

# 2018 Bellevue Neighborhoods Conference

April 21, 2018

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## Affordable Housing Fact and Myth



# Housing affordability and household income guidelines, 2017

Applicable in King and Snohomish counties.

## 2017 KING COUNTY INCOME AND HOUSING AFFORDABILITY GUIDELINES

|  | Studio<br>(1 Person) | 1-Bedroom<br>(2 People) | 2-Bedroom<br>(3 People) | 3-Bedroom<br>(4 People) |
|--|----------------------|-------------------------|-------------------------|-------------------------|
|--|----------------------|-------------------------|-------------------------|-------------------------|

### VERY LOW INCOME: 30% of Median Income

|                       |          |          |          |          |
|-----------------------|----------|----------|----------|----------|
| Household Income      | \$20,160 | \$23,040 | \$25,920 | \$28,800 |
| Max. Affordable Rent* | \$504    | \$576    | \$648    | \$720    |

### LOW INCOME: 50% of Median Income

|                       |          |          |          |          |
|-----------------------|----------|----------|----------|----------|
| Household Income      | \$33,600 | \$38,400 | \$43,200 | \$48,000 |
| Max. Affordable Rent* | \$840    | \$960    | \$1,080  | \$1,200  |

### MODERATE INCOME: 80% of Median Income

|                          |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|
| Household Income         | \$53,760  | \$61,440  | \$69,120  | \$76,800  |
| Max. Affordable Rent*    | \$1,344   | \$1,536   | \$1,728   | \$1,920   |
| Max. Affordable Purchase | \$198,930 | \$227,350 | \$260,020 | \$292,700 |

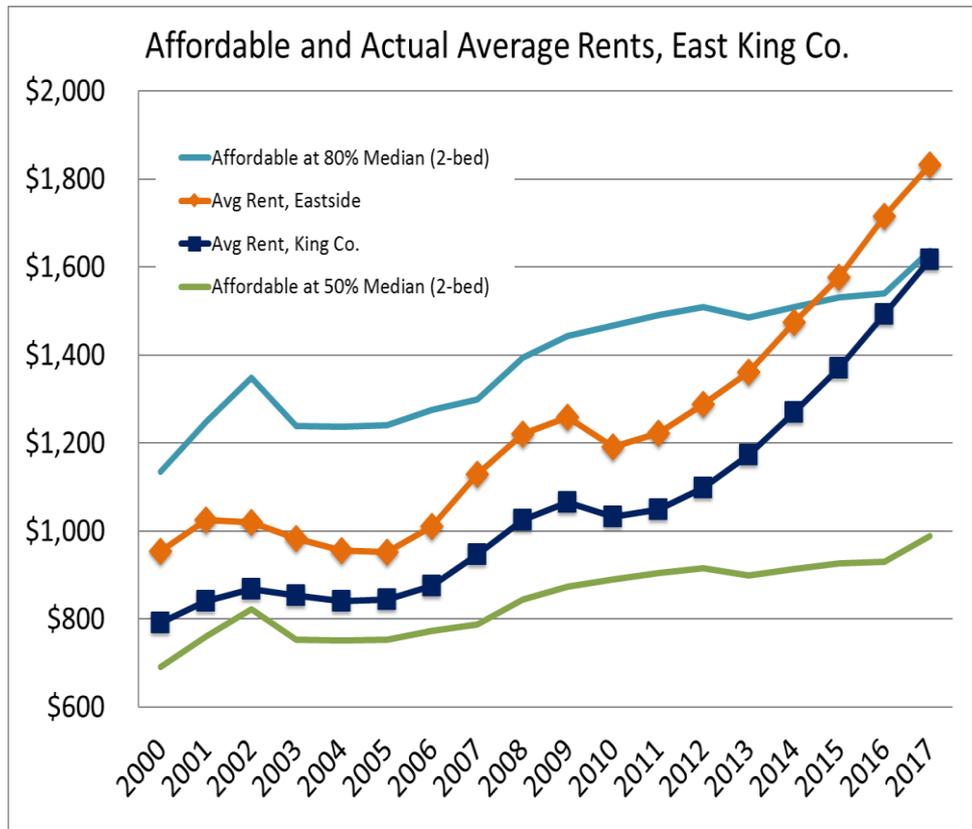
**King County Area Median Income (AMI): \$96,000**

Source: U.S. Housing and Urban Development Income Limits

\*Rents are net of deducting for a utility allowance.

# Housing Costs

Our region has seen home prices grow faster than anywhere else in the country for the last 16 months in a row



Bellevue median rent  
 1-bedroom \$1,960  
 2-bedroom \$2,180

Median sales price for single family:  
 East Bellevue: \$985,000  
 West Bellevue: \$2,070,000  
 Eastside \$950,000

