



City of Grandview

Housing Action Plan 2023



Prepared by
The Yakima Valley Conference of Governments



Acknowledgements

This Housing Action Plan is a result of the cooperative efforts of the City of Grandview's citizens, elected officials, and staff. Their participation and contributions are appreciated.

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RESOLUTION NO. 2023-52

**A RESOLUTION APPROVING THE CITY OF GRANDVIEW
HOUSING ACTION PLAN 2023**

WHEREAS, housing affordability and availability has become one of the crises facing residents of the Yakima Valley; and

WHEREAS, the Yakima Valley Conference of Governments was awarded a grant on behalf of the City of Grandview from the Washington State Department of Commerce to develop a Housing Action Plan (hereafter 'Plan') in compliance with HB 1923; and

WHEREAS, the purpose of the Plan is to create a set of strategies and concrete steps to meet local housing needs; and

WHEREAS, the Plan went through a public process which included public engagement through a public survey, meetings with stakeholder organizations, interviews on local television, and a social media outreach effort; and

WHEREAS, SEPA Environmental Review was completed with a determination of Nonsignificance issued on July 19, 2023; and

WHEREAS, City Council held informational sessions on the development of the Housing Action Plan on March 28, 2023 and April 25, 2023; and

WHEREAS, the City of Grandview has complied with the substantive, procedural, and notice requirements associated with SEPA, the Growth Management Act, and the Grandview Municipal Code; and

WHEREAS, the Grandview City Council finds that it is in the best interest of the City of Grandview, and its residents, to approve the City of Grandview Housing Action Plan,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRANDVIEW, AS FOLLOWS:

The City Council hereby adopts the City of Grandview Housing Action Plan, 2023.

PASSED by the **CITY COUNCIL** and **APPROVED** by the **MAYOR** at its regular meeting on September 12, 2023.

MAYOR



ATTEST:



CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY

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Housing Terminology

This guidebook uses some terminology, acronyms, or data sources that may be unfamiliar. Here are some definitions.

Affordable Housing

The United States Department of Housing and Urban Development (HUD) considers housing to be affordable if the household is spending no more than 30 percent of its income on housing costs. A healthy housing market includes a variety of housing types that are affordable to a range of different household income levels. However, the term “affordable housing” is often used to describe income-restricted housing available only to qualifying low-income households. Income-restricted housing can be located in public, nonprofit, or for-profit housing developments. It can also include households using vouchers to help pay for market-rate housing (see “Vouchers” below for more details).

American Community Survey (ACS)

This is an ongoing nationwide survey conducted by the U.S. Census Bureau. It is designed to provide communities with current data about how they are changing. The ACS collects information such as age, race, income, commute time to work, home value, veteran status, and other important data from U.S. households. We use data from the ACS throughout this needs assessment.

Area Median Income (AMI)

This is a term that commonly refers to the area-wide median family income calculation provided by the federal Department of Housing and Urban Development (HUD) for a county or metropolitan region.²³ Income limits to qualify for affordable housing are often set relative to AMI. In this report, unless otherwise indicated, AMI refers to the HUD Area Median Family Income (HAMFI).

Cost Burden

When a household pays more than 30 percent of their gross income on housing, including utilities, they are “cost-burdened.” When a household pays more than 50 percent of their gross income on housing, including utilities, they are “severely cost-burdened.” Cost-burdened households have less money available for other essentials, like food, clothing, transportation, and medical care.

Household

A household is a group of people living within the same housing unit.²⁴ The people can be related, such as family. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit, is also counted as a household. Group quarters population, such as those living in a college dormitory, military barrack, or nursing home, are not considered to be living in households.

Household Income

The census defines household income as the sum of the income of all people 15 years and older living together in a household.

Income-Restricted Housing

This term refers to housing units that are only available to households with incomes at or below a set income limit and are offered for rent or sale at below-market rates. Some income-restricted rental housing is owned by a city or housing authority, while others may be privately owned. In the latter case the owners typically receive a subsidy in the form of a tax credit or property tax exemption. As a condition of their subsidy, these owners must offer a set percentage of all units as income-restricted and affordable to household at a designated income level.

Low-Income

Households that are designated as low-income may qualify for income-subsidized housing units. HUD categorizes families as low-income, very low-income, or extremely low-income relative to HUD area median family incomes (HAMFI), with consideration for family size.

Income Category	Household Income
Extremely Low-Income	30% of HAMFI or less
Very Low-Income	50% of HAMFI or less
Low-Income	80% of HAMFI or less

Median Family Income (MFI)

The median income of all family households in an area. Family households are those that have two or more members who are related. The median income of non-family households is typically lower than for family households, as family households are more likely to have more than one income-earner. Analyses of housing affordability typically group all households by income level relative to HUD area median family income (HAMFI), which is calculated for the county or metropolitan region.

Executive Summary

Housing Needs Key Findings

- **Vacancy rates are low.** Vacancy rates for housing units are typically 1-2%. The desired vacancy rate for a city is 5%. This allows housing to be accessible to people of diverse needs and income brackets. Low vacancy rates limit housing options, resulting in an increase in competition for available units. With low supply and high demand, housing prices increase across all housing types.
- **Housing prices have risen faster than household income.** The average home sales price in Grandview has risen by **270%** between 2012 to 2022, from approximately \$110,000 to \$298,000. Over the same period, the median family income has only increased by **139%**. This indicates homeownership is getting further and further out of reach for many prospective buyers.
- **Households in Grandview are cost burdened. 32%** of all households in Grandview were cost burdened. Cost-burdened households spend more than 30% of their available income on housing costs. This leaves less money available for other vital needs like food, transportation, clothing, and education. With rising housing costs, the number of cost-burdened households has almost certainly increased during the past few years.
- **Low-income households are disproportionately affected.** 77% of all households with incomes below 50% of the Grandview median family income are cost burdened. Conversely, only 16% of all households with incomes above 50% of the Grandview median household income are cost burdened.
- **Workers are traveling long distances to their jobs in Grandview.** Almost 20% of the employees in Grandview commute more than 50 miles from their home to a workplace in Grandview. Many of these workers may be living outside of Grandview due to housing affordability, or inability to find suitable housing in the city.
- **Grandview needs housing diversity.** Over 76% of all housing in the City of Grandview are single-family homes, including mobile homes. Increasing the diversity of housing options available increases housing supply and provides housing mobility for residents seeking more affordable housing that meets their current needs. For example, an empty nest household will be able to downsize to a one- or two-bedroom unit while staying in their community, creating vacant three- or four-bedroom housing for a growing family.

Land Capacity Key Findings

- **Density maximums are generally low in all zoning districts**, with 7,500 sq. ft. being the minimum requirement city-wide for a single-family residence.
- **There is currently enough capacity for 2,230 housing units in Grandview**, if vacant, under-utilized, and under-developed lots are all used at maximum density.
- **The R1S zoning district is only a small portion of residential zoning.** The suburban zoning district (R1S – Single Family Residential Suburban) covers only 7.2 acres and is comprised of 42 parcels.
- **The vast majority of the residential zoning of the city is R-1 Low Density Residential**, covering approximately 787 acres and 2,118 parcels. The next largest portion is R-3 High Density Residential covering 126 acres and 213 parcels.

Policy Review Key Findings

- **The expected population of Grandview by 2040 is 13,558 people**, a larger population than was predicted in the 2016 Grandview Comprehensive Plan update.
- **The median income in Grandview has risen substantially since 2010**, achieving the goal of attracting higher earning households to the area.
- **More could be done to achieve the goal of rehabilitating existing housing stock.** While Grandview does participate in some regional efforts to repair and restore existing houses (such as the Yakima County HOME Consortium), more options are available, such as Community Development Block Grant funds and having a historic preservation element.
- **The City of Grandview has partnered with non-profits to provide housing for people with special housing needs.** These organizations include the Catholic Diocese and Habitat for Humanity.
- **Lot size regulations may impede building for higher density within the city.** The density restrictions in the city ordinance are stringent, and are reinforced by language within the Comprehensive Plan. Relaxing some of these restrictions may allow developers and homeowners more flexibility when it comes to constructing more housing units.

Introduction

The purpose of a Housing Action Plan is to review current and projected circumstances for housing availability within a community, determine the priorities of the community, and provide some options for the best path forward regarding housing. The entire process is one that involves cooperation between the authors (the Yakima Valley Conference of Governments), city staff, community members, developers, and various county and state organizations. The result is a tool that can be used by the city and by developers in order to determine needs, shape policy, act as a foundation for grants and other funding opportunities, and act as a source of information for any housing initiatives that may be undertaken by public or private entities.

The document is comprised of a number of elements. The Housing Needs Assessment is an overview of demographic, employment, construction, and various other sectors of data, and identifies potential gaps that may exist presently and in the future. Current housing policy is also assessed, and potential barriers and bottlenecks are identified that may be changed in the future in order to allow for various housing types or for development to be more streamlined. Community outreach supplements these findings by asking community members what gaps they see regarding current housing, and what types of housing and efforts they would like to see employed by the city and by developers. The Housing Action Plan considers these gaps and desires, and provides some strategies that may be employed by the city in order to work with developers to meet those needs. It prioritizes strategies based on the priorities presented by city staff and council, and provides some alternative strategies in the appendices.

Development of the Housing Action Plan Outreach Strategy

To craft a Housing Action Plan that accurately represents the needs and desires of the community, public outreach is crucial. The Yakima Valley Conference of Governments (YVCOG) engaged in a number of activities in order to ensure that the public's voices were heard. There were a handful of events in which the YVCOG received community feedback, and an online survey that asked community members about their opinions on housing options and interests, desired housing types, and housing needs they saw in the community. The events included the "Grandview We Can" event, school events, a blood draw, school conferences, and the distribution of posters and postcards that linked to the online survey. The survey returned 177 results, 107 of which were in English and 70 of which were in Spanish.

In addition to outreach activities, the YVCOG also made several presentations to the Grandview City Council. These presentations focused on the Housing Needs Assessment, strategies for increasing housing availability and options within the city, and a policy analysis that looked at the goals of the Grandview comprehensive plan. These presentations were informative, but also provided the opportunity for community feedback. The Housing Action Plan presented here incorporated this feedback throughout.

Housing Needs Assessment Data and Procedure

The Housing Needs Assessment synthesizes data from a variety of sources in order to highlight needs that exist within the community. It is comprised of community and workforce profiles, a current housing inventory, a gap analysis based on projected growth and construction, an assessment of the current displacement risk in the community, and a land capacity analysis that considers housing opportunities based on vacant, under-utilized, and under-developed parcels.

The data for these analyses is taken from a variety of sources. Demographic data comes primarily from the United States Census Bureau, and includes both Census results and predicted numbers based on previous population counts and projected growth estimates. Construction data, household information, and some employment data also comes from the U.S. Census Bureau, and that source is indicated on the graphs/data listed in the Housing Needs Assessment, as well as the corresponding American Community Survey chart where the information was found. Population predictions were done using a combination of current census data/estimates, projections based on the Washington State Office of Financial Management, and Yakima County predictions by jurisdiction.

Employment data was also gathered from the Washington State Employment Security Department, which tabulates current employment information by county,

as well as projected employment in each economic sector over the next ten years. Data on income brackets and household income comes from the Office of Housing and Urban Development, specifically the Comprehensive Housing Affordability Strategy, which takes census data and categorizes it by income bracket with the goal of highlighting housing needs within communities.

The methodologies involved in tabulating and presenting the data vary. Some of the work involved simply graphically representing the data as it was presented in these sources. Other elements involved some in-house calculation by the Yakima Valley Conference of Governments, and those processes are generally articulated in the Housing Needs Assessment.

The process of determining displacement risk was established by the Federal Agency for Toxic Substance and Disease Registry, which developed a mapping system for the Center for Disease Control in order to evaluate social vulnerability. The result, the Social Vulnerability Index (SVI) has been used by various organizations since then to understand the likelihood of displacement in the event of a hazardous event, which in this context could mean events such as job loss, death in the family, an increase in rent, or other unforeseen economic circumstances.

The Land Capacity Analysis element of the Housing Needs Assessment involved utilizing Geographic Information Systems to consider whether parcels within a community were developed, vacant, under-developed (a parcel large enough to be subdivided in order to provide more housing units), or under-utilized (a parcel large enough to support a higher density of housing, such as a duplex or triplex). The results of this process were maps that indicated parcels that fall within these categories, and data tables that provide specific numbers for parcels and total acreage that could be utilized to meet a community's housing needs.

Objectives and Strategies

The objectives and strategies found in this section were developed as a result of data analysis, public outreach, and consultation with the elected officials and staff of the City of Grandview. While the strategies presented here may be helpful in meeting these objectives, other strategies are being developed all the time, and the city should not feel bound by the options found here. Additionally, many of these objectives and strategies overlap, so engaging in a strategy to achieve a certain goal will likely have a positive impact on another objective. It is up to the elected officials and staff of the City of Grandview to determine which strategies best suit their priorities, and implement them to meet those ends.

Objective 1: Maintaining and rehabilitating existing housing stock

Preserving and rehabilitating existing housing stock is a crucial part of ensuring community members have enough housing. While housing development can add housing stock to the market, if houses are lost due to neglect, then the result will be a net zero gain. There are numerous strategies that can be employed to maintain and rehabilitate existing housing stock, including utilizing community development block grants, partnering with non-profit organizations, and adopting a plan for historic preservation. Below are some other strategies that may be employed to preserve housing stock in Grandview, along with some best practices for implementing these strategies and resources for these types of efforts.

Local Housing Trust Fund

Housing trust funds are distinct funds established by local governments that receive an ongoing source of dedicated funding to support housing affordability. They can be designed to meet the most critical housing needs in each community.

Gaps Addressed

- Increase housing supply
- Affordable homeownership
- Middle-income rental housing
- Senior housing
- Very-low income housing

When and Where Applicable

Communities with sufficient capacity to manage a housing trust fund and generate sufficient capital for desired outcomes. Can also be coordinated at the county and regional level.

Potential Drawbacks

Requires management of the fund.

Policies

- Leverage additional funding from state or national programs (e.g., Community Development Block Grants) to maximize the benefit of dollars raised.

Time/Capacity/Skill Needed

Staff time to report on the distribution and use of funds.

Resources

- General Information on Housing Trust Funds at Housingtrustfundproject.org
- Bellingham Home Fund

Funding Resources for Affordable Housing

There are a variety of sources of funding for affordable housing, and normally several forms of funding are required to make a project feasible. Below are some of the more prominent funding sources available.

Low-Income Housing Tax Credit (LIHTC) program. This program is a federal initiative that authorizes affordable housing developers to sell tax credits to investors to generate equity for development costs. Investors can use the credits to reduce their federal tax liability. In Washington, this program is administered through the Washington State Housing Finance Commission (WSHFC) for projects building units affordable at the 60% area median income (AMI) level for 30 years. Through LIHTC, there is a 9% tax credit program and 4% tax credit program. Nationally, the LIHTC program has helped to create over 3 million affordable housing units over 30 years, according to the National Multifamily Housing Council.

Washington State Housing Trust Fund. The Department of Commerce manages these funds that provide amortized loans, deferred loans and recoverable grants to support projects that acquire, build and/or rehabilitate affordable housing. Units must be accessible to households earning up to 80% of the AMI, with federal HOME funding requiring affordability at 50% AMI. A covenant is typically secured to ensure that the required affordability of units is maintained for 40 years.

HUD/FHA Loans. These loan programs support affordable housing projects by allowing for more favorable lending terms than private-market providers will offer. The [Section 221\(d\)\(4\)](#) program insures construction loans for new construction or substantial rehabilitation of moderate- and low-income rental housing that contains five units or more. The [Section 223\(f\)](#) program insures mortgages for the purchase or refinance of existing multifamily housing.

United States Department of Agriculture (USDA) Grant and Loan Programs. The USDA offers a variety of programs aimed at increasing affordable multifamily rental housing in rural areas. These include: Housing Preservation and Revitalization Demonstration Loans and Grants, Housing Preservation Grants, Multifamily Housing Direct Loans and Multifamily Housing Loan Guarantees.

Community Development Block Grants (CDBGs). These grants are federal funds administered to smaller cities/towns and counties for projects that improve the economic, social and physical environment. CDBG funding cannot be used for new housing construction. It can, however, be used for housing rehabilitation, homeownership assistance, affordable housing plans and infrastructure projects that support affordable housing development. Specific CDBG grants are available to Native communities through the [Indian Community Development Block Grant Program \(ICDBG\)](#). ICDBG funds have added flexibility that allows for land acquisition to support new housing and, under some circumstances, new housing construction. Some communities get funding directly from HUD; Commerce administers funds for the balance of the state.

Resources:

Information Resources from WSHFC, including list of all active LIHTC rental properties in Washington
Housing Trust Fund Handbook
HUD/FHA loan information
USDA programs for developers
Department of Commerce description of various CDBG funding programs and resource lists: <https://www.commerce.wa.gov/serving-communities/community-development-block-grants/>
Local CDBG program manager contact information:
<https://www.hud.gov/states/washington/community/cdbg>

Strategic Acquisition and Financing of Existing Multi-family Housing

To better retain affordable housing, cities and housing authorities can catalog naturally occurring affordable housing and housing with income restrictions or covenants that are about to expire. Some of this information could be found in the HNA or with further analysis of HNA data. Cities, counties, and housing authorities may then identify funds to acquire existing multifamily buildings that serve low- or moderate-income residents to avoid displacement of residents. Selected properties should be likely targets for redevelopment with residents otherwise unable to afford to stay in the neighborhood or projects with expiring affordability contracts. Alternatively, public funds can support private or non-profit owners of buildings with expiring affordability covenants, as discussed in the next strategy. This practice preserves existing communities and retains long-term affordable housing stock.

Support Third-Party Purchases of Existing Affordable Housing

Community-based organizations, non-profits and community land trusts can be important property owners within a neighborhood. Using public resources to empower trusted institutions can preserve or create affordable housing and space for community-serving organizations and businesses. Municipal and other funds can assist these institutions in land and property acquisition efforts that preserve affordable housing and prevent displacement within a neighborhood.

Objective 2: Strategic expansion of infrastructure

Infrastructure is essential for expanding city services to housing developments. However, the process is often expensive, and sometimes prohibitive for especially smaller developers. Strategic expansion of infrastructure is an effective way of ensuring that future developments will be able to access these services. Below are two strategies that support strategic expansion of infrastructure. Additionally, the City of Grandview requires developers to expand services if not already available, which keeps the cost burden of expanding these services off of the tax payer.

Strategic Infrastructure Investments

One of the costs associated with development is the cost of upgrading existing or developing new infrastructure to serve development. In some cases, a community may wish to identify priorities for investment in sewer or water extensions or sidewalks to support upzones, or to catalyze development around new amenities such as transit hubs or community centers. Strategic selection of infrastructure priorities in the capital facilities element can help support your housing program.

In Washington state, the community revitalization financing (CRF) program authorizes cities, towns, counties and port districts to create a tax “increment area” and finance public improvements within the area by using increased revenues from local property taxes generated within the area ([RCW 39.89](#)). The best locations for such a program are undeveloped and underdeveloped areas because this program depends on an increase in property value. In 2020, [HB 2497](#) amended this program to add permanently affordable housing to the list of public improvements that could use program funds. Here, “permanently affordable housing” is defined as 40 years for rental housing and 25 for ownership housing.

Reduce Minimum Lot Sizes

Reducing minimum lot sizes is a key strategy to make efficient use of public infrastructure and increase affordability. It increases a community’s capacity by allowing a greater number of dwelling units, particularly in areas close to transit and other amenities. It also provides ways to develop lots with smaller yards that do not require a lot of time or effort to maintain. In growing communities with significant vacant tracts of land, reductions in the minimum lot size carry one of the best opportunities to accommodate growth needs within compact areas. This can limit the need to expand the urban growth area and expand infrastructure to serve it. Such changes also increase opportunities for homeownership.

Policies

- Establish design standards for lots smaller than 5,000 square feet to ensure layouts that create an attractive streetscape and provide usable private open space for residents.
- Allow zero lot line development and shared-access lots.

- Minimum lot sizes for detached single family dwellings should not be smaller than 2,500 square feet.

Objective 3: Providing Opportunities For “Missing Middle” Housing Options

The housing in Grandview is predominantly single-family detached homes, comprising approximately 63% of all housing in the city, with manufactured/mobile homes comprising the second largest portion at 12%. Reviewing data from the Housing Needs Assessment, results from community outreach surveys, and the goals of the Housing Element of the Grandview Comprehensive plan, as well as consulting with staff and council from the City of Grandview, indicate that a high priority is expanding housing options. Expanded housing options provide more opportunities for a variety of people, whether they are first-time home owners, multi-generational families, or people who have been displaced due to financial hardship or other circumstances. In the survey of 177 community members, most respondents indicated that they wanted a wider variety of housing options in the city, with duplexes/triplexes/fourplexes, accessory dwelling units, and cottage housing all receiving substantial portions of the voting for what types of housing they would like to see. There are a number of different initiatives and strategies that a city can take to encourage greater housing variety, and provide options for the “missing middle.” Some are included below, with others found in the appendix on Housing Strategies.

Potential Strategies:

In many communities, the only housing choices are single-family homes on large lots or medium to large multifamily buildings. Such limited options do not reflect the wide range of needs of differing family sizes, household incomes and cultural groups. One solution is encouraging a larger variety of housing types, often referred to as the “missing middle” as they are middle-sized housing, aimed at people with middle-incomes.

In general, these types are more affordable than detached single-family homes and offer a greater range of design and locational choices than apartment buildings can offer. They also offer more flexible ways for communities to add compatible density into established neighborhoods and provide more opportunities for residents to have stability and build wealth through homeownership.

In some cases, such housing types and configurations may not be explicitly prohibited, but code standards such as density limits, lot size minimums, setbacks or parking requirements, along with a lack of code support, creates unpredictability and discourages their construction. Another factor in these housing types “missing” in communities is that local developers, particularly areas outside of the

Puget Sound region, lack experience and interest in building these housing types due to greater uncertainty in the financial return. The 2000 Census of housing structures by type shows that 8% of units in incorporated areas in Washington state are two, three and four units. The following are some potential options for “missing middle” housing, as well as some potential policies that can be employed to allow or encourage these housing types, as well as best practices when considering these housing types:

Cottage Housing

Cottage housing typically refers to a cluster of small dwelling units (generally less than 1,200 square feet) around a common open space. The cluster arrangement around a common open space also offers a model that’s been very attractive to empty nesters, singles, couples and even some small families. They offer a development approach that is appropriate and compatible with low-density residential neighborhoods. While the construction cost per square foot is often higher than a larger traditional single-family home, their smaller size makes them more affordable than a typical single-family residence. While cottage clusters may be on a single lot and rented like an apartment complex or divided into separate condominiums, most cottages today are built on fee simple lots with common areas maintained by a homeowners' association.

Policies

- Include standards to ensure that porches are required and orient towards common open space(s) and are wide enough to be useful (seven feet wide or more is preferred).
- Create design standards for both common open spaces and semi-private open spaces for individual cottages. Common open spaces should be the focal point of a development with at least half of the cottages in a cluster directly facing the space.
- Require areas for shared use. Ex) lawn areas should be paired with an adjacent hard surfaced patio area. A shared community building could provide a space for gathering and sharing tools.
- Provided shared parking areas off to the side or rear of the development. Attached storage garages are limited to a single vehicle in size and shall be designed to minimize visual and functional impacts on the common open space.

Duplexes, Triplexes and Fourplexes

Duplexes are broadly defined as a building that includes two dwelling units. They can be side by side, stacked, or a combination of the two. They are an efficient form of housing often integrated into pre-war residential neighborhoods. Triplexes and fourplexes are similar with three or four units.

Policies

- Create design guidance to help multi-unit housing fit into existing neighborhoods. Key design issues include:
 - Emphasize that unit entries and windows are directed towards the street.
 - Locate driveways and garages to the side of the construction if possible.
 - Encourage articulated facades/rooflines to promote neighborhood compatibility.
 - Ensure usable private open space.
- Allow duplexes on corner lots in single-family zones when they are designed to look more like single-family homes.
- Create separate minimum setbacks for private garages to reduce their visual impacts and provide enough off-street parking without obstructing sidewalks.
- Consider removing single-family zoning and renaming it low-density residential.

Townhouses

Townhouses are dwelling units that share walls with other residential units, but have their own front stoop or porch, yard or balcony, and are usually owner-occupied. Townhouse buildings typically contain between three to six units. Most units feature their own private garage, located underneath the dwelling unit. Most modern townhouses feature two bedrooms, though many integrate three or four bedrooms.

Policies

- Remove lot size minimums to allow flexibility in the size and design of townhouses, or if lot size standards are used, they should be sized to allow typical two-bedroom units, which typically have a footprint of around 500 square feet. Typical townhouse lots range from 14 feet for a unit with a single car-width garage to 30 feet for larger townhouses.
- Exempt townhouses from internal side yard setbacks.
- Create design standards to ensure that townhouses fit into the existing or desired neighborhood context. Key design issues include:
 - Location and design of driveways and garages in relation to the sidewalk and pedestrian environment
 - Location and design of private internal roads
 - Location and design of unit entries
 - Articulated facades/rooflines
 - Provisions for usable open space
 - Fire department access and service vehicle circulation

Some general policies that can encourage greater diversity in housing types can be found here:

Increase or Remove Density Limits

Regulating the maximum number of units per acre is one of the most commonly used tools to regulate the intensity of residential development in Washington jurisdictions. However, there are two notable drawbacks to the units/acre regulating approach beyond simply limiting density:

1. They penalize smaller units by design, as each dwelling unit, whether it is 500 square feet or 5,000 square feet, counts as one dwelling unit. As such the standard can shift development towards larger, more expensive units.
2. Most residents have a difficult time understanding what density looks like. When quizzed on the subject, community members often convey that the design of the streetscape, front yards and building frontages matter more to them.

Removing or relaxing such density limits are ways to increase the supply, diversity and affordability of housing.

Policies

- Communicate the need for such change, such as information from the housing needs assessment.
- Communicate the benefits of the strategy and link to community goals and policies.
- Illustrate case studies and example development scenarios to show how proposed changes would work on a key site.
- Couple with other tools to mitigate negative impacts and enhance the design of development. Effectively communicate those tools to community participants. Notable examples:
 - Form-based code or design standards and/or guidelines
 - Height limit, setbacks and minimum open space standards
 - Floor area ratio caps
 - Streetscape improvements (most notably planting strips with street trees)
 - Consider and clarify community infrastructure and service implications.

Revise ADU Standards

Accessory dwelling units (ADUs) are small dwelling units that are either attached to the primary dwelling or in a detached structure that is typically placed to the side or rear of the primary dwelling. ADUs have long been an important option for communities to add variety and housing choice in single-family neighborhoods.

ADUs can provide low-cost housing in established neighborhoods. They provide dwelling opportunities for extended family members and small households that prefer a neighborhood setting over apartment living.

Typical ADU ordinances require that such units be placed within or to the rear of a home. This configuration minimizes visual impacts of such units on the streetscape

Policies

- Collaborate with homeowners and prospective ADU developers and renters to help design ADU provisions that balance housing needs while minimizing neighborhood impacts.
- Consider allowing an ADU on any lot regardless of lot size.
- Consider offering pre-designed plans to encourage more ADU development.
- Consider allowing modular units and tiny homes (small dwelling units on a foundation with between 150-400 square feet of habitable floor area) as ADUs.
- Consider allowing the conversion of garages to ADUs.

Offer Density and/or Height Incentives for Desired Unit Types

In communities with a deficit of small affordable units and areas where height and/or density bonuses are under consideration, such bonuses to allow for buildings integrating a certain percentage of small units (under a specific size, such as 600 square feet) may be a good option. Alternatively, communities could adjust the way that density is measured to allow for discounts for very small units (i.e., density unit equivalent). On the other hand, many urban communities have a shortage of larger multi-bedroom apartment units to serve families with children. Density bonuses could be used to incentivize developments with such units.

