



Comprehensive Plan Housing Element and House Bill 1220

November 1, 2022

Community Planning and Development

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Tonight's Agenda

- Provide the City Council an overview of the planning requirements related to **E2SHB 1220**:
 - This is the first of several updates anticipated on E2SHB 1220.
 - This planning work will be ongoing through the next biennium.
 - The situation is currently very fluid – information to guide the City's planning efforts has changed several times since the agenda bill was drafted < 2 weeks ago.
- Discuss the talking points to include in a **comment letter to the Growth Management Planning Council (GMPC)** on the revised affordable housing targets.
 - Staff will return with a draft letter for City Council approval at the November 15, 2022 City Council meeting.

Background

- **The City is required by the Growth Management Act (GMA) to complete a Comprehensive Plan periodic update by December 31, 2024.**
- Mercer Island's periodic update has commenced:
 - Housing / employment growth targets ratified (March 2022);
 - Periodic update scope / schedule approved (March 2022);
 - Housing and Economic Development work groups formed (May 2022);
 - Public outreach has commenced – hundreds of comments received;
 - A new Economic Development Element is drafted for HWG review; and
 - Planning Commission completed preliminary reviews of updated Land Use and Transportation elements.

Background - Continued

- The Washington State Legislature adopted **E2SHB* 1220** on May 12, 2021, adding new GMA planning requirements including:
 - Cities and counties must adopt housing targets for all economic segments; and
 - Cities and counties must identify and amend housing policies that have resulted in racially disparate impacts.
- Planning guidance / direction from the Washington State Department of Commerce has been slow to come; impacting counties and cities ability to commence planning work.
- Impacts to Mercer Island's scope of work and the schedule for the Comprehensive Plan Update are likely.

*Engrossed Second Substitute House Bill

New GMA Framework for Updating Housing Elements

- Previous Requirement
- New/Modified Resource or Requirement
- New RDI Requirement

Statewide Regulatory Context

Washington State Growth Management Act

Statewide Data Resources

OFM GMA Population Projections by County → Commerce Housing Need Projections by County (2)(a) → Commerce Housing Needs Allocation Tool and Guidance

Regional Process

Multi-County Planning Policies*

Countywide Process

Develop CPPs for coordinated growth planning → Select county population target → Identify countywide housing needs associated with population target → Allocate housing needs to jurisdictions

*Not all jurisdictions engage in multi-county planning

Jurisdictional Responsibilities

Document projected housing needs consistent with allocation (2)(a) → Document sufficient land capacity for all housing needs (2)(c) → Identify barriers and limitations to housing production (2)(d) → Document programs and actions needed to achieve housing availability. Consider: All income levels, Employment locations, ADUs (2)(d) → Develop goals, policies, objectives, and mandatory provisions for housing that: Include moderate density options (2)(b), Address and undo racially disparate impacts and exclusion (2)(f), Reduce displacement risk (2)(h)

Establish Public participation program → Identify areas at higher risk of displacement (2)(g) → Identify policies that contribute to disparate impacts (2)(e)

Affordable Housing Targets



Affordable Housing Targets

WA Dept. of Commerce

- The Washington State Department of Commerce has developed affordable housing targets for all WA counties.
- Commerce must also provide guidance for meeting the other new GMA planning requirements in E2SHB 1220.
- This guidance will inform the final scope of work for the City of Mercer Island Comprehensive Plan update.
 - The scope of work is anticipated to be more than originally anticipated.

Affordable Housing Targets

GMPC

- The King County GMPC receives the affordable housing targets from Commerce and is responsible for allocating the targets to the cities in King County to guide planning.
 - There have been several GMPC and staff meetings discussing three options for allocation.
 - The formal comment period on the tree options is open and the GMPC will consider feedback until November 30.
 - A vote on the final allocation of affordable housing targets is anticipated in early 2023

Affordable Housing Targets

Three Options

Income Segment	Option 1 Target*	Option 2 Target*	Option 3 Target*
0-30% AMI	520	1,288	542
31-50% AMI	194	1,015	200
51-80% AMI	87	1,459	489
81-100% AMI	58	311	1
101-120% AMI	65	25	1
120+% AMI	315	(-) 2,858	6
Total	1,239	1,240	1,239

*Targets expressed in dwelling units.

Source: King County 2022, [jurisdictional housing need options dashboard](#).

Note: Affordable housing targets in options 1 and 2 are subsets of the total housing target The City approved in 2022 (1,239 total housing units).

