



CITY OF
BAINBRIDGE ISLAND

AFFORDABLE HOUSING TASK FORCE
REGULAR MEETING
WEDNESDAY, APRIL 11, 2018
6:00-8:00 PM
COUNCIL CHAMBER
CITY HALL, 280 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

AGENDA

Members: Althea Paulson, Chair

Emma Aubrey	Stephen Deines	Ann Lovejoy
Jeffrey Brown	Phedra Elliott	Bill Luria
Pat Callahan	Sharon Gilpin	Pegeen Mulhern
Corey Christopherson	Stuart Grogan	David Shorett
Jonathan Davis	Edward Kushner	Charlie Wenzlau

Liaisons: Deputy Mayor Sarah Blossom & Commissioner Bill Chester

6:00 PM Call to Order, Review and Approve Meeting Agenda, Conflict of Interest Disclosure

6:05 PM Review and Approve Notes from March 28, 2018 Meeting

6:10 PM Public Comment

6:20 PM Transfer of Development Rights

6:35 PM Review Inclusionary Zoning Memo to Staff

7:25 PM Discuss Short-term Rentals Issue

7:40 PM Public Comment

7:50 PM Discuss Agenda for Next Meeting: April 25

8:00 PM Adjourn

***TIMES ARE ESTIMATES**

For special accommodations, please contact Jane Rasely, Planning & Community Development 206-780-3758 or at jrasely@bainbridgewa.gov



AFFORDABLE HOUSING TASK FORCE
REGULAR MEETING
THURSDAY, MARCH 28, 2018
6:00 PM – 8:00 PM
COUNCIL CHAMBER
280 MADISON AVE. N
BAINBRIDGE ISLAND, WA 98110

MINUTES

TASK FORCE MEMBERS PRESENT:

Althea Paulson, Chair
Pat Callahan
Corey Christopherson
Jonathan Davis
Stephen Deines
Phedra Elliott

Sharon Gilpin
Ann Lovejoy
Bill Luria
Pegeen Mulhern
Charlie Wenzlau

LIAISONS PRESENT: Deputy Mayor Sarah Blossom

COBI STAFF PRESENT: Jennifer Sutton, Senior City Planner

MEMBERS OF THE PUBLIC PRESENT: Andy Rovelstad, Marci Burkel and Michael Loverich

CALL TO ORDER: Chair Althea Paulson called the meeting to order at 6:03 pm.

ADDITIONS & CORRECTIONS TO AGENDA: None

CONFLICTS OF INTEREST: Pat Callahan: Identified he owns property in Island Village

APPROVAL OF MINUTES: The March 14 meeting minutes were approved without changes.

PUBLIC COMMENT: Marci Burkel commented that cooperative housing should be explored as an affordable housing.

“CONTAINER” HOUSING IDEAS: Andy Rovelstad gave a presentation, mostly pictures, of many kinds of container housing. He answered several questions from committee members and indicated that the estimated cost of a completed project would vary based on complexity and finishes. The group noted that the cost of retro-fitting the container housing is comparable to other efficient, not fancy construction methods.

LIVE-ABOARD REGULATIONS & CITY OPEN WATER MARINA: Sharon Gilpin had drafted and circulated a letter to Council addressing concerns about the limitations of registering for live-aboard housing and related recommendation to increase available live-aboard moorage to 16. Specific Comprehensive Plan policy numbers were added to the letter, and then the AHTF

approved sending the revised letter to the City Council. Sharon and Althea agreed to send the revised letter via email.

DISCUSS CONVERSION OF SINGLE-FAMILY RESIDENCES TO DUPLEXES AND TRIPLEXES: Jennifer outlined what changes to the municipal code would be needed to allow or promote converting an existing single-family residence to a duplex or triplex. Changes would be needed to the Site Plan Review and Conditional Use Permit sections of BIMC Chapter 2.16 if this option is promoted, to consider exempting the conversion from those permits. Changes to the density and perhaps the parking requirements of Title 18 would also be needed to accomplish idea. The AHTF agreed to recommend this concept to the City Council as part of its final report to the City Council.

