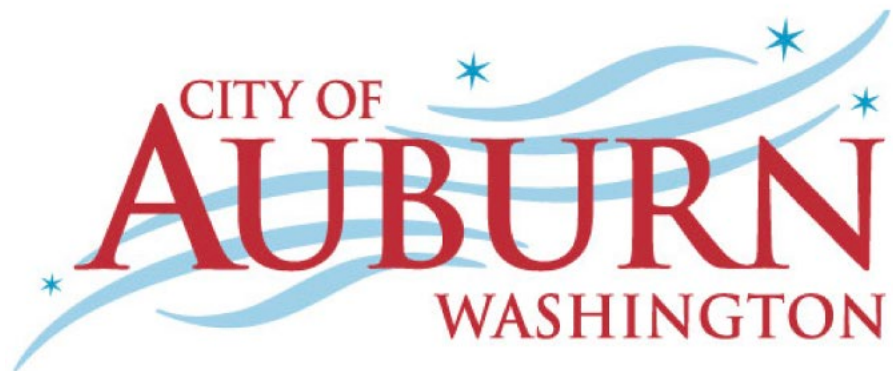

Housing Action Plan

City of Auburn

June 2021

Prepared for: City of Auburn

Final Report



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How this Plan is Organized

This report is organized into five parts:

1. **Part 1: Introduction** offers helpful background information on this plan, the objectives driving the work, and the study area.
2. **Part 2: Summary** summarizes the most important information in Parts 3 and 4, highlighting key findings from the housing needs analysis, public engagement, preliminary recommendations, and implementation steps.
3. **Part 3: Development Feasibility Analysis** outlines and summarizes the development feasibility analysis that was conducted to identify many of the preliminary recommendations offered in Part 2 and Part
4. **Part 4: Preliminary recommendations & Implementation Steps** offers 17 policy and program preliminary recommendations and an implementation roadmap for the City to consider as Auburn works toward increasing housing supply over the next 20 years.
5. **Part 5: Appendices** lists technical appendices that support this plan, including the full Public Engagement Results, Existing Conditions on Auburn's community and housing stock, the housing policy review, and the development feasibility proforma assumptions.

Table of Contents

Part 1: Introduction	1
Introduction.....	2
What is a Housing Action Plan?.....	2
How was the HAP Created?	2
Where Did the Plan Preliminary Recommendations Come From?	3
What Objectives are Driving the HAP?	4
What is the Planning Horizon for the HAP?	5
What is the Geographic Study Area for the Plan?	6
What are the Regulated Income Limits in Auburn?.....	8
Part 2: Summary.....	10
I. Summary of Housing Needs	11
II. Summary of Public Engagement Key Findings.....	21
III. Summary of Preliminary Recommendations & Next Steps	24
Part 3: Development Feasibility Analysis.....	28
Objectives and Focus Areas	29
Development Standards	29
Development Feasibility Methods	31
Analyzed Prototypes	32
Development Feasibility Results	40
Part 4: Preliminary Recommendations & Implementation Steps	47
Preliminary Recommendations	48
Preliminary Recommendations and Alignment with the Comprehensive Plan	67
Implementation Steps	69

Part 1: Introduction

This Part offers helpful background information on the legislation governing Housing Action Plans, the plan development process, the City's objectives driving this work, the planning horizon, the geographic study area in Auburn, and regulated housing income limits in Auburn.

Introduction

The City of Auburn was founded in 1891 and has grown to become the fifteenth largest city in the State of Washington. Multiple periods of growth can be observed in the many regions of Auburn, including early 20th century neighborhoods, mid-century growth, and the annexation of rural county lands in the early 21st century. This has resulted in over 29 square miles of housing growth representing many different scales of development that have occurred over different periods.

In 2019, the state legislature adopted House Bill 1923 (HB 1923), which awarded grants in the amount of up to \$100,000 to various cities to increase residential capacity. The City received a grant to increase residential capacity through development of a Housing Action Plan (referred to as a HAP).

What is a Housing Action Plan?

The City of Auburn is growing. Supported by data, community engagement, a review of policies, and an assessment of housing development feasibility, this HAP identifies preliminary recommendations, implementation considerations, and actions that can help the City of Auburn guide its housing policies, regulations, and programs as it encourages housing needed to accommodate current residents and Auburn's growing population. HAP efforts are focused on encouraging the production of both affordable and market rate housing at a variety of price points to meet the needs of current and future residents.

This HAP must comply with state guidance, including the adoption of the grant-funded HAP document consisting of the needs assessment, housing policy review, and implementation preliminary recommendation components, no later than June 30, 2021. Funding is provided by the Washington State Department of Commerce via House Bill 1923 (HB 1923).

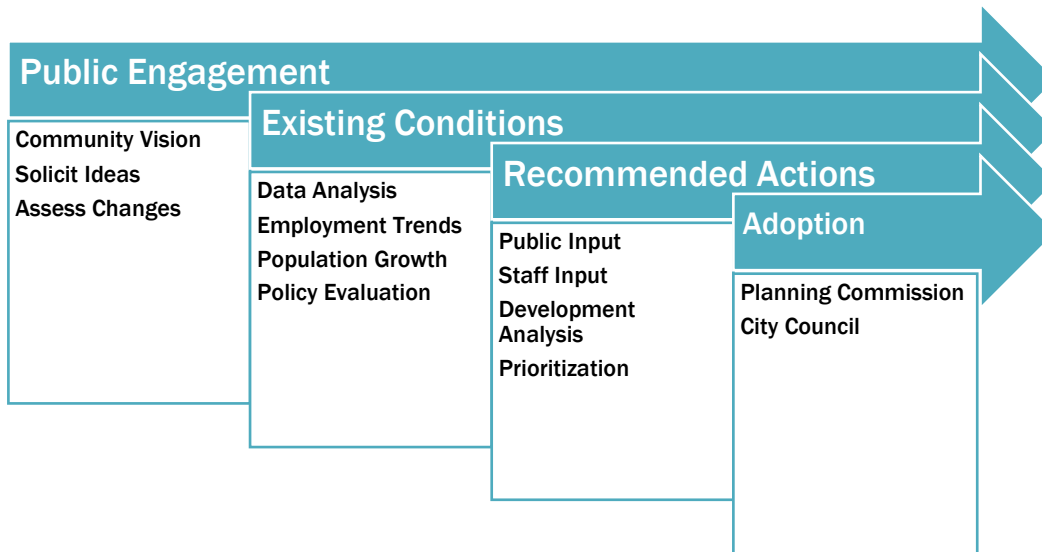
How was the HAP Created?

The City of Auburn hired a team of consultants – ECONorthwest, Broadview Planning, and SERA Architects – to assist in the development of this HAP. The HAP process has involved many steps which are summarized in Figure 1. Throughout the entire process, Broadview Planning has engaged the public to offer input on the community's vision and housing needs, to provide ideas and preliminary recommendations for how Auburn can increase capacity for more housing, and to review draft documents before they are finalized and adopted by City Council.

Prior to creating this Housing Action Plan, Auburn participated in the *South King County Subregional Housing Action Framework*, along with the cities of Burien, Federal Way, Kent, Renton, and Tukwila.

This *Subregional Housing Action Framework* met the same Housing Action Plan requirements but focused on regional and subregional strategies that the South King County cities could pursue together.

Figure 1. Auburn's HAP Development Process



The Department of Commerce requires that funded HAPs be adopted by each city. In Auburn, that means that this DRAFT HAP will be presented to city staff for review, revised, and then presented for public review and to the Planning Commission for a briefing. After reviewing those comments, a revised, final HAP will be the subject of a briefing, and then presented to City Council for adoption.

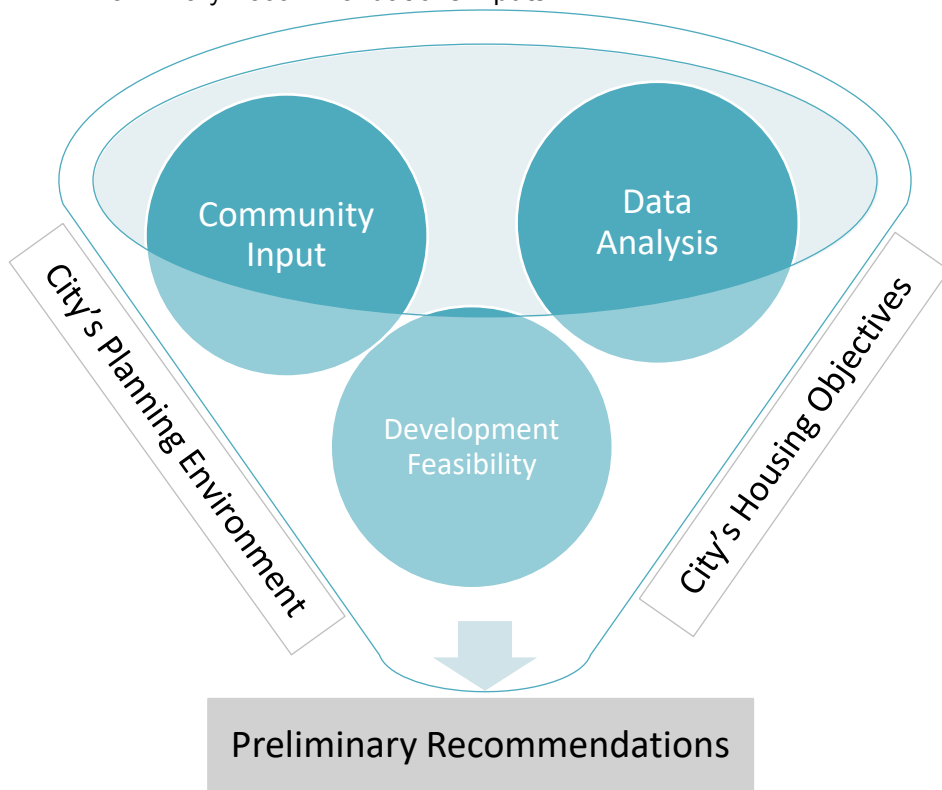
Where Did the Plan Preliminary Recommendations Come From?

The preliminary recommendations offered in this HAP are informed by several components of this project. In addition to building on the work completed in 2020 for the *South King County Subregional Housing Action Framework document*, the preliminary recommendations in this plan were developed using the following components. (See Figure 2):

1. Data on current and future housing needs discussed in the Existing Conditions Memorandum,
2. Suggestions and ideas generated from the community through the continuous community engagement process, and
3. A development feasibility analysis and review of Auburn's zoning code / development standards to evaluate impacts to the feasibility of new construction. However, this analysis did not include a review of the Engineering Design Standards and how the proposed concepts work with the streetscape elements within the city's complete streets policy. This analysis will be required in any future processes that consider implementation of the concepts presented here.

These three sources of input were used to arrive at the preliminary recommendations offered in this plan. The key findings from each of these sources are described in Part 2: Summary.

Figure 2. HAP Preliminary Recommendations Inputs



This plan uses the Term “preliminary recommendations” because, while a substantial amount of research and analysis has been conducted to prepare this plan and its identified measures, there remain additional evaluation and considerations in order to implement some of the recommendations. Some of the measures recommended are not fully ready and capable of being implemented based on the contents of the plan alone. It is acknowledged that additional evaluation is necessary to determine whether some measures are appropriate for Auburn and whether there are unintended consequences. For example, changes to increase density will require consideration in the Transportation Element and Utility Element of the Comprehensive Plan to determine the necessary infrastructure required to implement changes. Depending on the locations of increases and how broadly these are applied, there could be for example, impacts to the transportation system that could generate an issue related to transportation concurrency and result in either lowering level of service standards further or limiting development until improvements can be built to support the higher density.

This after plan analysis of the preliminary recommendations is beyond the scope and budget of this HAP preparation. There will be additional public input that will influence and shape the measures through the review and adoption process. Also, as discussions about housing supply continue to advance in the future, the city may wish to consider other measures that are not identified in this plan.

What Objectives are Driving the HAP?

The City of Auburn desires a mix of housing types, sizes, and options that serve a wide array of residents – from seniors and multigenerational housing, to low-income households, to young workers – and desires this mixture throughout the City. The City understands the importance of housing affordability and seeks affordable housing options spread throughout the City – options for

buyers and renters, alike. It recognizes that affordable housing options will look different in different parts of the City to suit the neighborhood context and desires of residents. And, importantly, the City wants to preserve its existing housing stock, and support landlords in maintaining existing properties.

For the purposes of *this Housing Action Plan* scope of work, the City wanted to explore a few key targeted housing development types and locations, identified below. These specific topics fit into the City's larger efforts to create a diverse range of housing options to meet the needs of a broad range of residents. These objectives were developed as part of the scope of work for this project to support a broader mix of housing types, housing sizes, and housing price points across the City that are available to a wider range of current and future Auburn residents.

While these are not ordered in any rank or priority, they are helpful to organize the preliminary recommendations and support the implementation steps that will be suggested in the final HAP:

- A. Encourage market rate development in Downtown Auburn: increased development and denser development
- B. Encourage the development of below-market affordable housing in Downtown Auburn
- C. Encourage the development of middle housing in R-5 and R-7 Zones in the Study Area (see Figure 3 on page 7)
- D. Prevent displacement and encourage the preservation of existing affordable housing

What is Middle Housing?

In this analysis, the term middle housing refers to duplexes and triplexes. See relevant development standards on page 30 and example renderings on page 37.

One reason the City highlighted downtown Auburn in this HAP is because it seeks to ensure that Downtown continues to meet criteria for the Puget Sound Regional Council's (PSRC) 2050 designation of a "Regional Growth Center."¹ This designation requires moving from 18 towards 45 activity units per acre minimum and both additional development as well as denser development can help to achieve this.

What is the Planning Horizon for the HAP?

This HAP focuses on the 2020-2040 planning period using data from PSRC. As a regional planning agency, PSRC produces regional population forecasts for King, Snohomish, Pierce, and Kitsap Counties. These population forecasts are allocated by each county for their city-level growth targets.

King County is updating its growth targets and forecasts for the 2017 - 2044 forecast period, but the formal adoption of these targets will not occur until later in 2021. Auburn's future housing needs estimated in the Existing Conditions Memorandum and summarized in Part 2 are based on the acknowledged 2040 population forecast. Since the HAP timing is earlier, a subsequent effort will be needed to compare results attributable to the end points of the different forecast periods.

¹ PSRC Regional Centers Framework, page 4.
https://www.psrc.org/sites/default/files/final_regional_centers_framework_march_22_version.pdf

The Puget Sound Regional Council is a regional planning agency overseeing urban growth, economic development, and transportation planning for King, Snohomish, Pierce, and Kitsap Counties. PSRC develops policies and guides decision making with over 100 members from the cities, towns, counties, ports, transportation agencies, and tribal governments in the Puget Sound area.

What is the Geographic Study Area for the Plan?

The contents of the Auburn HAP are prepared for the purpose of evaluating circumstances in and applicability to, all areas of the city limits of Auburn, as this is where the City has regulatory jurisdiction. Auburn's housing-related goals and planning processes are focused citywide. However, some of the comprehensive plan policy guidance may also extend to those areas within the City's few designated Potential Annexation Areas (PAA) where only the Comprehensive Plan policies apply.

Due to time and fiscal limitations of analyzing the entire city, certain geographic areas were selected for a concentrated focus. The Auburn HAP study areas shown in Figure 3 were selected by City of Auburn staff to evaluate specific policy and regulatory interventions to advance the objectives identified above. The Downtown Auburn Regional Growth Center is identified in the map below as the study area where this analysis evaluates changes to development standards that support more feasible mixed-income housing at density levels that meet the PSRC 2050 Regional Growth Center criteria.

The middle housing study area was selected for its proximity to commuter rail transportation, proximity to downtown, diversity of built characteristics, representation of other parts of the City, and its somewhat-regular street grid pattern. The study area is also based on the boundaries of Census block groups.

