

Spokane Housing Action Plan Roundtable: Development Regulations

Discussion Notes - DRAFT

Thursday, September 10, 2020 | 3:00 pm - 4:30 pm | Zoom Meeting invitation

PROJECT OVERVIEW

The City of Spokane is creating the Housing Action Plan to help increase housing options that are affordable and accessible for people and families of all incomes. The plan will provide a strategic approach to address current and future housing needs of the Spokane community. The City hosted a series of virtual roundtables in September 2020 as an opportunity to dive deeper into key topics and discuss potential strategies with stakeholders, partners, and community groups and members. For more information, please visit the project page at <https://my.spokanecity.org/housing/spokane-housing-action-plan/>.

Disclaimer: Notes from this roundtable exercise do not necessarily reflect fact-checked information and are a documented recap of the discussion by attendees throughout the presentation and various breakout sessions.

PARTICIPANTS

- Aaron Breen, Habitat for Humanity
- Darin Watkins, Spokane REALTORS
- Greg Francis, Plan Commission
- Isaiah Paine, Spokane Homebuilders Association
- Jayson Hunnel, D.R. Horton
- Jessica Engelman, Spokane Active Transportation
- Jim Frank, Greenstone Homes
- Lars Gilberts, University District PDA
- Louis Meuler, City of Spokane Planning
- Luis Garcia, City of Spokane Code Enforcement
- Mary Winkes, Community Assembly
- Mayor Nadine Woodward
- Melissa Morrison, Council Office
- Michelle Pappas, Disability Action Rights
- Paul Warfield, Mayor's Office
- Shannon Meagher, Kiemle & Hagood
- Tami Palmquist, City of Spokane Development Services Center
- Tirrell Black, City of Spokane Planning
- Todd Beyreuther, Plan Commission

City Support Staff:

- Maren Murphy, Moderator
- Christopher Green, Facilitator
- Shauna Harshman, Facilitator
- Melissa Wittstruck, Facilitator
- Colin Quinn-Hurst, Support
- Taylor Berberich, Support
- Kara Mowery, Support

DISCUSSION NOTES

1. What is the housing market looking to build in Spokane? What are we not seeing in our market that others are building? How do we build a \$200,000 house today?

- So many barriers to housing construction - history of Comp Plan and development code; development regulations have been updated in small increments instead of all at once to match Comp Plan. Confusion and conflict caused by incremental updates are barrier to all types of housing, including infill. Net result is City lags behind other Spokane County jurisdictions in housing construction - instead

going to SV and Rathdrum Prairie. One example is lot size transition. At 29th & SE Blvd. project, we were forced to do larger lots instead of cottage sized lots (eg Kendall Yards) - forced to build fewer houses at \$500k instead of more houses at \$200-\$300k. One harm of rule is the message that it sends to neighborhoods - reinforces negative perceptions of small lots and density. Kendall Yards is example of compatibility between different housing types - doesn't cause loss of value to have density. This regulation sends message that there is a need to "protect" neighborhoods from smaller lots/higher density.

- Code doesn't allow house to be built on lot that doesn't have frontage on public street - this is a suburban standard. Kendall Yards has many examples of alley-loaded streets. Elaborate add-on cottage ordinance adopted instead of getting rid of lot frontage requirement - was not able to use this on the South Hill. Without housing task force, this process may not be able to dig deeply enough.
- Agree re: housing task force. This doesn't express urgency. Smallest housing stock since data has been recorded, large amount of people both locally and moving in to Spokane but no housing available. Many other key issues linked to housing. Equity should be considered - costs and restrictions prevent people from getting into homes. \$200k is a good number to use. Waiting until May to implement changes will cause prices to go up during that time.
- A number of possible changes will involve Plan Commission process - changes have been modified/slowed down at this stage. How do we support Plan Commission?
- Joint meeting was frustrating - a lot of things put off to 2025 Comp Plan update - 2025 is way too far out. Will have to change elements of Comp Plan in Chapter 3 for Plan Commission to be able to recommend. Not all Commissioners on board necessarily - but this is also part of public process. Staff provides a lot of the information needed by Plan Commission - Commissioners need assistance in lining up changes with state law, etc. More staff needed.
- Disagree that change in Comp Plan is needed to change development code. Lots of policies support infill, walkable communities, densities. City Council can make this decision without staff or Plan Commission. No language in code to prevent eliminating lot transition, cottage housing, ADU processes, functional PUD ordinance, innovative housing.
- Comp Plan policies prioritizing single family residential could be obstacle.
- Single family detached not required as "single family" policy.
- City Council/Plan Commission has had process to sort.
- Policies are perpetuating economic and racial segregation. Neighborhood Councils want to see better density, variety of housing. People understand and accept it, not enough conversation with neighborhoods. They want more housing in their neighborhood. 2-3 br, 2 bath condo in Coeur d'Alene for \$200k - barriers at city and state.
- How do we get smaller lot sizes? How much do setbacks have impact?
- Look at where we used to be - West Central for example. Smaller lots, mixed use, etc. When WWII ended, 18,000 houses built in five years, small houses in late 1940s/early 1950s. Look at where we need to be - polling shows support for housing. Equity re: homeownership between white and African-Americans in Spokane.
- We need all types of housing, solve racial inequity.
- HB1923 density rules exempt from judicial.
- \$200k attainable housing is critical. If you're entering the housing market, you will not be building expensive custom home. \$50k for piece of land - this has gone way up in the past few years. Material prices (double for lumber) and energy codes. Looking and incentives and permit structure to build homes in this range. Simplify, not make it more complex, and shorten development timelines. Take