REVIEW DRAFT INCLUSIONARY ZONING MEMO TO STAFF: Charlie presented his draft memo to staff re: Inclusionary Zoning issues and related code change recommendations. The Task Force had a robust discussion about the issues described in the memo. Charlie will make some changes and reorganize memo somewhat and bring back to the following meeting for continued review.

DISCUSS AGENDA FOR NEXT MEETING 4/11: Charlie will revise the Memo to Staff re: Inclusionary Zoning as discussed during that agenda item and bring back to the next meeting. The group did not get to the “Work Group Reports” agenda item, so that will be discussed at the next meeting. Corey’s research on the issue of short-term rentals will also be on the next agenda.

PUBLIC COMMENT: None

ADJOURN: Motion to adjourn at 8:10 p.m. approved by a unanimous vote.

INCLUSIONARY ZONING RECOMMENDATIONS

AFFORDABLE HOUSING TASK FORCE

March 26, 2018 (revised 4-7-18)

Attn: Jennifer Sutton

The following summary is intended to provide guidance to COBI staff to prepare draft ordinance(s) based upon the recommended changes to Bainbridge Island Municipal Code. These proposed changes to the zoning code are put forth to implement specific priority goals presented by Affordable Housing Task Force to City Council. The proposed changes to the zoning code include both *mandatory inclusionary zoning requirements* as well as *other code changes* to incentivize the creation of affordable housing for a variety of income levels and households. It will take a combination of requirements and incentives to produce a measurable increase in affordable units.

The principles behind these recommendations include the following:

- **Affordability by Size:** Create smaller units for singles, couples and seniors, in both the rental market and ownership market.
- **Affordability by Subsidy with Inclusionary Zoning:** Pay for inclusionary units through an increase in market rate units sufficient to subsidize affordable units.
- **Affordability by Location:** Eliminating or reducing the cost of a car and related parking.
- **Affordability by Increased Supply:** Incentivize both small size and rental housing

PART 1: INCLUSIONARY ZONING

The following is recommended to establish a new Inclusionary Housing Code:

- 1) **Applicability:** Designated Centers which include the Winslow Master Plan/Winslow Sewer Area and Neighborhood Service Centers.
 - a. *Island wide applicability was considered but was not recommended since it would require up zoning within R zones in order to offset inclusionary requirement. Applicability is consistent with the Comprehensive Plan goal to focus new development in the designated centers.*
- 2) **Base Requirement:** **10%** minimum affordability on all new residential development projects. Projects which exceed project threshold size of **10,000sf residential FAR** are required to construct the inclusionary units. The 10% requirement shall not exceed 10% of the Base Residential FAR.
 - a. *Base requirement was recommended at 15% by Community Housing Coalition (CHC). Staff will need to verify appropriate base requirement (percentage/minimum project size) in relation to offset (see 3, Increased FAR Allowance). Note that projects on adjoining parcels shall be considered as a single project for determining project size. Controlling inclusionary threshold by project area (sf) may be preferred method to*

prevent projects from artificially increasing unit sizes to stay below minimum unit threshold.