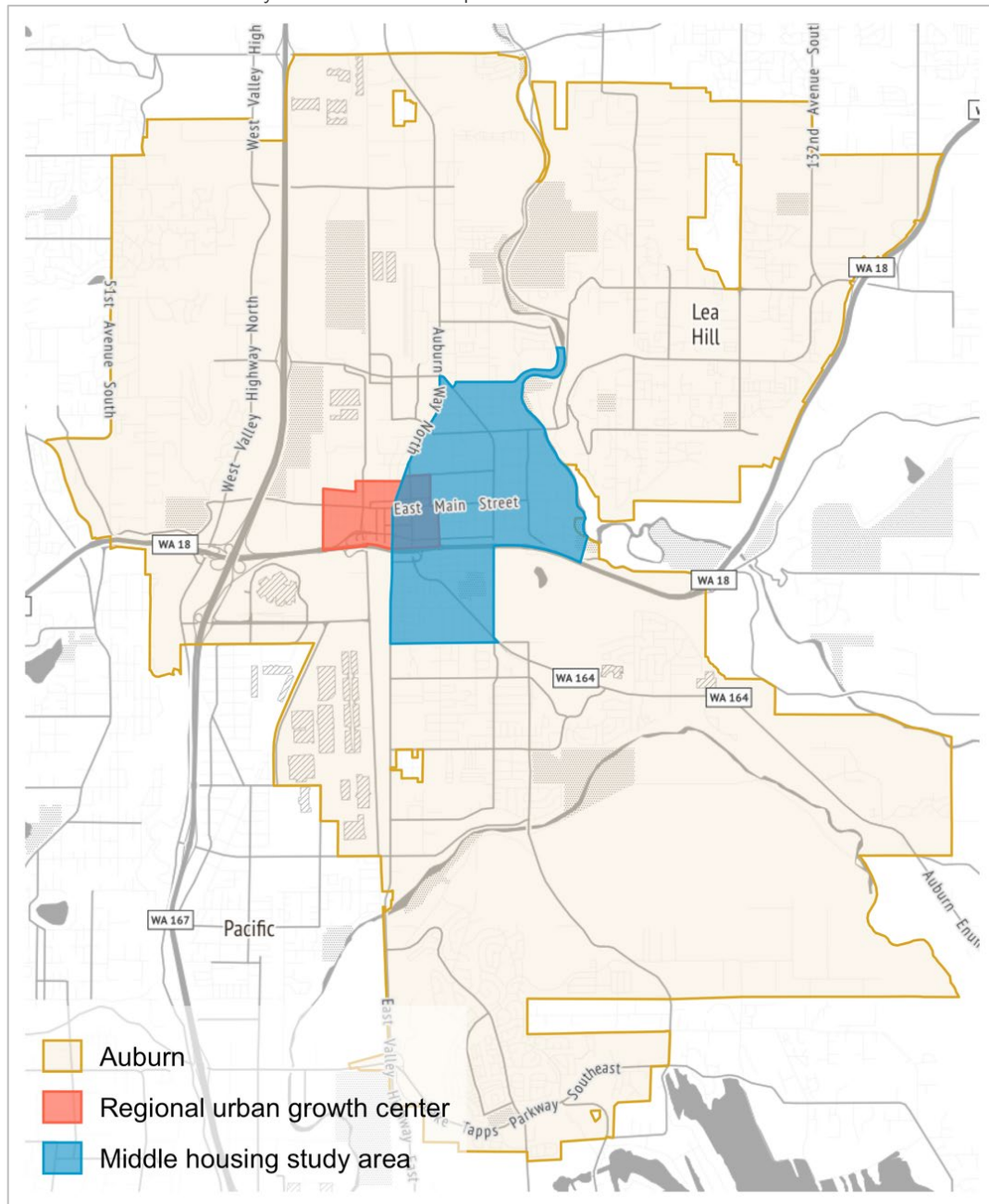
This area is not to be interpreted as the only area in which the middle housing preliminary recommendations contained within this plan could apply. This study area was chosen as a representative area of the city within which to conduct more in-depth analysis of middle housing regulations that would not be practical to conduct city-wide.

The City may choose to make zoning code changes in this study area - testing the response from the housing market, developers, and neighborhood / community members - before making changes in other parts of the City.

The City could also choose to advance changes to development standards that support a broader range of housing options in single family dwelling zoned areas across Auburn.

Figure 3. Auburn HAP Study Area

Source: ECONorthwest analysis of Auburn Municipal Code



It is important to note that although parts of the City of Auburn extend into Pierce County, this analysis, and the preliminary recommendations herein, focus exclusively on the portions of Auburn located in King County. Data in the Existing Conditions Memorandum (and summarized in Part 2) do account for housing conditions and demand in both the King County and Pierce County areas of Auburn, but the analysis and preliminary recommendations herein are focused solely on King County geographies because there are very few future housing opportunities within the Pierce County portion of Auburn. These strategies and preliminary recommendations still could be applied to city-wide even though they were not evaluated specifically for the Pierce County portion of the City.

What are the Income Level Categories Related to Housing in Auburn?

This HAP regularly refers to *affordable housing* and *housing that is affordable* to a certain segment of the population. This section describes affordability terms and income limits in Auburn.

Understanding AMI and MFI

The U.S. Department of Housing and Urban Development (HUD) defines an area's Median Family Income (MFI), but Area Median Income (AMI) is often used interchangeably.² AMI is used in this report to align with King County's data and reporting. Auburn is part of the Seattle-Bellevue, WA HUD Metro Area.

As shown in Figure 4, the Seattle-Bellevue, WA HUD Metro Area AMI was \$103,400 for a family of four in 2018.³ HUD adjusts the income limits up or down based on family size and provides income limits for 30% of MFI, 50% of MFI, and 80% of MFI. Additional income limits (such as 60% or 120%) can be calculated off the 100% income limit to get an approximation of other affordability thresholds.⁴

Figure 4. HUD 2018 Median Family Income Limits for the Seattle-Bellevue, WA HUD Metro Area

Affordability Level:	Annual Income Limit (for a family of 4):
30% of AMI	\$32,100
50% of AMI	\$53,500
80% of AMI	\$80,250
100% of AMI	\$103,400

Understanding MHI

Because the Seattle-Bellevue, WA HUD Metro Area is so large, it does not account for differences *within* the geography. A property developed in Auburn using a 50% AMI limit would have the same limits as one in Bellevue, despite underlying differences in the incomes of these cities individually. To capture a more localized consideration of median income, we calculated Auburn's median household income (MHI) using 5-year American Community Survey (ACS) data.

In the 2014-2018 time period, Auburn's MHI was estimated to be \$68,950. This is much lower than the \$89,400 estimated for King County as a whole, and pretty close to the MHI estimated for the South King County region (\$71,400 using Census PUMS 2018 1-year data).

It is important to note that this MHI is not directly comparable to HUD's MFI. HUD's MFI calculation relies on underlying Census data related to family incomes, and the 100% median is set for families of four. This MHI is for all households – not just families – and households can have a wide range of compositions and sizes (e.g., roommates) compared to families. In the City of Auburn, the median household only has 2.77 people. An area's MHI is typically lower than its MFI.

² Source: HUD. 2018. "FY 2018 Income Limits Frequently Asked Questions." www.huduser.gov/portal/datasets/il/il18/FAQs-18r.pdf

³ The 2018 AMI is referenced to align with the 2018 Census data used in developing the Housing Action Plan.

⁴ These approximations—and HUD's official limits—may not be exact fractions of the 100% median income (in the table, the official 50% income limit for a family of four is slightly higher than half of the 100% limit).

Although MHI does not directly compare to MFI, affordable housing properties in Auburn use region-wide MFI limits. Meanwhile, Auburn's MHI is lower than MHI of other cities in the region. Therefore, these two facts result in a greater likelihood that households and families in Auburn may have a harder time finding housing that is affordable within their income ranges (costing less than 30% of gross monthly income).

Part 2: Summary

This Part summarizes the most important information in Parts 3 and 4, highlighting key findings from the housing needs analysis, public engagement, preliminary recommendations, and implementation steps.

It has three sections and is intended to provide an overview of all the elements of the Housing Action Plan required by the Department of Commerce.

- Section I summarizes housing and population data for the City of Auburn
- Section II summarizes the results from public engagement conducted throughout the project,
- Section III summarizes the preliminary recommendations and next steps that are described in more detail in Part 4.

I. Summary of Housing Needs

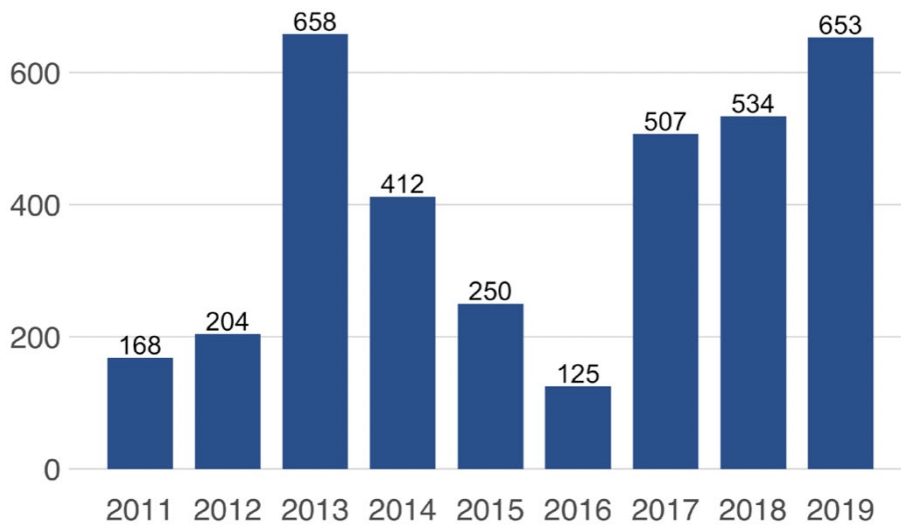
Current Housing Inventory

As of 2018, there were 31,345 total housing units in Auburn (OFM, 2019). About half of Auburn's housing stock was built in the 1980's or earlier (King County Assessor, 2020) and the majority of housing across Auburn is in single-family detached (61 percent) housing. About 16 percent of Auburn's housing stock is in properties with 2-4 units. About 23 percent of Auburn's housing stock is characterized as multifamily, the majority of which was built pre-1960, and in the 1990s and 2000s.⁵

Auburn saw 3,511 new dwelling units built between 2011 and 2019, averaging 390 new units per year. Over this period, 7.8 new housing units were produced for every 10 new households that formed in Auburn.⁶

Figure 5. Number of Units Built Per Year, Auburn, 2011-2019

Source: OFM, 2019.



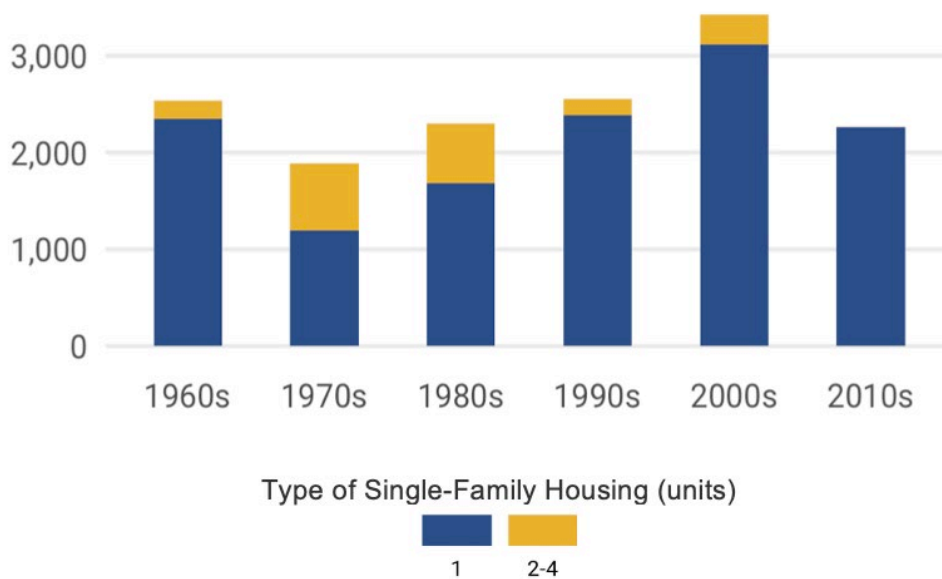
The majority of Auburn's single-family housing stock was built prior to the 2000's. The 1960's, 1990's, and 2000's saw peak construction of single-family homes. The majority of duplexes, triplexes and quad-plex type housing was built prior to the 2000's. The 1970's and 1980's saw peak construction of these housing types relative to other years and in the 2010s this housing type was not built.

⁵ In this report, multifamily housing is defined as five or more units in a given property development.

⁶ Household formation occurs when people move into the city, or when one household becomes two (e.g., a child moves out of a family home, roommates separate).

Figure 6. Type of Single-Family Housing Built, Auburn, 1960-2020

Source: King County Assessor's Office, 2020.

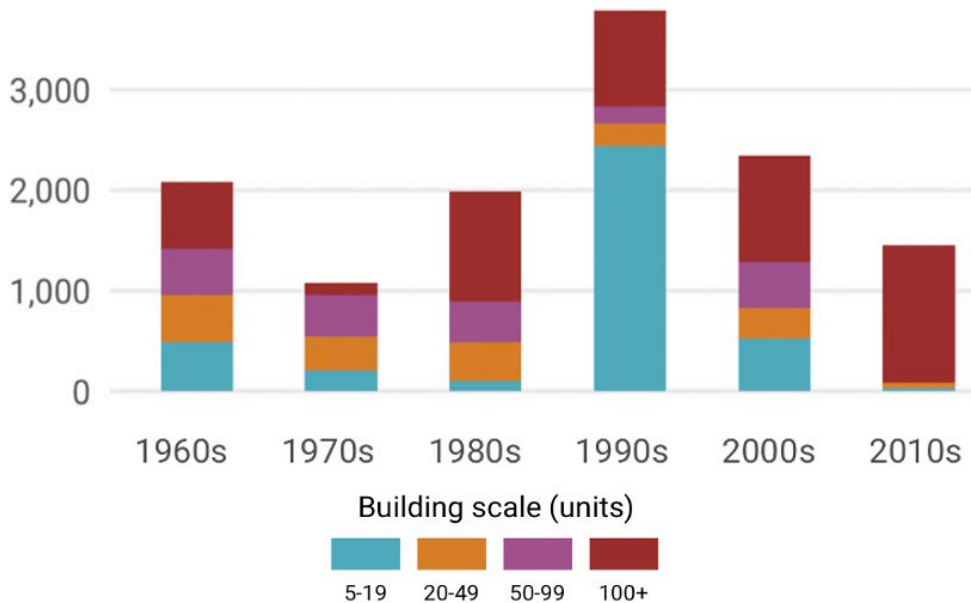


The majority of multifamily housing in Auburn was built before 2000. Auburn saw an increase in larger multifamily housing development (100+ units) in the 1980s, 1990s, 2000s, and 2010s.

The majority of medium sized multi-family housing (between 5 and 50 units) was built in the 1990s or earlier. Since 2010 the vast majority of multi-family built was of the 100+ unit type and saw very few smaller-scale multi-family housing being built.

Figure 7. Scale of Multifamily Housing Built, Auburn, 1960-2020

Source: King County Assessor's Office, 2020.



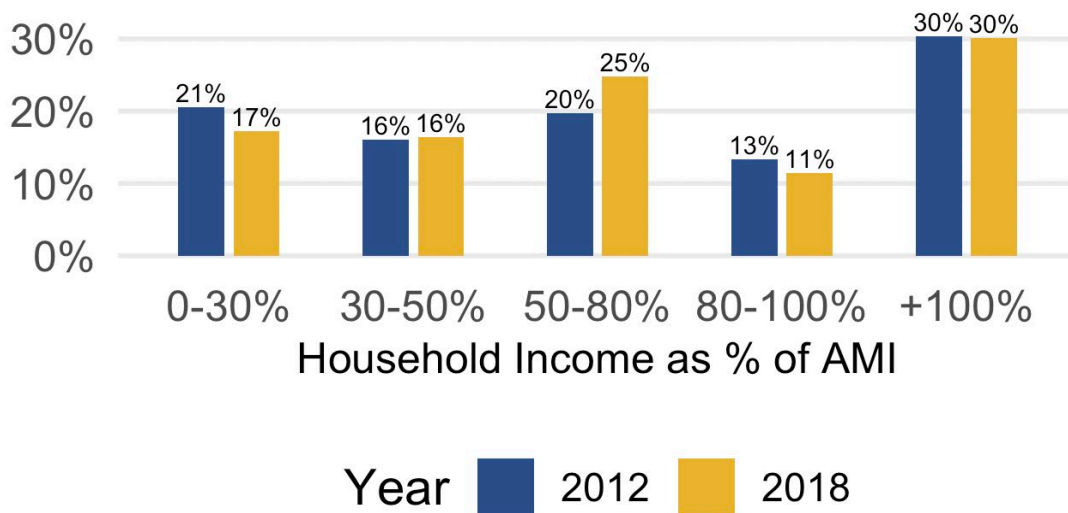
Income Characteristics

Income is one of the key determinants in housing choice and households' ability to afford housing. This is because, for most households in the U.S., housing is the single largest expense and impacts numerous other factors like access to jobs, schools, and amenities. Between 2012 and 2018, Auburn saw a large increase in the number of households earning between 50% and 80% of the 2018 King County Area Median Income (AMI – see page 11 for a description), while it saw a modest decrease in the number of households earning less than 30% of AMI, and a small decrease in the number of households earning between 80% and 100% of AMI (see Figure 8).

About 33 percent of Auburn's households earn less than 50% of AMI. This is in line with the South King County Region as a whole, where 34 percent of households earn less than 50% of AMI. Auburn's share of households earning more than 80% of AMI is also similar to that of the South King County Region: 41 percent and 43 percent, respectively.

Figure 8. Income Distribution by AMI, Auburn, 2012 and 2018

Source: PUMS (2012 and 2018).



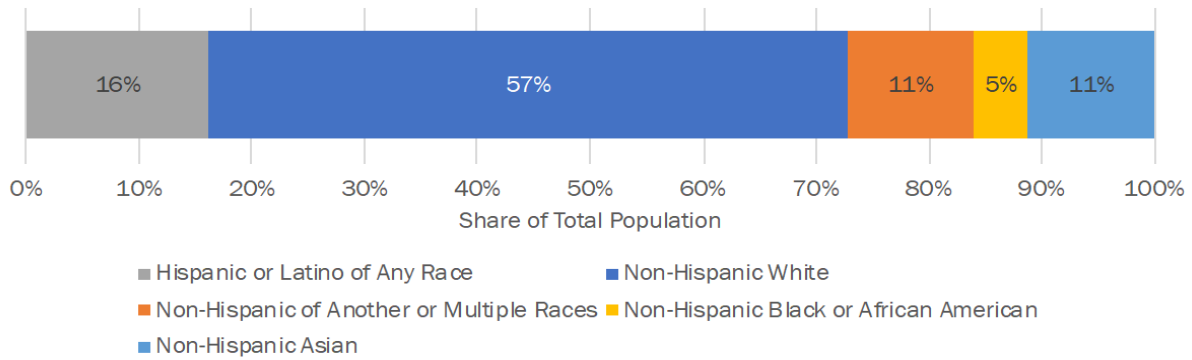
Population Characteristics

Between 2010 and 2018, Auburn's population grew by more than 10,400 new residents, from 70,180 people in 2010, to 80,615 people in 2018. Auburn's population is younger on average compared to other cities in South King County, with a larger share of residents under age 19. In addition, as of the 2014-2018 time period, about 16 percent of Auburn's residents identify as Hispanic or Latino of any race and about 57 percent identify as non-Hispanic White.