into consideration cost of regulation. Allowing people into housing ladder is a good thing - building equity. Creating attainable housing at all levels, people also need to move up the ladder.

- Look at Airway Heights - builders say less regulations, cost of building. Application fees need to be scalable. Infill lots identified around the City, but all hookups have to be ready before applying for permit.
- Development Services Center (DSC) is seeing more townhome styles, built as multiples on one parcel for rental. Different type of multi-family, home style with parking.
- Family, senior housing, and intergenerational housing with set asides for seniors are a focus of non-profit work happening in the community today.
- What we are not seeing:
 - Housing rentals and home ownership at price points of affordability for SSI/SSDI recipients (\$783 mo. total income)
 - Duplex and tri-plex, and mixed-use projects (5 over 1, 8 over one, etc.) in the areas where land is available.
- How do we build a \$200k house?
 - We do need to look at price points, but more than just sq ft, but a price that is inclusive of transportation and associated living costs all in.
 - Encourage everyone to consider universal design to provide equity in housing (all housing being designed and built) for people with disabilities.
 - We need to look beyond single-family homes in this discussion - multiple housing types with different price points. The time of the single-family home on a single parcel may be over, but there are other options at that price point.
- What we are seeing in the Development Services Center is a lot more townhome style. Multiple townhomes on one parcel. Still being rented out, but gives a diversity for multifamily options that is different from apartments.
- The market is not building affordable housing for disabled clients. The typical person on SSI is only getting \$780 a month for food, rent, and transportation, as well as some medical expenses, and affordable housing in this income range isn't available. Housing is both inaccessible and a really difficult system to navigate.
- For people with fixed incomes, it becomes pretty inaccessible and unforgiving. Personally has a tiny house and would love to build a triplex, but cannot due to current regulations.
- Would like to build more duplexes/triplexes, 5 over 1, mid-rise in University District, North Bank and Downtown. In general, mixed-use is desirable, but we have to be very focused on where it's happening. In general, we are not seeing the retail or office below with residential units above.
- We need to shift the conversation into, what is the price point per month that someone can accommodate all-in, including transportation, energy, etc.? Consider energy inefficiency of a single-family house compared to a duplex/triplex.
- Encouraging everyone to think in terms of universal design. For the Fair Housing Act, it is a good place to start, but currently it creates a world where the disabled person is limited to those spaces only, and can't travel throughout the community or have options for housing throughout a community. Also, people with disabilities in a rental situation are at the mercy of their landlords, regardless of ADA or the FHA. People with disabilities rarely have the resources to take issue when they are evicted unfairly. We need to be working toward a place where universal design is ubiquitous.
- We have to be very careful with this question, as it implies a detached single-family home. We need to be clear about what exactly we are looking for. For example, does this price point include cottages, townhomes, condos and apartments?

- State mandates on Energy coming in 2021 will raise prices (electric/heat pumps) - adds up to \$12k.
- City has to absorb that in our building codes. Building materials (lumber) are rising in costs too.
- Density (2 units on a lot helps spread costs).

2. What does a greater variety of housing types and cost levels look like for all income levels? What housing types should be allowed outright in residential zones?

