Housing* 17 (2008): p 35-58. [\[link\]](#)

<sup>188</sup> Julian Gross, "Community Benefits Agreements: Definitions, Values, and Legal Enforceability." *Journal of Affordable Housing* 17 (2008): p 35-58. [\[link\]](#)

<sup>189</sup> Julian Gross, "Community Benefits Agreements: Definitions, Values, and Legal Enforceability." *Journal of Affordable Housing* 17 (2008): p 35-58. [\[link\]](#)

<sup>190</sup> Julian Gross, "Community Benefits Agreements: Definitions, Values, and Legal Enforceability." *Journal of Affordable Housing* 17 (2008): p 35-58. [\[link\]](#)

<sup>191</sup> Charlotte Clarke. "Community Benefit Agreements: To the Extent Possible." *University of Baltimore Journal of Land and Development* 6, no. 1 (2016) 33-54. [\[link\]](#)

when sponsors of a new development purchase occupied residential or commercial property. Indirect displacement may occur when a new development caters to or attracts higher income individuals than previously lived in the community. Increased demand from these groups can increase property values and rent, making the area unaffordable to existing residents.<sup>192</sup> CBAs mitigate displacement by adding tangible benefits for the community, such as affordable housing, living-wage jobs, or medical clinics, into the project plans.

Communities of color and people with low incomes often do not have a voice in planning and land use decisions, even though these communities are most likely to be displaced by major developments.<sup>193</sup> CBAs present an opportunity for BIPOC communities and low-income households to ensure they benefit from developments in their neighborhoods and reduce displacement risk for current residents.

### [Skyway-West Hill and North Highline](#)

The largest development project in Skyway-West Hill or North Highline over the past ten years was the \$9.6 million StorQuest Self-Storage development in 2018, which was much smaller in scale than most projects connected to a CBA.<sup>194</sup>

### **Overview of Existing Programs and Policies**

#### [Nashville Soccer Stadium Development CBA - Nashville, TN](#)

In 2018 Stand Up Nashville (SUN), a coalition of community, labor, and faith-based organizations, negotiated a private CBA on a proposed \$275 million mixed-used development featuring a Major League Soccer stadium developed by Nashville Soccer Holdings, LLC.<sup>195</sup> The development was to be built on a portion of the 128-acre Nashville Fairgrounds site. The community benefits included, but were not limited to:

- reserving 4,000 square feet for a childcare facility, including seed funding;
- reserving 4,000 square feet for retail space for small businesses with rental rates set no higher than 50 percent of the market-rate rents for the first year, with the Community Advisory Committee determining rents after that year;
- donating soccer equipment to schools in the area along with hosting an annual coaching clinic for students;
- setting aside 20 percent of units for 60 to 120 percent of AMI, with certain units set aside for three-bedroom units; and
- creating a priority hire program and directly hiring workers instead of using a contractor, paying a minimum of \$15.50 per hour.

The CBA established a Community Advisory Committee to oversee the implementation of the CBA and ensure compliance from the developer. While the local government provided public subsidies for the

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<sup>192</sup> Charlotte Clarke. "Community Benefit Agreements: To the Extent Possible." *University of Baltimore Journal of Land and Development* 6, no. 1 (2016) 33-54. [\[link\]](#)

<sup>193</sup> Ralph Rosado. "The Role of Community Benefits Agreements in Increasing Equity and Inclusion" *What Works to Promote Inclusive, Equitable Mixed-Income Communities* (2020) [\[link\]](#)

<sup>194</sup> *Skyway-West Hill Permits 2009-2019* (King County, WA: Department of Local Services Permitting Division, 2020).

<sup>195</sup> Nashville Soccer Holdings, LLC and Stand Up Nashville, Inc. *Nashville MLS Soccer Community Benefits Agreement*. (Nashville, TN: 2018). [\[link\]](#)

development, the government was not involved in the CBA, nor was the CBA a condition of approval for the public subsidies.

### Planned Unit Developments – Washington, D.C.

Washington, D.C., has a Planned Unit Development (PUD) process that incorporates aspects of CBAs into their development regulations.<sup>196</sup> A PUD is a project-specific zoning action sought by a developer to allow a project that is larger than one that could otherwise be built within the existing zoning. The goal is to encourage high-quality developments that provide public benefits while permitting development flexibility for increased height and density. The zoning commission approves PUDs. Developers are encouraged to work with community groups and the advisory neighborhood commission for the area in which the PUD is located to determine the preferred community benefits and amenities. These often include affordable housing units, contributions to schools and libraries, green building elements, and public space improvements. The zoning commission holds a public hearing on the PUD and decides whether to approve it after considering feedback from the public. If either the developer or a member of the public disagrees with the zoning commission’s decision, they can appeal in court.

In practice, the PUD process has left both developers and community groups disappointed.<sup>197, 198, 199</sup> While several thousand affordable units have been built by this process, there have been thousands of appeals of zoning decisions. Any resident or group can appeal the zoning commission’s decision on a PUD, regardless of the reason or the level of community support. Developers believe the PUD process will push them into court, so they are hesitant to seek a zoning change that makes them more accountable to community input. Community organizations claim that the benefits and amenities provided through the PUD process are not enough to stop development-driven gentrification, in part because the PUD process limits what the zoning commission can require. Other community members want to stop all development and use the appeals process as a method to accomplish this goal.

### **Key Policy Choices**

#### Require CBAs for Development

Policymakers could require developers to agree to CBAs in exchange for development permits or to receive public subsidies, but this policy would face legal hurdles analogous to those that would restrict mandated agreements directly with the governmental entity.

### **Financial Analysis**

If policymakers required developers to adopt a CBA with community organizations as a condition of approving a development, the County would likely need to fund significant administrative oversight to perform ongoing monitoring of the project. However, in practice, this would not be an effective method to prevent displacement, because communities would benefit more from either community-owned development or a CBA directly negotiated with the developer and the community. King County and

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<sup>196</sup> Government of District of Columbia. Office of Planning *Planned Unit Developments*. (Washington, D.C.: Office of Planning, 2011) [\[link\]](#)

<sup>197</sup> Justice First, “Why D.C. Government Favors Luxury Condos Over Affordable Housing in Congress Heights.” *One DC News* (June 30, 2008) [\[link\]](#)

<sup>198</sup> Katie Arcieri. “Angry D.C. Developers Fight Back against Appeals from Angry Citizens Groups” *Washington Business Journal* (May 10, 2018) [\[link\]](#)

<sup>199</sup> David Whitehead “How many Homes are Currently Stuck in DC Courts?” *Greater Greater Washington* (April 5, 2018) [\[link\]](#)

surrounding jurisdictions do not currently have a CBA requirement for developers, so the cost of implementing a CBA requirement for developers is unknown.

### Community Feedback

Community members in Skyway-West Hill and North Highline support the idea of CBAs. King County government is not well suited to deploy this strategy for the reasons discussed above, but community members could organize and negotiate directly with a developer to get a CBA. Community members suggested that a CBA could potentially be a strategy that supports building a community center or achieves other community benefits outside of affordable housing.

### Recommendation

King County should not mandate CBAs as a condition on developers because of existing legal restrictions. A CBA is a powerful tool to achieving many benefits for the broader community, but private actors such as community-based organizations are best positioned to compel and craft a strong CBA with a private developer.

## Relocation Assistance

### Introduction

#### Definition

Relocation assistance is financial aid from the government or the landlord to tenants displaced for reasons outside of the tenant's control. Common reasons for relocation assistance include demolition of the rental unit, unaffordable rent increases, or the landlord moving into the unit.

#### Connection to Displacement

The high cost of housing creates barriers for tenants who are forced to relocate after their tenancy is terminated. Most landlords require security deposits, first and last months' rent, and administrative payments such as screening fees to move into a new rental. Combined, these collections can exceed several thousand dollars.<sup>[06]</sup> Displaced tenants without significant financial resources may be forced to move far from their desired community, move into substandard housing, or become homeless.

The typical household in the U.S. with an income of more than \$85,000 has enough savings to replace 40 days of income, whereas a household with less than \$25,000 in income typically has enough savings to replace only six days of income.<sup>200</sup> White households tend to have significantly more savings than Black and Latinx households. The typical White household has 31 days of income saved, compared to five days and 12 days for Black and Latinx households, respectively.<sup>201</sup> Relocation assistance for low-income households increases the likelihood a tenant will find nearby housing rather than become homeless or move far from their community.

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<sup>200</sup> The Pew Charitable Trusts. "What Resources do Households Have for Financial Emergencies?" *The Role of Emergency Savings in Family Financial Security* (November 2015). [\[link\]](#)

<sup>201</sup> The Pew Charitable Trusts. "What Resources do Households Have for Financial Emergencies?" *The Role of Emergency Savings in Family Financial Security* (November 2015). [\[link\]](#)

## [Skyway-West Hill and North Highline](#)

In Skyway-West Hill and North Highline, 71 percent and 78 percent of renter households respectively are at or below 80 percent of AMI.<sup>202</sup> Being cost-burdened compounds the struggle many households face when trying to save money because rent represents such a large portion of their income. Cost burdened households are unlikely to have substantial savings to withstand an unplanned relocation. Among renters of color in Skyway-West Hill and North Highline, respectively, 59 percent and 52 percent are cost burdened, compared to 40 percent and 27 percent of White renters.<sup>203</sup>

## **Overview of Existing Programs and Policies**

### [City of Seattle, WA](#)

The City of Seattle has five different types of relocation assistance. Seattle Department of Construction and Inspection enforces these requirements.<sup>204</sup>

#### *Tenant Relocation Assistance Ordinance as authorized under RCW 59.18.440*

Seattle's Tenant Relocation Assistance Ordinance (TRAO) requires landlords and the City to provide tenants with relocation assistance when the tenant is displaced due to demolition, substantial rehabilitation, a change of use, or a removal of certain use restrictions in an assisted-housing development.<sup>205</sup> Consistent with state law, only tenants at or below 50 percent of AMI qualify for assistance under the Ordinance.<sup>206</sup>

State law sets the amount of relocation assistance allowed under TRAO.<sup>207</sup> The City of Seattle increases the relocation assistance annually according to the housing component of the Consumer Price Index (CPI). In August 2021, the City of Seattle requires landlords to pay displaced tenants \$4,232 for TRAO relocation assistance.<sup>208</sup> The City of Seattle and the landlord for the subject property each contribute 50 percent. The City funds its portion of relocation assistance largely through the real estate excise tax but supplements with the general fund when necessary.<sup>209</sup> This program typically assists fewer than 150 households annually.<sup>210</sup>

#### *Emergency Relocation – Land Use Issue*

The City of Seattle requires a landlord to pay tenant relocation assistance if the landlord rents an illegal unit, no longer wants to rent an accessory dwelling unit, or must reduce the number of unrelated tenants living together due to the city code.<sup>211</sup> Under this law, a landlord must pay a low-income tenant

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<sup>202</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020), p 67 and 98. [\[link\]](#)

<sup>203</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020), p 91 and 119. [\[link\]](#)

<sup>204</sup> City of Seattle Department of Construction and Inspections. "Tenant Relocation." (2021). [\[link\]](#)

<sup>205</sup> Seattle Municipal Code 22.210 [\[link\]](#)

<sup>206</sup> Revised Code of Washington 59.18.440 [\[link\]](#)

<sup>207</sup> Revised Code of Washington 59.18.440 [\[link\]](#)

<sup>208</sup> City of Seattle. Seattle Department of Construction and Inspection. Nathan Torgelson. *Directors Rules 11-2021* (Seattle, WA: Seattle Department of Construction and Inspection, 2021). [\[link\]](#)

<sup>209</sup> Geoff Tallent, City of Seattle Rental Registration and Inspection Ordinance Manager, email to Xochitl Maykovich. July 2020

<sup>210</sup> Faith Lumsden, City of Seattle Code Compliance Manager, discussion with Xochitl Maykovich, April 2021.

<sup>211</sup> Seattle Municipal Code 22.206.160(c)(1)(j), (1)(i), and (1)(m) [\[link\]](#)

\$2,000 and a tenant who is not low-income an amount equal to two months' rent.<sup>212</sup> Seattle requires landlords to register their properties, which increases the likelihood the City will find illegal units not authorized under city code, such as a shed with no electricity or plumbing.

#### *Emergency Relocation – Habitability*

If a unit is vacated and closed due to an emergency condition that is within the control of the landlord, a tenant is eligible for relocation assistance paid entirely by the landlord.<sup>213, 214</sup> Under this policy, the landlord must pay a low-income tenant \$4,734 and a tenant who is not low-income two months' rent. Seattle has a proactive rental inspection program, which makes it possible for the City to find uninhabitable rental units.

#### *Displacement from City-funded Project*

This program mirrors the requirements of the Federal Residential Anti-displacement and Relocation Assistance Plan, which is required for projects receiving certain federal funds that displace tenants, such as a project that demolishes an apartment building.<sup>215</sup> The program provides displaced tenants with an opportunity to rent a unit in the new project, relocation assistance, and help with moving. The amount and types of assistance required under the program are dependent upon the specific situation but can include advisory services, payments for moving expenses, payments to cover the rental costs above 30 percent of a low-income person's income for a comparable dwelling for 42 months, or the equivalent amount to be used towards a down payment. King County and other jurisdictions also must follow similar relocation assistance requirements when projects funded by certain streams of federal money displace tenants.<sup>216</sup>

#### *Condominium Conversion Relocation Assistance authorized in RCW 64.34.440*

State law governs relocation assistance for tenants displaced due to a condominium conversion.<sup>217</sup> Also, the City of Seattle requires relocation assistance for tenants living in a rental unit that will be converted to a condominium if the tenant does not buy the unit.<sup>218</sup> Tenants qualify if their income is 80 percent of AMI or below. State law requires the owner to pay the relocation assistance equal to three months of rent. Elderly and special needs tenants are eligible for an additional \$1,500 if the costs of relocation exceed three months of rent.<sup>219, 220</sup>

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<sup>212</sup> The city code requiring relocation assistance for land use issues does not tie the required relocation assistance amounts to CPI. Ordinance 117942, which created this relocation assistance requirement, was passed in December 1995 when rent was substantially lower so \$2,000 would have been more than two months of rent at the time the ordinance was passed. Seattle Ordinance 117942. [\[link\]](#)

<sup>213</sup> Seattle Municipal Code 22.206.260. [\[link\]](#)

<sup>214</sup> Seattle Municipal Code 22.206.265. [\[link\]](#)

<sup>215</sup> Seattle Municipal Code 20.84. [\[link\]](#)

<sup>216</sup> 42 United States Code 4601. [\[link\]](#)

<sup>217</sup> Revised Code of Washington 64.34.440. [\[link\]](#)

<sup>218</sup> Seattle Municipal Code 22.903. [\[link\]](#)

<sup>219</sup> RCW 63.34.440(e)(C)(II)(iii). [\[link\]](#)

<sup>220</sup> The statute defines elderly tenants to be tenants 65 years or older and special needs tenants to be tenants with "a chronic mental illness or physical disability, a developmental disability, or other condition affecting cognition, disease, chemical dependency, or a medical condition that is permanent, not reversible or curable, or is long lasting, and severely limits a person's mental or physical capacity for self-care."

### [City of Portland, OR](#)

In 2019, the City of Portland passed the Mandatory Relocation Assistance Ordinance, which requires landlords to pay relocation assistance to a tenant for the following reasons for terminating a tenancy: no-cause eviction, notice of non-renewal of a fixed term lease, qualified landlord reason for termination, rent increase of 10 percent or more over a 12-month period, and substantial change of lease terms.<sup>221</sup> The amount of relocation assistance is determined by the size of the unit and ranges from \$2,900 for a studio to \$4,500 for a three-bedroom.

Enforcement for this program relies on a private right-of-action for tenants, meaning a tenant can sue a landlord directly to get a court judgment to enforce the Ordinance. A landlord who violates the Ordinance is liable to the tenant for an amount up to three times the monthly rent as well as actual damages, relocation assistance, reasonable attorney fees and costs. The City of Portland does not separately enforce this Ordinance. There are several exemptions to the relocation assistance requirement, including short-term rentals and tenants who occupy the same unit as the landlord.<sup>222</sup>

### **Key Policy Choices**

#### [Reasons for Relocation Assistance](#)

To implement relocation assistance, policymakers would need to decide what situations would trigger a tenant relocation assistance requirement. State law expressly regulates local policies regarding relocation assistance for development-related reasons, which means a tenant was displaced due to demolition, substantial rehabilitation, change of use of the property, or a removal of certain use restrictions in assisted-housing development, and condominium conversions.<sup>223, 224</sup> Policymakers could also decide to require relocation assistance for tenants displaced for no-fault reasons such as the sale of a property or substantial rent increases that force the tenant to move.

#### [Amount of Relocation Assistance](#)

Key factors in relocation assistance policy include the amount of assistance and any income qualifications. State law requires relocation assistance for development-related reasons not to exceed \$2,000, but this amount can be increased annually according to the housing component of CPI. Under the law, only tenant households at or below 50 percent of AMI can qualify for relocation assistance.<sup>225</sup>

Under RCW 64.34.440, related to condominium conversion, relocation assistance may not exceed three months' rent for tenants with incomes at or below 80 percent of AMI, with additional aid up to \$1,500 in some situations for qualifying tenants who are elderly or have special needs.<sup>226</sup>

#### [Funding Relocation Assistance](#)

For a jurisdiction to implement a relocation assistance program governed by RCW 59.18.440, it would need to identify a funding source for its 50 percent portion of the relocation assistance. Funding would also be needed for any enforcement-related staffing.

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<sup>221</sup> Portland City Code 30.01.085. [\[link\]](#)

<sup>222</sup> Portland City Code 30.01.085. [\[link\]](#)

<sup>223</sup> RCW 59.18.440. [\[link\]](#)

<sup>224</sup> RCW 64.34.440. [\[link\]](#)

<sup>225</sup> RCW 59.18.440. [\[link\]](#)

<sup>226</sup> Revised Code of Washington 64.34.440(6)(e)(C)(II)(ii). [\[link\]](#)

### Enforcement of Relocation Assistance

Policymakers have two options for enforcement, and they are not mutually exclusive. County code enforcement could offer rapid action and timely assistance to tenants in need, but it would likely require additional staff. A private right-of action for tenants may be preferable in complicated situations for which a court is better suited to make a judgement than a staff person. Based on discussions with tenant advocates, few private attorneys currently represent tenants to enforce tenant protections. A jurisdiction could fund civil legal aid services to enforce a relocation assistance Ordinance.

### **Financial Analysis**

Staff estimate 30 to 50 households in unincorporated King County could be eligible annually for development-related relocation assistance. This could cost King County \$30,000 to \$50,000 annually. Far more households would likely be eligible to receive relocation assistance under a policy like Portland's Mandatory Relocation Assistance Ordinance, which includes unaffordable rent increases, no-cause terminations, or other reasons under landlords' discretion. Only limited information is available to estimate how many unincorporated King County households would be eligible for such a policy.

According to the Housing Justice Project's analysis of 2019 eviction court filings, 12.6 percent (39 out of 310 cases) of unincorporated King County eviction cases were for no cause, compared to 6.9 percent (197 out of 4,471 cases) of all 2019 King County eviction cases.<sup>227</sup> Of the 2019 eviction cases filed in unincorporated King County, 73.87 percent (229 out of 310) were filed for nonpayment of rent.<sup>228</sup> Based on the Housing Justice Project's data, at least 200 households could be eligible for relocation assistance if it were available in cases of significant rent increases and no-cause termination. Because most instances of tenants being forced to leave their unit are not filed in court, the above data represents a significant undercount of eviction cases in unincorporated King County. While not all households represented in the Housing Justice Project's data that were evicted due to nonpayment of rent likely experienced unaffordable rent increases, others facing unaffordable rent increases do not show up in this data. Financial impacts to King County would depend on the policy design.

Staff estimate that DLS and/or DCHS would need at least one and potentially up to three FTE staff to support a relocation assistance ordinance enforcement and implementation, depending on the program design.

### **Community Feedback**

Community members, especially in the Skyway-West Hill area, support a relocation assistance program for terminations of tenancy because of development, unaffordable rent increase, or no-fault eviction, such as the landlord selling the unit. County staff also met with the Washington Multi-Family Housing Association (WMFHA) and representatives from the Stay Housed, Stay Healthy coalition, which advocates for tenant protections, to discuss a relocation assistance policy.<sup>229, 230</sup> The representatives from the Stay Housed, Stay Healthy coalition were concerned that a relocation assistance policy that does not include provisions regarding economic displacement would not help very many tenants or mitigate displacement effectively. The WMFHA supports a relocation assistance policy that closely follows the policies outlined in the state law but was concerned about the impact of a policy that goes

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<sup>227</sup> Housing Justice Project. "A Year of Evictions - Eviction Analysis for King County in 2019" (April 2021). [\[link\]](#)

<sup>228</sup> Housing Justice Project. "A Year of Evictions - Eviction Analysis for King County in 2019" (April 2021). [\[link\]](#)

<sup>229</sup> Washington Multi-Family Housing Association. [\[link\]](#)

<sup>230</sup> Stay Housed, Stay Healthy Coalition. [\[link\]](#)

further than the relocation assistance requirements for development-related reasons and condominium conversions on landlords.

### Recommendation

The County should adopt a relocation assistance policy that requires property owners to provide tenants with relocation assistance when the tenant is involuntarily displaced due to development or due to condominium conversion. Providing tenants with relocation assistance after being involuntarily displaced gives tenants the money necessary to find new housing in their neighborhood. The County would need to find an appropriate fund source for the County portion of the relocation assistance required for development-related reasons and further identify adequate staffing for implementation and enforcement.

The relocation assistance program could include:

- relocation assistance for development-related reasons in compliance with RCW 59.18.440; and
- relocation assistance for condominium conversions in compliance with RCW 64.34.440.

DCHS and DLS intend to engage further with stakeholders about policy design and implementation. DCHS and DLS will also track implementation of the state and County just-cause eviction protection legislation passed in 2021 and continue to monitor additional displacement needs of tenants.<sup>231, 232</sup>

## Redevelopment Assistance

### Introduction

#### Definition

Redevelopment assistance provides financial and technical support to homeowners so they can build Accessory Dwelling Units (ADUs). While ADUs provide financial benefit to homeowners, the up-front costs needed to construct an ADU can present a barrier for many homeowners. King County could create a redevelopment assistance program for homeowners to build ADUs in exchange for renting out the unit to low-income tenants. This program could play a substantial role in reducing the costs of redevelopment, which range from \$100,000 to \$350,000, depending on the size and whether the ADU is a converted space or new construction.<sup>233, 234</sup>

#### Connection to Displacement

Accessory dwelling units provide new, affordable rental units for low- and moderate-income community members. Homeowners who rent out ADUs receive an additional income stream, helping lower-income homeowners build equity in their land and potentially accumulate intergenerational wealth. Accessory dwelling units also allow for multigenerational living arrangements, increasing household income and reducing housing cost burden.

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<sup>231</sup> Washington State Legislature Engrossed Substitute House Bill 1236. [\[link\]](#)

<sup>232</sup> King County Ordinance 19311. [\[link\]](#)

<sup>233</sup> Helen Leung, "The Backyard Homes Project: An Affordable Housing Initiative." *Rubinger Fellowship Reflection Presentation* (2019). [\[link\]](#)

<sup>234</sup> CTA Design Builders. "Designing a DADU in Seattle – Can I Build One on my Lot?" (June 2019). [\[link\]](#)

## Skyway-West Hill and North Highline

Homeowners in Skyway-West Hill and North Highline with lower incomes are more likely to face housing cost burden.<sup>235</sup> Nearly half of all homeowners in these neighborhoods at or below 80 percent of AMI are cost-burdened.<sup>236</sup> In Skyway-West Hill, the rate of homeownership is slightly higher among homeowners of color (30 percent) compared to white homeowners (28 percent).<sup>237</sup> In North Highline, the rate of homeownership among homeowners of color (15 percent) is significantly lower than white homeowners (31 percent).<sup>238</sup> Though homeowners are generally more protected from displacement than renters, increases in property taxes or other costs can put financial pressure on owners, including owners of color.

In unincorporated King County, only one ADU per single dwelling or townhouse is allowed under the code.<sup>239</sup> On urban lots, an ADU must be attached or within the primary dwelling unit if the lot is less than 5,000 square feet. In urban areas, an ADU cannot exceed a heated floor space of 1,000 square feet. The King County Comprehensive Plan supports opportunities for ADUs in urban residential areas and reducing the cost of developments like ADUs.<sup>240</sup>

## **Overview of Existing Programs and Policies**

### King County, WA

King County currently does not provide funds for ADU construction, but King County operates a Housing Repair Program that works with low-income homeowners and renters to repair their homes. If King County adopted an ADU redevelopment program, the program would likely build from the Housing Repair Program.

Since 1977, the King County Housing Repair Program has supported housing repair projects for low- and moderate-income homeowners, as well as manufactured housing homeowners.<sup>241</sup> The program also funds some rental housing modifications and repairs through loans and grants to landlords on behalf of eligible renters. The program is funded with federal funds and Veterans, Seniors and Human Services Levy (VSHSL) funds.<sup>242</sup>

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<sup>235</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 86 and 115. [\[link\]](#)

<sup>236</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 86 and 115. [\[link\]](#)

<sup>237</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 66. [\[link\]](#)

<sup>238</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 98. [\[link\]](#)

<sup>239</sup> King County Code 21A.08.030.B.7.a. [\[link\]](#)

<sup>240</sup> *2016 King County Comprehensive Plan*, updated July 24, 2020. [\[link\]](#)

<sup>241</sup> King County Department of Community and Human Services. Housing Repair Program. *Housing Repair* (King County, WA: Housing, Homelessness and Community Development, July 2019). [\[link\]](#)

<sup>242</sup> King County Department of Human Services. Veterans, Seniors and Human Services Levy Implementation Plan. *Housing Stability 3A Senior Home Repair and Age in Place Home Modification* (King County, WA: 2018) p 60. [\[link\]](#)

For housing repair loans, King County offers eligible homeowners no-interest deferred loans up to \$25,000.<sup>243</sup> King County will also provide matching loans up to \$25,000 to eligible homeowners, so long as the homeowner matches the funds with the same amount from either a lender or private funds. The homeowner repays the loans when the home is sold, the title is transferred, the loan is refinanced, or the home is no longer used as the homeowner’s primary residence. To be eligible for loans, homeowners must be at or below 80 percent of AMI and have no more than \$40,000 in financial assets, excluding home equity. Eligible homeowners must live in King County, but outside the cities of Seattle, Bellevue, Kent, Federal Way, and Auburn, which have local home repair programs.<sup>244, 245, 246, 247, 248</sup>

King County offers eligible homeowners up to \$6,000 for emergency repairs to address urgent or life-threatening conditions.<sup>249</sup> Emergency housing repair grants do not need to be repaid. Eligible homeowners must own and live in the home, have a household income at or below 50 percent of AMI, and not have more than \$20,000 in financial assets, excluding home equity. People with a disability or disabilities are exempt from the asset limit. King County also offers grants up to \$8,000 to manufactured homeowners, without ownership in the land on which the manufactured home is located, to repair their home. The eligibility requirements for manufactured home repair grants are the same as for emergency grants.

King County also provides up to \$8,000 in Home Accessibility Modification Grants for renters with accessibility needs.<sup>250</sup> This grant funds modifications to rental units such as wheelchair ramps, shower conversions, door widening, audio smoke alarms, grab bars and transfer lifts. For residents to be eligible for funds, there must be a tenant with special needs in the household, the rent must be at or below the HUD Fair Market Rent, and the tenant household must have an income at or below 80 percent of AMI.<sup>251, 252</sup>

For these loan and grant programs, King County supports the homeowners in the repair process by serving as a project manager. King County staff draw up loan documents, put together contractor bids, and write up contracts for contractors. King County staff monitor the work and typically pay contractors directly. However, the contract is ultimately between the homeowner and the contractor. Most housing repair projects take two to four months to complete. The King County Housing Repair Program is staffed by 5.5 FTE, and the program funds approximately 125 to 150 projects a year.

While the King County Housing Repair Program currently does not support ADU construction, the program has the infrastructure to create a redevelopment assistance program with additional staffing and funding.

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<sup>243</sup> Ibid

<sup>244</sup> Seattle Office of Housing. Home Repair Program. “Home Repair.” [\[link\]](#)

<sup>245</sup> Bellevue Parks & Community Services. Home Repair Program. “Home Repair Assistance.” [\[link\]](#)

<sup>246</sup> Kent Human Services. Home Repair Program. “Home Repairs for Low/Moderate Income Homeowners.” [\[link\]](#)

<sup>247</sup> Federal Way Community (Human) Services. “Home Repair Program.” [\[link\]](#)

<sup>248</sup> Auburn Community Services. Housing Repair Program. “Housing Repair.” [\[link\]](#)

<sup>249</sup> *Housing Repair* (King County, WA: Housing, Homelessness and Community Development, July 2019). [\[link\]](#)

<sup>250</sup> King County, Department of Community and Human Services. “Grants.” [\[link\]](#)

<sup>251</sup> King County, Department of Community and Human Services. “Grants.” [\[link\]](#)

<sup>252</sup> U.S. Department of Housing and Urban Development, “FY2022 Final Fair Market Rents Documentation System” [\[link\]](#)

### [Santa Cruz County, CA](#)

Santa Cruz County, CA adopted a program to encourage the development of ADUs to increase affordable housing stock for lower-income renters.<sup>253, 254</sup> The city provides both technical assistance and financing to support homeowners in developing ADUs. Homeowners do not have to meet any income requirements, but the tenants living in the ADU must meet income requirements.

To reduce the cost of developing ADUs, Santa Cruz County worked with seven architects to develop pre-approved prototypes. In addition, the county partially subsidizes the wages of local building trades training program graduates to work on the projects, which both lowers cost of the ADU as well as creates economic opportunities for residents.

Santa Cruz County provides a loan of up to \$40,000 with three percent simple interest, deferred for 20 years. If the unit is rented to lower-income renters at an affordable rent for 20 years, the loan is forgiven. The homeowner is required to sign a deed restriction that requires them to rent the ADU or the main house at a rate set by Santa Cruz County. Homeowners can opt out of this deed restriction by paying off the total principal and interest on the loan.