Policies

- Small affordable unit incentives will be effective only where market analysis shows a gap in smaller studio and one-bedroom units.
- Consider reducing parking requirements if impacts to the neighborhood from on-street parking demand can be avoided or mitigated.
- Compatibility due to increased density or height may need to be addressed through other provisions.
- Consider the need to meet affordability thresholds when crafting the incentives and requirements for larger multi-bedroom units.

Implementation and Monitoring

The objectives in this Housing Action Plan can be addressed in a variety of ways. This plan has included a number of strategies that have been recommended, but the city is not limited to these options. However, in order to implement these strategies, some actions can be taken. Below are some of the strategies recommended in this plan, as well as implementation actions that can be taken in order to employ those strategies. For some of the objectives/strategies, the path forward is self-explanatory, but potential actions are included for those strategies

that are not clear. The implementation actions vary with regards to the cost and staff time required to employ them.

Objective 1: Preserving and Restoring Existing Housing Stock

Strategy: Local Housing Trust Fund

Potential Actions:

- Leverage additional funding from state or national programs (i.e. Community Development Block Grants) to maximize the benefit of dollars raised.

Objective 2: Strategic Expansion of Infrastructure

Strategy: Reduce Minimum Lot Sizes

- Reducing minimum lot sizes allows for higher density, which allows more households to be served with less public infrastructure and services. However, when doing this it is important to establish design standards that create attractive streetscape and does not damage the character of the neighborhood.

Objective 3: Creating more diverse/"missing middle" housing options

Strategy:

Missing Middle Housing Types (Cottage Housing, Duplexes/Triplexes/Fourplexes, Townhouses)

Potential Actions:

- Define missing middle housing types in the land use section of the municipal code, and determine which zoning districts would support this type of housing. The land use table should reflect where these housing types are permitted, and what level of review is required;
- Include design criteria for missing middle housing options that are consistent with the goals of the city with regards to space, aesthetics, and function;
- Consider parking requirements, and whether they will be associated with each individual unit or as a communal parking lot;
- Consider removing single-family zoning and renaming it low-density residential, with density requirements rather than unit requirements.

Strategy: Increase or Remove Density Limits

Potential Actions:

- Utilize outreach to communicate the benefits of such a change, and the potential for allowing more housing types;

- Employ design criteria that ensures that while density may increase, neighborhood character, space, aesthetics, and function would remain consistent;
- Consider and communicate that higher density relieves pressure on public services by serving more people with less infrastructure.

Strategy: Implement/Revise Accessory Dwelling Unit (ADU)/Accessory Apartment Standards

Potential Actions:

- Work with homeowners and developers to develop ADU provisions that balance housing needs while minimizing neighborhood impacts;
- Define Accessory Dwelling Unit/Accessory Apartment in the land use section of the municipal code, and determine which zoning districts would support this type of housing. The land use table should reflect where this housing type is permitted, and what level of review is required;
- Offer pre-designed and pre-approved plans for ADU's to encourage more ADU development;
- Allow conversion of garages to ADU's.

Objective 4: Serving Households with Special Housing Needs

Strategy: Reducing Minimum Lot Sizes

Potential Actions:

- Establish design criteria to ensure that while lot sizes might be diminished, neighborhood character, space, aesthetics, and function would remain consistent;
- Reduce setback requirements, even to the point of allowing zero lot line development and shared-access lots

Strategy: Increase Allowed Housing Types in Existing Zones

Potential Actions:

- Define a variety of housing types in the land use section of the municipal code, and determine which zoning districts would support these types of housing. The land use table should reflect where these housing types are permitted, and what level of review is required;
- Include design criteria for housing options that are consistent with the goals of the city with regards to space, aesthetics, and function.

Strategy: Planned Unit Development (PUD)/Planned Residential Development (PRD)

Potential Actions:

- Allow PUD/PRD's that have their own design criteria, design standards, and allow for higher density;
- Allow PUD/PRD's to undergo standard subdivision process rather than additional review procedures typical of PUD/PRD's;
- PUD/PRD's are an opportunity to be flexible with design criteria such as setbacks, building height requirements, and parking requirements. This may allow for higher density and more "missing middle" housing options.

Strategy: Manufactured Home and Tiny House Communities

Potential Actions:

- Consider allowing higher density for tiny houses and manufactured homes, since their footprint is substantially smaller than conventional homes;
- Consider allowing smaller lot sizes for tiny houses and manufactured homes;
- Consider providing design standards for both common open spaces and semi-private open spaces for individual units.
- Consider if parking would be required for individual units or if a communal parking lot would suffice.

Monitoring

The goal of a Housing Action Plan is to ensure that housing is available for all members of the community, and that those with special housing needs have their needs met.

Key Indicator 1: Housing Production by Type

In order to monitor progress of these goals, monitoring programs must be developed that track the number and types of housing available, and the number and types of housing that is being produced. To do this, one best practice is monitoring building permits processed by the city over the course of the year. When doing this, it is important to note the type of housing that is being produced, so that it's clear that the needs of the community are being met. Additionally, any housing that is being produced that accommodates those with special housing needs (income-restricted households, seniors, those with independent living difficulties, etc.).

Types of housing to be counted include single-family housing, duplexes, triplexes, fourplexes, accessory dwelling units/accessory apartments, multi-family housing complexes, manufactured home/tiny homes, and any additional "missing middle" housing types the city may incorporate.

Key Indicator 2: Cost Burdened Households

One of the key indicators of housing needs within the community is the number of households that are cost-burdened. A cost-burdened household spends over 30% of their annual income on housing, which includes mortgage/rent payments, taxes, utilities, etc... An extremely cost-burdened household spends over 50% of their income on housing and affiliated costs. Communities vary substantially when it comes to cost-burdened households. For example, for some communities, renter-occupied households are more likely to be cost-burdened, whereas in other communities owner-occupied households suffer from being cost-burdened more frequently. In all situations, however, a cost burden indicates that housing is not affordable for those who live within that community. By monitoring the number of cost-burdened households within a community, the city can react based on the results (for example implementing some of the strategies found in this Housing Action Plan that address specific concerns). The Department of Housing and Urban Development, specifically the Comprehensive Housing Affordability Strategy (CHAS) data, reflects current trends with regards to income brackets and cost-burdened households. However, cities may also engage in more localized efforts to determine the extent of cost-burdened households within their communities.

Key Indicator 3: Vacancy Rate

Vacancy rates are an indicator of the number of vacant housing units within a community, and can be broken down by rentals and houses for sale. If the vacancy rate is too low, prices and displacement risk rise. The ideal vacancy rate, for both rentals and houses for sale, is approximately 5%. A 5% vacancy rate allows for flexibility within the market, but also ensures that the market continues to grow at

a manageable rate. If the city maintains a record of vacancy rates, it can respond to shortages by utilizing some of the strategies included in this housing action plan. There are various ways that vacancy rates can be calculated. Census data provides some predictions on vacancy rates, but utility bills are also a good indicator of the vacancy rate within a city. Other tools for doing this include utilizing code enforcement officers, tracking certificates of occupancy, and developing localized programs for tracking vacancies.

Appendices

Appendix 1: Outreach Report and Results

Housing Needs in Your Community

SurveyMonkey

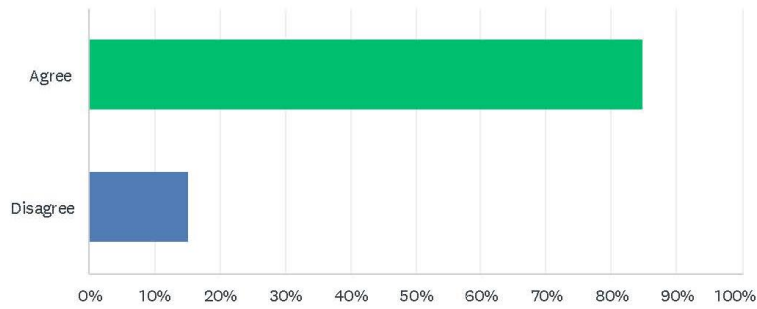
Q1 Where do you live? (Pick 1)

Answered: 107 Skipped: 0



Q2 Does your community need a wider variety of housing options?

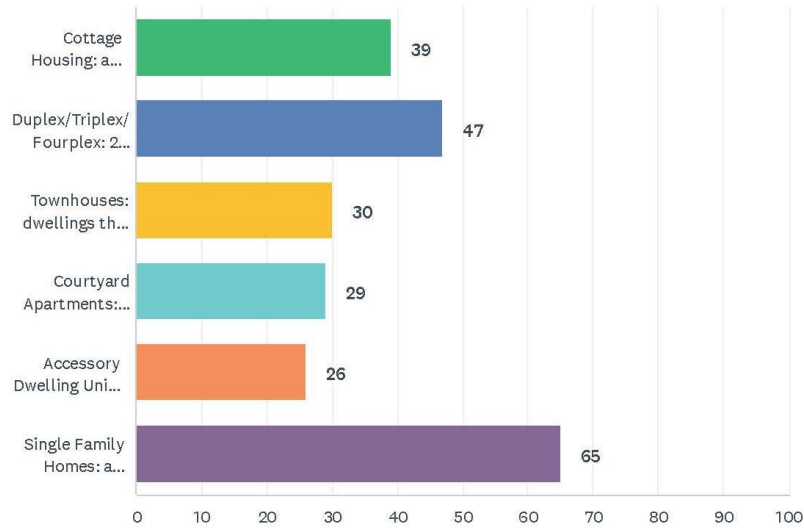
Answered: 99 Skipped: 8









ANSWER CHOICES	RESPONSES	
Agree	84.85%	84
Disagree	15.15%	15
TOTAL		99

Q3 What type of housing does your community need? PICK 3.

Answered: 104 Skipped: 3



ANSWER CHOICES	RESPONSES
 Cottage Housing: a cluster of small dwellings around a common open space. (1)	37.50% 39
 Duplex/Triplex/Fourplex: 2, 3, or 4 units built side by side, stacked, or a combination (2)	45.19% 47
 Townhouses: dwellings that share walls with other units, but have their own front porch, yard or balcony. Usually owner-occupied. (3)	28.85% 30
 Courtyard Apartments: small multi-family buildings surrounding a courtyard that opens onto a street. Typically up to three stories. (4)	27.88% 29
 Accessory Dwelling Units: a small, self-contained residence located on the same lot as an existing single-family home. (5)	25.00% 26
 Single Family Homes: a free-standing residential building with one owner, no shared walls, and its own land. (6)	62.50% 65
Total Respondents: 104	

Housing Needs in Your Community

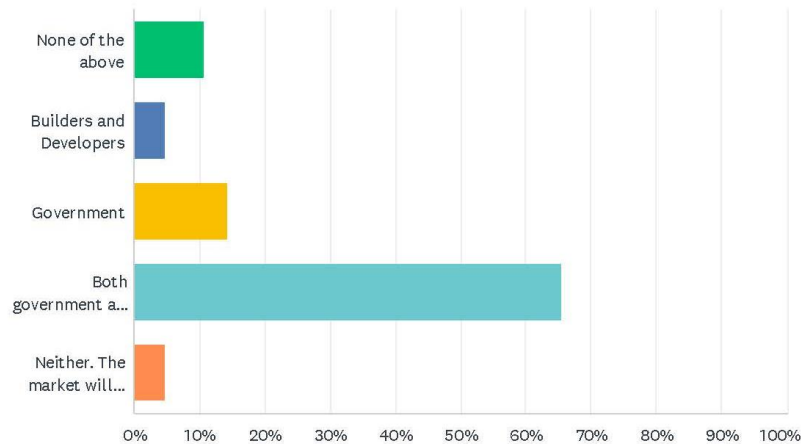
SurveyMonkey

BASIC STATISTICS				
Minimum	Maximum	Median	Mean	Standard Deviation
1.00	6.00	4.00	3.64	1.87

#	OTHER (PLEASE SPECIFY)	DATE
1	I like our small community now I feel like it's grown and don't know a lot of people.	4/3/2023 2:31 PM
2	Quality apartments with on-site management. No more low income, non-maintained housing. No more section 8 housing.	2/17/2023 10:19 AM
3	Good quality single-family houses for rent—NOT low-income housing. We need rentals for business people and those who are working in Grandview. Teachers and healthcare providers are commuting to work, because we have no gout for them. We also need senior housing that has elevators or ground level...no stairs if multi-unit building.	2/16/2023 4:59 PM
4	Small Habitat homes & temp housing for homeless.	2/16/2023 9:37 AM
5	Condos	2/16/2023 9:34 AM

Q4 Who is primarily responsible for solving the lack of housing and housing options? (Pick 1)

Answered: 84 Skipped: 23

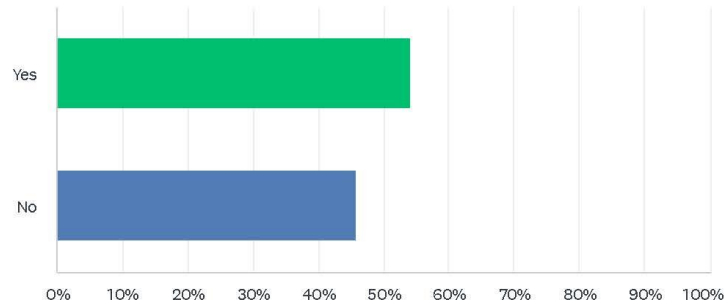


ANSWER CHOICES	RESPONSES
None of the above	10.71% 9
Builders and Developers	4.76% 4
Government	14.29% 12
Both government and builders/developers.	65.48% 55
Neither. The market will correct itself	4.76% 4
TOTAL	84

#	OTHER (PLEASE SPECIFY)	DATE
1	Financers, Counselors for families learning to budget.	2/16/2023 9:38 AM
2	The occupants should be responsible for their own purchase (thru work).	2/16/2023 9:28 AM

Q5 Should new housing look like existing homes in the neighborhood?

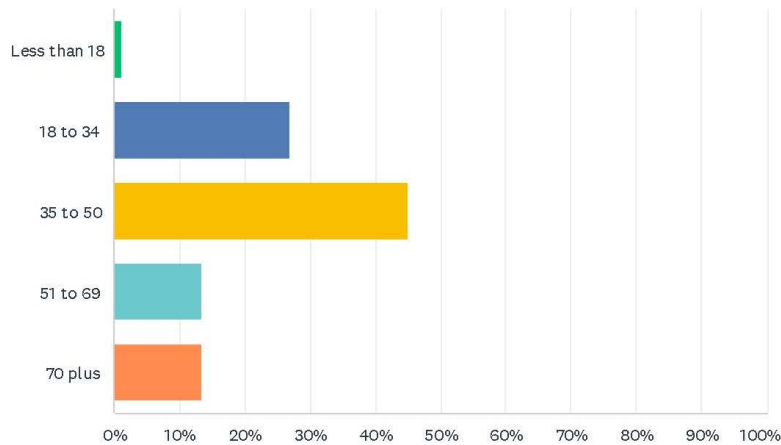
Answered: 85 Skipped: 22



ANSWER CHOICES	RESPONSES	
Yes	54.12%	46
No	45.88%	39
Total Respondents: 85		

Q6 What is your age? (Pick 1)

Answered: 89 Skipped: 18



ANSWER CHOICES	RESPONSES	
Less than 18	1.12%	1
18 to 34	26.97%	24
35 to 50	44.94%	40
51 to 69	13.48%	12
70 plus	13.48%	12
Total Respondents: 89		

Q7 Please tell us any additional comments about housing in your community.

Answered: 7 Skipped: 100

#	RESPONSES	DATE
1	WE NEED QUALITY MANAGED APARTMENTS - NOT SECTION 8 HOUSING.	2/16/2023 9:46 AM
2	Help, build more safe communities by implementing speed limits and more parks and green places for kids and families	2/15/2023 9:50 PM
3	We need more hud housing and affordable homes for families with one parent.	1/27/2023 8:22 PM
4	Control the prices rental and mortgages	1/25/2023 12:33 PM
5	City ordinances need to be reinforced. As a home owner I don't like seeing all the trash and stray animals and cars on the yards. Patrol needs to be done in problem areas.	1/23/2023 1:26 PM
6	I think it needs to become affordable to those working families that are struggling to become homebuyers in the area because the cost of current homes on the market are too high.	1/11/2023 9:15 PM
7	Looks like a lot of development happening now.	1/11/2023 4:25 PM

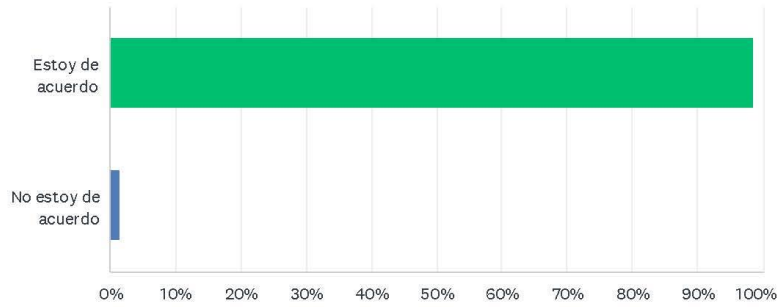
Q1 ¿Donde Vives? (Elige 1)

Answered: 70 Skipped: 0



Q2 ¿Su comunidad necesita una variedad más amplia de opciones de vivienda?

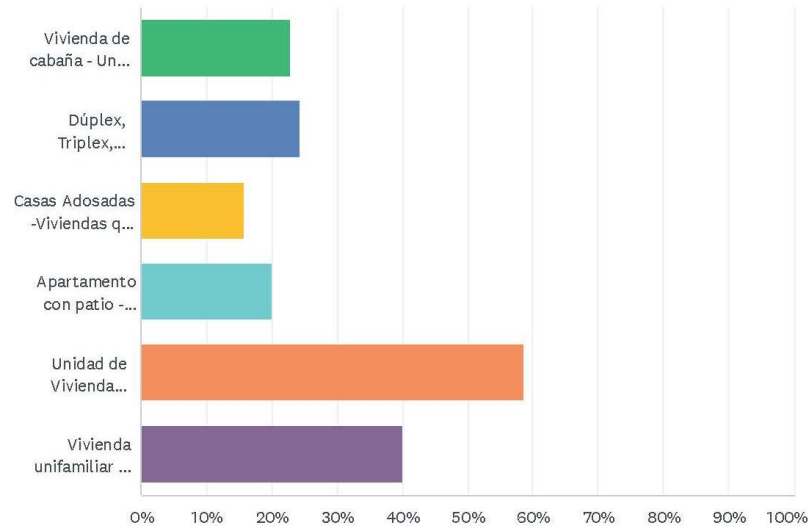
Answered: 70 Skipped: 0









ANSWER CHOICES	RESPONSES
Estoy de acuerdo	98.57% 69
No estoy de acuerdo	1.43% 1
Total Respondents: 70	

Q3 ¿Qué tipo de vivienda necesita su comunidad? (Elige3)

Answered: 70 Skipped: 0



ANSWER CHOICES	RESPONSES
 Vivienda de cabaña - Un grupo de pequeñas viviendas situadas alrededor de un espacio abierto común.	22.86% 16
 Dúplex, Triplex, Quadplex - 2, 3, o 4 unidades construidas lado a lado, apiladas, o en combinación.	24.29% 17
 Casas Adosadas -Viviendas que comparten paredes con otras unidades, pero tienen su propio porche delantero, Jardín o balcón. Generalmente ocupadas por el propietario.	15.71% 11
 Apartamento con patio - Edificios pequeños multifamiliares que rodean un patio que se abre a una calle. Típicamente hasta tres pisos.	20.00% 14
 Unidad de Vivienda Accesoría - Una residencia pequeña e independiente ubicada en el mismo lote que una casa unifamiliar ya existente.	58.57% 41
 Vivienda unifamiliar – Un edificio residencial independiente con un propietario, sin paredes compartidas y en su propio terreno.	40.00% 28
Total Respondents: 70	

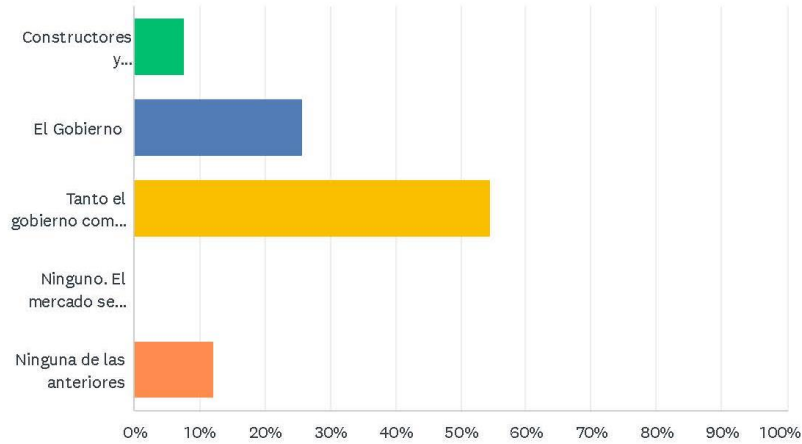
Las Necesidades de Viviendas en Tu Comunidad

SurveyMonkey

#	OTRAS (POR FAVOR, ESPECIFIQUE)	DATE
1	uno mismo.	4/3/2023 3:15 PM
2	Casas individuales.	4/3/2023 2:56 PM
3	Un edificio grande con paredes independientes por familia.	4/3/2023 2:45 PM

Q4 ¿Quién es el responsable principal de resolver la falta de viviendas y las opciones de Vivienda?

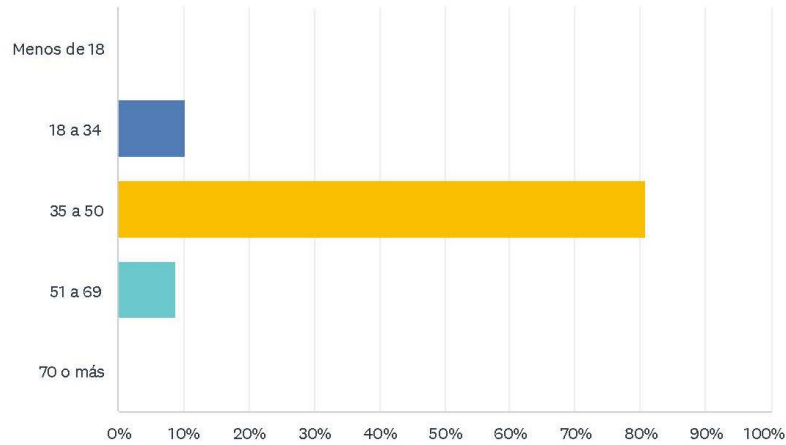
Answered: 66 Skipped: 4



ANSWER CHOICES	RESPONSES
Constructores y Desarrolladores	7.58% 5
El Gobierno	25.76% 17
Tanto el gobierno como los constructores/desarrolladores	54.55% 36
Ninguno. El mercado se corregirá a sí mismo	0.00% 0
Ninguna de las anteriores	12.12% 8
TOTAL	66

Q5 ¿Cuál es su edad?

Answered: 68 Skipped: 2



ANSWER CHOICES	RESPONSES	
Menos de 18	0.00%	0
18 a 34	10.29%	7
35 a 50	80.88%	55
51 a 69	8.82%	6
70 o más	0.00%	0
TOTAL		68

Q6 Por favor, díganos cualquier comentario adicional sobre viviendas en su comunidad.

Answered: 11 Skipped: 59

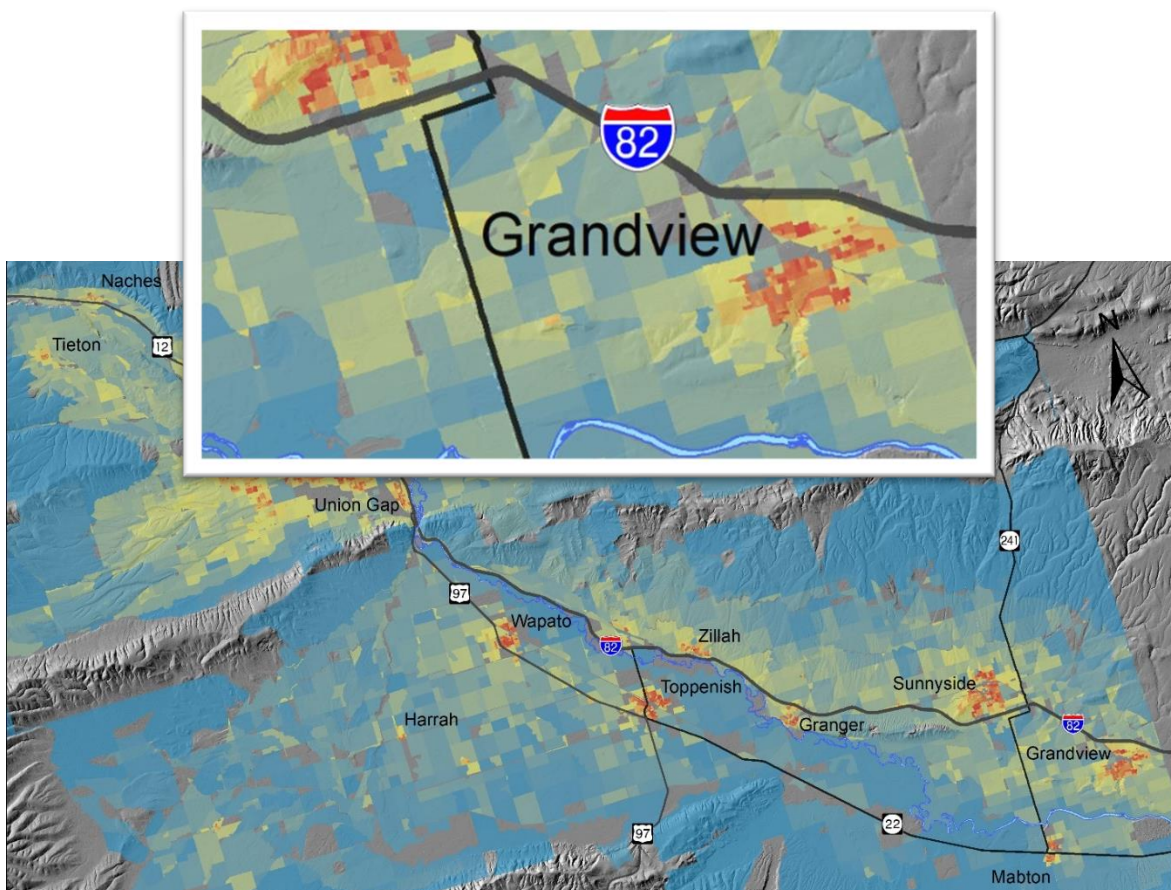
#	RESPONSES	DATE
1	El precio de las casas y rentas están muy altos.	4/3/2023 3:24 PM
2	Necesitamos más viviendas.	4/3/2023 3:09 PM
3	Viviendas a precios accesibles.	4/3/2023 3:04 PM
4	Faltan más departamentos donde los jóvenes puedan independizarse con rentas accesibles.	4/3/2023 3:01 PM
5	Viviendas más seguras.	4/3/2023 2:45 PM
6	Que hubiera más oportunidades de conseguir viviendas a un precio asequible o comodo.	4/3/2023 2:42 PM
7	Necesita mas areas verdes.	4/3/2023 2:39 PM
8	No hay suficiente viviendas en area.	4/3/2023 1:40 PM
9	Las casas más baratas.	4/3/2023 1:38 PM
10	Estan muy altos los precios para comprar una casa.	4/3/2023 12:01 PM
11	En mi opinion Grandview necesita mas viviendas asequibles para las familias. Es muy difícil encontrar casas o apartamentos de renta en buenas condiciones en esta area.	4/3/2023 11:57 AM

Appendix 2: Housing Needs Assessment

City of Grandview



2023 Housing Needs Assessment



City Of Grandview

2023 HOUSING NEEDS ASSESSMENT

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INTRODUCTION

The City of Grandview has a Professional Service Contract with the Yakima Valley Conference of Governments (YVCOG) to develop a Housing Action Plan. This Housing Needs Assessment will help inform and guide the selection of actions to include in the Housing Action Plan.