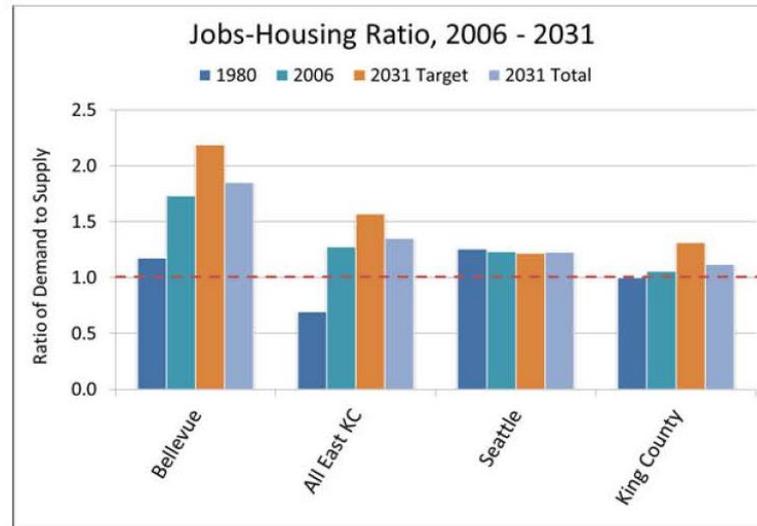
# Housing Need

Much of Housing Demand from local workforce.

❖ Bellevue & East King County as a whole generate more demand for housing from its workforce than available housing.

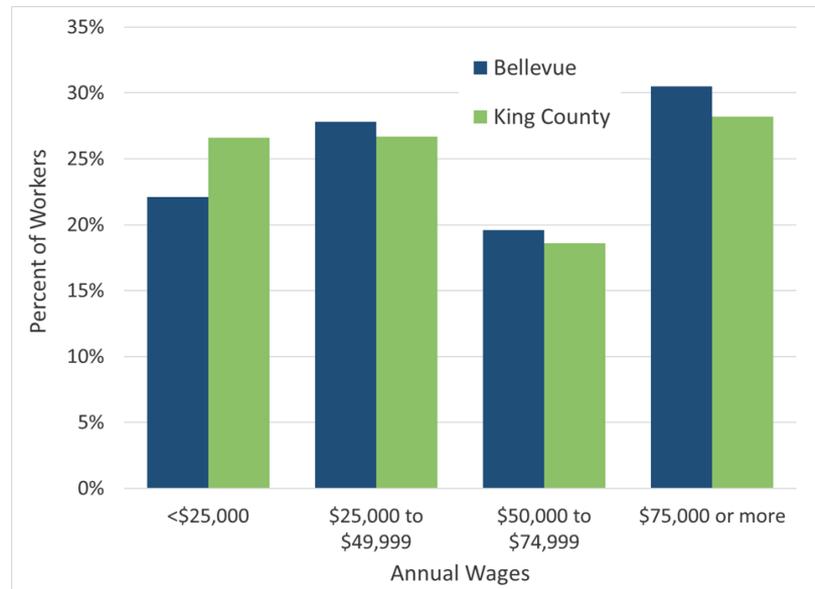
❖ Range of salaries: just under 50% of jobs pay less than \$50,000.

Figure 38: A primary demand for housing comes from a community's workforce



2031 Target based on GMPC Housing and Employment Growth Targets

|                    | Bellevue     | East King County |
|--------------------|--------------|------------------|
| Employment         | 53,000       | 133,400          |
| Demand for Housing | 37,850 units | 95,300           |
| Housing            | 17,290 units | 60,650           |