The homeowner must contribute at least 10 percent of the total cost of constructing the ADU, and the County must approve the budget. The loan must be used for the ADU, including permitting and impact fees, design costs, utility connections and/or septic system improvements, and other project costs. The unit can be rented out only to households with incomes at or below 80 percent of AMI. If the tenant has a housing choice voucher, the local housing authority sets the rent. If the tenant does not have a housing choice voucher, the rent is set to 70 percent of AMI rent limits. Santa Cruz County verifies these requirements annually. Since 2017, Santa Cruz County has issued 96 ADU permits, though not all permit applicants received financial assistance.<sup>255</sup>

### [City of Boston, MA](#)

The City of Boston launched a pilot program, the Additional Dwelling Unit Pilot Loan Program, in three neighborhoods.<sup>256</sup> The program provides a no-interest, deferred loan of up to \$30,000 to owners of single- to three-family homes for an ADU project.<sup>257</sup> The loan is due for repayment when the owner sells or transfers ownership of the property or refinances the home to draw out cash.

Homeowners must have an income at or below 135 percent of AMI. If their income is below 120 percent of AMI, they do not need to match the funds. If the homeowner has an income between 120 and 135 percent of AMI, then they must match the city-funded loan one-to-one with their own funds or a bank loan. In addition, eligible homeowners must have \$75,000 or less in financial assets. Homeowners must be current on municipal bills and fees, have a plan for developing the ADU, and not have applied for any home repair assistance in the past ten years.

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<sup>253</sup> Santa Cruz County Code 13.10.681 [\[link\]](#)

<sup>254</sup> Santa Cruz County. Planning Department, *Accessory Dwelling Unit Forgivable Loan Program* (Santa Cruz, CA: Planning Department, 2019) [\[link\]](#)

<sup>255</sup> Santa Cruz County. Planning: Sustainability and Special Projects. *Agenda Item Submittal* (Santa Cruz County, CA, County of Santa Cruz Board of Supervisors, 2020). [\[link\]](#)

<sup>256</sup> City of Boston. Zoning Commission. *Text Amendment No. 428* (Boston, MA. Zoning Commission, 2017). [\[link\]](#)

<sup>257</sup> City of Boston. Housing Innovation Lab. *Additional Dwelling Unit Toolkit* (Boston, MA, Housing Innovation Lab, 2020). [\[link\]](#)

This program is focused on allowing homeowners to age in place, as well as creating additional rental units, rather than creating more affordable rental units for specific populations like most other ADU programs.<sup>258</sup> Unlike most other ADU programs, Boston’s program does not have any restrictions on to whom the ADU is rented.

## **Key Policy Choices**

### Level of Homeowner Support with Redevelopment

A central policymaker consideration is how much up-front financial assistance to provide to support the development of an ADU. The higher the amount of support, the lower the barrier for the individual homeowner, but the fewer ADUs developed. Policymakers also need to determine what type of financial support to provide to homeowners (grants or loans), in addition to what the homeowner offers in exchange, such as renting out the unit to a specific type of tenant for a certain time period. Another related question is what other type of support to provide homeowners, if any. For example, redevelopment support could include streamlining the development process by creating pre-approved prototypes for ADUs, providing technical assistance, or simplifying the permitting process.

### Conditions on Homeowner

Redevelopment assistance policy also depends on conditions that would be placed on a homeowner, such as requiring the ADU to be affordable to renters at certain income levels, including how long to place these conditions on the homeowners.

### Level of Ongoing Homeowner Support

Policymakers need to determine whether to provide ongoing homeowner support when these homeowners become landlords. Many of the homeowners who will participate in this program will likely be inexperienced landlords. Policymakers could provide resources for the homeowners to learn their responsibilities as landlords, including funding training on landlord-tenant law.

### Homeowner Eligibility

Another key policymaker consideration is which homeowners are eligible to participate in this program. In North Highline and Skyway-West Hill, there are 3,804 and 3,760 homeowner households respectively. Of these, 2,750 are homeowner households under 80 percent of AMI (36.35 percent of all households).<sup>259</sup> Policymakers could decide to restrict eligible homeowners based on household income and other financial assets or to allow all homeowners in the designated areas to participate.

### Homeowners Exiting Program

Redevelopment assistance policies need to address whether homeowners can exit the program early, such as by paying the loan back early. If homeowners exit the program early, any restrictions regarding eligible tenants are lifted. Policymakers could also decide to limit the reasons a homeowner could exit the program early, such as only allowing exits in circumstances like needing to move an elderly relative

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<sup>258</sup> City of Boston. Boston Planning & Development Agency. *BPDA Approves Pilot Program for Additional Dwelling Units* (Boston, MA: October 2017). [\[link\]](#)

<sup>259</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 67 and 98. [\[link\]](#)

into the ADU. If policymakers decide that homeowners cannot exit the program, a covenant could be placed on the property requiring the ADU to only be rented to tenants meeting eligibility requirements.

### Tenant Eligibility

Policies related to ADU redevelopment assistance should identify which tenant households are eligible to rent the ADUs. Tenant eligibility requirements could be further narrowed too: housing choice voucher holders, people exiting homelessness, low-income seniors, or another low-income vulnerable population. Accessory dwelling units managed by private homeowners are not the best living arrangement for many people requiring supportive services. Given the size of most ADUs, smaller tenant households will be the most likely to live in these units.

### Funding Sources

Policymakers would need to decide how to fund a redevelopment assistance program. Currently, King County does not have funding available for this program without taking money away from existing programs. Policymakers would need to identify additional funding sources or reduce or eliminate existing programs in order to create such an ADU redevelopment program.

### Community Feedback

Community members support redevelopment assistance because ADUs create more housing options, especially for young adults, seniors, and family members while providing an additional income stream for the homeowner. Community members want to ensure lower-income homeowners are prioritized for any redevelopment assistance program. Some community members were already exploring building an ADU, but the financial cost presented a barrier.

### Financial Analysis

A redevelopment assistance program would require at least 1.5 FTEs to manage 10 projects annually. The staff costs would be approximately \$266,000 annually. DCHS Housing Repair Program staff estimate the cost of constructing an ADU would likely be \$280 per square foot. If the ADUs averaged 600 square feet, a redevelopment program would cost approximately \$1.68 million plus staff costs annually to create 10 units.

### Recommendation

King County should establish a redevelopment assistance program when resources are available, that provides financial and technical assistance for homeowners with incomes at or below 80 percent of AMI to build an ADU for tenants with incomes at or below 60 percent of AMI. ADUs would create an additional income stream for low- and moderate-income homeowners and create cost-effective affordable rental units for low-income tenants.

King County should continue to work with community to evaluate these options for a future redevelopment assistance program:

- offering any eligible homeowner no-interest loans to be repaid when the home is sold, title transferred, or the home is refinanced;
- requiring homeowners to offer the ADU to tenants at or below 60 percent AMI for a set period of time, regardless of if the loan was paid back early;
- evaluating allowing homeowners to rent out both the original home as well as the ADU, so long as both households are rented out to eligible tenants until the loan is paid in full; and

- creating pre-approved ADU designs and providing technical support for both the ADU development and renting out a unit.

Staff could support homeowners utilizing the redevelopment assistance program with a similar level of support provided through the Home Repair Program, by drawing up loan documents and contracts, working with contractors, and generally supporting the homeowner throughout the project. Staff would also need to track supported units by fund source to monitor compliance for any requirements for the unit. Staff could support homeowners in determining whether a tenant's income is at or below 60 percent AMI.

A redevelopment assistance program would require significant financial investment with a smaller impact because of the limited number of affordable housing units created by this strategy. As a result, redevelopment assistance program should be a lower priority for King County as compared to other strategies that result in a higher number of affordable units.

## Right to Return Programs

Right to return programs seek to ensure residents who have already been displaced from a neighborhood are able to return to the community of their choice. For the purposes of this report, right to return means including already displaced past residents of Skyway-West Hill and North Highline as an eligible population for a community preference program (for an analysis, refer to V. Report Requirements, A. Action 19, Community Preference Programs).

## Community Preference Programs

### Introduction

#### Definition

Community preference policies prioritize housing applicants with a connection to a neighborhood for affordable housing.<sup>260</sup>

#### Connection to Displacement

Community preference policies are a direct way to mitigate displacement, due to their explicit structural preference for local community members. As vacancies and new housing become available in a neighborhood, local community members must compete with, often higher income, housing applicants from across the region. This competition presents a barrier to staying in the neighborhood of their choice.

#### Skyway-West Hill and North Highline

Skyway-West Hill and North Highline residents are at increased risk of displacement, which makes a community preference policy an appropriate for both communities. A community preference policy would increase the likelihood North Highline, and Skyway-West Hill residents would access affordable housing in their neighborhood.

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<sup>260</sup> City of Seattle. Office of Housing, "Community Preference." [\[link\]](#)

## Overview of Existing Programs and Policies

### [City of Seattle, WA](#)

In June 2019, the Seattle City Council approved an Ordinance that enables interested housing organizations to propose a community preference policy for a specific housing project.<sup>261</sup> Through joint efforts between its Office of Housing and its Office of Civil Rights, the City has provided policy guidance for housing organizations interested in community preference policies.<sup>262</sup>

The City's voluntary technical assistance model, with policies set on a case-by-case basis, allows flexibility for projects to maximize the potential number of units set aside for community preference based on the conditions in the neighborhood.

### [City of Portland, OR](#)

Portland's North/Northeast Preference Policy focuses on mitigating and counteracting displacement experienced by the historically Black community of Portland's North/Northeast neighborhood. The Interstate Corridor Urban Renewal Plan, adopted by the City in 2000, took land from homeowners in this neighborhood through eminent domain, primarily in the immediate vicinity of the interstate, for an urban renewal program seeking to spur mixed-use development, create new employment and housing opportunities, create wealth through expansion of existing businesses, improve transportation, and promote community livability.<sup>263</sup> Administered by the Portland Housing Bureau since 2015, the preference policy provides preference for affordable rental and homeownership housing to applicants with a generational tie to the neighborhood. Applicants are selected using a lottery-point system that awards points if the applicant or the applicant's ancestor or guardian has a current or former address in the neighborhood. The policy applies to three homeownership and seven rental multifamily developments managed by non-profit housing providers within the six-square-mile Interstate Corridor Urban Renewal Area.<sup>264</sup>

The limited geographic application of Portland's policy constrains its potential impact but provides a model for implementing a policy in a specific area, such as Skyway-West Hill and North Highline. Monitoring and reporting so far indicate that the policy has had an impact, with 33 eligible households buying affordable homes in 2019.<sup>265</sup>

### [City of San Francisco, CA](#)

Starting in July 2016, the City of San Francisco implemented its preference policy, which is administered by the Mayor's Office of Housing & Community Development. This policy uses one centralized lottery system for all affordable units administered or funded by the City of San Francisco and provides preference for residents displaced by urban renewal, residents displaced by no-fault evictions, current residents of the supervisorial district, and residents who state a preference for housing in San Francisco.<sup>266</sup>

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<sup>261</sup> *Housing Funding Policies*. (Seattle, WA: Office of Housing, 2019) [\[link\]](#)

<sup>262</sup> *Seattle Housing Levy Administrative & Financial Plan* (Seattle, WA: Office of Housing, 2019) [\[link\]](#)

<sup>263</sup> *Interstate Corridor Urban Renewal Plan* (Portland, OR: Portland Development Commission, 2001) [\[link\]](#)

<sup>264</sup> City of Portland. Housing Bureau, "Preference Policy." [\[link\]](#)

<sup>265</sup> *2019 Annual Report* (Portland, OR: North/Northeast Neighborhood Housing Strategy Oversight Committee, 2020). [\[link\]](#)

<sup>266</sup> City of San Francisco. Mayor's Office of Housing and Community Development, "Lottery Preference Programs" (2021). [\[link\]](#)

San Francisco’s community preference policies are among the broadest analyzed in this report. The City’s 2018-2019 report suggests that despite restrictions on housing availability, community preference policies have proven effective in ensuring that those who are housed reflect the local community.<sup>267</sup>

### [City of New York, NY](#)

Enacted in 1988, New York’s community preference policy seeks to curb the negative effects of gentrification.<sup>268</sup> Facilitated through a City waitlist and lottery system, the community preference policy grants residents currently residing in a local Community District.<sup>269, 270</sup>

This policy is the strongest of those analyzed in this report because it sets aside the highest percentage of units and requires that eligible residents must live in the same community district as the available housing. However, as of the writing of this report, New York’s community preference policy was being reviewed in *Winfield v. City of New York*, in which the plaintiff asserts on behalf of three black women who live in Brooklyn and Queens that the policy “skews the chances of many black and Latino income-eligible applicants which allows decades-old lines of segregation to be maintained.”<sup>271, 272</sup>

## Key Policy Choices

### [Geographic Area](#)

A central policy decision is the definition of the boundaries of any community preference policy. For the purposes of this report, the geographic areas are already defined as the Skyway-West Hill and North Highline unincorporated areas. However, residents who live in the adjacent communities of Burien, Seattle, Renton, or Tukwila may identify with and participate in the communities of Skyway-West Hill and North Highline. Some community preference policies more accurately reflect the community by basing eligibility on residence within a certain distance of the available housing, rather than boundaries of a particular jurisdiction or census tract.

### [Eligible Units](#)

A key aspect of this policy is which housing units are eligible or subject to a community preference policy. Most community preference policies in the U.S. set aside a fraction of units in a building, typically between 20 and 40 percent of units.<sup>273</sup>

A community preference policy may also be established as either mandatory or voluntary. Currently, most are mandatory for housing receiving public funds in the targeted area.<sup>274</sup> Eligible units are typically only in publicly subsidized, income-restricted affordable housing.

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<sup>267</sup> 2018-2019 Annual Progress Report (San Francisco, CA: Mayor’s Office of Housing and Community Development, 2019) [\[link\]](#)

<sup>268</sup> Catherine Hart, “Community Preference in New York City.” *Seton Hall Law Review*, 47 (2017). [\[link\]](#)

<sup>269</sup> *Marketing Handbook*. (New York, NY: Department of Housing Preservation and Development, 2020). [\[link\]](#)

<sup>270</sup> City of New York. Department of City Planning, *Community District Profiles*. (New York, NY: Department of City Planning, 2021). [\[link\]](#)

<sup>271</sup> Ethan Geringer-Sameth. “‘Community Preference’ Lawsuit at Center of Affordable Housing, Segregation Debates.” *Gotham Gazette*, (March 29, 2017). [\[link\]](#)

<sup>272</sup> Goodman, David. “For Former de Blasio official, an Admission on Segregation.” *New York Times*, May 2, 2018. [\[Link\]](#)

<sup>273</sup> University of Washington Livable City Year. *Anti-Displacement Strategies for Urban Unincorporated King County* (Seattle, WA: University of Washington, 2020) [\[link\]](#)

<sup>274</sup> University of Washington Livable City Year. *Anti-Displacement Strategies for Urban Unincorporated King County* (Seattle, WA: University of Washington, 2020) [\[link\]](#)

### Eligible Population

Establishing a community preference policy also includes defining resident qualifications and whether or not to prioritize certain criteria. Example eligibility criteria for a community preference policy include an applicant who:

- is a current or former resident of the neighborhood;
- is a current or former resident of the area within one half mile of the property;
- has a current or past connection to the neighborhood, such as working, attending school, or having a family member or ancestor who lived in the neighborhood;
- uses or participates in community activities, such as faith-based or cultural organizations, culturally specific businesses, or community centers; and
- was displaced due to direct government action, such as eminent domain.

Community preference policies also require administrative protocols for verifying the eligibility of a resident. Some criteria can be verified through presentation of documents, such as current or expired identification, mail sent to an address in the neighborhood, or property records. Demonstrating a historical connection or use of community-specific services would require more flexible forms of verification, such as a school yearbook, transcript, report card, organizational membership document, or receipts from a culturally specific business. Community preference policies are typically only applied to income-restricted housing, which also limits the eligible population to households earning at or below a certain income threshold.

### Duration

A community preference policy also needs to identify how long units are subject to a community preference policy. The community preference policy could apply only at initial lease-up after a new building is completed, or it could continue for the life of the building. If ongoing vacancies were subject to a community preference policy, the County would need to demonstrate at regular intervals that underlying displacement risk and relevant demographics continue to support the legality of the policy.<sup>275</sup>

Implementing a community preference policy for ongoing vacancies is most feasible when residents are placed into affordable housing through a centralized application process. Using a centralized application process would consolidate ongoing verification of displacement risk and compliance with the Fair Housing Act to a single entity.<sup>276</sup> Currently, county residents apply for affordable housing in a myriad of ways, usually at the building level, not through a centralized process. Creating a centralized application process for affordable housing units would be a significant undertaking that would have impacts well beyond Skyway-West Hill and North Highline.

### Monitoring and Reporting

Jurisdictions implementing community preference policies typically monitor the implementation and outcomes of the programs by requiring regular reporting from housing providers. Housing developers typically submit their own plans and policies and provide information on applicants and residents. Government staff persons monitor, coordinate with, and provide technical assistance to housing

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<sup>275</sup> *Housing Discrimination Under the Fair Housing Act*. (U.S. Department of Housing and Urban Development, 2021). [\[link\]](#)

<sup>276</sup> *Housing Discrimination Under the Fair Housing Act*. (U.S. Department of Housing and Urban Development, 2021). [\[link\]](#)

operators, and publish regular reports on the overall outcomes of the policy. Some governments provide little to no information to the public, in order to protect residents' anonymity.

### **Financial Analysis**

Feasibility of community preference policies depend on the design of the program based on the key policy choices described above. A community preference policy for the affordable housing projects funded by the King County Housing Finance Program (HFP) is the most feasible approach to administer but would have limited impact compared with a policy targeting existing publicly funded or market-rate housing.

The primary costs to implement a community preference policy would be administrative costs and the potential costs to defend a legal challenge. However, if a policy only applies to new affordable housing units, then investments to construct those units would be required first to implement the community preference policy. DCHS would need to include the implementation costs for an affirmative marketing and community preference plan as an eligible cost under its capital funding award to a developer. County staff estimate the cost to monitor and administer this program at 0.25 FTE or about \$44,250 per year.

### **Community Feedback**

Many community members supported a community preference policy because of the focus on current community members and the likelihood of the policy mitigating local community displacement. There was not consensus on how to determine whether an applicant has a connection to the neighborhood or whether to prioritize certain groups or types of connections over others, but a majority of community input supported criteria that are as inclusive as possible. Some community members expressed concern that a community preference policy might exclude immigrants, refugees, and other vulnerable populations who do not have community connections to either neighborhood.

### **Policy Recommendation**

King County recommends implementing a community preference policy to ensure that existing residents and households with connections to Skyway-West Hill and North Highline benefit from new affordable housing constructed in their neighborhoods. This report recommends the policy:

- focus on properties located in North Highline and Skyway-West Hill Unincorporated areas and applicants living within one half of a mile from the property subject to the community preference policy;
- apply to no more than 40 percent of units in future affordable rental and homeownership housing developments receiving capital funding from King County in Skyway-West Hill and North Highline;
- explore requiring a community preference policy on up to 40 percent of affordable units constructed as part of an inclusionary housing program;
- provide community preference guidance on a case-by-case, voluntary basis for market-rate housing and existing and future affordable housing developments that have not received King County funds;
- collect and verify housing applicant's community preference eligibility exclusively during the initial lease-up phase of a new project;
- require affordable housing developers, as well as developers participating in the inclusionary housing program recommended by this report, to maintain a waiting list of applicants who meet

the criteria of the community preference policy to fill ongoing vacancies that are subject to the community preference policy; and

- require affordable housing developers to report to DCHS community preference data and other information so the department can update the policy as needed.<sup>277</sup>

The following criteria should determine an applicant’s eligibility for a community preference unit:

- applicant is a current or former resident of Skyway-West Hill or North Highline;
- applicant has a historical connection to Skyway-West Hill and/or North Highline (including, but not limited to, ancestors who lived in the neighborhood);
- applicant currently uses or has accessed community-specific services (including, but not limited to, cultural or faith-based organizations, culturally specific businesses, community centers, and schools);
- applicant currently lives within one half mile of the property; or
- applicants displaced due to projects funded by King County receive additional prioritization.

To implement this approach, King County should include requirements for new projects with affordable units in Skyway-West Hill and North Highline to implement the community preference policy. Developers in Skyway-West Hill and North Highline must submit an affirmative marketing and community preference plan to DCHS that describes how the developer will:

- coordinate or contract with a local community-based organization to conduct outreach in Skyway-West Hill or North Highline to raise awareness of the housing opportunity, including to communities with limited English proficiency;
- verify eligibility in a way that is flexible and does not present an unreasonable barrier to demonstrating a connection to the neighborhood;
- conduct a lottery for the units subject to the community preference policy; and
- comply with existing regulations at the federal, state, and local level.

DCHS staff should review the plan, provide guidance if needed, and approve the plan after confirming compliance with the recommendations in this report.

## B. Motion 15539

Motion 15539, adopted by the King County Council on October 23, 2019, required the Executive to identify concrete recommendations to develop and retain affordable housing in Skyway-West Hill and North Highline. The following section includes:

1. Study of Potential Actions to Develop and Retain Affordable Housing in Skyway-West Hill and North Highline
2. Equity Review and Implementation of Recommended Strategies

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<sup>277</sup> Placing residents in affordable housing developments serving homeless households will require coordination with the King County Regional Homelessness Authority (RHA) and the Coordinated Entry for All (CEA) system.

Each of these two subsections begins with an outline of its contents.

## Study of Potential Actions to Develop and Retain Affordable Housing in Skyway-West Hill and North Highline

The following sections analyze these potential actions described in Motion 15539:

- Mandatory or Voluntary Inclusionary Housing Legislative Strategies
  - Creating a Minimum of 700 Affordable Units over the Next 10 Years
  - Commercial Linkage or Impact Fee on Developers
  - Density Bonus for Developers
- Implementing Local and Inclusionary Employment Prioritization Strategies for New Affordable Housing Developments
  - Priority Hire and Community Workforce Agreements
- Community Preference Policy in New Affordable Housing Developments for Local Neighborhood Residents
- Increasing Home Ownership Through Innovative Strategies Developed in Partnership with the Community
  - Rent-to-own Strategies
  - Community Land Trusts
  - Down-payment Assistance Program
- Expanding Property Tax Exemption Opportunities for Low-Income Seniors
- Strategies to Implement Community Land Trusts

### Mandatory or Voluntary Inclusionary Housing Legislative Strategies

Motion 15539 requires the Executive to identify concrete recommendations that can be implemented in the next three years for:

1. *Implementing mandatory or voluntary inclusionary housing legislative strategies that include:*
  - a. *A goal of a minimum of seven hundred affordable units, with a focus on two or more bedroom units, at fifty percent of the area median income or below, with area median income to be calculated in the same manner traditionally determined by the department of community and human services, over the next ten years in Skyway-West Hill and North Highline;*
  - b. *A proposal for a commercial linkage or impact fee on developers; and*
  - c. *A proposal for King County to provide a density bonus to developers, such as additional square footage, more units per acre or other benefits as determined by the executive;*

Beyond the information below about these specific strategies from Motion 15539, (for more information, analysis, and recommendations regarding inclusionary housing policies refer to V. Report Requirements, B. Motion 15539, Mandatory or Voluntary Inclusionary Housing Legislative Strategies, Mandatory Inclusionary Zoning/Mandatory Inclusionary Housing section).

## Creating a Minimum of 700 Affordable Units over the Next 10 Years

This section builds upon the analysis and recommendations of the Mandatory Inclusionary Housing subsection (for specific analysis on achieving 700 units through a mandatory or voluntary inclusionary housing program, refer to V. Report Requirements, A. Action 19, Mandatory Inclusionary Zoning/Mandatory Inclusionary Housing).

Creating new affordable units through inclusionary housing programs requires new market-rate development or redevelopment. Considering the outcomes of other jurisdictions' production of affordable units through such programs (including total numbers of units, affordability levels, and size of units), achieving the goal of producing 700 two-bedroom units in the next 10 years with affordability levels at or below 50 percent AMI in Skyway-West Hill and North Highline through inclusionary housing alone, without additional public investment, is unlikely without significant redevelopment. Such redevelopment could itself spur additional displacement, exacerbating existing community concerns.

The clearest path to developing deeply affordable units is through public funding of more nonprofit- or community land trust-led affordable housing developments. The Enterprise Community BERK Consulting, Inc., *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill* report highlighted the need for additional public investment to achieve the goal of increasing the supply of deeply affordable housing units as a key finding.<sup>278</sup>

Motion 15539 explicitly requested an analysis to determine if inclusionary housing could achieve the goal of creating 700 two-bedroom units at 50 percent AMI in a ten-year period.

- *700 two-bedroom units at 50 percent AMI:* Inclusionary housing programs typically create few, if any, units at or below 50 percent AMI through performance options without additional subsidy. While some jurisdictions, such as the City of Seattle, use fee-in-lieu options to reach deeper levels of affordability, this report recommends only allowing these options in limited cases (for a detailed explanation of inclusionary housing programs and strategies refer to V. Report Requirements, A. Action 19, Mandatory Inclusionary Zoning/Mandatory Inclusionary Housing). Thus, the majority of units affordable to households with incomes at or below 50 percent AMI would be developed through 100 percent affordable, publicly funded housing projects. Many cities require a fee-in-lieu, rather than on-site performance to create affordable housing. Currently, the per unit total development cost for an affordable rental unit is approximately \$355,000. Most projects funded through the County's Housing Finance Program utilize a significant amount of capital leverage from tax credits and other public funders, but these resources are limited.
- *10-year timeline:* Based on HFP's current project pipeline, each new development takes approximately 12 to 18 months to construct. If the County funded 100 deeply affordable units per year in North Highline and Skyway-West Hill, bringing online 700 units affordable to households with incomes at 50 percent AMI, would take more than seven years. The total cost for 700 units in 2021 dollars is \$248.5 million.

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<sup>278</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020). [\[link\]](#)

## Commercial Linkage or Impact Fee on Developers

### Introduction

#### Definition

Commercial linkage fees are charges to developers of new office or retail properties and can be used to fund the development of affordable housing. Sometimes called jobs-housing linkage fees, these fees are typically assessed on a per square foot basis.<sup>279, 280</sup> Several successful models of commercial linkage fees exist in high-cost metropolitan areas with robust economies.

#### Connection to Displacement

Linkage fees (also called impact fees) can be applied to new commercial development on the premise that projects stimulate the creation of jobs but might not include development of affordable housing for the workers that will fill the jobs. Generally, jurisdictions complete a study to estimate the maximum level of fees that would offset the impact of the new development projects.<sup>281</sup> These policies work best in towns, cities or counties experiencing substantial commercial growth.<sup>282</sup>

#### Skyway-West Hill and North Highline

In its analysis of market conditions, the report *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill* by BERK Consulting, Inc., considered the impact of applying a commercial linkage fee on the feasibility of mixed-use development.<sup>283</sup> The *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill* report concluded that linkage fees would have minimal impact on feasibility of developing mixed-use developments, yet could potentially discourage commercial development in mixed-use buildings.<sup>284</sup> This analysis indicates the following:

- Linkage fees have a minimal impact on feasibility of developing mixed-use developments, depending on the percentage of ground floor space dedicated to commercial use.
- Linkage fees vary by jurisdiction. BERK Consulting, Inc. used a prototype project assuming a hypothetical building in the commercial business zone area in North Highline, with an entire floor devoted to commercial uses, charging a \$30.00 per square foot linkage fee. (Note that the City of Seattle charges \$17.50 for commercial linkage fees, so the \$30.00 modeled in this example may result in overstating the amount of money generated.) This would generate about \$200,000 in linkage fees. This program could slightly increase available revenue for the County that could be used for affordable housing, assuming a commercial tenant is available.
- Increasing the commercial space within a building (resulting in increased collection of linkage fees) is likely to reduce the profitability of a project.

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<sup>279</sup> City of New York. Department of Housing Preservation and Development, *Marketing Handbook*. (New York, NY: Department of Housing Preservation and Development, 2020) [\[link\]](#)

<sup>280</sup> Grounded Solutions Inclusionary Housing, “Commercial Linkage Fees” (2019) [\[link\]](#)

<sup>281</sup> Grounded Solutions Inclusionary Housing, “Commercial Linkage Fees” (2019) [\[link\]](#)

<sup>282</sup> Local Housing Solutions, “Linkage fees/affordable housing impact fees” [\[link\]](#)

<sup>283</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020). [\[link\]](#) p 38-39

<sup>284</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020). [\[link\]](#) p 38-39

- The percentage of a building that is dedicated to commercial use will be affected by the feasibility of commercial projects in the neighborhood. Therefore, commercial linkage fees may shift developments to increase residential and reduce commercial development space.

Commercial linkage fees could further economic segregation in lower-income neighborhoods and generate fewer resources for affordable housing than other programs.<sup>285</sup> Many of the affordable housing projects with commercial spaces have difficulty securing a commercial tenant, and some offer space at no fee.

## Overview of Existing Policies and Programs

### [City of Boston, MA](#)

The City of Boston enacted a commercial linkage fee in 1987. The commercial linkage fee, which is \$8.34 per square foot, is charged on all new commercial development larger than 100,000 square feet.<sup>286</sup> Between 1986 and 2000, Boston’s linkage fees generated \$45 million in revenue, which funded nearly 5,000 affordable units.<sup>287</sup> A least half of the fees generated by the commercial linkage fee program must be invested in neighborhood with a need for more affordable housing.<sup>288</sup>

### [City of Seattle, WA](#)

The City of Seattle’s mandatory inclusionary housing policy applies to commercial development in which developers of commercial developers in most areas zoned for commercial development choose to either provide affordable housing units or pay a fee.<sup>289</sup> This requirement applies to commercial development that is or greater than 4,000 square feet of gross floor area in commercial use.<sup>290</sup> Seattle uses a formula to determine the payment based on the floor area and the payment calculation amount per square foot, which currently ranges from \$5.78 to \$23.11 depending on the zone.<sup>291</sup>

## Key Policy Choice

### [Implementing a Commercial Linkage Fee](#)

Policymakers could decide to implement a commercial linkage fee in Skyway-West Hill and North Highline. Policymakers would need to decide the amount of fees and what type of commercial developments would be charged a linkage fee. According to the *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill* report, the more commercial space within a development, the lower the return received by the development. Layering linkage fee requirements further reduces the rate of return.<sup>292</sup>

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<sup>285</sup> Grounded Solutions Network, Inclusionary Housing. “Linkage Fee Programs.” [\[link\]](#)

<sup>286</sup> Abt Associates and NYU Furman Center’s Local Housing Solutions. “Linkage fees/affordable housing impact fees.” [\[link\]](#)

<sup>287</sup> Grounded Solutions Network, Inclusionary Housing. “Commercial Linkage Fees.” [\[link\]](#)

<sup>288</sup> Grounded Solutions Network, Inclusionary Housing. “Commercial Linkage Fees.” [\[link\]](#)

<sup>289</sup> *Mandatory Housing Affordability and Incentive Zoning 2020 Report* (Seattle WA: Office of Housing, March 2021). [\[link\]](#)

<sup>290</sup> *Mandatory Housing Affordability and Incentive Zoning 2020 Report* (Seattle WA: Office of Housing, March 2021). [\[link\]](#)

<sup>291</sup> *Tip 257 Seattle Permits Developer Contributions – Mandatory Housing Affordability* (Seattle, WA: Seattle Department of Construction and Inspection, 2021) [\[link\]](#)

<sup>292</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 38-39. [\[link\]](#)

## Financial Analysis

Implementing a commercial linkage fee requirement would require administrative oversight. King County would need to hire additional staff to monitor a commercial linkage fee program.