About 11 percent identify as non-Hispanic Asian, and another 11 percent as non-Hispanic of Another or Multiple races (including Pacific Islander or Native Hawaiian and Non-Hispanic American Indian or Alaskan Native). About 5 percent identify as non-Hispanic Black or African American.

Figure 9. Population by Race and Ethnicity, Auburn (City), 2014- 2018

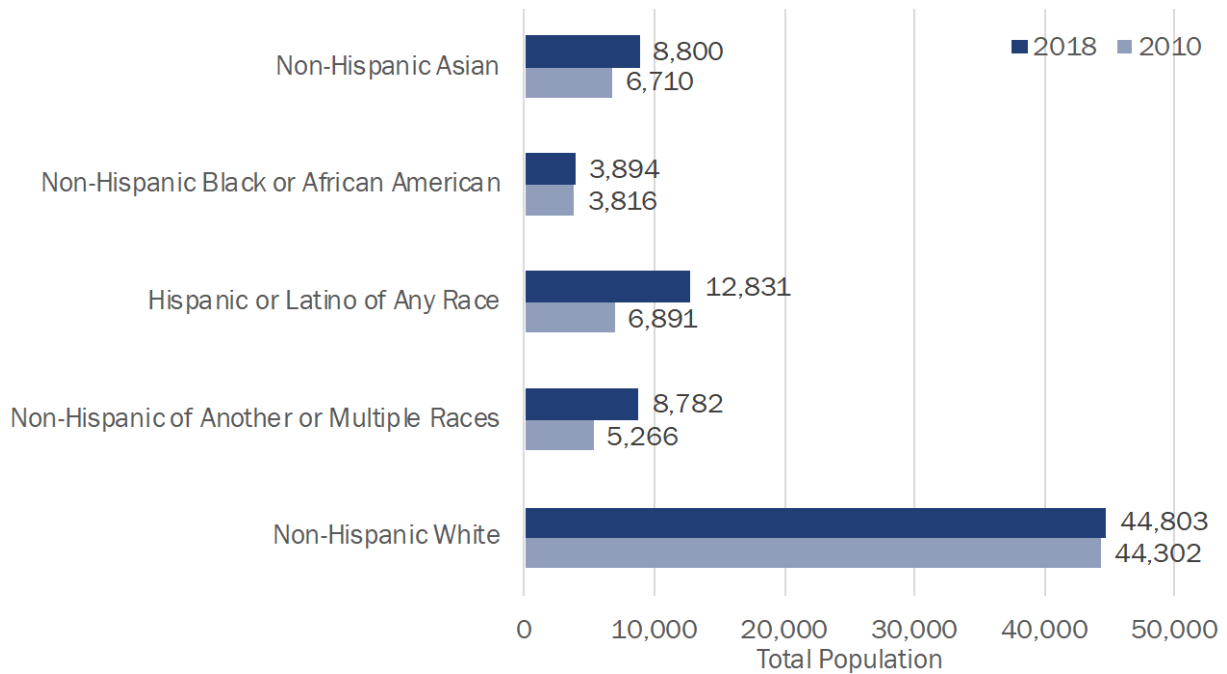
Source: ACS (5-year, 2014-2018).



Auburn saw an 86 percent increase in the number of residents who identify as Hispanic or Latino of any race between 2010 and 2018. In addition, Auburn saw about a 67 percent increase in the number of residents who identify as being non-Hispanic of Another or Multiple races (including Pacific Islander or Native Hawaiian and Non-Hispanic American Indian or Alaskan Native).

Figure 10. Population by Race and Ethnicity, Auburn (City), 2010 and 2018

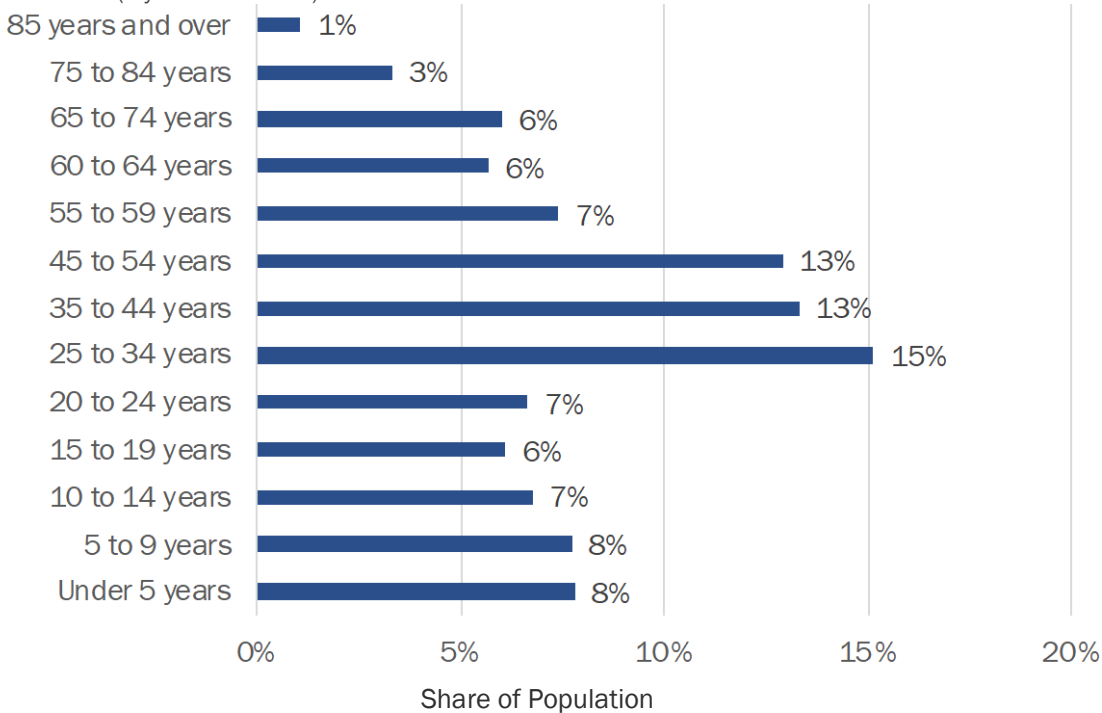
Source: ACS (5-year, 2006-2010 and 2014-2018).



Like most areas, the majority of Auburn’s residents are between 20 and 64 years old. Auburn has a larger population proportion of young residents (those age 19 years and under) than seniors (those 65 years and older).

Figure 11. Age Distribution, Auburn, 2014-2018

Source: ACS (5 year 2014-2018).



Housing Cost Trends

Similar to much of the Puget Sound, Auburn has seen steep price increases. Since 2010, home prices in Auburn rose by 88 percent, from a median sales price of \$222,750 in 2010 to \$418,300 in 2020 (see Figure 12).

In addition, the average rent for a two-bedroom apartment in Auburn increased by 49 percent from 2010 to 2020, reaching \$1,393 per month. Using 2018 income data, the average rent for a two-bedroom apartment would be affordable to a four-person household earning 50% of the AMI (which would be a relatively tight space), or to a two-person household earning between 50% and 80% of AMI.

Figure 12. Median Home Sales Price and Average 2-Bedroom Rent, Auburn, 2010 and 2020

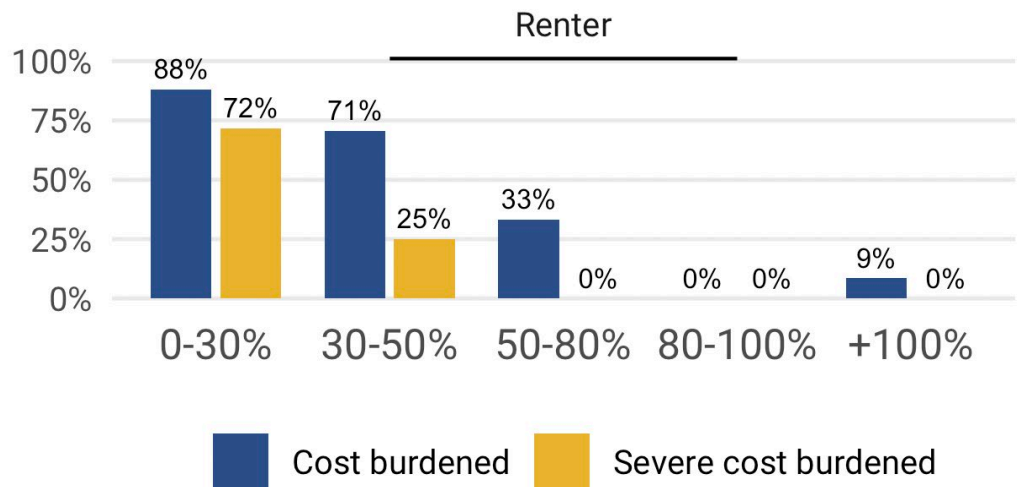
Source: Costar and Zillow. Not adjusted for inflation.

	2010	2020
Average Rent	\$934	\$1,393
Median Sales Price	\$222,750	\$418,300

Housing Cost Burdening

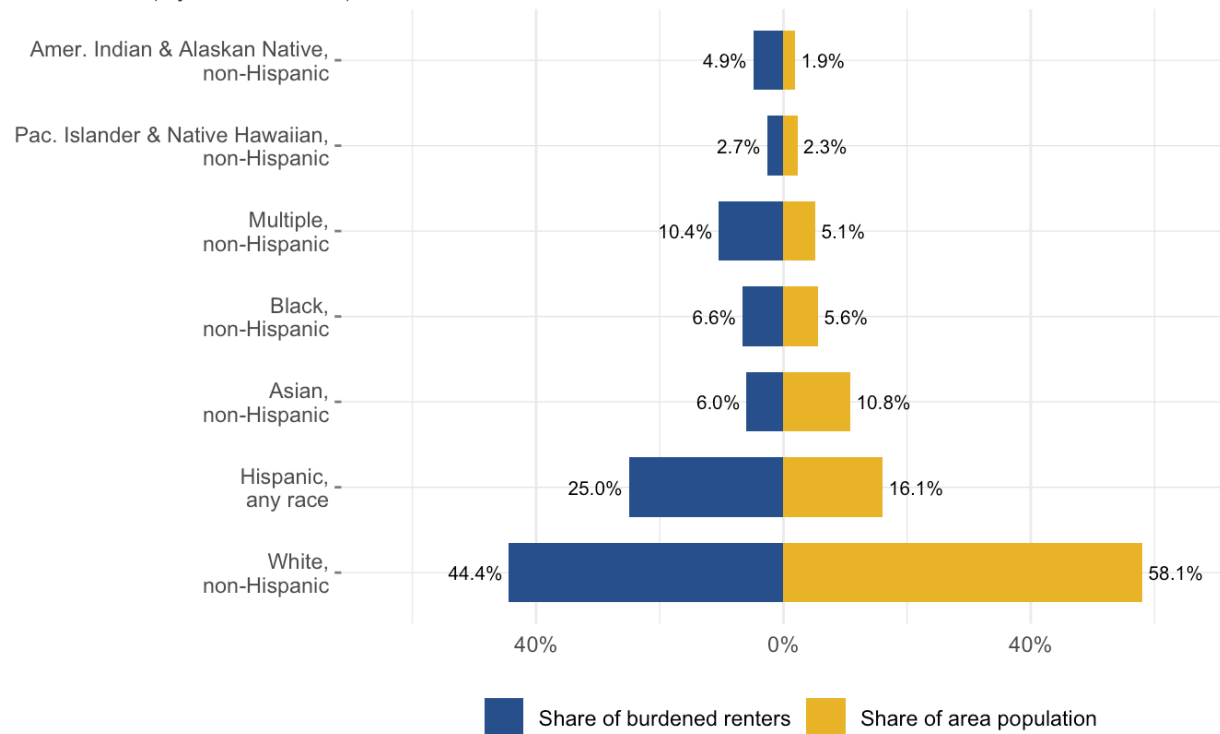
In 2018, 88 percent of Auburn renters earning less than 30% of AMI were cost burdened and 71 percent of renters earning between 30% to 50% of AMI were cost burdened (see Figure 13). Cost burdening tends to decline as incomes go up, because a household has more income to spend on housing. In Auburn, 33 percent of renters earning between 50% and 80% of AMI were cost burdened.

Figure 13. Cost Burdened and Severely Cost Burdened Renters, Auburn, 2018
 Source: PUMS (2018).



In Auburn, households of color account for a disproportionate number of households experiencing cost burdening, compared to their share of total populations (see Figure 14). Hispanic households of any race accounted for approximately 25 percent of all of the households experiencing cost burdening (blue bar) in the 2014-2018 period, yet they only accounted for roughly 16 percent of the Auburn area’s total households (yellow bar). This means that they are disproportionately cost burdened relative to non-Hispanic White and non-Hispanic Asian households.

Figure 14. Cost Burdening by Race and Ethnicity, Auburn Area PUMA, 2014-2018
 Source: PUMS (5 year 2014-2018).



Employment & Transportation

Based on data from the Puget Sound Regional Council (PSRC), Auburn's total employment grew from 40,070 jobs in 2008 to 45,990 jobs in 2018—an increase of 5,919 jobs or 15 percent.

In 2018, the top four largest industries were: (1) Manufacturing with 8,765 people, (2) Retail Trade with 5,091 people, (3) Health Care and Social Assistance with 4,925 people, and (4) Wholesale Trade with 4,308 people. Combined, these industries represent 50 percent of Auburn's total jobs.

Between 2008 and 2018, several industries lost employment. The four industries that lost the greatest share of employees were: (1) Mining, Quarrying, and Oil and Gas Extraction with a 100 percent decline, (2) Utilities also with a 100 percent decline, (3) Retail with a 13 percent decline, and (4) Public Administration with a 12 percent decline. Combined, these industries represent a loss of 1,251 jobs.

Job losses in each of the industries mentioned above, and job gains in new industries, signify a shift in Auburn's employment profile between 2008 and 2018. For example, the five industries which gained the greatest share of employment were: (1) Agriculture, Forestry, Fishing and Hunting with a 192 percent increase,⁷ (2) Finance and Insurance with a 115 percent increase, (3) Real Estate and Rental and Leasing with a 72 percent increase, (4) Health Care and Social Assistance with a 70 percent increase, and (5) Transportation and Warehousing with a 53 percent increase. Combined, these industries represent a gain of 3,784 employees.

Median salaries in 2018 also varied by industry. At opposite ends of the wage spectrum, the Accommodation and Food Services industry had the lowest annual wages of \$32,451, of which this industry represented approximately five percent of Auburn's total employment. On the other, the Finance and Insurance industry had the highest annual wage of \$79,375, representing about 2 percent of Auburn's total employment.

Figure 15 below shows how far an Auburn resident can travel to access employment in the Puget Sound Region within a 45-minute drive time (blue) and a 45-minute transit trip (orange).

⁷ It is important to note that the large increase in Agriculture, Forestry, Fishing and Hunting is an increase from 13 to 38 people between 2008 and 2018.

Figure 15. Access to Employment—Travel Shed, 2018

Source: ECONorthwest Analysis of 2018 PSRC Data.

Note: Departing at 8:00 AM, midweek



Future Housing Needs

PSRC forecasts that by 2040, Auburn will grow to a population of 95,461 people, an increase of 14,846 people (or 18 percent) from its 2018 population estimate of 80,615 people. As Auburn is forecast to grow at a faster rate than it has in the past, the City’s population growth will continue to drive future demand for housing through 2040.

Based on this forecast population growth, the City is projected to need 10,429 new dwelling units between 2020 and 2040, at an average trajectory of 521 new units per year through 2040. Of those needed dwellings, 2,361 units are a result of housing underproduction (see sidebar). The remaining 8,068 units are to accommodate population growth. In total, this represents a sizable increase in the number of housing units that need to be produced each year (521 units), given the annual average of only 390 units built per year from 2011 to 2019.

Underproduction is calculated from the ratio of housing units produced and new households formed in Auburn over time. If too few housing units are constructed relative to the number of new households formed, underproduction occurs and contributes to price increases.

Figure 16. Housing Units Needed by AMI, Auburn, 2040

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation.

AMI	# of Units	% of Units
0-30%	1,669	16%
30-50%	1,043	10%
50-80%	2,503	24%
80-100%	1,251	12%
100%+	3,963	38%
Total	10,429	100%

Without including current underproduction in calculations of future need, the current mismatch of housing units to numbers of households will continue into the future.

As Figure 16 demonstrates, 38 percent of units needed between 2020 and 2040 should be affordable to households earning more than 100% of the AMI (recall the discussion of affordability limits beginning on page 8). This is helpful since new market-rate housing tends to be developed at prices and rents that are affordable to higher income households.

See more detailed explanation of methodology in the Existing Conditions Memorandum in Part 5 Appendices.

When an area does not have enough housing priced for higher income households, these households “rent down” and occupy units that would be appropriately priced for lower-income households, thereby increasing competition for low-cost housing units. All cities need a range of housing choices – of different sizes, types, and prices – to accommodate the various needs and incomes of residents.