The Housing Needs Assessment provides an evaluation of current housing supply and housing needs in Grandview, across the full spectrum of household types and income levels, by answering the following kinds of questions:

- Who lives and works in Grandview and what are their socioeconomic characteristics?
- What types of housing are available in Grandview?
- Are there any groups of people who are not able to find housing that is safe, affordable, and meets their household needs?
- How much housing, and what types of housing, are needed to meet current and future housing needs of Grandview residents?

The data for this analysis is primarily from the United States Census Bureau, with some coming from the Washington State Office of Financial Management and Yakima County. That data will be combined with information gathered through community engagement to develop a Housing Action Plan for the City of Grandview. The Housing Action Plan will identify goals and policies as well as opportunities to increase the housing supply and preferred type of housing based on community characteristics and anticipated needs.

KEY FINDINGS

- **Vacancy rates are low.** Vacancy rates for housing units are typically 1-2%. The desired vacancy rate for a city is 5%. This allows housing to be accessible to people of diverse needs and income brackets. Low vacancy rates limit housing options, resulting in an increase in competition for available units. With low supply and high demand, housing prices increase across all housing types.
- **Housing prices have risen faster than household income.** The average home sales price in Grandview has risen by **270%** between 2012 to 2022, from approximately \$110,000 to \$298,000. Over the same period, the median family income has only increased by **139%**. This indicates homeownership is getting further and further out of reach for many prospective buyers.
- **Households in Grandview are cost burdened. 32%** of all households in Grandview were cost burdened. Cost-burdened households spend more than 30% of their available income on housing costs. This leaves less money available for other vital needs like food, transportation, clothing, and education. With rising housing costs, the number of cost-burdened households has almost certainly increased during the past few years.
- **Low-income households are disproportionately affected.** 77% of all households with incomes below 50% of the Grandview median family income are cost burdened. Conversely, only 16% of all households with incomes above 50% of the Grandview median household income are cost burdened.
- **Workers are traveling long distances to their jobs in Grandview.** Almost 20% of the employees in Grandview commute more than 50 miles from their home to a workplace in Grandview. Many of these workers may be living outside of Grandview due to housing affordability, or inability to find suitable housing in the city.
- **Grandview needs housing diversity.** Over 76% of all housing in the City of Grandview are single-family homes, including mobile homes. Increasing the diversity of housing options available increases housing supply and provides housing mobility for residents seeking more affordable housing that meets their current needs. For example, an empty nest household will be able to downsize to a one- or two-bedroom unit while staying in their community, creating vacant three- or four-bedroom housing for a growing family.

HOUSING TERMINOLOGY

This guide uses some terminology, acronyms, or data sources that may be unfamiliar. Here are some definitions.

Affordable Housing

The United States Department of Housing and Urban Development (HUD) considers housing to be affordable if the household is spending no more than 30 percent of its income on housing costs. A healthy housing market includes a variety of housing types that are affordable to a range of different household income levels. However, the term “affordable housing” is often used to describe income-restricted housing available only to qualifying low-income households. Income-restricted housing can be located in public, nonprofit, or for-profit housing developments. It can also include households using vouchers to help pay for market-rate housing (see “Vouchers” below for more details).

American Community Survey (ACS)

This is an ongoing nationwide survey conducted by the U.S. Census Bureau. It is designed to provide communities with current data about how they are changing. The ACS collects information such as age, race, income, commute time to work, home value, veteran status, and other important data from U.S. households. We use data from the ACS throughout this needs assessment.

Area Median Income (AMI)

This is a term that commonly refers to the area-wide median family income calculation provided by the federal Department of Housing and Urban Development (HUD) for a county or metropolitan region. Income limits to qualify for affordable housing are often set relative to AMI. In this report, unless otherwise indicated, AMI refers to the HUD Area Median Family Income (HAMFI).

Cost Burden

When a household pays more than 30 percent of their gross income on housing, including utilities, they are “cost-burdened.” When a household pays more than 50 percent of their gross income on housing, including utilities, they are “severely cost-burdened.” Cost-burdened households have less money available for other essentials, like food, clothing, transportation, and medical care.

Household

A household is a group of people living within the same housing unit.²⁴ The people can be related, such as family. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit, is also counted as a household. Group

quarters population, such as those living in a college dormitory, military barrack, or nursing home, are not considered to be living in households.

Household Income

The census defines household income as the sum of the income of all people 15 years and older living together in a household.

Income-Restricted Housing

This term refers to housing units that are only available to households with incomes at or below a set income limit and are offered for rent or sale at below-market rates. Some income-restricted rental housing is owned by a city or housing authority, while others may be privately owned. In the latter case the owners typically receive a subsidy in the form of a tax credit or property tax exemption. As a condition of their subsidy, these owners must offer a set percentage of all units as income-restricted and affordable to household at a designated income level.

Low-Income

Households that are designated as low-income may qualify for income-subsidized housing units. HUD categorizes families as low-income, very low-income, or extremely low-income relative to HUD area median family incomes (HAMFI), with consideration for family size.

Income Category	Household Income
Extremely Low-Income	30% of HAMFI or less
Very Low-Income	50% of HAMFI or less
Low-Income	80% of HAMFI or less

Median Family Income (MFI)

The median income of all family households in an area. Family households are those that have two or more members who are related. The median income of non-family households is typically lower than for family households, as family households are more likely to have more than one income-earner. Analyses of housing affordability typically group all households by income level relative to HUD area median family income (HAMFI), which is calculated for the county or metropolitan region.

COMMUNITY PROFILE

Grandview is the midpoint between the cities of Yakima and the Tri-Cities of Richland, Pasco, and Kennewick, near the eastern border of Yakima County in south-central Washington State, in the heart of the Yakima Valley. The name Grandview comes from the views of both snowcapped Mount Rainier and Mount Adams dominating the horizon to the west and the Rattlesnake Hills and Horse Heaven Hills to the north and south, respectively.

The economy is agriculture based; with apples, cherries, concord and wine grapes, hops, asparagus, corn, wheat, dairy and other fruit and vegetable production supported by processing plants and cold storage facilities. Grandview is home to quality schools, the Yakima Valley College-Grandview Campus, numerous churches, and over 70 acres of community parks.

Population

Grandview's population was 11,116 in 2019 and has been steadily growing, with a predicted population of 13,558 by the year 2040 (Figure 1). This forecasted number is taken from a combination of data sources: the Washington State Office of Financial Management (OFM) and Yakima County (2017). OFM provides population growth numbers to individual counties. Yakima County then takes that number and assigns each city with a projected population each year over the next couple decades. The model used allows for a low-, mid-, and high-growth estimate. Yakima County's preferred alternative uses the mid-growth estimate when calculating numbers, with population growth rates declining over time.

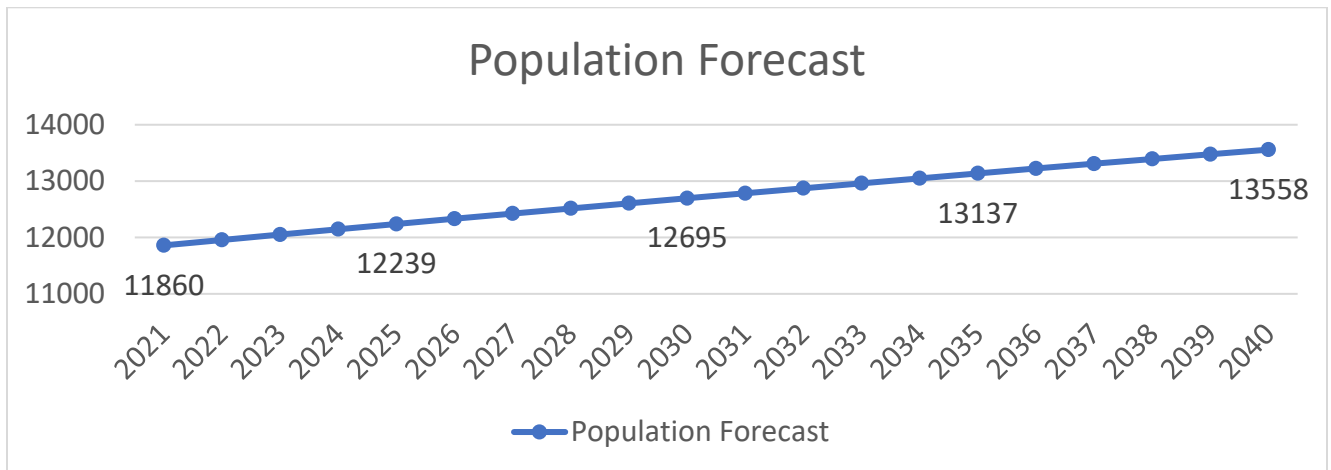


Figure 1: Source: Office of Financial Management (OFM) and Yakima County

In 2019, there were 11,116 people living in Grandview. 6,027 people, or 54% of the population, were between the ages of 20 and 64. The next largest population group were 0 to 19 years of age. This group numbered 4,203 or 38% of Grandview’s population. 886 people, or 8% of the population was over the age of 65 (Figure 2).

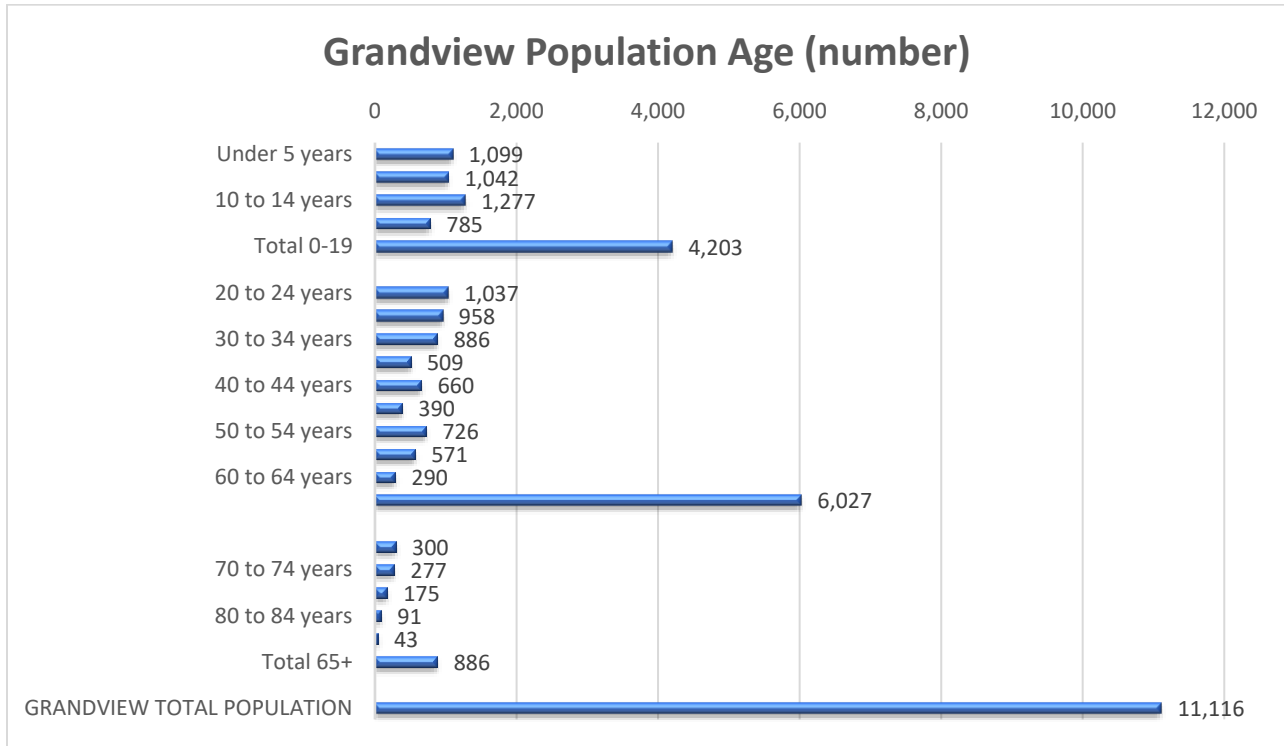


Figure 2: Source: United States Census Bureau (S0101)

Households

The US Census Bureau identified 3,166 occupied households in the City of Grandview in 2021. 51% of the households were owner occupied and the other 49% are occupied by renters (Figure 3). The number of people per household is arranged to reflect if they are 1-, 2-, 3-, or more than 4-person households. Almost 40% of the households in Grandview have four or more people living in them. The next highest number of occupancy levels for households are 2-person households, followed by 3-person households, and finally one-person households (Figure 3).

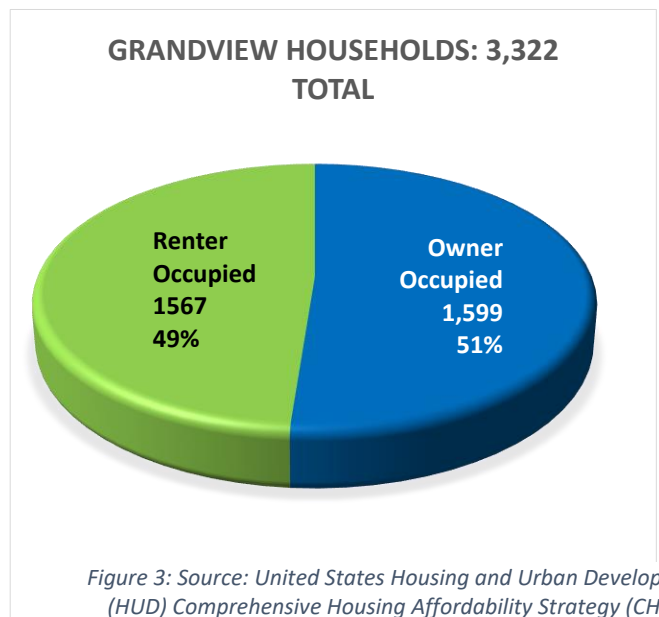


Figure 3: Source: United States Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS)

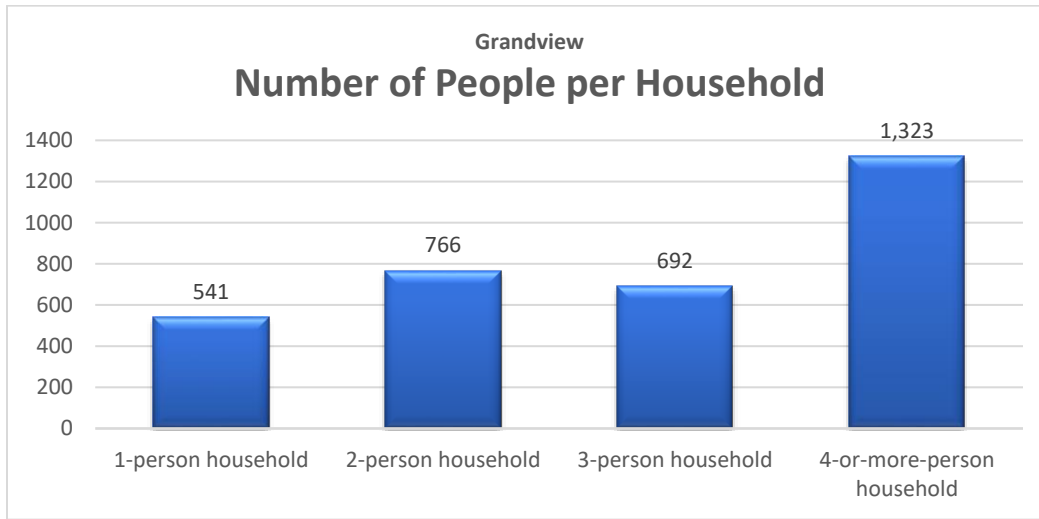


Figure 4: Source: United States Census Bureau (S2501)

Of the households in Grandview, most of the owner-occupied housing are 4-or-more-person households. Of the 1,323 households fitting that description, 748 are owned by the occupants. For 3-person households, the numbers are more evenly distributed at 315 owner-occupied houses to 377 renter-occupied households. For 2-person households the majority is again owner-occupied with 460 to 306 renter-occupied. And with 1-person households, the vast majority consist of renter-occupied houses with 362 compared to only 179 owner-occupied homes (Figure 5).

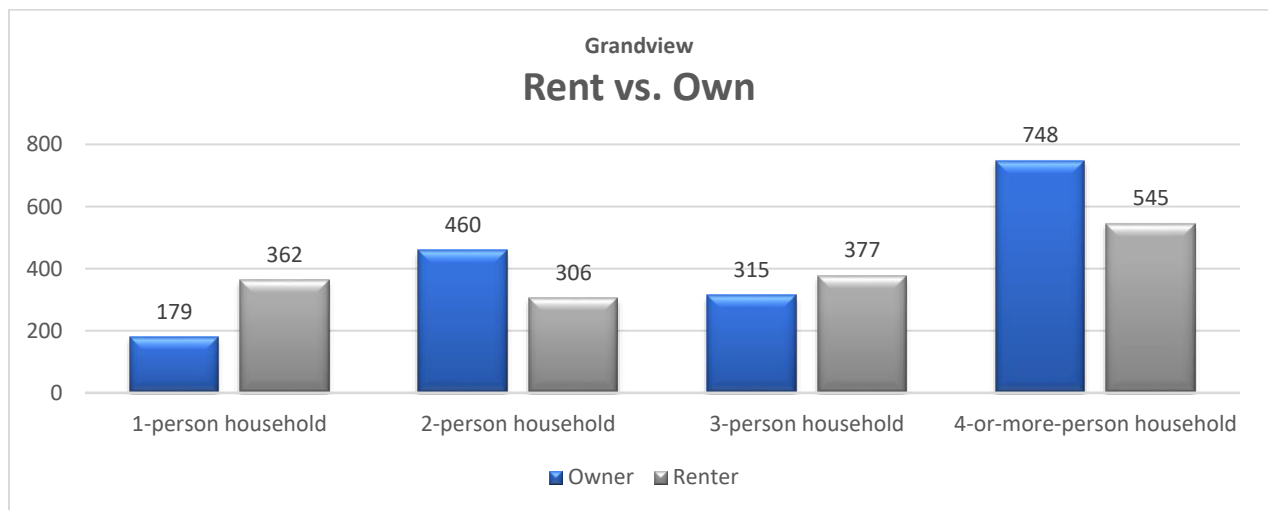


Figure 5: Source: Comprehensive Housing Affordability Strategy (CHAS) Data, 2019

When considering housing units by number of bedrooms, we see a direct correlation with the number of individuals found in Grandview housing units. 3-bedroom housing units are the most common with 1,357 units, followed by 2-bedroom units with 1,196. Studios, 1-bedrooms, 4-bedrooms, and 5+ bedroom housing units are all represented by under 500 units.

Household Income and Cost-Burdened Households

Residents of Grandview represent a variety of income levels. The median household income for the city is \$50,444, with owner-occupied units having a slightly higher median income at \$61,084, and renter-occupied units having a slightly lower median income at \$45,309. A breakdown of the household incomes by bracket can be found in Figure 6.

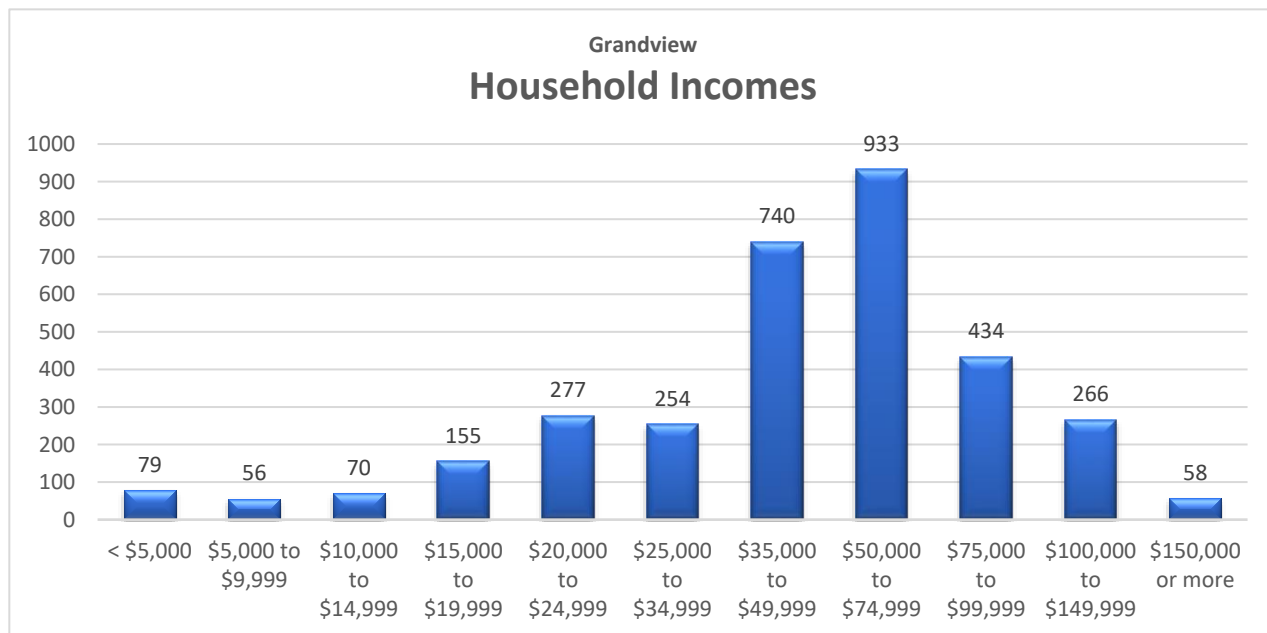


Figure 6: Source: CHAS Data 2019

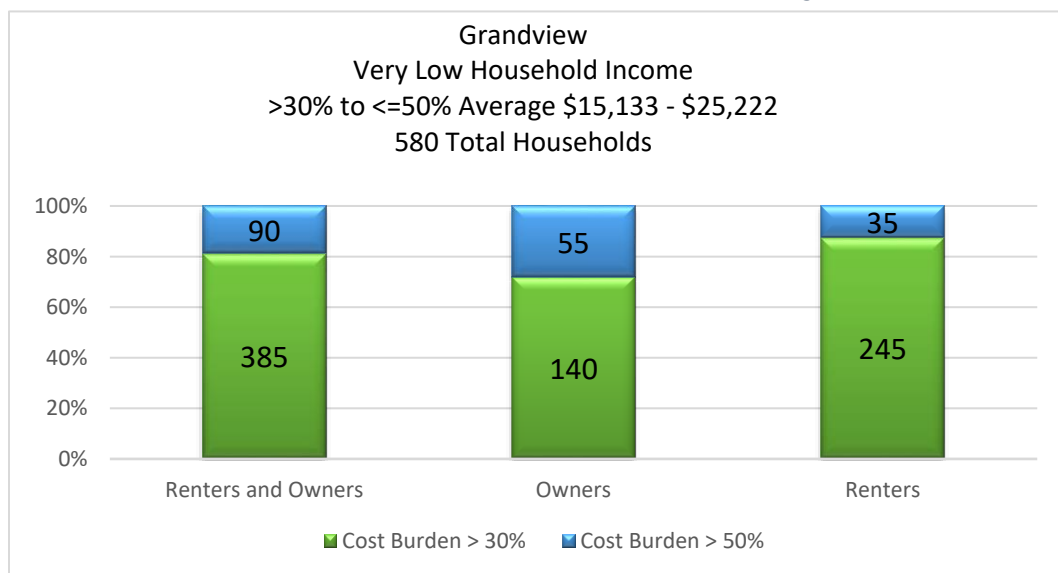


Figure 6: Source: CHAS Data 2019

In Grandview, many households experience a cost burden when it comes to housing. The most common group afflicted by a cost burden of 30% or 50% are those in the lower income brackets. Of those making less than 30% of AMI, 105

households are experiencing a cost burden greater than 30% of their monthly income, and 90 are experiencing a cost burden greater than 50% of their AMI. With only 295 households total within this income bracket, that means that 66% of households in that income bracket are experiencing a cost burden for housing. As can be seen on Figure 7, the majority of those experiencing this cost burden are renters.

Very low-income households experience a similar cost burden. For those households that fall between 30% and 50% of AMI, 385 are experiencing a cost burden greater than 30%, and 90 are experiencing a cost burden greater than 50% of their monthly income. Again, the percentage of these households that are cost burdened is high. Out of 580 households that fall within this income bracket, at 82%. However, a greater proportion of those within this income bracket own their homes (Figure 8).

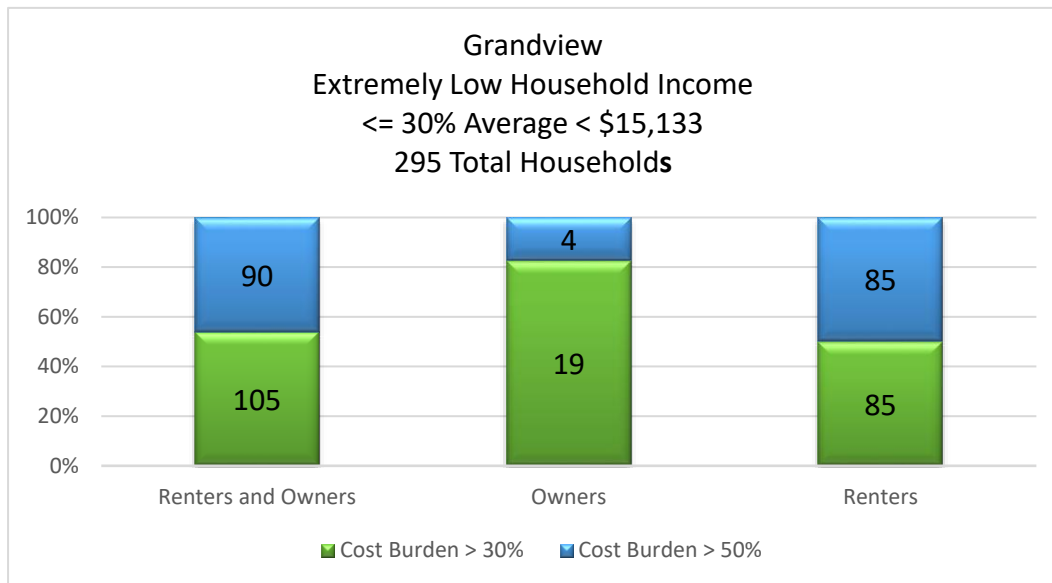


Figure 7: CHAS 2019

For higher income households, the cost burden is less severe than what is seen with lower-income households. For households that range from 50% to 80% of AMI, 280 total households are cost burdened, with 30 households experiencing a cost burden greater than 50%. The percentage of households in that income bracket is a bit smaller, however. Out of 690 households in that income bracket, only 40% are cost burdened, with owner-occupied households also comprising a larger percentage (Figure 9).

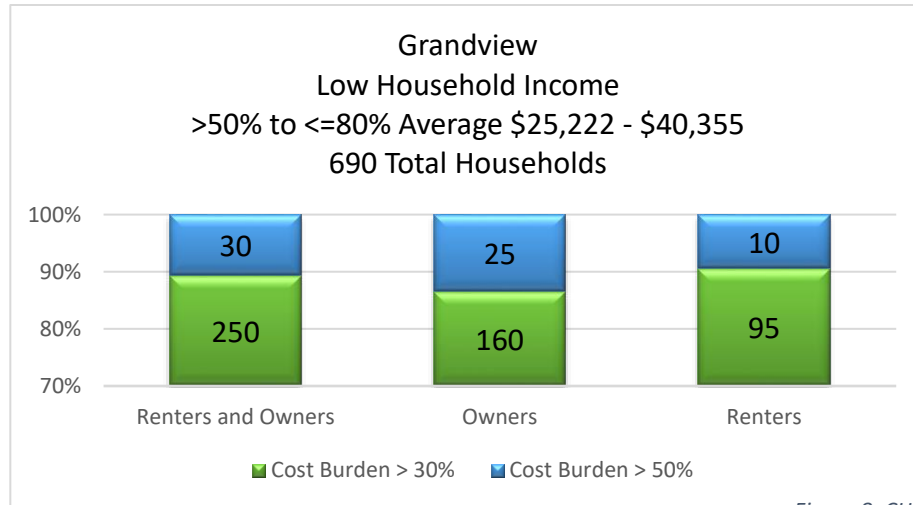


Figure 8: CHAS 2019

For households that fall into the 80% AMI bracket or above, the percentage drops further, with 16% of households between 80%-100% AMI being cost burdened, and only 2% of households above 100% AMI being cost burdened.