## Community Input

The project workgroup conducted extensive outreach and received feedback from residents and members of the business community in North Highline and Skyway-West Hill showing a lack of support for linkage fees. Both communities lacked significant commercial development in recent years and identified interest in encouraging economic development. Community workshops and community input gathered by DLS identified support for encouraging small, diverse businesses to locate in the communities. Community members fear linkage fees may prevent the desired economic development, especially for small businesses.

## Recommendation

Based on public input, this report does not recommend use of linkage fees on commercial development at this time. Instead, this report recommends monitoring economic development in Skyway-West Hill and North Highline. If, in the future, the community demonstrates interest in commercial development that aligns with a linkage fee program, the County may want to consider creation of a linkage fee program.

## Density Bonus for Developers (Voluntary Inclusionary Housing Policy)

### Introduction

#### Definition

A density bonus increases the maximum number of units that can be built on a parcel in exchange for helping the community and the County achieve a public benefit, such as creating affordable housing. Typically, the density bonus is one of a number of tools included in voluntary inclusionary housing programs. These programs increase allowable density in exchange for inclusion of affordable units. Generally, these units are affordable to households between 50 and 80 percent AMI.<sup>293</sup>

#### Connection to Displacement

The lack of affordable housing contributes to displacement of low-income households. Density bonuses for developers incentivizes them to create more affordable housing units, providing more housing options for households.

#### Skyway-West Hill and North Highline

Since 2018, the rental vacancy rate in Skyway-West Hill has fluctuated between approximately two and three percent.<sup>294</sup> In North Highline over the same time period, the rental vacancy rate has fluctuated between approximately 3.5 percent and five percent.<sup>295</sup> For most of the time since 2018, the rental vacancy rates in Skyway-West Hill and North Highline have been lower than in King County as a

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<sup>293</sup> Ruoinu Wang, Ph. D and Sowmya Balachandran, *Inclusionary Housing in the United States* (Grounded Solutions, 2021). [\[link\]](#)

<sup>294</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 85. [\[link\]](#)

<sup>295</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 114. [\[link\]](#)

whole.<sup>296</sup> Over half of renter households in Skyway-West Hill and North Highline, 56 percent and 53 percent respectively, are housing cost-burdened.<sup>297</sup> The low rental vacancy unit and high-rates of cost-burdened renters demonstrate the need for more affordable housing units in both neighborhoods.

## Overview of Existing Policies and Programs

### [City of Seattle Voluntary Incentive Zoning Program](#)

The City of Seattle's Voluntary Incentive Zoning Program (VIZP) provides developers with a density bonus in return for building affordable units, either onsite or offsite, or paying into a fund for affordable housing development.<sup>298</sup> Most developers opt to pay into the fund rather than construct affordable units. Under the VIZP, 15 affordable units were created in 2020, with a further 55 units committed.<sup>299</sup> In 2020, Seattle collected \$4.7 million under the fee-in-lieu option, and the City estimated a further collection of \$18.3 million for buildings not yet completed.<sup>300</sup>

### [King County Residential Density Incentive Program](#)

King County's Residential Density Incentive program (RDI), adopted in 1993, includes incentives that can be used to increase density of development in exchange for providing certain community benefits, such as production of affordable housing at 50 percent of AMI or below.<sup>301</sup> RDI applies to properties that are served by public sewers and zoned R-4 (Residential, four dwelling units per acre) through R-48 (Residential, 48 dwelling units per acre) and also in the Commercial Business, Regional Business, and Office zones for mixed-use developments. These zones are located in urban unincorporated King County and in three designated Rural Towns in King County: Town of Vashon, Fall City, and Snoqualmie Pass. (Only those parcels in the Rural Towns that are served by public sewer are eligible for consideration of use of the residential density incentives.)

The program, which has been in place for over two decades, has not resulted in the creation of any affordable housing units. Of the four large multifamily projects developed in recent years, none of the projects used available RDI incentives. Developers interviewed for the *Residential Density Incentive Program Code Study*, transmitted to the King County Council as part of the 2020 King County Comprehensive Plan update, stated that the incentive does not make development more feasible. To increase feasibility, developers indicate that it would need to change to a higher income limit, greater density or additional benefit in exchange for each affordable unit.<sup>302</sup>

## Financial Analysis

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<sup>296</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 85 and 114. [\[link\]](#)

<sup>297</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 87 and 116. [\[link\]](#)

<sup>298</sup> City of Seattle, Office of Housing, *Mandatory Housing Affordability and Incentive Zoning Report* (Seattle, WA: Office of Housing, 2020) p 9. [\[link\]](#)

<sup>299</sup> City of Seattle, Office of Housing, *Mandatory Housing Affordability and Incentive Zoning Report* (Seattle, WA: Office of Housing, 2020) p 11. [\[link\]](#)

<sup>300</sup> City of Seattle, Office of Housing, *Mandatory Housing Affordability and Incentive Zoning Report* (Seattle, WA: Office of Housing, 2020) p 13. [\[link\]](#)

<sup>301</sup> King County Code Chapter 21A.34. [\[link\]](#)

<sup>302</sup> *Code Studies and Reports, King County Comprehensive Plan* (King County, WA: Office of Performance, Strategy and Budget, 2019). [\[link\]](#)

A voluntary inclusionary housing program requires ongoing administrative oversight to ensure developers comply with program requirements. The County would also need to monitor the eligibility of residents of units constructed under the program.

**Community Input**

Community members support providing density incentives for affordable housing but want the County to consider the scale, location, and parking impacts of buildings created under the program. Community members support the integration of market-rate and affordable units in developments as much as possible. They also want the voluntary density incentives to be implemented concurrent with mandatory inclusionary housing (refer to V. Report Requirements, A. Action 19, Mandatory Inclusionary Zoning/Mandatory Inclusionary Housing).

**Recommendation**

This report recommends continuing to work with community to develop and adopt affordable housing density incentives, along with mandatory inclusionary housing, as part of an inclusionary housing program. Two tiers of density bonuses are recommended to target different types of developers and tailor requirements and benefits to both:

- offer a substantial density bonus for developments that include 100 percent affordable units; and
- offer lower density bonuses for developments that include a percentage of affordable units, but are not 100 percent affordable.

Density Incentives for Developments Voluntarily Providing 100 Percent Affordable Units

This report recommends the making the density incentive for 100 percent affordable developments available across all North Highline and Skyway-West Hill, except for the areas subject to mandatory inclusionary housing requirements as recommended (refer to V. Report Requirements, A. Action-19 Inclusionary Zoning/Mandatory Inclusionary Housing). This incentive should provide higher affordable housing density bonuses than the current RDI. Such bonuses fit with public funding opportunities available for the development of affordable housing projects and maximize land for affordable housing. Table 9 lists some possible options for required affordability levels and terms for this portion of the voluntary density incentives.

<b>Table 9: Density Incentives for Developments Voluntarily Providing 100% Affordable Units – Possible Affordability Requirements</b>	
<b>Homeownership Affordability Level</b>	• 80% AMI (aligns with public funder thresholds)
<b>Rental Affordability Level</b>	• 60% AMI (aligns with public funder thresholds)
<b>Term of Affordability</b>	• A minimum of 50 years or possibly the life of the project

Density Incentives for Developments Voluntarily Providing Some Affordable Units

This report recommends making the density incentive for developments voluntarily providing less than 100 percent affordable units available across all North Highline and Skyway-West Hill, except for the areas subject to mandatory inclusionary housing requirements as recommended (refer to V. Report Requirements, A. Action-19, Mandatory Inclusionary Zoning/Mandatory Inclusionary Housing).

This incentive should provide higher affordable housing density bonuses than current RDI; such bonuses help support the economic feasibility of such projects. To respond to community concerns, density bonuses should balance creating new affordable units within new developments and avoiding significant

shifts in housing densities in residential areas that are predominantly characterized by low-density, single-family homes. Unless a developer combines multiple lots, the lot sizes in these residential areas could limit the scale of such new development. The anticipated form of new development would still be townhouses, duplexes, or triplexes.

Table 10 lists some possible voluntary affordability levels for the recommended density bonus. For example, if a developer chose to provide 70 percent of AMI affordability level, they could be required to dedicate 25 percent of the total units in the development to that price point. Deeper affordability levels could require fewer numbers of affordable units in the project in order to receive the density bonus.

<b>Table 10: Density Incentives for Developments Voluntarily Providing Some Affordable Units – Possible Affordability Requirements</b>	
<b>Affordability Level</b>	<b>Percentage of Affordable Units</b>
80% AMI (Ownership)	30%
70% AMI (Ownership and Rental)	25%
60% AMI (Rental)	20%
50% AMI (Rental)	15%

The incentives could set the required term of affordability for the units beyond the minimum state 50-year term requirement, such as over the life of the project.<sup>303</sup> The voluntary inclusionary housing program should require a covenant or deed restriction, specifying the affordability levels and terms in response to additional market analysis, and be recorded to ensure compliance. This will ensure that the covenants appear on the title report and prospective buyers will be aware of the agreement and obligations.

## Implementing Local and Inclusionary Employment Prioritization Strategies for New Affordable Housing Developments

### Priority Hire and Community Workforce Agreements

#### Introduction

#### Definition

Priority hire programs require construction companies and contractors to recruit a percentage of their workforce from priority hire target areas, such as the community in which the construction is occurring.<sup>304</sup> These programs can provide a pipeline of developing skilled workers to meet the industry need, create economic opportunities for residents living in economically distressed areas, increase diversity in the building trades, and offer workers a pathway to the middle class. Priority hire programs support employers by providing information about best practices and strategies for applicant recruitment and staff training, and by establishing career pathways.

#### Connection to Displacement

<sup>303</sup> RCW 36.70A.540. [\[link\]](#)

<sup>304</sup> *Annual Apprenticeship & Priority Hire Report 2018* (King County, WA: King County Department of Executive Services, 2019). [\[link\]](#)

Rising housing costs and stagnating wages combine to increase the likelihood low-income households will be displaced from their communities. Priority hire programs connect workers from economically distressed areas with jobs in the building trades, which typically have wages significantly higher than minimum wage.<sup>305</sup> Households with higher wages have the ability to pay higher housing costs, potentially allowing them to stay in their desired neighborhood.

### [Skyway-West Hill and North Highline](#)

Both Skyway-West Hill and North Highline have lower median household incomes than the region.<sup>306</sup> The majority of Skyway-West Hill and North Highline renters are cost burdened, with renters of color more likely to be cost burdened than White renters.<sup>307</sup> King County’s priority hire program, discussed below, covers Skyway-West Hill and North Highline zip codes and provides opportunities for workers in these neighborhoods to increase their income and decrease their cost burden, reducing the likelihood they will be displaced from the neighborhood.<sup>308</sup>

### **Overview of Existing Programs and Policies**

#### [King County, WA – Priority Hire Program](#)

In 2016, King County piloted a priority hire program for certain County-funded capital projects.<sup>309</sup> Subsequently, King County adopted the priority hire program into code in 2018.<sup>310</sup> The Department of Executive Services manages King County’s priority hire program, which applies to all King County public works projects with a budget of \$15 million or more. It requires contractors to prioritize hiring residents living in economically distressed areas with high unemployment and disproportionately high numbers of people with incomes at or below 200 percent of the Federal Poverty Level or without a college degree. This program does not apply to King County-funded affordable housing projects.

The priority hire program is implemented through community workforce agreements (CWAs) between the County and the unions representing the building trades: Seattle/King County Building and Construction Trades Council and Northwest National Construction Alliance II.<sup>311</sup> The CWA establishes the worksite conditions on a project, including hiring requirements. The union dispatch process, which selects workers for projects, prioritizes the local workers ahead of other union workers to meet the project-specific priority hire requirements, measured in number of labor hours as a percentage of the total labor hours on the project.

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<sup>305</sup> *Annual Apprenticeship & Priority Hire Report 2018* (King County, WA: King County Department of Executive Services, 2019). [\[link\]](#)

<sup>306</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 61 and 92. [\[link\]](#)

<sup>307</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 63 and 95. [\[link\]](#)

<sup>308</sup> King County, Business Development & Contract Compliance, “King County Priority Hire Program.” [\[link\]](#)

<sup>309</sup> *Memorandum: Priority Hire Policy at King County* (King County, WA: King County Department of Executive Services, 2016). [\[link\]](#)

<sup>310</sup> King County Code Chapter 12.18A. [\[link\]](#)

<sup>311</sup> *Master Community Workforce Agreement between King County and Seattle/King County Building and Construction Trades Council and Northwest National Construction Alliance II* (King County, WA: King County Department of Executive Services 2020). [\[link\]](#)

In 2018, average hourly wages for priority hire apprentices ranged from \$22.36 to \$47.43 and average wages for priority hire journeymen ranged from \$42.71 to \$49.92 per hour.<sup>312, 313</sup> In 2019, 367 priority hire workers performed 72,953 labor hours. Of these workers, 47.2 percent were BIPOC, and 11.4 percent were women. Priority hire workers earned \$3.2 million in wages during 2019.<sup>314</sup>

#### [King County, WA - Housing Finance Program Employment and Training Requirements](#)

The HFP administers the funds for affordable housing construction throughout King County. The HFP requires developers of projects with total construction costs of \$200,000 or more to use contractors to hire apprentices enrolled in approved apprenticeship programs, unless the contractor receives less than \$100,000.<sup>315</sup> Contractors must work with the King County Work Training Program to hire workers whenever there is a need for additional workers. If the housing project is funded with Veterans, Seniors and Human Services Levy (VSHSL) capital dollars, contractors must demonstrate good faith efforts to hire veterans on the project, such as by working with programs like Helmets to Hardhats.<sup>316</sup> Projects with federal funding administered by HFP must also follow federal hiring and contracting requirements like the Davis Bacon Act and the U.S. Department of Housing and Urban Development (HUD) Section 3 provision detailed below.<sup>317, 318</sup>

#### [U.S. Department of Housing and Urban Development \(HUD\) Section 3 Provision](#)

Section 3 of the Housing and Urban Development Act of 1968 strives to provide job opportunities for low-income residents in the area where federally funded housing construction will occur.<sup>319</sup> This program requires that most grantees of funding provide job training and contracting opportunities for low-income residents to the greatest extent possible.<sup>320</sup> Section 3 requirements are triggered when the housing rehabilitation, housing construction, or other public construction assisted with HUD funding exceeds \$200,000, unless the funding is from the Lead Hazard Control and Healthy Homes programs, which triggers the Section 3 requirement at \$100,000 of assistance. Agencies that do not meet the Section 3 worker requirements must report to HUD the agency's methods and activities undertaken to recruit Section 3 workers.

Section 3 workers must have incomes at or below the AMI required by HUD in the prior calendar year, be employed by a Section 3 business concern, or participate in YouthBuild. YouthBuild is a program that provides pre-apprenticeship training for young adults who did not graduate high school. In the King County area, YouthCare runs the YouthBuild program and specifically focuses on young people

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<sup>312</sup> *Annual Apprenticeship and Priority Hire Report 2018* (King County, WA: King County Department of Executive Services, 2019). [\[link\]](#)

<sup>313</sup> Apprentices are trainees in a particular construction trade and journeymen are workers who have obtained qualifications for a particular construction trade.

<sup>314</sup> *Priority Hire Program Overview*. (King County, WA: Business Development and Contract Compliance, 2021). [\[link\]](#)

<sup>315</sup> *Housing Finance Program Guidelines July 2018 Update* (King County, WA: Housing, Homelessness, and Community Development Division, 2018). [\[link\]](#)

<sup>316</sup> Helmets to Hardhats. [\[link\]](#)

<sup>317</sup> The Davis Bacon Act. Pub. L. Nos. 86-624, 88-349, 107-217, 109-284 40 U.S.C. § 3142. [\[link\]](#)

<sup>318</sup> Housing and Urban Development Act of 1968. Pub. L. No. 90-448. (12 U.S.C § 1701u). [\[link\]](#)

<sup>319</sup> Housing and Urban Development Act of 1968. Pub. L. No. 90-448. (12 U.S.C § 1701u). [\[link\]](#)

<sup>320</sup> U.S. Department of Housing and Urban Development. *Frequently Asked Questions for Section 3* (Washington, D.C.: Office of Field Policy and Management, 2021). [\[link\]](#)

experiencing homelessness.<sup>321</sup> A Section 3 business is one that is owned by low or very low-income people or public housing residents or a business whose labor is performed by low- or very low-income workers. Section 3 projects must be consistent with the Davis-Bacon Act, which requires contractors and subcontractors to pay laborers no less than the local prevailing wages and benefits for similar projects.<sup>322</sup> Depending on the type of HUD funding, additional Section 3 worker requirements may apply, such as the hiring of low-income workers who live within one mile of the project.

## Key Policy Choices

### Recruitment and Retention of BIPOC and Women Workers

A 2018 report analyzing King County's priority hire program noted several challenges contributing to the difficulty in recruiting and retaining BIPOC and women workers. Among these difficulties are the lack of resources for retaining these workers and the lack of a clear job pathway for them within the construction industry.<sup>323</sup> Currently, more resources are spent to recruit these workers than to retain them. Policymakers could invest in continuous training and support systems for BIPOC and women workers to support them in navigating careers in the construction industry. Investing more in community-based organizations to support the priority hire program would also likely increase the number of participants.

### Priority Hire Requirements in Affordable Housing Projects

King County's priority hire requirement is enforced through the contract between the County and its contractors. It applies to public works capital projects over the \$15 million threshold and fully funded by King County, such as the Kent/Auburn Conveyance Systems Improvement Auburn West Interceptor Parallel and Pacific Pump Station Discharge project, a wastewater project that was estimated to cost over \$18 million.<sup>324</sup> As previously noted, it does not apply to affordable housing projects.

Unlike utility and infrastructure projects, affordable housing projects funded by King County often have multiple streams of local, state, federal, and private funding, with King County's contributions representing a small portion of the overall budget. For example, in 2019, King County provided an average of \$1.9 million of partial funding for each of 14 different affordable housing projects.<sup>325</sup> Some King County housing projects funded with federal sources have local hire requirements under the HUD Section 3 program. County-funded projects also require agencies to hire workers from eligible apprenticeship programs.<sup>326</sup> The County could expand the current priority hire program to cover affordable housing projects, but complexity of affordable housing funding, as well as the small percentage of King County dollars that go into individual housing projects, make adding further priority hire requirements a likely hindrance to affordable housing development, as detailed below.

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<sup>321</sup> YouthCare, "YouthBuild" (2021). [\[link\]](#)

<sup>322</sup> The Davis Bacon Act. Pub. L. Nos. 86-624, 88-349, 107-217, 109-284 40 U.S.C. § 3142. [\[link\]](#)

<sup>323</sup> *Annual Apprenticeship & Priority Hire Report 2018* (King County, WA: King County Department of Executive Services, 2019). [\[link\]](#)

<sup>324</sup> *Annual Apprenticeship & Priority Hire Report 2018* (King County, WA: King County Department of Executive Services, 2019). [\[link\]](#)

<sup>325</sup> *2019 King County HFP Capital Round Funding Awards* (King County, WA: Housing, Homelessness, and Community Development Division 2019). [\[link\]](#)

<sup>326</sup> *Housing Finance Program Guidelines July 2018 Update* (King County, WA: Housing, Homelessness, and Community Development Division, 2018). [\[link\]](#)

## Financial Analysis

King County has invested resources into several job training and apprenticeship programs. In the 2021-2022 Adopted Budget, the County allocated \$250,000 to support pre-apprenticeship training programs with Highline's Public School's Career and Technical Education as part of the priority hire program.<sup>327</sup> VSHSL has invested over \$2.8 million into job training, placement, and support programs with organizations like King County Career Connections, Chief Seattle Club, and Asian Counseling & Referral Services.<sup>328</sup>

Policymakers could expand hiring requirements for affordable housing projects. However, affordable housing projects differ from County-funded public works projects in that they typically rely on multiple sources of public and private funding. Adding more complexity could be problematic with developers already managing multiple streams of funding including local levies, Housing Trust Fund, federal sources, private donations, and federal tax credits, all of which have their own requirements related to hiring and contracting. Adding hiring requirements beyond what HUD and the County already require could hinder the affordable housing developers by layering on additional administrative costs without creating substantially more job opportunities.

## Community Feedback

Community members in Skyway-West Hill and North Highline support the priority hire program because of the job opportunities for residents. However, most community members were not aware of the existing King County program and wanted more outreach targeted to their neighborhoods. Some community members suggested expanding the types of projects that incorporate priority hire requirements.

## Recommendation

This report recommends that DLS coordinate with the Department of Executive Services to increase awareness among Skyway-West Hill and North Highline community members of opportunities available under the existing priority hire program through periodic communications and sharing information at public meetings and community events. This recommendation could be accomplished through existing staff capacity.

This report also recommends that HFP explore using its contracting procedures to encourage, but not mandate affordable housing developers to use priority hire for affordable housing projects. For projects where there is opportunity to leverage existing community partnerships, priority hire should be encouraged.

## Community Preference Policy in New Affordable Housing Developments for Local Neighborhood Residents

For information about Community Preference Policies, please refer to V. Report Requirements, A. Action 19, Community Preference section.

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<sup>327</sup> King County Ordinance 19210, Section 115, ER 1 Expenditure Restriction. [\[link\]](#)

<sup>328</sup> Veterans, Seniors and Human Services Levy. *Strategies and Funding Opportunities* (King County, WA: Adult Services Division, 2021). [\[link\]](#)

## Increasing Home Ownership Through Innovative Strategies Developed in Partnership with the Community

Motion 15539 required analysis of three potential strategies for increasing homeownership:

- a. Rent-to-own strategies;
- b. Community land trusts; and
- c. Down-payment assistance programs.

### Rent-to-Own Strategies

#### Introduction

##### Definition

A rent-to-own home is a house purchased through a rent-to-own agreement. With this type of contract, renters/buyers agree to rent a property for a specific time period before gaining ownership. The time period can range from several months to several years, depending on the specifics of the contract.<sup>329</sup> Rent-to-own programs are marketed as a way for households unable to purchase a home through traditional means to buy a home.

In rent-to-own contracts, renters/buyers pay a rent premium, or rent credit, which is the amount paid above the market-rate rental price. For example, if the home usually rents for \$1,000 a month, the lease agreement may require a \$1,200 a month payment. The \$200 rent premium is set aside in escrow and goes towards the purchase of the home. Some rent-to-own contracts require the renter to pay a nonrefundable deposit, also known as an option premium or option fee, at the start of the lease.

Rent-to-own programs structure contractual agreements as a lease-option or a lease-purchase arrangement.<sup>330, 331, 332</sup> In lease-option agreements, the prospective homebuyer can choose to buy the home at the end of the lease or forfeit the accrued rent premiums and option fee. The option fee could be a flat fee or a percentage of the home's purchase price. Part, or all, of the fee may be applied to the down payment or purchase price of the home later. The lease-purchase agreement obligates both parties to the sale/purchase. All rent-to-own contract will explicitly state whether the tenant or the seller must pay for maintenance, repairs, homeowners fees and property taxes during the lease.

During the lease term, the owner is typically not allowed to sell the home to anyone else, unless the prospective homebuyer breaks the lease. The homebuyer would still need to qualify for a mortgage and be able to afford the full payment when it is time to close on the home. A lease-purchase contract locks in the purchase of the home by the prospective homebuyer at the end of the lease. If the prospective homebuyer chooses not to buy the home or cannot qualify to buy it, they may face legal repercussions and the loss of the rent premium and option fee.

##### Connection to Displacement

Homeowners are less likely to experience displacement compared to renters, but the high cost of

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<sup>329</sup> Ramsey Solutions. "How Does Rent-to-Own Work?" (2021). [\[link\]](#)

<sup>330</sup> Cindy Jones, "Rent to own: A delicate balance." *The Seattle Times* (November 11, 2006). [\[link\]](#)

<sup>331</sup> Quicken Loans, "Rent-To-Own Homes: A Complete Guide To How They Work." (March 17, 2021). [\[link\]](#)

<sup>332</sup> Northwest Justice Project, "Rent-to-Own in Washington State." (December 11, 2020). [\[link\]](#)

homeownership prevents many renters from becoming homeowners through traditional means.<sup>333, 334</sup> Rent-to-own strategies offer a path to homeownership for people who may not have sufficient funds for a down payment or who face other financial barriers, such as a low credit score, to purchasing a home. Ideally, rent-to-own programs offer people the chance to live in a home and save towards the purchase of the home or work to improve their credit. This potentially creates housing stability while renters/buyers work towards homeownership.<sup>335</sup>

#### [Skyway-West Hill and North Highline](#)

In community workshops, residents spoke extensively about the importance of affordable homeownership, especially for households with incomes between 50 and 80 percent of AMI. Residents who are below 80 percent of AMI in Skyway-West Hill and North Highline are more likely to be renters than homeowners.<sup>336</sup> Community workshop participants discussed the difficulty for them and their neighbors to transition from being renters to homeowners, largely because of the high costs of buying a home.

#### **Overview of Existing Programs and Policies**

Rent-to-own programs operated by nonprofit organizations offer a better chance of successfully serving low-income homebuyers, instead of for-profit rent-to-own programs. The successful program model detailed below was in a community with depressed real estate values and foreclosed properties, far different than the current housing market in Skyway-West Hill and North Highline.

#### [Layton Boulevard West Neighbors and Impact Seven - Milwaukee, WI](#)

In Milwaukee, Wisconsin, Layton Boulevard West Neighbors, a community development corporation, and Impact Seven, a community development financial institution, partnered in 2009 to rehabilitate abandoned and foreclosed properties and sell them using a rent-to-own model.<sup>337</sup> The program paired neighborhood stabilization goals for areas with high foreclosure rates with a rent-to-own approach. Each home received an average of \$125,000 in renovations before sale. The program allows low-income residents to pay an affordable rent for 15 years and receive a credit toward a down payment averaging \$36,000. During this period the partnership sponsored classes to help residents prepare for and navigate the homebuying process.

#### [Rainbow Realty Group - Indianapolis, Indiana](#)

In 2013, an Indianapolis family tried to buy a house through a rent-to-own program operated by a for-profit entity, Rainbow Realty. They had rented an abandoned home in substandard condition and signed a contract with unfavorable terms. The agreement did not require the sale company to lease the property in habitable condition and included repercussions for late or missed payments. After working on the home and investing their money in repairs, this family lost their housing and became

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<sup>333</sup> Puget Sound Regional Council Housing Innovations Program. “Increase Neighborhood Stability by Mitigating Residential Displacement.” (August 2020). [\[link\]](#)

<sup>334</sup> Laurie Goodman, Alanna McCargo, Edward Golding, Bing Bai, and Sara Strochak “Barriers to Accessing Homeownership: Down Payment Credit and Affordability.” (September 2018). [\[link\]](#)

<sup>335</sup> *Community Stabilization and Anti-Displacement Strategy* (City of San Francisco, CA) [\[link\]](#)

<sup>336</sup> BERK Consulting, Inc. King County Home and Hope Initiative. Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill. (King County, WA: Department of Community and Human Services, 2020) p 67 and 98. [\[link\]](#)

<sup>337</sup> U.S. Department of Housing and Urban Development, PD&R Edge, “Rent-to-Own Program Rehabilitates Abandoned and Foreclosed Properties.” [\[link\]](#)

homeless.<sup>338</sup> This spurred litigation in which the Indiana Supreme Court rendered a decision to protect people from being taken advantage of by rent-to-own programs.<sup>339</sup>

### Key Policy Choices

The DCHS-DLS workgroup could not find a successful rent-to-own program that existed in a place with a similar housing market to Skyway-West Hill and North Highline. The housing market in Skyway-West Hill and North Highline is drastically different than post-2008 recession Milwaukee and Indianapolis. Skyway-West Hill and North Highline have increasing home values, low vacancy rates, and low foreclosure rates.

A policy choice to implement a rent-to-own program would not be able to rely on any relevant successful models. Other homeownership strategies such as community land trusts and down payment assistance, which are currently or recently funded by the County may be alternatives to a rent-to-own program.

### Financial Analysis

Private market rent-to-own programs tend to disproportionately benefit the property seller over the renter/buyer. The rent-to-own industry has many examples of people paying a premium for rental housing and losing their investment and their housing.<sup>340, 341, 342</sup> In the worst-case scenario, people pay a premium for rental housing but are unable to purchase the home, losing that down payment savings and the possibility of homeownership.

Private rent-to-own programs operate in a predatory, and alternative financing system. This strategy presents many risks to the prospective homebuyer:

- Buyers may pay above market price for their home.
- Buyers may lose their rent premium (down payment credit) and housing if they chose not to purchase the home.
- Buyers have fewer consumer protections compared to the conventional home purchase process.
- If the process fails, the renter/buyer loses their housing, and may not have an alternative, putting them at risk of homelessness.

Initiating a rent-to-own program in the affordable housing community with nonprofits or CLTs raises many issues and concerns.

- Nonprofits or CLTs would need to design and staff a new program to ensure the best outcomes. Nonprofits and CLTs would need to charge back these staffing costs to public funders or pass them along to homebuyers.

