



South King County Joint Planners & Developers

Developer Roundtable Summary

Background:

The South King Housing and Homelessness Partners (SKHHP) was formed in 2019 by an interlocal agreement between jurisdictions to promote and preserve affordable housing in South King County. As part of that effort, SKHHP facilitates a meeting once every two months between planning staff and developers.

On Wednesday, April 26, 2023, 11 developers shared their experiences and recommendations on how to reduce barriers to affordable housing development in South King County. Listening in the audience included planning staff and housing organization staff. A list of questions was shared in advance and are included at the end of this document.

Attendees:

Claire Vanessa Goodwin (SKHHP) - Facilitator	Carson Hartmann (King County)
Allen Dauterman (TWG)	Bambi Chavez (HDC)
Brian Ramirez (ECDLR)	Jeff Dixon (Auburn)
Kathleen Hosfeld (Homestead CLT)	Laura Techico (Des Moines)
Kelly Curtis (DESC)	Merina Hanson (Kent)
Kurt Wilson (Sound Built Homes)	Nancy Eklund (Tukwila)
Megan Adams (TWG)	Neil Tabor (Tukwila)
Robin Corak (MSC)	Ryan Windish (Sumner)
Troy Schmeilm (Sapphire Homes)	Dorsol Plants (SKHHP)
Akhil Arun (DESC)	Jason Gauthier (SSHA3P)
Julie Nordgren (DESC)	Mary Connelly (SSHA3P)
Amanda Santo (MSC)	Max Baker (Tukwila)

Key Themes:

Develop a strong culture of customer service to help shepherd a project through. A strong desire was expressed at the roundtable to see cities develop a culture of customer service focused facilitation of an affordable housing project. Developers want to build in cities that truly want their work, and that sense of support would ideally occur from the permit counter through all the departments the developer interacts with. One example given was that elected officials were supportive of a project, but that support was not felt at the permit application level. A city that isn't working to help a developer through the city's process is not enticing to a developer under most circumstances. This also applies if there is community push-back on a project. Developers want the city as a partner in the project and want to feel supported even if challenges arise.

Use same permit reviewer for single project. An example was shared regarding a project with multiple duplexes. Each unit was exactly the same, but there were different permit reviewers assigned to each one which caused differing interpretations by city staff and caused extensive delays on receiving final permit approval.

Establish clear timelines that are achievable for permit approval. Efforts should be made to establish clear timelines, and an open line of communication between the city and developer. Cities that are transparent about their process and that provide predictable turnaround times are preferred places to build. Cities that are upfront about any challenges or delays that developers should anticipate are also preferred.

Reexamine policy on commercial requirements for multifamily projects to allow flexibility. An example of a policy barrier for developers is the commercial space requirement in mixed-use developments. Those requirements often do not look at the economic realities of the site and require commercial space even if the market does not support it. By lifting these restrictions or broadening the definition of commercial space to include things like daycare, developers will be more successful post-development.

Adjust policy on school impact fees to apply to units likely to house families. School impact fees can be a barrier to funding affordable housing projects. Since school impact fees are meant to support schools, consider only applying them to two-bedroom units and above, rather than studios and 1-bedrooms units where children are less likely to reside.

Flexible funding sources for affordable homeownership are needed. Funding sources that require households at 60% AMI and below makes homeownership projects very difficult to support since they require 60% to 80% AMI households to sustain the projects. Having more flexible, local funding sources would be helpful.

Zone land for development. Land for development is scarce. When it is available, often it is not zoned for development. Cities may also consider adopting enabling legislation provided under HB 1695 from the 2023 state legislative session that allows cities to surplus public land for the purpose of affordable homeownership.

Bring developers into the policy conversations. Cities should bring in developers early and often in policy conversations. Often developers are brought into the process of policy drafting late. If everyone was around the table from the beginning, many barriers would avoid being created. Additionally, developers would welcome the opportunity to collaborate with cities if there are specific types of housing or outcomes the city is looking to achieve.

