AGENDA
AFFORDABLE HOUSING & PLANNING COMMISSION
July 10, 2025

Hybrid Meeting In-person and via Zoom

https://us02web.zoom.us/j/86835256115?pwd=Nm9RVGdDYWpGd3ZEdllHRmREb0V0dz09
Meeting ID: 868 3525 6115
Passcode: 347244

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CITY OF ELLENSBURG
AFFORDABLE HOUSING & PLANNING COMMISSION AGENDA
Council Chambers
501 North Anderson Street
Ellensburg, WA 98926
And remotely via Zoom
Thursday, July 10, 2025
5:45 PM - Joint Study Session

1. **Call to Order and Roll Call of Members**
2. **Approval of Agenda** (No Public Comment)
3. **Approval of Minutes**
   - 3.A May 21, 2025 Affordable Housing Commission meeting minutes
4. **New Business**
   - 4.A Inclusionary zoning discussion with Mark Rud, Associate Planner
5. **Unfinished Business**
6. **Public Comment**
7. **Staff Update/Discussion Items**
   - 7.A Comprehensive plan update
   - 7.B Review & approve August-September Affordable Housing Commission meeting schedule changes
   - 7.C ADU open house planning update
8. **Commission Representative Update**
9. **Adjournment**

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For more information on the Affordable Housing Commission, contact the Community Development office at 509-962-7270
The Contents of this agenda have been photocopied on recycled paper.

CITY OF ELLENSBURG — **Minutes of Affordable Housing Commission, Regular Meeting**

Date of Meeting — **May 21, 2025**
Time of Meeting — **4:30 PM**
Place of Meeting — **Council Chambers**
501 North Anderson Street
Ellensburg, WA 98926
And remotely via Zoom

1. Call to Order and Roll Call of Members
Commissioner Witkowski called the meeting to order at 4:30 p.m.

Present: Kim Funston, John Perrie, Peter Stone, Dan Witkowski, Delano Palmer (arrived 4:45 p.m.)
Absent: Sarah Bedsaul (excused); Courtney Garzone (excused)
Others Present: Dan Carlson-CD Director; Lily Frey-Housing Program Manager; one member of the public

Commissioner Witkowski motioned to approve the absence of Commissioner Sarah Bedsaul and Courtney Garzone. Motion passed 4-0. (Palmer not present)

2. Approval of Agenda
Commissioner Perrie motioned to approve the agenda. Motion passed 4-0. (Palmer not present)

3. Approval of Minutes

3.A Approval of April 30, 2025 special meeting minutes
Commissioner Stone motioned to approve the April 30, 2025, special meeting minutes. Motion passed 4-0. (Palmer not present)

4. New Business

4.A Consider cold weather shelter lease opportunity
Lily Frey gave an update on the cold weather shelter. Grace church at 1201 B Street is willing to complete a two-year lease for the cold weather shelter. Frey gave an overview of the lease amount and the space. There are no showers, but there may be an option to add showers. The operations are still being worked out. There is a warming kitchen but doesn't contain laundry facilities or a common space. Commissioner Stone motioned to recommend approval of a two-year contract lease with Grace Church for a cold weather shelter. Motion passed 4-0. (Palmer not present)

4.B ADU open house event planning

Lily Frey followed up on a previous discussion of an Accessory Dwelling Unit (ADU) open house. Guidance will be added to the City webpage. The open house will involve presenters from the Planning Department, realtor, lending, building, contractor, and possibly County staff. Commissions recommended advertising including flyers, social media, and potentially a notice in utility bills. The space, time of year, length, and time of day were discussed. The event will be recorded. Photos of current ADUs and success stories may be included.

5. Unfinished Business

None.

6. Public Comment

None.

7. Staff Update/Discussion Items

7.A HopeSource application follow up

Frey stated that HopeSource was not able to lower rents or extend the length of the affordability. A proforma was provided. Commissioners would like clarification on the reserve amounts and an approximately $150,000 dollar difference between the project cost estimate and purchase price. The City Council approved staff to work on a contract.