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<sup>338</sup> Crystal Hill, "Are rent-to-own agreements a good deal?" *IndyStar* (December 3, 2019) [\[link\]](#)

<sup>339</sup>Crystal Hill, "A dream destroyed': Indianapolis couple wanted to be homeowners. They ended up homeless." *IndyStar* (December 3, 2019) [\[link\]](#)

<sup>340</sup> Marilyn Odendahl. "Rent-to-own lawsuits rise in federal, state courts." *The Indiana Lawyer* (December 11, 2018). [\[link\]](#)

<sup>341</sup> Matthew Goldstein, "New York State Officials Sue 'Predatory' Rent-to-Own Home Seller." *The New York Times* (August 1, 2019). [\[link\]](#)

<sup>342</sup> Adrienne Roberts, "Class action lawsuit claims firm targeted Michigan Black would-be-homebuyers." *Detroit Free Press* (September 29, 2020). [\[link\]](#)

- Nonprofits or CLTs would have to manage the real estate portfolio during the rental period to track payments and upkeep on the properties. This is an entire asset management line of business, keeping the agency involved during the entire term of the renting process.
- Nonprofits and CLTs would have to determine a policy for managing homebuyers who are unable to purchase the home after the proscribed period of time.

Given the lack of relevant successful rent-to-own programs, the cost to implement a rent-to-own program is unknown. Given that the only successful models uncovered rely on markedly different housing market conditions and goals of neighborhood stabilization in areas with vacant and abandoned homes, this report finds that implementing a rent-to-own program is not feasible and would not help low-income homebuyers in Skyway-West Hill and North Highline.

### Community Input

Community members support a rent-to-own strategy largely because of the need for a low-barrier homeownership option. After hearing the problems with rent-to-own programs, community members suggested trying to find a way to structure a rent-to-own model to benefit prospective buyers. The DCHS-DLS workgroup has not determined a way to make rent-to-own programs work for low-income homebuyers in a strong housing market like King County. While rent-to-own in practice does not usually work in favor of the prospective buyer, other strategies exist that would make homeownership more accessible to a broader set of people, such as down payment assistance programs.

### Recommendation

This report does not recommend launching and funding rent-to-own programs. Other homeownership strategies open opportunities for households to create housing stability and present less risk to the homebuyer, public funders, and entities operating the program. Rent-to-own programs represent an entirely new and complicated line of business for local nonprofit housing providers. This homeownership strategy adds additional risks to the homebuyer who might lose their home if they are unable to follow through with the purchase.

King County currently funds down payment assistance paired with homebuyer coaching and education. This gives potential homebuyers a structured approach to dismantling barriers to homeownership, such as a low credit score, and offers a clear path to purchasing a home (V. Report Requirements, B. Motion 15539, Mandatory or Voluntary Inclusionary Housing Legislative Strategies, Down Payment Assistance Programs).

## Community Land Trusts

### Introduction

#### Definition

A Community Land Trust (CLT) is a nonprofit corporation governed by the community that develops and stewards affordable homeownership and other community assets. The “community” in CLT refers to the model’s emphasis on community participation and democratic governance. A tripartite board of directors governs most CLTs made up of lessees who live on the CLT land (can be homeowners and renters), residents within the broader CLT service area, and public interest stakeholders.<sup>343</sup> CLTs acquire

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<sup>343</sup> Institute for Community Economics Community Land Trust Network *Recommendations for Millennial Housing Commission* (June 29, 2001) p 3 [[link](#)]

land and maintain permanent ownership of the land, while individual homeowners or nonprofits own the structures on the land. Community Land Trusts use a 99-year renewable ground lease and a resale formula to limit the resale value of CLT homes so they remain affordable for income-qualified households in perpetuity. While many CLTs focus on permanently affordable homeownership, CLTs can also steward other community assets such as parks, community gardens, affordable commercial and nonprofit spaces, affordable rental and cooperative housing, and community plazas.<sup>344</sup>

### [Connection to Displacement](#)

CLTs are an effective anti-displacement strategy, especially for households between 50 and 80 percent of AMI. A 2018 study showed evidence that CLTs can significantly slow gentrification.<sup>345</sup> CLTs can increase racial diversity and stabilize income levels and housing prices in a neighborhood, preventing displacement of low-income households and preserving housing affordability.<sup>346</sup>

Typical affordable homeownership strategies offer prospective homebuyers a one-time down payment assistance subsidy that can have a significant economic benefit to the individual or household receiving the subsidy but do not create long-term affordable housing. CLTs take homes out of the speculative market, so they remain permanently affordable. The ground lease and resale restriction ensure that the public investment in CLT homes stays in the community. CLTs stabilize home prices and can alleviate displacement pressure caused by increasing rents for participating households.<sup>347</sup>

In addition to providing housing, CLTs engage neighborhood residents as active leaders and partners in the development and improvements of their neighborhoods.<sup>348</sup> CLTs provide a wide range of stewardship services to prospective and current homeowners, including pre-purchase outreach, counseling, and education during the homebuying process, and assistance throughout the mortgage application, qualification, and sales process. CLTs also provide additional services like housing maintenance support and foreclosure prevention. Some CLTs even offer job training programs. The stewardship activities of CLTs, along with the affordability offered by the CLT model, contribute to low rates of delinquency and foreclosure among CLT homeowners. CLTs act as partners to their homeowners and interact and intervene with mortgage lenders if a homeowner is at risk of defaulting on their payments.

CLTs create a wealth building opportunity for low- to moderate-income households.<sup>349</sup> They allow homeowners to build some equity through mortgage payments and through receiving a specified share of the home's appreciating value. A resale restriction ensures a CLT home remains affordable for future households. The CLT model of shared-equity allows for the CLT buyer to access most of the advantages

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<sup>344</sup> Grounded Solutions Network, *Beyond Housing: National CLT Network Non-Residential Project Directory* (Grounded Solutions, 2013) [\[link\]](#)

<sup>345</sup> Myungshik Choi, Shannon Van Zandt & David Matarrita-Cascante, "Can Community Land Trusts Slow Gentrification?" *Journal of Urban Affairs* 40, no. 3 (September 2017) p 394-411 [\[link\]](#)

<sup>346</sup> Myungshik Choi, Shannon Van Zandt & David Matarrita-Cascante, "Can Community Land Trusts Slow Gentrification?" *Journal of Urban Affairs* 40, no. 3 (September 2017) p 394-411. [\[link\]](#)

<sup>347</sup> Diane K. Levy, Jennifer Comey, Sandra Padilla, *Keeping the Neighborhood Affordable: A Handbook of Housing Strategies for Gentrifying Areas* (Urban Institute, 2006) p 31. [\[link\]](#)

<sup>348</sup> Institute For Community Economics Community Land Trust Network. *Recommendations to Millennial Housing Commission* (Institute for Community Economics, 2001) p 1. [\[link\]](#)

<sup>349</sup> Diane K. Levy, Jennifer Comey, Sandra Padilla, *Keeping the Neighborhood Affordable: A Handbook of Housing Strategies for Gentrifying Areas* (Urban Institute, 2006) p 23. [\[link\]](#)

of homeownership while mitigating some of the risks, and paying a mortgage that is comparable to, or even lower than, market-rate rents.<sup>350</sup>

CLTs can provide different affordability levels depending on the subsidy dollars they can access. Typically, CLT homeownership projects serve households between 50 and 80 percent of AMI using a combination of public and private subsidies to bridge the gap between the cost to purchase or construct a home and the mortgage a CLT homebuyer can afford.<sup>351</sup> CLT homeownership projects do not traditionally serve very low-income households due to the economic barriers that make it difficult to meet the financial criteria required to qualify for a mortgage.<sup>352</sup> Community Land Trusts can benefit households with lower incomes by stewarding affordable rental housing or other types of ownership models such as mutual housing associations or limited-equity cooperatives.

CLTs can also steward new permanently affordable homeownership and rental units created through density bonuses and inclusionary housing programs.<sup>353</sup> CLTs can manage the intake and compliance services needed to ensure income-qualified households have access to inclusionary units and provide tenants and homeowners with support services.

Overall, CLTs are a highly effective vehicle for preserving and creating new affordable homeownership units in a neighborhood.

### **Overview of Existing Programs and Policies**

#### [Homestead Community Land Trust - King County, WA](#)

Homestead CLT was incorporated in 1992 by low-income residents of Seattle to stop displacement occurring in the Central District and South Seattle. Since then, Homestead has expanded to serve communities throughout King County and is the largest and most established CLT in the region. As of December 2020, Homestead CLT manages a portfolio of over 220 affordable homes with new townhome and condo developments coming online in 2021 in Renton, Tukwila, and Seattle. Homestead serves first time homebuyers at or below 80 percent of AMI. Sixty-five percent of Homestead CLT households are households of color. The average AMI of current Homestead homeowners, adjusted for household size, is 57 percent of AMI.<sup>354</sup>

Homestead receives funding from multiple sources including the State Housing Trust Fund, City of Seattle Levy Funds, King County Housing Finance Program, and other public and private sources.<sup>355, 356</sup> No King County funds currently support the operating costs of Homestead CLT. The prices of Homestead homes currently range from \$243,000 to \$315,000.

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<sup>350</sup> Diane K. Levy, Jennifer Comey, Sandra Padilla, *Keeping the Neighborhood Affordable: A Handbook of Housing Strategies for Gentrifying Areas* (Urban Institute, 2006) p 31. [\[link\]](#)

<sup>351</sup> Jason Webb, Senior Community and Capacity Building Specialist at Grounded Solutions. Discussion with Yasmeen Perez on April 23, 2020.

<sup>352</sup> National Community Land Trust Network, *Community Land Trust Technical Manual* (Grounded Solutions Network, 2018) p 4 [\[link\]](#)

<sup>353</sup> Grounded Solutions, Inclusionary Housing “Community Land Trust” (2019) [\[link\]](#)

<sup>354</sup> Homestead Community Land Trust. “Our Impact” [\[link\]](#)

<sup>355</sup> When Homestead has received funding from King County, the amount has historically been \$500,000 per project.

<sup>356</sup> Homestead Community Land Trust. “Our Supporters” [\[link\]](#)

## Houston Community Land Trust – Houston, TX

In 2018, the City of Houston supported the creation of the Houston Community Land Trust (HCLT) and together with HCLT launched a partnership to develop 1,100 affordable homes over five years for homebuyers at or below 80 percent of AMI.<sup>357</sup> City officials leveraged support and commitment from mortgage lenders, provided operating funds to HCLT, and restructured their affordable homeownership subsidy strategy to provide around \$105,000 in permanent subsidy per HCLT unit. Revenue for this program comes from a city tourism tax.

The partnership also includes the Houston Land Bank which acquires and holds tax foreclosed and abandoned properties. The land bank clears the property titles and sells them for community purposes such as affordable housing, green space, drainage, etc. The City of Houston functions as the development partner. The partnership launched with an ambitious annual production goal of 200 to 250 units a year. By 2020, the City had built 38 homes, 21 of which have been sold to HCLT homebuyers.<sup>358</sup>

### **Key Policy Choices**

#### Increasing Development Assistance

Policymakers seeking to increase permanently affordable homeownership opportunities through CLTs should determine how to increase development assistance for CLT projects. Low-Income Housing Tax Credits (LIHTCs), the largest source of affordable housing financing can be paired with CLTs models generally but is not compatible with homeownership development. Community Land Trust projects rely on a combination of public development assistance and private investments to fill the gap between what a household making 50 to 80 percent of AMI can afford and the cost of constructing a condo or townhome.<sup>359</sup> In King County, the estimated level of development assistance needed per CLT unit ranges between \$105,000 and \$307,000.<sup>360</sup>

Current County funding for homeownership projects is limited. Most County funds prioritize rental housing serving extremely low-income households at or below 30 percent of AMI. The County funds available for affordable homeownership include federal HOME Investment Partnerships Program (HOME) funding, Transit Oriented Development (TOD) bond funds, Veterans and Senior Human Services Levy funding, and short-term lodging taxes. Community Land Trusts face challenges using the current County funding sources because CLT projects often do not meet specific requirements of the funds, such as only serving veterans and seniors. TOD bond funds, the most flexible funding source the County has for affordable homeownership projects, are restricted by geography and require a low-interest debt service, an additional challenge for CLT projects since the debt service adds a cost that ultimately gets passed on to the homebuyer. As of May 2021, 100 percent of the TOD bond funds allocated for South King County have been committed to projects outside of Skyway-West Hill or North Highline. To increase CLT units in Skyway-West Hill and North Highline policymakers should increase the overall pool of development assistance prioritized for permanently affordable homeownership units, which would require exploring new and more flexible revenue sources.

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<sup>357</sup> Mike Morris, “City Plan to Expand Affordable Housing Will Rely on Land Trust, Subsidies,” *Houston Chronicle* (March 1, 2019) [[link](#)]

<sup>358</sup> Nina Culotta, Director of Programs Houston Community Land Trust, conversation with Yasmeen Perez, July 2020

<sup>359</sup> Kathleen Hosfeld, Executive Director of Homestead CLT. Conversation with Yasmeen Perez, May 2021.

<sup>360</sup> Kathleen Hosfeld, Executive Director of Homestead CLT Analysis provided to Yasmeen Perez, July 2021. See Exhibit 8.

### Eligible Homeowner Populations

A key determination in establishing CLT policy is which household income levels CLT projects should target. These impact targets impact the levels of development assistance CLTs need. During the community engagement process, Skyway-West Hill and North Highline community members expressed a need and priority for affordable homeownership units that serve low-to-moderate income households between 50 and 80 percent of AMI. In the greater Seattle area housing market, local CLTs struggle to serve households between 50 and 65 percent of AMI because of the limited level of public and private subsidy available and the high costs of land and construction. CLTs could serve households between 50 and 65 percent of AMI in Skyway-West Hill and North Highline with increased development assistance per unit.

### Funding for Community Engagement and Community-Led Planning

Community Land Trusts require a high level of community participation in their leadership and governance structure. Community-based organizations and community leaders play a central role in developing and leading the work of planning and implementing a CLT strategy. Policymakers would need to provide capacity-building and general operating funding to support community-led engagement and planning processes regarding CLTs. Through inclusive community engagement, community members can determine how best to implement a CLT strategy and which organization(s) to partner with to achieve their affordable homeownership goals.

### Funding for Operating a CLT

Community Land Trusts are non-profit organizations that need to pay for staff, program expenses, technical assistance, and overhead costs. CLTs need general operating support to scale up their capacity. Policymakers would need to provide general operating funding to CLTs to enable them to hire staff and increase organizational capacity to develop and steward new housing units in Skyway-West Hill and North Highline.

### Reducing Costs for Development and Acquisition

Policymakers must also consider how to reduce the cost of developing permanently affordable homeownership units. Strategies may include, but are not limited to, providing publicly owned and tax-foreclosed land for free or at a deep discount, expediting the permit process, waiving permit fees, and relaxing zoning laws.

### **Financial Analysis**

More flexible funding is needed to develop permanently affordable homeownership units in Skyway-West Hill and North Highline that can serve households between 50 and 80 percent of AMI. Increased investment in CLTs will require a new revenue source that is more flexible and can be prioritized for permanently affordable homeownership.

Table 11 outlines all County funding sources that can support affordable homeownership in 2020, including how much has gone to CLT projects, and the typical challenges or barriers to using those funds for CLTs.

<b>Table 11: County Funding Sources to Support Affordable Homeownership in 2020</b>
<b>Fund Source – Federal HOME Program Funds</b>
<b>Amount Available in 2020 - \$7.8M</b>
<b>Amount Awarded to Homeownership Projects in 2020 - \$1,327,900</b>

<b>Amount Awarded to CLTs in 2020 - None</b>
<p><b>Criteria</b></p> <ul style="list-style-type: none"> <li>• Households with incomes at or below 60% AMI (up to 80% for Homeownership projects)</li> <li>• Up to 15% of the funds will be awarded to a qualified Community Housing Development Organization (CHDO)</li> <li>• 12 units or more triggers Davis-Bacon wage requirements</li> <li>• Must maintain long-term federal compliance</li> <li>• Requires National Environmental Policy Act (NEPA) Environmental Assessment</li> <li>• Funds must be used 2 years from award to contract; 4 years from contract to project open</li> </ul>
<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Rule-bound, hard to administer, high audit risk.</li> <li>• Requirements are costly to the project.</li> </ul>
<b>Fund Source – Veterans, Seniors, and Human Services Levy (VSHSL)</b>
<b>Amount Available in 2020 - \$1.6M (\$800k for Veterans, and \$800k for Vulnerable populations)</b>
<b>Amount Awarded to Homeownership Projects in 2020 - \$1.6M</b>
<b>Amount Awarded to CLT's in 2020 - None</b>
<p><b>Criteria</b></p> <ul style="list-style-type: none"> <li>• Must serve VSHSL-defined eligible populations:</li> <li>• <u>Veteran</u>: households with a member who has served as either an active duty or a reservist member of the U.S. military or National Guard</li> <li>• <u>Senior</u>: a person who is at least 55 years old, and their caregivers</li> <li>• <u>Resilient Communities</u>: households that are susceptible to reduced health, housing, financial or social stability and outcomes.<sup>361</sup></li> </ul>
<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Must serve seniors, veterans, or vulnerable populations.</li> </ul>
<b>Fund Source – Transit Oriented Development (TOD) Bonds</b>
<b>Amount Available in 2020 - \$24.7M</b>
<b>Amount Awarded to Homeownership Projects in 2020 - None</b>
<b>Amount Awarded to CLT's in 2020 - None</b>
<p><b>Criteria</b></p> <ul style="list-style-type: none"> <li>• Households with income below 80% AMI</li> <li>• Projects must be located within ½ mile of a high-capacity transit station, defined as fixed rail (light rail or Sounder train), bus rapid transit or other high frequency bus stops.</li> </ul>
<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Projects must make annual debt service payments of 1%.</li> <li>• Project must be in TOD area.</li> <li>• Funds are allocated to specific geographies.</li> <li>• In May of 2021, no current TOD geographic pool funds are available for South King County.</li> </ul>

To make a project work, CLTs combine funding from multiple sources. King County’s funding for permanently affordable homeownership projects can range between approximately \$40,000 and \$150,000 per unit depending on the project. For example, in 2020, King County awarded \$1.5M to a

<sup>361</sup> This category previously identified as “vulnerable populations” in the Veterans, Seniors, and Human Services Levy Implementation Plan. [\[link\]](#)

Habitat for Humanity homeownership project for 10 permanently affordable units with a combination of Federal HOME dollars and VSHSL funding.<sup>362</sup>

Exhibit 8 details the estimated amount of development assistance needed to bridge the gap between what a four-person household at different AMI levels can afford and the cost of development per unit.<sup>363</sup> This analysis was provided by Homestead Community Land Trust based on Homestead's experience in King County and does not speak for all homeownership models or programs.

**Exhibit 8: Homestead Community Land Trust Capital Subsidy Need Analysis (2021)**<sup>364</sup>



Based on Homestead CLT's program, King County's funding typically awards \$40,000 to \$50,000 per CLT home.<sup>365</sup> The City of Seattle typically provides \$70,000 to \$100,000 per CLT home.<sup>366</sup> Other sources that CLTs access include Federal Home Loan Bank funds, HUD's Self-Help Homeownership Opportunity Program (SHOP), and the State Housing Trust Fund. Based on Homestead's analysis, a CLT project in unincorporated King County can get approximately \$138,000 in total public subsidies per unit from

<sup>362</sup> Habitat for Humanity uses a land trust to create permanent affordable homeownership units, but they do not identify as a CLT because their governance model is different. Community Land Trusts are one type of mechanism to create permanently affordable homeownership, but other models exist, including but not limited to, deed restrictions, ground leases, and limited equity cooperatives.

<sup>363</sup> All assumptions in Exhibit 8 assumes the CLT model of permanent affordability. Mortgage prices assume the overall affordability of mortgage, insurance, property tax, HOA dues and ground lease fees. If home prices are subsidized to the appropriate level, additional down payment assistance is not needed.

<sup>364</sup> Kathleen Hosfeld, Executive Director of Homestead CLT graphic shared with Yasmeen Perez, July 2021.

<sup>365</sup> Kathleen Hosfeld, Executive Director of Homestead CLT. Conversation with Yasmeen Perez, May 2021.

<sup>366</sup> Kathleen Hosfeld, Executive Director of Homestead CLT. Conversation with Yasmeen Perez, May 2021.

these sources. Exhibit 8 shows that the total subsidy needed for homebuyers between 55 and 70 percent of AMI in Homestead’s program ranges between \$105,000 and \$307,000 per unit. Community Land Trusts also pursue private sources such as grants from banks and private foundations to fill the remaining gap. In some cases, Homestead has started developing mixed-income developments with some units at market-rate to buy down the cost of other units for lower-income households<sup>367</sup>

In summary, to create CLT units that can effectively serve households between 50 to 80 percent of AMI in Skyway-West Hill and North Highline, the County’s funding would, at minimum, need to provide development assistance of \$90,000 to \$100,000 per unit.<sup>368 369</sup>

### **Community Feedback on CLTs**

Community members in Skyway-West Hill and North Highline gave robust support for CLTs. Community members view CLTs as a strategy that would benefit BIPOC and low-income community members and would create affordable homeownership opportunities. Community members like that CLTs keep costs affordable for residents and create opportunities for supporting homebuyers who might otherwise be priced out of the market. If successfully implemented, one resident stated it might be a strategy that could help transition lower-income community members from renting the more affordable rental units to homeownership. One suggestion from community members was to cultivate partnerships with the private sector to support CLT developments.

### **Recommendation**

King County should expand investment in CLTs and models of permanently affordable homeownership to serve residents making between 50 and 80 percent of AMI in Skyway-West Hill and North Highline. Community Land Trusts and shared-equity homeownership provide a critical pathway for economic and housing stability, wealth building, and access to opportunity for residents who would not otherwise be able to purchase a market-rate home. King County should also explore future investments in CLTs as a mechanism for community stewardship of other community assets such as affordable rental housing and affordable commercial space.

King County should prioritize funding to:

- invest in a community-led community engagement process to design a CLT program for Skyway-West Hill and North Highline;
- provide a minimum of \$90,000-\$100,000 in development assistance per homeownership unit, in the form of grants or loans with no debt service requirement from King County;
- develop permanently affordable homeownership units in Skyway-West Hill and North Highline that serve households between 50 and 80 percent of AMI; and
- require a Community Preference policy for new CLT units funded by King County to prioritize homebuyers with ties to the neighborhood and displaced residents.

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<sup>367</sup> Kathleen Hosfeld, Executive Director of Homestead CLT. Conversation with Yasmeen Perez, May 2021.

<sup>368</sup> Kathleen Hosfeld, Executive Director of Homestead CLT. Conversation with Yasmeen Perez, May 2021. Based on a 3-bedroom townhome.

<sup>369</sup> Brett D’Antonio, Executive Director of Habitat for Humanity. Conversation with Yasmeen Perez, May 2021. Based on a 3-bedroom townhome.

CLTs may be an eligible use of the \$5 million the King County Council allocated for affordable housing in Skyway-West Hill in the 2021-2022 Adopted Budget.<sup>370</sup> Priorities for these funds will be determined through engagement with community stakeholders. However, King County needs to identify additional funding sources to increase development assistance for CLTs and other forms of permanently affordable homeownership projects to occur. In the short term, King County could prioritize current fund sources that can be used for affordable homeownership specifically for resale-restricted, permanently affordable homeownership. Other resource needs may be identified during the CLT community engagement process detailed in the Motion 15539 section of the report.

## Down Payment Assistance Programs

### Introduction

#### Definition

Down payment assistance is an umbrella term for homebuyer assistance programs offered by federal, state, or local government agencies, nonprofits, and employers.<sup>371</sup> Down payment assistance programs come in two primary forms:

- grants which do not have to be paid back; and
- second mortgage loans with varying payback or loan forgiveness provisions.

Down payment assistance strategies reduce one barrier to affordable homeownership by bridging the gap between a prospective homebuyer's cash available for a down payment and the amount of cash needed for a home purchase. Down payment assistance programs may be paired with other homeownership programs to broaden the pool of households served.

Down payment assistance programs generally take the form of a second mortgage at a favorable interest rate, with deferred repayment. Down payment loan repayment is typically due at the time of refinance or sale of the home. Some loans have forgivable terms if the homeowner remains in the home for an extended period. Pairing homebuyer coaching and education with down payment assistance programs helps prepare homebuyers to qualify for private loans that provide the financing for the bulk of the purchase price.

#### Connection to Displacement

Many prospective homebuyers, especially cost-burdened households, cannot save money for a down payment fast enough in a market where home prices rise faster than incomes. Down payment assistance programs help prospective homebuyers gain entry to homeownership and stabilize their housing costs. Homeowners are less vulnerable to displacement compared to renters because there is more predictability and stability in housing cost, and homeowners build wealth through homeownership.<sup>372</sup>

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<sup>370</sup> King County Ordinance 19210, Section 106, ER6 Expenditure Restriction. [\[link\]](#)

<sup>371</sup> Down Payment Resource. "Down Payment Programs 101: the 3 Most Common Homebuyer Programs Explained." (October 30, 2019). [\[link\]](#)

<sup>372</sup> Jenny Schuetz. "Renting the American Dream: Why homeownership shouldn't be a prerequisite for middle-class financial security." *The Brookings Institution* (February 13, 2019). [\[link\]](#)

## [Skyway-West Hill and North Highline](#)

Saving for a down payment is the leading barrier to homeownership.<sup>373</sup> Cost-burdened renters do not have the financial flexibility necessary to save for a down payment. Both North Highline and Skyway-West Hill have disproportionate numbers of BIPOC residents who experience housing cost burden. In North Highline, 59 percent of BIPOC renters are cost-burdened, meaning they pay more than 30 percent of their income towards housing, compared to 34 percent of White renters.<sup>374</sup> In Skyway-West Hill, 59 percent of BIPOC renters are cost-burdened, compared to 40 percent of White renters.<sup>375</sup>

## **Overview of Existing Programs and Policies**

### [King County, WA](#)

King County funds down payment assistance programs for income eligible households. Homebuyers must have incomes at or below 80 percent of AMI. King County has contributed funds, along with the several cities, to the ARCH East King County Down Payment Assistance Loan Program, which provides \$30,000 in down payment assistance for eligible borrowers purchasing a home in eligible eastside cities.<sup>376</sup> King County has also contributed funding to HomeSight's down payment assistance programs.<sup>377</sup> For HomeSight's down payment assistance program serving South King County, borrowers can receive \$45,000 in assistance, with an additional \$25,000 available if the household is at or below 60 percent of AMI. Both the ARCH East King County Down Payment Assistance Loan Program and HomeSight's South King County Loan Product provide the down payment assistance in the form of a loan at 4 percent simple interest, deferred for 30 years or paid back upon sale, transfer of title, transfer of use, or refinancing. Federal HOME grants provide the bulk of down payment assistance funding at King County and these grants come with a high level of administrative complexity and regulatory requirements.

### [City of San Antonio, TX](#)

The City of San Antonio Neighborhood and Housing Services Department of Homeownership Incentive Program provides up to \$15,000 as a no interest second loan that can be used for down payment or other costs associated with purchasing a home.<sup>378</sup> Over a five-year period, 100 percent of the loan will be forgiven. The City of San Antonio also has a similar program only available to first responders and City of San Antonio employees.

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<sup>373</sup> Laurie Goodman, Alanna McCargo, Edward Golding, Bing Bai, and Sara Stochak, Housing Finance Policy Center, *Barriers to Accessing Homeownership: Down Payment Credit and Affordability* (Washington, D.C.: Urban Institute, 2018). [\[link\]](#)

<sup>374</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 120. [\[link\]](#)

<sup>375</sup> BERK Consulting, Inc. King County Home and Hope Initiative. *Affordable Housing Incentives Analysis: North Highline and Skyway-West Hill*. (King County, WA: Department of Community and Human Services, 2020) p 91. [\[link\]](#)

<sup>376</sup> ARCH East King County Downpayment Assistance Loan Program (Seattle, WA: Washington State Housing Finance Commission, 2021). [\[link\]](#)

<sup>377</sup> HomeSight Homeownership Center. [\[link\]](#)

<sup>378</sup> City of San Antonio. Neighborhood & Housing Services Department. *Down Payment Assistance Programs Homeownership Incentive Program (HIP 80)*. (San Antonio, TX: Neighborhood & Housing Services Department, 2021) [\[link\]](#)

## Key Policy Choices

### Form of Down Payment Assistance

The National Housing Conference Housing Policy Guide reviewed down payment assistance programs, their efficacy in assisting low to moderate income people purchase homes, and ways to craft the programs to maximize benefit.<sup>379</sup> Many state and local governments offer programs that grant or lend down payment funds to eligible households. The structure of the assistance programs varies from community to community, ranging from a forgivable loan over a period of years to a grant. Compared to a grant, a forgivable loan is better at minimizing the risks that homeowners quickly sell the homes to a new buyer to make a quick profit. Requiring people assisted with down payment assistance programs to pay back the funds in some way helps more households because the funds recirculate to assist another family.

### Funding Source

State and local governments can operate down payment assistance programs using HOME Program funds received from the U.S. Department of Housing and Urban Development.<sup>380</sup> Some communities supplement federal funds with state or local resources to offer greater assistance that covers higher purchase costs or reaches households at a broader range of income levels. Local funds typically provide more flexibility and can be directed towards innovative programs such as funding community-based organizations.

### Targeting

Some local funds serve only first time or income eligible homebuyers and may be targeted to specific kinds of homebuyers, such as veterans. Other communities target down payment assistance to homebuyers who purchase in neighborhoods suffering from high numbers of foreclosures, vacancies, or widespread blight with the goal of helping to stabilize those areas.

## Financial Analysis

Down payment assistance programs provide a successful and widely used model for increasing affordable homeownership. Nationally, many jurisdictions use this model to assist low- to moderate-income households moving from renting to homeownership. As repayment occurs at the time of a financial event such as sale or refinance of the home, the down payment assistance loans do not require monthly debt service. This model protects the homebuyer from housing cost burden and reduces the risk of foreclosure. Down payment assistance loans recirculate into a lending pool to be accessed by new home buyers when existing homeowners sell or refinance, maximizing the number of households benefiting from the original public investment.

As previously mentioned, the HOME grants used to fund down payment assistance come with a high level of administrative complexity and regulatory requirements. For example, the HOME grant conditions cap funding amounts for the HOME investments per home, currently at \$522,000 for a one-bedroom home and \$669,000 for a two-bedroom home and \$810,000 for a three-bedroom home (all new construction).<sup>381</sup> Additionally, HOME grant funds must be balanced or layered with federal funds provided by other public funders such as the Washington State Department of Commerce. Through the

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<sup>379</sup> National Housing Conference. "Down Payment Assistance." (2021). [\[link\]](#)

<sup>380</sup> 24 CFR 92.254. [\[link\]](#)

<sup>381</sup> HOME/Programs of HUD/HOME Program. [\[link\]](#)

VSHSL, King County is funding an additional \$3.75 million down payment assistance program for veterans and vulnerable populations from 2019 to 2023.<sup>382</sup> Policymakers could decide to allocate additional funding with more flexibility for down payment assistance targeted towards Skyway-West Hill and North Highline communities.