Questions and Detailed Discussion:

- What is the biggest barrier to you building in South King County?

A lack of available land and land zoned for development has created challenges for developers. While there is some land available to buy in the Urban Growth Management Area, it can be challenging to get owners willing to sell at prices that can be translated into affordable homes. Land that is available to purchase is often zoned in ways that prevent housing types that create affordable options.

For homeownership projects, there is a lack of local funding available in South King County and projects struggle to get the local match. Funding that is available requires homes serving households below 60%

AMI, but the homeownership affordability range starts at 60% to 80% AMI. Building homeownership that pencils out even for the 60% AMI range is incredibly difficult.

- What has been the most enticing policy or incentive that encouraged you to develop, or consider developing, in any city (or area)?

While several policies have provided incentives, the overwhelming response was that customer service and an eagerness on the part of city staff to work with the developer were what brought developers to cities. Cities that had staff that were willing to help setup meetings and work through concerns made developers want to return. However, even in cities where staff can be helpful in one department can have other departments that fail to provide support which lead to delays. Delays lead to lost revenue and cost the developer.

Cities should think about their permit approval process in terms of reducing time and costs to developers. Efforts should be made to establish clear timelines, and an open line of communication between the city and developer. One example provided was an 18-duplex development. Each unit used the same site plan, but the city used different reviewers for each unit which tripled the initial timeline the developer was communicated for permit approval. Having multiple reviewers for the same plan will inevitably lead to different interpretations and requests for changes to the developer.

- What can South King County cities do to attract developers to build in their cities?

Instilling a culture of a “permit facilitator mindset” rather than “permit regulator” was expressed as being critical for cities to foster in order to attract developers. One developer felt that city staff saw their role as a permit regulator rather than facilitator of the permit. A sense of understanding that there is an equally talented planner on the development team that is working to produce the best job possible is important.

There can be big differences between what elected officials are communicating and what city staff is communicating. One developer said they would like to see more consistency between elected officials and staff. Another developer expressed that they would meet with the city’s elected officials, City Manager, or mayor, and have in-depth conversations about what the city will do to promote housing. The developer expressed it felt like city staff and planners did not receive the communication that this was a project the city is supporting.

One developer felt that cities could adopt policies that would make it easier for developers to build in their cities. One policy mentioned was to adopt enabling legislation provided under HB 1695 from the 2023 state legislative session that allows cities to surplus public land for the purpose of affordable homeownership. One way cities can influence projects with Low-Income Housing Tax Credits (LIHTC) is to advocate for the way projects are scored to best meet their needs. One developer attends the Housing Development Consortium’s Tax Affinity Group and suggested cities may be interested in joining that discussion. Another developer said gap funding (like those that are offered in the SKHHP Housing Capital Fund) will always be an incentive for developers to come to the community.

- Are there South King County cities you prefer to build in? Which ones and why?

Auburn was ranked highly because of its consistent and expeditious permitting process. Renton has struggled with recent staff changes but has supportive staff willing to work with developers.

Kent was mentioned as being supportive when issues arise, and another developer mentioned one department as being challenging. Federal Way was mentioned as being great to work with.

- Are there South King County cities you want to build in, but there are obstacles in your way? Which cities and what are the obstacles?

Cities that are transparent about their process and that provide predictable turnaround times that they make public, show accountability and are places one developer prefers to go. Cities that are upfront about any challenges or delays that developers should anticipate are also preferred.

Burien, SeaTac, and Tukwila were named as places one developer wanted to go, but cited challenges with Seattle City Light. Cities or areas that use Seattle City Light have become a major challenge for developers. Current delays in City Light's process mean that homes are being built before electricity is ready or available for them. This has been an issue before but has gotten worse in the last three years and the Master Builder Association is reaching out to Seattle City Light to attempt to resolve the issue.