- Multifamily with ownership options in residential zones. Duplexes, triplexes, condos. Fixation on single family residential model.
- Cottage homes, townhouses, condos, small lot or zero lot line - its flexibility. Townhouses 29th & Perry.
- Also 8th & Perry. ADU reform also - including non-owner occupied. Could drive down rental prices. Smaller homes face barriers, needs to be revisited. Smaller houses can provide housing.
- City surplus property, land bank system. Incentives for developers. Support in surveys for developer incentives - focus on East and West Central neighborhoods - to waive permit and development fees for new homes prices below \$200k. Market will dictate affordability after that, but equity model (cost of land has to be repaid for city, for instance).
- Could be tied to AMI. Subsidies, fee waivers, etc.
- Do we have figures on portion of construction cost represented by fees, etc.
- Lots of variable costs, especially in materials (lumber example).
- Four units (up to 6 if affordability incorporated) in a single-family zone. Floor Area Ratio bonus as the number of homes increases. Portland example. Started initially around centers and corridors and other specific exceptions.
- Duplexes with splits as in CA (whatever the formula that will work here is) for greater residential building opportunity up to 4 to 10. Not necessarily greater residential density. Just a question of land use versus zoning.
- There is an understanding of the idea of different housing types being allowed in residential zones, with the realization that it is a heavy lift in terms of public perception and support.
- Rental diversity throughout neighborhoods, not concentrated in locations along arterials for example.
- Independent living concept that people with disabilities should be able to live where they choose in the community.
- Based on the Portland city experience and Oregon statewide experience, dealing with issues of regulatory encouragement of a variety of housing types, Oregon passed a statewide regulation. In Portland, tear-down houses are selling for \$300,000, for example, so they pushed all the numbers, and now allow six units per parcel. You can still build a single-family home, but if you build a duplex or triplex, you can get a little better floor-area-ratio. If you're going to build a single-family home, it has to be smaller and more in keeping with the surrounding neighborhood and structure style. NIMBY's said "well, we'd rather not have a triplex on the street, but they were okay with it if it prevents houses getting torn down and McMansions put up in their place." This was a major win and a long challenging discussion to get this compromise.
- Up to four units per parcel would be an opening position that he would definitely support. Agrees that this type of bonus unit capacity would be beneficial, whether 4 additional units or 6 or 10, depending on what formula is right for Spokane, and is open to different approaches on how that formula actually functions and works.
- Interested in learning more about Portland's experience because he could see this conversation becoming very challenging between neighborhoods, if the citywide mandate and goals, or even statewide mandate and goals, aren't very clear.

- Portland started with the approach of proposing these approaches just here or there or with cut-outs, around Centers and Corridors, or around transit, and this was particularly true in wealthier neighborhoods that had rapidly escalating home values and wanted to shut the door to a variety of home types and residents. That is why Portland eventually applied a blanket policy, apart from exceptions when there are geological issues in earthquake zones. Most of the rentals and low-income housing are currently in the more unpleasant areas of town along busy roads or near the freeway. People should have an option to live in affordable housing scattered throughout the city in a variety of places with different features, amenities and characters.
- This falls right in line with the Disability movement's position which is that people should be able to live in the communities with the features of their choice, where they have the freedom to live in a variety of environments, not just limited to high-traffic or high-density corridors.
- This location question impacts educational experiences for families and children, with statistics showing that approximately half of children in Title 1 schools do not finish the school-year in the same school.
- Land less available.
- Lumber is going up in up.
- Builder = \$250,000 is difficult to hit
- New construction with building codes - new year additional cost of 8k to 10k from energy code update.
- Higher cost from different heating system
- Higher density might be able to offset some cost if there is market demand.
- Missing non-luxury Condos
- State regs around short plat vs boundary line adjustment - State laws
- Modular/prefab to drive down cost - 10 to 12 % more expensive? Difficult to prefab / economy of scale difficult
- Can go into more of these
- 5-unit complexes / on 2.5 lots, single water meter - paid water through homeowner association. Saved \$5,000 per unit by not having individual meters and individual lines.
- Creative ways to use single gas or water taps.
- Any kind of connection fee to utilities.
- Co-housing / Land Trust
- Can Local Improvement Districts help to share infrastructure costs back to infill land to help bring more property / land availability to market.
- ADU - current standard that requires owner live on site?
- Lexington is building 22' wide houses in PDX; Spokane is 44' wide. That is a shift in expectation that needs to happen, but increases density and again, spreads costs.
- Tiny homes! ADUs would increase density, but the owner requirement and deed restriction with County is a deterrent.
- Comp Plan policy of RSF neighborhood preservation works against housing diversity across the City in all neighborhoods.
- Non-luxury condos, modular/pre-fab homes (some disagreement on whether those reduce costs in all cases). Capturing alleys not needed could be buildable land (vacating?)