Residents with Special Housing Needs

A substantial portion of the population of Grandview require special housing needs. These needs can be a result of households that fall within one of the low, very low, or extremely low-income brackets, are individuals with disabilities, seniors who require assistance, and a variety of other reasons. While these specific housing needs are addressed in other sections of the Housing Needs Assessment, some general takeaways can be seen in Table 1.

Special Housing Need	Number of individuals/households	Percentage of overall individuals/households
Low, very low, extremely low income	1,773 households	56%
Population over the age of 65	752 individuals	8%
People with a disability	901 individuals	8.3%
People with self-care difficulty	233 individuals	2.4%
People with independent living difficulty	333 individuals	4.9%

Table 1: Source: ACS Table S1810

WORKFORCE PROFILE

Note: Some of the information used for this report was gathered in 2019, prior to the COVID pandemic. The pandemic had a significant impact on the economy, resulting in changes in employment and an increase in remote work. Future reports will reflect these changes. Additionally, projections in this report are based on existing data, and are a best guess as to future employment numbers.

Countywide Employment

In Yakima County, out of a labor force of approximately 137,157 (as of Oct 2022), 130,754 are employed, representing 4.7% unemployment, slightly higher than the 4.0% unemployment seen statewide. The median income in the county is \$31,950 for individuals, with the median household income being \$61,012. Inflation-adjusted per capita income in the county in 2020 was \$49,099, compared to the state rate of \$67,126 and the national rate at \$59,510. The primary industries for the county include agriculture, forestry and fishing (27.8%), health services (14.9%), local government (11.8%), retail trade (9.6%), and manufacturing (7.2%). Payroll for these industries generally reflects their share of the labor force, with agriculture, forestry, and fishing accounting for 22.5%, health services for 16%, local government for 14.6%, manufacturing for 8.9%, and retail trade for 7.7%.

The commuting time for the county averages 20.8 minutes, with about 20.3% of the working population of the county commuting over 30 minutes to their places of work. The most common means of transportation was driving in a car, truck, or van alone. 77% of the county's population travels to work in a vehicle alone, 12.5% of the population carpools, 1.8% of the population walks or rides a bicycle, and .1% of the population takes public transportation. 7.5% of the county does their work from home.

The poverty rate in the county in 2020 was 14.8%, higher than the state's average of 9.5% and the national average of 11.4%.

Source: Washington State Employment Security Department, Yakima County Profile and United States Census Bureau.

City Employment Trends

The employment trends for the City of Grandview largely reflect the current situation in the county, but there are some differences when it comes to top industries and income. The top industries in the city are Transportation/Warehousing (34%), Educational services (23%), Manufacturing (11%), Retail Trade (10%), and Agriculture (7%) (Figure 1). The median family income for individuals in the city is approximately \$27,586, with median household income being approximately \$52,500.

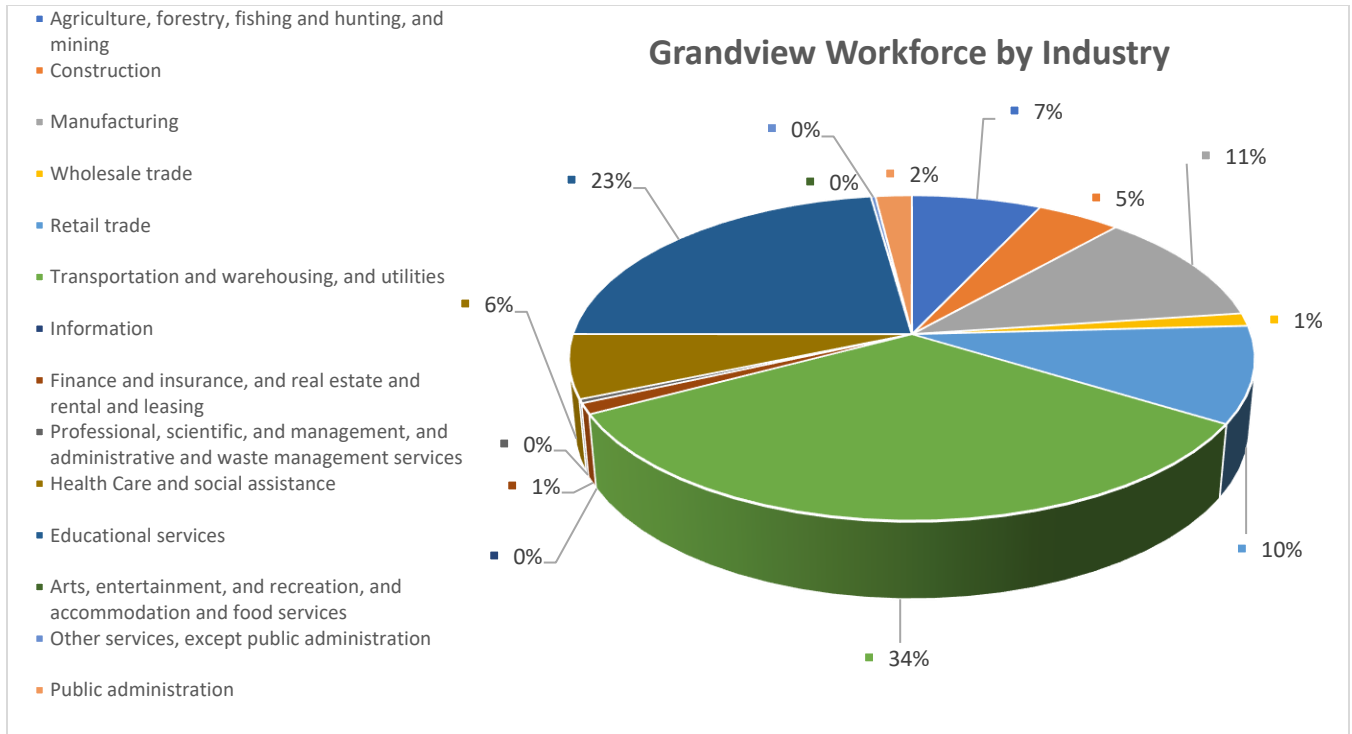
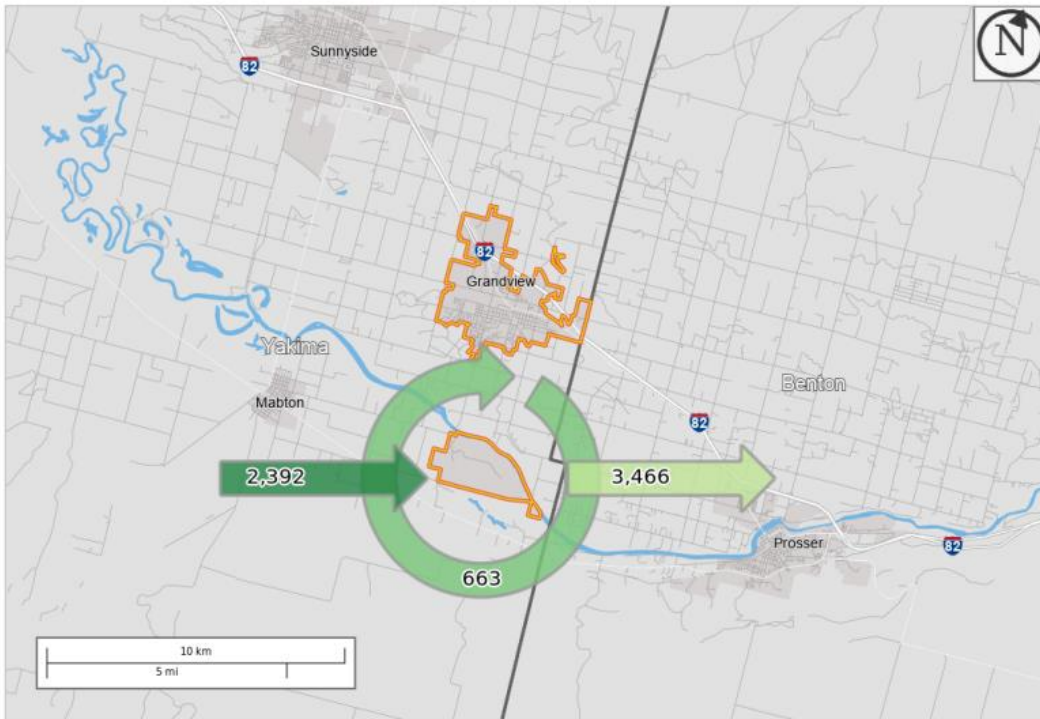


Figure 9: Employment by Industry in Grandview, 2021;
Source: United States Census Bureau, 2021: ACS 5-Year Estimates Data Profiles, OnTheMap

The area has a favorable job-housing ratio of .933, within the preferable range of .75-1.5. However, this has not resulted in the workforce remaining in Grandview. As is seen county-wide, commuting to or from Grandview is common. Only approximately 55.5% of those working in Grandview have a commute time of less than 10 miles. Roughly 37.3% of the workforce commutes over 25 miles, with 19.9% commuting over 50 miles. A substantial number of people live in Grandview and are employed elsewhere, and the data also shows commute time is substantial here, too.

Of those who live in Grandview, approximately 38.2% of those who work elsewhere have a commute of over 25 miles. Overall, more people leave Grandview for work than either live and stay in Grandview or come from beyond the city limits to work there (Figure 11). Only 22% of the people who work in Grandview live there, with 78% of those working there traveling from outside city limits. (Figure 12).



Map Legend

Selection Areas

★ Analysis Selection

Inflow/Outflow

- ◆ Employed and Live in Selection Area
 - ◆ Employed in Selection Area, Live Outside
 - ◆ Live in Selection Area, Employed Outside
- Note: Overlay arrows do not indicate directionality of worker flow between home and employment locations.



Figure 10: Inflow/Outflow Counts of All Jobs for Grandview, 2019;
Source: United States Census Bureau, OnTheMap

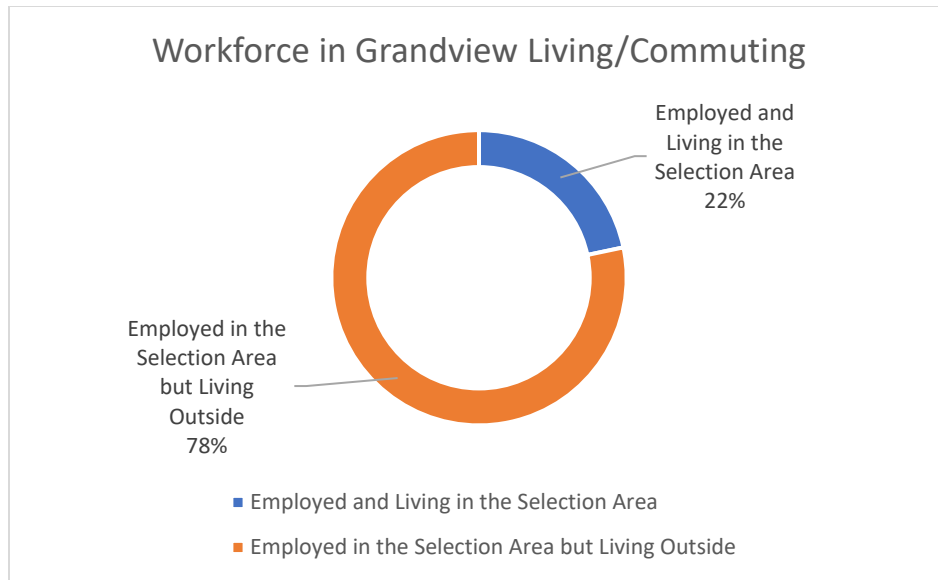


Figure 11: Workforce in Grandview Living/Commuting;
Source: United State Census Bureau, OnTheMap

Employment Projections

The Washington State Employment Security Department maintains projected growth in industries on a regional basis. For non-farm labor, the city of Grandview falls into the South-Central region of the state, and so employment growth in the city is calculated by applying the presumed growth in the region to the breakdown in workforce by industry. Farm labor is calculated at the county level, and so that rate has also been calculated and included for the agricultural sector. The results can be found in Table 1 and can be used as a best guess for future growth within these industries in the city. The total number of workers can be found in the first column (2021), with projected jobs in the 2025 and 2030 columns.

<i>Additional Jobs Predicted in 2025, 2030 in Grandview, WA</i>			
	2021	2025 (Predicted)	2030 (Predicted)
Total Jobs	3055	3201	3294
Transportation and Warehousing	967	1021	1041
Manufacturing	325	330	337
Retail Trade	276	288	293
Agriculture	203	213	223
Educational Services	657	692	729

Table 2: Additional Jobs Predicted in 2025, 2030 in Grandview, WA; Source: Employment Security Department Employment Projections for South-Central Washington (Non-Agricultural) and for Yakima County (Agricultural), OnTheMap Data

HOUSING INVENTORY

The housing inventory data was gathered through a variety of sources including the U.S. Census Bureau, local housing providers and nonprofit organizations. Data is organized into type of housing, number of bedrooms, own or rent, and subsidized housing. The intent is to provide a snapshot of the type of housing that currently exists to determine if it is meeting the community’s projected needs.

Housing Supply Characteristics

Housing units in Grandview, WA are predominantly single detached units. Of the 3,321 units in Grandview in 2021, 63% of them are 1-unit detached. The next largest percentage is represented by mobile homes at 12%, and duplexes and multi-family units represent less than 5% each (Figure 13).

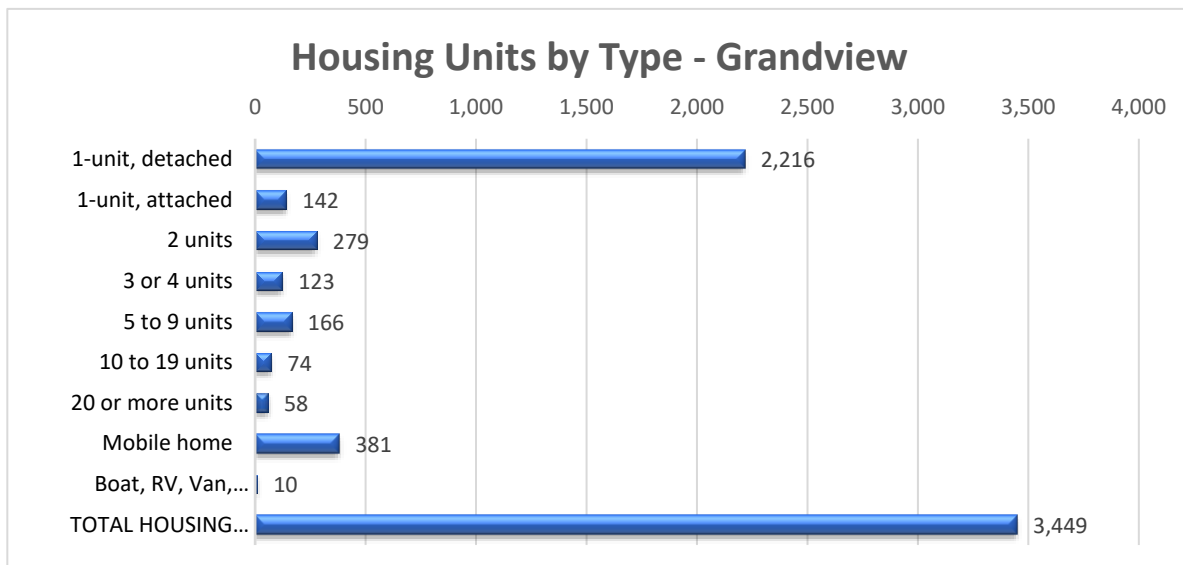


Figure 12: Source ACS Chart B25001

Tenure in Grandview is split relatively evenly between renter-occupied and owner-occupied houses with 1,567 renter-occupied units and 1,599 owner-occupied units. The average household size also does not vary much between renter-occupied and owner-occupied houses, with household size for owner-occupied units averaging 3.47, and renter-occupied units averaging 3.40. 155 units currently sit vacant, but this statistic is misleading (see Gap Analysis).

The largest proportion of housing units in Grandview are 3-bedroom housing units. Of the 3,321 units in Grandview, approximately 40% of them have 3-bedrooms, with 2-bedroom houses having slightly fewer at 35%. Only 7% of housing units in Grandview have 1 bedroom or fewer (Figure 14).

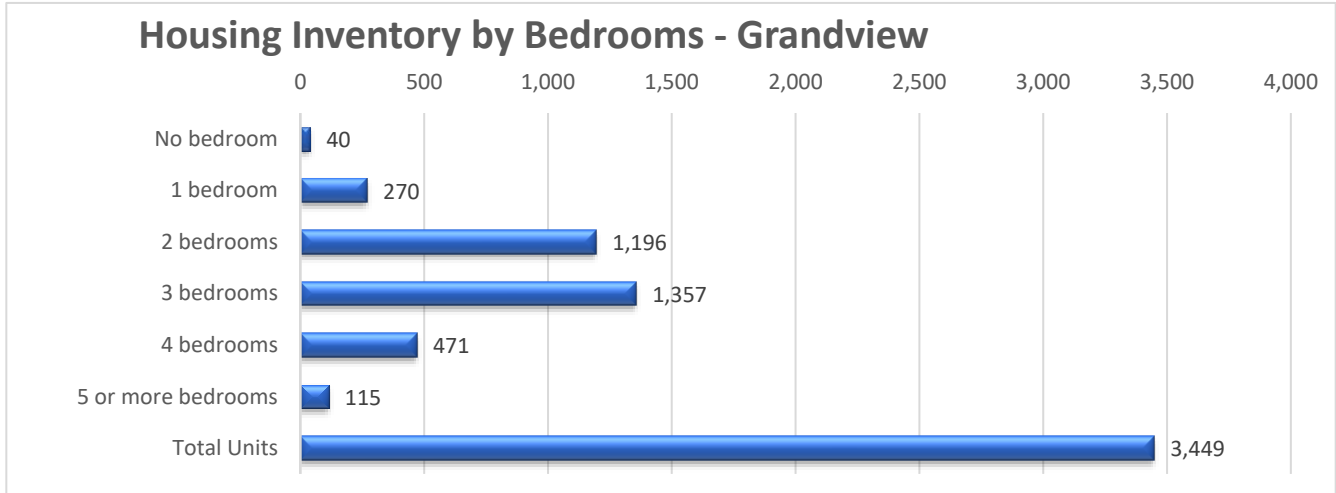


Figure 13: Source ACS Chart B25001

Subsidized Housing

Grandview currently has a number of options available for people with special needs, and people that fall within certain income brackets. Currently, there are approximately 265 units available for those who need some sort of assistance or qualify for subsidies. Most of these units are available for people of low, very low, and extremely low income, which comprise approximately 56% of the households in Grandview. These unit types vary from apartments to single-family homes and may have various qualifications in addition to the income requirements, such as disabilities, senior status, and assisted living requirements. Subsidized housing makes up approximately 8% of the current housing in Grandview.

GAP ANALYSIS

The City of Grandview compares favorably to many of the communities in the state when it comes to housing availability, but still demonstrates a present and growing gap between available housing and what is required. Additionally, as construction has occurred the lowest income brackets are often left with fewer options for affordable housing. A low vacancy rate has made living in the city difficult for some, and this is projected to become worse in the coming years. This section will illustrate the gap that presently exists, present some rough forecasts on the development of this disparity, and describe the housing that will be required at various income levels within the city.

Current and Future Housing Disparity

The current population of the City of Grandview is estimated to be 10,894, occupying approximately 3166 households. The occupied households are split relatively evenly between owner-occupied homes and renter-occupied homes (Table 1). The overall vacancy rate for the city is approximately 5%, meeting the desired standard for vacancy. However, for owner-occupied homes, the vacancy rate is approximately 1.3%, whereas for rentals it is approximately 1.7%, both falling outside of the desired standard. The majority of the vacancy rate is classified as “Other Vacant,” which the census defines as “year-round units which were vacant for [other] reasons: For example, held for settlement of an estate, held for personal reasons, or held for repairs.” Other potential reasons include foreclosure, legal proceedings, preparation to rent/sell, storage, abandonment, or extended absence. While the vacancy rate falls within the desirable standard, the reality is that the vacancy rate is better reflected by the 1.3% and 1.7% rates that exist for owner-occupied and renter-occupied homes.

Vacancy			
Occupied	Vacant	Total	Vacancy Rate
3166	155	3321	5%
Vacancy Status			
For Rent	For Sale	Other Vacant	Total
27	21	107	155
Housing Tenure			
Owner Occupied	Renter Occupied	Total	
1599	1567	3166	
Additional Units Required to Meet 5% Vacancy			
Owner Occupied	Renter Occupied	Total	
59	49	108	

Table 3: Current Housing Vacancy in Grandview, WA (Source: ACS B25002, B25004, DP04)

Projections for future building do not indicate any narrowing of the gap that currently exists between existing and required housing. By 2040, the population of Grandview is expected to reach approximately 13,558. With an average household size of 3.43, this will require an additional 777 housing units serving a variety of income levels. However, from 2010 to 2020, the average annual number of housing units constructed was only 13.7 housing units per year. If that trend continues, by 2040 there will be 247 new housing units, creating a deficit of 530 housing units. To reach the goal of 777 housing units by 2040, production must be increased by 215% annually (producing 29.4 housing units per year rather than 13.7).

Housing Disparity by Income Level

In Grandview, the population represents a broad spectrum of income levels, and in order to prevent these groups from being cost-burdened, housing needs to reflect that diversity. The median household income for the City of Grandview is \$52,500, with 80% of Annual Median Income (AMI) being \$42,000, 50% AMI being \$26,250, and 30% AMI being \$15,750. The percentage of the population of Grandview that falls within these income brackets can be seen in Figure 15, and their relative affordable housing limits can be seen in Table 4. The calculations in Table 2 were completed with the understanding that spending more than 30% of a household income on housing results in a household becoming cost-burdened.

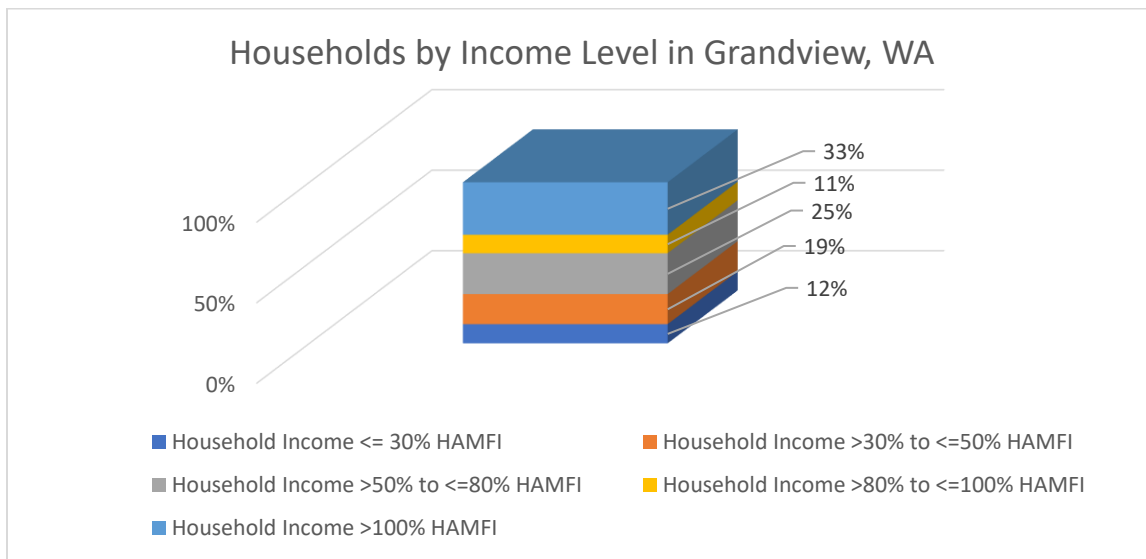


Figure 14: Income Levels in Grandview WA (Source: HUD's Office of Policy Development and Research)

Income Distribution	Annual Household Income	Affordable Monthly Rent	Affordable Home Value
100% AMI (Household Median Income)	\$52,500	\$1,312.50	\$247,891.00
80% AMI	\$42,000	\$1,260.00	\$198,313.00
50% AMI	\$26,250	\$788.00	\$123,946.00
30% AMI	\$15,750	\$473.00	\$74,367.00

Table 4: Affordable Monthly Rent and Home Value by Income Bracket

Based on current housing trends, options available to lower-income households are limited. The current median rental value (as of 2021) is approximately \$905/mo., exceeding the affordable monthly rent of people that fall below approximately 73% of median household income. Similarly, homes in Grandview have a median home value of \$155,400, exceeding the affordable home value for people who fall below approximately 68% of median household income. It should also be noted that home value calculations are done using assessor data, rather than fair market value from real estate sales.

Furthermore, for both monthly rent and home values, the median has been steadily increasing over the previous ten years and is forecasted to continue to increase. Figures 16 and 17 illustrate the projected increase in monthly rent and home value respectively.

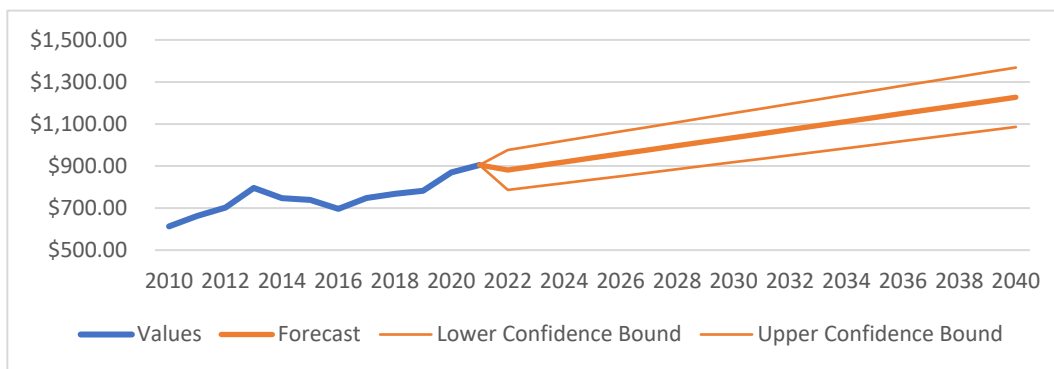


Figure 16: Historical and Projected Median Monthly Rent 2010-2040 (Source: ACS Table DP04)

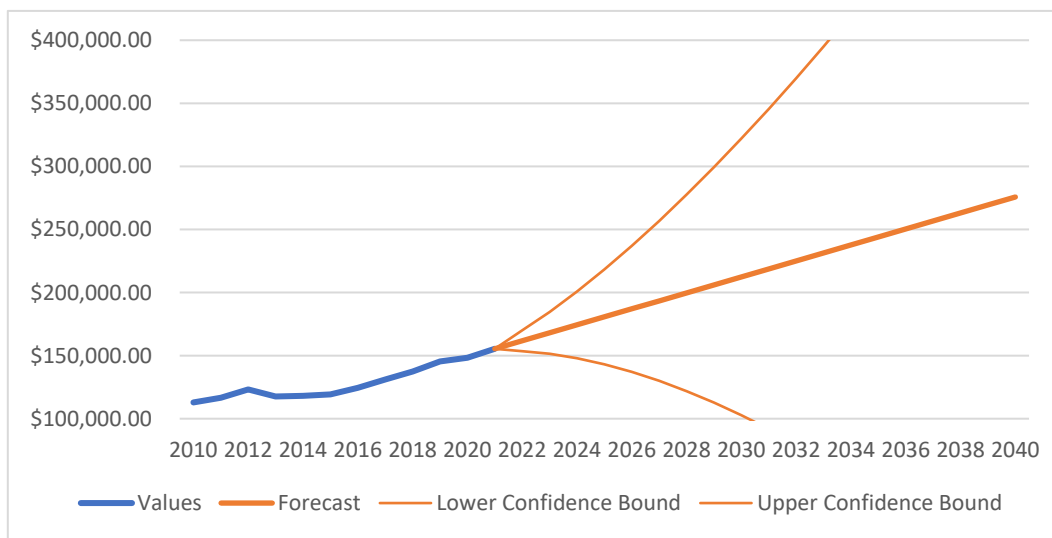


Figure 17: Historical and Projected Median Home Value 2010-2040 (Source: ACS Table DP04)

By 2030, median rent is projected to reach approximately \$1035/mo., with median home value reaching \$218,723. By 2040, rent is projected to reach \$1227/mo., with home values reaching \$275,720. This increase has been driven by increasing prices across the board, but also a decline in affordable units. From 2010 to 2021,

the number of rentals available at less than \$500/mo. fell from 276 to 172, a 38% decrease. Similarly, the number of homes valued at less than \$150,000 fell from 1221 to 771, representing a 37% decrease. With approximately one third of the households in Grandview falling under 50% HAMI, this has put housing further and further out of reach, with projected housing following a similar trend.