### **Community Input**

Community members strongly support increasing homeownership as a method to mitigate and prevent displacement. Community members identified the difficulty of saving for a down payment as one of the biggest barriers to buying a home. Community members support investing in down payment assistance programs.

### **Recommendation**

This report recommends supporting and strengthening existing down payment assistance programs. While down payment assistance programs can be a significant boost to assist households purchasing a home, these programs do not typically reach households below 70 percent of AMI because the down payment assistance households receive under existing programs is not high enough to serve the lowest income households. Investing more resources into the existing down payment assistance program would expand both the number of households served and the income levels served.

This report recommends increasing the down payment loan amounts available per household to assist households with incomes between 50 to 70 percent AMI to purchase a home. The current maximum down payment assistance loan funded by King County is capped at \$45,000 per family. This report recommends identifying additional funding that would allow these limits to be increased to both align with the residential real estate market trends and increase the number of households served.

This report also recommends expanding the types of funding used for down payment assistance and other homeownership programs to include flexible funding sources with less stringent use and layering requirements than federal funds. A flexible funding source for affordable homeownership would allow the down payment assistance program to increase funding assistance per household, essentially making the home more affordable. This programmatic change would directly benefit Skyway-West Hill and North Highline BIPOC community members and other lower income households, potentially preventing those households from being displaced.

## **Expanding Property Tax Exemption Opportunities for Low-Income Seniors**

### **Introduction**

Due to significant legal limitations and recent changes at the state level, this analysis focuses on the opportunities for King County to increase enrollment in existing programs and does not analyze options like expanded eligibility for the exemption that are legally or otherwise infeasible.<sup>383, 384</sup>

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<sup>382</sup> King County Veterans, Seniors & Human Services Levy.[\[Link\]](#)

<sup>383</sup> Washington State Constitution Article VII [\[link\]](#)

<sup>384</sup> Revised Code of Washington 84.36.381 [\[link\]](#)

## Definition

Property tax exemption programs reduce, exempt, or defer the property tax obligation of eligible taxpayers.

## Connection to Displacement

Property taxes are a significant component of housing costs and have a disproportionately large impact on homeowners with fixed incomes, such as older adults and people living on disability assistance.

## Skyway-West Hill and North Highline

In Skyway-West Hill and North Highline, a home valued at \$500,000 is subject to about \$6,350 in property taxes in 2021.<sup>385</sup> Increasing enrollment in property tax exemption programs in North Highline and Skyway-West Hill could play a significant role in reducing displacement by reducing the housing cost burden of eligible low-income homeowners.

## Overview of Existing Programs and Policies

### Property Tax Exemption Program for Seniors and People with Disabilities - WA

This program exempts from some property tax income-eligible homeowners who are at least 61 years old or disabled.<sup>386</sup> In 2019, the Washington State Legislature significantly expanded and restructured the property tax exemption program through ESSB 5160.<sup>387</sup> The bill established three tiers of exemptions based on income, with incomes updated every five years, as shown in Table 12.<sup>388</sup>

<b>Table 12: Property Tax Exemption Program for Seniors and People with Disabilities</b>	
<b>Income Threshold for 2021 Property Taxes<sup>389</sup></b>	<b>Exemption<sup>390</sup></b>
\$0 - \$40,447 (At or below 45% of King County area median income)	- Exempt from 60% of the assessed value or \$60,000 of the property (whichever is greater) - Fully exempt from voter-approved levies.
\$40,448 - \$49,435 (45% to 55% of King County area median income)	- Exempt from 35% of the assessed value or \$60,000 of the property (whichever is greater). - Fully exempt from voter-approved levies.
\$49,436 - \$58,423 (55% to 65% of King County area median income)	- Fully exempt from voter-approved levies.

Supplemental budget Ordinance 19021 in 2019 included funding for two additional staff members in the Assessor's Office to support the expanded exemption program and restricted \$55,000 for outreach activities to make the public aware of the program.<sup>391</sup> The Assessor's Office conducted outreach through

<sup>385</sup> *King County Parcel Viewer* (King County WA: Assessor's Office, 2021). [\[link\]](#)

<sup>386</sup> *King County Parcel Viewer* (King County WA: Assessor's Office, 2021). [\[link\]](#)

<sup>387</sup> Washington State Legislature Engrossed Substitute Senate Bill 5160. [\[link\]](#)

<sup>388</sup> *Property Tax Exemptions for senior and disabled homeowners* (King County WA: Department of Assessments, 2021). [\[link\]](#)

<sup>389</sup> RCW 84.36.383. [\[link\]](#)

<sup>390</sup> RCW 84.36.381. [\[link\]](#)

<sup>391</sup> Ordinance 19021. [\[link\]](#)

paid advertising, earned and social media, and direct outreach.<sup>392</sup> The Assessor's Office also contracted with a public affairs firm with expertise in outreach to communities of color to distribute information regarding the exemption program.<sup>393</sup> Information on the property tax exemption program is available in English, Chinese, Korean, Russian, Somali, Spanish, and Vietnamese.<sup>394</sup> Due to the expansion in the eligible population and these outreach efforts, the Assessor's Office reports that applications for the program increased by more than 300 percent, to over 8,000 in 2020.<sup>395</sup>

The Assessor's Office estimates that more than 26,000 qualified seniors and persons with disabilities across King County have not registered for the property tax exemption program and only ten percent of eligible households are enrolled in the property tax deferral program.<sup>396</sup> Based on the percent of countywide enrollment and the percent of eligible homeowners relative to the overall county population, County staff estimate roughly 350 to 550 homeowners in Skyway-West Hill and North Highline are eligible for the property tax exemption program but are not enrolled. Both neighborhoods have high concentrations of immigrant households and households with limited English proficiency, which may be unaware of or may have difficulty enrolling in the program.

#### [Property Tax Deferral for Seniors and Disabled Persons - WA](#)

A homeowner who is 60 years or older or retired because of a physical disability, has an annual income of 75 percent of AMI or less, and meets other requirements may defer their property tax payments.<sup>397</sup> King County places a lien on the property and receives the tax payment with 5 percent simple annual interest when the home is sold, the homeowner passes away, or the home is no longer used as the homeowner's primary residence. Given the cost of interest to defer, this program is likely the best option for homeowners who are at a high risk of losing their home due to their property tax payments or who intend to remain in the home for much of the remainder of their lives or long enough to experience significant valuation increases.

#### [Property Tax Deferral for Low-Income Homeowners - WA](#)

Washington allows homeowners who have a household income up to \$57,000, have owned their property for five years, meet an equity requirement, and live in the home to defer their second annual property tax installment.<sup>398</sup> The first installment, due April 30, must be paid before applying for a deferral on the second installment, due October 31. King County places a lien on the property and is paid the taxes with interest, based on the average of the federal short-term rate plus 2 percent, when the home is sold, the homeowner passes away, or the home is no longer used as the homeowner's primary residence.<sup>399</sup>

#### [Assessed Value Freeze - WA](#)

Residents who qualify for the property tax exemption or deferral programs also have the assessed value

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<sup>392</sup> *Response to 2019 budget proviso P1*. (King County, WA: Assessor's Office, transmitted November 30, 2020).

[\[link\]](#)

<sup>393</sup> *Response to 2019 budget proviso P1*. (King County, WA: Assessor's Office, transmitted November 30, 2020).

[\[link\]](#)

<sup>394</sup> *Senior Citizens/Disabled Exemption* (King County WA: Assessor's Office, 2021). [\[link\]](#)

<sup>395</sup> Al Dams, King County Assessor's Office, September 2021. [\[link\]](#)

<sup>396</sup> *Tax Relief* (King County WA: Assessor's Office, 2021). [\[link\]](#)

<sup>397</sup> RCW 84.38.030. [\[link\]](#)

<sup>398</sup> RCW 84.37. [\[link\]](#)

<sup>399</sup> King County, Assessor's Office, *Tax Relief* (King County WA: Assessor's Office, 2021) [\[link\]](#)

of their homes frozen.<sup>400</sup> Property tax is calculated against the assessed value of a property, so increases in the assessed value of the property can increase the property tax. Freezing the assessed value of their homes helps limit potential property tax increases in the future.

#### [Property Tax Exemption for Nonprofit Affordable Housing - WA](#)

Washington exempts rental housing owned by a nonprofit organization that provides housing for households at or below 50 percent of AMI from property taxes.<sup>401</sup> Exempting affordable housing from property taxes results in reduced costs for constructing and operating affordable housing.

#### **Financial Analysis**

Staff estimate participants in the property tax exemption program in Skyway-West Hill and North Highline would receive a reduction of 46 percent to over 80 percent in their property taxes. For a house valued at \$400,000, this would translate into an annual savings of approximately \$2,300 to \$4,025.

The property tax exemption program does not reduce the total amount of property taxes collected by King County but rather transfers the tax burden evenly across all non-exempted households. This increase in property tax rates would be applied evenly to all non-exempt homes within each taxing district, from smaller taxing districts such as fire or school districts, to residents across Washington State. Increased enrollment in the exemption program by eligible homeowners in North Highline and Skyway-West Hill would not have a significant impact for ineligible households in these communities.

#### **Community Input**

Community members support the current property tax exemptions and support increasing awareness of this program. Community members said the current property tax exemptions for seniors and people with disabilities could make an immediate difference for households at risk of displacement.

#### **Recommendation**

This report recommends DCHS and DLS coordinate with the Assessor's Office to increase awareness in the existing property tax exemption program among eligible residents in Skyway-West Hill and North Highline through periodic communications and sharing information at public meetings and community events. This recommendation could be accomplished through existing staff capacity.

## **Strategies to Implement Community Land Trusts**

This subsection describes how this report meets the following requirements from Motion 15539:

- a proposal for a year-long community engagement process with monthly meetings to ensure that the North Highline and Skyway community voices are being included in the process to shape any possible strategy; and
- exploration into a variety of potential funding sources for such a community land trust, including the Community Reinvestment Act moneys, a possible property tax or a capital gain fund.

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<sup>400</sup> Washington Administrative Code 458-16A-140 [\[link\]](#)

<sup>401</sup> Revised Code of Washington 84.36.560 [\[link\]](#)

## Proposal for a Year Long Community Engagement Process

Motion 15539 directed the Executive to include a proposal for a year-long community engagement process with monthly meetings to ensure that the North Highline and Skyway community voices are being included in shaping a Community Land Trust (CLT) strategy (refer to V. Report Requirements, B. Motion 15539, Community Land Trusts).

To develop a community engagement proposal, in the spring of 2020 County staff conducted several meetings with community leaders from stakeholder organizations in Skyway-West Hill and North Highline to gauge interest in the CLT strategy and get input on what a community engagement process should entail. Below is a summary of the learnings from the conversations with community members.

- **There is a strong community interest in CLTs:** Both communities want affordable homeownership opportunities and view CLTs as an effective strategy to meet that goal. Both communities like that CLTs slow displacement and could help address disparities in homeownership among Black residents. There were no concerns expressed about the shared equity model that restricts the resale price of CLT homes. However, numerous questions surfaced about how CLTs work. Community members want more education and training on how CLTs can be used to steward community assets such as commercial space and preservation of existing housing. They also wanted information about models in which small neighborhoods retained neighborhood control when partnering with an existing CLT with a large geographical service area. Lastly, community members also requested more information on the types of public and private funding CLTs receive.
- **Community engagement should be community-led and specific to each community:** Both communities support an inclusive community engagement process around CLTs and see it as an opportunity to bring together different sectors such as faith-based institutions, renters, and community-based organizations around affordable homeownership goals. Both communities suggested that a community organization should lead the engagement process and the County should play a support role. The community engagement process should be a space for thoughtful conversation and education about the CLT model as well as a vehicle for community-led planning and decision making. Both communities want engagement processes to occur around goals with specific resources attached to result in concrete outcomes. While both communities have a strong interest in pursuing a Community Land Trust strategy, separate community processes in Skyway-West Hill and North Highline are preferred, so each neighborhood can focus on their respective opportunities and challenges.
- **CLT planning is already happening in Skyway-West Hill:** Over the course of the County's conversations with community members, Skyway Coalition spearheaded a community-led planning process to explore a partnership with Homestead Community Land Trust to bring the community land trust model to Skyway-West Hill. Skyway Coalition is a coalition of six community organizations working together to advance equitable community-driven development in Skyway including affordable housing and economic development initiatives.<sup>402</sup> The community has met regularly with Homestead since February 2021, bringing together over 30 community members and nine community organizations. As of May 2021, Skyway Coalition

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<sup>402</sup> Skyway Coalition website, "About Us", Skyway Coalition, 2021. [\[link\]](#)

was working to retain an outside facilitator to support community members in negotiating a formal partnership agreement with Homestead Community Land Trust.

### **Recommendation**

King County should support a community-led engagement process by funding a community-based organization in each neighborhood to lead a community engagement and planning process that ensures community voices can help shape and implement a community land trust and other community driven affordable housing development strategies.

Specifically, the process should include:

1. Providing general operating and programmatic funding to a Community Based Organization in Skyway-West Hill and North Highline respectively, to lead a yearlong community engagement process with robust community leadership and participation. Funding is estimated at \$150,000 per organization to support 1 FTE as well as program expenses including participation stipends and fees for consultants, training, and overhead costs.
2. Goals and deliverables of the engagement process scoped by the Community Based Organization through a competitive bid process to reflect the community's needs and priorities.
3. Community engagement activities including, but not limited to, education and training, gathering community input and feedback, community outreach and planning, developing partnership agreements, and implementation.
4. Up to four hours per month of technical assistance per organization from DCHS staff with expertise in equitable development.

### **Exploration into a Variety of Potential Funding Sources for Community Land Trusts**

Motion 15539 directs the Executive to include in this report “exploration into a variety of potential funding sources for such a community land trust, including the Community Reinvestment Act moneys, a possible property tax or a capital gain fund.”

In 2020, the King County Affordable Housing Committee explored new and untapped revenue sources for affordable housing. The Committee identified a need for \$20 Billion between 2019 and 2024 to construct/preserve, operate and service 44,000 homes affordable at 0-50 percent AMI.<sup>403</sup> The Committee identified priorities both for funding housing for the lowest income households and for addressing anti-displacement and supporting homeownership for communities at risk of displacement. Given the scarcity of public funding for a broad range of affordable housing needs, homeownership funding (including for CLTs) often competes for funding with homeless housing. DCHS has previously supported community land trusts through its Housing Finance Program (HFP). However, the County has traditionally prioritized housing funding for homeless/extremely low-income housing, housing for persons with significant service needs and/or ties to existing systems (such as criminal justice system, in-patient medical or behavioral health systems), as well as transit-oriented housing. Additionally, some current funding sources deployed by HFP are from voter approved levy funds, required to support specific populations such as veterans, seniors or people with behavioral health needs. These funds lack

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<sup>403</sup> King County Department of Community and Human Services. Housing Interjurisdictional Team, *Draft Shared Principles to Guide Future Affordable Housing Revenue Decisions in King County Memo*, September 2020. [\[link\]](#)

flexibility to support affordable CLT models. The following sections outline the funding sources described in Motion 15539 and the feasibility of using them to support CLTs.<sup>404</sup>

## Community Reinvestment Act Moneys

### Background

The federal government passed the Community Reinvestment Act (CRA) of 1977 into law to ensure banks were serving the needs of the local area in which the bank was chartered and to end the practice of redlining by proactively encouraging investments in traditionally redlined neighborhoods.<sup>405, 406</sup>

Redlining was a common, racist practice prevalent beginning in the 1930s in which banks used “residential security” maps developed by the Home Owners’ Loan Corporation (HOLC) to determine in which neighborhoods to conduct lending activities. These maps graded neighborhoods based on ethnic and racial composition, economic class, residents’ employment status, housing type and condition, and similar criteria. The maps were color-coded, with green for “Best,” blue for “Still Desirable,” yellow for “Definitely Declining” and red for “Hazardous.”<sup>407</sup> Redlining typically refers to the banks’ practice of using these maps to refuse to lend to or insure a person because they lived in an area color-coded red by HOLC and were therefore deemed to be a poor financial risk, when in reality, the “risk” was code for living in a predominantly BIPOC neighborhood.<sup>408, 409</sup> Meanwhile, banks would serve the credit needs of higher-income areas or out-of-state entities, even if the neighborhoods were not near the location in which the bank was chartered. A combination of court cases, federal regulations, and laws in the 1960s and 1970s outlawed redlining and housing discrimination, including the Fair Housing Act of 1968 and rulings by the Federal Home Loan Bank Board.<sup>410, 411</sup> Congress passed the CRA as another tool to fight redlining by incentivizing banks to increase their lending in low and moderate income (LMI) communities near where the bank was located.<sup>412</sup>

Three federal regulators enforce the CRA: the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board (FRB), and the Office of the Comptroller of the Currency (OCC).<sup>413</sup> Banks with deposits insured by the FDIC are subject to the CRA. Credit unions, insurance companies, and similar nonbank financial institutions are not subject to the CRA. Federal regulators assess banks on a regular basis through lending, investment, and service tests to determine the extent to which the institutions are meeting the credit needs of the bank’s assessment area, including LMI neighborhoods. The assessment area is the geographic area closest to the bank’s main office, branches, and deposit-taking ATMs. The

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<sup>404</sup> Affordable Housing Committee *Potential Sources for Affordable Housing Revenue in King County* (King County, WA: Housing Homelessness and Community Development Division, July 2020). [\[link\]](#)

<sup>405</sup> P.L. 95-128, 12 U.S.C. § 2901-2908. [\[link\]](#)

<sup>406</sup> U.S. Department of Treasury, Office of the Comptroller of the Currency. *Community Reinvestment Act* (Washington, D.C.: Community Developments Fact Sheet, 2014). [\[link\]](#)

<sup>407</sup> Bruce Mitchell, Ph.D. and Juan Franco, *HOLC “Redlining Maps: The persistent structure of segregation and economic inequality*. (Washington, D.C.: National Community Reinvestment Coalition, 2018). [\[link\]](#)

<sup>408</sup> Bruce Mitchell, Ph.D. and Juan Franco, *HOLC “Redlining Maps: The persistent structure of segregation and economic inequality*. (Washington, D.C.: National Community Reinvestment Coalition, 2018). [\[link\]](#)

<sup>409</sup> *Federal Fair Lending Regulations and Statutes Fair Housing Act Compliance Handbook*. (Washington, D.C.: U.S. Federal Reserve, 2006). [\[link\]](#)

<sup>410</sup> The New York Times Archives, *Government Moves Against Redlining*, November 1977. [\[link\]](#)

<sup>411</sup> Pub. L. 90–284, title VIII, §801. [\[link\]](#)

<sup>412</sup> U.S. Congress, Congressional Research Service, *The Effectiveness of the Community Reinvestment Act*. (Washington, D.C.: Congressional Research Service, 2019). [\[link\]](#)

<sup>413</sup> U.S. Federal Reserve “Community Reinvestment Act (CRA).” (2020). [\[link\]](#)

assessment area must be drawn to include one or more metropolitan statistical areas (MSAs) or one or more subdivisions like counties or cities. If a bank has branches in multiple states or in a large geographic area, then the bank must create several assessment areas, each area is assessed separately.<sup>414</sup>

Almost all banks pass their CRA tests, with approximately 97 percent of banks receiving a Satisfactory or Outstanding rating.<sup>415</sup> The CRA is an incentive-based law: the CRA does not require banks to meet any mandates or quotas to further invest in LMI communities. However, federal regulators use CRA ratings as a factor in approving certain activities, such as mergers and acquisitions of banks.<sup>416</sup> Therefore, CRA does encourage investments located in or benefitting LMI communities, including for affordable housing. For example, the St. Louis Federal Reserve created a program called Investment Connection to bring together banks wanting to comply with the CRA with community organizations working on community and economic development projects.<sup>417</sup> Through this program, banks have committed approximately \$2.73 million in grants, loans, and investments to community projects in states within the St. Louis Federal Reserve jurisdiction. The New Directions Housing Corporation (NDHC) in Louisville, KY received a one-time grant of \$25,000 from the First Financial Bank for the nonprofit's senior home repair program. The State College Community Land Trust, located in State College, PA, partners with several local banks to assist prospective homebuyers to obtain mortgages.<sup>418</sup>

There are multiple ways banks can make investments, participating as an investor in affordable housing developments by purchasing Low Income Housing Tax Credits (LIHTC) is common as LIHTC investments qualify under CRA.<sup>419</sup> One example locally is the Washington Community Reinvestment Association (WCRA) is a community development lending consortium that provides the opportunity for organizations to receive CRA Credit for participating in their loan pools.<sup>420</sup>

### Findings

The Community Reinvestment Act (CRA) of 1977 incentivizes bank investment in low- and moderate-income communities but does not directly create new sources of revenue for community land trusts. The CRA is regulated by the federal government, and King County does not play a direct role in the implementation of CRA. That said, the CRA may incentivize a bank that has Skyway-West Hill or North Highline in their assessment area to lend a nonprofit or government entity money for affordable housing, and King County could encourage that prioritization. This may require a reprioritization of a bank's traditional investment strategy. The entity would still have to meet all the necessary credit and financial requirements to obtain the loan.

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<sup>414</sup> 12 C.F.R. § 345.41. [\[link\]](#)

<sup>415</sup> *The Effectiveness of the Community Reinvestment Act* (Washington, D.C.: Congressional Research Service, 2019), p 2 and 24. [\[link\]](#)

<sup>416</sup> *The Effectiveness of the Community Reinvestment Act* (Washington, D.C.: Congressional Research Service, 2019), p 12. [\[link\]](#)

<sup>417</sup> Federal Reserve Bank of St. Louis, "Investment Connection." [\[link\]](#)

<sup>418</sup> State College Community Land Trust, "The Community Reinvestment Act Supports Good Work in the Centre Region." (March 3, 2019). [\[link\]](#)

<sup>419</sup> Federal Reserve Bank of San Francisco, *CRA Investment Handbook, Supporting CRA Objectives with LIHTCs*, p 11. [\[link\]](#)

<sup>420</sup> Washington Community Reinvestment Association, Meeting Washington's Affordable Housing Needs Through Partnership, "About." [\[link\]](#)

## Property Tax

### Background

Property tax is a large source of revenue for King County, representing 22.3 percent of overall revenue received in 2019.<sup>421</sup> In Washington, counties establish the total amount of property tax revenue needed for the following year, and then the county assessor calculates the levy rate necessary to raise that set amount of revenue, or levy amount.<sup>422</sup> The state places several restrictions on how fast the levy amount can increase as well as the maximum levy rates for individual levies, limiting the amount of property tax revenue the County can raise.<sup>423</sup> For example, individual taxing district levies cannot increase their levy more than one percent annually unless the taxing district receives voter approval.<sup>424, 425</sup>

The state limits the total property tax rate, including state, county, city and most other local taxing district taxes, to \$10.00 per \$1,000.00 of assessed value, with some exemptions.<sup>426, 427</sup> Port districts and public utility districts are exempt from the \$10.00 limit.<sup>428</sup> Voter-approved repayment of general obligation debt of a taxing district is also exempt from the \$10.00 limit.<sup>429</sup> Voter-approved levies for maintenance and operations purposes may exceed the \$10.00 limit, and these levies can only be approved once a year. Of the \$10.00 constitutional limit, \$3.60 represents the state portion of property taxes, while \$5.90 represents the local government portion of property taxes.<sup>430</sup> The remaining 50 cents of the \$10.00 limit can be used for the following levies:

- Affordable housing levies;
- County conservation future levies;
- County criminal justice levies;
- County ferry district levies;
- Emergency medical services (EMS) levies;
- Up to \$0.25 of a fire district or regional fire authority levy (in some circumstances); and
- Regional transit authority levies, like Sound Transit levies.<sup>431</sup>

When a senior taxing district, such as King County, levies a new or increased property tax, junior taxing districts could be required to undergo pro-rationing, or reducing the junior taxing district's rate, to

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<sup>421</sup> King County Office of Economic and Financial Analysis. *King County Revenues* (King County, WA: The Office of Economic and Financial Analysis, 2020). [\[link\]](#)

<sup>422</sup> *Revenue Guide for Washington Counties*. (Seattle, WA: The Municipal Research and Services Center of Washington). [\[link\]](#)

<sup>423</sup> *Revenue Guide for Washington Counties*. (Seattle, WA: The Municipal Research and Services Center of Washington). [\[link\]](#)

<sup>424</sup> RCW 84.55.010. [\[link\]](#)

<sup>425</sup> Washington Administrative Code 458-19-020. [\[link\]](#)

<sup>426</sup> Washington State Constitution Article 7 Section 2. [\[link\]](#)

<sup>427</sup> RCW 84.52.050. [\[link\]](#)

<sup>428</sup> *Revenue Guide for Washington Counties*. (Seattle, WA: The Municipal Research and Services Center of Washington). [\[link\]](#)

<sup>429</sup> *Revenue Guide for Washington Counties*. (Seattle, WA: The Municipal Research and Services Center of Washington). [\[link\]](#)

<sup>430</sup> *Revenue Guide for Washington Counties*. (Seattle, WA: The Municipal Research and Services Center of Washington). [\[link\]](#)

<sup>431</sup> *Revenue Guide for Washington Counties*. (Seattle, WA: The Municipal Research and Services Center of Washington). [\[link\]](#)

prevent the aggregate property tax rate from exceeding the limit.<sup>432</sup> The hierarchy of taxing districts defined in RCW 84.52.010 sets a specific order by which jurisdiction rates are pro-rated.<sup>433</sup> The King County Assessor’s Office uses this methodology to certify that levy rates comply with legal requirements. Modeling conducted by King County staff as of mid-2021 does not suggest pro-rationing will occur through 2027. If economic trends reduce property values or rates from other taxing districts increase, this forecast may change.

In 2017, the statewide average levy rate was \$11.20 per \$1,000.00 in assessed value.<sup>434</sup> Of this levy rate, \$4.85 represented the combined local regular tax rate and \$4.30 represented the local voter-approved levy rate.<sup>435</sup>

The state authorizes the County to pass an affordable housing levy that imposes a property tax of up to 50 cents per thousand dollars of assessed value for ten years, but affordable housing may also be funded through a levy lid lift as described below.<sup>436</sup> In order to put forward an affordable housing levy, the jurisdiction must declare the existence of a housing emergency resulting in low availability of housing affordable to low-income households. The jurisdiction must also create a plan outlining the use of the funds to be raised by the levy. Funds raised by an affordable housing levy can only be used to finance housing for households at or below 50 percent AMI and for affordable homeownership, owner-occupied home repair, or foreclosure prevention for households at or below 80 percent AMI. If both a county and a city within the county adopt an affordable housing levy, the most recently approved levy must be reduced or eliminated to ensure the combined rates do not exceed 50 cents per thousand dollars of assess value.

In 2016, with approval from voters, the City of Seattle adopted a regular levy lid lift under RCW 84.55.050 for housing.<sup>437</sup> The rates for collection have ranged from \$0.1587 to \$0.2232 per \$1,000 in assessed value.<sup>438</sup> The 2016 Seattle housing levy will generate \$290 million for housing over seven years and will:<sup>439</sup>

- produce or preserve 2,150 rental units;
- provide capital investment in 350 existing units;
- support the operation and maintenance of 510 units through rent subsidies and supportive services;
- assist 4,500 households with rental assistance and eviction prevention;
- assist 280 households with homeownership through home repair, foreclosure prevention, and homebuying; and

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<sup>432</sup> RCW 84.52.043 defines “junior taxing districts” as including all taxing districts other than the state, counties, road districts, cities, towns, port districts, and public utility districts. [\[link\]](#)

<sup>433</sup> RCW 84.52.010. [\[link\]](#)

<sup>434</sup> *Property Tax – How the One Percent Property Tax Levy Limit Works* (Olympia, WA: Department of Revenue). [\[link\]](#)

<sup>435</sup> *Property Tax – How the One Percent Property Tax Levy Limit Works* (Olympia, WA: Department of Revenue). [\[link\]](#)

<sup>436</sup> RCW 84.52.105.

<sup>437</sup> David Hennes, City of Seattle Budget Office, email to Krystal Hackmeister, August 2021.

<sup>438</sup> David Hennes, City of Seattle Budget Office, email to Krystal Hackmeister, August 2021.

<sup>439</sup> *2016 Seattle Housing Levy*. (Seattle, WA: Office of Housing). [\[Link\]](#)

- provide up to \$30 million in short-term acquisition loans for purchasing existing buildings for rental or homeownership development for low-income households.

### Findings

King County could adopt a measure similar to Seattle’s with voter approval and by using the regular levy authority to fund housing, subject to the levy capacity. King County currently has \$0.42 to \$0.55 per \$1,000 in assessed value in available levy capacity.<sup>440, 441</sup> King County could adopt a levy higher than the current capacity with approval from voters.

If King County adopted an affordable housing levy, local jurisdictions would be limited from simultaneously adopting a housing levy under RCW 84.52.105. This restriction does not currently apply to Seattle’s housing levy because it was adopted under the City’s regular taxing authority. If both a county and a city adopted a levy under this statute, the last jurisdiction to pass the levy would be reduced or eliminated so the combined levy rates did not exceed \$0.50. Based on estimates by staff from the King County Office of Performance, Strategy, and Budget, an affordable housing levy could generate approximately the following revenue annually:

- \$320 million with a \$0.50 per \$1,000.00 levy
- \$160 million with a \$0.25 per \$1,000.00 levy
- \$64 million with a \$0.10 per \$1,000.00 levy
- \$32 million with a \$0.05 per \$1,000.00 levy

## **Capital Gain Fund**

### Background

The Washington Constitution vests the power to levy taxes with the state legislature.<sup>442</sup> The legislature may grant taxing powers to local governments. Property and excise taxes represent a substantial source of revenue for most Washington taxing districts.<sup>443</sup> In 2021, the state legislature created an additional tax, the capital gains tax (CGT), through ESSB 5096. Starting in 2022, the sale or other voluntary exchange of long-term capital assets by individuals will be taxed at a rate of seven percent. As enacted, ESSB 5096 focuses these revenues on child care and related investments, and affordable housing is not an eligible use for the CGT revenue source.<sup>444</sup>

### Findings

King County is not expressly authorized by the state to implement a capital gains tax. The legislature could decide to change what investments the CGT funds. The CGT passed in 2021 is currently facing litigation.<sup>445</sup> Because of all of these factors, this is not currently a viable source of revenue for community land trusts.