- 3) Increased FAR Allowance: In order to effectively subsidize the inclusionary units, the residential Base FAR shall be increased to offset the developer subsidy. **The residential Base FAR shall be increased equal to current mixed use Base FAR** (see MUTC 18.12 Dimensional Standards). The mixed-use Base FAR shall be increased by 0.2 for projects which include commercial development. The increase Base FAR shall have the benefit of producing more housing overall as well as a proportional increase in affordable units.
 - a. *The developer subsidy is the difference between the market rent and inclusionary rent, OR the difference between the market rate sales price and the affordable sale price. In order to meet state law, the financial impact to a project must be offset by an equivalent density or FAR increase.*
 - b. *In order to offset the developer subsidy, a significant increase is needed in the Base FAR. Under current code, any increase above the Base FAR is only available as Bonus FAR, by paying a fee to the City (or through other bonus provisions). Thus the proposed Base FAR increase represents a financial offset to the developer subsidy (approximately 1:5 ratio of inclusionary to bonus). The staff shall verify the proposed Base FAR increase is proportional (nexus) to developer subsidy.*
- 4) Fee in Lieu: Residential projects **10,000sf or less**, are eligible to pay a Fee-in Lieu. Fees shall be directed to Housing Trust Fund.
 - a. *Fee in Lieu is not available for larger projects to ensure inclusionary units are integrated into larger projects. Small projects typically have a more difficult time integrating inclusionary units due to small sites. Note that the Fee In Lieu is offset by Base FAR increase.*
- 5) Target Income Groups: Inclusionary units shall serve a range of Kitsap Area Median Income (AMI) between 50% and 120%. For projects which are required to provide multiple inclusionary units, those units shall serve a range of income levels which equal an average of **80% AMI**. For projects with a single inclusionary unit, it shall be affordable to a household income shall be no more than 80% AMI. The level of affordability for units created on a voluntary basis, exceeding inclusionary requirement, shall be regulated by applicable bonus provisions.
 - a. *Based upon prior draft Inclusionary Zoning by CHC, the unit designated as affordable were to serve household earning <80% Kitsap AMI.*
- 6) Unit Size and Types: For projects with multiple inclusionary units, unit sizes shall reflect the proportionality of the bedroom mix of the market rate units. For projects with one inclusionary unit, the number of bedrooms shall reflect the average size in project. The inclusionary unit size may be smaller than typical market rate unit. The exterior design of the affordable dwelling unit(s) shall be similar in appearance to the market rate units. The units shall be geographically dispersed throughout the project.
 - a. *The intent here is to ensure the affordable units reflect the overall character of the project to be fully integrated.*
- 7) Duration: Affordability shall be permanent, enforceable by a deed restriction placed on property title report.

ZONING INCENTIVES IN DESIGNATED CENTERS

AFFORDABLE HOUSING TASK FORCE

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INCLUSIONARY ZONING PART 2: ZONING INCENTIVES IN DESIGNATED CENTERS

The following changes are recommended modifications to Chapter 18.12 Dimensional Standards:

- 1) **HIGH SCHOOL ROAD & FERRY TERMINAL DISTRICTS:** High School Road and Ferry Terminal FAR shall be increased equal to the Core District.
 - a. *These two zoning districts hold the greatest potential to become transit-orient development locations. The current code has the maximum amount of residential for the Highschool Road District set low to support auto-oriented commercial development. The proposed increase will take pressure off downtown core, currently designated with highest density.*
- 2) **BONUS FAR:** Bonus FAR should be increased from 1.0 to 1.2 for commercial and residential and 1.7 for mixed-use projects.
 - a. *The increase in Bonus FAR is consistent with amount of increase proposed for Base FAR.*
- 3) **BONUS FAR WAIVER:** Waive residential Bonus FAR fees for projects which provide more than 10% inclusionary units at less than 120% AMI and for rental units less than 600sf.

- a. This may not have much impact since most of FAR increase would be allocated as Base FAR to provide offset to developer subsidy.*
- 4) NEIGHBORHOOD SERVICE CENTERS: Change NSC zoning from determining density by units per acre to FAR method.
 - a. Currently NSCs have low base density (2 units/acre) which doesn't support pedestrian-oriented villages. Current density based zoning encourages projects to build large units to maximize buildable area. The FAR approach would increase flexibility allowing smaller unit sizes and related affordability. Staff need to determine what appropriate FAR is in relation to density.*
- 5) MANDATORY MIXED-USE: Require ground floor (at grade) retail/commercial below residential in specific zones (Highschool 1&2, Core, Ferry Terminal, NSC's) along designated frontages (Winslow Way, Highschool Road, etc.)
 - a. This ensures retail at designated frontages and open spaces in the pedestrian-oriented commercial districts. Staff will determine designated frontages.*
- 6) MANDATORY RESIDENTIAL: Residential use is required above ground floor retail/commercial in specific zones (Highschool 1&2, Core, Ferry Terminal, NSC's).
 - a. This ensures we get mixed-use pedestrian-oriented development our commercial districts. Residential use must be equal or greater in area than commercial component.*
- 7) BUILDING HEIGHT: Increase the maximum height from 45' to 55' when underground parking is provided and project exceeds 20% affordability and 20% open space. Applies to Highschool Road District and Ferry Terminal District only.
 - a. This encourages pedestrian-oriented urban villages close to transit. Height increase would not be allowed in Core district in order to keep new development in scale with existing buildings.*
- 8) PARKING: Eliminate parking requirements for units within 1/4 mile of Ferry and unit size less than 600sf.
 - a. The cost of providing parking and related vehicle ownership costs impact affordability. On average, the cost of owning a vehicle can be as high as \$700/month. The cost of an underground parking stall ranges between \$25,000 to \$30,000 per stall. These costs affect both the renter's ability to afford housing and the cost of building the housing.*
- 9) SUBDIVISIONS: Allow subdivisions within Mixed Use Town Center if lot size is less than 2500sf.
 - a. Currently, subdivisions are only allowed if approved under the Housing Design Demonstration Program (HDDP). This change would not require and density or FAR increase. This will encourage "missing middle" homes such as cottages, townhouses and small footprint homes. Home size would be limited to 1600sf.*
- 10) MULTI-FAMILY TAX EXEMPTION: Implement MFTE as part of zoning code to stimulate creation of affordable units.
 - a. The MFTE could be combined with the inclusionary zoning to increase the number of affordable units in a given project.*