# Local workers earning \$15 - \$20 hour



Barista  
\$11.09 / hour



Grocery Clerk  
\$13.95 / hour



Cook  
\$13.37 / hour



Customer Service  
Representative  
\$18.68 / hour



Bookkeeper  
\$21.21 / hour



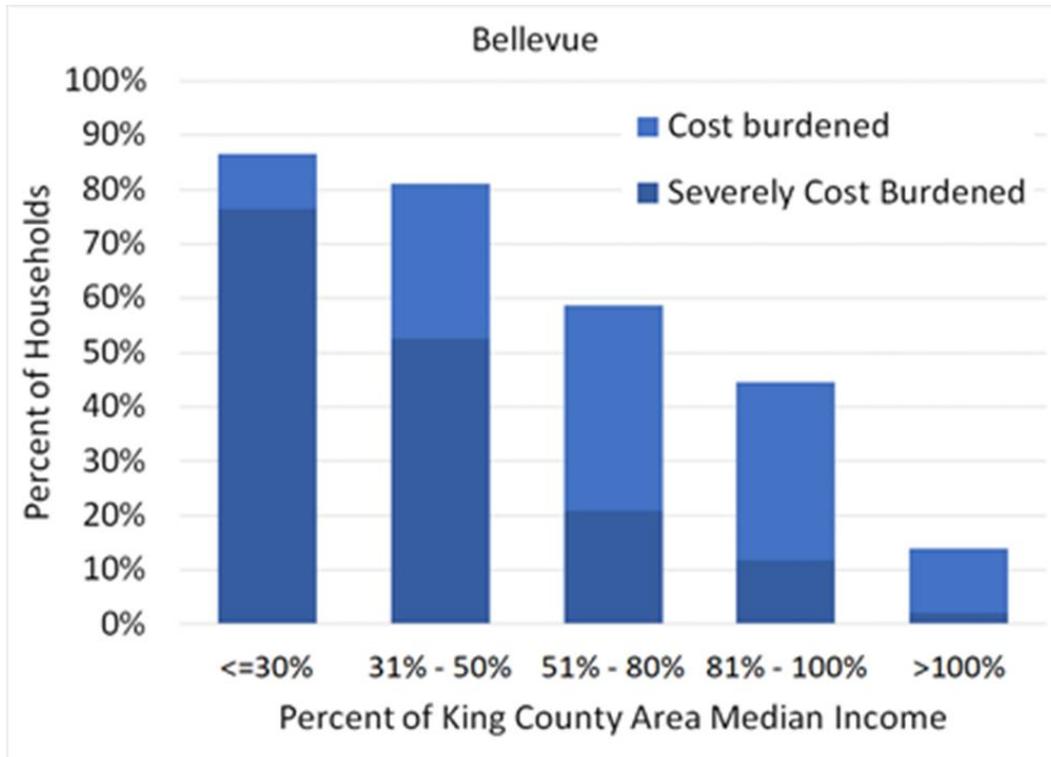
Medical Assistant  
\$18.65 / hour

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**Workers earning less than \$15 hour or \$31,000 annually can only afford rents of less than \$800. mo.**

**Workers earning about \$20 hour/\$42,000 annually can afford rents of about \$1,000 mo.**

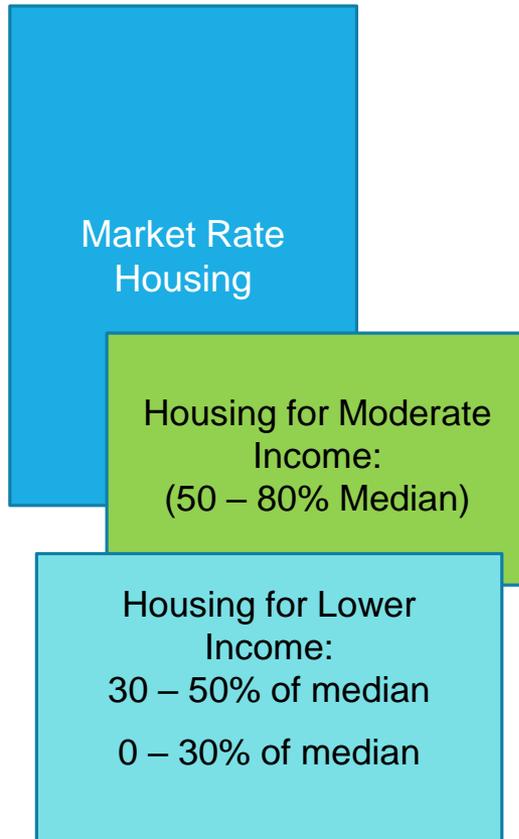
# Housing Affordability / Cost Burdened Households



- Housing Affordability  
#1 community concern  
77% in 2017, 68%: 2015, 51%:  
2013 (Human Services Needs Update)
- 16% renters & almost 1/3 senior  
renters spend more than 50% of  
income on housing. Standard is  
<30% of income.
- Greatest need is for lower incomes.  
Need is for 24% of housing  
affordable to lower incomes.  
Bellevue currently <7%  
Gap: over 8,000 Units.

# Range of Strategies

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## **Market increase diversity and general affordability**

- Housing capacity to accommodate growth/ efficient permitting
- Allow diversity of housing – multifamily/ small single family/ microunits / senior housing

## **Incentive to create affordability through market (generally moderate income)**

- Accessory dwelling units
- Land use density incentives
- Multifamily property tax exemption

## **Direct assistance programs (generally lower income)**

- Direct Funding (ARCH Housing Trust Fund)
  - Leverages other public fund sources
- Surplus land
- Impact fee waiver

# Existing Bellevue Affordable Housing Tools

## Market Incentives including Financial Incentives

*Can incent private market to create and preserve affordable units*

- BelRed/DT/Eastgate FAR amenity incentive-
- Multifamily Housing Property Tax Exemption (MFTE)
- Reduced parking requirement Downtown/BelRed for small, affordable units
- Exemption of transportation impact fees for affordable housing
- Modest affordable housing density bonus available citywide

## Direct Support

*Typically leverages other funding Partners with non-profits / ARCH role*

- General Fund contributions (Trust fund administered by ARCH)
- Donation/sale of surplus land for affordable housing

## Other Tools

- Planned affordable housing at transit nodes in BelRed
- Attached accessory dwelling units
- Home repair program
- Utility relief program

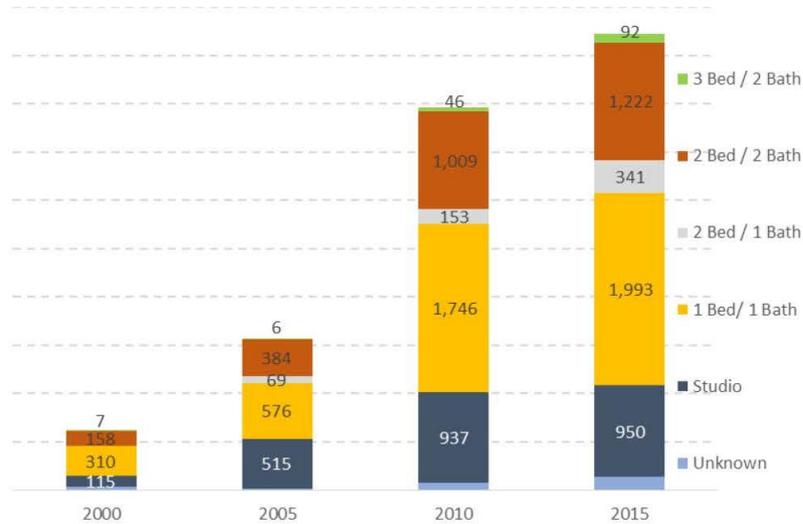
# Housing Mix in Centers

Citywide, over 90% of future residential capacity is in mixed use areas such as downtown and Bel-Red. Similar focus for growth in other EKC cities.