3. How do you think real estate market conditions are affecting local real estate housing needs?

- Single-family going up significantly. Apartments struggle to cover the rent cost. Pricing out of the marketplace? More units being sold by small property managers to larger entities. Major markets seeing exodus, and impacting middle market rentals.
- Mayor in alignment, urgency order of the day. Another effort, housing at all price points at every category of the city. Not urgency? Mayor urgency? Modified plan commission process -
- Spokane Valley - 47 lots, in 10 months, gone up over \$40,000 in 10 months, to try to slow things down is to raise prices.
- Home size - Portland width is 22 feet. Spokane home width 44 feet. How to low narrow lots/ narrow home standpoint. Automatically effects density.
- How to lead? How to have the community come along with the decision making. Will leadership accept the recommendations coming forward? Do we need consensus or leadership making fair and equitable decisions?
- Ask for forgiveness rather than permission. Lead rather than worry about the public concerns.
- Lack of housing stock supply driving up prices in all price points. Major market buyers moving into the area contribute this too.
- MF costs are rising too - to the point that rents cannot be borne by the market and the complex owners are selling out as a result.
- Emphasized that this is an urgent issue for the City, if not every citizen.

4. How can we build community acceptance for diverse housing options?

- The leadership comment was the most assertive in building acceptance of diverse housing options. And it has to be citywide. Short term pain, yes, but think long range to solve the problem of housing from many different directions.

Top that most need to be addressed in Spokane right now:

- ADU reform needs to happen quickly. RSF and RTF need to be clarified.
- There are some housing types that we are not looking at in some areas that need to be possible, and the availability of these housing types gets interwoven with questions and impacts such as food deserts and other characteristics.
- This goes back to questions such as whether and how a café or neighborhood market on the corner can be provided in some of these areas with residential above.
- Exactly, this is one of the major issues to address: how do we allow these types of developments within different neighborhoods and contexts?
- It's a deal-killer when whatever is on the main floor taints the housing above as commercial or retail. This will kill a development proposal.
- What's the issue of greatest urgency and how do we address it?
- Don't recreate the wheel. Other cities have gone through these struggles recently and dealt with these same issues and there is a lot that we can copy and paste, learn from, adopt or avoid, and don't get too caught up in reinventing a totally unique solution when the solutions have already been found.
- Really curious where the mandate for this comes from. With the proper level of mandate, whether City-level or State-level, this can move very fast without getting stuck in process or pitting neighborhoods against each other.
- As a last note, wanted to convey that the Disability Community strongly opposes the existence of group homes and the continued building of these homes, people do much better in their own homes.

- Also, as a last note, added that the concept of the 10-minute neighborhood should guide us.
- Leadership, density, how to address state mandates.
- Decide on what affordable housing means. Homeless off the streets.
- Affordable housing target Spokane median income of \$53,000 to afford a \$213,000 house.
- Different populations to serve.
- How do we enable more condos. Higher density in more grouped unit living with ownership stake.
- Group Homes and Institutions - disability movement, core programs, desire to move out of intuitions.
- Energy Code - Designer and manufacturing, state mandate of energy code, energy efficiency of shared wall units
- Energy use, transportation, true affordability not just the cost of the structure.
- Where can we build these units, at the edge of the City or infill housing.
- HUD standards, vs Residential Building Code, effect of monthly ongoing costs for household going forward.
- Builders just want to build.
- Concern about variability of electrical generation sources vs. natural gas. Cost to benefit ratio is being skewed.
- \$12,000 to \$22,000 for a single-family home lumber pack.
- Incentives? Higher densities to offset other cost impacts.
- ADU reform
- What is allowed in the different zones in terms of housing types?
- Other housing types - additional mid-rise and high -rise (mixed in with other issues such as food deserts, transportation costs, etc.) Mixed use in different neighborhoods.
- *Remember the 10-minute neighborhood to guide us.
- Where does the mandate come from to move forward?
- Institutions and group homes needs to be addressed for equity.
- Opportunities for equitable housing incomes: Stop trying to reinvent the wheel, copy someone else's wheel to move quickly on housing solutions. What has worked and not, and how can we incorporate here. There are many great data points between OR, CA, MN
- Urgency is felt by City - not necessarily in community. Leadership, not consensus, to build acceptance of diversity of housing - ask forgiveness, not permission. Acceptance will have to come in time.
- Figuring out how to deal with state mandate building codes that raise the prices
- Be cautious using affordability of media area income (\$53k Spokane = \$213k home) - needs to be durable affordability. This does not help homeless or fixed income of \$771/month