One developer cited the politicization of a project can be challenging when there is community pushback and little municipal support. Another barrier identified was "nimby-ism" ("not in my backyard"). This developer felt that city staff are key stakeholders when getting buy-in on a project. Challenges with cities where the city staff insert their own personal views into the work, and not sticking directly to the code were mentioned. Other times, challenges arise when city staff change in the middle of a project, and new staff may interpret the code differently which can cause costly changes late into project development.

One developer said Federal Way recently added licensing requirements for affordable housing projects. Even though the city is requesting development, this type of action was expressed as challenging by one developer and may discourage future development there.

- What would need to happen for you to add more affordable units to your projects?

Regulatory relief and incentives are ways to help projects. Cities say they want development, but then have strict zoning codes to prevent it or have strict tree canopy policies which pose challenges. One developer said allowing multiple housing types in one area allows flexibility and lets the market decide what works as long as the project is meeting regulations. Having flexibility in code allows developers and planners to work together to protect community character and see new development.

Another developer said parking requirements were especially challenging, particularly when developing next to high-capacity transit. Underground parking costs have risen to being as high as \$80,000/stall. If a developer is required to provide one parking space per unit, that adds an additional \$80,000 to each unit built.

To add more units to a project, another developer said that eliminating the mixed-use commercial requirements for multifamily projects would help since they sometimes struggle to find the right mix of businesses that meet community interests. Another developer said these requirements often do not look at the economic realities of the site and require commercial space even if the market does not support it. By lifting these restrictions or broadening the definition of commercial space to include things like daycare, developers will be more successful post development. One suggestion was for cities

to provide a menu of choices for filling commercial spaces rather than having strict requirements. Another suggestion was exempting the commercial requirement in certain areas near transit when a project is 100% affordable housing – Kirkland and Kenmore have related policies in place.

➤ Anything else you would like to tell us?

Nothing else mentioned, though several questions from the audience were posed to the developers and the following was discussed.

Incentives and subsidies support affordable housing projects but could be broadened to include some forms of attainable housing or naturally occurring affordable housing.

One developer discussed how their LIHTC projects don't qualify for the MFTE, since they don't pay property taxes. An idea that was mentioned was to allow the banking and sharing of the MFTE tax credits that a LIHTC project couldn't use, to other affordable housing developments that could benefit from a MFTE program.

One developer discussed the possibility of relief around school impact fees. An idea was discussed to base the fee on the number of bedrooms in a unit, waiving it for studio and one-bedroom apartments, but keeping it for the two-bedroom and above which are more likely to house families with children, and therefore aligning it with the intent of school impact fees.

Some discussion was had around the conflict between energy efficiency building codes and the cost to developers, though opinions on whether energy efficient efforts were burdensome or not, were diverse.

Regarding suggestions developers have for city staff, one developer recommended reaching out to developers to learn how they might work together to accomplish mutual goals. If a city wants more of a certain type of housing, developers can tell them how to accomplish that. Cities should bring in developers early and often in policy conversations. Often developers aren't brought into the process until later in the process. If everyone was around the table from the beginning, many barriers would avoid being created.



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South King County Joint Planners and Developers April Meeting

Questions for Developers - Discussion on Barriers to Development in South King County

April 26, 2023

1. Please introduce yourself.
 - a. Name, company or organization, your role, types of projects you build, cities you build in, last time you built in South King County, and if you have affordable units in your projects.
2. What is the biggest barrier to you building in South King County?
3. What has been the most enticing policy or incentive that encouraged you to develop, or consider developing, in any city (or area)?
4. What can South King County cities do to attract developers to build in their cities?
5. Are there South King County cities you prefer to build in? Which ones and why?
6. Are there South King County cities you want to build in, but there are obstacles in your way? Which cities and what are the obstacles?
7. What would need to happen for you to add more affordable units to your projects?
8. Anything else you would like to tell us?

Hosted by South King Housing and Homelessness Partners (SKHHP)

SKHHP member jurisdictions include the cities of Auburn, Burien, Covington, Des Moines, Federal Way, Kent, Maple Valley, Normandy Park, Renton, Tukwila and King County