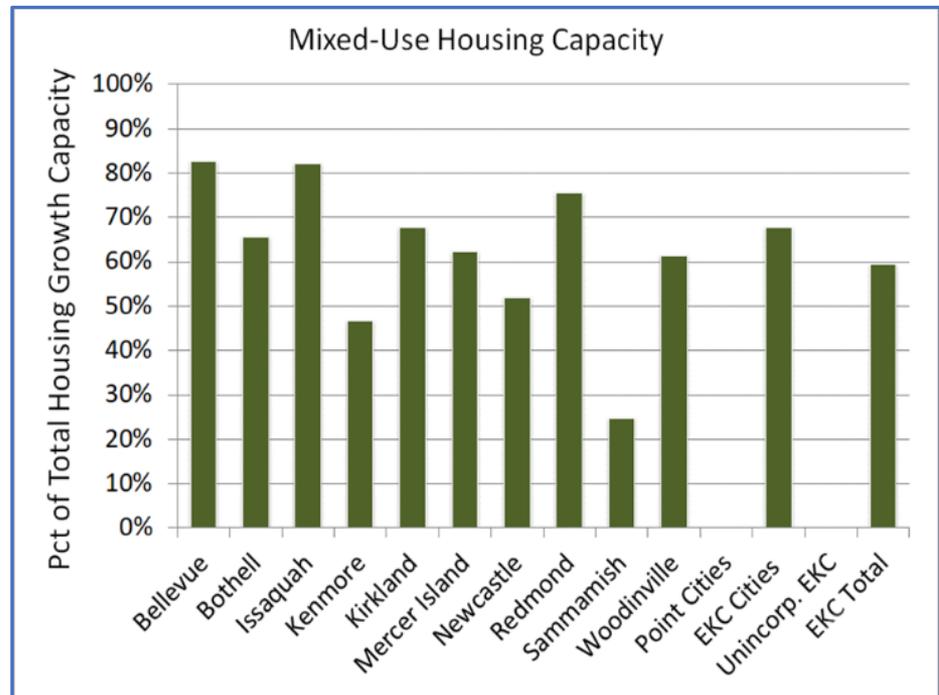
High proportion of smaller units in urban centers responsive to high proportion of smaller households.

Given high proportion of future growth, some demand for households with children.

Figure 3: Just over 4,000 units have been built in Downtown Bellevue over the last 15 years



Note: Unit counts are for Downtown Bellevue only.  
Source: Dupre + Scott Apartment Advisors, 2015.



# Accessory Dwelling Units (ADU's)

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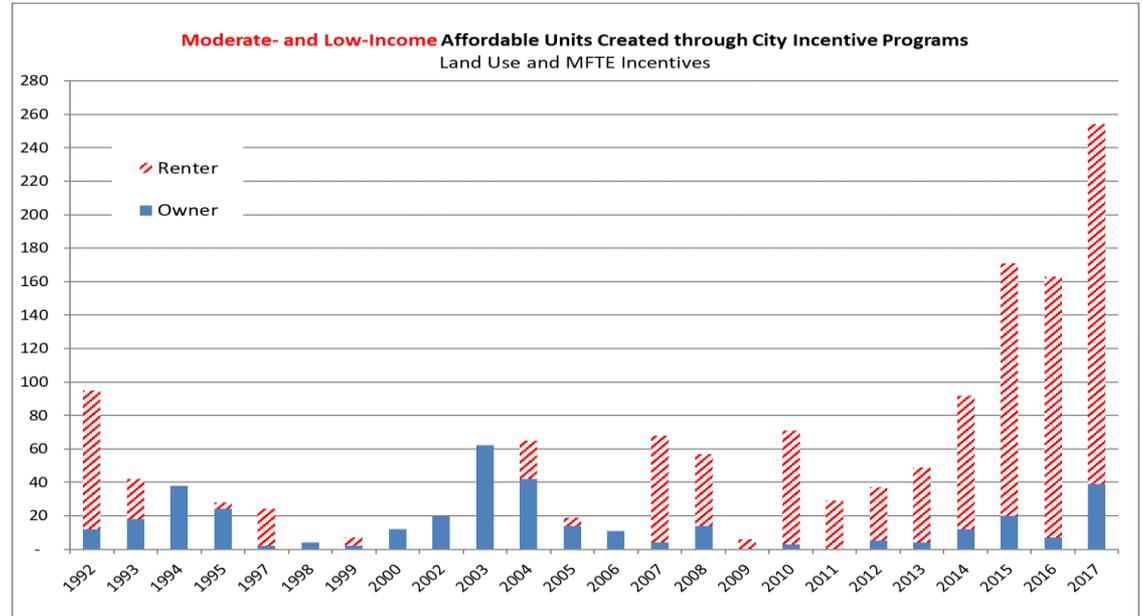
Link increased development capacity with affordable housing