Of the 530 housing units projected to be needed by 2040, 63 should be affordable to those falling into the 30% AMI income bracket or below, 99 should be affordable to those between 30% AMI and 50% AMI, 134 should be affordable to those between 50% AMI and 80% AMI, and 233 should be affordable to those at 100% AMI and above. Overall, 31% of new housing should be affordable to those households living at 50% AMI or below. An additional 36% of new housing should be affordable to those making 50%-100% of Grandview's AMI, and 33% of new housing should be affordable to those making over 100% of Grandview's AMI or above (Table 5).

Income Bracket	Number of Housing Units Required by 2040	Percentage of Overall Housing Unit Production
30% AMI	63	12%
50% AMI	99	19%
80% AMI	134	25%
100% AMI	61	11%
>100% AMI	172	33%
Total	530	100%

Table 5: Required Housing at Each Income Level by 2040 in Grandview, WA

HOUSING DISPLACEMENT RISK

Housing displacement risk is a complex issue that refers to the risk of being forced out of one's home or community due to various economic, social, or environmental factors. The consequences of housing displacement can be severe and long-lasting, often leading to homelessness, social dislocation, and economic hardship.

Economic forces, such as rising housing costs, gentrification, and redevelopment, are among the most common causes. As cities grow and prosper, land values increase, and property owners seek to maximize their profits by converting low-income housing into more expensive properties. This can lead to the displacement of low-income residents who can no longer afford to live in their communities.

Environmental factors can also play a significant role in housing displacement risk. Natural disasters, such as hurricanes, floods, and wildfires, can destroy homes and force residents to relocate. Climate change, including rising sea levels and increasing temperatures, is also exacerbating housing displacement risk by making some areas uninhabitable or too expensive to live in.

Social factors, such as discrimination and displacement due to political conflicts or war, can also lead to housing displacement. In some cases, marginalized communities are forcibly removed from their homes to make way for development projects or to create "safer" neighborhoods.

Homelessness, social dislocation, and economic hardship are common outcomes for those who are displaced from their homes. Displaced residents may struggle to find affordable housing in a new location or may have to leave behind important social networks and support systems. Displacement can also disrupt educational opportunities for children and lead to lower educational outcomes.

The impact of housing displacement is particularly acute for vulnerable populations, such as low-income households and immigrants. These groups often face significant barriers to accessing affordable housing and may be more likely to experience housing displacement.

Addressing housing displacement risk requires a comprehensive approach that includes policy solutions, community engagement, and equitable development strategies to ensure that all residents have access to safe, affordable, and stable housing. It also requires investment in affordable housing and infrastructure to support sustainable communities.

Housing Displacement Risk Mapping – Methodology

The Washington State Department of Commerce has provided guidance on mapping displacement risk within communities. That guidance relies on information that isn't readily available to communities in Eastern Washington. Therefore, a replacement measurement has been identified as a means to assess displacement risk within our

communities. That measurement is the Federal Agency for Toxic Substances and Disease Registry (ATSDR).

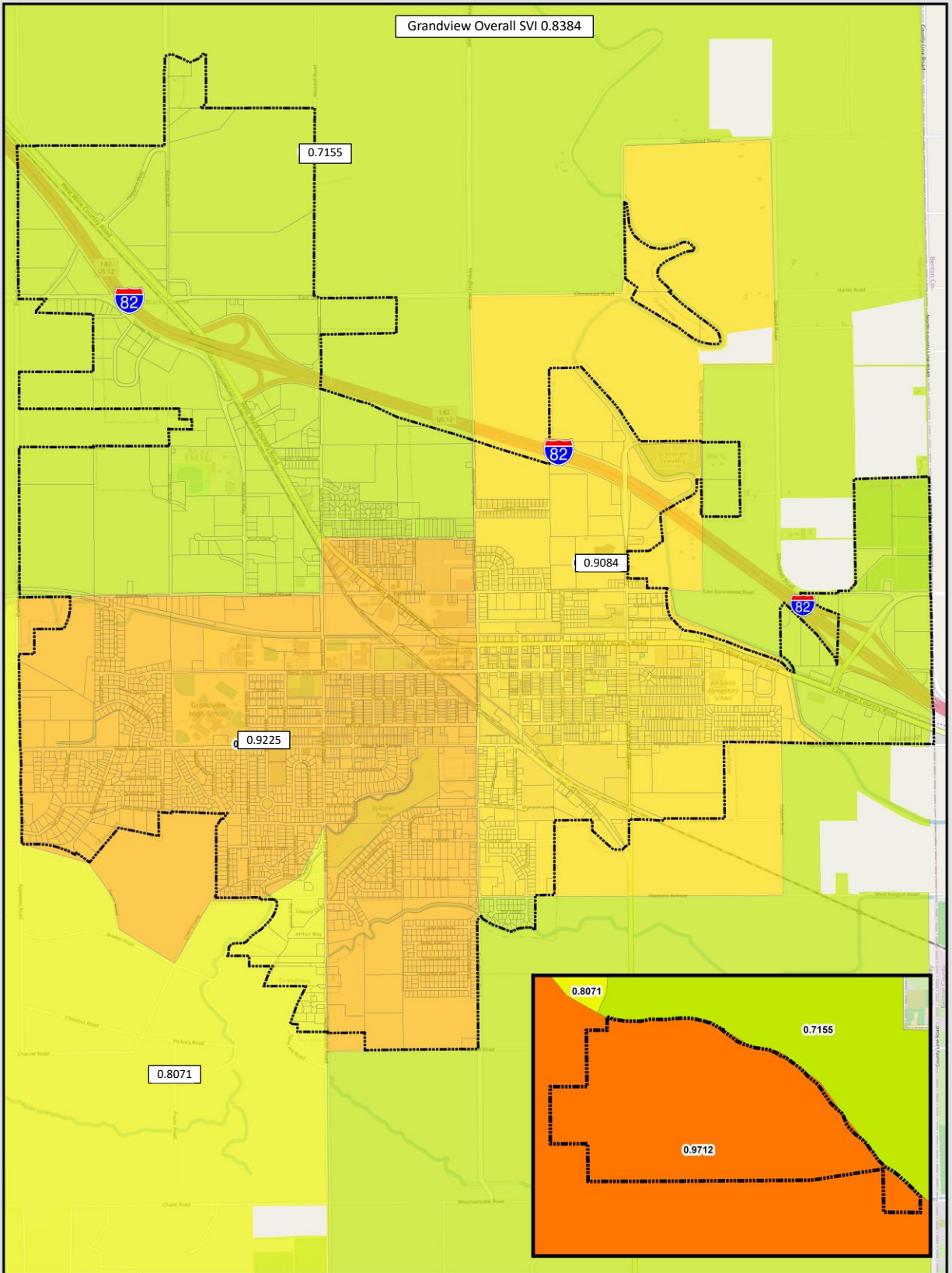
ATSDR has developed a mapping system for the Center for Disease Control and Prevention's (CDC) Social Vulnerability Index (SVI) that identifies communities that are likely to be at the highest risk for needing support during or after hazardous events. The SVI mapping uses many metrics that also illustrate displacement risk. Those metrics fall into four groups: Socioeconomic Status, Household Composition and Disability, Minority Status and Language, and Housing Type and Transportation. Those metrics combined result in an Overall SVI Value, which is used to gauge displacement risk.

The Overall SVI Value is a number that ranges from 0 to 1. A ranking of 0 means that there is low displacement risk, with 1 being a high displacement risk. The SVI mapping is broken down into Census Tracts.

Housing Displacement Risk - Grandview

There are four Census Tracts in Grandview, as can be seen on the map below. One area has an Overall SVI Value of 0.7155, meaning that displacement risk is moderately high. Two areas have Overall SVI Values of 0.9084 and 0.9225, with a very high displacement risk. The fourth area has an Overall SVI Value of 0.8071. The average Overall SVI Value for the City of Grandview is 0.8384, meaning that most of the population living in Grandview is at moderately high risk for displacement.

City of Grandview, WA Social Vulnerability Index - 2020



LAND CAPACITY ANALYSIS

A Land Capacity Analysis (LCA) is a methodology conducted by counties and cities to determine the amount of vacant, developed, under-developed, and under-utilized lands. This process identifies the potential for land within a community's boundaries to accommodate anticipated housing growth, given its current zoning restrictions. This was done for Grandview by reviewing the Zoning Ordinance to determine which zoning districts allow for residential development, and then identifying which parcels were either developed, under-developed, or vacant. Maps and tables have been created showing the location of the parcels as well as the total land area for each classification.

Vacant lands are lands without any residential development located on them. Developed lands are lands with housing developed. Under-developed lands are lands that are large enough to be divided and more housing units built upon them. Under-utilized lands are lands that could be developed with a higher density than currently exists. An example of an under-utilized lot is one that has a single-family residence but can have a duplex placed upon it.

Grandview has four zoning districts that allow for residential development. The table below shows the breakdown of those zoning districts, their minimum lot sizes, and the resulting residential density shown as the number of dwelling units per net residential acre (DU/NRA). The highest density possible is then used to determine the total density possible from the vacant lands remaining in each district to determine if there is enough land available to fulfill the needs for the predicted number of houses.

Zoning District	Minimum Lot Size	Density
R1S Single-Family Residential Suburban	10,000 for SFR	4 DU/NRA
R-1 Low Density Residential	7,500 for SFR	5.5 DU/NRA
R-2 Medium Density Residential	7,500 for SFR 8,000 for duplex	5.5 DU/NRA 11 DU/NRA
R-3 High Density Residential Zoning	7,500 for SFR 8,000 for duplex 3,000 for each unit up to 4-plex then 6,000 for each additional	5.5 DU/NRA 11 DU/NRA 9 DU/NRA

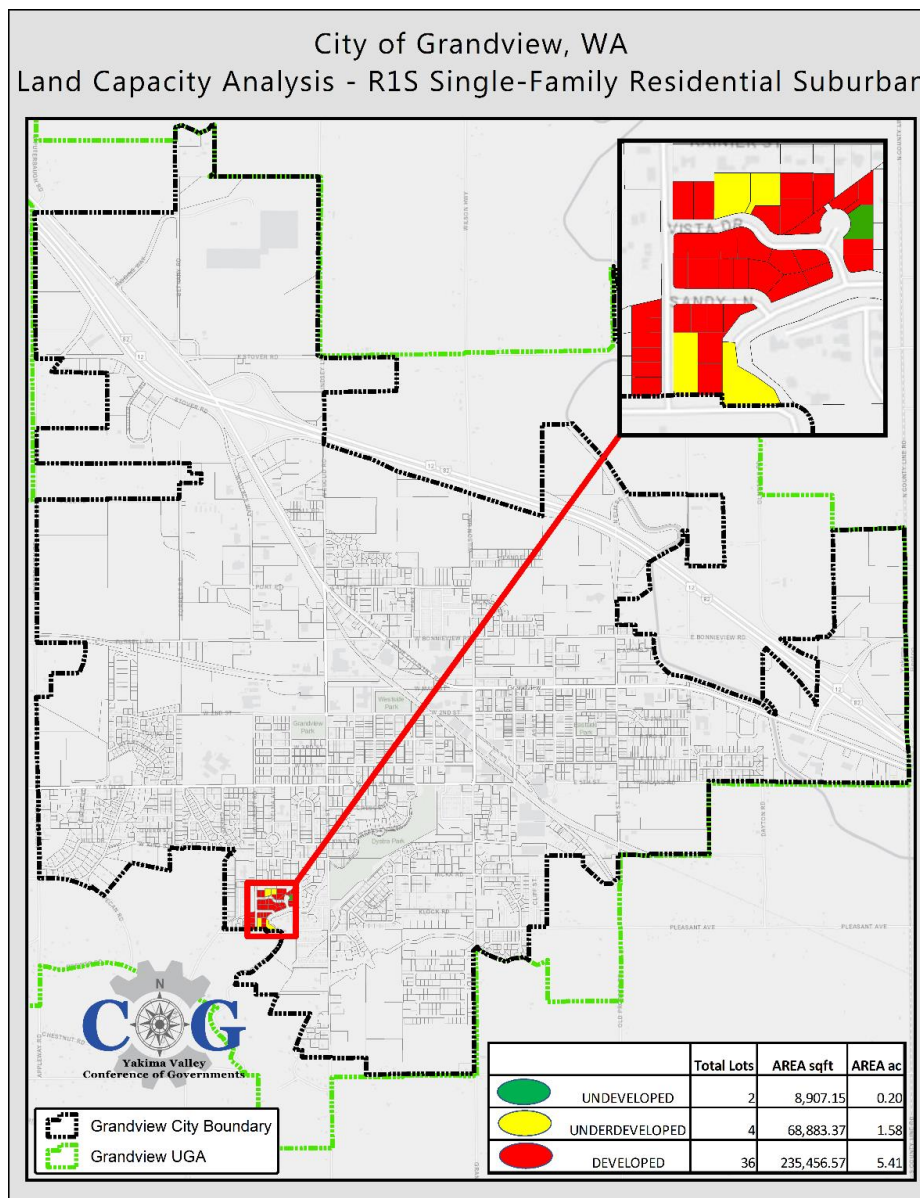
The analyses below show that there is enough capacity within Grandview's vacant lands for an additional 2,230 housing units.

R1S Single-Family Residential Suburban

The R1S Single-Family Residential Suburban District has a total of 42 parcels totaling approximately 7.2 acres. 75% of that area, or 5.41 acres, is developed lands. Approximately 22% is under-developed, with the remaining 3% vacant.

The map below illustrates the location of the properties within Grandview that are within the R1S Single-Family Residential Suburban District and where they are located within the city. The area of the community that is zoned R1S is located in the southwest area of the city.

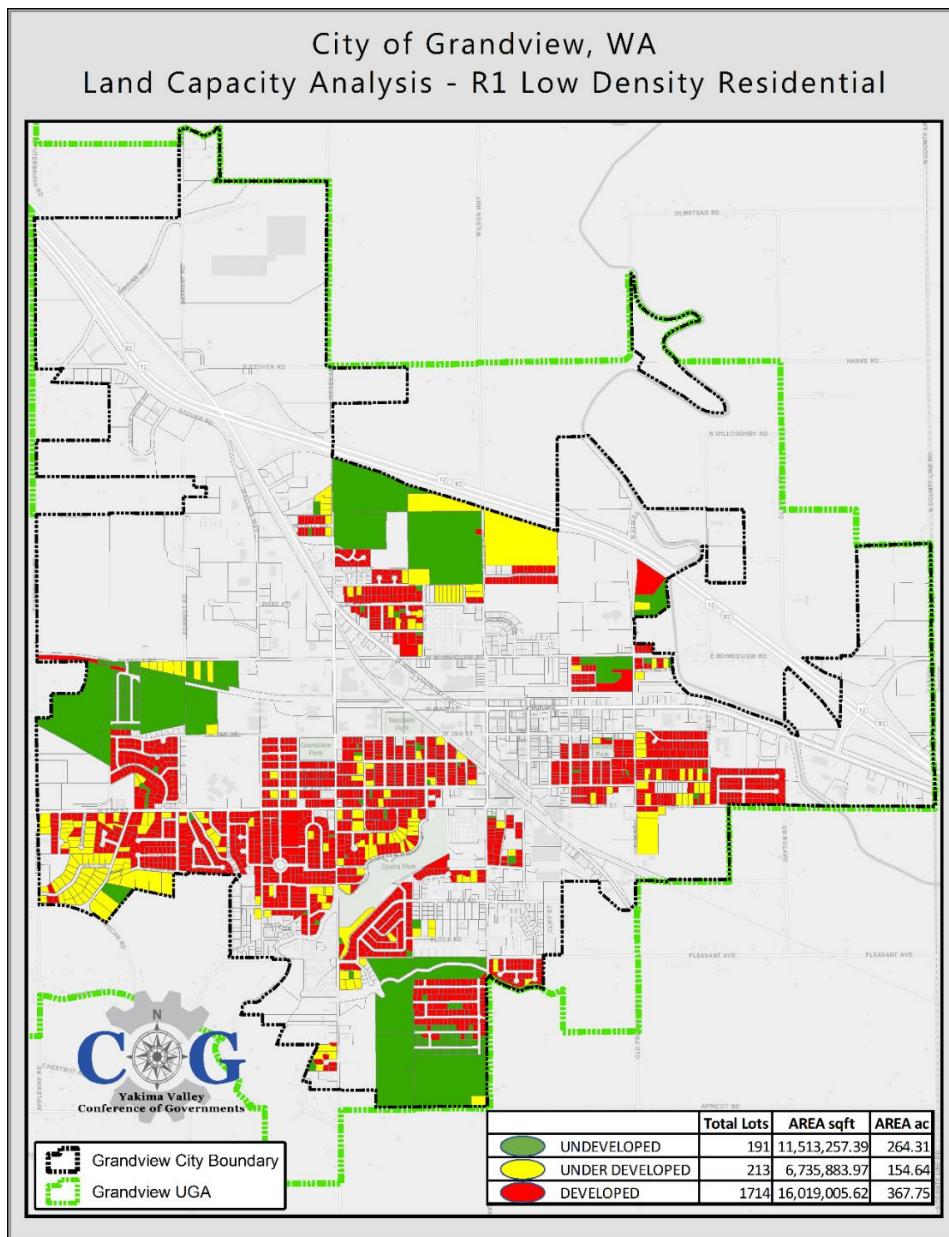
There are two parcels that are vacant within this zoning district, meaning that the R1S district can accommodate two more housing units.



R-1 Low Density Residential

The R-1 Low Density Residential District has a total of 2,118 parcels totaling approximately 786.7 acres. 47% of that area, or 367.75 acres, is developed lands. Approximately 34%, or 264.31 acres are undeveloped or vacant. The remaining 154.64 acres are underdeveloped lands.

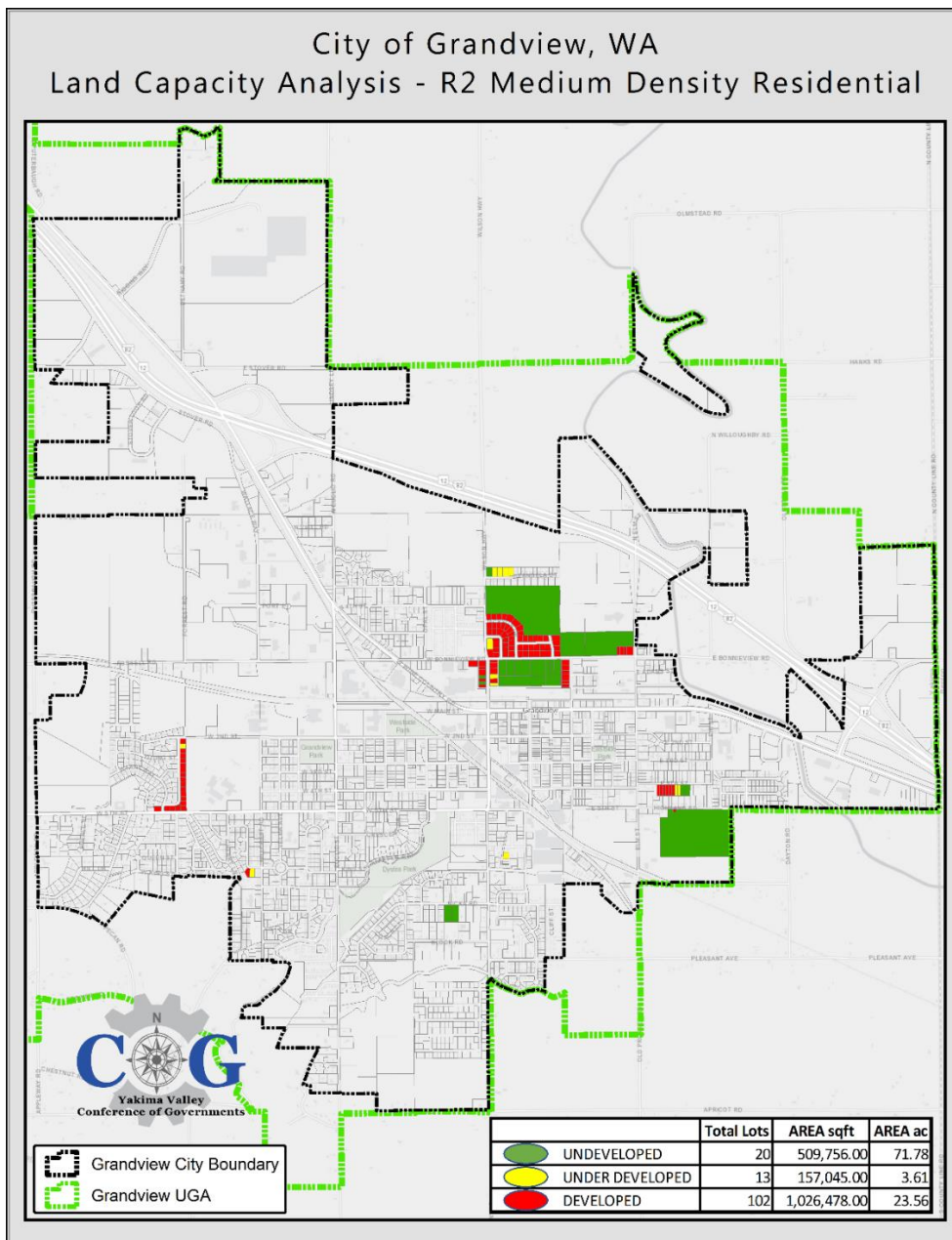
Using the highest density allowed in the zoning district, vacant lands have the potential to accommodate an additional 1,453 housing units, based on a density of 5.5 dwelling units per net residential acre.



R-2 Medium Density Residential

The R-2 Medium Density Residential District has a total of 135 parcels totaling approximately 99 acres. 72% of that area, or 71.78 acres, is undeveloped lands. Approximately 3.6 acres, or 4%, is under-developed, with the remaining 23.56 acres, or 24%, vacant.

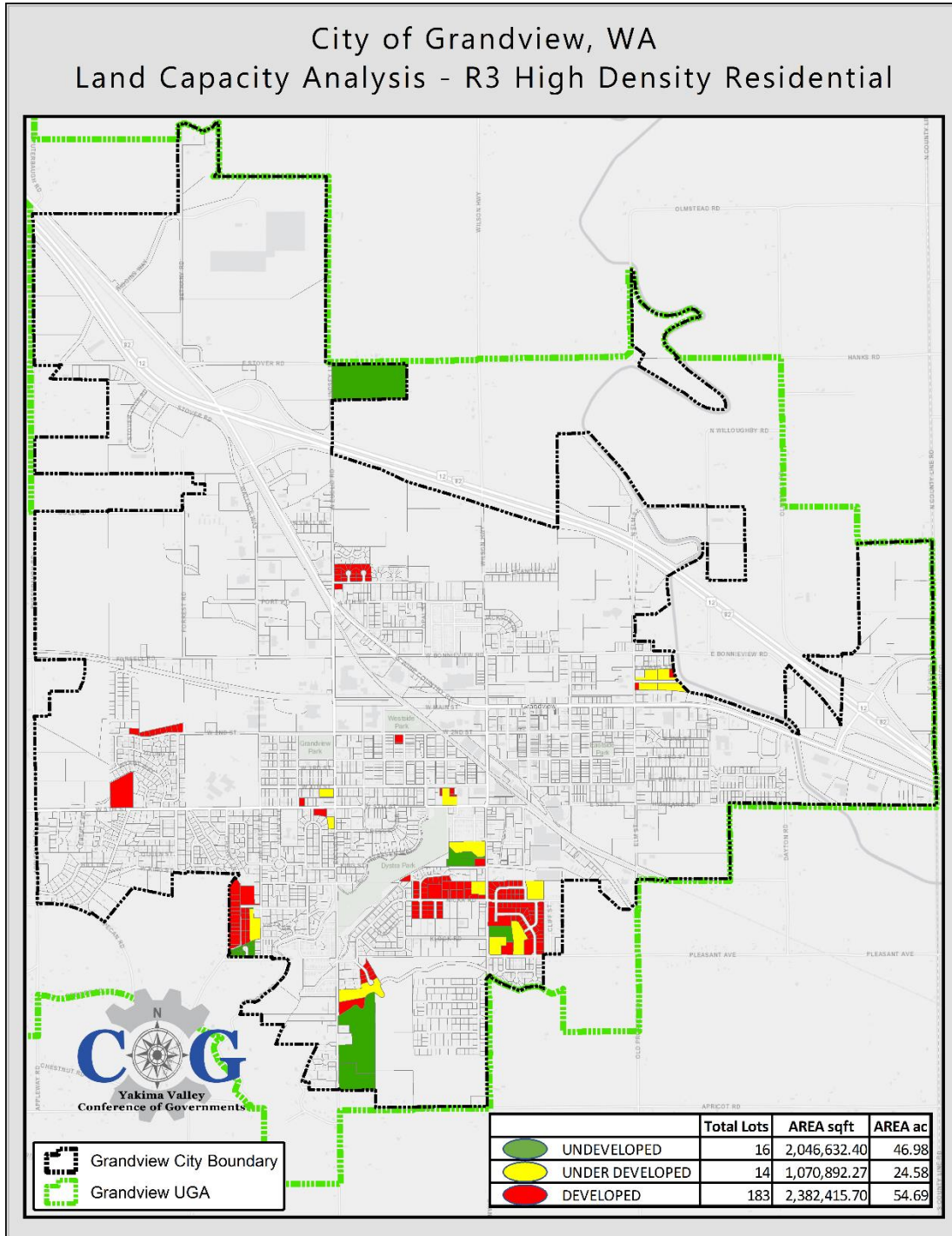
Using the highest density allowed in the zoning district, vacant lands have the potential to accommodate an additional 259 housing units, based on a density of 11 dwelling units per net residential acre.