Short Term Rental Regulations Summary

Updated September 2017

Primary goal

Balance the economic opportunity created by short-term rentals with the need to maintain supply of long-term rental housing stock available at a range of prices.

Secondary goals

- A) Ensure a level playing field for individuals and companies in the short-term rental market and
- B) Protect the rights and safety of owners, guests and neighbors of these units.

Definitions

- “Short Term Rental” is a booked stay of 29 consecutive nights or fewer
- “Long Term Rental” is a booked stay of 30 consecutive nights or more (these stays are excluded from an operator’s cumulative Short Term Rental nights total)
- “Operator” is the rental host
- “Platform” is the online company that facilitates the rental (Airbnb, VRBO, etc.)

Basic Regulatory Framework

Requires a new **Short Term Rental Operator’s license** in addition to a business license. Limited to 2 dwelling units. *

*Existing STR operators will be exempt from these limits, for the continued operation of existing short-term rental units in specific areas within the Downtown, South Lake Union, and Uptown Urban Centers and for certain building types in the First Hill/ Capitol Hill Urban Center;

Requirements of a Short Term Rental Operator License

- include the license number on any listing advertising or soliciting the property for use as a short-term rental
- a local contact number for guests,
- a signed declaration that the unit is up to code,
- basic safety information posted for guests in the unit, and
- annual license fee, per unit, of \$75.

Requirements of a Short Term Rental Platform License

- to provide information about Seattle’s regulations to operators using the platform,
- provide booking services only with operators who have been issued a short-term rental operator’s license, and
- share basic data with the City on a quarterly basis, including
 - the total number of short-term rentals listed on the platform, and
 - the total number of nights rented through the short-term rental platform
- quarterly license fee based on the total number of nights booked on the platform,
- requires a new Short Term Rental Platform’s license in addition to a business license.

3/26/2018

RE: Short Term Vacation Rentals on Bainbridge Island

Members of the Council,

The housing element of the Bainbridge Island Comprehensive Plan sets Goal HO-5 to “maintain the existing stock of affordable and rent-assisted housing” on Bainbridge Island. To support this goal, the Affordable Housing Task Force recommends the adoption of an ordinance to limit the use of short term rentals on Bainbridge Island.

Since 2011, the third-party analytics site AirDNA has measured a 41% annual growth in the number of Airbnb rentals on Bainbridge Island, with 130 active rentals currently recorded. Of these active rentals, 113 are for the entire home, a number that represents more than three months of inventory in the current real estate market. This stranded inventory worsens the affordable housing crisis by reducing the stock of long term rental and for sale housing on Bainbridge Island. However, we also realize that many citizens of Bainbridge Island rely on the supplemental income generated by these short-term rentals to afford the ever-increasing cost of living, so it is necessary to control the growth of the short-term rental market without eliminating it all together.

In December of 2017, the City of Seattle passed a law (summary is attached) limiting the number of short term rentals per operator to their primary residence plus one additional unit. Although opposed by several operators with a large number of rentals, this action was supported by Airbnb as a “model regulatory framework” that properly supported the small operator without excessive burden.

The Affordable Housing Task Force recommends that the Bainbridge Island City Council adopt an ordinance modeled on the one passed by the City of Seattle.

Sincerely,

Affordable Housing Task Force