8 Cities in East King County have program with mandatory or voluntary provisions

Increased significantly in last few years

Create moderate priced ownership and rental housing

# Land Use Incentives East King County



# Land Use Incentives: Bellevue Experience

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- Areas with Provisions:
  - Bel- Red
  - Eastgate
  - Downtown
  - Citywide 15% bonus
- Targeted Income Level: Typically 80% median income
- Bonus varies
- If use with MFTE, affordability down to 60% median income



# Micro apartments Near Transit



## What is a 'micro unit'?

- Limited Size
- Independent units (bath, cooking)
- Typically some common area  
(May include larger kitchen)
- Reduced Parking
- May bundle costs (e.g. utilities)
- Relatively affordable

# EKC Cities Trust Fund (ARCH)

DD Group Home, Parkview



- A combination of:
  - general funds
  - federal CDBG funds and
  - 'Other' (e.g. land, fee waivers, repayments).
- New and preservation
- Contingent Loans / Secured grants
- Support locally initiated projects

## PROJECTS ASSISTED 1993 - 2017

| HOUSING TYPE  | # UNITS / BEDS | FUNDING*            | PERCENT TOTAL | GOAL  |
|---------------|----------------|---------------------|---------------|-------|
| Family        | 2,333          | \$36,860,000        | 58%           | (56%) |
| Senior        | 669            | \$10,480,000        | 17%           | (19%) |
| Homeless      | 482            | \$12,290,000        | 20%           | (13%) |
| Special Needs | 163            | \$3,380,000         | 5%            | (12%) |
| <b>TOTAL</b>  | <b>3,647</b>   | <b>\$63,010,000</b> | <b>100%</b>   |       |

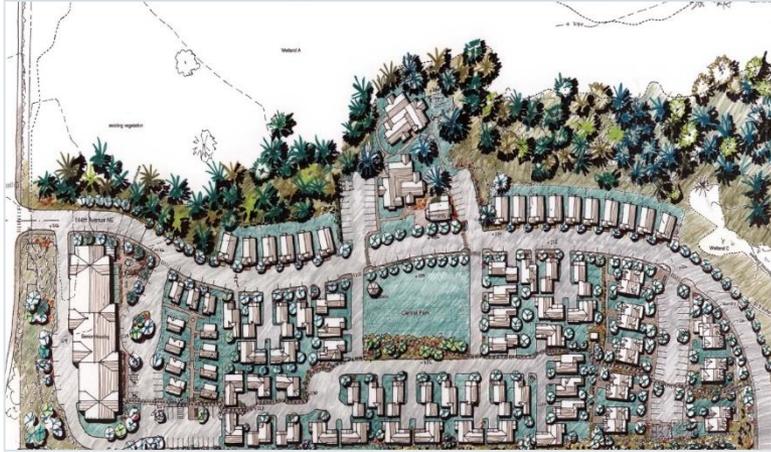
\* Includes funding, land donations, fee waivers

Total Development Costs: ~\$595 million

# Creating opportunity: Faith Properties



# Creating opportunity: Surplus/underutilized public land



Woodinville (King County)



Bellevue



Kirkland

# Creating Opportunity: Preservation

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Privately owned Federally Assisted Housing  
(over 600 units -- ~350 in Bellevue)

NOAH (Naturally Occurring Affordable Housing)

**Bellevue Manor, KCHA**



**Wildwood Court, DASH**



**Chalet, Imagine Housing**

# Bellevue's Affordable Housing Strategy

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The AHS consists of five interrelated strategies and a 21 actions that are designed to address key aspects of this complex issue:

- A. Help people stay in their affordable housing**
- B. Create a variety of housing choices**
- C. Create more affordable housing**
- D. Unlock housing supply by making it easier to build**
- E. Prioritize state, county and local funding for affordable housing**

# Jump Start Phase 1 Actions

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- Update Multifamily Tax Exemption
- Density bonus for suitable public, non-profit & faith parcels
- Incentives Downtown & Eastgate / followed by East Main, Wilburton
- TOD affordable housing- 130<sup>th</sup> & OMFE
- Partner to preserve existing affordable MF housing



# Example Phase 2 Actions

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- Promote programs that help seniors remain in their homes
- Encourage micro-apartments around light rail stations
- Update Accessory Dwelling Unit standards
- Increase funding for the city's home repair program
- Tap additional local funding for affordable housing
- Advocate for legislative action that expand funding, local tools





**Imagine**Housing  
building eastside communities

Our mission:

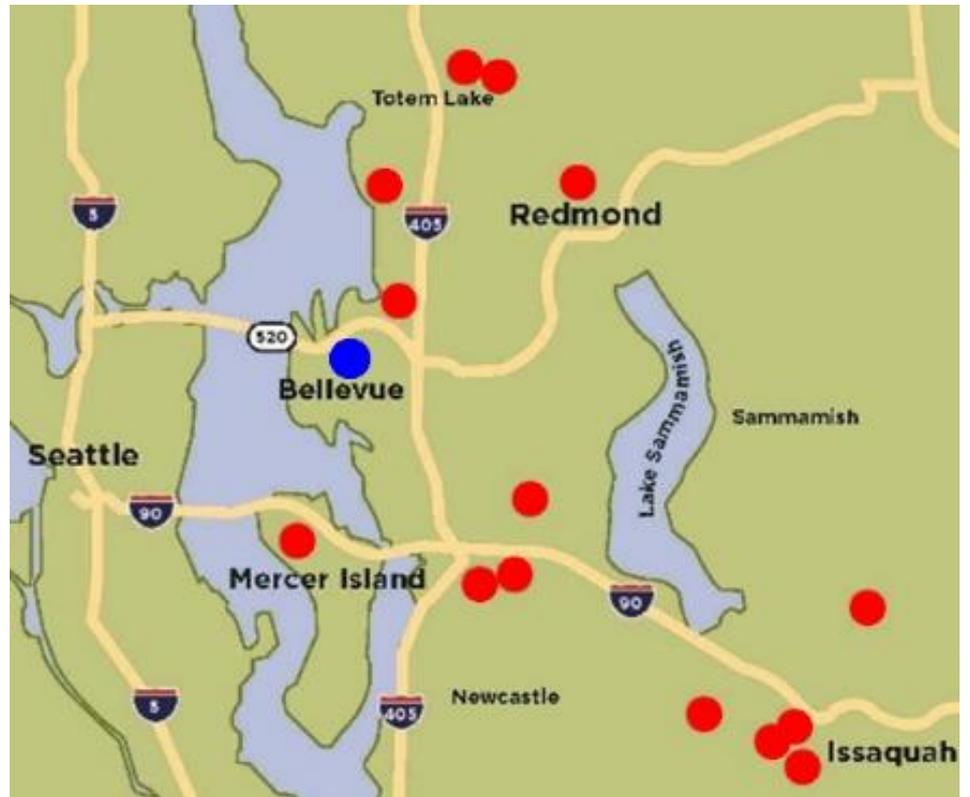
**develop affordable housing**  
**build welcoming communities**  
**foster vibrant futures**

# develop affordable housing

14 affordable housing properties developed in 6 Eastside cities

- 576 Units
- 1200+ Residents
- 307 Households earning less than \$20,000/year

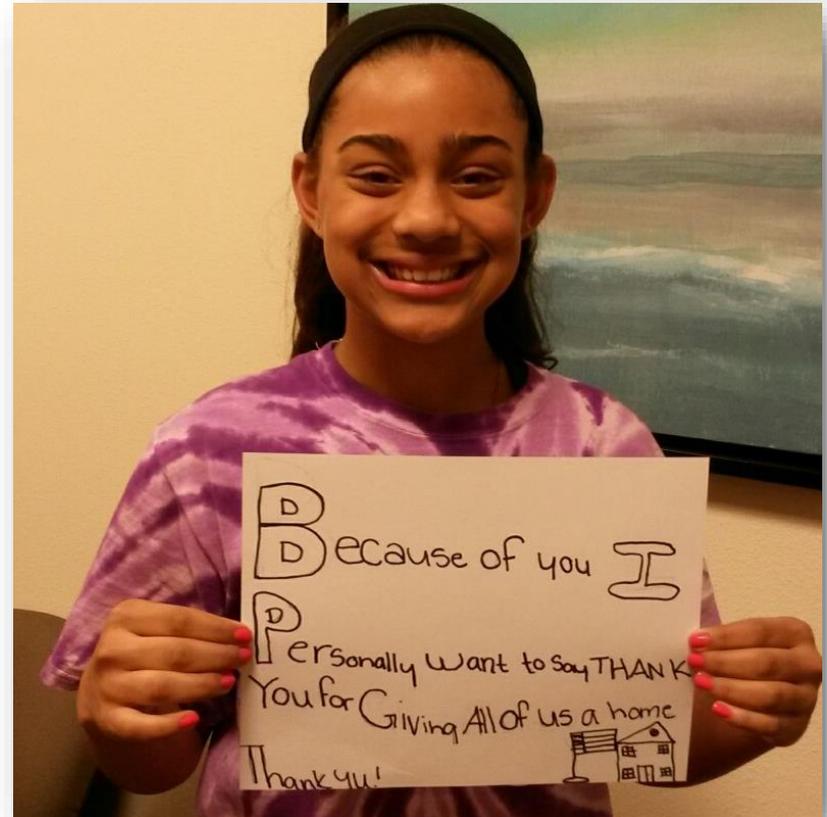
**+ One under construction in Bellevue, opening Spring 2019**



# build welcoming communities

Safe, healthy, affordable homes for our community's most vulnerable residents:

- 275 Seniors
- 180 Single parents
- 165 Formerly homeless households
- 133 Individuals with disabilities
- 494 Children



# foster vibrant futures

Onsite supportive services,  
giving all our residents the  
chance to overcome and thrive.