R-3 High Density Residential Zoning

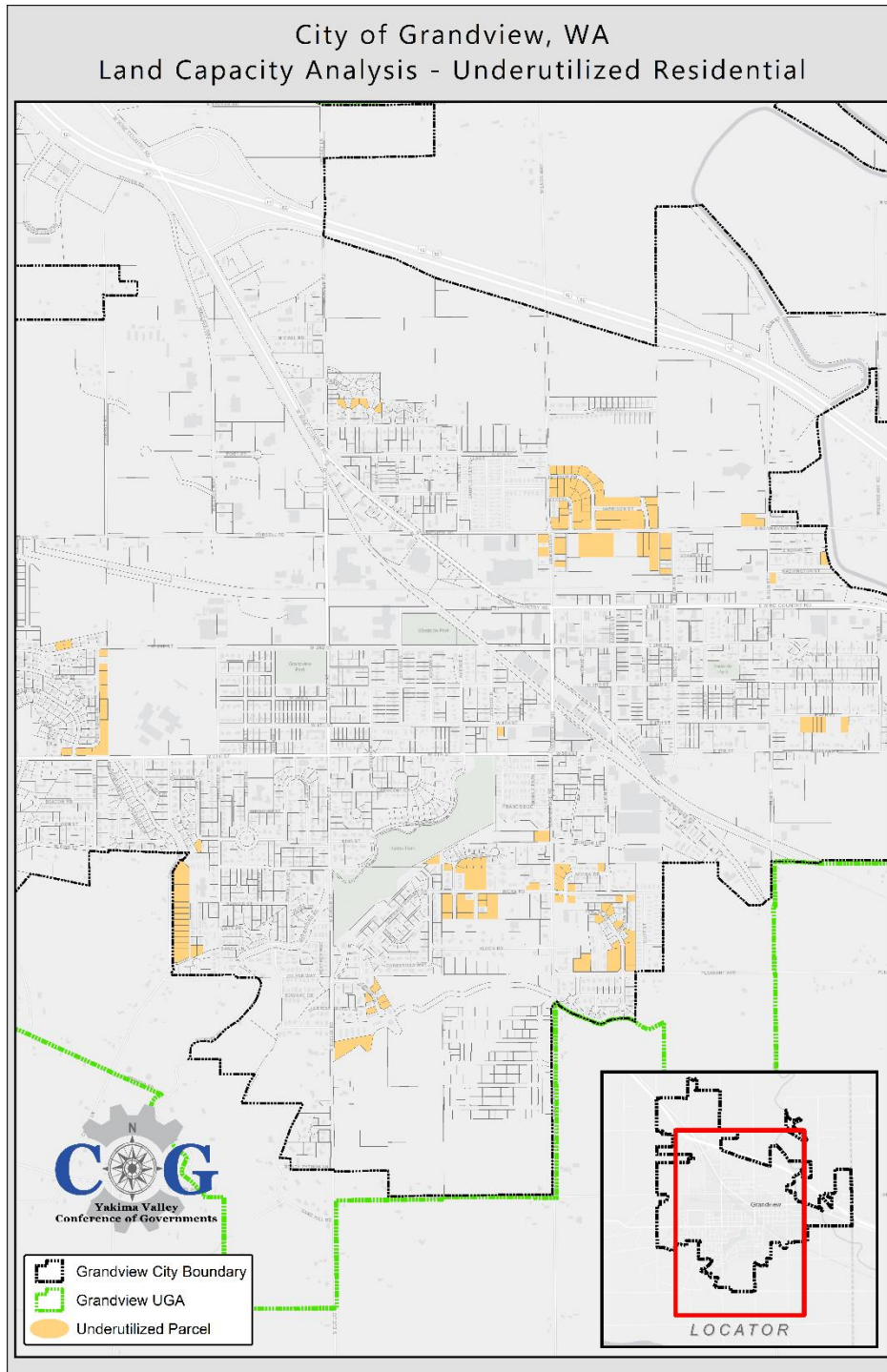
The R-3 High Density Residential Zoning District has a total of 213 parcels totaling approximately 126.25 acres. 54.69 acres, or 43% of the district, are developed lands. 24.58 acres, or 19% of the district, are underdeveloped lands. The remaining 46.98 acres, or 37% of the R-3 High Density Residential Zoning District, are undeveloped lands.

Vacant lands have the potential to accommodate an additional 516 housing units, based on a density of 11 dwelling units per net residential acre.



Under-utilized Lots

Under-utilized lots were determined by identifying which lots are on lots large enough to allow for a duplex at a minimum, but currently have a single-family residence placed on them. The R-2 and R-3 districts allow for duplexes. The analysis shows that within those districts there are 178 lots that are under-utilized, with a total area of approximately 52 acres.



Appendix 3: Policy Review

Housing Policy Review

Analysis of Progress to Meet Housing Goals

The 2016 Grandview Comprehensive Plan Update listed the number of households as 2,996, with a population of 10,862, demonstrating rapid growth from those numbers in 1970 (1,258 households and 3,605 residents, respectively). The total vacancy rate in 2010 was 4.5%, coming close to the desired vacancy rate of 5%. However, as we see today, most of the vacancy rate was considered “other vacant,” meaning houses that were vacant but not available for those who needed housing (vacation rentals, abandoned houses, etc...). The vacancy rate for “for sale only” houses was 0.8%, and for rental properties it was 1.8%, both of which fell far short of the desired 5% vacancy rate.

The housing element of the comprehensive plan predicted population growth that would reach 13,137 people by 2035. In order to reach those needs, 566 housing units would need to be created. This Housing Action Plan predicts a larger rate of growth based on the 2017 Yakima County projections, and predicts approximately 13,558 people by 2040, and require an additional 777 housing units at a variety of income levels.

As far as progress towards meeting the housing goals established in 2016, the current number of housing units in Grandview is 3,321, a decline from the number in 2016, which was 3,362. Between 2010 and 2021, 271 units have been constructed, representing approximately 24.6 units per year. At that rate, the initial goal of the comprehensive plan will not be satisfied, though it will fulfill the projected goal of the Housing Needs Assessment found in this document.

Comprehensive Plan Review

Goals and Policies of the Housing Element of the Grandview Comprehensive Plan.

GOAL 1: Provide safe and sanitary housing for all persons within the community.

Policy Reviewed:

Policy 1.1 Support the development of a housing stock that meets the varied needs of the present community while attracting higher income residents.

Objective 1: Encourage the construction of new units to increase the local housing supply. New construction should provide for a moderate- to low-income and senior housing market demand as well as upscale residences. It should also provide for an appropriate mix of housing types and intensities (single-family, multifamily, group homes, adult family homes).

Objective 2: Encourage manufactured housing parks and subdivisions that are well designed and compatible with neighboring land uses.

Objective 3: Allow, on individual lots, manufactured housing that meets accepted standards for manufactured housing and is permanently affixed to a foundation.

Objective 4: Encourage and support the rehabilitation of older homes.

Objective 5: Encourage infilling in residential areas.

Objective 6: Encourage more medium and high-value residential construction.

Analysis:

The median income in Grandview rose from \$35,321 to \$52,500 between 2010 and 2021, indicating a substantial rise in high income residents, as well as a trend towards encouraging more medium and high-value residential construction. This is also demonstrated from the median home value in Grandview, which rose from \$124,400 in 2016 to \$155,400 in 2021. The number of housing units valued at over \$500,000 increased from 0 in 2016 to 32 in 2021. These increases are the product of both construction and increasing home prices, but all indicators demonstrate that high-income housing has increased. Additionally, parts of the municipal code ensure that Objective 2 is met. A Manufactured Home Park District exists with site design requirements that ensure accepted standards and compatibility with neighboring land uses. New manufactured homes are also an allowed use in

the MR, R-1S, R-1, R-2, R-3, and R1P zoning districts, so long as they meet all required design criteria.

Regarding rehabilitation of older homes, some sections of the municipal code address historic preservation, but not extensively beyond requirements of the Critical Areas ordinance, and options for adaptive re-use in generally non-compatible zoning districts. A more robust historic preservation element would allow options for tax credits, special valuations, and incentives for preservation of historic elements. Additionally, community development block grants are useful in restoring and sustaining historic housing stock.

Policies Reviewed:

Policy 1.2: Support the implementation of public housing programs in partnership with private developers that supplement the efforts of local developers in meeting the housing needs of the community.

Objective 1: Pursue programs to expand the housing options of low and moderate-income groups and the elderly.

Objective 2: Coordinate public programs with the activities of local developers to provide for the optimal utilization of community resources.

Policy 1.3: Support housing availability to meet the needs of all income groups.

Objective 1: Make current housing information available to potential developers and encourage its use in the consideration of development alternatives.

Objective 2: Provide for the periodic updating of existing plans and development regulations (e.g., comprehensive plan and zoning ordinance) and ongoing analysis of housing problems.

Objective 3: Ensure that all new housing developments pay for the cost of providing utilities, streets, parks and public safety requirements.

Policy 1.4 Encourage higher dwelling unit values to at least cover the cost of general municipal services.

Objective 1: Encourage more neighborhood development in various price ranges with amenities within the development.

Objective 2: Improve enforcement of the Uniform Building Code, Uniform Housing Code, zoning ordinance and the nuisance code

to remove junk vehicles, enforce parking regulations, reduce overcrowded homes, and finds ways to remove blighted conditions.

Analysis: The city of Grandview has approved a number of lots for residential uses, totaling over 800 in recent years. While these lots are not necessarily dedicated to low income housing, other efforts have been made to provide housing for people with special housing needs. The city has collaborated with non-profit organizations such as Habitat for Humanity and the Catholic Diocese in order to build single and multi-family residences in the city. The city actively meets with developers to address questions and provide them information on opportunities within the city, and this Housing Action Plan and accompanying Housing Needs Assessment will also provide information for developers looking to build in Grandview.

Policy Reviewed:

GOAL 2: Residential areas that are safe, sanitary and attractive places to live will be established and maintained in Grandview.

Policy 2.1: The City of Grandview will ensure and facilitate the provision of municipal services appropriate to the density of residential development.

Policy 2.2: The initial cost of providing municipal services to serve new residential developments will be borne by the developer.

Policy 2.3: The City of Grandview will work cooperatively with other public agencies, private institutions, and organizations to foster housing rehabilitation in suitable areas.

Analysis:

GMC 16.28 indicates that all street improvements and utilities shall be installed per the specifications of the chapter and at the expense of the developer in new subdivisions. While deferral is offered as an option, it is conditional and may be accompanied by a deposit by the developer. Improvements are a requirement of all proposed subdivisions, ensuring municipal services in new housing projects city-wide.

The City of Grandview is a part of the Yakima County Home Consortium, which assists in rehabilitation of housing. Additional options may exist with other non-profit organizations, and a historic preservation element can also help to rehabilitate housing that is income generating.

Policy Reviewed:

GOAL 3: Encourage a mixture of housing types and densities throughout the UGA that are compatible with public service availability.

Policy 3.1: Support the development of regional strategies to address the housing needs of the UGA.

Objective 1: Land use controls shall govern the distribution of housing types by establishing overall density.

Objective 2: Density of development shall be based on: the existing land use pattern, the availability of public services, municipal service plans and the initial provision of services by the developer.

Objective 3: Criteria shall be developed for establishing levels of services required for different densities of development.

Analysis:

Housing types in Grandview are still predominantly single-family detached homes, with 63% of all housing units falling into that category. Average single-family percentages across smaller communities in the county range between 60%-70%. The next largest percentage in Grandview is represented by mobile homes at 12%, and duplexes and multi-family units represent less than 5% each. While density is regulated by zoning requirements and design criteria, and allows for some flexibility and the implementation of missing middle solutions such as zero-lot line housing and accessory dwelling units, there are some restrictions that limit density. The clearest restriction is the inclusion of lot size requirements in the comprehensive plan. This is not a typical inclusion in comprehensive plans, since it limits flexibility and the agency of city councils to make necessary or desired changes. The result is a limitation on what the city can do regarding changing density requirements within the city. The other major barrier is a lot size requirement for multi-family housing in the R-3 zoning district. The minimum lot size for a four-plex in the R-3 is 3,000 sq. ft. for each dwelling unit (12,000 sq. ft. total), but then an additional 6,000 sq. ft. for each unit above four. This places a substantial barrier to efforts to create multi-family housing even in the highest density zoning district of Grandview, which limits the implementation of the goals and policies established in the housing element of the comprehensive plan.

Zoning and Subdivision Code Review

The city of Grandview has four different categories of residential zoning ranging in density from Single-Family Residential Suburban (R-1S) to High Density Residential (R-3). Title 17 of the municipal code regulates these zoning districts, and outlines requirements for single-family, two-family, and multi-family dwellings. Title 16 regulates subdivisions, and provides specifications for processing and design standards. Specifics regarding missing middle categories such as zero-lot line and accessory dwelling units can be found in these titles. As written, the zoning and subdivision ordinance aligns well with the goals and policies of the housing element of the Grandview Comprehensive Plan, but some improvements could be made to better align it with these goals and policies.

Zoning Districts

The Grandview Municipal Code allows for housing in the following residential zoning districts:

Single-Family Residential Suburban District (R-1S) – the R-1S suburban district is established to provide a low density residential environment permitting four dwelling units per acre. Lands within this district should contain suburban residential development with large lots and expansive yards. Structures in this district are limited to single-family conventional dwellings.

Low Density Residential District (R-1) – The R-1 low density residential district is established to provide a low density residential environment. Lands within this district generally should contain single-family conventional dwellings with smaller lots and useful yard spaces. Established for residential areas which would be compatible for both site-built and factory-assembled homes and to prohibit the development of incompatible uses that are detrimental to the residential environment. The intent of this district is to provide neighborhoods for site-built and factory-assembled homes on platted lots. Certain public facilities and institutions may also be permitted provided their nature and location are not detrimental to the intended residential environment.

Medium Density Residential District (R-2) – The R-2 district is established to provide a medium density residential environment. Lands within this district generally should contain multiple unit residential structures of a scale compatible with structures in lower density districts with useful yard spaces. The R-2 district is intended to allow for a gradual increase in density from

low density residential districts and, where compatible, can provide a transition between different use areas.

High Density Residential District (R-3) – The R-3 district is established to provide a high density residential environment. Lands within this district generally contain multiple-unit residential structures of a scale compatible with the structures in low density districts and with useful yard spaces. The R-3 district is intended to allow for a gradual increase in density from lower density residential districts and, when compatible, can provide a transition between different use areas.

Neighborhood Business District (C-1) – Single-family residential use is allowed within business structures. Such residential use shall not exceed 40 percent of the business structure and the residence’s entrance must not front on the same street as the business entrance. In addition, said residence must be occupied only by the owner or manager of the business in which the residence is located.

Manufactured Home Park District (MR) – Manufactured Home Parks are a conditional use only within the MR zoning district of Grandview. Specific requirements for application process, siting standards, and development standards can be found in GMC 17.20.

Types of Housing

The Grandview Municipal Code provides the following definitions for the types of housing allowed within the city:

“Apartment Building” means a building arranged, intended, or designed to be occupied by three or more families living independently of each other.

“Dwelling” means a building designed exclusively for residential purposes, including one-family, two-family, or multiple-family dwellings, but not including hotels or motel units.

“Multiple dwelling” means a building used or designed as a resident for three or more families living independently of each other doing their own cooking therein. This includes apartment houses and flats.

“One-family dwelling” means a detached dwelling designed for or occupied exclusively by one family.

“Two-family dwelling” means a building designed for or occupied exclusively by two families living independently of each other, except that common laundry facilities are allowed.

“Dwelling unit” means a building or portion thereof providing complete housekeeping facilities for one family.

“Manufactured home” means a single-family dwelling built according to the United States Department of Housing and Urban Development Manufactured Home Construction Safety Standards Act, which is a national preemptive building code. A manufactured home also: (A) includes plumbing, heating, air conditioning, and electrical systems; (B) is built on a permanent chassis; and (C) can be transported in one or more sections with each section at least eight feet wide and 40 feet long when transported, or when installed on site is 320 square feet or greater.

“Manufactured home park” means a tract of land under single ownership or control upon which two or more manufactured homes occupied as dwellings may be located.

“Mobile home” means a factory-built dwelling built prior to June 15, 1976, to standards other than the United States Department of Housing and Urban Development Code, and acceptable under applicable state codes in effect at the time of construction or introduction of the home into the state. Mobile homes have not been built since the introduction of the United States Department of Housing and Urban Development Manufactured Home Construction and Safety Act.

“Community Service Housing” means a facility that principally offers or provides subsidized housing on a daily, weekly or monthly basis and provides one or more of the additional following services at a cost, if any, subsidized by charitable or government agencies, including (A) meals and food; (B) child or adult day care services; (C) employment, substance abuse, or behavior counseling; and (D) medical, dental or mental health services; regardless of whether such community social and health welfare services are provided on premises or off the premises for the benefit of such residents.

Types of housing allowed in each residential zoning district:

	Maximum Density	Single-Family	Duplex	Multi-Family	Zero Lot Line	Mobile/Manufactured Home	Mobile Home Parks	Manufactured Home Park
R1-S	4 DU/NRA	P	X	X	X	P	X	**
R1	5.5 DU/NRA	P	X	X	X	P	X	**
R2	11 DU/NRA	P	P	X	P	X	X	**
R3	11 DU/NRA	P	X	P*	P	P	CU	**

P – Permitted Use

CU – Conditional Use

X – Not Permitted

*-- Lot size requirements may be prohibitive when it comes to multi-family dwellings over 4 units

** -- Manufactured Home Parks are only allowed in the Manufactured Home Park District and only with a conditional use permit. Specifications for these proposals can be found in GMC 17.20.

Appendix 4: Housing Strategies

Zoning and Housing Option Strategies

Common housing needs include increasing housing supply, increasing housing diversity, affordable homeownership, middle-income rental housing, senior housing, and very low-income housing. The following housing strategies seek to address these needs, and include options for amending zoning restrictions, diversifying housing options, and increasing infrastructure accessibility.

Organization of Each Strategy

Each housing strategy on the following pages is organized in the following manner:

- **Introduction** – describes the strategy and some of its components
- **Gaps addressed** – identifies the type of housing gaps that can be typically addressed via this strategy
- **When and where applicable** – clarifies the community typology or specific type of zoning or situation the strategy applies to
- **Potential drawbacks** – highlights potential downsides to consider in implementation
- **Tips for success** – identifies the details and/or supporting actions that will improve chances for success based on experience with the strategy in other communities
- **Time/capacity/skill needed** – notes situations where additional expertise or capacity may be required to develop and implement elements of a strategy, which may influence its feasibility
- **Resources** – provides additional external resources that can give further assistance with the development and implementation of the strategy

Reduce Minimum Lot Sizes

Reducing minimum lot sizes is a key strategy to make efficient use of public infrastructure and increase affordability. It increases a community's capacity by allowing a greater number of dwelling units, particularly in areas close to transit and other amenities. It also provides ways to develop lots with smaller yards that do not require a lot of time or effort to maintain. In growing communities with significant vacant tracts of land, reductions in the minimum lot size carry one of the best opportunities to accommodate growth needs within compact areas. This can limit the need to expand the urban growth area and expand infrastructure to serve it. Such changes also increase opportunities for homeownership.

Policies

- Establish design standards for lots smaller than 5,000 square feet to ensure layouts that create an attractive streetscape and provide usable private open space for residents.
- Allow zero lot line development and shared-access lots.
- Minimum lot sizes for detached single family dwellings should not be smaller than 2,500 square feet.

Integrate Floor Area Ratio Standards

Floor area ratio (FAR) is the ratio of a building's total floor area (gross floor area) to the size of the piece of land upon which it is built. Since FAR focuses entirely on building massing, it's often seen as a good alternative to density regulations (maximum number of lots or dwelling units per acre) in multifamily and mixed-use zones. This option can allow for a greater number and mix of unit types and sizes since the number of units isn't regulated. FAR standards are also often used in addition to density regulations where there's a strong desire to limit the number of dwelling units and the size of buildings.

Policies

- Create design guidelines to ensure that such buildings can be well integrated into the existing and planned community context.
- Consider creating a 3-D massing model to test FAR limits and help to communicate how potential development might be integrated into the community context. Use caution with such models, however, and clearly communicate that such models are for illustrative purposes only. Carefully consider the appropriate level of detail that might work best for your particular context (e.g., conceptual massing models will be less expensive to develop and may be more effective in some cases, while a more detailed photo-realistic model might be more appropriate where ground level views are sought).
- Consider how FAR is calculated. The basic concept is to calculate all visible floor area (i.e., floor area above grade). The terms should clarify what's included in floor area calculations (e.g., partial floors? vaulted ceiling space? below-grade space?). Some communities don't count desired elements, such as structured parking, affordable units, community meeting rooms or other communal spaces.
- Consider using FAR for infill development to complement the scale of existing development. For example, examine the typical FARs of existing residential buildings and consider applying an FAR standard that's generally consistent with the established pattern. Then adjust the list of permitted

housing types and/or density to match objectives. Additional setback, lot coverage and/or other site/building design standards might supplement the FAR standards to help meet community design and compatibility goals.

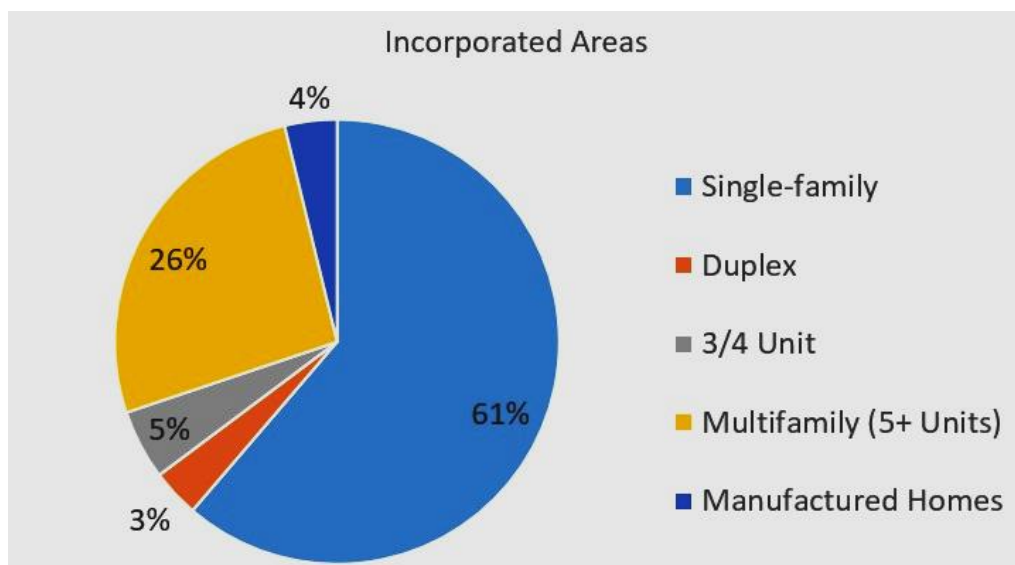
Increase Allowed Housing Types in Existing Zones

In many communities, the only housing choices are single-family homes on large lots or medium to large multifamily buildings. Such limited options do not reflect the wide range of needs of differing family sizes, household incomes and cultural groups. One solution is encouraging a larger variety of housing types, often referred to as the “missing middle” as they are middle-sized housing, aimed at people with middle-incomes.

In general, these types are more affordable than detached single-family homes and offer a greater range of design and locational choices than apartment buildings can offer. They also offer more flexible ways for communities to add compatible density into established neighborhoods and provide more opportunities for residents to have stability and build wealth through homeownership.

In some cases, such housing types and configurations may not be explicitly prohibited, but code standards such as density limits, lot size minimums, setbacks or parking requirements, along with a lack of code support, creates unpredictability and discourages their construction. Another factor in these housing types “missing” in communities is that local developers, particularly areas outside of the Puget Sound region, lack experience and interest in building these housing types due to greater uncertainty in the financial return. The 2000 Census of housing structures by type shows that 8% of units in incorporated areas in Washington state are two, three and four units.

Housing Structure by Type in Washington State



Based on 2000 U.S. Census data for statewide occupied housing units in incorporated areas, www.ofm.wa.gov.

“Missing Middle” Housing Types

Subsection	Housing Type	Examples		Density Range (net)
Z-6a	Cottage Housing			6-20 DU/acre
Z-6b	Duplex, triplex, four-plex			8-32 DU/acre
Z-6c	Townhouse			12-40 DU/acre
Z-6d	Courtyard Apartments			12-40 DU/acre
Z-6e	Micro-housing			40-400+ DU/acre

Note: DU/acre = dwelling units per acre

Cottage Housing

Cottage housing typically refers to a cluster of small dwelling units (generally less than 1,200 square feet) around a common open space. The cluster arrangement around a common open space also offers a model that’s been very attractive to empty nesters, singles, couples and even some small families. They offer a development approach that is appropriate and compatible with low-density residential neighborhoods. While the construction cost per square foot is often higher than a larger traditional single-family home, their smaller size makes them more affordable than a typical single-family residence. While cottage clusters may be on a single lot and rented like an apartment complex or divided into separate condominiums, most cottages today are built on fee simple lots with common areas maintained by a homeowners' association.

Policies

- Include standards to ensure that porches are required and orient towards common open space(s) and are wide enough to be useful (seven feet wide or more is preferred).
- Create design standards for both common open spaces and semi-private open spaces for individual cottages. Common open spaces should be the focal point of a development with at least half of the cottages in a cluster directly facing the space.
- Require areas for shared use. Ex) lawn areas should be paired with an adjacent hard surfaced patio area. A shared community building could provide a space for gathering and sharing tools.
- Provided shared parking areas off to the side or rear of the development. Attached storage garages are limited to a single vehicle in size and shall be designed to minimize visual and functional impacts on the common open space.

Duplexes, Triplexes and Fourplexes

Duplexes are broadly defined as a building that includes two dwelling units. They can be side by side, stacked, or a combination of the two. They are an efficient form of housing often integrated into pre-war residential neighborhoods. Triplexes and fourplexes are similar with three or four units.

Policies

- Create design guidance to help multi-unit housing fit into existing neighborhoods. Key design issues include:
 - Emphasize that unit entries and windows are directed towards the street.
 - Locate driveways and garages to the side of the construction if possible.
 - Encourage articulated facades/rooflines to promote neighborhood compatibility.
 - Ensure usable private open space.
- Allow duplexes on corner lots in single-family zones when they are designed to look more like single-family homes.
- Create separate minimum setbacks for private garages to reduce their visual impacts and provide enough off-street parking without obstructing sidewalks.
- Consider removing single-family zoning and renaming it low-density residential.

Townhouses

Townhouses are dwelling units that share walls with other residential units, but have their own front stoop or porch, yard or balcony, and are usually owner-occupied. Townhouse buildings typically contain between three to six units. Most units feature their own private garage, located underneath the dwelling unit. Most modern townhouses feature two bedrooms, though many integrate three or four bedrooms.

Policies

- Remove lot size minimums to allow flexibility in the size and design of townhouses, or if lot size standards are used, they should be sized to allow typical two-bedroom units, which typically have a footprint of around 500 square feet. Typical townhouse lots range from 14 feet for a unit with a single car-width garage to 30 feet for larger townhouses.
- Exempt townhouses from internal side yard setbacks.
- Create design standards to ensure that townhouses fit into the existing or desired neighborhood context. Key design issues include:
 - Location and design of driveways and garages in relation to the sidewalk and pedestrian environment
 - Location and design of private internal roads
 - Location and design of unit entries
 - Articulated facades/rooflines
 - Provisions for usable open space
 - Fire department access and service vehicle circulation

Courtyard Apartments

Courtyard apartments are small multifamily buildings surrounding a courtyard that opens onto a street. Courtyard apartments are typically up to three stories and consist of multiple side-by-side and/or stacked dwelling units accessed from a courtyard or series of courtyards. The courtyards provide space for social connections among residents.

Policies

- Consider as an option in higher-intensity single-family zones or low-intensity multifamily zones where standard apartment complexes may be less acceptable to the community.
- Create design standards to ensure that courtyard apartments fit into the existing or desired neighborhood context. Key design issues include:
 - Courtyard size and design standards
 - Location and design of unit entries (oriented towards courtyard)
 - Location and design of parking areas
 - Articulated facades/rooflines (to promote neighborhood compatibility)

Micro-housing

Micro-housing is a very small dwelling unit. Sightline Institute describes them as the modern-day equivalents of rooming houses, boarding houses, dormitories and single-room occupancy (SRO) hotels, and they come in two main forms:

1. Congregate housing “sleeping rooms” are often in the 140-200 square-foot range and may include private bathrooms and kitchenettes. Shared facilities include kitchens, gathering areas and other common amenities for residents.
2. A small efficiency dwelling unit (SEDU) is a very small studio apartment including a complete kitchen and bathroom.