Housing Needs Analysis Methodology

This analysis calculates total future housing needs as the current underproduction of housing plus the future needs based on projections from PSRC 2040 household projections. Without accounting for past and current underproduction, development targets focused solely on future housing needs will continue to underproduce relative to the actual need.⁸

⁸ This analysis primarily relied on 2019 data from the Washington Office of Financial Management (OFM) to evaluate housing and demographic trends. Where OFM data was unavailable we relied on the U.S. Census Bureau’s Public Use Micro Sample (PUMS) data from 2012 through 2018 and the U.S. Census Bureau’s 2012-2016 Comprehensive Housing Affordability Strategy (CHAS) Data. To supplement OFM data on housing trends and existing housing types by size, we supplemented this analysis with King County Assessor data. For housing market data on rents and sales prices we relied on data from the King County Assessor

Figure 17. Total Needed Housing Units in Auburn by 2040

Source: ECONorthwest analysis of PSRC and OMF data



Current Underproduction

We first calculate the current underproduction of units in Auburn’s housing inventory. This underproduction is estimated based on the ratio of housing units produced and new households formed in King County over time. As of 2019, King County as a whole had 1.06 housing units for every household. Auburn’s ratio was 0.986. Since Auburn’s ratio is less than King County’s ratio, we consider Auburn to have underproduction. Conversely, if the ratio were greater than 1.06, the city would have overproduced housing relative to King County as a whole. The steps for calculating current underproduction include:

1. Calculate the count of housing units and population from Washington Office of Financial Management (OFM) 2018 data.
2. We then convert population to households by using average household size in Auburn from the 2018 PUMS dataset.
3. We then compare Auburn’s ratio of total housing units to households to that of the county (1.06 units per household) as the target ratio.
4. If a city’s ratio is lower than 1.06, we calculate the underproduction as the number of units it would have needed to produce over the timeframe, to reach a ratio of 1.06.

Because Washington State does not have a regional approach to planning for housing production, our consideration of underproduction implies that the City of Auburn should be producing housing at a rate to be consistent with the King County ratio of housing units to households of 1.06.

This approach to underproduction is simple and intuitive while using the best available data that is both local and the most recent. This analysis does not differentiate between renter and owner households and relies on average household size to convert population counts to household counts. The relationships between average household size, number of households, and current housing units interact in ways that impact underproduction findings for cities within the subregion differently. This approach to identifying current underproduction does not account for local or regional housing preferences by type or tenure. Housing affordability considerations are taken into account in the next step, in determining future housing needs.

Future Housing Needs

We estimate Auburn’s future housing needs based on the forecasted household growth through 2040 from PSRC. PSRC does not forecast housing units, but instead forecasts the estimated number of households. To calculate Auburn’s future housing need, we use a target ratio of developing 1.14 housing units per new household. This ratio is the national average of housing units to households in 2019. It is important to use a

and CoStar. For the housing demand analysis, we relied on Puget Sound Regional Council VISION 2040 population forecast for Auburn for 2040.

ratio greater than 1:1 since healthy housing markets allow for vacancy, demolition, second/vacation homes, and broad absorption trends. Use of the national ratio is a reasonable target, particularly for larger areas and regions. Using this ratio suggests that at a minimum, jurisdictions should be hitting the national average and is preferred as the existing regional ratio may capture existing issues in the housing market (such as countywide/regional existing housing shortages).

Total Units Needed by Income

The next step is to allocate the needed units by income level. We first look at the most recent distribution of households by income level (using 2018 PUMS to determine area median income or “AMI”) in Auburn. We then account for current and future household sizes at the city level to better understand nuances of how housing need by income can shift over time as household sizes change and subsequent changes to housing affordability.

Because forecasting incomes at the household level over time can be challenging at best, and misleading at worst, this data evaluates housing need using current income distributions forecast forward. The forecast housing need by income category at the city level is likely to vary depending on policy choices made over the next 20 years. That is to say that if cities do not take meaningful action to increase housing production, and affordability worsens due to demand from higher-income households outpacing supply of total housing units, many low-income households would face displacement and the forecast need for lower income households would likely be lower. The ultimate income distribution in 2040 will be the result of regional housing trends and policy decisions made at the local level.

II. Summary of Public Engagement Key Findings

This section summarizes the key findings and themes from the public engagement conducted by Broadview Planning throughout the project.

The purpose of the community engagement element of the HAP is to connect with residents, workers, businesses, non-profit organizations, service providers, and other key stakeholders to discover qualitative data and stakeholder stories to support and ground truth the HAP’s quantitative data. As captured in the project’s initial Public Engagement Plan, which was reviewed and approved by City Staff, the priorities for this work included:

1. Integrate an educational approach to community outreach to build awareness of the importance of housing needs and types.
2. Gather community input as a key part of creating strategic and intentional policy actions to address the city’s need to create (and preserve existing) more, and different types, of affordable housing.
3. Understand community perceptions of density and different housing types.

The public engagement process includes four iterative phases: stakeholder interviews; small group conversations; a HAP project website hosted by the City on Speak Up Auburn, and two final community open houses. Due to restrictions from the COVID-19 pandemic, the public engagement process was conducted entirely through online video meetings or phone calls.

Building on the engagement priorities established by the consultant team and the City, an inclusive process was designed to maximize the inclusion of a diverse range of voices. Every effort was made to ensure that

underrepresented communities had a voice in this public engagement process, particularly those at highest risk of displacement from new development, and those often overlooked in traditional planning processes.

The full public engagement process, list of stakeholders, key themes, community suggestions, and challenges relating to COVID-19 social distancing protocols are all discussed in Part 5, Appendices.

Qualitative Research Methodology

Qualitative data and community stories provide insight and a greater understanding of community perceptions and experiences with housing and what types of housing choices community members seek now and in the future. One-on-one and small group interviews allow stakeholder participation on their own terms and with a sense of empowerment and inclusion. Qualitative research is also beneficial because it:

- Supports quantitative data meaningfully and purposefully, allowing for more detailed understanding of complex issues.
- Values lived experiences and expresses data in people's own words, with the capacity to uncover multiple perspectives or unconventional thinking.
- Informs and enhances decision-making and adds immeasurably to our understanding of human, institutional, and systems behavior.

However, the quantitative research process generates a tremendous amount of information that must be thoughtfully analyzed, edited, and presented. It is also important to remember that a qualitative research process will never reach all stakeholders, and while participants are considered "representative," they are speaking from their own lived experiences. A final note: analysis is through the lens of the interviewer, and even with an emphasis on neutrality, interpretation can carry elements of our own biases.

Consistent Themes

After reviewing all stakeholder input from both interviews, small group conversations, and the open houses, Broadview Planning identified the following key themes, which are summarized below. In addition, the city has hosted an ongoing HAP webpage to gather input and the themes from this effort are summarized below. Each theme is further supported by quotes, insight, and preliminary recommendations from stakeholders in their own words, detailed in Part 5: Appendices.

Consistent themes across the interviews and small group conversations, included:

- While Auburn has changed dramatically over time, people have a strong **sense of community identity**, and like the small-town feel. People from Auburn want to stay here.
- While there is a perception that housing in **Auburn is more affordable than Seattle**, it is still not affordable for a lot of people living in Auburn.
- The **greatest housing need** is for low-income, supported housing.
- Public safety is **an ongoing concern** for many stakeholders.
- **Mobile home parks** are an in-demand source of affordable housing with low turnover rates and long wait lists.
- Stakeholders expressed concern about the **conditions of affordable rental units**, including building maintenance and upkeep.
- There is a sense that **middle housing is missing**, with stakeholders citing a lack of starter homes, smaller homes, and options for seniors to downsize. Stakeholders also expressed a desire for more accessory dwelling units and other types of **options for seniors or kids moving back home** to be able to live with family.

- There are existing **family-sized units** (2-4 bedrooms), but still not enough of these types of units to meet demand.
- The eviction moratorium has **quelled a lot of housing instability**, but the real issue is the loss of jobs/income to pay for rent post-moratorium.
- There is a desire for a **strong, vibrant, mixed-use** downtown area, but there are no opportunities for home (condo) ownership, and **weak support for businesses** to thrive as part of a mixed-use complex.
- **Resource inequities are part of the housing situation**, and housing developments should address the need for easy access to medical services, grocery stores, transportation, and green space.

Consistent themes expressed in the open houses, included:

- Many households need better access to affordable housing and **need supportive services**. Consider integrating these services into new housing to help ensure sustainable housing.
- Missing middle housing strategies appear they can be implemented quickly and there appear to be **good local examples**.
- The **missing middle strategies are an important tool** to move folks from renting to home ownership.
- **Increased transit access** would seem a factor in additional or more dense housing.
- We must **consider how we bring along the infrastructure** (public--streets, utilities, services and parks & private--services and amenities) to support new housing development.
- Affordability of housing should be considered from an **equity lens**.
- While there remain some obstacles, more and increased **diversity of ownership forms of housing should be pursued**.
- High-density and low-cost housing seems to be associated with problems, including crime. There is a **loss of character** with only focusing on high-density housing.
- Up-zoning and more density should **consider quality of life**.
- Increasing middle income housing, avoiding displacement, and helping people move from renting to ownership should be **priorities**.

Consistent themes expressed in the website feedback, included:

- Auburn's charm has been in its attempts at preserving the old homes and buildings and recommendations in this HAP are going in another direction.
- Sprawl or increases in housing are inevitable, conscious choice to locate **more dense housing in downtown close to transit and services is preferable**.
- There is support for small lot development and for accessory dwelling units (ADU). **Consider reductions in lot and building size** to make housing more affordable.
- Auburn should take the lead in **innovative housing** solutions.
- Massive apartment buildings being planned in the neighborhoods of the city is alarming. Large apartment structures should not be overlapping the single dwellings already in existence. The huge buildings can be erected on large lots on the outskirts or in areas that do not have single family homes already in place.
- **Downtown parking is already insufficient**, the large number of units will make parking and traffic worse.
- **Develop a local transport system** to service a greater number of units in the downtown. The city does not have the proper infrastructure to significantly increase housing in in the downtown.

III. Summary of Preliminary Recommendations & Next Steps

Figure 19 on the next page describes 18 preliminary recommendations for the City of Auburn to consider as it encourages more housing production to meet the needs of its growing population. A few things to keep in mind when reading this table:

- The preliminary recommendations are outlined in greater detail in Part 4, with rationales, considerations for the City to evaluate, potential next steps, and suggestions for implementation and prioritization.
- Many of these preliminary recommendations were evaluated via development feasibility testing which is described in Part 3. The prototypes and zoning development standards referenced in these preliminary recommendations are described in detail in Part 3. This development feasibility testing did not include an analysis of the public infrastructure required to support the preliminary recommendations.
- These preliminary recommendations are grouped by the four objectives driving this HAP (discussed on page 4).
- The various types of preliminary recommendations are denoted by icons listed in Figure 18 below.

Figure 18. Icons used to denote Preliminary recommendation Types























Icon	Preliminary recommendation Type
	Preliminary recommendation calls for a zoning or Comprehensive Plan change. Preliminary recommendation can be implemented through the Zoning Code, other city code, or administrative regulations or through Auburn’s next Comprehensive Plan Housing Element update.
	Preliminary recommendation calls for a new program. Implementation will require staff time and or resources or capital investment or potential state legislative action to get a new program off the ground.
	Preliminary recommendation calls for increased partnerships and collaboration. Implementation will focus on enhancing relationships and securing partnerships.

Figure 19. Summary of Recommended Actions

Objective	#	Preliminary Recommendation	Description	Preliminary Recommendation Type	Near-Term or Long-Term
Encourage Market Rate Development Downtown	A1	Reduce Parking Requirements to Support Development in Downtown Auburn	To achieve denser developments, the City needs to reduce parking requirements so developers can fit more units and make development feasible. This entitlement can be given for desired housing types but must be paired with preliminary recommendation A2.		Long-Term
	A2	Offer a Density Bonus to Support Denser Residential Development and Mixed-Income Housing	To achieve denser developments, the City needs to increase the maximum residential floor area ratio (FAR) allowed in the Downtown Urban Center (DUC) zone. This entitlement can be given for desired housing types but must be paired with preliminary recommendation A1 because FAR bonus without parking reduction will not yield more units.		Near-Term
	A3	Promote Lot Aggregation in Downtown Auburn	Smaller lots in downtown Auburn will need to be consolidated if they are to be used for podium (wood-frame over concrete construction) apartments. Since this is costly and creates delays, the City should encourage and promote lot aggregation or allow shared parking between developments.		Near-Term
	A4	Explore Fee Waivers for Targeted Development Types in Downtown Auburn	The City could explore waiving fees for desired housing types to reduce the overall cost of development and increase feasibility. These policies need to balance the public benefit with the lost fee revenues.		Long-Term
Encourage Affordable Housing Downtown	B1	Create Policies to Lower the Cost of Affordable Housing Development	Explore programs and policies to help lower the costs of affordable housing development in downtown Auburn.		Near-Term
	B2	Consider a Voluntary Inclusionary Housing Program Paired with a Density Bonus	Auburn could explore a voluntary inclusionary housing program that requires affordable units in exchange for a tax exemption or increases in density allowances.		Long-Term
	B3	Reduce Parking Requirements for Micro Units	Newly developed micro units (small units with some shared amenities) rent around 50% AMI and can offer affordable housing options without any public subsidy. However, they are only feasible with much fewer required parking spaces.		Long-Term

Objective	#	Preliminary Recommendation	Description	Preliminary Recommendation Type	Near-Term or Long-Term
Encourage Middle Housing Options in R-5 and R-7 Zones	C1	Allow Duplexes and Triplexes in Single-Family Neighborhoods	To encourage the development of duplexes and triplexes, the City first needs to allow these uses in single family neighborhoods, including R-5 and R-7 Zones.		Near-Term
	C2	Increase Density and Reduce Minimum Lot Size Per Unit in R-5 and R-7 Zones	After allowing duplex and triplex uses, the City would need to increase the allowed residential density and lower the minimum lot size per unit in the R-5 and R-7 Zones.		Near-Term
	C3	Revise Rear Yard Setbacks to Accommodate Triplexes in R-7 Zones	The rear setback requirements limit building configurations in typical R-7 lots for triplex development prototypes.		Near-Term
	C4	Reduce Parking Requirements in R-5 and R-7 Zones	Although the current parking requirements can be accommodated, they create a tradeoff between parking, open space, and the footprint of duplexes and triplexes.		Near-Term
	C5	Consider Minimum Site Size Requirements Relative to Homeownership Goals in R-5 and R-7 Zones	The City should consider circumstances under which to reduce minimum site sizes to support land-divisions as a strategy to support homeownership opportunities.		Near-Term
	C6	Evaluate Site Development Standards and Infrastructure Requirements to Support Middle Housing Development	Site development standards and infrastructure requirements such as the engineering design standards should be evaluated in the context of supporting a wider range of housing types across Auburn.		Long-Term

Objective	#	Preliminary Recommendation	Description	Preliminary Recommendation Type	Near-Term or Long-Term
Prevent Displacement and Encourage the Preservation of Existing Affordable Housing	D1	Monitor and Track Un-regulated Affordable Housing	Expand the data collected on naturally occurring affordable housing. starting with the City's rental housing licensing program.	\$ 	Near-Term
	D2	Create Programs and Policies to Preserve Naturally Occurring Affordable Housing	The City should explore programs, policies, and partnerships and collect data to maintain and preserve its stock of naturally occurring affordable housing units.	\$ 	Long-Term
	D3	Monitor and Track Regulated Affordable Housing	Strengthen partnerships and collect data to monitor the City's supply of regulated affordable housing units and prepare for affordability restriction expirations.	\$ 	Long-Term
	D4	Provide support for Mobile Home Park Preservation	Preservation tools and strategies can help prevent mobile home parks from being purchased and redeveloped thereby displacing existing residents from this critical affordable housing stock	 \$ 	Near-Term
	D5	Identify Opportunities to Increase Homeownership	Encouraging and expanding access to homeownership is a solid way to prevent and mitigate displacement because homeowners are less vulnerable to changes in the market or the effects of redevelopment.	 \$	Near-Term

Part 3: Development Feasibility Analysis

This Part steps through the development feasibility analysis that was used to arrive at many of the preliminary recommendations offered in this Housing Action Plan.

To inform preliminary recommendations about the development standards and affordable housing programs that can support more market rate and affordable housing, we evaluated the development feasibility of several development types (or *prototypes*) using some limited development feasibility analysis and sensitivity testing that did not include public infrastructure-related development standards. Development feasibility analysis allows us to analyze and test the impacts that result from various changes to development standards and incentive programs. Along with data analysis and public engagement, development feasibility analysis is the third input to the preliminary recommendations advanced in this HAP. However, future analysis of the public infrastructure development standards will be required to understand the potential impacts.

This section describes the development standards and market-realistic development examples called *prototypes* on which the development standards were tested to understand the impact that these changes could have on Auburn’s housing goals.

This section also summarizes the development feasibility analysis methods used to arrive at some of the preliminary recommendations in Part 4. Important information relating to data inputs and development assumptions can be found in Part 5: Appendices.

Development feasibility analysis helps identify the regulatory and program preliminary recommendations that could most effectively help the City encourage more housing production of all types.

Auburn will need more housing units of all types, sizes, and price points, to meet its forecasted population growth and to maintain current residents’ access to a variety of housing options.

Objectives and Focus Areas

As discussed on page 4, this HAP is driven by four objectives aimed at increasing housing production in a relatively narrow geographic study area. However, the analysis and preliminary recommendations outlined in this HAP fit within Auburn’s larger housing-related goals and planning processes, which are focused citywide. However, the applicability citywide may depend on sufficiency of infrastructure.

Three of the four objectives driving this HAP were evaluated via development feasibility analysis, as displayed in Figure 20 below. The fourth objective, relating to anti-displacement efforts and the preservation of affordable housing, is assessed qualitatively in Part 4 beginning on page 47.

Figure 20. Auburn’s Housing Action Plan Objectives Evaluated via Development Feasibility Analysis

#	Objective	Geography	Relevant Zones	Housing Types
1	More Market Rate Housing	Downtown Auburn	Downtown Urban Center (DUC) Zone	Encourage higher density developments to produce more market rate housing.
2	More Affordable Housing	Downtown Auburn	Downtown Urban Center (DUC) Zone	Regulated to be affordable to households earning less than 80% of AMI.
3	More Diverse Housing Options	Specific Study Area (see Figure 3)	R-5 and R-7 Zones	Middle housing types including duplexes and triplexes.