- Case management
- Nutrition support
- Child care needs and resources
- Employment support
- A friendly face and supportive environment



# Our History

1987

Founded by members of  
St. Andrew's Lutheran Church  
in Bellevue

1992 to 2008

Garden style lower density  
suburban buildings



*Andrew's Arms, our first community, opened in Issaquah in 1992*

# Our Evolution

2011

Re-branded to Imagine Housing

2011 to Present

Mid-rise higher density urban  
scale buildings



*Velocity, our first TOD community, opened in Kirkland in 2014*

# Our Future

By 2022 add 500 more units,  
and double the people we serve.

New development

Greyfield development

Include mixed uses

Onsite infill development

Preservation through acquisition



*Esterra Park, a future community in Redmond, anticipated to open in 2021*

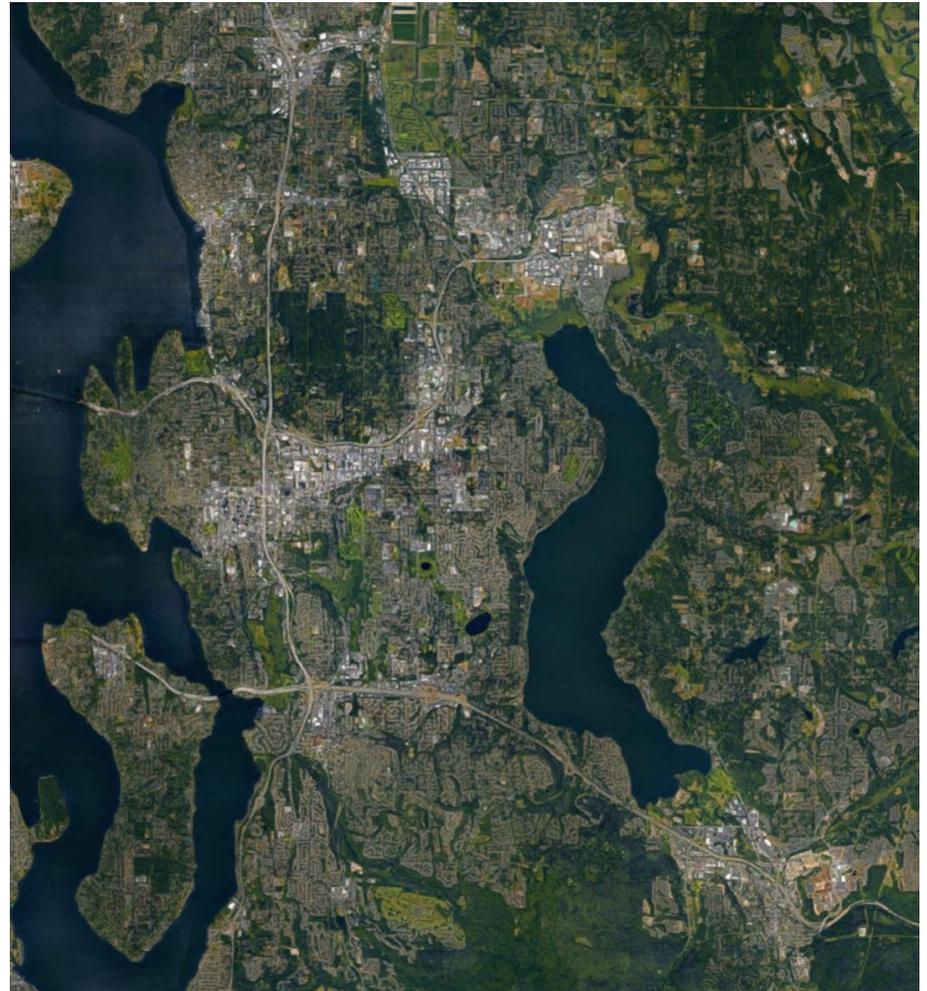
# Our Challenge

2014 to 2017 - 96 prospects

2014 to 2017 – 2 real projects

Feasibility challenges:

- Location Efficiency
- Zoning
- Land availability and cost
- Physical constraints
- Critical areas