These very small units provide a relatively affordable unsubsidized option for renters.

Policies

- Create design standards to enhance site and building design and promote neighborhood compatibility.
- Require open space standards.
- Reduce parking requirements to reflect unit size and tenant mix.
- Review zoning standards to increase maximum density limits.
- Update building and zoning codes for minimum apartment size requirements.

Increase or Remove Density Limits

Regulating the maximum number of units per acre is one of the most commonly used tools to regulate the intensity of residential development in Washington jurisdictions. However, there are two notable drawbacks to the units/acre regulating approach beyond simply limiting density:

3. They penalize smaller units by design, as each dwelling unit, whether it is 500 square feet or 5,000 square feet, counts as one dwelling unit. As such the standard can shift development towards larger, more expensive units.
4. Most residents have a difficult time understanding what density looks like. When quizzed on the subject, community members often convey that the design of the streetscape, front yards and building frontages matter more to them.

Removing or relaxing such density limits are ways to increase the supply, diversity and affordability of housing.

Policies

- Communicate the need for such change, such as information from the housing needs assessment.
- Communicate the benefits of the strategy and link to community goals and policies.

- Illustrate case studies and example development scenarios to show how proposed changes would work on a key site.
- Couple with other tools to mitigate negative impacts and enhance the design of development. Effectively communicate those tools to community participants. Notable examples:
 - Form-based code or design standards and/or guidelines
 - Height limit, setbacks and minimum open space standards
 - Floor area ratio caps
 - Streetscape improvements (most notably planting strips with street trees)
 - Consider and clarify community infrastructure and service implications.

Revise ADU Standards

Accessory dwelling units (ADUs) are small dwelling units that are either attached to the primary dwelling or in a detached structure that is typically placed to the side or rear of the primary dwelling. ADUs have long been an important option for communities to add variety and housing choice in single-family neighborhoods.

ADUs can provide low-cost housing in established neighborhoods. They provide dwelling opportunities for extended family members and small households that prefer a neighborhood setting over apartment living.

Typical ADU ordinances require that such units be placed within or to the rear of a home. This configuration minimizes visual impacts of such units on the streetscape.

Policies

- Collaborate with homeowners and prospective ADU developers and renters to help design ADU provisions that balance housing needs while minimizing neighborhood impacts.
- Consider allowing an ADU on any lot regardless of lot size.
- Consider offering pre-designed plans to encourage more ADU development.
- Consider allowing modular units and tiny homes (small dwelling units on a foundation with between 150-400 square feet of habitable floor area) as ADUs.
- Consider allowing the conversion of garages to ADUs.

Offer Density and/or Height Incentives for Desired Unit Types

In communities with a deficit of small affordable units and areas where height and/or density bonuses are under consideration, such bonuses to allow for buildings integrating a certain percentage of small units (under a specific size, such as 600 square feet) may be a good option. Alternatively, communities could adjust the way that density is measured to allow for discounts for very small units (i.e., density

unit equivalent). On the other hand, many urban communities have a shortage of larger multi-bedroom apartment units to serve families with children. Density bonuses could be used to incentivize developments with such units.

Policies

- Small affordable unit incentives will be effective only where market analysis shows a gap in smaller studio and one-bedroom units.
- Consider reducing parking requirements if impacts to the neighborhood from on-street parking demand can be avoided or mitigated.
- Compatibility due to increased density or height may need to be addressed through other provisions.
- Consider the need to meet affordability thresholds when crafting the incentives and requirements for larger multi-bedroom units.

Reduce Off-Street Parking Requirements

Parking facilities add substantial cost in the development of new housing, whether it's surface or structured parking. In suburban and small city settings, such parking facilities are more important but should be balanced with aesthetics and the impact on the yield of land.

Policies

- Consider parking maximum standards in downtowns, neighborhood commercial districts and commercial corridors with good existing or planned transit service.
- Consider reducing or eliminating parking requirements in areas where non-conforming on street parking exists, especially for change of use and redevelopment, to ensure historic and compact downtown character can be retained.
- Consider reducing requirements in areas planned for redevelopment and affordable housing.
- Consider adding additional parking tools, such as contracting with car-share providers, providing transit passes to residents, shared use parking, and off-site parking.
- Allow developers to reduce parking stalls if the city accepts a parking study by a certified transportation planner or engineer that demonstrates minimum impacts to surroundings.
- Encourage housing and parking to be rented separately.

Relax Ground Floor Retail Requirements

While a mix of uses can be useful for neighborhoods, especially along main streets, many municipalities require retail uses on the ground floors of all new multifamily residential projects. This may oversupply the local retail and office market, reducing the financial feasibility of projects with space that is less profitable to developers. Strategically applying ground-floor retail requirements to essential streets or blocks can limit the barrier to housing development.

Policies

- Limit ground floor commercial standards to those block-fronts that reinforce existing storefront patterns or to the minimum area necessary to achieve the community's specific storefront use and design goals. Also limit to where current/anticipated market conditions can support the subject commercial floor area.
- Review what types of commercial uses are allowed and consider allowing live/work units to qualify as a ground floor commercial use on certain block-fronts.
- Consider allowing or clarifying allowance for residential lobbies that serve upper levels.
- Where there's a desire to retain commercial uses along block-fronts, but the lots are deep, consider applying the ground level commercial use requirement only to the front 30-60 feet of the block-front. This allows greater flexibility to integrate residential development on such properties.
- While retail space demands may be declining, there's often a strong desire to encourage a mixture of
- restaurants, personal and general service uses, and other non-residential uses such as salons, restaurants and coffee shops, professional studios, pet day care businesses, yoga and martial arts studios, and entrepreneurial start-ups. Consider offering height or density bonuses in exchange for providing ground level space for non-residential uses.
- Apply design standards for ground level residential uses facing the street in commercial and mixed-use districts to enhance the streetscape environment and provide for the privacy, comfort, and livability of the adjacent residential units.
- Allow for the accommodation of live-work units into projects, where private residential space above is combined with space for limited office/personal service uses such as home occupations on the ground floor. These spaces can present opportunities for commercial activity and allow for future changes to street-level retail with proper designs.

Reduce Setbacks, Lot Coverage and/or Impervious Area Standards

Modest reductions in front setback standards can help to expand possible building footprint area. In storefront and other dense urban environments, the opportunity to build a firewall up to the side property line allows greater flexibility and expansion of the possible building envelope.

Policies

- Allow porches and covered entries to project into front setbacks to encourage their integration and maximize building envelope opportunities.
- Consider design standards to enhance the streetscape and provide for the privacy, comfort and livability of the adjacent residential units.
- Consider separate minimum setbacks for private garages to reduce their visual prominence on the building and to provide enough space for cars to park in driveways without obstructing pedestrians on the sidewalk. For example, the minimum setback for garages should be at least 20 feet.

Use a Form-Based Approach

A form-based approach to regulating development emphasizes predictable built results and a high-quality public realm by using physical form and design rather than separation of uses and density limits. This approach uses prescriptive standards for building massing, layout, orientation and design to help achieve a community's specific vision. It places a big emphasis on the design of streetscapes and how private development looks from the street.

Form-based codes (FBCs) were created in response to regulations that placed more of a concern with controlling land use than shaping the physical form of communities. Whereas a strict form-based code has little or no land use restrictions, many zoning codes for urban Washington communities now function as a hybrid of strict FBC and traditional zoning code by integrating stronger form-based design regulations with use-based regulations. FBCs can help add housing by letting the market determine how many units of what size are feasible.

Policies

- First determine the desired physical form your community wants to achieve. Second, explore "workable" regulatory tools that can best help achieve that form given the community's physical, planning, political, and regulatory environment, whether it might be a strict form-based code, or a hybrid form that adjusts current zoning provisions and integrates form-based design standards.
- Factors in creating a "workable" form-based approach:
- Consider the community's resources available to convert to a form-based code due to complexity and expense.

- Make sure that code provisions are economically feasible given local market conditions.
- Consider creating a system of development frontage standards that apply to particular street types. For example, while a community's main street may have strict storefront and parking location standards, side streets might offer more flexibility in ground level uses, design and parking lot location.

PUD/PRD and Cluster Subdivisions

PUDs and PRDs stand for "planned unit development" and "planned residential development," respectively. The terms generally refer to large integrated developments that offer special design, use/housing type mix and development intensity flexibility, provided they conform to the comprehensive plan. Specifically, PUDs and PRDs typically offer flexibility in lot sizes and housing types provided the overall development meets the density provisions of the zone. Some PUDs and PRDs offer density bonuses for achieving specific goals or integrating community amenity features. PUDs and PRDs often also allow flexibility in the design of street and other public improvements, provided they meet specific criteria. Thus, PUDs and PRDs can be a good tool to integrate a greater mix of lot and housing types to meet community demographic needs while providing environmental benefits of clustering housing to help preserve sensitive natural areas and/or provide a greater amount of usable community open space.

Some communities are increasingly allowing the clustering and lot size averaging benefits of PUDs and PRDs through standard zoning and subdivision provisions. Clustering usually includes the grouping of lots together on smaller-than-normal parcels to provide opportunity to preserve open spaces, critical areas or unique landforms that otherwise would not likely be preserved. Lot size averaging allows developers to subdivide land into a variety of lot sizes, provided the average lot size in the development meets the minimum, often allowing for more efficient use of land and potential for additional housing units. These tools also provide for more compact roadway arrangements, expanded common open space and allow the possibility for different size home choices. This arrangement within the standard subdivision process can create more predictability for the applicant by simplifying the development review process and eliminating or minimizing the possibility of costly conditions of approval.

Policies

- Allow cluster subdivision design in the standard subdivision process, without the need to go through additional review procedures typical of PRD or PUDs.
- Consider compatibility standards to avoid major differences in lot sizes compared to existing development.

- Consider density or other incentives to increase the diversity and affordability of lot and housing types in cluster subdivisions.

Manufactured Home and Tiny House Communities

Some cities are starting to adopt local codes to allow tiny houses as an affordable housing option that is in line with community desires for sustainability, limited visual impact, and preservation of open space.

Policies

- Consider allowing different options for tiny house integration, including:
- Tiny houses as detached accessory dwelling units.
- Tiny house clusters or villages – designed in a manner similar to cottage housing clusters.
- Tiny house density/massing and review process:
- Consider allowing a higher number of these units than typical units for the zone, due to the small size of tiny houses. Some density increase is essential because the units are smaller and usually more expensive to build on a cost-per-square-foot basis.
- Consider applying a maximum floor area ratio limit or an across-the-board allowed density for tiny houses, such as one tiny house per 1,200-square-foot lot area.
- Tiny house design elements: Provide design standards in a manner similar to cottage housing clusters:
- Consider providing design standards for both common open spaces and semi-private open spaces for individual units.
- Permit construction of a shared community building to provide a space for gathering and sharing tools.
- Consider how parking can be integrated with tiny house clusters.

Strategic Infrastructure Investments

One of the costs associated with development is the cost of upgrading existing or developing new infrastructure to serve development. In some cases, a community may wish to identify priorities for investment in sewer or water extensions or sidewalks to support upzones, or to catalyze development around new amenities such as transit hubs or community centers. Strategic selection of infrastructure priorities in the capital facilities element can help support your housing program.

In Washington state, the community revitalization financing (CRF) program authorizes cities, towns, counties and port districts to create a tax “increment area” and finance public improvements within the area by using increased revenues from local property taxes generated within the area ([RCW 39.89](#)). The best locations for such a program are undeveloped and underdeveloped areas because this program

depends on an increase in property value. In 2020, [HB 2497](#) amended this program to add permanently affordable housing to the list of public improvements that could use program funds. Here, “permanently affordable housing” is defined as 40 years for rental housing and 25 for ownership housing.

[Tax Increment Financing \(TIF\) in Washington - MRSC Information for Local Governments - Department of Revenue, Washington State](#)
Spokane's Tax Increment Finance District

Process Improvements

Strategies included in this section provide for a smoother, faster and/or more predictable permitting process for developers seeking to build housing that is consistent with jurisdictional goals. By streamlining the review process, jurisdictions can reduce the level of uncertainty and risk for potential developers. This can make it easier to get project financing on favorable terms and reduce construction costs due to delays.

SEPA Infill Exemption

A city planning under the GMA can establish categorical exemptions for development to “fill in” urban growth areas. [RCW 43.21C.229](#) allows a city or county planning under GMA to adopt an infill exemption if the comprehensive plan was already subject to environmental analysis through an environmental impact statement (EIS). Any residential, mixed-use or smaller scale commercial development that is roughly equal to or lower than the density goals of the comprehensive plan is exempt from further review. The local government must consider the specific probable adverse environmental impacts of the proposed action and determine that these specific impacts are adequately addressed by the development regulations or other applicable requirements of the comprehensive plan; subarea plan element of the comprehensive plan; planned action ordinance; or other local, state or federal rules or laws. By removing an extra layer of review and potential risk, a SEPA infill exemption can encourage development within the designated area.

Policies

- Consider doing infill exemption in association with SEPA analysis on a comprehensive plan update.

Planned Action

Planned actions are authorized under SEPA ([RCW 43.21C.440](#) and [WAC 197-11-164](#) through -172) and provide more detailed environmental analysis during an area-

wide planning phase, rather than during the permit review process. A community planning under GMA can develop a planned action EIS or threshold determination¹⁸ to facilitate development consistent with local plans and mitigation measures (see more under “When and Where Applicable”).

As a result, future projects in the designated planned action area do not require SEPA determinations at the time of permit application if they are consistent with the type of development, growth and traffic assumptions, and mitigation measures studied in the EIS or threshold determination. Such projects are still required to comply with adopted laws and regulations and undergo review pursuant to the community’s adopted land use and building permit procedures; however, the advanced work streamlines the development review approval process and removes a potential layer of appeal.

Policies

- Integrate the GMA and SEPA public engagement processes. Work with the community, as well as non- profit and for-profit housing and mixed-use developers, to ensure an inspired and realistic plan.
- Consider having the planned action focus on opportunity sites that are publicly and privately owned.
- Determine where surplus public lands and master planning can jump start housing and mixed-use development in an area with limited housing at desired densities.
- Combine a planned action with well-defined vision, infrastructure investments and code incentives for greater effect.

Protection from SEPA Appeals on Transportation Impacts

[RCW 43.21C.500](#) provides an option to protect SEPA decisions from appeal for impacts to transportation elements of the environment when the approved residential, multifamily or mixed-use project in a GMA city or town is:

1. Consistent with the locally adopted transportation plan or transportation element of the comprehensive plan, and
2. Subject to locally adopted impact fees and/or traffic and parking impacts are expressly mitigated under another ordinance, and
3. If Washington State Department of Transportation (WSDOT) determines the project would not present significant adverse impacts to the state-owned transportation system.

This provision is intended to encourage development within central infill areas because it is less likely to impact the state system. This is an optional process where the local SEPA responsible official or developer may consult with WSDOT Regional Development Services offices to obtain a letter of no significant adverse

impact to “transportation elements of the environment,” which include impacts to transportation systems; vehicular traffic; waterborne, rail, and air traffic; parking; movement or circulation of people or goods; and traffic hazards.

Policies

- Ensure goals and policies of transportation element or transportation master plan are up to date and clear.
- Ensure the impact fee procedures and rate studies are up to date, and levels of service for traffic and standards for parking are clear to best support the decision that impacts are mitigated.
- Contact the WSDOT development services office to clarify the local process and understand review times.

Permitting Process Streamlining

Providing an efficient, predictable and user-friendly permitting process can encourage new housing construction by reducing potential confusion or perception of risk among developers as well as lowering their administrative carrying costs. There are several ways in which jurisdictions can improve the clarity, speed and consistency of the permit review process, consistent with legal requirements:

- Provide clear and informative application materials.
- Simplify procedures for projects with lower impacts.
- Provide for pre-application meetings.
- Provide online application submittal and tracking mechanisms.
- Provide the option for expedited review for an added fee.
- Expedite review for certain types of development that the community wishes to encourage, such as infill development or affordable housing.
- Identify permit liaisons or permit teams to support “one window” access for applicants.
- Increase department staffing during busy cycles.
- Provide public reports on actual permit review times.
- Ensure permit and building department staff are updated on policy development and diverse housing options within the jurisdiction.

Policies

- Review processes for opportunities to streamline
- Use adaptive management to continually approve permit procedure
- Track timeliness of permits over time

Subdivision Process Streamlining

Several recent changes to the subdivision statute were intended to make housing development easier and faster.

Short Plats:

Short subdivisions, also called "short plats," are defined in RCW 58.17.020(6). "Short subdivision" is the division or redivision of land into four or fewer lots, tracts, parcels, sites or divisions for the purpose of sale, lease or transfer of ownership. Cities, towns and GMA counties may increase the number of lots to a maximum of nine within urban growth areas. This means that these developments may be administratively approved instead of needing to go through a more lengthy subdivision process.

Subdivisions:

[RCW 58.17.095](#) provides that a county, city or town may adopt an ordinance providing for the administrative review of a preliminary plat without a public hearing. The ordinance may specify a threshold number of lots in a subdivision above which a public hearing must be held, and may specify other factors which necessitate the holding of a public hearing. If the public hearing is waived, the planning commission or planning agency shall complete the review of the proposed preliminary plat and transmit its recommendation to the legislative body as provided in [RCW 58.17.100](#) to approve or disapprove the preliminary plat. [RCW 58.17.100](#) was amended to allow local governments to delegate authority to approve the final plat to the planning commission or to staff. This means that a final plat does not have to wait as long to get final approval, which reduces the cost of the development.

Policies

- Consider related regulations and how changes to short plat limits or streamlining the approval process for subdivisions can mutually advance other goals for diverse housing, such as with cottage housing, small lot development, and zero lot line development.

Affordable Housing Incentives

Affordable housing incentives encourage and support multifamily housing development, particularly income-restricted affordable housing. In a typical market, affordable housing is typically built by two different kinds of developers:

Mission-driven affordable housing developers are largely public, not-for-profit organizations that assemble public and private funding to finance affordable housing projects. While these developers usually do not work to maximize profits, they still seek projects that allow them to sustain their operations and deliver affordable housing in an efficient way. For these developers, incentives reduce total costs and can increase the units they can provide.

Affordable housing can also be built by for-profit developers, including market-rate housing developers. These businesses use incentives to improve overall returns through density bonuses, parking reductions, fee waivers or other allowances in exchange for affordable units in the development. Although they can be motivated by corporate social responsibility, for-profit companies typically work to receive returns from projects and have limited options with respect to providing income-restricted affordable units unless they are mandatory (i.e., inclusionary zoning) or they are offered significant incentives for voluntary participation.

Development incentives work differently in the private market with respect to the financial feasibility of projects depending on the market. There are three cases that a community may face with tailoring incentives to local markets:

At the low end of the spectrum, a desired project type is infeasible because the costs of land, construction and financing are too high and market rents are too low to provide enough of a return to investors. If the net revenue received from a project is too low given an investment, affordable housing incentives are generally unlikely to make enough of a difference to project returns. In these cases, cities should focus on incentives for market rate housing production (such as MFTE with no affordability requirements) and support for nonprofits to help them provide affordable housing.

In a marginal market, the expected financial returns are near the threshold of feasibility, and there may be some uncertainty about whether the desired project type would be profitable enough to move forward. In these cases, incentives are best deployed to “move the needle” and make a project more feasible by reducing costs or increasing potential returns. Here voluntary programs may have the most leverage to encourage new housing projects.

On the high end of this spectrum are hot housing markets where projects are expected to provide an adequate return to investors without any incentives due to higher market rents. Cities experiencing these conditions may explore whether mandatory requirement for affordable housing (such as inclusionary zoning), paired with incentives, can encourage affordable housing production without significantly reducing market-rate housing production.

Note that feasibility can vary by project type. For example, a 2019 study of market condition in the South Hill urban corridor in unincorporated Pierce County found that low-rise multifamily is likely to be feasible while midrise is not. In this case, a density bonus would not provide a strong incentive to provide affordable housing. So, understanding what types of projects are most likely to be feasible can help tailor incentives to be most effective.

Multifamily Tax Exemption

A multifamily tax exemption (MFTE) is a waiver of property taxes to encourage affordable housing production and redevelopment in "residential targeted areas" designated by cities. The goal of MFTE programs is to address a financial feasibility gap for desired development types in the target areas, specifically to develop sufficient available, desirable and convenient residential housing to meet the needs of the public. The urban centers that are the typical targets for this tax exemption policy are often near transit, jobs and amenities, and MFTE programs are designed to encourage denser growth in areas with the greatest capacity and significant challenges to development feasibility.

RCW 84.14 allows certain cities planning under the GMA to grant qualified residential and mixed-use projects a property tax exemption under an MFTE program for the value of new residential improvements, rehabilitation, or conversion of residential buildings in the designated areas. This can currently take two forms:

- An eight-year tax exemption can be offered for multifamily projects which meet base requirements.
- A 12-year exemption is allowed for projects that incorporate a minimum percentage (typically 20%) of income-restricted units.

Cities can also limit MFTEs specifically to projects that incorporate only income-restricted units.

Gaps Addressed

- Increase housing supply
- Affordable homeownership
- Middle-income rental housing
- Senior housing
- Very low-income housing
- Housing near transit, amenities and/or jobs

When and Where Applicable

Available to cities with 15,000 or higher population, or others as determined by [RCW 84.14](#).

- Eight-year MFTE programs with no affordability requirements are most effective and appropriate in cities having trouble attracting private developers to build multifamily housing anywhere within their borders.
- Cities with strong housing markets that are already seeing multifamily development may consider offering only a 12-year option to encourage the inclusion of income-restricted affordable housing development. When both options are available, profit-motivated developers will typically select the eight-year option.

- MFTE “residential target areas” should be selected in conjunction with designated urban centers that lack residential housing options, including affordable housing.²¹
- Recommended in areas of high demand, such as along transit corridors and near amenity clusters or job centers.

Potential Drawbacks

- Loss of property tax revenue through the eight- or 12-year term of exemption on the value of residential improvements.
- If the incentive is offered to projects that would otherwise already be feasible, this policy may have little practical benefit. A 2019 report showed that in the majority of areas, rents for “affordable units” were higher than market rents.²²
- Affordability covenants expire after 12 years and cannot be renewed, which means that affordable MFTE units are not part of the long-term affordable housing supply.

Policies

- Carefully map target zones for implementation to meet local goals.
- Conduct pro forma analyses of sample projects to estimate a developer’s expected return on investment under different scenarios. This can be helpful to calibrate requirements such as the amount of affordable units and affordability levels to maximize the benefits without discouraging use of the incentive by developers. Some local governments require this analysis as part of the application.
- Affordability levels are set within statute but may be adjusted to meet local circumstances. Review market rents to ensure that affordability levels provided by the exemption are reduced rents compared to market rents.
- Layering MFTE with other incentives for affordable housing, such as density bonuses, fee reductions or planned actions, can magnify the overall effects.

Time/Capacity/Skill Needed

In-house staff can perform policy design and implementation. Annual monitoring of affordability of the designated units will be needed (RCW 84. 14.100).

Resources

- Affordable Housing - MRSC (see Multifamily Tax Exemption section)
- Housing Market Policy Dashboard - City of Tacoma - Allows users to explore the potential outcomes of housing policy scenarios (including MFTE and inclusionary zoning) on the feasibility of development and projected affordable housing development.
- Bellingham code 17.82.030: Eight-year exemptions are available for projects in residential target areas and 12-year exemptions for projects incorporating 20% or more income-restricted affordable housing units.

- Vancouver code 03.22: Target areas include the downtown core and a buffer surrounding their BRT service route. An eight-year exemption is offered for all projects of four+ units, and a 12-year exemption for projects incorporating 20% of income-restricted units for residents at 60% area median income (AMI).

Alternative Development Standards for Affordable Housing

Jurisdictions can relax development regulations in return for affordable housing development as an incentive. One common strategy is to reduce minimum parking requirements for projects that include affordable housing. This is often implemented by reducing or eliminating the required number of parking stalls per unit only for the income-restricted affordable units in a new development. Other alternative development standards that are commonly used to encourage affordable housing are Reducing Minimum Lot Sizes, Increasing Building Height, Offering Density and/or Height Incentives for Desired Unit Types, and Reducing Setbacks, Lot Coverage and/or Impervious Area Standards. In return for flexibility in development standards, RCW 36.70A.540, Affordable Housing Incentive Programs, requires affordability for at least 50 years.

Gaps Addressed

- Housing diversity
- Affordable homeownership
- Middle-income rental housing
- Very-low income housing

When and Where Applicable

- Parking minimums will be most effective/applicable for multifamily housing, especially where expensive structure parking would otherwise be needed.
- Minimum lot size reductions are most meaningful in older residential areas where the original platted lot size is smaller than the zoning district's minimum lot size or in residential zones with undeveloped tracts that could be subdivided.

Potential Drawbacks

See relevant housing strategies for details.

Policies

- These often work most effectively as part of a broader package of incentives to encourage affordable housing production.
- Where flexibility is allowed by code, ensure flexibility for affordability is clear.

Time/Capacity/Skill Needed

See relevant housing strategies for details. Annual monitoring of affordability of the designated units will be needed.

Resources

RCW 36.70A.540: Affordable Housing Incentive Programs

Pierce County offers several alternative design standards in its [Affordable Housing Incentives](#). See [Pierce County Affordable Housing Incentives: Independent Evaluation and Recommendations to Increase Effectiveness](#) (BERK Consulting, 2019).

Fee Waivers for Affordable Housing

Fee waivers reduce the up-front cost of construction for residential development. Fees, such as impact fees, utility connection fees and project review fees, can run in the thousands per unit for residential properties in some jurisdictions. Waiving some, or all, of these fees for income-restricted units can be a valuable incentive for encouraging the creation of income-restricted affordable units. This incentive is most effective when paired with a larger incentive package for affordable housing.

Gaps Addressed

- Affordable homeownership
- Middle-income rental housing
- Senior housing
- Very-low income housing

When and Where Applicable

- All residential and mixed use areas
- Useful to promote integration of affordable housing units within market rate developments

Potential Drawbacks

- Loss of revenue for public amenities such as parks, schools and infrastructure improvements
- For impact fees, municipalities may need to backfill a portion of payments for waived fees ([RCW 82.02.060\(3\)](#))

Policies

- Offer this incentive along with a suite of financial and/or regulatory incentives to promote income-restricted affordable housing.
- Ensure that the length of time units are required to remain affordable and the income brackets to whom they must cater are in parity with the benefits received for the community and authorizing statute.

Time/Capacity/Skill Needed

Planning department staff can implement regulatory benefit and annual monitoring of affordability of the designated units. Coordination with other city departments on fee waivers will be needed.

Resources

Affordable Housing - MRSC (See "Waiver of Fees or Standards" Section)

RCW 82.02.060(3) authorizes cities, counties and towns to grant impact fee exemptions for affordable housing. Jurisdictions may choose a partial exemption of not more than 80% of impact fees, in which case there is no explicit requirement to pay the exempted portion of the fee from public funds other than impact fee accounts; or provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts.

A city or town may waive or delay collection of tap-in charges, connection fees or hookup fees for low-income persons connecting to water, sanitary or storm sewer service, electricity, gas and other means of power and heat (RCW 35.92.380 (1980), RCW 35.92.020(5)).

RCW 36.70A.540 authorizes affordable housing incentive programs including fee waivers or exemptions.

Pierce County Code 18A.65: Fee waivers are offered for building fees, traffic impact fees, school impact fees, park impact fees, sanitary sewer system/facilities charge and preliminary plat application fees.

Funding Options for Affordable Housing Development

This section identifies options available to communities for directly funding or subsidizing affordable housing production. These include grants, loans and options for new revenue generation.