Development Standards

Auburn’s zoning code specifies the development standards for each zone. Although zoning determines the allowed uses in each zone, the zoning development standards determine the actual form of the properties by limiting height, density, or lot coverage, and by requiring certain amounts of landscaping, parking, and recreational spaces. As described in the next section, this analysis evaluated development prototypes that could occur on a wide range of sites across the study areas evaluated.

During this project, the consultant team engaged with staff from the Building Services and Development Engineering Services areas of the Community

What is Middle Housing?

In this analysis, the term middle housing refers to duplexes and triplexes. See example renderings on page 37.

Development Department to better understand the impact of additional regulations beyond standards in the development code.

This analysis did not evaluate site-specific infrastructure or other regulatory requirements – such as complete street improvements, utility improvements, or transit services – that could be required or needed on a site-specific basis. While site-specific infrastructure is an important consideration contributing to the cost for each development project, generalizing it in a prototypical analysis does not produce useful insights because it could vary widely from one development to another and in some cases are not feasible due to the scope of infrastructure needed.

Figure 21 below identifies the zoning development standards that are relevant for the structure of high-density residential properties (both affordable and market rate) in downtown Auburn, as well as middle housing properties in the R-5 and R-7 Zones.

Figure 21. Select Residential Zoning Development Standards

Source: ECONorthwest Analysis of Auburn Municipal Code

Development Standard	DUC Zone	R-5 Zone	R-7 Zone
Maximum Residential Density	Base limit: 2 FAR* With bonus: 3.5 FAR	5 dwelling units per acre	7 dwelling units per acre
Maximum Height	75 ft.	35 ft.	35 ft.
Maximum Impervious Coverage	N/A	65%	75%
Minimum Landscape Coverage	0%	0%	0%
Minimum Lot Area Per Dwelling Unit	N/A	4,500 sq. ft.	4,300 sq. ft.
Allowed Residential Uses	Multifamily and Mixed-Use	Single Family	Single Family and Duplex
Residential Parking Ratio	Min. 1 stall per dwelling unit	2 stalls per unit for duplexes (4 stalls total) 1.5 stalls per unit for triplexes (up to 2 bedrooms each, round to 5 stalls total)	
Retail Parking Ratio	Min. 2 stalls per 1,000 sq. ft. of retail space	N/A	N/A
Restaurant Parking Ratio	0.5 stalls per 4 seats	N/A	N/A
Structured Parking Requirement	None	N/A	N/A

*Notes: Floor Area Ratio (FAR) is the ratio of total floor area (all floors within the walls of a building) to the total lot size. Areas devoted to vents, shafts, light courts, loading and unloading facilities, and parking are excluded from the floor area.

The development standards outlined in Figure 21 dictate what can be built. These standards affect building mass and development footprints in Auburn, and thus impact the overall value of potential development. For example, reducing the parking ratio (the number of off-street parking stalls required per unit) allows a developer to increase the value of a property, by using the space previously dedicated to parking to build and rent more units on a site.

Changes to these standards can increase or decrease the potential value of a property and thus impact overall development feasibility. Because of the potential to add value, these changes can be “given” to developers, typically in exchange for a public benefit or to encourage a development type that the City desires but the market is not delivering (e.g., podium construction, or regulated affordable housing).

Infill residential developments in the City of Auburn are also guided by Chapter 18.25 of the Auburn Municipal Code. It allows added flexibility in development standards to encourage more development of underutilized parcels. It applies to R-5 and R-7 Zones, as well as to other residential zones (i.e., R-10, R-16, and R-20 Zones). However, the provisions of infill residential standards are not directly evaluated in the analysis below. The existing infill development standards do not allow the housing types at the residential densities necessary to advance these preliminary recommendations. Still, the preliminary recommendations that follow are relevant and point to a need to change both residential development standards and the infill residential standards.⁹

Development Feasibility Methods

We used a financial pro forma model to estimate the impact on the feasibility of development from hypothetical changes to the City of Auburn’s regulations.

More specifically, this analysis evaluates the *residual land value* (RLV) to understand development feasibility and the value that a change to development standards or tax abatements might provide. RLV is an estimate of what a developer would be willing to pay for land given the property’s income from leases or sales, the cost of construction, and the investment returns needed to attract capital for the project. While there are other quantitative methods for calculating regulatory and incentive changes, such as an internal rate of return (IRR) threshold approach, all the potential methods share drawbacks regarding the quality of inputs and sensitivity to those inputs. An advantage of the RLV approach is that it does not rely on land prices as an input. Rather, observed land prices can be compared with the model outputs to help calibrate the model and ensure it reflects reality.

Because RLV is essentially a land budget, a higher RLV relative to land prices indicates better development feasibility. For example, in Auburn, typical land prices are between \$45 and \$65 per square foot in the DUC Zone. So, prototypes that have an RLV below \$45 per square foot would be unlikely to develop (without free or discounted land, other changes to development standards, or new financial incentives), whereas prototypes that exceed the typical land prices are much more likely to develop.

Figure 22 demonstrates, for illustrative purposes only, how RLV results are presented and compared to existing land prices. In this example, each scenario needs to meet or exceed current land price thresholds (identified in green), for the scenario development to be feasible. A scenario falling within the green box indicates project feasibility would depend more on the price of a specific parcel than on other changes to development standards.

Reducing Parking Requirements

Reducing parking requirements can be an effective way to increase housing options, improve affordability, and increase development feasibility.

However, reductions in parking requirements should be considered along with potential mitigations such as Transportation Demand Management strategies, on-street parking management, or flexible on-site and off-site parking options.

⁹ Examples of residential zones and infill standards to support middle housing standards can be found at these links:

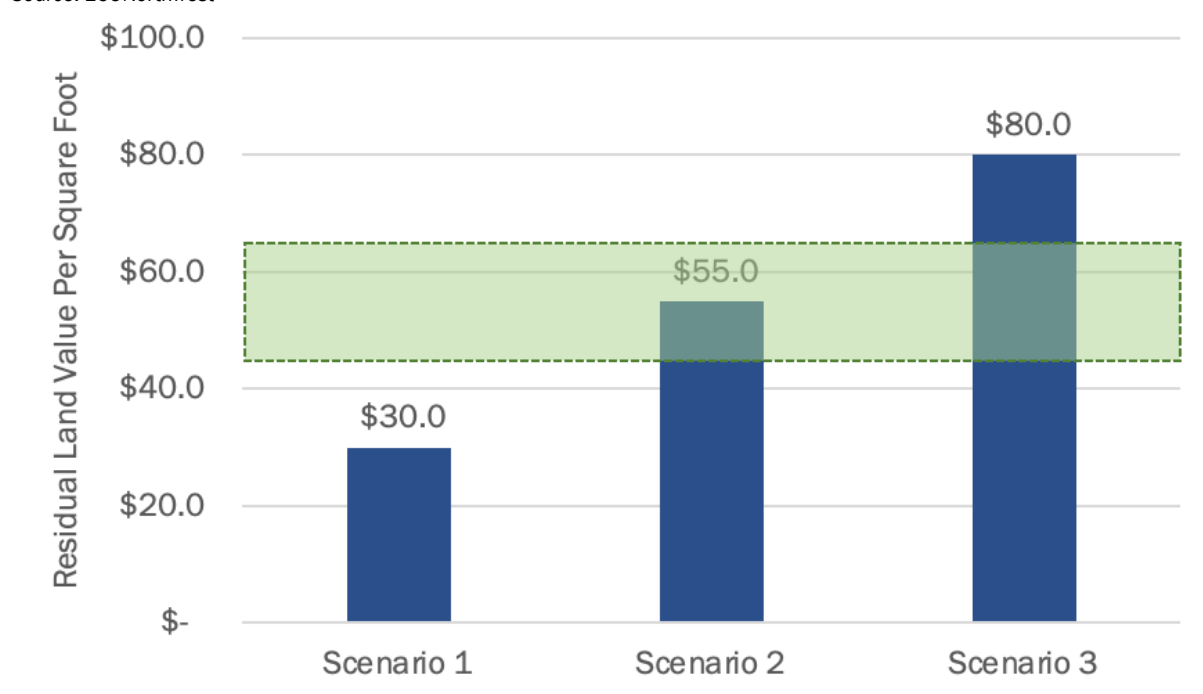
<https://www.oregon.gov/lcd/UP/Documents/OAR660046%20EXHIBIT%20B%20-%20Large%20Cities%20Middle%20Housing%20Model%20Code%2020201209.pdf>

<https://olympiawa.gov/-/media/Files/CPD/Planning/Housing-Code/HousingCode-OPC-Rec-Summary.pdf?la=en>

<https://www.lakestevenewa.gov/DocumentCenter/View/8507/1081-Infill-Regulations>

Figure 22. Illustration of Residual Land Value Per Square Foot

Source: ECONorthwest



To conduct this analysis, 2019 and 2020 real estate data inputs were gathered¹⁰ from multiple sources including CoStar, Redfin, RS Means, the King County Assessor,¹¹ and various interviews with local developers and real estate experts. Data include building program assumptions (e.g., unit mix, parking ratios, floor heights), operating assumptions (e.g., sales prices, rents, vacancy, operating costs), development cost assumptions (e.g., hard costs, soft costs), and valuation metrics (e.g., return on cost and yield thresholds). The initial results were tested against actual recent projects and land prices.

The RLV pro forma analysis was modeled for the prototypes that conform to Auburn’s current development standards. The model also includes additional prototypes that do NOT conform to the City of Auburn’s development standards to demonstrate the financial impact of such changes. The financial value of each prototype under a set of development standards is heavily dependent on the assumptions used in the pro forma analysis (listed in the Appendix). Thus, the most relevant insights from the analysis come from comparing the results for one prototype across changes to development standards.

Analyzed Prototypes

Six prototypes were selected to assess the impacts of changing different development standards in this analysis. These six prototypes were tested on lots sizes that are representative of the existing lot patterns and existing lot sizes in the DUC Zone, the R-5 Zone, and the R-7 zone for the study area referenced in Figure 3.

¹⁰ The real estate data collected in 2019 and 2020 reflect market conditions before the economic impacts of COVID-19. The pandemic and economic recession are likely to impact development viability in multiple ways. The results of this analysis presented in this memo do not reflect these effects and likely future reality.

¹¹ A very small portion of the City of Auburn is located in Pierce County, but this portion falls outside our study area (see the study area map on page 6 so data were not collected from the Pierce County Assessor.

Podium Apartments

The development standards in the DUC Zone make podium construction the most obvious housing type to build. The height limit (75 feet) and parking requirements (1 stall per unit) in the DUC Zone are suitable for a 5-over-2 prototype in which five residential floors are located above two floors of concrete structured parking. The ground floor programming would include a main lobby, retail space, and/or structured parking. Also, street-level retail and structured parking area help achieve the bonus residential density (3.4 FAR). See an example in Figure 23.

Podium apartments are assumed to have a mix of studio, 1-bedroom, and 2-bedroom units. Market data show they are likely to rent at \$1,850, on average (\$1,500 for studio, \$1,690 for 1-bedroom, and \$2,190 for 2-bedroom). This analysis assumes that podium prototypes are located on a 60,000-square-foot lot, have up to 6,000 square feet of commercial area, and 226 dwelling units.¹²

Figure 23. Example of a 5-over-2 Podium Development with Structured Parking
Source: Deutsch Partners; Location: Auburn Town Center Apartments, Auburn, WA

Podium construction prototypes have four or five wood frame residential stories over one or more concrete floors.

A 7-story building would likely be a “5-over-2” prototype with five wood frame residential floors over two concrete floors.

A 5-story building would likely be a “4-over-1” prototype with four wood frame residential floors over one concrete floor.



Micro Units

Another high-density multifamily building that can be built in downtown Auburn (DUC Zone) is an apartment with micro units. Based on a comparison of nearby real estate markets with micro units, they tend to have about 220 square feet of living area that would be sufficient for a queen-sized bed, a

¹² Although the podium apartment (5-over-2) prototype is similar in shape to The Verge that was recently completed in downtown Auburn, its financial feasibility will be different because the material and construction costs for future projects are expected to be much higher than the costs assumed for developments that are under construction or recently opened.

private bathroom, and a kitchenette – similar to hotel rooms. Shared laundry facilities and kitchens are available. See an example in Figure 24.

Because this 4-story prototype is targeted for transit-dependent workers who oftentimes are not car-dependent, the City’s development standards would need to reduce parking requirements for this prototype. Transportation demand management (TDM) strategies could be required for development projects that take advantage of lower parking allowances. Some cities require TDM plans for development projects that are permitted with lower parking ratios. This analysis assumes initially that this prototype would be located on a 15,000-square-foot lot, have no on-site parking, and have 155 dwelling units, resulting in a 3.4 FAR. Further sensitivity test is conducted to show the tradeoff between parking requirement and unit production. Market data shows that the possible rent for micro units could be slightly under \$1,000, which would be affordable to single person households earning about 60% of the King County MFI.¹³ These market-rate units are “naturally affordable” because they do not need regulatory restrictions from government funding sources to be affordable to lower-income households.

Figure 24. Example of an Apartment Building with Micro Units

Source: CoStar; Location: 162TEN Apartments, Redmond, WA



¹³ MFI limits for micro units correspond to 0 bedroom and 1 bedroom units identified in the King County 2018 Income and Rent Limits – Multifamily Rental Housing. King County uses 1.5 persons per bedroom to determine the household size and corresponding rent limits.



Micro Units and Housing Affordability

Micro units can increase housing affordability in downtown Auburn by virtue of the very small size of units and by increasing the overall supply of housing. This type of housing can be one component of a wider array of solutions aimed at more housing choices, and housing options at different price points.

However, it is important to note that the likely demand for these types of units come from smaller (1-person) households. And because they are unregulated, the rents can change over time.

While these units can provide increased affordability, this type of development is not necessarily a solution to the wider issue of providing more affordable housing for a diverse range of Auburn residents – with so little square footage, micro units are not generally desirable for families.

Middle Housing Types

This analysis includes four additional prototypes: duplexes and triplexes developed for both ownership and rental.

A duplex development consists of two units sharing a wall, and each unit having access to covered parking in a single-car garage and uncovered parking on the shared driveway. The driveways and balconies of both units face the street. Duplexes are modeled on 5,000-square-foot lots, resulting in a lot size per unit of 2,500 square feet.¹⁴ The selection for this lot size was informed by the minimum lot area in the zoning code, which is 4,500 square feet in the R-5 Zone and 4,300 square feet in the R-7 Zone. Because a majority of lots in R-5 and R-7 Zones within the study area are larger than 5,000 square feet, the selection of a relatively small lot size ensures the feasibility test considers even more challenging development circumstances.

- For-sale units are assumed to have 3 bedrooms, an average of 1,514 square feet of space, and are modeled to sell at \$360,000 per unit.
- Rental units are assumed to have 2 bedrooms, an average of 1,255 square feet of space, and are modeled to rent at \$2,300 per unit.

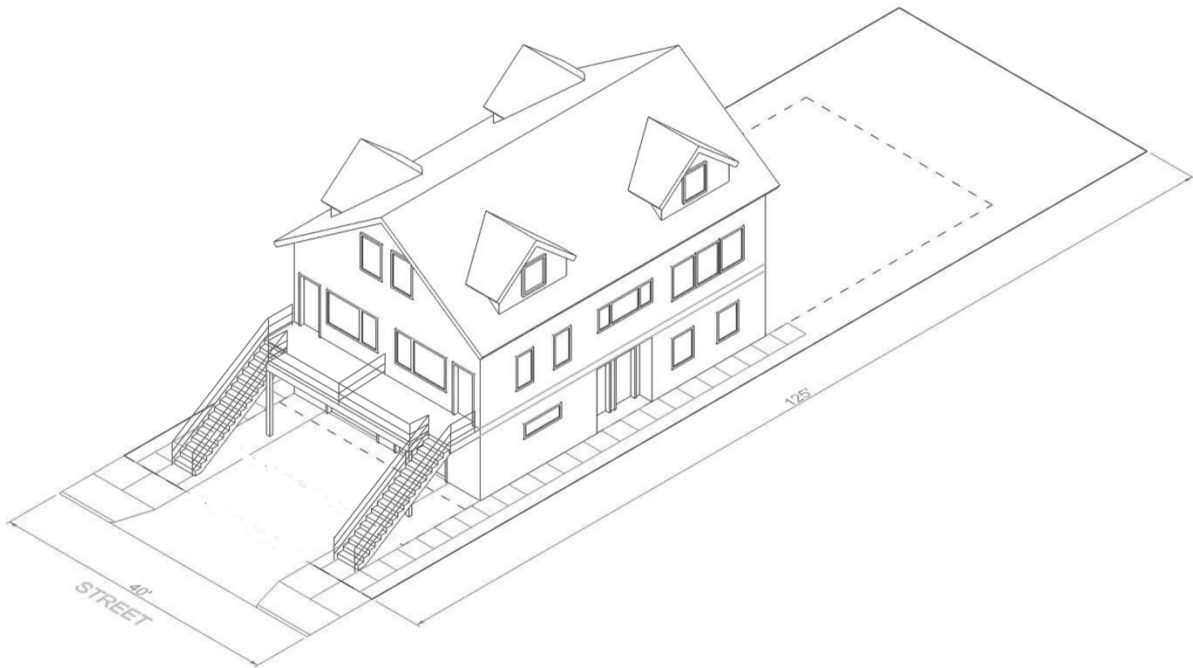
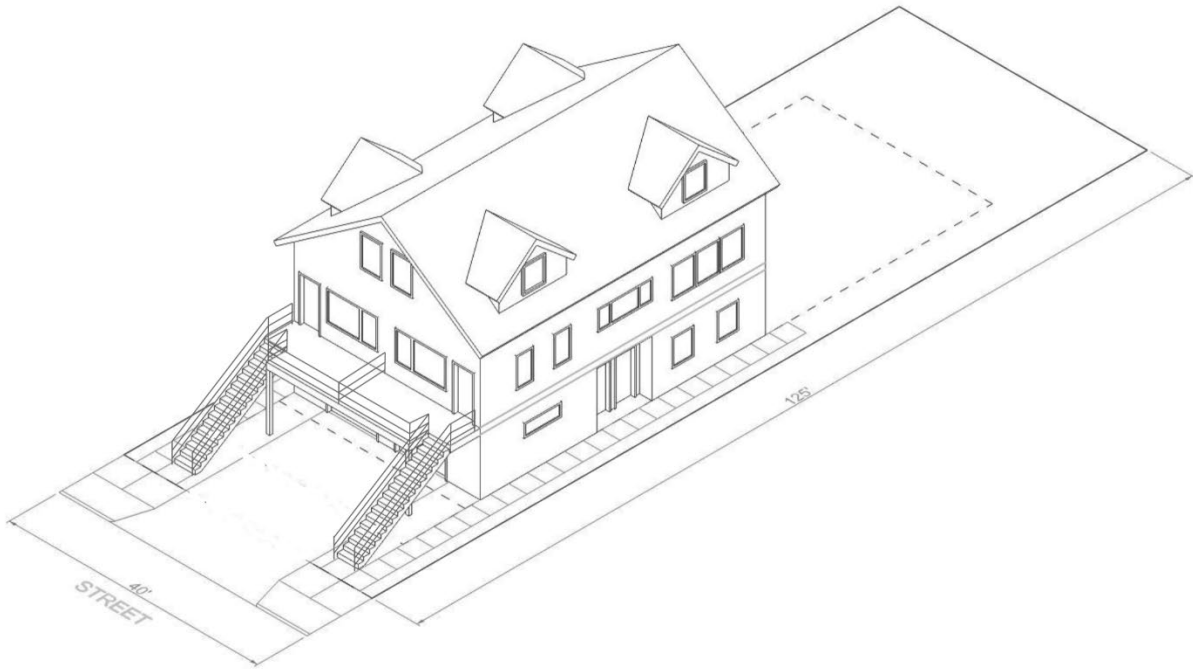
A triplex development consists of three units constructed side-by-side so that one unit shares two walls with other units. Each unit in a triplex has access to a single-car garage, with additional parking is available in the rear of the lot. Where alley access is available, additional parking may be accessed through the alley. Triplexes are modeled on a 7,500-square-foot lot, which is the median size in the R-7 Zone (the median lot size is larger in R-5 Zone.)