8. Commission Representative Update

Commissioner Palmer advised that the Stuart Meadows dedication is July 19, 2025. Habitat for Humanity is in need of volunteers. Federal cuts to the AmeriCorps program will impact the next phase of the Stuart Meadows project.

Frey stated that she met with the Independent Order of Odd Fellows and their consultant. They are interested in applying for pre-development funding.

The next meeting is June 4, 2025.

Commissioner Palmer gave an overview of a planned parcel swap involving the City, County, and Central Washington University. The resultant City property may be used in the future for affordable housing. The City and County discussion of a year-round sleep center has been tabled and the focus will be on offering a seasonal cold weather shelter.

Commissioner Stone advised that the June 2025 meeting would be his last due to relocation.

9. Adjournment

The meeting was adjourned at 5:06 p.m.

Inclusionary Zoning

Inclusionary zoning stipulates that new residential development in certain zones includes some proportion or number of affordable housing units or meets some type of alternative compliance. Inclusionary zoning taps into economic gains from rising real estate values to create affordable housing for lower income households. This approach can create more affordable housing in neighborhoods with access to transportation and quality jobs.

Inclusionary zoning can be applied in ownership and rental developments, single-family and multi-family zones, and can be tied to specific geographic areas. It may be most feasible to apply inclusionary zoning as part of a rezone or upzone that increases development potential of the zone. Jurisdictions should craft inclusionary zoning policies that best reflect the needs of their residents, paying close attention to details relating to program management and monitoring. In the state of Washington, all affordable units created through an inclusionary zoning program must remain affordable for at least 50 years (RCW 36.70A.540).

BACKGROUND

Inclusionary zoning is often considered a mandatory requirement for developers along with a development incentive. In some cases, participation may be voluntary by allowing the developer to opt-in to the new zoning that provides greater development potential in exchange for constructing a specified number of affordable units. In this way, a voluntary inclusionary zoning program is similar to incentive zoning and density bonus tools.

TOOL PROFILE

Objectives

- Housing in Centers and Near Transit
- Housing Options in Expensive Markets
- Missing Middle Density
- Mitigate Residential Displacement

Type of Tool

Other Regulatory Tools

Project Type

- **Multifamily**
- **Ownership**
- **Rental**

Affordability Level

Most effective for units <80% AMI

With a mandatory program, the developer is required to construct a minimum number of affordable units or some alternative, such as in-lieu payment, regardless of the newer zoning potential being utilized. Cities may provide an additional density bonus if the number of dwelling units goes beyond the mandated minimum. Jurisdictions may require the inclusion of affordable housing in residential developments as a response to persistently high housing costs and the difficulty of building lower-cost market-rate housing due to high land prices.

Inclusionary zoning is an affordability strategy designed to secure a public benefit from growth. Jurisdictions may produce a nexus study to show the extent that new development generates a need for new affordable housing. Some jurisdictions choose mandatory programs over voluntary ones based on the conclusion that voluntary incentive programs tend to produce significantly fewer affordable housing units than mandatory programs. Conversely, some jurisdictions may choose voluntary programs.

WHAT ISSUES DOES INCLUSIONARY ZONING ADDRESS?

Provide access to opportunity
Inclusionary zoning helps create affordable housing in places with access to jobs, schools and other opportunities that are desirable to residents of all income levels and in neighborhoods where market-rate housing is being built.

Create new affordable units
Inclusionary zoning policies and programs have a measurable impact on the creation of affordable housing units that help address a community's overall housing needs.

Ensure growth benefits all residents
Growth in the region has benefited some individuals and created or exacerbated hardship and inequalities for others. As real estate values rise in traditionally lower cost neighborhoods, many residents are forced to move. By providing affordable units in neighborhoods with strong real estate markets, inclusionary zoning leverages growth to benefit all residents regardless of income.

WHERE IS INCLUSIONARY ZONING MOST APPLICABLE?

Inclusionary zoning is a proven tool that has been used nationwide and has seen success in the region when adapted to local circumstances.