# Our Solution

Target efficient locations

Transit oriented development

Creative land use

Municipal partnerships

Market rate partnerships

Faith community partnerships

Comprehensive plan advocacy



*30 Bellevue, a future community in Bellevue, opening in 2019*



Hal Ferris, Founding Principal  
**SPECTRUM**  
DEVELOPMENT SOLUTIONS



# AFFORDABILITY

WIDE RANGE OF  
EMPLOYMENT IN EKC AREA

| Area Median Income (AMI)       | 40%                 | 60%                 | 80%                 | 80%+      |
|--------------------------------|---------------------|---------------------|---------------------|-----------|
| AMI Range                      | \$35,000 - \$39,000 | \$40,000 - \$58,000 | \$59,000 - \$77,000 | \$78,000+ |
| <b>Occupation</b>              |                     |                     |                     |           |
| Architectural & Civil Drafters |                     | *                   |                     |           |
| Automotive Mechanics           |                     | *                   |                     |           |
| Bookkeeping, Accounting Clerks |                     | *                   |                     |           |
| Bus Drivers                    | *                   |                     |                     |           |
| Child/Family Social Workers    |                     | *                   |                     |           |
| Chiropractors                  |                     |                     | *                   |           |
| Clergy                         |                     |                     | *                   |           |
| Community Health Workers       |                     | *                   |                     |           |
| Computer Programmer            |                     |                     |                     | *         |
| Construction & Related Workers |                     | *                   |                     |           |
| Correctional Officers          |                     | *                   |                     |           |
| Dental Assistants              |                     | *                   |                     |           |
| Education Administrator        |                     | *                   |                     |           |
| Elementary School Teachers     |                     |                     | *                   |           |
| Emergency Medical Technicians  |                     |                     | *                   |           |
| Executive Assistants           |                     |                     | *                   |           |
| Financial Analysts             |                     |                     |                     | *         |
| Firefighters                   |                     |                     | *                   |           |
| Fitness Trainers               |                     | *                   |                     |           |
| Flight Attendants              | *                   |                     |                     |           |
| Hairdressers                   |                     | *                   |                     |           |
| Health Educators               |                     | *                   |                     |           |
| Home Health Aides              |                     | *                   |                     |           |
| History Teachers               |                     |                     | *                   |           |
| Interior Designers             |                     | *                   |                     |           |
| Landscape Workers              | *                   |                     |                     |           |
| Librarians                     |                     |                     | *                   |           |
| Machinists                     |                     | *                   |                     |           |
| Marriage Therapists            |                     | *                   |                     |           |
| Medical Assistants             | *                   |                     |                     |           |
| Middle School Teachers         |                     |                     | *                   |           |
| Nurses                         |                     |                     | *                   |           |
| Real Estate Brokers            |                     | *                   |                     |           |
| Receptionists                  | *                   |                     |                     |           |
| Security Guards                | *                   |                     |                     |           |
| Police Officers                |                     |                     |                     | *         |
| 911 Dispatchers                |                     | *                   |                     |           |
| Postal Service Mail Carriers   |                     | *                   |                     |           |
| Teacher Assistants             | *                   |                     |                     |           |
| Veterinary Technicians         | *                   |                     |                     |           |

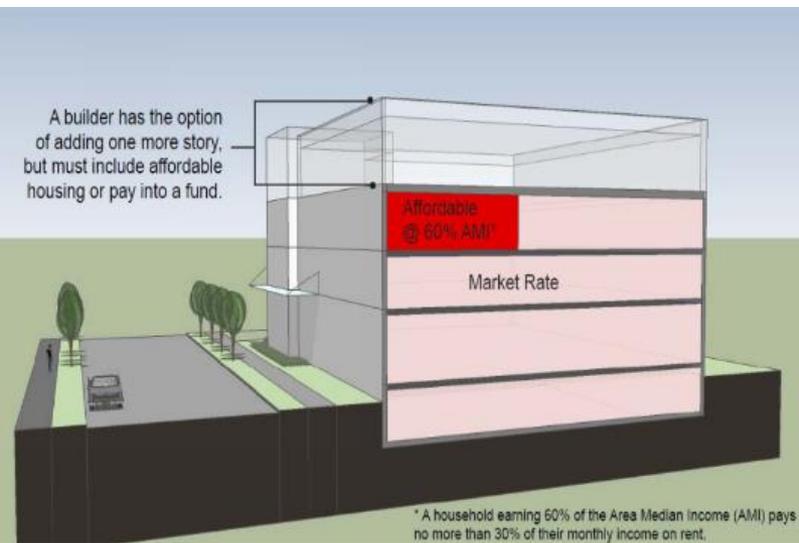
# Key Differences - Market Rate vs. Affordable

|                                | Market Rate  | Affordable Housing   |
|--------------------------------|--|--|
| <b>Goal(s):</b>                | Target Specific Market Niches<br>Maximize Return/Yield to Investors    | Serve Needs of Specific Populations<br>(Deeply low income to workforce level)<br>Financing Not Driven by Return on Equity  |
| <b>Affordability by AMI:</b>   | Typically 85%+ of AMI  | Defined by HUD as 80% or less of AMI   |
| <b>Financing Structure(s):</b> | 1-2+ Sources of Capital<br>1. All Equity<br>2. Debt (65%)/Equity (35%) | Multiple Sources of Capital<br>1. Bond/Construction Loan (Debt)<br>2. State Housing Trust Funds<br>3. ARCH Funds<br>4. King County Funds<br>5. Deferred Developer Fee<br>6. Other Soft Funds/Private Investment<br>7. Low Income Housing Tax Credit (LIHTC) Equity |
| <b>Compliance Period:</b>      | Typically none required by financing                                   | Minimum of 15 Years<br>ARCH Funds Require 50 Year Affordability minimum  |

# Velocity vs. Seattle Comparison

- In Seattle, under MHA 181 market rate apartments would yield...
  - A maximum of 15 affordable apartments

- 181 market rate apartments
  - Receives Tax Exemption
- 58 affordable apartments
  - 60% or Less AMI
- Shared Podium & Economies of Scale



## CONCEPTUAL PERSPECTIVE: 13TH AVENUE NW



## 2. PROJECT DETAILS

### SITE PLAN & MASSING

- 13th Avenue NW prioritizes pedestrians and bicyclists
- Terminus of the park pathway along Tibbets Valley park
- Provides transitions and connection to nature in wetland to the West
- "Movement zone" between street and façade transitions from public to private space
- Entry canopies create pedestrian-friendly scale to ground floor
- Projecting bays and recesses provide building modulation
- Strong "Base-Middle-Top" expression in the building mass