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<sup>440</sup> Emmy McConnell and Anthony Cacallori, King County Office of Performance, Strategy, and Budget, August 2021.

<sup>441</sup> Levy rate capacity verified by Dave Reich, King County Office of Economic Financial Analysis, August 2021.

<sup>442</sup> Washington State Constitution Article 7.

<sup>443</sup> Municipal Research and Services Center (MRSC), *Revenue Guide for Washington Counties*, November 2020.

[\[link\]](#)

<sup>444</sup> Washington State Legislature, Engrossed Substitute Senate Bill 5096, 2021. [\[link\]](#)

<sup>445</sup> Jim Brunner. The Seattle Times. *Former Attorney General Rob McKenna joins lawsuit seeking to invalidate Washington state’s capital gains tax*, May 2021 [\[link\]](#)

## No Net Loss Provisions for Affordable Housing Units

### Introduction

#### Definition

No net loss policies refer to goals or strategies to maintain the number of affordable housing units in a given area. No net loss policies can take many forms, including:

- a policy to maintain the existing number of income-restricted affordable housing units through preservation, acquisition, or construction.<sup>446</sup> The jurisdiction tracks the number of affordable units over time and makes strategic investments to ensure that the overall level does not fall below the established baseline;
- a policy that a jurisdiction must not reduce available residential zoning density in a manner that prevents the jurisdiction from meeting its affordable housing requirements under the Housing Element of its Comprehensive Plan;<sup>447</sup> or
- a broader goal to, at a minimum, maintain the total amount of affordable housing, including naturally occurring affordable market-rate housing, in a given community.

#### Connection to Displacement

A no net loss policy serves as a high-level goal that is implemented through various policy and funding mechanisms to support the preservation and creation of affordable housing.

#### Skyway-West Hill and North Highline

Both Skyway-West Hill and North Highline communities have existing affordable housing. Maintaining the amount of affordable housing in Skyway-West Hill and North Highline would help ensure lower-income households are not displaced due to increasing housing costs.

### Overview of Existing Programs and Policies

#### City of Portland, OR

In 2001, the City of Portland adopted a no net loss of affordable housing policy for the Central City District. The City said of the policy's goal, "either through preservation or replacement, the Central City will retain at least the current number, type, and affordability levels of housing units home to people at or below 60 [percent] AMI."<sup>448</sup> The City's 2002 Central City Housing Inventory established a benchmark for the no net loss policy of 8,286 rental units affordable to households earning at or below 60 percent of AMI.<sup>449</sup> The adoption of the no net loss policy also required the City to work with the Housing Authority of Portland to create a funding plan to support the no net loss policy. No City-sponsored

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<sup>446</sup> The term "income-restricted" is used to refer to housing units subject to a covenant that legally restricts them to tenants at or below certain levels of income. This term is used to draw a distinction between such legally restricted units and so-called "naturally" affordable units, which have no such legal restriction, but which are offered to the general public for rent at rates similar to those of income-restricted units. The general term "affordable units" is meant to refer to both types of units.

<sup>447</sup> City of Redmond, *Comprehensive Plan Housing Element* (Redmond, WA: Planning, 2014) p. 8 [\[link\]](#)

<sup>448</sup> City of Portland, *Resolution 36021*. 2001. [\[link\]](#)

<sup>449</sup> City of Portland. Portland Development Commission, *2008 Central City Housing Inventory*. (Portland, OR: Portland Development Commission, 2008). [\[link\]](#)

report on progress has been released since 2008.<sup>450</sup> Recent local news articles have indicated that the City has not been able to achieve its no net loss goal, and a 2014 Portland Housing Bureau report recommended that the policy be repealed in favor of investing more broadly in other neighborhoods.<sup>451</sup>

### City of San Luis Obispo, CA

The City of San Luis Obispo’s development code includes a no net loss policy for its downtown planning area.<sup>452</sup> The downtown planning area is about 30 blocks, or 0.2 square miles, primarily composed of commercial mixed use zoning.<sup>453</sup> Any redevelopment of a property must include the same or a higher number of affordable housing units than existed within the 24-month period immediately prior to the application for redevelopment but not to be fewer affordable housing units than what is required under the City’s inclusionary housing program. The City’s 2020-2028 Housing Element states that “the City continues to implement this program on a case-by-case basis when new projects are proposed in the Downtown to ensure there is a no net housing loss.”<sup>454</sup>

## **Key Policy Choices**

### Definitions

Under a no net loss policy, the term affordable housing could refer to:

- income-restricted affordable housing units;
- naturally occurring market-rate housing that is affordable to the current resident; or
- naturally occurring market-rate housing affordable to a certain income level.

Including market-rate housing in the definition of affordable housing would significantly increase the scope of the policy but also reduce feasibility due to legal restrictions and the County’s limited ability to influence the overall housing market.

The definition of loss of housing also has a significant impact on the scope and feasibility of the policy. Loss of affordable housing could be defined as:

- demolition of affordable housing units;
- expiration of a covenant or project financing requiring affordability for income-restricted housing; or
- rent increases in affordable housing units above rent levels affordable for the current resident or for a household at a certain income level.

### Monitoring and Implementation

Policymakers must define the existing affordable housing supply and when the loss of affordable housing occurs. Monitoring the rents of all market-rate units would require establishing a new administrative system. The Permitting Division could monitor demolition, but changes to the permit application would be needed. The Washington State Housing Finance Commission, King County Housing

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<sup>450</sup> Schmidt, Brad. “Portland nearly 1,500 units short of central city affordable housing goal.” The Oregonian, (January 9, 2019). [\[link\]](#)

<sup>451</sup> Schmidt, Brad. “Portland nearly 1,500 units short of central city affordable housing goal.” The Oregonian, (January 9, 2019). [\[link\]](#)

<sup>452</sup> San Luis Obispo City Code 17.142.040. [\[link\]](#)

<sup>453</sup> “San Luis Obispo Downtown Concept Plan.” (San Luis Obispo, CA: San Luis Obispo City Council, 2017). [\[link\]](#)

<sup>454</sup> “City of San Luis Obispo 2020-2028 Housing Element.” (San Luis Obispo, CA: Community Development Department, 2020). [\[link\]](#)

Authority, Enterprise Community Partners, and other stakeholders in the affordable housing sector currently monitor expiration of affordability requirements from projects built using Low-Income Housing Tax Credits, which produces the majority of income-restricted housing in King County.

Policymakers must also determine how to achieve no net loss of affordable housing. A no net loss policy is typically adopted as an overall goal that could be achieved through multiple strategies to maintain and increase the supply of affordable housing.

### **Financial Analysis**

A regulatory no net loss policy that includes market-rate housing is not feasible. Tracking the rents of individual market-rate housing units and their affordability to current residents is not logistically feasible without a new, substantial registration and reporting system. Monitoring and preserving existing income-restricted affordable housing is feasible but would require additional funding to implement. To maintain affordability beyond the original compliance period, most income-restricted affordable housing projects would need to compete for Low-Income Housing Tax Credits (LIHTC), federal tax incentives administered by the Washington State Housing Finance Commission. Because King County is typically only a partial funder of affordable housing projects, the County's ability to guarantee that affordable units are preserved or created in Skyway-West Hill and North Highline is limited.

### **Community Input**

Community members were generally neutral on the no net loss strategy, though some participants supported, and some opposed the strategy. The community members who supported the policy stressed the need to consider and preserve the existing affordable housing in their neighborhood. The community members who were against no net loss expressed concern about the administrative complexity involved.

### **Recommendation**

This report recommends that King County does not adopt a no net loss policy. Instead, King County should ensure that income-restricted housing in Skyway-West Hill and North Highline remains affordable for the life of the building while creating and preserving affordable housing through the other strategies included in this report. As housing projects in Skyway-West Hill and North Highline near the end of affordable covenant restrictions, DCHS will coordinate with the King County Housing Authority, Washington State Housing Finance Commission, Enterprise Community Partners, and other stakeholders to maintain affordability.

## **Equity Review and Other Report Requirements**

This subsection describes how this report meets the following requirements from Motion 15539:

- Utilize the equity impact review tool developed by the Office of Equity and Social Justice (OESJ) in developing the study.
- Determine any outreach and communication needed to implement the proposed legislation or policies by consulting with a wide array of stakeholders in the skyway-West Hill and North Highline communities.

- Work with DLS, OESJ, and DCHS to ensure coordination in the implementation of any recommendations from this study and minimize any possible negative disproportionate impact to communities of color.
- Evaluate whether the recommendations in the study should be tested through a demonstration project or projects in Skyway-West Hill or North Highline.
- Identify recommendations and strategies in the study that the County can take to maintain the current demographics of both race and income level in North Highline and Skyway-West Hill as of the date of passage of Motion 15539 (October 23, 2019).
- Identify recommendations and strategies in the study that the County can take to maintain or improve economic opportunity or income level, without further displacing communities from North Highline or Skyway-West Hill.

### Equity Impact Review

Motion 15539 required the Executive to utilize the Equity Impact Review (EIR) tool developed by the King County Office of Equity and Social Justice (OESJ) in developing this report. The EIR process merges empirical (quantitative) data and community engagement findings (qualitative) to inform planning, decision-making, and implementation of actions which affect equity in King County.<sup>455</sup> The process includes five phases:

- Phase 1: Scope. Identify who will be affected.
- Phase 2: Assess equity and community context.
- Phase 3: Analysis and decision process.
- Phase 4: Implement. Are you staying connected with communities and employees?
- Phase 5: Ongoing Learning. Listen, adjust, and co-learn with communities and employees.

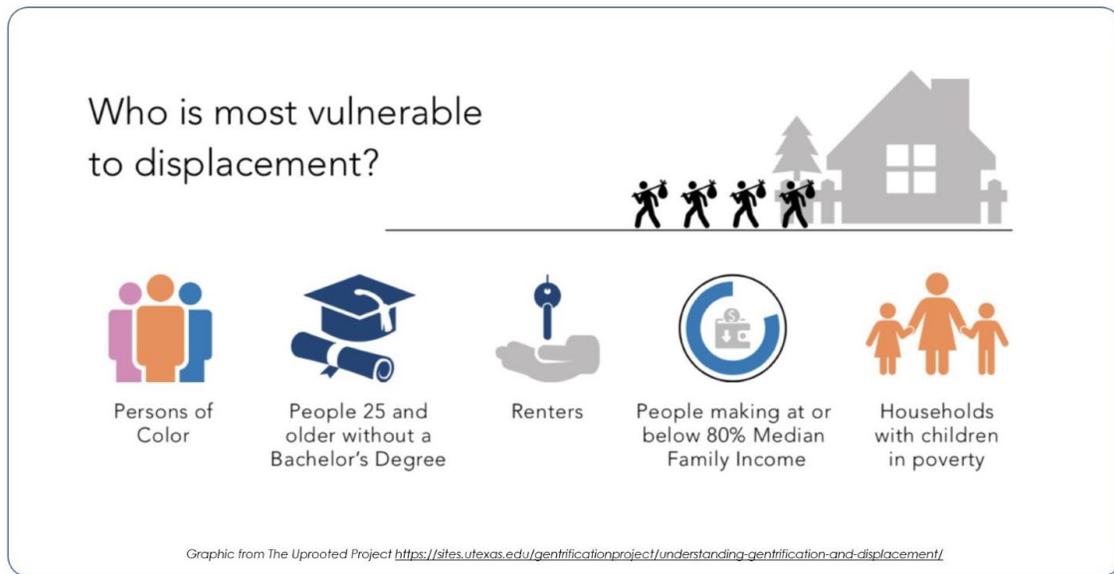
The DCHS-DLS workgroup used these phases and the EIR tool guidance throughout the development of this report. While the results of using the EIR approach is embedded in the content of other sections of this report, this section summarizes the DCHS-DLS efforts using the structure of the EIR tool. This narrative primarily covers phases one through three as those are the completed steps in the process that have been completed, with a brief prospective summary of DCHS-DLS intentions for phase four (implementation).

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<sup>455</sup> King County Equity Impact Review Tool. [[link](#)]

**Phase 1: Scope. Identify who will be affected.**

**Exhibit 9: Who is the most vulnerable to displacement?**



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**EIR Tool Guidance:**

Phase 1 of the EIR process guides staff to:

- Identify how your action will affect/serve people and places using demographic information. Consider low-income populations, communities of color, and limited-English speaking residents. (Refer to Exhibit 9: Who is the most vulnerable to displacement?)
  - Reach: which people and places will be affected by your action?
  - Intensity: what effects, impacts and/or outcomes will your action have on people and places?
  - Duration: how long will the action have an effect– short-, medium-, and/or long-term?
- Identify the group of stakeholders and affected parties – including those who have historically not been/felt included or engaged – and their roles in decision-making.<sup>456</sup>

**DCHS-DLS approach:**

As discussed in Section III: Background, residents most affected by displacement, and therefore most affected by this project, are BIPOC, renters, cost-burdened households, and low-income households. (For demographic information about Skyway-West Hill and North Highline, refer to III: Background. B. Community Context section).

King County is the local government for the Skyway-West Hill and North Highline neighborhoods, so these communities have engaged in numerous County-led land use and planning efforts. Unfortunately, many community members shared negative experiences about past County community engagement processes. Community members, particularly BIPOC and low-income residents, felt that the community gave significant time and resources to processes that did not result in any actions or changes requested by the community. This created mistrust between these communities and the County and a prevailing

<sup>456</sup> King County Equity Impact Review Tool. [[link](#)]

narrative that County-led processes, even if they sound good, do not result in much benefit to the community.

The community engagement process for this project took an intentionally different approach. County staff took deliberate steps to build relationships with key community leaders representing organizations that work on affordable housing, land use, equitable community development, racial and social justice, and anti-displacement, or community leaders who work closely with residents most impacted by displacement pressure and housing insecurity. Through conversations with community leaders, County staff received additional referrals for organizations and contacts.

The key stakeholder organizations identified were:

- African Community Housing & Development
- Duwamish Valley Affordable Housing Coalition
- Khmer Community of Seattle King County
- New Birth Center for Community Inclusion
- Renton School District
- RIZ Partnerships
- Somali Parent Education Board
- Skyway Coalition
- Skyway Youth Leadership Council
- West Hill Community Association
- White Center CDA

As discussed further in Section IV: Community Engagement, the County designed a community engagement process that was open to all residents while focused on engaging residents of color and low-income residents. The participatory and collaborative process included providing education and training on displacement and anti-displacement approaches so residents could give substantive input and feedback.

#### Reflection on Phase 1 Results:

County staff succeeded in connecting with targeted stakeholder organizations and getting broad community participation. County staff worked with a team of community facilitators who co-designed and co-facilitated most of the community meetings and the feedback from participants was extremely positive. Community discussions during workshops, work sessions, and other meetings were generative, and participants noted that they felt listened to and their perspectives respected. However, the process had lower levels of participation from renters and from immigrant and refugee communities than staff had hoped. While DCHS and DLS attempted to address language access issues early on by providing simultaneous interpretation services and translated materials, few non-English speaking participants attended the community meetings.

#### Recommendations for Future County Efforts:

The County should invest resources for ongoing relationship building and community organizing with immigrant and refugee communities as well as renter communities in multi-family developments. Staff will need stronger relationships with these communities to increase participation in future County engagement processes. County staff should conduct direct relationship building activities, such as door

knocking and attending community events hosted by other organizations, when conditions related to the COVID-19 pandemic change.

## **Phase 2: Assess equity and community context.**

### EIR Tool Guidance:

Phase 2 of the EIR process guides staff to:

- Learn about affected communities', employees', and/or stakeholders' priorities and concerns.
- Know which determinants of equity will be affected by your intended outcomes – both directly and indirectly.
- Know how your proposed course of action will affect known disparities within relevant determinants.
- Identify potential unintended equity-related outcomes of this action.<sup>457, 458</sup>

### DCHS-DLS approach:

#### *Community Priorities and Concerns*

As discussed in Section IV: Community Engagement, DCHS and DLS staff conducted community engagement across multiple forums, including virtual workshops, working sessions, and targeted meetings with community-based organizations. Over 226 community members actively participated in the community engagement for this report, including 80 community participants in virtual meetings and over 95 respondents to a variety of online surveys. Due to the COVID-19 pandemic, participants met through Zoom video conferencing or over the phone. See Section IV: Community Engagement for a comprehensive discussion of the County's community engagement efforts and their results.

#### *Determinants of Equity and Known Disparities*

The primary determinants of equity that will be affected by the outcomes of the Skyway-West Hill and North Highline Anti-displacement Strategies Report are:

- Affordable, safe, quality housing,
- Equity in County practices, and
- Strong, vibrant neighborhoods.

Some report recommendations, if adopted, will also have an indirect impact on family wage jobs, job training, and economic development. (Refer to V. Report Requirements, B. Motion 15539, Priority Hire, Strategies to Increase Economic Opportunity.)

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<sup>457</sup> King County Equity Impact Review Tool. [\[link\]](#)

<sup>458</sup> The 14 determinants of equity identified in Ordinance 16948 in 2010 and the County's 2015 Determinants of Equity report include the following: access to affordable, healthy local food; access to health and human services; access to parks and natural resources; access to safe and efficient transportation; affordable, safe, quality housing; community and public safety; early childhood development; an equitable law and justice system; equity in County practices; family wage jobs and job training; health built and natural environments; quality education; and strong, vibrant neighborhoods. Ordinance 16948 and the Determinants of Equity report further describe and/or explore each of the 14 determinants of equity. [\[link\]](#) [\[link\]](#)

Community members identified the following factors as root causes of displacement pressures in Skyway-West Hill and North Highline:

- Structural racism in housing policy and real estate practices that have excluded, exploited, and greatly reduced wealth building opportunities for people of color and exacerbated displacement of historic Black and brown communities.
- Displacement occurring in Seattle neighborhoods like the Central District and migration of households into South King County.
- Lack of investment from King County in affordable housing and other community development needs, such as community centers.
- High cost of housing in Seattle and real estate speculation driving up housing costs in surrounding areas.

During the community engagement process, community members expressed concern that increased housing costs will force them to move out of their communities. Many residents also stated in community meetings that they fear losing the unique cultural character of Skyway-West Hill and North Highline neighborhoods to gentrification and higher income residents. County staff also spoke with immigrant residents, some of whom are aging and facing housing instability.

#### *Unintended Equity-related Outcomes*

Of the strategies examined in this report, community members raised inclusionary housing as one that may result in unintended equity related outcomes. Based on the market analysis, implementing inclusionary housing could chill private development and constrict housing supply, which could put upward pressure on housing prices, potentially increasing displacement because of the escalating value in housing and rental prices. If inclusionary housing is implemented and new development starts to occur, this will generate new affordable units and increased density. With increased density, building scales and heights will increase. These density increases and other changes from redevelopment could impact the character of the neighborhood. This could affect neighborhood culture and residents' sense of belonging.

Based on community feedback and County analysis of the benefits and risks of implementing inclusionary housing, this report recommends adopting the policy. Regardless of whether inclusionary housing is adopted, development will occur absent a development moratorium. Without an inclusionary housing policy, most new market-rate housing will be more expensive than existing housing and unaffordable to many current residents in either neighborhood. Further, building heights and scales will likely increase regardless of any increase in the allowed density, since most current development is not built to the full density allowed under the current zoning.

#### [Reflection on Phase 2 results:](#)

The County's collaborative process facilitated co-developing recommendations with the Skyway-West Hill and North Highline communities. The workshop format allowed staff and community to build a shared analysis and framework for the issue of displacement and the analyzed strategies. This shared language and framework supported the community in having informed discussion and critical analysis of the strategies. The process also allowed for substantive feedback and conversation between the County and community residents. DCHS and DLS documented feedback, comments, and suggestions, and then synthesized, summarized, and shared these back with community to ensure nothing critical was missed.

These suggestions and recommendations heavily shaped the draft recommendations. (Each strategy section contains a summary of community feedback on the strategy.) In addition, several suggestions that were not part of the required strategies in the report emerged from the community engagement process (refer to IV: Community Engagement).

#### Recommendations for Future County Efforts:

- *Acknowledge the past.* DCHS and DLS staff needed to acknowledge the context and history around a process before and while engaging with the community, including the inequities that have existed and the known critiques of the County. This demonstrated to the community that the County is aware, mindful, reflective, and coming with a non-defensive posture. Rather, staff engaged with the community with the intent to listen and learn as well as share their expertise.
- *Give something back.* The County created a community engagement process that was both beneficial to the County and gave something back to the community by increasing community knowledge and leadership regarding the issues of anti-displacement. Community members appreciated the County providing information and training on the topics and strategies. The County should continue use of this approach to make community engagement more transformative and less transactional.
- *The process is part of the outcome.* For the County to engage successfully with the community, it is important for the County to invest in having a successful process, where participants feel heard, respected, and genuinely have opportunities to shape the experience. Even if the final outcomes are uncertain, the process can empower the community and center those most impacted.

#### **Phase 3: Analysis and decision process.**

##### EIR Tool Guidance:

Phase 3 of the EIR process guides staff to:

- Project or map out how key alternatives will affect community and employee priorities and concerns.
- Evaluate each alternative for who will be disproportionately burdened or benefit - now and in the future. How will alternative actions differ in improving or worsening current equity conditions?
- Include upstream alternatives (and related costs) that target root causes to eliminate disproportionate impact.
- Prioritize alternatives by equitable outcomes and reconcile with functional and fiscal policy drivers.<sup>459</sup>

##### DCHS-DLS approach:

The strategies recommended in this report focus specifically on reducing and mitigating displacement pressure, particularly on BIPOC and low-income residents. The report also contains recommendations for increasing economic opportunity in both neighborhoods.

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<sup>459</sup> King County Equity Impact Review Tool. [[link](#)]

### *Alternative analysis: Community process and feedback*

The DCHS-DLS workgroup conducted nine months of community engagement to develop and co-design recommendations with residents of Skyway-West Hill and North Highline. Feedback from community residents shaped the identification and prioritization of additional strategies beyond those required in Action 19 and Motion 15539. County staff provided multiple opportunities for engagement during the recommendation drafting period to test ideas and to respond and adapt to community feedback. During the process, community members and staff occasionally differed in support for certain strategies, namely rent-to-own homeownership models, no-net-loss policies, and certain details of the proposed inclusionary housing policy. See those subsections of Section V: Report Requirements for additional information on community feedback and report recommendations for those strategies. The community engagement process allowed for dialogue and discussion of these points of difference. It also helped build consensus around decisions such as targeting ADU redevelopment assistance to homeowners at 80 percent of AMI or below and prioritizing developing both a mandatory and voluntary inclusionary housing program.

Community members also raised specific concerns around who would benefit from future investments in affordable housing or future private development. They worried that affordable housing investments might not benefit the people living in Skyway and North Highline, and that private developments may increase gentrification. In discussing policy alternatives, the DCHS-DLS workgroup highlighted the ability of strategies like Community Preference policies to support current and past neighborhood residents in remaining and returning to their communities. Staff also articulated the limited control that local government has over private development. In the discussions around inclusionary housing policies, most community members supported strategies that would produce moderately affordable housing units through regulations and incentives as market-rate development increases in both communities.

### *Alternative generation and analysis: Community impact*

Because the DCHS-DLS workgroup developed draft recommendations in collaboration with residents, County staff received ample feedback indicating which strategies would meet the needs of the community and which recommendations were highest priority. Community members articulated that their priority was for the County to act quickly to:

- increase investments in deeply affordable housing production, prioritizing equitable community-driven development projects;
- adopt and strengthen policies and programs that mitigate the impacts of displacement and increase community benefits to those most impacted; and
- strengthen incentives and adopt new regulatory tools to generate moderately affordable units in market rate development projects.

The DCHS-DLS workgroup analyzed each potential strategy in the Skyway-West Hill and North Highline Anti-displacement Strategies Report for potential impact on displacement and the residents of Skyway-West Hill and North Highline. For example, when analyzing alternatives for developing new affordable rental and homeownership housing in the two communities, staff considered the current median income levels of the community as a whole and of BIPOC populations within the community in order to recommend target affordability levels. (For more information on expected community impact, refer to each subsection of V: Report Requirements.)

Community members supported the final draft recommendations as shared at the Community Report Back on Draft Recommendations on April 10, 2021:

- adopt an Inclusionary Housing Ordinance;
- adopt a Community Preference Policy;
- adopt a Tenant Relocation Assistance Ordinance;
- fund and invest in Community Land Trusts;
- increase funding for Down Payment Assistance;
- enroll more eligible homeowners in Property Tax Exemption program;
- increase outreach and education about Priority Hire programs;
- preserve Manufactured Home Communities;
- develop more publicly subsidized affordable housing, especially for households below 60 percent of AMI;
- increase the development of family-sized housing (three- to five-bedroom units);
- build culturally specific housing for elders; and
- invest in equitable community-driven development.

#### *Alternatives prioritization*

The DCHS-DLS workgroup evaluated each strategy using the following criteria, ranking them “high,” “medium,” or “low” for each of the following questions:

- Does the community support it?
- What is the scale and depth of impact?
- How will it impact Black, Indigenous and people of color (BIPOC) community members?
- What is the implementation feasibility?

The highest priority recommendations are feasible, had "high" community support, and "medium" to "high" scale or depth of impact. County staff also considered the time and projected cost to implement each strategy. The most impactful strategies require significant public investment, such as investing in new affordable homeownership and rental housing development. County staff communicated this information to the community to identify short- and long-term priorities. (Refer to V. Report Requirements, B. Motion 15539, Equity Review and Other Report Requirements.)

#### Reflections

As previously discussed, the community engagement process was robust, with community feedback and priorities influencing the report recommendations. However, county staff acknowledge that they did not engage all residents well. Homeowners were over-represented in the community meetings and the process did not adequately reach as many renters or non-English speaking community members. To address these shortcomings, staff would have needed more time to build relationships in those communities and to conduct more comprehensive outreach. Tailored engagement strategies would have been necessary, especially for limited English proficiency residents. As discussed in Community Engagement, the COVID-19 pandemic also adversely impacted county staff’s ability to conduct direct outreach. (Refer to III. Community Engagement.)

#### **Phase 4: Implement. Are you staying connected with communities and employees?**

#### **Phase 5: Ongoing Learning. Listen, adjust, and co-learn with communities and employees.**

##### EIR Tool Guidance:

Phase 4 of the EIR process guides staff to:

- Based on earlier use of Community Engagement Guide, communicate with communities, stakeholders and employees about how you will implement your action.
- Engage with affected communities and employees to guide successful implementation.
- Advance “pro-equity” opportunities when possible, i.e. contracting, hiring and promotion, materials sourcing, etc.
- Measure and evaluate your intended outcomes in collaboration with affected communities. Are there sufficient monitoring and accountability systems to identify unintended consequences? How will course corrections be handled if unintended consequences are identified?<sup>460 461</sup>

Phase 5 of the EIR process guides staff to:

- Evaluate whether your action appropriately responds to community priorities and concerns.
- Learn with the community to adjust your action as their priorities and concerns shift.
- Communicate progress to all stakeholders. Plan to include community feedback into future planning.<sup>462</sup>

##### DCHS-DLS approach:

The County has not yet entered the implementation phase of anti-displacement work in Skyway-West Hill and North Highline. However, the DCHS-DLS workgroup has conveyed to community members throughout the process that the potential timeline for implementation for most strategies is three to five years and some strategies will require legislative action. Given that the most impactful strategies require significant public investment, actual implementation timelines will depend on the availability of resources.

The DCHS-DLS workgroup will use the guidance in the EIR tool to shape its approach to implementation and ongoing learning, in coordination with the Office of Equity and Social Justice. Anticipated steps include:

- following up with community stakeholders to hear feedback on this report after it is transmitted;
- utilizing the Community Voices Consultant in each neighborhood (two engagement focused positions housed in community-based organizations that are funded by DLS, DCHS, and Metro) to support community engagement during the implementation phase;
- making recommendations, in collaboration with community members, on how to measure and evaluate progress toward the goal of reducing and preventing displacement and preserving and increasing affordable housing;
- scheduling regular community engagement to identify unintended impacts; and

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<sup>460</sup> King County Equity Impact Review Tool. [\[link\]](#)

<sup>461</sup> King County Community Engagement Guide. [\[link\]](#)

<sup>462</sup> King County Equity Impact Review Tool. [\[link\]](#)

- adjusting policy and program approaches and prioritization as needed to address unintended negative consequences.

### **Outreach and Communication Needed to Implement Recommended Strategies**

Motion 15539 requires the Executive to determine any outreach and communication needed to implement the proposed legislation or policies by consulting with a wide array of stakeholders in the Skyway-West Hill and North Highline communities. DCHS and DLS have engaged with the Skyway-West Hill and North Highline community members and organizations to develop this report (refer to III. Community Engagement). Each strategy analysis in this report has a summary of the community feedback for that strategy that resulted from the County’s community outreach.

The recommended strategies represent a significant shift in housing policy for Skyway-West Hill and North Highline. The County will need to engage in extensive community outreach and communications to successfully develop policy for the strategies. The strategies below require additional outreach to refine the strategy proposals:

**Inclusionary Housing:** The County should continue to work with the community and market rate and nonprofit real estate developers to establish mandatory and voluntary inclusionary housing policies to determine where the policy applies and the eligibility requirements for renting or buying units developed under the program.

**Relocation Assistance:** Adopting a relocation assistance policy that applies to all of Unincorporated King County requires outreach beyond residents in Skyway-West Hill and North Highline. The County needs to engage further with landlord and tenant organizations to fully develop the policy design and enforcement requirements of a relocation assistance policy.

**Community Land Trusts:** For funding strategies, like Community Land Trusts, the County will need to work closely with community-based organizations to develop procurement processes for funding. For example, the King County 2021-2022 Adopted Budget appropriated \$5 million solely for affordable housing projects located in Skyway-West Hill, with consideration of the recommendations and strategies developed in this report.<sup>463</sup> County staff is working closely with community members and organizations, such as the Skyway Coalition and the West Hill Community Association, to develop a process to allocate the funding. County staff will recruit community members to serve on a Community Advisory Committee to the fund’s Request for Proposal (RFP) criteria, guidelines, and application. Once RFPs are submitted, community members will review the RFP and help County staff make funding decisions. The Skyway \$5 million fund for affordable housing RFP process can serve as a model for future funding decisions.