- For-sale units are assumed to have 3 bedrooms, an average of 1,466 square feet of space, and are modeled to sell at about \$338,000 per unit.
- Rental units are assumed to have 2 bedrooms, an average of 1,203 square feet of space, and are modeled to rent at \$2,160 per unit.

From a developer's perspective, duplexes and triplexes can be desirable because they utilize the lot more efficiently, which results in lower costs, more attainable price points, and greater demand. Shared wall and utility lines entering the lot increase development efficiency. Meanwhile, the construction costs of duplexes and triplexes are not higher than those of single-family houses. However, duplexes and triplexes could trigger a few additional development requirements such as storm water management due to greater percentage impervious surface. These additional development requirements are likely to be site specific and will not apply evenly to all R-5 and R-7 development prototypes evaluated in this analysis. Additionally, there is likely a broader market demand for middle housing types that can be built as fee simple housing (housing units on individual lots) as opposed to middle housing types that can be built as condominiums. Potential home buyers oftentimes prefer fee simple housing over condominiums that require homeowner associations (HOA) and associated HOA fees. Builders of these housing types also generally prefer fee simple development over condo development because of reductions in risk exposure.

¹⁴ Duplex and triplex housing types as ownership can be delivered as both condo ownership or fee simple ownership.

Figure 25. Massing Diagram of Duplex Building Type
Source: SERA Architects



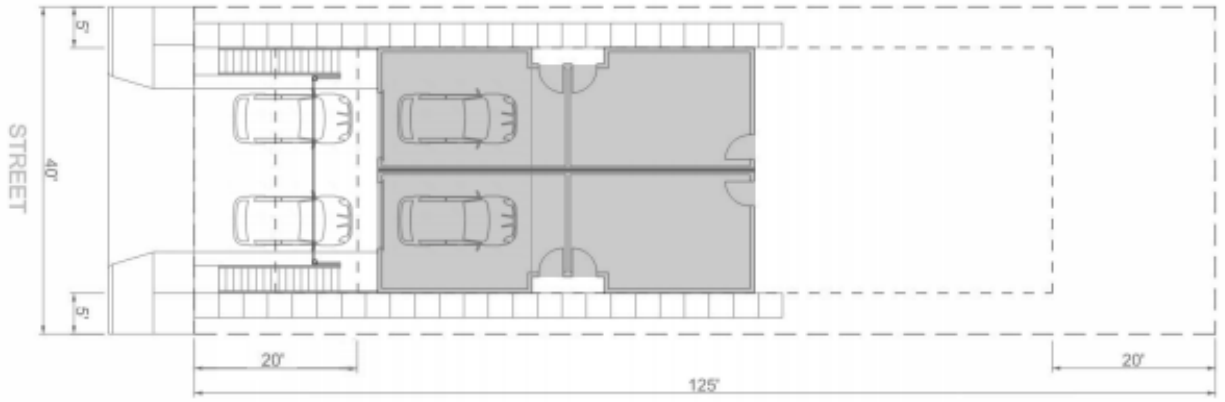
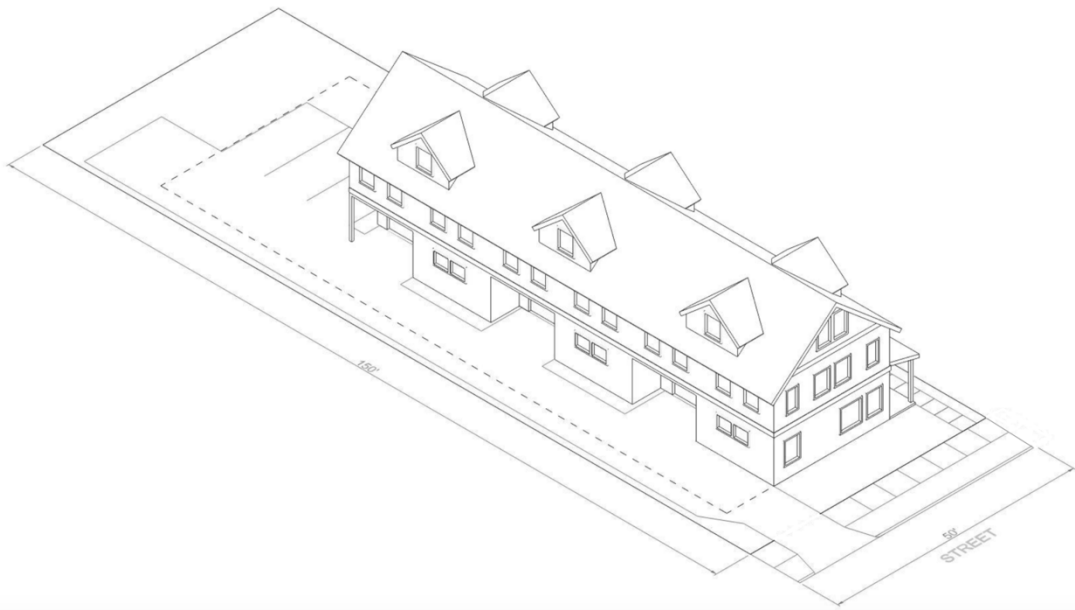
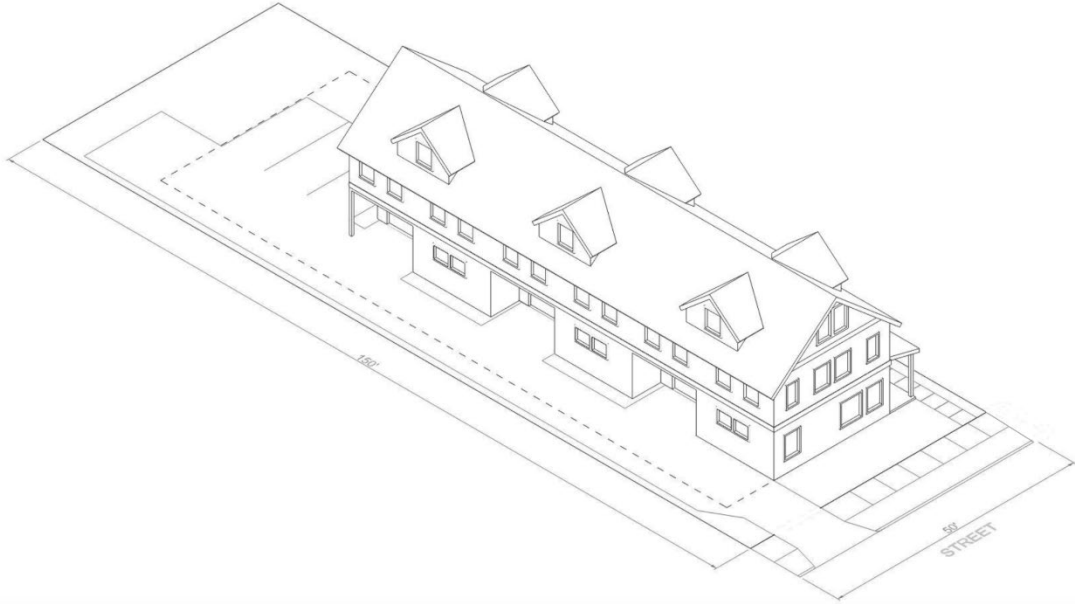
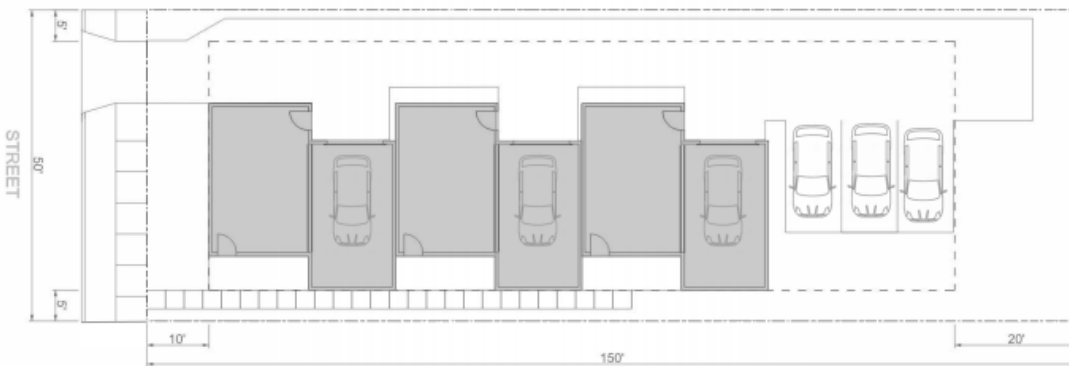
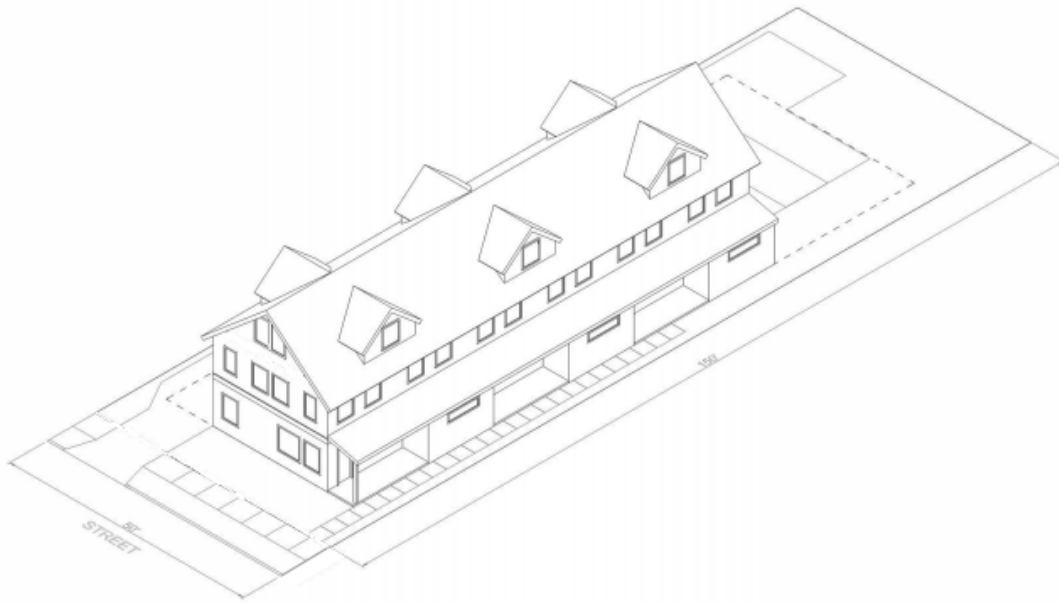


Figure 26. Massing Diagram of Triplex Building Type
Source: SERA Architects





Development Feasibility Results

Market Rate Housing in DUC Zone

The podium apartment prototype is generally suitable for the DUC, Downtown Urban Center Zone. A 5-over-2 building can have 226 units, some street-level retail space, and sufficient structured parking to provide one parking stall for each residential unit. There likely exists market demand for these rental apartments with a relatively low parking ratio (compared to that of single-family housing types) due to a limited increment of transit access at the Sounder station in the DUC Zone. Recent developments, including the Verge Apartments, are evidence of the prototype's feasibility in the DUC Zone at the time of their application.

However, steep increases in construction costs in the past few years will likely hamper further development of podium apartments. Based on today's construction costs,¹⁵ the residual land value (RLV) of a podium apartment prototype is \$19.7 per square foot, well below current land costs, which range between \$45 and \$65 per square foot in Auburn. This finding is consistent with similar findings in other cities in South

¹⁵ Construction cost data were accessed in fall 2020.

King County. In Auburn a 22% increase in rents would be necessary to support podium-style development without any subsidies given current market conditions and land prices.¹⁶

In contrast, reducing the total construction cost by 5% in the model results in an RLV of \$75.8 per square foot. The difference in RLV is equivalent to \$3.37 million (= [$\$75.8 - \19.7] x 60,000 square foot) in the value of the podium project. Development of podium apartments is likely to be challenging until market dynamics change overtime, rents increase to overcome high construction costs, or construction costs decrease.

Although the City of Auburn cannot influence construction costs, it can improve the feasibility of podium projects by making regulatory changes. Reducing the parking requirements and increasing the allowed density (FAR) are two of many ways the City can encourage the continued production of market rate housing through podium development:

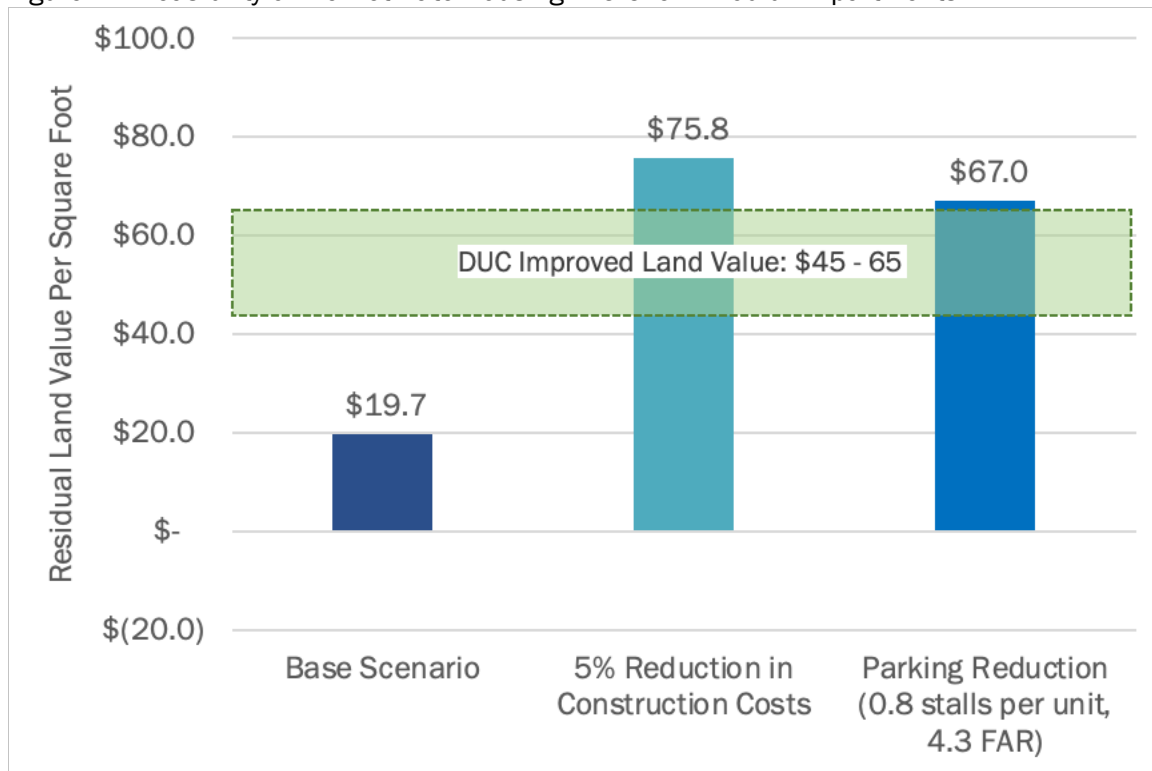
- Reducing the parking ratio from 1.0 stalls per unit to 0.8 stalls per unit can increase the RLV on a podium prototype from \$19.7 to \$67.0 per square foot.
- Requiring fewer parking stalls allows more units to be added. In this scenario, the maximum bonus density (FAR) would have to increase from 3.5 to 4.3.