Local Option Taxes, Fees and Levies

Cities may provide direct project funding, through grants or loans, to encourage the production of income-restricted affordable housing. Securing this funding can occur in different ways:

A local housing tax levy, authorized through RCW 84.52.105, can allow up to \$0.50 per \$1,000 of property tax to be allocated toward an affordable housing fund for projects serving very-low income households (50% median family income or less) if approved by a majority of the voters of the taxing district. Housing levy funds may be used for a variety of purposes detailed in an affordable housing finance plan such as for matching funding for not-for-profit housing developments. This support can improve a project's competitiveness for receiving additional financing from state or national sources. The county, city or town that imposes the levy must declare an emergency with respect to the availability of housing that is affordable to very low-income households in the district. SB 6212 (laws of 2020) expands the use of this tax to include affordable homeownership, owner-occupied

home repair and foreclosure prevention programs for low-income households up to 80% of median family income as of October 1, 2020.

Sales and use tax: With voter approval, counties can pass a sales and use tax of up to 0.1% to fund affordable housing programs serving households with incomes below 60% of the AMI and within specific categories. These categories include individuals with mental illness, veterans, senior citizens, homeless families with children, unaccompanied homeless youth, persons with disabilities, or domestic violence victims (RCW 82.14.530).

Real Estate Excise Tax (REET 2): A city or town planning under GMA can impose an additional 0.25% real estate excise tax ("REET 2") under RCW 82.46.035. This requires voter approval only for communities voluntarily planning under GMA. Revenues may be used only for financing "capital projects" in the capital facilities plan element of the comprehensive plan, which may include building, rehabilitating/repairing and/or purchasing affordable housing.

Other funds: See MRSC's Revenue Guide for Washington Cities and Towns for updated information.

Gaps Addressed

- Increase housing supply
- Affordable homeownership
- Middle-income rental housing
- Senior housing
- Very-low income housing

When and Where Applicable

This strategy is best suited for communities that face a shortage of very low income-restricted affordable housing whose community would support such a tax, fee or ballot measure (if required).

In the case of REET 2, this is most effective in communities that are seeing active markets and significant real estate sales.

Potential Drawbacks

- A housing levy must be approved by the voters and may be assessed for only 10 years.
- There is a financial cost to local residents subject to the property tax levy, or to new homeowners with REET 2.
- REET 2 funding is restricted to projects in the capital facilities plan.
- A sales and use tax must be approved by the voters. No more than 10% of the revenue may be used to supplant existing local funds. If a county imposes this tax after a city located within that county has imposed this tax, the county must provide a credit against its tax for the full amount imposed by the city.

Policies

- Coordinate city funding with other known funding sources for maximum impact.
- Work with area groups to develop information about ballot initiatives, demonstrating the types of housing needs in the community.

Time/Capacity/Skill Needed

Staff time to create and administer program, including development of an affordable housing financing plan or amendments to the Capital Facilities Plan to direct the expenditure of funds.

Resources

- Affordable Housing - MRSC (See "Affordable Housing Property Tax Levy" Section)
- Affordable Housing - MRSC (See "Affordable Housing Sales Tax" Section)
- Real Estate Excise Tax - MRSC
- Example legislation from Bellingham and program description in Vancouver
- Sample real estate tax ordinance from San Juan County

Local Housing Trust Fund

Housing trust funds are distinct funds established by local governments that receive an ongoing source of dedicated funding to support housing affordability. They can be designed to meet the most critical housing needs in each community.

Gaps Addressed

- Increase housing supply
- Affordable homeownership
- Middle-income rental housing
- Senior housing
- Very-low income housing

When and Where Applicable

Communities with sufficient capacity to manage a housing trust fund and generate sufficient capital for desired outcomes. Can also be coordinated at the county and regional level.

Potential Drawbacks

Requires management of the fund.

Policies

- Leverage additional funding from state or national programs (e.g., Community Development Block Grants) to maximize the benefit of dollars raised.

Time/Capacity/Skill Needed

Staff time to report on the distribution and use of funds.

Resources

- General Information on Housing Trust Funds at [Housingtrustfundproject.org](https://housingtrustfundproject.org)
- Bellingham Home Fund

"Found Land": Surplus Land and Other Opportunities

In areas with high land costs, acquiring suitable land can add significant expense to an affordable housing project. Cities or counties may own surplus or underutilized lands that may be suitable for housing development. These public lands can be donated or leased to affordable housing developers to reduce the cost of development and help make a project more financially feasible. Other land might hold potential, too:

Surplus publicly owned land: Under RCW 39.33.015 (2018), public agencies (local governments or utilities) can discount or gift land they own for “public benefit,” defined as affordable housing (up to 80% AMI). These agencies must adopt rules to regulate the transfer of property. Staff should inventory publicly owned available lands that may meet criteria for donation and assess environmental or other constraints that may inhibit project suitability prior to site selection. Consider the broad range of public agencies that may be willing to sell, trade, or donate land for a public purpose. Consider lands purchased as staging areas for major construction that may be turned toward housing at the end of the project.

Brownfields: Certain properties that can safely be rehabilitated (if necessary) may be eligible for Environmental Protection Agency (EPA) brownfield redevelopment grants. This can be a strategic move to both satisfy goals for infill development and provide additional affordable units in a community. The 2018 Washington State Legislature authorized a competitive process to fund recipients that use their cleaned-up property to build affordable housing and provided funds to the Department of Ecology to distribute to local governments to investigate and plan cleanup for potential affordable housing development. The health and safety of residents should be a top priority in site selection, and only parcels where remediation can ensure safe residential use should be selected.

Adaptive reuse is the process of reusing an existing building for a purpose other than what it was designed for. After buildings become disused or abandoned, adaptive reuse can be an effective way to put new uses into existing buildings, reusing existing infrastructure and preserving historic assets. Historic preservation tax credits provide a 20% federal income tax on the qualified amount of private investment on certified rehabilitation of a National Register listed historic building.

Service groups and churches: In most communities, service groups or churches may be considering divestment of property as their membership changes. These groups may be willing to provide property for a benevolent use.

School district-owned land can be leased for affordable housing. HB 2617 (laws of 2020) was passed to remove recapture provisions when used for affordable housing under RCW 39.33.015. This facilitated affordable housing development on Everett School District property, which leased a ballfield for an affordable housing complex.

Co-location: building housing with other community facilities: Another way to “find land” is by adding housing above community facilities such as daycares, libraries, recreation or community centers, or on the same property. This strategy takes advantage of land and utilities already planned for the main use. Planners should ensure zoning allows for such mixed uses, along with adequate height.

Vacant, abandoned and tax delinquent property²³: These properties generally have negative impacts on surrounding properties while also preventing productive use of the land. Cities or agencies can help to assemble these properties and coordinate a sale to developers or non-profit organizations to develop affordable housing. This process of assembling is called land banking, and often includes resolving ownership issues and/or addressing tax liens or land encumbrances that otherwise deter developers from pursuing these properties. Like with surplus publicly owned land, MRSC notes that the state constitution generally restricts cities and counties from giving property to private individuals or from selling it for less than market value unless the property would be used to directly benefit the “poor and infirm.”

Gaps Addressed

- Increase housing supply
- Affordable homeownership
- Middle-income rental housing
- Senior housing
- Very-low income housing

When and Where Applicable

Best suited for communities that face a shortage of income-restricted affordable housing and that own surplus land in desirable locations.

Potential Drawbacks

- Loss of public land ownership on a long-term or permanent basis
- Opportunity cost of other potential uses for public lands
- Be aware of any lands that might have use restrictions based on their funding source at the time of purchase, or any covenants on the land

Policies

- Establish a transparent procedure for selecting eligible sites.

- Determine if any community benefits, in addition to income-restricted housing units, should be required on the site.

Time/Capacity/Skill Needed

Staff resources may be used to inventory and assess public lands.

Resources

- Public Land for Affordable Housing - PRSC
- Use of Publicly Owned Property for Affordable Housing - Local Housing Solutions
- Project examples from Bellevue: Hopelink Place, Habitat Eastmont, Brandenwood Apartments and Park Highlands at Wilburton

Partner with Local Housing Providers

Local governments may want to coordinate with local housing groups and non-profit developers to look for shared goals and identify ways both groups can work together. This may include identifying property, crafting incentives, developing housing assistance programs, supporting grant applications, code enforcement, property owner assistance or other programs to help increase affordability and reduce homelessness.

Gaps Addressed

- Increase housing supply
- Affordable homeownership
- Middle-income rental housing
- Senior housing
- Very-low income housing

When and Where Applicable

- Any town can work with its development community to craft custom solutions that address most urgent needs and leverage available resources. If assisting with low-income housing tax credit (LIHTC) applications, it is important to remember distinctions between the 9% and 4% programs.
- The 9% program is administered through a competitive application process, with preference for projects targeting lower-income households.
- The 4% program is typically preferred for for-profit developers and often focuses on workforce housing. Although nominally it was not designed as a competitive process, limited availability of the associated bonds has meant that this process has become competitive as well.

Potential Drawbacks

- Jurisdictions have limited capacity. Forging partnerships and developing concepts that achieve shared goals can be a time-intensive process.
- Projects owned by private or non-profit developers may have affordability covenant expiration dates.

Policies

- Reach out broadly to identify local organizations, resources and housing needs of high-need groups, such as the disabled, elderly or homeless.
- The city can support applications, but tax credits are applicable for developers only.

Time/Capacity/Skill Needed

Work can be done in-house. Established relationships with the development community can help promote partnerships that lead to positive outcomes.

Resources

- ULI Guidebook on successful Public-Private Partnerships
- Snohomish County Affordable Housing Trust Fund

Funding Resources for Affordable Housing

There are a variety of sources of funding for affordable housing, and normally several forms of funding are required to make a project feasible. Below are some of the more prominent funding sources available.

Low-Income Housing Tax Credit (LIHTC) program. This program is a federal initiative that authorizes affordable housing developers to sell tax credits to investors to generate equity for development costs. Investors can use the credits to reduce their federal tax liability. In Washington, this program is administered through the Washington State Housing Finance Commission (WSHFC) for projects building units affordable at the 60% area median income (AMI) level for 30 years. Through LIHTC, there is a 9% tax credit program and 4% tax credit program. Nationally, the LIHTC program has helped to create over 3 million affordable housing units over 30 years, according to the National Multifamily Housing Council.

Washington State Housing Trust Fund. The Department of Commerce manages these funds that provide amortized loans, deferred loans and recoverable grants to support projects that acquire, build and/or rehabilitate affordable housing. Units must be accessible to households earning up to 80% of the AMI, with federal HOME funding requiring affordability at 50% AMI. A covenant is typically secured to ensure that the required affordability of units is maintained for 40 years.

HUD/FHA Loans. These loan programs support affordable housing projects by allowing for more favorable lending terms than private-market providers will offer. The [Section 221\(d\)\(4\)](#) program insures construction loans for new construction or substantial rehabilitation of moderate- and low-income rental housing that contains five units or more. The [Section 223\(f\)](#) program insures mortgages for the purchase or refinance of existing multifamily housing.

United States Department of Agriculture (USDA) Grant and Loan Programs.

The USDA offers a variety of programs aimed at increasing affordable multifamily rental housing in rural areas. These include: Housing Preservation and

Revitalization Demonstration Loans and Grants, Housing Preservation Grants, Multifamily Housing Direct Loans and Multifamily Housing Loan Guarantees.

Community Development Block Grants (CDBGs). These grants are federal funds administered to smaller cities/towns and counties for projects that improve the economic, social and physical environment. CDBG funding cannot be used for new housing construction. It can, however, be used for housing rehabilitation, homeownership assistance, affordable housing plans and infrastructure projects that support affordable housing development. Specific CDBG grants are available to Native communities through the [Indian Community Development Block Grant Program \(ICDBG\)](#). ICDBG funds have added flexibility that allows for land acquisition to support new housing and, under some circumstances, new housing construction. Some communities get funding directly from HUD; Commerce administers funds for the balance of the state.

Resources:

Information Resources from WSHFC, including list of all active LIHTC rental properties in Washington
Housing Trust Fund Handbook
HUD/FHA loan information
USDA programs for developers
Department of Commerce description of various CDBG funding programs and resource lists: <https://www.commerce.wa.gov/serving-communities/community-development-block-grants/>
Local CDBG program manager contact information:
<https://www.hud.gov/states/washington/community/cdbg>

Appendix 5: Displacement Prevention Strategies

What is Displacement?

Displacement refers to instances where a household is forced or pressured to move from their home against their wishes. This can be for economic, cultural, or physical reasons, and the result can be catastrophic for households that are impacted. It can also disrupt the social fabric and networks of trust and support that exist within a community. For housing actions plans funded by Commerce, RCW 36.70.600 (2) requires local governments to consider strategies to minimize displacement of low-income residents resulting from redevelopment and strategies of the plan. The goal of housing action plans is to adapt housing strategies to ensure housing exists for all members of a community. This often requires housing opportunities to change, and so operating as though change will not occur is not feasible. So how can a community plan for change in a way that is minimally disruptive for those who live there, and in a way where displacement does not occur? This section will examine displacement, and strategies that can be used to prevent and/or mitigate it.

Types of Displacement

Physical Displacement

Physical displacement typically occurs with an eviction or lease termination. Various circumstances can lead to physical displacement, including a property owner's choice to demolish an existing residence to enable the construction of new buildings on the same site. Owners may also choose to rehabilitate an existing residence or building. For example, strong demand for housing can encourage property owners to upgrade or refurbish existing rental buildings with new finishes to increase rents and attract higher-income tenants. A third cause of physical displacement is the expiration of covenants on rent- or income-restricted housing. When covenants expire, the building owner can raise the rent for a unit, making it unaffordable to a low-income tenant.

When a city adopts strategies, such as an upzone, to encourage more intense housing development, it also increases the chances that current residents in the affected neighborhood will be physically displaced to make way for redevelopment. The areas may have low levels of investment, many renters, and be seen as "in need of redevelopment." Residents in these neighborhoods generally have lower income, are renters and are more vulnerable to displacement than those in established stable neighborhoods that may not be considered for upzones. This can lead to exacerbating inequities that already exist.

Economic Displacement

Economic displacement occurs when pressures of increased housing costs compel a household to relocate. Market-rate housing costs are largely driven by the interaction of supply and demand in the regional housing market. Lower-income households living in market-rate rental housing are at greater risk of economic displacement when housing costs increase. Even homeowners can be at risk of economic displacement when property tax bills increase significantly.

Vulnerability to economic displacement can disproportionately impact communities of color. Across Washington state, communities of color experience higher rates of housing cost burden when compared to white, non-Hispanic households. Cost burden is when a household is paying more than 30% of its income for housing and utilities.

Cultural Displacement

Cultural displacement occurs when people choose to move because their neighbors and culturally related businesses and institutions have left the area. The presence (or absence) of these cultural assets can influence racial or ethnic minority households in their decisions about where to live, more than for broader populations. The same segregation and discrimination challenges that may limit access to job and educational opportunities may also limit access to housing for these communities.

For example, if neighboring households or community serving businesses within a racial or ethnic community experience direct or economic displacement, other households within the same racial or ethnic community may face increased pressure to relocate due to cultural factors. Since cultural anchors, gathering spaces, arts organizations, businesses and religious institutions often are not widespread in alternative locations, the presence of these cultural assets often can have added importance to racial or ethnic minority households in their location decisions. Cultural displacement can be reasonably assumed to accelerate or amplify the impacts of other displacement pressures, specifically for racial and ethnic minority populations.

Strategies to Address Physical Displacement

Strategic Acquisition and Financing of Existing Multi-family Housing

To better retain affordable housing, cities and housing authorities can catalog naturally occurring affordable housing and housing with income restrictions or covenants that are about to expire. Some of this information could be found in the HNA or with further analysis of HNA data. Cities, counties, and housing authorities may then identify funds to acquire existing multifamily buildings that serve low- or moderate-income residents to avoid displacement of residents. Selected properties should be likely targets for redevelopment with residents otherwise unable to afford to stay in the neighborhood or projects with expiring affordability contracts.

Alternatively, public funds can support private or non-profit owners of buildings with expiring affordability covenants, as discussed in the next strategy. This practice preserves existing communities and retains long-term affordable housing stock.

Support Third-Party Purchases of Existing Affordable Housing

Community-based organizations, non-profits and community land trusts can be important property owners within a neighborhood. Using public resources to empower trusted institutions can preserve or create affordable housing and space for community-serving organizations and businesses. Municipal and other funds can assist these institutions in land and property acquisition efforts that preserve affordable housing and prevent displacement within a neighborhood.

Notice of Intent to Sell/Sale Ordinance

A “notice of intent to sell” ordinance requires owners of multifamily buildings to provide official notification to tenants and local housing officials. This ordinance can apply specifically to properties with rents at or below certain income levels. The notice gives public authorities the opportunity to plan for a potential purchase in the interest of preserving housing that serves low- or moderate-income residents. It also acts as a mitigation measure for residents, providing additional time to prepare for a potential need to move.

A related strategy uses existing databases, such as the National Housing Preservation Database (NHPD) and PolicyMap to identify properties with expiring income-restricted covenants. These resources empower cities to proactively identify units for preservation as affordable to low-income households.

Foreclosure Intervention Counseling

Foreclosure intervention counselors serve as intermediaries between homeowners and financial institutions to advocate for at-risk homeowners in need of budgeting assistance, refinanced loan terms or repaired credit scores. Cities can use affordable housing funds to support these programs, or community land trusts can step in to purchase foreclosed property, helping to restore ownership for residents.

Mobile Home Park Conversion to Cooperative

A community investment program for mobile home parks offers financial tools enabling mobile home park residents to organize and purchase the land that serves their community. Mobile home parks often house moderate- and low-income residents, and this program, which operates as a co-op, protects residents from unexpected rent increases over time. It also empowers residents to complete much-needed deferred maintenance projects.

The Washington State Housing Finance Commission, in partnership with Resident Owned Communities (ROC) Northwest and ROC USA, offers the financial tools and expert guidance for manufactured-housing (“mobile home”) communities to become self-owned cooperatives. The commission works in partnership with ROC USA to provide financing for the purchase, and sometimes improvement, of the

property. This financing means a bank loan with favorable terms for the cooperative.

Tenant Relocation Assistance

Upzoned neighborhoods may see an increase in demolition of existing housing units to build newer, higher-density housing types. This process displaces existing tenants who then incur moving costs. Local governments, authorized by WAC 365-196-835 and detailed in RCW 59.18.440, can pass an ordinance that requires developers, public funds or a combination of the two to provide relocation funds for these displaced tenants. Tenants at or below 50% of the county median income, adjusted for family size, qualify for available funds. Resident relocation assistance as a result of public action is required, with details outlined in RCW 8.26.

Just Cause Eviction Protections

Washington state requires that tenants receive at least 20-day notice when asked to leave a property. However, state law does not require landlords to provide an explanation for the demand. This is particularly disruptive for those without longer-term lease agreements, such as month-to-month tenants. Local jurisdictions can pass just cause eviction protections that mandate that landlords provide tenants a legally justifiable reason when being asked to vacate. Legally justifiable reasons may include failure to pay on time or meet terms of the lease agreement, sale of the building, or owner's desire to assume occupancy of the unit. This protection does not avoid displacement, but it promotes rental stability and provides legal recourse for residents who are asked to vacate without reasonable justification.

"Right to Return" Policies for Promoting Home Ownership

A "right to return" policy works to reverse the effects of past physical displacement by providing down payment assistance for first-time homebuyers who can prove that they have been victims of displacement. Programs may prioritize cases of displacement by direct government action.

In Portland, priority is given to residents of certain neighborhoods whose property, or whose parents' property was seized through eminent domain, which has historically impacted communities of color and low-income residents at disproportionate rates. Northeast Portland is one qualifying neighborhood, where displacement from public urban renewal projects in the early 2000's contributed to a dramatic decrease of the neighborhood's historically Black community.

Regulating Short-term Rentals

Many communities have adopted short-term rental (STR) regulations to reduce their impact on displacement and housing affordability. A first step is to track STR activity by requiring registration and reporting from owners of these units. Policy regulations should prioritize actions that reduce the likelihood of converting long-term rentals into STR's. Some examples include:

- Restrict short-term rentals to zones allowing tourist accommodations (e.g. City of Chelan)

- Set caps on the number of allowed short-term rentals per host (e.g. Seattle, Okanogan-Methow)
- In a residential zone, limit the number of nights a short-term rental can be rented to guests annually (e.g. Bend, Oregon). This helps minimize the ownership of property purely for use as a full-time short-term rental.
- Require permanent resident occupancy for a period of time prior to the unit being offered for a short-term rental.

In addition, as a mitigation measure, STRs can be charged transient rental or hotel taxes, with revenue contributing to anti-displacement initiatives.

The regulation of short-term rentals can be complex and involve establishing an annual license or permit, standards for the protection of guests and/or standards for the protection of neighbors. There may also be a need for added code enforcement resources.

Strategies to Address Economic Displacement

These are proactive strategies focused on making residents more economically resilient and less vulnerable to rapidly rising housing costs.

Community Land Trusts

A community land trust (CLT) is a non-profit organization, owned by a collective of community members which buys and holds land within a neighborhood. It may raise funds through public or private sources to build structures on this land to be used for community purposes or to be sold to low- or moderate-income residents. These building occupants pay a monthly land lease fee to the trust, which maintains ownership of the land itself. CLT's build community wealth by cooperatively owning land and provide affordable housing within a neighborhood. They also prevent displacement by keeping ownership of the land and property out of the private market and ensuring that new development serves community goals such as housing affordability. Public policy can support CLT's by land donation or contributing funds for land acquisition.

Need-based Rehabilitation Assistance

Rehabilitation projects for existing housing that serves low- and moderate-income residents encourages community longevity. Need-based rehabilitation assistance helps low-income, disabled or senior residents make needed home repairs and safety upgrades by offering favorable financing terms or time-limited tax abatements to qualified homeowners. Projects that address weatherization and energy efficiency improvements can improve long-term affordability for the homeowner by reducing monthly energy costs.

- Affordable housing funds can be used to directly provide loans or to partner with non-profit organizations specializing in this type of work.
- RCW 84.37 and RCW 84.38 provide for property tax deferral for homeowners with limited incomes.
- Local housing web sites may also provide information about state and local programs for home repair assistance and help with energy bills.

Down Payment Assistance

Some renters desire long-term investment in a neighborhood through home ownership. Saving enough money for a down payment can take years for many households. Economic displacement pressures can push these households to relocate long before their savings accounts are sufficient for a home purchase. Down payment or assistance programs proactively address this barrier by offering no-interest or low-interest capital for qualified buyers. These programs typically pair with home ownership education courses to encourage financial preparedness for participants. Many programs target first-time home buyers. Home ownership is not the best fit for all households, but many renters pay a mortgage-equivalent in rent and desire the added stability offered by ownership.

Property Tax Assistance Programs

Certain neighborhoods experience dramatic increases to property values that result in proportional increase to property tax values. Longtime residents who own their home but wish to stay in their neighborhood but struggle to keep up with these cost increases can be helped through a property tax assistance program. This currently exists in Washington for widows and widowers of veterans, but other states have introduced programs that offer this assistance to low-income, elderly, or disabled homeowners as well. Maryland's program extends this benefit to renters who often bear the burden of property tax payments through increased rental rates.

Strategies to Address Cultural Displacement

Strategies addressing cultural displacement preserve business and cultural anchors to maintain the physical spaces that support place-based social networks. These actions protect, foster and minimize physical displacement of existing businesses or anchors and provide for appropriate and affordable commercial/cultural space in new development.

Success stories tend to use multiple strategies to achieve affordable commercial and community space in new development, and at least one non-profit is usually involved.

Grants/Loans to Directly Support Small Businesses

Small businesses and cultural anchors, especially in areas with high displacement risk, may struggle to invest in their space and keep up with rent. Washington state law establishes local governments' authority to support businesses:

Economic development programs

“It shall be in the public purpose for all cities to engage in economic development programs. In addition, cities may contract with nonprofit corporations in furtherance of this and other acts relating to economic development” (RCW 35.21.703)

Restrictions on city/county funds

Washington’s prohibition against using general government funds for gifts or loans to private parties for economic development (State Constitution Article 8 Section 7) is often cited as a barrier to supporting businesses and cultural anchors. It can be hard to justify how funding the business or organization provides “necessary support of the poor and infirm.” Instead of using this prohibition to take affordable commercial space off the table, communities are getting creative about how to support their important spaces by using federal and private funds which have greater flexibility than general city/county funds, and a variety of partnerships described below.

Federal and private funds

Federal and private funds, without the stringent restrictions on general city/county funds, can pay rent and operating costs. The City of Seattle’s Office of Economic Development’s Small Business Tenant Improvement Fund uses private money and federal funds (outside of the city’s general fund) to support small and Black, indigenous, and people of color (BIPOC)-owned businesses where there is a high risk of displacement. A limited-liability company, overseen by the city but not a city entity itself, manages a federal tax credit program and investor fee revenues.

Seattle uses federal CDBG funds for its Small Business Stabilization Fund and recently shifted further CDBG funds here to better support businesses impacted by the coronavirus pandemic. Seattle’s Cultural Facilities Fund also aids organizations and businesses with initial rent or building improvements.

Community Lenders

Seattle also connects small and entrepreneurial businesses with community lenders. These loans are flexible for meeting a range of needs. Sharia-compliant loans – where no interest is charged and fees are based on profit—are important for businesses who are prohibited from paying interest on loans for religious reasons.

Financing Ground Floor Commercial

Because of state restrictions on city/county funds, financing the commercial space can be more challenging than the affordable housing on the upper floors. However, cities and counties can use federal and private funds. Seattle used federal CDBG funds to support the Liberty Bank Building redevelopment, which includes affordable commercial space and community amenities on the ground floor. Using the federal funds avoids the state restrictions; however, CDBG’s regulatory process and compliance is challenging, especially for smaller projects that can’t absorb that cost.

Preservation Development Authorities (PDA) and Ports

Partnering with PDA's and ports can also offer flexibility in providing affordable commercial and arts spaces. PDA's, as quasi-public corporations, serve and are accountable to the public and administer public funds, while having the flexibility of a corporation. PDA's are particularly useful for developing and maintaining the ground floor space for commercial and arts activities and leasing to businesses and nonprofits. Ground floor improvement costs can otherwise be insurmountable to individual businesses and nonprofits.

Commercial Community Land Trust

Like the Community Land Trust listed above, these nonprofit corporations secure and maintain access to land for public benefit, in this case, to preserve affordable commercial space. Preservation of existing affordable business and cultural space is often more useful than new construction, especially when considering the economics of nonprofit arts organizations that may need specialized physical spaces and micro-businesses that struggle to afford rents in new construction. Land trusts can help preserve existing affordable space or increase affordability in new space.

Community Benefits/Development Agreements

Development agreements, or community benefits agreements, are voluntary, negotiated contracts between a developer and a city/county that specify the public benefits the development will provide and each parties' responsibilities. They can achieve affordable housing, affordable commercial space, community gathering space and other public amenities. For example, developers can agree to build out the ground floor space for small businesses and cultural anchors, making it more affordable for them to get into a new space, and then gradually afford market rent over time.

Micro-retail and Flexible Cultural Space Design

Preservation of existing affordable space is typically most effective for maintaining affordability, but if you must build new or adapt a space, design the ground floor with nontraditional commercial uses in mind. Making a flexible space for a range of businesses (e.g. restaurants, micro-retail) and arts organizations will reduce initial move-in/tenant improvement costs.

Business incubators, Co-working Spaces, and Artisan/Maker Spaces

These types of share work spaces allow businesses, artists/artisans, and nonprofits to pool resources in a shared space and spark collaboration. They are typically run by non-profit organizations.

Other strategies

- Racial equity impact assessment and business support during public infrastructure construction
- Business relocation and business planning assistance when physically displaced
- Cooperative ownership models
- Worker-owned cooperatives
- Rental relocation assistance