Based on community engagement conducted so far, DCHS and DLS anticipate needing to conduct the following additional outreach and education to fully implement the recommended strategies:

**Inclusionary Housing:** New voluntary affordable housing density bonuses, implemented as part of a voluntary inclusionary housing program, requires extensive outreach to affordable and market-rate housing developers to ensure developers understand the program and are

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<sup>463</sup> Ordinance 19210, Section 106, Expenditure Restriction ER6. [\[link\]](#)

encouraged to participate. For mandatory inclusionary housing, developers would be made aware when evaluating development opportunities in Skyway-West Hill and North Highline, so less outreach would be necessary.

**Preservation for Manufactured Housing and Manufactured Housing Communities:** Connect with the nonprofit owner to understand future capital repair and investment needs and monitor the privately owned park's status to inform preservation opportunities.

**Relocation Assistance:** A relocation assistance policy would necessitate both landlord and tenant education, ideally in coordination with local landlord and tenant organizations.

**Redevelopment Assistance:** A redevelopment assistance program would require proactive outreach to eligible homeowners, such as mailing information to eligible homeowners with property suited for an ADU.

**Priority Hire:** Connecting more Skyway-West Hill and North Highline residents with priority hire program opportunities would require more outreach to potential workers, especially young people, to connect them to jobs programs.

**Right to Return / Community Preference Programs:** A community preference policy would need to consider how to educate local residents as well as displaced residents about the housing opportunities available.

**Community Land Trusts:** County staff will continue to work closely with Skyway community residents to support their community-led engagement and CLT planning process. (Refer to V. Report Requirements, B. Motion 15539, Community Land Trusts). More coordination between the County staff and North Highline stakeholders is needed to support community-led CLT planning in North Highline. It will be important for the County to understand both communities' goals and share information about County funding processes and opportunities, and align the availability of County resources for feasibility, predevelopment, acquisition, and construction so they can be most impactful. County staff will also need to engage closely with the community to decide how to allocate funding to CLT projects.

**Down-Payment Assistance Programs:** Down-payment assistance programs require marketing and outreach to households potentially eligible for this homeownership assistance strategy to increase participation and help more people purchase a home.

**Property Tax Exemption Opportunities:** The County needs to coordinate with the Assessor's Office to raise awareness about the existing property tax exemption programs available to homeowners in North Highline and Skyway-West Hill.

Building on the successful community engagement for this report, the County should continue to contract with community-based organizations and community leaders to perform the outreach and communications necessary to implement the recommended strategies. The County should also provide funding for translation and interpretation of outreach activities to ensure the targeted populations are aware of the programs.

## **Coordination with Department of Local Services, the Office of Equity and Social Justice and the Department of Community and Human Services to Implement Recommendations**

The Department of Local Services, the Office of Equity and Social Justice and DCHS will continue to coordinate and work closely for planning and monitoring the implementation of any recommended strategies. Coordination between these groups will occur monthly and more frequently as needed. The implementation workgroup will plan regularly scheduled touch points with community stakeholders over the next three to five years to monitor progress toward King County's goal of reducing and preventing displacement, particularly for Black, Indigenous and People of Color, and preserving and increasing affordable housing. This will include a broad community-led engagement process for the CLT work and the related Equitable Development Program. Some progress monitoring will be from anecdotal information gathered from community-based organizations. Some of the results will depend on implementation of the suite of recommendations in Table 2. This planning and engagement process will also include following community stakeholders' recommendations to minimize any unintended negative disproportionate impacts to communities of color.

## **Evaluation of Whether Recommended Strategies Should be Tested Through a Demonstration Project or Projects**

Demonstration projects provide a mechanism via King County Code chapter 21A.55 to test and evaluate alternative development standards and processes in a smaller geography prior to full implementation on a larger scale.<sup>464</sup> King County evaluated the need for a demonstration project, as authorized in the zoning code in K.C.C. Chapter 21A.55, to test the recommendations in this report. Analysis determined that except for the recommended inclusionary housing program, the recommendations can be implemented without changes to the zoning code, eliminating the need for a demonstration project. Under a demonstration project approach, developing and adopting interim development project regulations and then developing and adopting permanent regulations for the inclusionary housing program would be a cumbersome, slow, and unnecessary process, likely adding to community planning fatigue.

Additionally, if only applied at a small scale, the inclusionary housing program would incentivize developers to build just outside the demonstration project boundaries and reduce the affordability benefits of the program. Instead, this report recommends additional community engagement to develop an Ordinance that proposes permanent incentivized and mandatory affordable housing regulations for Skyway-West Hill and North Highline in the zoning code without using a demonstration project. King County determined that, once developed with community, these regulations will be ready and appropriate for permanent adoption, subject to approval by Council. If needed or desired, the regulations could still be amended in the future. The proposed Ordinance implementing this recommendation is anticipated to be transmitted to the Council at the same time as the Skyway-West Hill Subarea Plan and the North Highline Subarea Plan in December 2021.

## **Recommended Strategies to Maintain the Current Demographics of Both Race and Income Level in Skyway-West Hill and North Highline**

King County integrated the goals of equity and social justice in community engagement, data and policy analysis, and development of the recommendations in this report. In many ways the goals of this report

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<sup>464</sup> King County Code 21A.55. [\[link\]](#)

are designed to positively disproportionately impact communities of color, which are at increased risk of displacement in North Highline and Skyway-West Hill.

The strategies in this report aim to prevent residential and cultural displacement by recommending policies and programs that support BIPOC and low-income populations to remain in the neighborhoods of their choice. Strategies to maintain the current demographics of race in Skyway-West Hill and North Highline, however, would violate the Federal Fair Housing Act, as they would perpetuate segregation and limit economic opportunity.<sup>465</sup> Additionally, although community members expressed concerns about the potential negative impact of additional higher-income households moving into the neighborhood, they also shared an openness to welcoming new residents and an interest in increasing the income levels of existing residents.

This report recommends King County take an approach that identifies and builds on local cultural assets and community character and respects local cultural diversity and values. King County should seek to preserve and strengthen existing cultural communities and build the capacity of their leaders, organizations, and coalitions to have greater self-determination through the implementation of the other strategies identified in this report.

### **Identify Recommendations and Strategies in the Study that King County Can Take to Maintain or Improve Economic Opportunity or Income Level Without Further Displacing Communities**

Skyway-West Hill and North Highline residents identified economic development opportunities for lower-income residents as a community priority.<sup>466</sup> Several strategies explored in this report will directly improve economic opportunity for current residents.

- Increasing awareness of Priority Hire programs and job training opportunities would increase access to family-wage jobs for residents of Skyway-West Hill and North Highline.
- Increasing affordable homeownership units through community land trusts would provide stable housing costs and access to equity and wealth building for households otherwise priced out of the market.
- Redevelopment assistance would increase incomes for lower-income homeowners by creating improvements to their home that can generate rental income.

The COVID-19 pandemic has increased the need for greater investments in economic development. Many small businesses have been hit extremely hard by loss of revenue because of the pandemic, and pandemic related job loss has increased the economic insecurity of many Skyway-West Hill and North Highline residents. In zip code 98178, which includes much of Skyway-West Hill, between 10.4 percent and 21.6 percent of workers received unemployment benefits on any given week throughout the pandemic.<sup>467</sup> In zip code 98168, which includes much of North Highline, between 10.7 percent and 21.6 percent of workers received unemployment benefits on any given week throughout the pandemic.<sup>468</sup> For comparison, zip code 98105, in North Seattle, only 2.6 percent to 4.1 percent of workers received

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<sup>465</sup> “Affirmatively Furthering Fair Housing (AFFH).” Washington, D.C.: U.S. Department of Housing and Urban Development). [\[link\]](#)

<sup>466</sup> Refer to III. Community Engagement section.

<sup>467</sup> *Economic, social and overall health impacts, Dashboard*. (Seattle, WA: Public Health – Seattle & King County). [\[link\]](#)

<sup>468</sup> *Economic, social and overall health impacts, Dashboard*. (Seattle, WA: Public Health – Seattle & King County). [\[link\]](#)

unemployment benefits over the same timeframe.<sup>469</sup> The economic impact of the pandemic is likely much higher in Skyway-West Hill and North Highline than the unemployment benefit numbers suggest because the data does not show the economic impact on workers ineligible for unemployment, like undocumented workers.

As discussed in section III. Community Engagement, the White Center Community Development Association (WCCDA) worked closely with the County to explore impacts of rising housing costs and commercial displacement in North Highline, by conducting a survey of 15 small business owners.<sup>470</sup> Most business owners surveyed reported that the recommended anti-displacement strategies would benefit the community and their business. Most respondents also indicated that increased housing development in the commercial core would increase business activity but also expressed concern that it could increase commercial rent.

Ninety-three percent of survey respondents lease their commercial space. Respondents shared that more access to affordable commercial space and free or low-cost legal help in negotiating commercial leases would help them maintain their business in the neighborhood.

Below is a list of additional recommendations based on the White Center Community Development Associations Small Business Survey results and community conversations, as well as consultations with County staff such as staff in the Department of Local Services and staff in Communities of Opportunity, whose programs focus on economic development and commercial affordability. These additional strategies may improve economic opportunities or income levels, but this report has not determined the legal or financial feasibility of these recommendations.

#### [Additional Strategies to Improve Economic Opportunities or Income Levels](#)

- **Increase commercial affordability:** The County should explore strategies to increase commercial affordability and improve access to affordable commercial ownership for small businesses. Such strategies could include but are not limited to, investing in Community Land Trusts to steward affordable commercial spaces, increasing access to small business loans, and providing free or low-cost technical assistance and legal support for commercial lease negotiations.
- **Protect and support small locally owned businesses:** When redevelopment occurs and new investments come into the commercial core of a neighborhood, existing small businesses often experience higher taxes as land values increase. These higher costs can make the small businesses vulnerable to displacement. The County should consider land use codes and tax incentives that protect existing commercial tenants. Other strategies to protect small, locally owned businesses include adopting a policy to ban national chains. Community members also expressed a desire for a stronger ecosystem to support emerging local entrepreneurs such as a community marketplace for microenterprises and small business vendors to sell their goods.
- **Increase investments in workforce development and job training:** The County should invest in increasing access to good jobs with living wages for lower-income residents of Skyway-West Hill and North Highline through youth employment opportunities and job training, technology

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<sup>469</sup> *Economic, social and overall health impacts, Dashboard.* (Seattle, WA: Public Health – Seattle & King County).

[\[link\]](#)

<sup>470</sup> Interview with White Center Community Development Association (WCCDA), DLS and small business community members.

industry job training, investments in K-12 technology access programs, and trade union apprenticeships and job training programs.

- **Link affordable housing to new infrastructure and transit investments:** Access to transit can have significant positive impact on economic opportunities. However, new infrastructure and transit investments can exacerbate displacement pressure by increasing land values. Investments in affordable housing should happen before or concurrently with any planned infrastructure or transit investments. The County should prioritize affordable housing investments near incoming and planned transit investments early and in alignment with the recommendations in this report to protect and expand affordable housing options. For example, construction will begin in 2022 on the Rapid Ride H Line North Highline, and Route 106 through the Skyway business district will have 15-minute headways beginning 2022.
- **Community benefits from public investments:** Skyway-West Hill and North Highline need the maximum benefit possible from the public investments made in their communities. The County should prioritize contracting with local businesses as much as possible to implement the recommended strategies to maximize the economic benefits of the investments.

## Feasibility Analysis and Supplemental Budget Requirements

### Feasibility Analysis: Cost and Funding

Motion 15539 requires this report to include a feasibility analysis to identify concrete actions King County can take to develop and retain existing affordable housing in Skyway-West Hill.<sup>471</sup> This section evaluates the feasibility of implementing each strategy based on estimated costs, resources available, and timing. It uses a framework to identify what strategies can be implemented in the near-, mid-, and long-term based on known resources and constraints, as discussed further below. Strategies are prioritized for action that best meet a mix of impact, community interest, and available and eligible resources.

In general, the County has a fixed amount of resources for housing solutions, as shown in Appendix E. Additional flexible resources are needed to meet the need for more affordable housing. Most existing funding also comes with use restrictions related to household income, population type, or geography. Therefore, implementation constraints for the identified actions include:

- the availability of current funding sources that can support the recommended strategies and
- staffing capacity to expand existing programs or develop new programs.

The following analysis considers the current constraints on resources to support the recommended strategies and recognizes where additional or new resources are needed. (As noted in section VI. Implementation Plan for Recommended Strategies, the Executive will work to reduce and address constraints to achieving the goals of this report as part of the implementation phase.<sup>472</sup>

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<sup>471</sup> Motion 15539. [\[link\]](#)

<sup>472</sup> Ordinance 19210, Section 106, Expenditure Restriction ER6. [\[link\]](#)

The section below uses three key indicators to assess feasibility: cost, priority and impact on community. “Cost” describes whether a strategy is considered low cost (under \$1 million), high cost (over \$1 million), or is to be determined (TBD). “Priority” describes both the communities’ interest and the DCHS-DLS work group’s analysis of urgency and timeline to implement. “Impact on Community” reflects a combined assessment of how many households may be served by the strategy and the level of impact the strategy makes on individual households’ housing stability.

Table 13 crosswalks the strategies analyzed in this report, in the order that they appear in the document, with the feasibility determination for each, with further analysis to follow.

**Table 13: Recommended Strategy Feasibility Analysis**

Strategy	Feasibility <sup>473</sup>			
	Near-Term	Mid-Term	Long-Term	Not Recommended
<b>Action 19</b>				
Mandatory Inclusionary Housing		X		
Manufactured Housing Community Preservation			X	
Residential Community Benefit Agreements				X
Tenant Relocation Assistance		X		
Redevelopment Assistance Program			X	
Right to Return Programs / Community Preference Programs	X			
<b>Motion 15539</b>				
Commercial Linkage Fee				X
Voluntary Inclusionary Housing - Affordable Housing Development Incentive		X		
Voluntary Inclusionary Housing – Incentive Housing Affordability		X		
Priority Hire	X			
Rent-to Own Strategies				X
Community Land Trusts			X	
Down-Payment Assistance Programs			X	
Property Tax Exemption	X			
No Net Loss				X
<b>Additional Community-Generated Strategies</b>				
Develop More Affordable Rental Housing			X	
Invest in Community-Driven Development			X	

<sup>473</sup> See pages 129 and 130 for definitions of “near-term,” “mid-term,” and “long-term” in the context of this report’s recommended strategies.

### Near-term Strategies

Near-term strategies are low cost (under \$1 million) or can be implemented through existing programs funded in the 2021-2022 Adopted Budget. There are three near-term strategies:

1. **Adopt a Right to Return/Community Preference policy.** County staff can implement this policy through existing contracting processes and staff capacity. Robust implementation, including in depth technical assistance to support developers, would require additional evaluation and resources. This strategy is a high priority for the community. The impact of this strategy will be realized over the long term as new King County-funded or inclusionary housing-created affordable units are developed in the community.
  - *Cost:* Low. Less than \$100,000 staffing costs plus administrative overhead for immediate implementation.
  - *Priority:* High.
  - *Impact on Community:* High impact for residents that benefit. Total benefit depends on the amount of affordable housing constructed in both communities.
2. **Enroll more eligible low-income homeowners in Property Tax Exemption program:** This is an existing program within the Assessor's Office that reduces housing costs for low-income seniors and disabled veterans. DLS and DCHS, in a joint effort led by the Assessor's Office, can conduct strategic outreach through existing meetings and communication tools to encourage more eligible households to enroll in the program.
  - *Cost:* Low. Less than \$100,000 staffing costs plus administrative overhead.
  - *Priority:* High.
  - *Impact on Community:* High for households that qualify. County staff estimate that 350-550 households are eligible and not enrolled at this time.
3. **Increase outreach and education about Priority Hire programs:** County staff can connect community members to this existing King County program through increased marketing and information sharing. Additional resources would be needed for more robust implementation.
  - *Cost:* Low. Less than \$100,000 staffing costs plus administrative overhead.
  - *Priority:* Medium.
  - *Impact on Community:* Medium.

### Mid-term Strategies

Mid-term strategies require Ordinances to be implemented. Additional discussions with stakeholders, as well as legal review, are required before each Ordinance can be transmitted to the King County Council for possible action. For policies like these to effectively facilitate access to affordable homes and reduce or mitigate displacement in a community, they must be established before robust development begins. Therefore, these two mid-term strategies must be implemented within the next two years to have an impact and assure success in the long term. These strategies are:

1. **Adopt an Inclusionary Housing Ordinance:** A voluntary and mandatory inclusionary housing program requires creation of land use regulations to increase density and require, in exchange, on-site affordable housing development. DCHS and DLS staff need to conduct more exploration and legal review, and consult further with community members, to develop an implementation strategy and related Ordinances. After this work is completed, County staff can finalize the

program’s implementation strategy, establish clear roles between DCHS and DLS staff, and identify needed staffing capacity as well as funding needed for any associated program costs. Executive departments estimate that staff can accomplish this work and transmit legislation concurrent with the forthcoming Skyway-West Hill and North Highline subarea plans in December 2021. Both communities expressed a desire for deeply affordable units in the inclusionary housing units. As a part of the implementation planning the DCHS-DLS and Office of Equity and Social Justice workgroup should investigate ways to serve households with incomes below 60 percent AMI.

- *Cost:* TBD.
- *Priority:* Medium to High.
- *Impact on Community:* High.

**2. Adopt a Tenant Relocation Assistance Ordinance:** This program would provide financial assistance to renter households displaced due to redevelopment or condominium conversion of their rental unit. King County would need to first adopt an Ordinance to require cash payments to eligible renters, funded 50 percent by the property owner and 50 percent by the County. This program is recommended to apply across all of unincorporated King County, rather than only to Skyway-West Hill and North Highline. The expanded scope of this program requires additional community and stakeholder outreach, as well as legal review. At this time, the cost to implement the program, both for staffing and funding assistance, are to be determined.

- *Cost:* TBD.
- *Priority:* High.
- *Impact on Community:* High.

For both of these strategies, DCHS and DLS would need to refine program implementation details, including program costs, staffing structure and capacity, and further analyze existing budget capacity to determine when the programs could be implemented. A sustainable, long-term source of flexible funding would need to be identified and expenses proposed in the 2023-2024 biennium budget cycle to administer both programs and fund the County portion of relocation assistance payments to tenants.

#### Long-Term Strategies

Long-term strategies require a significant amount of capital resources and/or staffing to implement. This report identifies five long-term strategies.

#### *Existing Long-Term Affordable Housing Strategies That Could Increase Impact with Added Resources*

Three of the strategies create and or preserve more affordable housing opportunities and will require a longer time horizon to implement as well as produce outcomes. The County can initiate progress in the near- to mid-term with existing resources, but new funding is necessary to expand the scope and impact of these existing programs. These three strategies are:

**1. Increase funding for Down Payment Assistance:** This strategy would continue and expand funding for down payment assistance programs to provide more homeownership opportunities in Skyway-West Hill and North Highline. King County would fund nonprofit organizations to provide direct subsidies to homebuyers.

- *Cost:* High. Approximately \$1 million annually in capital and staffing costs plus administrative overhead.

- *Priority:* High.
- *Impact on Community:* High. One million dollars would benefit approximately 18 households.

**2. Develop more publicly subsidized affordable rental housing, especially for households below 60 percent of AMI:** This recommendation would provide capital funding to developers to increase development of homes affordable to households at or below 60 percent of AMI. This includes supporting community-driven development, family-sized units, and culturally specific housing.

- *Cost:* High. More than \$5 million in capital costs per project, resources for technical assistance, community-based organization (CBO) capacity building and staffing costs plus administrative overhead.
  - Actual capital cost will vary depending on project size and availability of leveraged funding sources. Estimated investment per project is \$5 million to \$9 million.
  - Technical assistance and capacity building costs will vary but are expected to be an additional cost annually to support pre-development and feasibility costs.
- *Priority:* High.
- *Impact on Community:* High. Assuming King County contributes 20 percent of total development costs, a \$1 million investment would create 14 housing units with a 50-year affordability covenant.

**3. Fund and invest in Community Land Trusts (both homeownership and rental):** This strategy would provide funding for Community Land Trusts (CLTs) to acquire land and maintain permanent ownership of the land, while individual homeowners or nonprofits own the structures on the land. This includes supporting community-driven development, family-sized units, and culturally specific housing.

- *Cost:* High. More than \$5 million in capital costs, resources for technical assistance, CBO capacity building and staffing costs plus administrative overhead.
  - Actual capital costs depend on land values, size of project and availability of leveraged funding sources. Estimates for land acquisition alone range between \$2 million to \$3 million per project, plus funding of cost to build \$5 million to \$9 million depending on project type.
  - CLT models will require technical assistance and capacity building, estimated at approximately \$500,000 annually, to maintain ongoing community stewardship.
- *Priority:* High.
- *Impact on Community:* High. \$1 million would result in approximately 11 housing units with a permanent affordability covenant.

*New Long-Term Strategies that Require Additional Funding and New Programming*

The remaining two long-term strategies have high costs per household benefit and would require additional or new resources and new programming to achieve the desired outcomes. The County should continue to seek opportunities to direct funding to implement these two strategies over time. Based on existing market conditions, the staff workgroup recommends a lower priority for funding these strategies, compared with other recommended strategies. However, the County plans to conduct

ongoing market monitoring and community engagement to determine whether market conditions are changing and merit reprioritization.

- 1. Preserve Manufactured Communities:** Beyond the land use protections already in place, this strategy would require capital funds well beyond \$1 million to preserve the existing manufactured housing communities in Skyway through purchase, capital repairs, or both.
  - *Cost:* High. More than \$1 million in capital repair costs for the two nonprofit-owned parks and staffing costs plus administrative overhead. The estimated purchase and repair needs of the privately owned park is unknown, but would definitely exceed \$1 million.
  - *Priority:* High. Priority is high for the Skyway-West Hill community but a lower priority in terms of timeline to fund.
  - *Impact on Community:* Medium. One million dollars would benefit approximately 23 households.
  
- 2. Establish a Redevelopment Assistance Program:** This strategy requires both funding and additional staffing to provide capacity-building resources to support homeowners building and renting out an ADU on their property. It is unclear how many low-income homeowners with property suitable for an ADU would participate in the program. Since the community supported this strategy, the staff workgroup has recommended it for continued evaluation and long-term implementation.
  - *Cost:* High. More than \$1 million in capital costs and staffing costs plus administrative overhead. The estimated cost of each 600 square foot ADU is approximately \$168,000.
  - *Priority:* Medium.
  - *Impact on Community:* Low. One million dollars would result in approximately five to six ADUs constructed, benefiting 10-12 households.

The four strategies not being recommended for implementation were not evaluated under this feasibility framework due to a lack of information or replicable models that could achieve positive outcomes for the community.

### **Supplemental Budget Appropriation Requirements for Recommended Strategies**

Low-cost strategies can be implemented during the 2021-2022 biennium using existing programs and staff, and existing budget and staff capacity is also sufficient to begin planning for higher cost strategies to be implemented in the mid- and long term. Full implementation of all recommendations requires resources beyond those currently available in King County's 2021-2022 Adopted Budget.

Implementation of higher cost strategies through starting new programs and scaling up existing programs will require a mix of additional resources (either increases from existing funding sources or new sources of eligible funding). Some funding may be identified through reprioritization of existing resources. However, this requires a deeper budget analysis.

DCHS and DLS, in coordination with the Office of Performance, Strategy and Budget, will need to evaluate resources for funding and staffing mid-term strategies in order to increase funding for equitable development priorities as part of the King County 2023-2024 budget process. Staff will need to further evaluate the County's ability to incorporate these strategies as part of any investment plan for future spending of new sources of funding. Strategies will also need to be evaluated for inclusion as part

of future levy renewals, updates to interlocal agreements governing existing funding, and ability to work in tandem with any future funding sources yet to be identified that may be leveraged.

Implementation of long-term strategies, such as the Manufactured Housing Preservation and Redevelopment Assistance Program discussed in this report, will need to be considered as part of future budget processes after the 2023-2024 biennium budget process. DCHS asset managers also provide annual monitoring of the two manufactured housing communities that received public funding in the past.

## VI. Implementation Plan for Recommended Strategies

Based on the analysis and recommendations put forth by the DCHS-DLS work group, informed by community feedback, the Executive has directed DCHS and DLS to move forward with planning implementation for the recommended strategies to prevent and mitigate displacement in Skyway-West Hill and North Highline.

The Executive aims to begin implementation of some long-term strategies in the near- to mid-term under existing DCHS Housing Finance Program (HFP) programs. Specifically, DCHS will start to make progress on these strategies using funds available in the King County 2021-2022 Adopted Budget, coupled with strategic outreach for projects in the Skyway-West Hill and North Highline communities. Due to Skyway community organizing efforts, \$5 million is already set aside in the King County 2021-2022 Adopted Budget to support affordable housing development in Skyway-West Hill.<sup>474</sup> This funding is being offered through a competitive process co-designed by the community to further community driven investments. Additionally, the Interim Loan Program, a short-term acquisition fund, has about \$3 million remaining for land acquisition to develop affordable housing.<sup>475</sup>

HFP will utilize the new Equitable Development Prioritization being implemented as part of its 2021 RFP process to deploy existing resources to advance long-term strategies to develop affordable housing. Equitable Development Prioritization is a framework for prioritizing funding for projects that address residential displacement and increase community stewardship/ownership of land and housing for Black, Indigenous and people of color (BIPOC) and other historically marginalized communities in unincorporated King County. DCHS will also strategically market funds available under the Interim Loan Program to projects located in communities that historically experienced policies that limit access to opportunity for BIPOC communities, such as Skyway-West Hill and North Highline. This prioritization aligns with the community-generated investment strategies described earlier in this report.

Table 14 outlines action steps to be taken to make progress toward full implementation of each strategy in the coming years.

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<sup>474</sup> Ordinance 19210, Section 106, Expenditure Restriction ER6. [\[link\]](#)

<sup>475</sup> King County Interim Loan Program. Title 24 Housing and Community Development. [\[Link\]](#)

**Table 14: Implementation Action Steps**

Strategy	Action
<b>Near-Term Strategies</b> <i>low cost (under \$1 million) or can be implemented through existing programs funded in the 2021-2022 Adopted Budget</i>	
Right to Return/ Community Preference	<ul style="list-style-type: none"> <li>• DCHS will update contracting processes to incorporate a community preference policy in future funded developments in Skyway-West Hill and North Highline. DCHS and DLS will also explore including community preference as part of an inclusionary housing program.</li> <li>• DCHS and DLS will collaborate with the communities to establish a plan to educate local residents, as well as displaced residents, about the housing opportunities available.</li> </ul>
Property Tax Exemption	DCHS and DLS will coordinate with the Assessor’s Office to assist in outreach to residents, including through community meetings and the direct service work of DCHS’ Housing Repair Program.
Priority Hire	DLS will share information through outreach to potential workers, especially young people.

**Mid-Term Strategies**

*require Ordinances; must be implemented within the next two years to assure impact and long-term success*

<p><u>Inclusionary Housing:</u></p> <ul style="list-style-type: none"> <li>• Mandatory Inclusionary Housing Program</li> <li>• Voluntary Inclusionary Housing Program</li> </ul>	<p>DCHS and DLS will:</p> <ul style="list-style-type: none"> <li>• obtain stakeholder and community feedback on draft Ordinance;</li> <li>• work with King County Prosecuting Attorney’s Office (PAO) to complete legal review; and</li> <li>• confirm staffing capacity and program costs for implementation.</li> </ul> <p>Goal: The Executive intends to transmit to the King County Council a proposed Ordinance implementing inclusionary housing in Skyway-West Hill and North Highline with the Skyway-West Hill and North Highline subarea plans in December 2021. Implementation would follow within a few months of passage of the Ordinance and appropriation of associated funding.</p> <p>If adopted, DCHS and DLS will conduct extensive outreach on the new voluntary affordable housing density bonuses to affordable and market-rate housing developers to ensure developers understand the program and are encouraged to participate. For mandatory inclusionary housing, developers would be made aware when evaluating development opportunities in Skyway-West Hill and North Highline, so less outreach would be necessary.</p>
<p>Tenant Relocation Assistance</p>	<p>DCHS and DLS will:</p> <ul style="list-style-type: none"> <li>• obtain stakeholder feedback on draft Ordinance;</li> <li>• work with PAO to complete legal review;</li> <li>• confirm staffing capacity and program costs for implementation; and</li> <li>• strive to identify budget resources in the 2023-24 biennial budget.</li> </ul> <p>Goal: After identifying sufficient resources for implementation, the Executive will transmit an Ordinance to enact a tenant relocation assistance program. This may occur as early as 2022.</p> <p>If adopted, DCHS, in coordination with DLS, will conduct landlord and tenant education, ideally in coordination with local landlord and tenant organizations.</p>

<b>Long Term Strategies Under Existing Programs</b> <i>significant capital resources and/or staffing to implement; County can initiate progress in the near- to mid-term with existing resources, but new funding is necessary to expand the scope and impact</i>	
Down Payment Assistance (DPA)	<p>Near-Term: DCHS will work with existing DPA contract organizations to ensure marketing of the programs are capturing Skyway-West Hill and North Highline.</p> <p>Long-Term: DCHS will evaluate existing resources for opportunities to prioritize funding as part of the King County 2023-2024 biennium budget process.</p>
Develop More Affordable Rental Housing	<p>Near-Term: DCHS will deploy existing housing capital resources utilizing an Equitable Development Prioritization in its RFPs to support community driven development of affordable rental housing or homeownership.</p> <p>Long-Term: The Executive will strive to increase capital resources for affordable housing to increase scale.</p>
Community Land Trust Models (homeownership and rental)	<p>Near-Term: DCHS will use existing budget and staff resources to continue building communities' capacity to implement CLT models and offer capital funding utilizing the Equitable Development Prioritization to potentially support CLT models.</p> <p>Long-Term: As part of the King County 2023-2024 biennium budget process, DCHS will explore additional, flexible capital resources to support CLT models.</p> <p>In the near and long term, DCHS will continue to work closely with community residents through community-led engagement and CLT planning processes to understand the communities' goals and project pipeline and share information about County funding opportunities. As CLT funding becomes available, DCHS will also engage closely with the community to decide how to allocate funding to CLT projects.</p>
<b>Long Term Strategies Requiring Additional Funding and New Programming</b> <i>significant capital resources and/or staffing to implement; high costs per household benefit and would require additional or new resources and new programming to achieve desired outcomes</i>	
Manufactured Housing Community Preservation	DCHS will continue to monitor the affordability and capital repair needs of the two non-profit-owned parks annually to promote long-term sustainability. DCHS and DLS will also monitor and assess the privately owned park for future preservation opportunities.
Redevelopment Assistance program	DCHS and DLS will explore potential program design with community. Needed resources may be requested in a future biennium budget process..