Affordable Housing Targets

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Option 1: Cities allocated the same percentage shares of their housing growth target by income level

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Affordable Housing Targets

Three Options

	Option 2 Target*	Option 3 Target*
Option 2: Jurisdictions with fewer low-income housing units are allocated higher amounts in lower income bands	1,288	542
	1,015	200
	1,459	489
	311	1
	25	1
	(-) 2,858	6
	1,240	1,239

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Affordable Housing Targets

Three Options

	Option 3 Target*
<p>Option 3: Scenario 1 unit allocation is weighted by:</p>	542
<ul style="list-style-type: none"> • Share of housing that's currently affordable at 0-80 percent AMI 	200
<ul style="list-style-type: none"> • Share of housing that's currently income restricted at 0-80 percent AMI 	489
<ul style="list-style-type: none"> • Ratio of low-wage jobs to low-wage workers 	1
	1
	6
	1,239

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Affordable Housing Targets

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Affordable Housing Targets

Accommodating Targets

- Addressing Affordable Housing targets can be accommodated through planning that includes:
 - City programs and actions such as supporting ARCH, and
 - Zoning and regulations that allow sufficient development capacity for lower-income housing.
- Options for accommodating the targets will be prepared once Commerce has provided guidance

Moderate Density

- E2SHB 1220 includes a new requirement to consider moderate density housing options in the Housing Element. (RCW 36.70A.070(2)(b) and (C))
- Moderate density housing types range from detached single-family homes to mid-rise apartment buildings.
- The City will need to plan for moderate density as a part of the update to the overall housing strategy. The extent of planning required will be detailed in the Commerce guidance.



Racially Disparate Impacts



Racially Disparate Impacts

E2SHB 1220 requires the City to identify and amend housing policies that:

- Have racially disparate impacts;
- May result in displacement; and
- Have resulted in exclusion in housing. (RCW 36.70A.070(2)(e) – (h))

Racially Disparate Impacts

- E2SHB 1220 requires the City to identify areas with increased displacement risk.
- The bill also requires the City to establish anti-displacement housing policies.

Guidance From The State

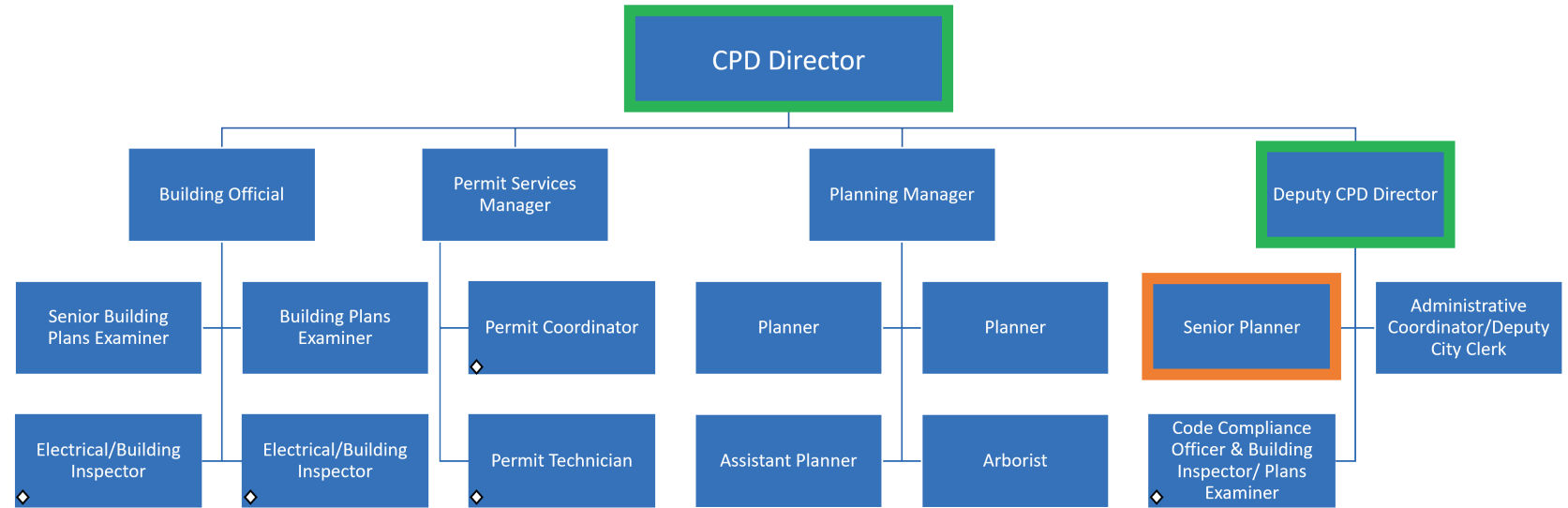
- The Department of Commerce has provided draft guidance for meeting the racially disparate impact requirements of E2SHB 1220.
 - The guidance will require an expanded scope of work for the City's update to the Housing Element of the Comprehensive Plan.
 - Staff are still evaluating the options to deliver this additional planning work.
- The final guidance from Commerce is expected by the end of the year.

Additional Resource Needs



CPD Current Staff Resources

- The City currently has 1.0 FTE dedicated to planning work (orange).
- The Director and Deputy Director provide support as well (green).
- Likely need to add a **1.0 LTE analyst position** to support this additional planning work.



2023-2024 Comp Plan Update

Budget & Resources

- **\$150,000** included in 2021-2022 budget for the Comprehensive Plan Update. Funds will carryforward.
- **\$52,000 grant** from Port of Seattle for economic planning work – economic analysis and the Economic Element, split between 2022 & 2023.
- **\$125,000 grant** from the Department of Commerce for Comprehensive Planning work, split between 2023 & 2024.
- All of these funds will be needed to meet the planning requirements of E2SHB 1220.
- No budget revisions needed at this time. Staff will return in Q1 2023 with an updated scope and schedule.