In an active housing market, inclusionary zoning can result in the production of more affordable housing for low- and moderate-income residents. Inclusionary zoning can also result in buildings and neighborhoods that have a mix of income levels, without having to rely on taxpayer funds to provide them.

It may be difficult to administer an inclusionary zoning program and ensure that the designated dwelling units remain affordable. If a local housing market is not strong enough, developers may choose not to build any residential housing.

Inclusionary zoning is often included as part of an upzone – rezoning an area for increased residential capacity – in areas that will be served by high-capacity transit. Transit is a driving force in real estate value, helping to make more dense development feasible. Transit access also benefits future residents of the new units.

WHAT DO I NEED TO KNOW ABOUT IMPLEMENTING INCLUSIONARY ZONING?

State law (RCW 36.70A.540) grants cities and counties the authority to establish mandatory requirements for the inclusion of affordable housing under certain circumstances; see also WAC 365-196-870(2). In places that have been upzoned, the statute allows a city or county to require new residential developments include a minimum number of affordable housing units. Affordable housing must be mentioned explicitly as a public benefit to be rewarded with increased density, reduced parking, reduced fees or taxes or other incentives offered.

To maximize their effectiveness, inclusionary zoning policies must be tailored to local housing markets and economic environments and integrated into comprehensive affordable housing plans.

Mandatory inclusionary zoning regulations should include the following:

1. Minimum number of affordable units to be provided. This is usually expressed as a percentage of a development's total number of dwelling units, or an alternative such as payment of an in-lieu fee or development of a minimum number of affordable units at a different location.

2. Targeted income range of households to be served by the affordable units. This is usually expressed as a percentage of the Area Median Income (AMI). Targeting households earning less than 80% AMI will have the greatest impact on reducing the number of cost-burdened households – households that pay 30% or more of their income on housing costs. It may be possible to reach lower income households by combining the inclusionary program with other housing tools.

3. Time period within which the designated units must be maintained as affordable. In Washington, all units developed through a mandatory inclusionary zoning program must remain affordable for at least 50 years.

4. Geographic scope. Inclusionary zoning is usually limited to designated areas that are planning for more growth, such as downtowns, mixed-use development areas, and neighborhoods with walking access to high-capacity transit.

MODEL POLICIES, MODEL REGULATIONS, AND OTHER INFORMATION

Grounded Solutions Network Inclusionary Housing Calculator (2019)

The Housing Partnership: The Ins and the Outs: A Policy Guide to Inclusionary and Bonus Housing Programs in Washington (2007)

Lincoln Institute of Land Policy: Achieving Lasting Affordability through Inclusionary Housing (2014)

MRSC: Inclusionary Zoning: One Approach to Create Affordable Housing (2016)

PolicyLink: Inclusionary Zoning – Equitable Development Toolkit (2003)

Inclusionary Zoning

Joint Planning-Affordable Housing Commission Study Session

July 10, 2025

City of Ellensburg WASHINGTON

What is Inclusionary Zoning?

- A proportion of residential units in a new development restricted for affordability
  - At or below household Area Median Income (AMI)
- Can be applied to ownership housing (subdivisions), or rentals (multifamily apartments)
- Typically only for a small number of zoning districts, and for projects of a certain scale
- Intended to secure public benefit from growth

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Common Program Parameters

- Mandatory vs. Voluntary
  - IZ can be a requirement for qualifying developments, or
  - Affordable housing zoning can be incentive-based (bonus units/height)
- Development size thresholds
  - % of project as affordable units once a project unit count is met
- AMI set-asides
- Fee-in-lieu or alternative compliance (off-site)

What can IZ do?

- Restrict a portion of newly built ownership housing (single-family) or rentals (apartments) for lower income households
  - Ex. Subdivisions with 10+ single-family residential lots must reserve 10% of homes for households at or under 80% AMI
  - Ex. Multifamily projects with 10+ apartments must lease 8% of units for households at or under 60% AMI, 12% of units for households at or under 80% AMI, or a combination meeting minimum requirements
- Require fee-in-lieu of developing units: funding

What doesn’t IZ do?