The Executive will explore opportunities for existing resources to implement identified community priorities. Specifically, the Executive will identify opportunities through planning, including upcoming budget processes, to implement these strategies over the long term.

Additionally, to achieve scale and meaningful outcomes that address the long history of disinvestment in these communities, additional long-term funding from new sources is needed. Flexible new funding will enable the County to support the development of new housing opportunities driven and informed by the community, including investments in staffing and funding to support the community and build capacity of community-based organizations to engage more fully in the implementation of these strategies. The Executive is committed to securing new federal, state, or local funding resources to implement these housing solutions.

The Executive has directed DCHS and DLS to coordinate with the following entities and stakeholders when planning for implementation:

- The Office of Equity and Social Justice;
- Community land trusts;
- Local community-based organizations;
- Tenant and landlord organizations;
- Market-rate and affordable housing developers; and
- Community members from Skyway-West Hill and North Highline.

This coordination will build on the community relationships formed in the process of developing this report. DLS communications staff will resource these efforts. DLS' three-person team works with community members and groups, along with DCHS and other departments to implement community engagement activities for Skyway-West Hill and North Highline.

This coordination will provide transparent information and outreach to connect residents with existing programs, inform the implementation of this report's recommendations, and clarify resources needed to adequately invest in recommended strategies for implementation, contingent on funding availability. Through monthly interagency consultations, it will also leverage the expertise of the Office of Equity and Social Justice to inform community engagement and policy development to ensure alignment with the County's pro-equity commitment.<sup>476</sup>

DCHS and DLS will coordinate with the Office of Equity and Social Justice during the implementation phase for these anti-displacement strategies. This will include regular meetings, involvement with community engagement, and monitoring the goal of preventing displacement of Black, Indigenous and People of Color.

## VII. Conclusion and Next Steps

This report's recommended anti-displacement strategies provide a concrete path for King County's efforts to address historic disinvestment and structural racism in two diverse and culturally rich neighborhoods, in alignment with King County's affordable housing and equity and social justice goals. Community members, community facilitators, consultants, and the DCHS-DLS workgroup invested a year

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<sup>476</sup> *Equity and Social Justice Strategic Plan* (King County WA: Office of Equity and Social Justice, 2020). [\[link\]](#)

and a half to analyze and provide recommendations on 14 potential strategies, many of which are innovative and highly complex. Much more work lies ahead to implement these recommendations.

The Executive will take immediate steps to establish the Community Preference policy, increase awareness of the Property Tax Exemption and Priority Hire programs, and fund community-based organizations to develop community-driven affordable housing. The Executive will also begin implementation of the recommendations regarding homeownership down payment assistance, increased affordable rental housing, and community land trust strategies. However, as identified, additional resources are required to fully implement those recommendations.

The Executive will continue to work with community members to develop and transmit a proposed Ordinance to establish inclusionary housing regulations in Skyway-West Hill and North Highline and, subject to available funding, a tenant relocation assistance program throughout unincorporated King County. The Executive anticipates transmitting the inclusionary housing Ordinance in December 2021, at the same time as transmittal of the Skyway-West Hill and North Highline Subarea Plans. The Executive anticipates transmitting the relocation assistance Ordinance after conducting additional community and stakeholder engagement and identifying budget resources for program implementation.

The workgroup responsible for planning and monitoring the implementation of any recommended strategies will include DCHS, DLS, and the Office of Equity and Social Justice. The implementation workgroup will work with community stakeholders over the next three to five years to monitor progress toward the goal of reducing and preventing displacement and preserving and increasing affordable housing. This will include collaborating with community members to co-design evaluation metrics, identify and minimize any unintended negative impacts to communities of color, and co-develop recommendations for adjusting policy and program approaches to address ongoing learning and changing conditions. This multi-year work with the affected communities will further the County's work to center the needs and perspectives of historically marginalized populations, including Black, Indigenous and People of Color and low-income residents of diverse neighborhoods.

The Executive welcomes the opportunity to brief the Council on implementation progress on anti-displacement strategies in these communities at request.

## VIII. Appendices

### A. Ordinance 19146, Section 2, and 2020 Comprehensive Plan Amendment Action 19

#### **Ordinance 19146, Section 2, Subsections A.1 and B**

SECTION 2. A.1. Attachments A, B, C, D, E, F, G, H and I to this ordinance are adopted as amendments to the 2016 King County Comprehensive Plan, as adopted in Ordinance 18472 and its attachments and as amended by Ordinance 18623 and Ordinance 18810. ...

B. The elements of the 2016 King County Comprehensive Plan in Attachment A to this ordinance are hereby amended to read as set forth in this ordinance and are incorporated herein by this reference.

#### **Attachment A to Ordinance 19146: 2016 King County Comprehensive Plan, updated July 24, 2020, Chapter 12, Action 19, page 12-24**

**Action 19: Skyway-West Hill and North Highline Anti-Displacement Strategies.** King County will complete an Anti-Displacement Strategy for Skyway-West Hill and North Highline. In the context of Motion 15539, the work done by the County's Regional Affordable Housing Task Force and the ongoing work by the Affordable Housing Committee of the Growth Management Planning Council, this strategy will evaluate tools, programs, and regulations to retain and create affordable housing and prevent residential displacement. The strategy, at minimum, shall consider the following: mandatory inclusionary zoning; preservation for manufactured housing and manufactured housing communities; residential community benefit agreements; relocation assistance; redevelopment assistance; right to return programs; community preference programs; and other tools, programs, and regulations identified in Motion 15539. The report will be informed by best practices, research, other ongoing efforts in King County, and a robust community engagement process.

- **Timeline:** A Skyway-West Hill and North Highline Anti-Displacement Strategies Report and proposed legislation to implement the recommendations in the report shall be transmitted to the Council for consideration by September 30, 2021. This deadline supersedes the deadlines adopted in Motion 15539.
- **Outcomes:** The Executive shall file with the Council the Skyway-West Hill and North Highline Anti-Displacement Strategies Report, which shall include recommended strategies and tools and identification of recommended legislation, if appropriate. The Executive shall also file with the Council legislation as recommended in the Report. These outcomes supersede the deliverables adopted in Motion 15539.
- **Leads:** Department of Community and Human Services, Department of Local Services, the Office of Equity and Social Justice, and the Office of Performance Strategy and Budget. Executive staff shall update and coordinate with the Councilmember offices representing the area on at least a quarterly basis throughout the planning process.

## B. Motion 15539

A MOTION requesting the executive to conduct a study that identifies concrete actions that King County can take to develop and retain existing affordable housing in Skyway-West Hill and North Highline.

WHEREAS, the Joint Center for Housing Studies of Harvard University has stated that a large and growing share of United States households cannot find housing that they can afford, and

WHEREAS, the Haas Institute for a Fair and Inclusive Society defines "linkage fees" as fees that cities charge on new development to account for the increased demand for governmental services, such as affordable housing; those fees are also often referred to as "impact fees," and

WHEREAS, in 2016 the Center for Housing Policy defined inclusionary housing programs as generally referring to "city and county planning ordinances that require or incentivize developers to build below-market-rate homes (affordable homes) as part of the process of developing market-rate housing developments" and cited that more than five hundred local jurisdictions in the United States that have implemented inclusionary housing policies, and

WHEREAS, the regional affordable housing task force's 2018 five-year action plan includes a recommendation for King County to "coordinate with local housing authorities to use project-based rental subsidies with incentive/inclusionary housing units to achieve deeper affordability," and

WHEREAS, the regional affordable housing task force's 2018 five year action plan defines inclusionary zoning as a wide range of policies that link the production of affordable housing to the production of market-rate housing. Most programs provide incentives, such as density bonuses, in exchange for a certain percentage of units to be affordable for low- or moderate-income households, and

WHEREAS the regional affordable housing task force's 2018 five year action plan includes a recommendation to "make available at no cost, at deep discount, or for long-term lease, under-utilized property from state, county, cities and nonprofit /faith communities," including a recommendation to "expand coordination to identify, acquire and develop property for affordable housing," and

WHEREAS, the regional affordable housing task force 2018 five year action plan also states that communities of color and renters are disproportionately likely to be severely cost burdened, paying more than half of their income toward housing costs, and renters are more likely than home owners to be severely cost burdened, and

WHEREAS, the regional affordable housing task force's 2018 five year action plan was accepted by the council with Motion 15372, and

WHEREAS, the city of Seattle recently issued executive order 2019-02, Actions to Increase Affordability and Address Residential Displacement, which mandated that Community Preference be implemented in the leasing and sale of city-funded rental and ownership housing located in high risk of displacement neighborhoods and be consistent with local, state and federal Fair Housing laws, and

WHEREAS, the Harvard Joint Center for Housing Studies defines "community land trusts" as place-based nonprofits that hold land in perpetuity on behalf of a community and with the ability to help preserve affordability in hot markets and help revitalize neighborhoods in cold markets, and

WHEREAS, the Skyway-West Hill and North Highline communities are among the most racially, ethnically and economically diverse in King County, including being home to significant immigrant and refugee communities, and

WHEREAS, in 2014 and 2015, King County Motions 14421 and 14351 called for a comprehensive update to the West Hill Community Plan, and the community developed a local action plan called the Skyway-West Hill Action Plan, and

WHEREAS, the 2016 King County Comprehensive Plan adopted a Workplan Action that directed the county to work with the community to review the Skyway-West Hill Action Plan and to update the West Hill community Plan within the context of the new subarea planning program, and

WHEREAS, the executive's proposed Skyway-West Hill Land Use Subarea Plan that was released for public review in July 2019 states that among the action items the County will undertake is the creation of an equitable housing development program, which will focus on retaining and creating affordable housing and consider options for thresholds for mandatory inclusionary housing, and

WHEREAS, the John D. and Catherine T. MacArthur Foundation and the Urban Institute have provided research on how housing matters to other pivotal drivers of individual and community success and have defined "no net loss" policies as one-to-one replacement of affordable units lost in development, and

WHEREAS, the Community Reinvestment Act was passed in 1977 and requires the Federal Deposit Insurance Corporation to assess an institution's record of helping to meet the credit needs of the local communities in which the institution is chartered, and

WHEREAS, New York City has had community preference policies in place since the 1980s that set aside units for neighborhood residents during initial leasing, and

WHEREAS, the King County Comprehensive Plan requires a community service area subarea plan be developed and transmitted for approval to the council for the urban unincorporated areas of Skyway-West Hill in 2019 and North Highline in 2020;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

A. The council requests that the executive conduct a study, including a feasibility and legal analysis that identifies concrete actions that King County or King County in partnership with other agencies, can take to develop and retain existing affordable housing in Skyway-West Hill and North Highline. As part of the study, the executive shall identify concrete recommendations that can be implemented in the next three years for each of the following:

1. Implementing mandatory or voluntary inclusionary zoning legislative strategies that include:
  - a. A goal of a minimum of seven hundred affordable units, with a focus on two or more bedroom units, at fifty percent of the area median income or below, with area median income to be

calculated in the same manner traditionally determined by the department of community and human services, over the next ten years in Skyway-West Hill and North Highline;

b. A proposal for a commercial linkage or impact fee on developers; and

c. A proposal for King County to provide a density bonus to developers, such as additional square footage, more units per acre or other benefits as determined by the executive;

2. Implementing local and inclusionary employment prioritization strategies, like priority hire or community workforce agreements, specifically for new affordable housing developments that are greater than \$15,000,000 in Skyway-West Hill and North Highline;

3. Implementing a community preference policy for local neighborhood residents impacted by new development that encourages prioritization of members of the surrounding neighborhood to be housed in any new affordable housing developments in Skyway-West Hill and North Highline;

4. Increasing home ownership strategies through innovative strategies developed in partnership with the community, that includes:

a. Rent-to-own strategies;

b. Community land trusts; and

c. Down-payment assistance programs;

5. Expanding property tax exemption opportunities for low-income seniors;

6. Strategies to implement community land trusts, including:

a. A proposal for a year-long community engagement process with monthly meetings to ensure that the North Highline and Skyway community voices are being included in the process to shape any possible strategy; and

b. Exploration into a variety of potential funding sources for such a community land trust, including the Community Reinvestment Act moneys, a possible property tax or a capital gain fund; and

7. Implementing "no net loss" provisions for the development of affordable housing units.

B. In addition, the King County executive shall:

1. Utilize the equity impact review tool developed by the office of equity and social justice in developing the study;

2. Determine any outreach and communication needed to implement the proposed legislation or policies by consulting with a wide array of stakeholders in the Skyway-West Hill and North Highline communities;

3. Work with the department of local services, the office of equity and social justice and the department of community and human services to ensure coordination in the implementation of any recommendations from this study and minimize any possible disproportionate impact to communities of color;

4. Identify whether the recommendations in the study require supplemental budget appropriation;

5. Evaluate whether the recommendations in the study should be tested through a demonstration project or projects in Skyway-West Hill or North Highline. The demonstration project ordinance shall include deliverables, evaluation criteria and timing; and

6. Identify recommendations and strategies in the study that the county can take to maintain the current demographics of both race and income level in North Highline and Skyway-West Hill as of the date of passage of this motion;

7. Identify recommendations and strategies in the study that the county can take to maintain or improve economic opportunity or income level, without further displacing communities from North Highline or Skyway-West Hill.

C. The King County executive is requested to transmit to the council the study and additional deliverables requested in sections A. and B. of this motion and a proposed motion that should accept the study, within one year after the date of passage of this motion. The executive is requested to transmit to the council any proposed ordinance or ordinances that are necessary to implement the recommendations in the study no later than December 31, 2021. The study, proposed motion and proposed ordinance or ordinances should be filed in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff and the lead staff to the health, housing and human services committee or its successor. Should the executive need additional time to meet the legislative objectives of this motion, the executive shall provide a quarterly written report on its progress to the clerk of the council, who shall distribute the report to all members of the health, housing and human services committee, or its successor, until the executive has satisfied the requirements.

## C. Community Engagement Surveys

### Skyway-West Hill Small Business Survey - March 2021

This 6-part survey, designed by King County and the White Center Community Development Association, will help us understand how small businesses are impacted by rising housing and commercial costs and provide helpful input into recommendations that will go in the Skyway-West Hill and North Highline Anti-Displacement Strategies Report.

King County Department of Community and Human Services and Department of Local Services are partnering on the Skyway-West Hill and North Highline Anti-Displacement Strategies Report to explore concrete actions that King County can take to build new and retain existing affordable housing in Skyway-West Hill and North Highline and prevent the displacement of Black, Indigenous, people of color, refugee and immigrant residents.

For more information about the report, please visit: [www.publicinput.com/anti-displacement](http://www.publicinput.com/anti-displacement)

Small business owners play a vital role in the life and economies of these two communities and your input is important. The survey has 26 questions and will take about 20 minutes to complete. Thank you for taking the time to share your unique perspective. After you submit your survey you will have a chance to win a \$50 gift card to a White Center business of your choice!

If you have questions about the survey, please contact Hugo Garcia at [Hgarcia@kingcounty.gov](mailto:Hgarcia@kingcounty.gov).

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### Survey Questions

1. Participant's Age
2. Participant's Race
  - a. American Indian or Alaska Native
  - b. Chinese
  - c. Hawaiian Native or Pacific Islander
  - d. Japanese
  - e. Khmer
  - f. Latino
  - g. Vietnamese
  - h. White
  - i. Mixed Race
  - j. Prefer not to answer
  - k. Other

3. Is your business located in North Highline?
  - a. Yes
  - b. No
4. Please select the option that best describes your housing situation
  - a. I am a renter or tenant in Skyway-West Hill
  - b. I am a homeowner in Skyway-West Hill
  - c. I am a renter or tenant in a different neighborhood
  - d. I am a homeowner in a different neighborhood
  - e. Other
5. Please select which option best describes your household
  - a. I live alone
  - b. I live with my immediate family (i.e. spouse/partner and children)
  - c. I live in an intergenerational household with family members of different generations (i.e. grandparents, aunts, uncles etc.)
  - d. I live with friends or roommates who are not family members
  - e. Other

#### **Housing and Displacement Questions**

6. Have you or your business experienced any of the following impacts due to rising housing costs? Please select all that apply:
  - a. My housing costs are too high and I have fallen behind in paying my rent or mortgage
  - b. I have had to move to a different neighborhood to find less expensive housing
  - c. My employees have had to move to find housing they can afford
  - d. My business lost employees because they had to move away to find housing they can afford
  - e. My business lost customers because they have moved away from the neighborhood to find housing they can afford
  - f. My business gained new customers who have moved into the neighborhood as housing costs have increased
  - g. My business has had to adjust the types of products or services we offer to cater to a new customer base.
  - h. Myself and my business have not experienced any direct impacts
  - i. Other
7. Is there anything else you would like to share about how you or your business have been impacted by rising housing costs in North Highline?

8. The County is exploring the following recommendations for new affordable housing investments. Please share your thoughts on whether these might be beneficial to you, your community, and your business. Please select all that apply. (\*based on a family of 4) [Develop affordable homeownership units that can serve households\* making \$55K-\$86K a year]

Recommendations for New Affordable Housing Investments	Selection Options				
	This would benefit my community	This would benefit my business	This would be bad for my community	This would be bad for my business	I'm not sure and need more information
Develop affordable homeownership units that can serve households* making \$55K-\$86K a year					
Develop new affordable rental housing that can serve households* making \$33K-\$66K a year					
Create more 3 to 5-bedroom units for families					
Housing for immigrant and refugee elders that is culturally sensitive regarding language, food, and cultural practices.					

9. The County is exploring the following policy and program recommendations to prevent displacement. Please share your thoughts on whether these might be beneficial to you, your community, and your business. Please select all that apply. (\*based on a family of 4) [Get low-income homeowners enrolled in existing programs to reduce their property taxes]

	Selection Options				
Anti-displacement Strategies to Prevent Displacement	This would benefit my community	This would benefit my business	This would be bad for my community	This would be bad for my business	I'm not sure and need more information
Prioritize new affordable housing units for community members with ties to the neighborhood					
Get low-income homeowners enrolled in existing programs to reduce their property taxes					
Require landlords to provide financial assistance to tenants who may be forced to move for certain reasons					

10. Please explain your answers to questions 8 & 9
11. Are there additional recommendations you have for how the County can help address the housing needs of your community?

12. As housing costs are likely to increase over the coming years, it will be more likely new buildings will be built in the downtown area of White Center. How do you think that new development will affect your business? Please select all that apply.
- a. more residents living in the commercial core will increase business activity
  - b. more residents living commercial core will improve quality of life/safety
  - c. could increase my business's rent
  - d. could result in demolition of my building
  - e. other

### **Business Information**

13. What type of business do you own?
- a. Retail
  - b. Restaurant
  - c. Service
  - d. Other
14. How many employees does your business employ?
- a. Less than 5 employees
  - b. 5-10 employees
  - c. 10-20 employees
  - d. More than 20 employees
15. How long have you been in business?
16. Do you own or lease your business space?
- a. Own
  - b. Lease
17. Select the option that best describes where your employees live
- a. The majority of my employees live in Skyway-West Hill
  - b. Less than half of my employees live in Skyway-West Hill
  - c. None of my employees live in Skyway-West Hill
  - d. Other
18. What are some of the challenges you face in sustaining your business and keeping it located in White Center?
19. What types of support would help you sustain your business in White Center?
20. Would any of the following options help make it easier for you to keep your business in the neighborhood? Please select all that apply.
- a. Access to more affordable commercial space
  - b. Shared commercial spaces
  - c. Free or low-cost legal help to negotiate lease terms

- d. Know your rights trainings for commercial tenants
- e. Other

### **Questions for Businesses Leasing Their Current Space**

- 21. How long is your current lease and when is your lease up for renewal?
- 22. When you first signed your lease or renewed your commercial lease, did you hire or get support from a legal or real estate professional to help you negotiate for better terms?
  - a. Yes
  - b. No
  - c. Other

### **Impacts of COVID**

- 23. In the last 9 months (since July 2020) Have you fallen behind on rent or mortgage for your business due to COVID-19?
  - a. Yes and I am still behind
  - b. Yes, but I am no longer behind with my rent/mortgage
  - c. No
  - d. Other
- 24. If you have fallen behind on your rent/mortgage in the last 9 months (since July 2020), have you been able to do any of the following:
  - a. Access legal support to negotiate a payment plan, lease amendment, or similar relief with your landlord and/or avoid eviction
  - b. Negotiate a payment plan, lease amendment, or similar relief without legal support
  - c. Receive a loan or grant to avoid layoffs, pay rent, or similar costs
  - d. Other
- 25. In the last 9 months (since July 2020), did you have to lay off any employees due to the COVID-19 pandemic?
  - a. Yes
  - b. No
- 26. Have you received any financial assistance in the last 9 months? If so, please describe what kind.
  - a. Government grants
  - b. Grants from private philanthropic sources
  - c. Federal Loan Programs/SBA (PPP, EIDL)

- d. Borrowing money from friends and family members
- e. I have not received any financial assistance
- f. Other

- 27. Are there any final thoughts or comments you would like to share?
- 28. What is your name (optional)?
- 29. What is the best email or phone number to reach you at (optional)?

### **Skyway-West Hill Youth Displacement & Housing Survey**

Skyway Youth Leadership Council (SYLC) is conducting a youth survey in collaboration with King County Department of Community and Human Services and the Department of Local Services, to understand how young people (ages 12-25) are impacted by rising housing costs. Your input will help inform recommendations that will go in the Skyway-West Hill and North Highline Anti-Displacement Strategies Report.

The Skyway-West Hill and North Highline Anti-Displacement Strategies Report will explore actions that King County can take to increase affordable housing and prevent the displacement of Black, Indigenous, people of color, refugee and immigrant residents.

For more information about the report, please visit: [www.publicinput.com/anti-displacement](http://www.publicinput.com/anti-displacement)

Your input is important to us. Thank you for taking the time to share your unique perspective. Submit your survey by March 28th to have a chance to win a \$20 gift card!

If you have questions about the survey, please contact [skywayyouth@gmail.com](mailto:skywayyouth@gmail.com).

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#### **Survey Questions**

- 30. Do you live or work in Skyway-West Hill or North Highline-White Center?
  - a. Yes - Skyway-West Hill
  - b. Yes - North Highline / White Center
  - c. No (participants who selected this answer were ineligible to proceed)
- 31. Participant's Age
  - a. 12-14
  - b. 15-18
  - c. 19-25
  - d. 25+
- 32. Participant's Race
  - a. American Indian or Alaska Native
  - b. Asian

- c. Black or African American
  - d. Hawaiian Native or Pacific Islander
  - e. Latinx
  - f. White
  - g. Prefer not to answer
  - h. Other
33. How long have you lived in your current neighborhood? (Please state which neighborhood and how long you have lived there).
34. What is you and your family's current living situation?
- a. Single-Family Home (own)
  - b. Single-Family Home (rent)
  - c. Apartment Complex
  - d. Houseless
  - e. Other
35. Displacement occurs when people are forced to move because of rising housing costs, eviction, foreclosure, or the landlord sold the property. Have you or your family personally experienced displacement?
- a. Yes
  - b. No
  - c. Other
36. Is there anything you would like to share about you or your family's experience or challenges with housing?
37. How has the Covid-19 pandemic impacted your current living situation?
38. What kind of opportunities or services would help you or your family have housing stability?

### **Affordable Housing & Anti-Displacement Strategies Questions**

#### 39. Strategy 1: Community Land Trusts

A Community Land Trust is a nonprofit organization that creates and takes care of affordable housing and other community resources. To do so, the land trust gets land and keeps ownership of it permanently. Lower income families can buy homes on the land trust land at a much more affordable price because they only buy the building and not the land. The Community Land Trust limits the resale price of the homes on their land, so that the homes stay affordable for future low-income families.

On a scale of 1-5, how beneficial do you think a Community Land Trust will be in your community? (1 being Not at all helpful to 5 being extremely helpful).

Please state any questions, comments or concerns you have regarding Community Land Trusts.

40. Strategy 2: Community Preference

Community Preference is a policy that prioritizes a percentage of new affordable housing units for current or past residents who have been displaced from the neighborhood. Community Preference could only be required for new buildings that have received funding from King County.

On a scale from 1-5, how beneficial do you think Community Preference will be in your community? (1 being Not at all helpful to 5 being extremely helpful).

Please state any questions, comments or concerns you have regarding Community Preference.

41. Strategy 3: Priority Hire

Priority Hire is a policy that requires developers of King County certain public works projects, like wastewater treatment plants, to hire some local workers from zip codes with high rates of unemployment, low-income households, and people without a college degree. The Skyway-West Hill and North Highline communities meet the requirements priority hire programs, in addition to many other zip codes in King, Pierce, and Snohomish Counties.

On a scale from 1-5, how beneficial do you think Priority Hire will be in your community? (1 being Not at all helpful to 5 being extremely helpful).

Please state any questions, comments or concerns you have regarding Priority Hire.

**Additional Strategies**

- 42. Besides the strategies presented, are there any other suggestions you'd like to propose that may help combat displacement or address housing needs?
- 43. Finally, do you have any additional comments, suggestions or concerns regarding the presented affordable housing and anti-displacement strategies?
- 44. Would you like to receive updates from King County about the anti-displacement recommendations? If yes, please put your email address under "other".
  - a. Yes
  - b. No
  - c. Other

## D. Area Median Income Tables for King County

### 2021 Income and Rent Limits - Multifamily Rental Housing

Published by HUD on April 1, 2021, effective April 1, 2021

#### King County 2021 Income Limits

Maximum 2021 Household Income for Multifamily Rental Properties						
Family Size	30%	40%	50%	60%	70%	80%
1 Person	\$24,300	\$32,400	\$40,500	\$48,600	\$56,700	\$64,800
2 Persons	\$27,800	\$37,040	\$46,300	\$55,560	\$64,800	\$74,050
3 Persons	\$31,250	\$41,680	\$52,100	\$62,520	\$72,900	\$83,300
4 Persons	\$34,700	\$46,280	\$57,850	\$69,420	\$80,990	\$92,550
5 Persons	\$37,500	\$50,000	\$62,500	\$75,000	\$87,450	\$99,950
6 Persons	\$40,300	\$53,720	\$67,150	\$80,580	\$93,950	\$107,350
7 Persons	\$43,050	\$57,400	\$71,750	\$86,100	\$100,450	\$114,750
8 Persons	\$45,850	\$61,120	\$76,400	\$91,680	\$106,900	\$122,200

#### King County 2021 Rent Levels

Maximum 2021 RENTS for Projects Based on UNIT SIZE*						
Unit Size	30%	40%	50%	60%	70%	80%
0 Bedrooms	\$607	\$810	\$1,012	\$1,215	\$1,417	\$1,620
1 Bedroom	\$651	\$868	\$1,085	\$1,302	\$1,518	\$1,735
2 Bedrooms	\$781	\$1,042	\$1,302	\$1,563	\$1,822	\$2,082
3 Bedrooms	\$902	\$1,203	\$1,504	\$1,805	\$2,105	\$2,406
4 Bedrooms	\$1,007	\$1,343	\$1,678	\$2,014	\$2,348	\$2,683
5 Bedrooms	\$1,111	\$1,481	\$1,851	\$2,222	\$2,591	\$2,961

\* King County uses 1.5 persons per bedroom to determine household size and corresponding rent limits.

### E. DCHS Housing Finance Program Annual Funding Sources

Current Funding Source	Annual Amount (estimate)	Population/Use Restrictions	Status & Notes
<b>HOME Investment Partnerships Program Funds</b>	<b>\$2,900,000</b>	Rental <60% AMI Homeownership <80% AMI  Federal administrative requirements.  Housing Finance Program sets priorities. Regional governance approves priorities.	May be used to support equitable development/anti-displacement projects. HOME funds governed regionally through interlocal agreement.
<b>2331 Document Recording Fee (surcharge for homeless housing)</b>	<b>\$300,000</b>	State law limits to Homeless housing; incomes <40% AMI	Funding source is small and limited to homeless projects.
<b>Regional Affordable Housing Program (RAHP) Funds (document recording fee surcharge)</b>	<b>\$2,200,000</b>	State law limits to <50% AMI  Geographic split across three subregions.	RAHP funds governed regionally through interlocal agreement.
<b>MIDD Behavioral Health Sales Tax Fund</b>	<b>\$1,100,000</b>	Levy limits to <30% AMI, serving people with mental health conditions or substance use disorders.	No new funding in 2020 or 2021 due to COVID impacts. Future revenues for housing capital are uncertain.
<b>Transit-Oriented Development (TOD) Bond Funds 2016 Bond Allocation Plan and 2019/2020 Biennial Budget funds</b>	<b>~\$9,000,000 balance currently remaining for North/East King County</b> <i>(Note: one-time, not annual funding)</i>	TOD funds for geographic pools set by 2016 Bond Allocation Plan and 2019-2020 Adopted Budget.  Serves up to 80% AMI located near transit.	Additional TOD funds from Lodging Tax will come when economy recovers; no 2021 revenues due to COVID.

Current Funding Source	Annual Amount (estimate)	Population/Use Restrictions	Status & Notes
<b>Veterans, Seniors, &amp; Human Services Levy (VSHSL)</b>	<b>\$2,500,000 Veterans</b> <b>\$400,000 Homeownership Vets</b> <b>\$200,000 Homeownership VP</b>	Veterans and Vulnerable Populations restrictions as set by levy implementation plan. Serves Veterans, Senior Veterans, Vulnerable Populations (VP) up to 80% AMI.	Levy is up for renewal in 2023.
<b>Remaining Lodging Tax (after existing TOD bonds)</b> <i>No near-term funding available due to COVID impacts</i>	<b>\$0 in 2021</b>	Long-term implementation plan in development.	No near-term funding available due to COVID impacts.
<b>Short-term Lodging/ Airbnb</b>	<b>\$1,500,000</b>	Serve up to 80% AMI Implementation plan in development.	Using current 2021-2022 Adopted budget funds for 2021 Skyway RFP.  Funds use to be determined by implementation plan.
<b>1406 sales tax</b>	<b>\$3,000,000</b>	Implementation plan in development.  Source intended to cover operations/services as well as capital for housing units.	Using portion of current 2021-2022 Adopted budget funds for 2021 Skyway RFP.  Current short-term plan splitting between services for permanent supportive housing and equitable development.
<b>Total for 2021 HFP and Skyway RFPs</b>	<b>\$23,100,000</b>		
<b>Minus TOD \$9,000,000 one-time balance</b>	<b>\$14,100,000 annual funding</b>		