Figure 27 compares the development feasibility of the three scenarios mentioned above. Based on today's construction costs and expected market rent (Base Scenario), podium apartments are not feasible because the RLV is not high enough to pay for land in the DUC Zone. This pro forma analysis found that a 5% reduction in construction costs would make the podium apartment feasible.

Finally, podium prototypes can become feasible if parking requirements were reduced and maximum bonus density was increased. Reducing the parking ratio increases the total number of residents and units in the podium apartment without changing the total parking area. Adding an additional unit without additional parking increases the net operating income of the building far beyond the combined costs of construction, taxes, and fees.

¹⁶ South King County Subregional Housing Framework Feasibility Analysis Tool; <https://econw.shinyapps.io/south-kc-policy-analysis-tool/>

Figure 27. Feasibility of Market Rate Housing in 5-Over-2 Podium Apartments



Affordable Housing in DUC Zone

There are two ways the City of Auburn can encourage the production of more affordable units in the DUC Zone.

- The City can mandate affordable housing requirements through an inclusionary housing (IH) program, which would require 20% of units to be affordable to households earning below a certain income level.¹⁷
- The City can make regulatory changes necessary to allow the development of micro units, which would be “naturally affordable,” meaning their market-rate rents would be affordable to lower-income households without regulations stipulating affordability.

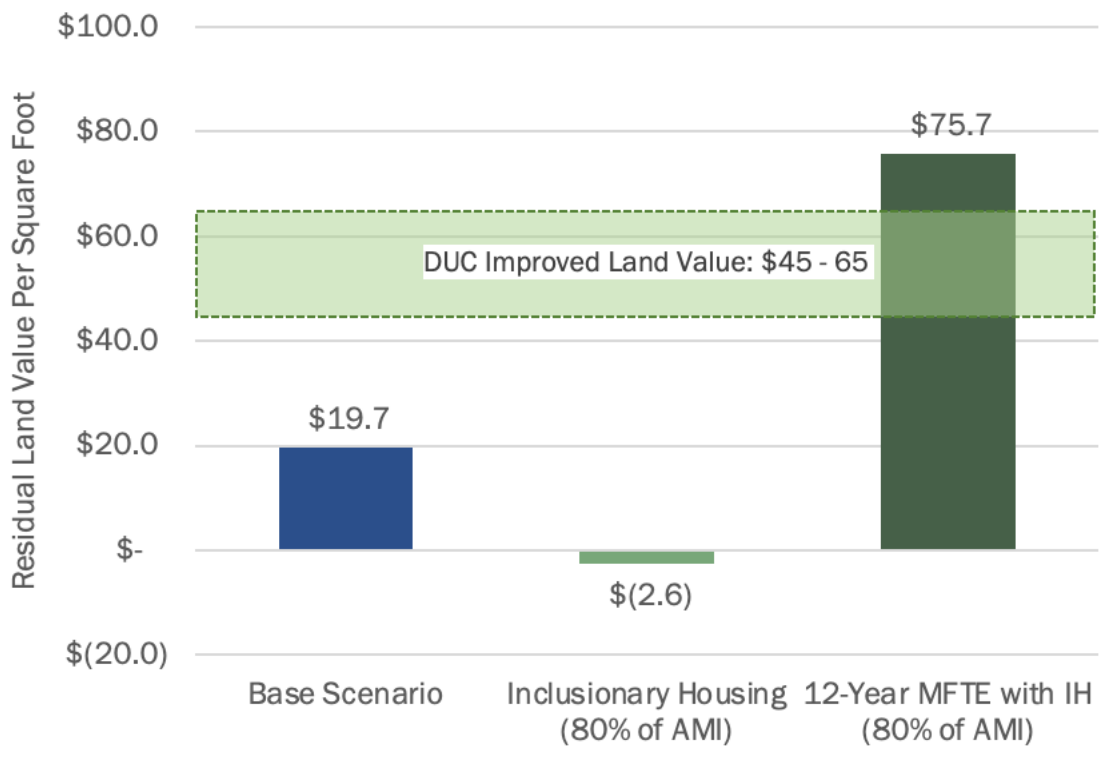
Inclusionary Housing (IH): An IH program would generate regulated apartments in which 20% of the units in the building would be accessible for households that earn less than 80% of AMI. Because this requirement would reduce the average rent from \$1,850 to \$1,700 for 20% of units, the RLV would become negative (-\$2.6 per square foot), meaning the project would not be feasible even with free land. This analysis indicates that inclusionary housing, without incentives to off-set the negative impacts of the affordability requirement, is not feasible.

One mechanism that the City of Auburn can use to improve the feasibility of a project with the IH program is to award the 12-year Multifamily Tax Exemption (MFTE) for projects that participate in the IH program. Washington State allows its cities to provide property tax exemptions on multifamily housing properties. Eight (8) years of property tax exemption is available for all qualifying multifamily properties and 12 years of property tax exemption is available for those that have income- and rent-restricted units. As

¹⁷ Although the City can choose to designate an affordability set-aside higher or lower than 20% of the units, the 20% requirement is used for this analysis because the 12-year Multifamily Tax Exemption program requires at least 20% of units to be affordable.

Figure 28 shows, adding the 12-year MFTE program to the podium apartment prototype with an active IH program would increase the RLV to \$75.7 per square foot, above the typical land prices.

Figure 28. Feasibility of 5-Over-2 Podium Apartments with IH and MFTE



Micro Units: A relatively novel approach to increasing the availability of affordable units in the DUC Zone is encouraging the development of micro units. Although they do not currently exist in Auburn and are not a type of housing the City of Auburn is familiar with, they exist in other urban areas with good access to transit because they provide affordable housing opportunities for small, lower-income households that want to live in urban environments. Because the market rent for micro units is expected to be slightly below \$1,000 a month¹⁸, they can be affordable to households earning 60% of AMI without any regulatory restrictions or requirements. Moreover, unlike the IH or MFTE programs, *all* market rate units would be affordable to households earning 50% of AMI. However, any one- or two-person household can reside in these units because there are no income restrictions. And, because there are no rent restrictions, the rent could increase above \$1,000 over time.

Assuming no on-site parking is required, the micro unit prototype can achieve 155 units and 3.4 FAR with only four floors and its RLV is estimated at \$152 per square foot, well above the land value for the DUC Zone. The City would need to exempt this housing type from on-site parking requirements to generate the maximum utilization of the lot area. But, because the value of such development is very high, the City could also require public benefit contributions that do not take up buildable area, such as vertical public art installations.

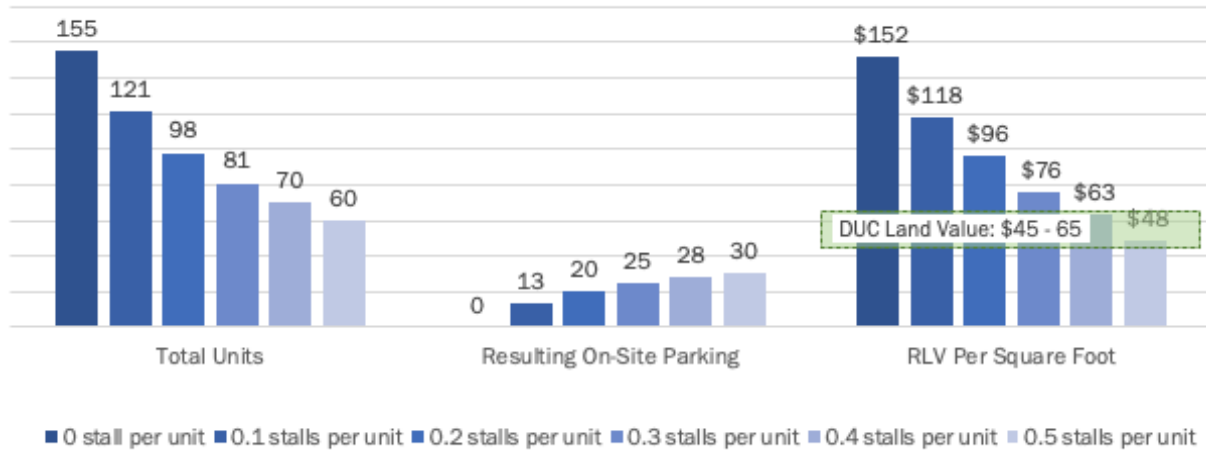
However, if exempting parking requirements for a development type is difficult or not preferred, micro units could still be feasible with some on-site parking. Sensitivity test of the parking requirement reveals that having 0.5 parking stalls per unit would result in an RLV of \$48 per square foot, barely within the

¹⁸ The estimate for rents is based on existing properties in other nearby markets, such as Columbia City (Seattle) and Redmond, because there are no micro units in Auburn.

range of typical land prices in the DUC Zone. Notably, as Figure 29 shows, 95 “naturally affordable” micro units could be lost by increasing the parking requirement from 0 stalls to 0.5 stalls per unit.

In order for a micro unit prototype to be feasible on most lots in the DUC Zone, parking requirement would need to be reduced to 0.3 stalls per unit. Still, this policy option would produce about half the number of units possible without a parking requirement.

Figure 29. Sensitivity Test of Parking Requirement in Micro Units Prototype



Middle Housing Types

Two changes to the zoning code are required to allow duplex and triplex housing types in R-5 and R-7 Zones. First, the allowed uses in R-5 Zone must be changed to allow duplexes and triplexes, and the allowed uses in R-7 Zone must be changed to allow triplexes (duplexes are currently allowed in R-7 Zone). To achieve middle housing outcomes recommended in this section, the City's Infill Residential Development Standards in Chapter 18.25 must also be modified to accommodate middle housing as infill development.

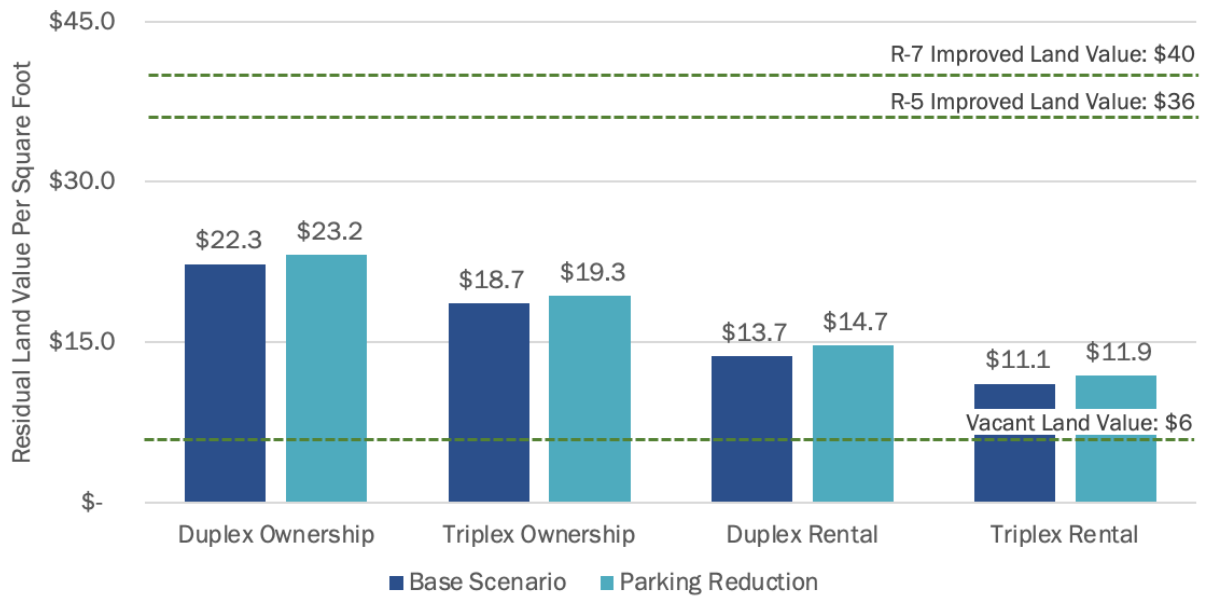
Second, the maximum residential density must be increased from the existing standard to 17.4 dwelling units per acre (du/ac). On small lots (5,000 square feet for duplexes and 7,500 square feet for triplexes), duplexes and triplexes can reach up to 17.4 du/ac, though they can be built on larger lots with lower residential density. Relatedly, minimum lot size per unit, which is inversely related to residential density, will need to be lowered. The changes to residential density and minimum lot size must also be reflected in the infill residential development standards.

Modifications of other development standards (e.g., maximum height, minimum landscape coverage, setbacks, etc.) were not tested in the model because the current standards are much less likely to be barriers to development feasibility.

Alternatively, the City could choose to instead apply the current R-16 Zone in areas where middle housing types would be desired. The current R-16 zone exists as a zone within the code but is not currently mapped anywhere in the City. If Auburn were to choose re-mapping current R-5 and R-7 Zoned areas to allow middle housing through the R-16 zones, the city should also consider increasing density allowances to allow 18 dwelling units per acre which is the density level necessary to support middle housing types evaluated as part of this analysis. The City could also choose to allow the R-16 (at 18 dwelling units per acre) within the existing comprehensive plan designations that would allow for a zoning designation change consistent with the comprehensive plan designations. However, this approach would add additional process that would likely limit production of these housing types and increase time and costs associated with the zone change process.

Even with the changes to the development standards, the current market prices and rents for new duplex and triplex units are not high enough to support their development in R-5 and R-7 Zones in the middle housing study area today. Blue bars in Figure 30 show the four prototypes modeled in the analysis generate RLV ranging from \$11 to \$22 per square foot. However, the median land cost is \$36 per square foot in R-5 Zone and \$40 per square foot in R-7 Zone. The expected financial value of converting a single-family property on R-5 or R-7 Zone to a duplex or a triplex building is not high enough to justify redevelopment. Even with reduced parking requirement – to 1 stall per unit – the RLV is simply not high enough. Based on current market prices, duplex and triplex developments are feasible on vacant sites across the City of Auburn where the typical land value is closer to \$6 per square foot.

Figure 30. Feasibility of Duplex and Triplex Developments



Part 4: Preliminary Recommendations & Implementation Steps

This Part describes 17 policy and program preliminary recommendations and an implementation roadmap for the City to consider as Auburn works toward increasing housing supply over the next 20 years.

Preliminary Recommendations

A) Encourage Market Rate Development Downtown

Market rate housing is typically affordable to households earning above 80% of AMI. These are often new, high-amenity apartments in areas that are targeted for growth and have good transit access. Several podium apartments, including a project for senior living, have been constructed in downtown Auburn in the past few years.

Auburn's zoning code and development standards do not present many barriers to the physical development of this type of housing. Only small changes are needed (presented as preliminary recommendations below) that will allow a developer to maximize the efficiency of the land and achieve a scale that makes the project financing feasible.

While physical limitations are not a big barrier, there are financing barriers due to current construction costs and Auburn's current rental market. In the near-term, development of market-rate podium apartments is challenged due to high construction costs. Although the development of podium apartments in the downtown area is desirable because it allows more households to live near transit and other urban amenities, development of this higher-density prototype is likely to be challenging until market dynamics change overtime, rents increase to overcome high construction costs, or construction costs decrease.

A1) Reduce Parking Requirements to Support Development in Downtown Auburn

See development feasibility analysis on page 40.

Rationale

To encourage more market-rate podium apartments in downtown Auburn, the City should consider allowing denser housing construction by reducing the parking requirement to 0.8 stalls per unit AND increasing the maximum FAR (with bonus density) to 4.3 FAR (see Preliminary recommendation A2). To encourage more development, the parking reduction must be paired with an increase in the allowable FAR in the DUC Zone and should also be paired with the considerations described below.

These changes are needed to achieve the unit density that is feasible in today's market conditions. Although the City of Auburn cannot influence rents or construction costs in today's market, it can improve development feasibility via these regulatory changes.

Considerations

Reducing parking requirements is an effective way to increase development feasibility and help the market deliver more housing units, more choices, and improved affordability. However, reductions in parking requirements should be considered along with potential mitigations such as Transportation Demand Management strategies, on-street parking management, or flexible on-site and off-site parking options.

The reduced parking requirements will need to be balanced with a development's proximity to groceries, restaurants, and frequent transit service and stops/stations to attract residents who are less likely to own automobiles. There likely are a limited number of lots in downtown Auburn that are suitable for such development, so the City of Auburn must proactively identify sites for future development of podium apartments.

As noted on page 29, parking ratios and density limits are development standards that create (or subtract) potential value for development. Changes that increase the overall building footprint give value to developers.

Generally, cities like to extract some sort of public benefit from these entitlements or use them to encourage development the City desires, but the market is not delivering, such as podium construction (discussed here) or affordable housing (discussed in Recommendation B2 on page 54).

Parking and density requirements are related. Their interaction affects what can be physically developed on a site, which affects the potential value of the development and its feasibility: However, impacts on transportation system also need to be considered to facilitate increases in density.

- Reducing the parking requirement alone is insufficient to encourage podium construction. Requiring fewer parking stalls per unit might not result in more units if the building is already near the allowable density limit in the Code.
- Increasing density alone is insufficient to encourage podium construction. Allowing more units on a typical lot may not matter if a large portion of the site must be dedicated to a high parking ratio.