- Guarantee developers will pursue projects with IZ requirements (or voluntary projects with affordability)
- Require builders/owners to manage or enforce affordability programs
  - Typically done by jurisdiction, housing authority, or contracted third-party non-profit = implementation costs
- Influence underlying project feasibility or “5 L” costs
  - Land / Lumber / Labor / Laws / Lending

Inclusionary Zoning in WA

- Grounded Solutions Network indicates only 8 cities in Washington have mandatory IZ ordinances
- All west of the Cascades in greater Puget Sound
- Development bonuses and financial incentives could make IZ more favorable for production of units

Sample of Affordable Housing in WA Zoning (Main Source: Grounded Solutions Network)

CITY	MANDATORY AFFORDABLE HOUSING (IZ)	INCENTIVES (DENSITY, FAR, ETC.)	MULTIFAMILY TAX EXEMPTION
BOTHELL	X	X	X
FEDERAL WAY	X	X	X
ISSAQUAH	X	X	X
KENMORE	X	X	X
NEWCASTLE	X	X	
REDMOND	X	X	X
SAMMAMISH	X (exempts units <1,500 sf)	X	*Draft June 2025*
SEATTLE	X	X	X

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Example 1: Newcastle (Pop. ~13,000)

- NMC 18.38, Affordable Housing:
  - Only required in the CBC zoning overlay (commercial core), which has additional design requirements
  - Requires executing an agreement for affordability
  - Min. 10% of residential units in any development must be “moderate income” units = 70% AMI for rentals, 80% AMI for ownership homes
  - Alternative requirements for lower AMI units:

Affordability Level (% AMI)		% of Affordable Units for Baseline	FAR Potential Incentive
Rental	**Ownership**		
50%	60%	5%	4 to 1
60%	70%	7.5%	3 to 1
70%	80%	10%	2 to 1

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Example 1: Newcastle (Cont'd)

- Minimum unit size requirements: 500 sf for Studio; etc.
- 1.5 density bonus units eligible for each affordable "benefit" unit
- Payment of "fee in lieu" is allowed for fractional unit requirements of a project
- Only 1 off-street parking space required per affordable unit – applicant may request further reduction
- Affordable units' open space requirement is 50% of standard
- Alternative compliance allowed with off-site units

Example 2: Issaquah (Pop. ~39,000)

- IMC 18.514, Affordable Housing
- Required for all new residential in the Urban Core Zone; differing requirements if within Vertical Mixed-Use Overlay
- Required for all new residential in the Mixed-Use – Central Issaquah zone
- Required for the Central Issaquah Pioneer Program
  - Exempt from building heights and floor area ratios
- Varying % of project units required depending on AMI

Example 2: Issaquah (Cont'd)

- Requires recorded covenant for 50+ years or permanent affordability
- Can use affordable units to qualify for elective public benefit development bonus (voluntary incentives)
- Minimum unit size requirements: 500 sf for Studio; etc.
- "Fee in lieu" of development bonus affordable units, and available for fractional unit requirements
- Carports allowed in lieu of standard structured parking
- Alternative compliance allowed with off-site units

IZ Effectiveness: Recent Research

- Mixed results across geographies
  - Evidence suggests Seattle developers began to favor properties outside mandatory IZ boundaries after adoption, avoiding affordable unit requirements despite IZ area upzoning (Krimmel & Wang 2023).
  - After London, UK lowered the threshold of multifamily projects requiring affordable units (to 10+), developers began building a higher proportion of projects just under the new requirement (<10) (Li & Guo 2021).
  - Economic modeling of the LA region suggests as minimum affordable unit requirements grow for <u>voluntary</u> density bonuses, the region would produce less housing overall – both affordable and market rate (Phillips 2024).

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What do you want to learn about Accessory Dwelling Units (ADUs)?

Complete the survey to help set the agenda for an ADU Open House on August 19, 2025 and sign up for event updates.

For more info, email freyl@ellensburgwa.gov

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