Issue Discussion



Comments to GMPC

Affordable Housing Targets

Income Segment	Option 1 Target*	Option 2 Target*	Option 3 Target*
0-30% AMI	520	1,288	542
31-50% AMI	194	1,015	200
51-80% AMI	87	1,459	489
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Source: King County 2022, [jurisdictional housing need options dashboard](#).

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Comments to GMPC Affordable Housing Targets

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31-50% AMI	194
51-80% AMI	87
81-100% AMI	58
101-120% AMI	65
120+% AMI	315
Total	1,239

Option 1 is preferred: it is the most realistic and achievable

*Targets expressed in dwelling units.

Source: King County 2022, [jurisdictional housing need options dashboard](#).

Note: Affordable housing targets in options 1 and 2 are subsets of the total housing target The City approved in 2022 (1,239 total housing units).



Comments to GMPC Affordable Housing Targets

<p>Option 3 is the second choice: it is more ambitious than option 1 but is achievable.</p>	Option 3 Target*
	542
	200
	489
	1
	1
	6
	1,239

*Targets expressed in dwelling units.

Source: King County 2022, [jurisdictional housing need options dashboard](#).

Note: Affordable housing targets in options 1 and 2 are subsets of the total housing target The City approved in 2022 (1,239 total housing units).



Comments to GMPC

Affordable Housing Targets

	Option 2 Target*	Option 3 Target*
<p>Option 2 is not recommended: it is beyond what local governments can achieve with the tools and resources available</p>	1,288	542
	1,015	200
	1,459	489
	311	1
	25	1
	(-) 2,858	6
	1,240	1,239

*Targets expressed in dwelling units.

Source: King County 2022, [jurisdictional housing need options dashboard](#).

Note: Affordable housing targets in options 1 and 2 are subsets of the total housing target The City approved in 2022 (1,239 total housing units).



Comments to GMPC Guidance and Resources

Staff suggestions for inclusion in the comment letter to the GMPC:

- Identify the preferred options affordable housing target allocation, explain why the others are problematic.
- All guidance for planning should be clear, concise, measurable, and achievable.
- Cities have limited resources. The County should advocate for additional resources from the State to support this planning work.

Next Steps

- 1. November 15:** City Council approval of comment letter to the GMPC on affordable housing target allocations.
- 2. Q1 2023:** Staff will brief City Council on updates from Commerce and King County GMPC to inform the Comprehensive Plan Update and other planning work associated with E2SHB 1220.
- 3. Q1 2023:** Staff will present amendments to the approved Comprehensive Plan Update scope of work, master schedule, and public participation plan.
 - Resource needs for the Comprehensive Plan Update will also be reviewed.



Questions?

Jeff Thomas, Interim Director
Alison Van Gorp, Deputy Director
Adam Zack, Senior Planner



Additional Reference



Residential Development Capacity

Density Level	Assumed Densities (low/high – units/acre)	Net Capacity in Dwelling Units
High	100.6/167.8	528
Medium High	26	535
Medium Low	22.7	10
Low	4.6 / 6.1	235
Very Low	2.6 / 3.3	120
Total	-	1,429

Source: King County Urban Growth Capacity Report Adopted December 14, 2021, Ratified April 6, 2022.

Income Segments

Income Segment	King County AMI ¹ Range ^{2, 4}	Mercer Island AMI ¹ Range ^{3, 4}
0-30% AMI	\$0 - 29,747	\$0 – 45,151
31-50% AMI	\$30,738 – 49,579	\$46,656 – 75,253
51-80% AMI	\$50,570 – 79,326	\$76,758 – 120,404
81-100% AMI	\$80,317 – 99,158	\$121,909 – 150,506
101-120% AMI	\$100,149 – 118,989	\$152,011 – 180,607
120+% AMI	\$118,990 +	\$180,608 +

Notes:

1. Area Median Income (AMI).
2. King County’s 2020 AMI is \$99,158 (source: U.S. Census Bureau).
3. Mercer Island’s 2020 AMI is \$150,506 (source: U.S. Census Bureau).
4. AMI ranges to qualify for affordable housing vary by household size.

Racially Disparate Impacts

Key Definitions

Racially Disparate Impacts:

“When policies, practices, rules or other systems result in a disproportionate impact on one or more racial groups.”

Exclusion in Housing:

“The act or effect of shutting or keeping certain populations out of housing within a specified area, in a manner that may be intentional or unintentional, but which leads to non-inclusive impacts.”

Racially Disparate Impacts

Key Definitions

Displacement:

“The process by which a household is forced to move from its community because of conditions beyond their control.

- **Physical displacement:** Households are directly forced to move for reasons such as eviction, foreclosure, natural disaster or deterioration in housing quality.
- **Economic displacement:** Households are compelled to move by rising rents or costs of home ownership like property taxes.
- **Cultural displacement:** Residents are compelled to move because the people and institutions that make up their cultural community have left the area.”