

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 817: Amending Shoreline Municipal Code Title 3 to Establish a New Section 3.01.025 Affordable Housing Fee in Lieu		
DEPARTMENT:	Community Services Division		
PRESENTED BY:	Rob Beem, CSD Manager, Community Services		
ACTION:	<input checked="" type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT

The Mixed-Use Residential-45' and -70' (MUR-45' and MUR-70') zoning designations in the Light Rail Station Areas contain provisions requiring for-lease residential developments to provide a certain number of units at specified affordability levels. The Development Code also provides a developer the option to meet this requirement by paying a Fee in Lieu (FIL) of constructing the housing (SMC 20.40.235.E.). In July 2017, the City Council determined that this fee should be set a rate that equated to the "affordability gap" and that it should be available only for fractional affordable housing units; instances where a developer would be required to construct a partial unit.

Proposed Ordinance No. 817 would amend Title 3 of the Shoreline Municipal Code to establish a FIL in the City's fee schedule. After review and discussion of this proposed ordinance at their March 26, 2018 meeting, the City Council directed staff to bring this item back to Council for adoption tonight.

RESOURCE/FINANCIAL IMPACT:

Revenues from this fee are not included in the 2018 budget as there are no projects currently in the development pipeline that are likely to make use of this FIL option. The 2018 Annual Budget provides sufficient funding for staff to administer these code requirements.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 817.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

The Mixed-Use Residential-45' and -70' (MUR-45' and MUR-70') zoning designations in the Light Rail Station Areas contain provisions requiring for-lease residential developments to provide a certain number of units at specified affordability levels. The Development Code also provides a developer the option to meet this requirement by paying a Fee in Lieu (FIL) of constructing the housing (SMC 20.40.235.E.). At the City Council's July 24, 2017 Council meeting, staff provided an update on work to implement the affordable housing provisions of the Light Rail Station Areas and received direction from Council to proceed with the development of a Fee In Lieu that set the FIL based on the "affordability gap" method and that the FIL option be available only for instances where a developer was fulfilling an obligation for a partial unit.

Proposed Ordinance No. 817 (Attachment A) would amend Title 3 of the Shoreline Municipal Code to establish a FIL in the City's fee schedule. The FIL as recommended in proposed Ordinance No. 817 is as follows for the different Zoning Districts in the Station Areas:

Zoning District	Fee Per Unit if Providing 10% of Total Units As Affordable	Fee Per Unit if Providing 20% of Total Units As Affordable
MUR-45' and MUR-70'	\$206,152	\$158,448
MUR-70' with development agreement	\$253,855	\$206,152

At the City Council's March 26, 2018 Council meeting, staff presented proposed Ordinance No. 817 and provided this recommendation on the specific amounts for the FIL. The staff report for this discussion can be found at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2018/staffreport032618-9b.pdf>.

DISCUSSION

At the March 26th City Council meeting, Council did not have any concerns with proposed Ordinance No. 817 and directed staff to bring this item back to Council for adoption tonight. As noted above, proposed Ordinance No. 817 amends the City's Fee Schedule (SMC 3.01) to incorporate these proposed FILs for affordable housing in these zones. The amount to be collected is calculated by multiplying the fee shown in the table above by the fractional mandated affordable housing unit. For example, a 0.40 fractional unit x \$206,152 would result in a Fee in Lieu of \$82,460.80.

Funds collected through FIL payments will be placed in a separate City account and used to further the goal of providing additional units of affordable housing at deeper levels of affordability than required in market-rate developments. On April 9, 2018, the City Council discussed proposed Ordinance No. 820 which will establish a separate City account, the Housing Trust Fund, to receive these revenues. Proposed Ordinance No. 820 is currently scheduled for adoption on April 23, 2018. When enough funding has been collected through this program, it will be allocated to support the development of

housing that is affordable to households earning less than 60% of the King County Area Median Income.

RESOURCE/FINANCIAL IMPACT

Revenues from this fee are not included in the 2018 budget as there are no projects currently in the development pipeline that are likely to make use of this FIL option. The 2018 Annual Budget provides sufficient funding for staff to administer these code requirements.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 817.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 817

ORDINANCE NO. 817

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
AMENDING SHORELINE MUNICIPAL CODE TITLE 3 TO ESTABLISH
A NEW SECTION 3.01.025 AFFORDABLE HOUSING FEE IN LIEU.**

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington, and planning under the Growth Management Act, chapter 36.70A RCW; and

WHEREAS, RCW 36.70A.540 permits the City to create affordable housing programs and to allow a payment of money in lieu of housing units if the City determines that the payment achieves a result equal to or better than providing the units on-site; and

WHEREAS, in 2015 and 2016, the City adopted the 145th Street Station Subarea Plan and the 185th Street Station Subarea Plan and development regulations to implement these Subarea Plans as provided by the Growth Management Act, chapter 36.70A RCW; and

WHEREAS, two of the zoning districts for these subareas, the MUR-70 and the MUR-45, mandate the provision of affordable housing; and

WHEREAS, via SMC 20.40.235 (B)(2) and 20.40.235(E)(1), the City may allow for a payment in lieu of constructing any fractional portion of the mandatory units; and

WHEREAS, the City has determined that the affordability gap methodology is to be utilized for establishing the fee in lieu and such a fee will achieve an equal or better result by allowing the City to use these funds to support the development of affordable housing within the City; and

WHEREAS, affordable housing fee in lieu payments will be deposited into a Housing Trust Fund, a special revenue fund, established within SMC Chapter 3.35 Funds; and

WHEREAS, the City Council has determined that creation of the affordable housing fee in lieu will be in the best interest of the public health, safety, and welfare;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Amendment to Title 3 Revenue and Finance. Chapter 3.01 Fee Schedule is amended to add a new section, SMC 3.01.025 *Affordable Housing Fee in Lieu*, as follows:

SMC 3.01.025 Affordable Housing Fee in Lieu

Zoning district	Fee per unit if providing 10% of total units as affordable	Fee per unit if providing 20% of total units as affordable
MUR-45	\$206,152.00	\$158,448.00
MUR-70	\$206,152.00	\$158,448.00
MUR-70 <i>with development agreement</i>	\$253,855.00	\$206,152.00

Note: The Fee in Lieu is calculated by multiplying the fee shown in the table by the fractional mandated unit. For example, a 0.40 fractional unit x \$206,152 would result in a Fee in Lieu of \$82,460.80.

Section 2. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 3. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any person or situation.

Section 4. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON APRIL 16, 2018

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2018
Effective Date: , 2018