



## WHAT HAS THE CITY OF PORT TOWNSEND DONE TO SUPPORT AFFORDABLE HOUSING –?

Housing affordability continues to be a major issue confronting Port Townsend. So what is the City doing about it? Numerous City policies exist and have been implemented to support the development of affordable housing. Following is a brief overview:

### Incentives

- **Multi-family Tax Exemption** (Ord. 3200, 2018) – providing limited or 12-year exemptions from ad valorem property taxation for qualified new multiple-unit housing in targeted areas.
- **Fee deferrals/waivers** revised (Ord.3235, 2019)–Non-profits benefit from fee deferrals provided the property remains in low income status for 20 years (and then they are waived):
  - For eligible single-family units: For building fees and utility connection charges, four dwelling units per applicant per year; for SDCs, no limit. (Value: approximately \$10,700/unit)
  - For eligible multifamily units: For building fees and utility connection charges, up to \$10,000 per project; for SDCs, no limit. (For example: estimated \$56,000 for a 44-unit complex)
  - Since 2011 the City has granted \$211,308 in fee waivers and deferrals.
- **Low-income utility rates** (Ord. 3199, 2018) expanded the criteria for participation in the City's low-income utility rate program.
- **Allowing up to eight-plex** in the R-II single-family zone through a conditional use permit(Ord. 3241, 2019).
- **Density bonuses** – Developers may be eligible for up to a 20 percent bonus density for projects that include a mix of housing types, utilization of townhouses, condominiums and apartments directed to providing a reasonable mix or diversity of bona fide affordable housing opportunities.

## Removing Barriers

- SEPA Thresholds raised to maximum allowable (Ord. 3241) – In 2019, Council approved amendments that allow the SEPA responsible official to exempt certain projects from environmental review (critical areas regulations may still apply). Projects that may be eligible for SEPA Exemption include single-family residential projects, up to 20 dwelling units; and multifamily residential projects, up to 60 dwelling units.
- Removed owner-occupancy requirement for Accessory Dwelling Units – (Ord. 3241, 2019).
- Minimum modulation requirements were repealed in 2019 (Ord. 3247)
- Reduced the required lot size and increased density for cottage dwelling units (Ord. 3247)
- Allowance for common wall construction for attached single-family residences (Ord. 3272)
- Parking requirements were significantly reduced in 2022 (Ord. 3300). Excessive parking requirements add to the cost of housing. Here's what changed:
  - Eliminated parking requirement for Accessory Dwelling Units (ADU)
  - Reduced parking for multi-family and smaller homes (i.e., 1200 square feet or less)
  - Provided potential credits where on-street parking meeting the Engineering Design Standards is provided on the property frontage.

## Housing Trust Fund Established

Council has earmarked a portion of property tax revenues for affordable housing (\$10,000 annually beginning in 2015). Each year, up to \$6,500 of the fund is allotted to building permit fee waivers for eligible projects. The remainder is available to advance affordable housing strategies (e.g., matching funds for grants).

The City has approved up to \$30,000 from the Fund to conduct a "Capacity Analysis" to form a Housing Trust model to serve the region's needs.

## City Land Available for Eligible Affordable Housing Projects

Inventory of lands - The City has inventoried City-owned properties which may be suitable for affordable housing. Various housing providers have reviewed the list. One, a nascent community land trust, entered a preliminary agreement to develop two of the properties. Unfortunately, the projects did not come to fruition but we remain hopeful.

- Surplus lands policy prioritizes affordable housing - Affordable housing needs and opportunities shall be considered before it surpluses public lands and consideration shall be given to disposing property for affordable housing needs or retaining properties to meet affordable housing needs.

## **Allow a variety of housing types and densities**

The City strives to encourage the availability of affordable housing to all economic segments of the population by promoting a variety of housing types and densities including:

- Manufactured homes
- Duplex/triplex and fourplexes in single-family zone
- Broad allowance for Accessory Dwelling Units (ADUs)
- Upper-story apartments in the mixed-use and commercial zoning districts
- Cottage housing development
- Clustering of housing developments to allow maximum densities while also protecting environmental resources and critical areas
- Planned unit developments (PUD) which allow for a wide range of development standard modifications

## **Provide Infrastructure**

The Great Recession has weakened the ability of state and local government to fund new infrastructure and services; nevertheless, the City has made a concerted effort to strategically invest in public infrastructure improvements that support desired growth. For example:

- Landes Street sidewalk improvements between 12th Street and 19th Street not only improve pedestrian safety, but also benefit adjacent properties zoned for multi-family development. Funding sources for Landes Street are TIB and Federal STPUS Department of Transportation Grant.
- Howard Street Extension I project - The project includes construction of a new roadway between Sims Way and Discovery Road and roundabout at Discovery Road, installation of water, sewer, power, telephone and cable (utilities) and stormwater drainage facilities. When completed, the project will create access to undeveloped commercial and sets up the roadway for residential properties to the north of the project. Funds sources for Howard Street are Transportation Improvement Board (TIB) Grant, Federal STPUS Department of Transportation Grant, Community Economic Revitalization Board Grant, and City Utility Fund.
- Water Treatment Facility – How does water treatment facility benefit housing? The project includes the extension of utilities along Rainier Street north of Discovery Road (end of the Howard Street Extension I Project) to 20<sup>th</sup> Street. This area is zoned for multi-family residential development.
- The completion of the Howard Street Extension I Project and the Water Treatment Project provided utilities from 6<sup>th</sup> Street and Howard Street to 20<sup>th</sup> Street, which is approximately 4,000 linear feet of utilities, thus setting the stage for development of the west side of Port Townsend.

## **Provided Space for the “Other Homeless”**

In 2008 the City leased the Mountain View Elementary School and created the “Commons” to house not only City Departments, but also critical service providers that had recently become “homeless” who mission it is to support those at risk in the community. This in includes the Food Bank, Working Image, YMCA and the Red Cross.

- In 2016 voters approved a \$3,200,000 bond to pay for the renovation of the campus to include energy retro fits, seismic upgrades, space upgrades and ADA accessibility.

The City continues to provide free office space for Jefferson Housing Authority within the Kuhn Street property.

In 2018 the City renegotiated allocation of fees collected by County under RCW 36.22.171 and .1791 to provide for better access to funds by providers.

## **Promote Family-wage jobs**

Jobs and Housing are inextricably tied. Without good paying jobs, we cannot afford housing. How can we remedy this imbalance? In addition to the public infrastructure investments noted above, the City is implementing economic development strategies including but not limited to:

- **Tax Exemption** for New and Expanding Manufacturing Businesses - a qualifying manufacturing business can apply for exemption from business and occupation tax (Ordinance No 3125)
- **Tax Exemption** for multifamily rental housing (Ordinance No 3200)

## **Obtain Grants**

In partnership with affordable housing providers, the City has applied for grants to support development/acquisition of housing. For example,

- 2008, The City helped Jefferson County Domestic Violence/ Sexual Assault Center (DV/SAP) secure \$425,000 Community Development Block Grant to help construct the Dove House transitional housing project.
- 2008 The City applied for and obtained a CDBG grant in the amount of \$60,000 for Habitat to provide infrastructure to 6 homes as part of their 20<sup>th</sup> Street development
- 2012 The City applied for an obtained an energy grant in the amount of \$500,000 to retro fit Mountain View Commons, lowering costs to Food Bank, Working Image, Red Cross and YMCA.
- 2014-15 Assisted Peninsula Housing in obtaining USRDA Shop funds for seven new single-family home starts.

- 2015 The City applied for and obtained a CDBG grant in the amount of \$414,150 for improvements to the spaces at Mountain View for the Food Bank and Working Image.

## **Provide sufficient land supply**

Finally, in conjunction with the 1996 Comprehensive Plan, the City

- Designated significant additional land for moderate and high-density multi-family development. Both multi-family zoning districts have minimum density requirements.
- Designated five new mixed-use centers and increased land available for commercial and manufacturing development.

## **Why doesn't the city build housing?**

The City and County plan for municipal services per GMA. The adopted County wide planning policies states that the City and County will not be housing providers.

Larger cities and counties (over 50,000) are entitled to federal Community Development Block Grant (CDBG) funds. Their dedicated staffs manage and direct CDBG funds into qualified housing development. However, the City of Port Townsend must compete for funds and the lack of specific projects makes any application non-competitive. While the need exists generally, our area does include pockets of affluent neighborhoods which hinders our ability to compete absent a project targeting benefiting populations.

## **City Demonstration Project for Affordable and Workforce Housing – Evans Vista**

While the City is not a housing developer, it purchased the 14-acre Evans Vista property just south of the Rainier Street roundabout on Sims Way, and secured financing to develop infrastructure to support workforce housing.

The City secured Jefferson County American Rescue Plan funding to write a Master Plan for the development of a mix of 100-150 workforce housing units meant to deliver urgently-needed supply and to [activate the Evans Vista neighborhood](#) as part of the area's emerging commercial and business environment.

The Master Plan to be developed in 2023 will collaborate with agencies, groups, and the community to develop the vision to ensure the housing mix, phasing plan, and aesthetic matches our community's needs and expectations. The Master Plan will also engineer and obtain permitting entitlements for utilities and building lots so that the City can later issue an RFP for a developer(s) to begin construction. Learn more [here](#).

## **More to Come**

The City continues to explore additional strategies to promote affordable housing. Ideas currently on the table include: providing more flexibility in housing types (e.g., tiny homes/micro-apartments); allowing higher densities for infill development in existing residential areas where infrastructure exists, and reexamining parking requirements and stock plans.