Next Steps

Building on the development feasibility analysis offered in this HAP, the City should consider the following next steps as it works toward implementing this preliminary recommendation:

- The City should work with developers and city's current planning, public works, economic development, and police staff to understand the physical and financial opportunities and barriers related to satisfying current parking requirements Downtown including infrastructure needs beyond those supporting the development.
- The City planning, public works, economic development, and police should work with property owners in the areas where parking reductions might be recommended to understand the potential impacts that reductions in parking requirements might have on surrounding areas.
- The City could pair reductions in parking requirements with the requirement for development projects to include transportation demand management strategies such as providing transit passes to tenants, requiring the project to restrict units without parking to residents without vehicles, and provide a project-sponsored vehicle share program.
- The City could explore parking management strategies and the resources to implement these strategies that can be implemented in Downtown Auburn to manage the on-street parking inventory to support development in the district. The evaluation should also include resources to efficiently manage parking in the nearby area and possible oversight of private parking.

A2) Offer a Density Bonus to Support Denser Residential Development and Mixed-Income Housing in Downtown Auburn

[See development feasibility analysis on page 40.](#)

Rationale

As mentioned in the prior preliminary recommendation, the City of Auburn should also increase the maximum residential density (with bonus density) to 4.3:1 floor area ratio (FAR) to allow more units to be built on each lot in downtown.

As it works toward encouraging more housing development to meet the housing needs of current and future residents, Auburn will need denser housing. To achieve denser developments, the maximum residential FAR in the DUC Zone should be increased to support efficient development types that can advance multiple objectives in Downtown. Like parking reductions, allowing increased residential density on a site is an entitlement that the City can provide to developers to achieve desired development and community outcomes.

Considerations

As noted in Preliminary recommendation A1, a FAR bonus that does not relieve properties of the required parking ratio will not yield more dwelling units because they cannot physically fit on the site.

Increasing density allowances is an effective way to increase development feasibility and help the market deliver more housing units, more choices, and improved affordability.

In addition to encouraging podium development, density bonuses can be offered in exchange for the public benefit of regulated affordability in mixed-income developments. This is discussed in Preliminary recommendation B2 on page 54.

Next Steps

- The City should consider modifying existing density bonuses, and related development standards, to allow for up to 4.3 FAR.
- The City should modify the density bonus allowances to work in coordination with reduced parking requirements. Additional floor area that can be accessed through a density bonus is only achievable when parking requirements are aligned to not force parking into financially infeasible underground parking facilities.
- The city should have a process to periodically assess the financial feasibility of market rate housing in downtown to calibrate development feasibility in relation to FAR and bonus provisions and the requirement for any public benefit such as affordable housing.

A3) Promote Lot Aggregation in Downtown Auburn

Rationale

Some smaller lots in Downtown Auburn will need to be consolidated to be developed with the desired higher density podium development. The structured parking area of podium apartments usually requires at least half of a city block to have efficient circulation of automobiles. Because the acquisition of adjacent lots for redevelopment can take advanced planning and time, strategic planning efforts by the City may be necessary to deliver market rate housing more quickly.

One element of overcoming development obstacles created by existing parcel configuration is through allowing shared parking across property lines.

Considerations

The City could consider allowing shared parking between developments to support more efficient lot assembly. Shared parking would allow parking requirements to be met either between new development projects, or across existing development projects with underutilized parking capacity. While there are current provisions to allow for shared parking in City Code, the code should be modified to expand provisions for shared parking with the specific goal of supporting shared parking in Downtown Auburn for residential uses.¹⁹

The City could encourage or require shared parking agreements to maximize utilization of the off-street parking inventory in Downtown Auburn by sharing spaces between daytime (employment) and nighttime (residential) uses.

Next Steps

- Explore opportunities to support and negotiate shared parking agreements between different property owners in Downtown. Downtown Auburn currently has a supply of off-street parking that

¹⁹ Examples of shared parking strategies can be found at the links below:

<https://urbanland.uli.org/news/uli-releases-new-edition-of-shared-parking/>

<https://eugene.municipal.codes/EC/9.6400>

https://crocog.org/wp-content/uploads/2016/07/Ch08_Technical_Part1_Parking.pdf

could be more efficiently utilized if this existing parking supply could be shared with other uses and developments Downtown.

- Explore allowing developers to “pool” parking requirements that can be in other nearby development projects to support development on smaller lots or to facilitate site assembly.
- Consider expanding city code provisions which allow parking requirements to be satisfied off-site pursuant to ACC 18.52.050(A)(2) to include residential uses in the DUC zone when the site is legally encumbered by appropriate means to ensure continuous use and where pedestrian connection/linkage is provided within a reasonable walking distance of the site.
- Evaluate extending existing code provisions in Table ACC 18.52.030, 'Parking Quantity Reductions', for instances of different peak parking demands, mixed occupancies, and for proximity to frequent transit service to apply within the DUC zone.

A4) Explore Fee Waivers for Targeted Development Types in Downtown Auburn

Rationale

One way of encouraging more housing development in Downtown Auburn, is by reducing the cost of development. Ongoing costs like property taxes and up-front costs like impact fees or permitting fees, contribute to a property’s overall development costs which need to be paid for via rental revenues or housing sales prices. By reducing, waiving, or allowing fees to be financed and repaid over time, the City can help to reduce development costs and encourage more housing production. Lower development costs can also translate to lower rents and sales prices and be part of a strategy to encourage affordable housing.

Considerations

There are numerous considerations to make when determining if a fee waiver (or reduction or financing) program is appropriate.

- The City does not control or oversee all the various fees levied on a new property. The city may collect the fees on behalf of another entity, or it may share fees with special purpose districts or school districts, reducing its ability to implement such a program. Examples are certain impact fees or regional sewer treatment plant fees.
- Development and permitting fees add costs to development but also pay for essential services provided by City staff and municipal infrastructure that are not funded by any other sources. Reduction of fees will likely require a reduction in services elsewhere within the City.
- Conversations around fee waivers must carefully balance the need to fund staff and infrastructure and the value of reducing costs for a development. For example, if waived, the City of Auburn’s transportation impact fees could be required to be paid from City general funds, so this creates both foregone fee revenue and a reduction in the City’s budget to replace the costs of the fee waiver and a likely reduction in City services due to the current deficit of the city general fund.
- Reducing fees creates value for the developer and property owner. This value could be exchanged for a public benefit desired by the community. Often fee waiver programs are offered for specific development types that a city wants to see but the market is not developing, or they are provided in exchange for some sort of public benefit (e.g., public plazas, affordable housing units, etc.).

Next Steps

- The City should only pursue fee waivers when it is determined that the program will not have negative impacts on the overall city financial condition and will not have negative impacts on the delivery of City services or the operations and maintenance of existing infrastructure systems.

- Evaluate the opportunities to update city code to enable partial fee waivers, up to 80% of fees, that does not require local government funding to backfill the exempted portion of the fee consistent with recent authorized legislation in RCW 82.020.060(3).²⁰
- While the City has recently removed, or let sunset, previous fee waiver programs for the Downtown Catalyst and Downtown Plan Areas, fee waivers are a tool that could be considered in the future when/if the City’s financial environment changes.

B) Encourage Affordable Housing Downtown

While increasing the total stock of housing units is an important factor for improving housing affordability in a regional market, increasing the stock of affordable housing options – both regulated and unregulated – will have a quicker and more direct impact on the overall affordability of housing in Auburn. The City of Auburn can directly encourage more affordable housing in a couple of ways, detailed below.

B1) Create Policies to Lower the Cost of Affordable Housing Development

Rationale

There are many programs and policies that the City of Auburn can explore to help lower the costs of affordable housing development. Some will require meaningful funding (such as grant programs), or staff time (such as a low-cost loan program), but others can be done through the improvements to City processes (such as expedited entitlement programs or reduced permitting fees). In addition, strong partnerships with existing mission-oriented developers (those who only or primarily build and operate affordable housing), community-based organizations, and regional funders, can go far in building a supportive network for affordable housing development.

Considerations

If the City of Auburn wants more affordable housing development in the DUC Zone, it should make every effort to support developers seeking to build. A few example programs worth exploring include:

- Expedited or simplified development review processes. Some cities offer expedited or simplified development and permitting processes specifically for affordable housing projects. This can speed up the development process, which reduces a developer’s *carrying costs*.
- Reduced permitting costs. The City could offer reduced permitting costs to reduce the overall cost of development when they will not have negative impacts on the city financial condition and will not have negative impacts on the delivery of City services or maintenance of existing infrastructure systems. See a larger discussion of this in Preliminary recommendation A4 on page 51.
- Grants or low-cost loans for development. Rather than starting a grant or lending program (which requires a lot of program rulemaking and staff effort to run), Auburn could partner with other jurisdictions and regional entities already offering these types of programs. A few examples include the South King County Housing and Homelessness Partnership (SKHHP), the Regional Equitable Development Initiative (REDI) Fund, or the Sound Transit Revolving Loan Fund. Also, Auburn is already partnering with SKHHP and putting SHB 1406 sales tax credit revenues towards a regional housing capital fund.

Because almost all new real estate development is funded by loans, developers pay interest on these loans while the project is being permitted and built. The interest on these loans is referred to as a **carrying cost** and must be repaid, adding to the overall cost of development.

²⁰ <https://app.leg.wa.gov/rcw/default.aspx?cite=82.02.060>

Next Steps

- While the City of Auburn's development review process is relatively streamlined and less time intensive compared to other jurisdictions in the Puget Sound, the City could choose to offer an expedited permitting for both regulated affordable housing developments as well as market rate housing developments that include below market rate units as part of mixed-income development.
- The City could offer reduced permitting costs specifically to non-profit affordable housing developers and other regulated housing development across the City. An analysis should be prepared for the City to take a deep dive into permitting costs, what can and cannot be waived/reduced, and the connection between fees and impact on affordable housing development.
- The City should partner with other government agencies to access and leverage existing affordable housing funding mechanisms. Auburn is currently partnering with SKHHP and has contributed SHB 1406 funds to SKHHP's housing capital fund. During Spring 2021, the SKHHP Executive Board will be developing an administration program for the SKHHP Housing Capital Fund. This includes identifying priorities and an application and allocation process for jurisdictional partners. Auburn also currently directs HB 1406 funds to SKHHP and has deferred to King County for the HB 1590 funds since Auburn didn't adopt a local ordinance.

B2) Consider a Voluntary Inclusionary Housing Program Paired with a Development Bonus

See development feasibility analysis on page 42.

Rationale

The City could consider regulating housing affordability through a voluntary inclusionary housing program. Voluntary inclusionary housing programs require new developments (of a certain size or in a certain location) to include a portion of their units as regulated affordable housing – restricted so that households of various incomes can afford to live there – in exchange for incentives such as density bonuses, parking reductions, or tax exemptions. A program in the DUC Zone would likely target 10-20% of units in a development to be set aside for households earning less than 80% of AML. This would result in new, affordable units in downtown Auburn that lower-income households can immediately access and that would be rent restricted into the future creating longer-term affordable housing. Current market dynamics in Auburn can likely not support a broad mandatory inclusionary housing requirement.

Auburn could explore a voluntary inclusionary housing program that requires affordable units in exchange for participation in an MFTE program or increases in density allowances. This could be an effective tool to support the creation of long-term affordable housing through mixed-income development in Downtown Auburn. However, for an inclusionary housing program to be effective, the City would need to package affordable housing obligations with financial incentives, regulatory incentives such as reductions to parking standards or bonus entitlements (e.g., increased height and density limits), or process improvements.

Considerations

Without development or financial incentives that offset the lost revenue from requiring affordable units in a new development, inclusionary housing policies decrease development feasibility and can negatively impact housing production.

To overcome this obstacle, the City would need to pair an inclusionary housing program with a benefit to developers that helps to overcome the lost revenues.

Generally, this type of benefit can come in as a financial incentive (directly offsetting the lost revenues) or as a regulatory incentive (allowing more floor area to be constructed thereby adding value to the development).

- **Financial Incentives:** In addition to the financing programs outlined in the prior preliminary recommendation B1, the City could consider adopting a 12-year multifamily tax exemption (MFTE) program. Development feasibility analysis performed on Page 27 demonstrates that a 12-year MFTE program (with 20% of the unit's set-aside for households earning 80% of AML in exchange for a 12-year tax exemption) is likely to generate sufficient incentive for developers to not only develop more podium apartments in downtown Auburn but also develop some income- and rent-restricted units.
- **Regulatory Incentives:** In addition to financial incentives, the City could offer a density bonus that allows more housing to be physically built than would otherwise be allowed in the Code. This creates more value for the development and helps the developer reach the necessary scale to offset the lost revenues from the affordable units. A density bonus and or parking reduction (as

What is inclusionary housing?

Affordable housing requirements, often referred to as inclusionary housing or inclusionary zoning, require (via a mandatory program) or encourage (via a voluntary program) developers to contribute to the public benefit of affordable housing.

This often takes the form of either providing affordable units within a new or renovated market rate project, building, or renovating new affordable housing off-site but in conjunction with a new market rate development or paying a fee-in-lieu of providing the affordable housing on or off site. These programs can be mandatory or voluntary and can apply to residential development as well as commercial development.

suggested in preliminary recommendations A1 and A2) could be paired with a voluntary inclusionary housing program.

Inclusionary housing programs can either be structured as voluntary or mandatory. In a voluntary program, developers choose to opt into the affordability requirements in exchange for development incentives. In a mandatory program, all newly constructed properties meeting the requirements (e.g., size or location) must participate in the program.

Current market conditions could prove challenging when implementing an effective inclusionary housing program without a broad suite of incentives to mitigate impacts to development feasibility. *In today's market conditions, a voluntary inclusionary housing policy is most appropriate.*

By tailoring a package of incentives to the needs of a particular type of development project, the City can work in partnership with developers to ensure development remains financially feasible while also achieving the community's housing needs.

Next Steps

- Explore the tradeoffs associated with on-site inclusionary housing obligations with other program options such as fee-in-lieu payments that could work better with current market conditions while also generating revenue for affordable housing more broadly across the City.
- Track market activity and developer perceptions. The single most important factor for an inclusionary housing program to achieve its objectives is a significant and sustained level of market-rate development in the local market. If a community is not currently experiencing a material amount of new development, a voluntary inclusionary housing policy will not generate a meaningful number of new affordable housing units.
- Work with stakeholders (residents, associations, developers, housing advocates) to solicit input on the priority locations, set asides, and other requirements for a potential program if the market is supportive in the future.
- Conduct further traffic impact analysis to determine if the incentives for a voluntary inclusionary housing program are supported by existing infrastructure or infrastructure needs.

B3) Reduce Parking Requirements for Micro Units

See development feasibility analysis on page 33.

Rationale

The City of Auburn could encourage the development of unregulated affordable housing by making the development of micro units more feasible. As discussed in the development feasibility analysis on page 33, these units are affordable by virtue of their small size and are generally targeted towards small, transit-dependent households.

Micro units are newly constructed apartments that are very small (about 220 square feet), have bathrooms and kitchenettes, and come with shared common space.

The City could encourage the development of these unregulated affordable housing units by eliminating the parking requirement - development of these units in downtown Auburn is very feasible when no on-site parking is required. A single project with micro units can deliver 155 housing units that are affordable to single-person households earning less than 50% of AMI, which is about \$40,000 per year when adjusted for household size.²¹

It is also possible to encourage micro unit developments by reducing the parking requirement to 0.3 stalls per unit, or to 0.5 stalls per unit on parcels with lower existing land values. However, increasing the parking requirement from 0 stalls per unit reduces the total number of housing units that can be produced.

²¹ \$40,000 = \$113,300 (2020 AMI) x 70% (HUD adjustment factor for one-person household) x 50%

This tradeoff should not be ignored when considering policy options to best serve the needs of lower-income households.

Considerations

Newly developed micro units in Auburn would likely rent around 60% of AMI and can offer affordable housing options without any public subsidy. However, because they are unregulated, the rents can increase over time. Micro units are typically marketed to small households (one person) who primarily rely on public transit.

While these housing types can increase housing variety and choice to meet the diverse needs of Auburn's residents, these types of housing units are not suitable or desirable for every household type – with so little square footage, micro units are not generally desirable for families.

While these units can provide increased affordability, this type of development is not necessarily a solution to the wider issue of providing more affordable housing for a diverse range of Auburn residents. Encouraging this type of housing should be one component of a wider array of solutions aimed at more housing choices, and housing options at different price points.

Next Steps

- Because current density in the DUC zone is only regulated by FAR and not by residential densities, current development standards generally support the development of micro units. However, if the City wanted to encourage this housing type as a way to meet their current and future housing needs, the City should consider reducing parking requirements to support the feasibility of this housing type as well as to realize the production of more units. If parking is reduced or eliminated, those dwelling units without parking should be restricted to residents without vehicles.)
- To ensure a micro housing development with no on-site parking serves the needs of lower-income households, the City of Auburn could choose to deed restrict a development project that receives a full parking exemption from on-site parking requirements to limit its tenants to those who earn less than 80% AMI. While micro units are naturally affordable at 60% AMI, adding an affordability requirement at this level is likely too restrictive. This approach would functionally create a voluntary inclusionary housing approach specific to this housing type with only one regulatory incentive.

C) Encourage Middle Housing Options in R-5 and R-7 Zones

Allowing the development of duplexes and triplexes (See explanation of middle housing page 5) in areas currently zoned for single-family development can help to increase the number of housing units available across Auburn, provide housing types that are not broadly available in the market today, and increase housing affordability. Duplexes and triplexes can help support housing affordability because they can both increase the total supply of housing and because they are typically smaller than new detached single-family units and subsequently less costly to build.

C1) Allow Duplexes and Triplexes in Single-Family Neighborhoods

See development feasibility analysis and massing diagrams beginning on page 35.

Rationale

The current housing supply in Auburn could benefit from increasing housing choices and types that can better meet the wide range of needs of Auburn's residents, including seniors, empty nesters, small families, and young people who find the transition to single-family homeownership out of reach due to student loan debt, underemployment, or high rents that prevent saving for a down payment.

The number of households with these unmet needs is likely to increase as Auburn's demographics change over the next several decades (with more seniors, empty nesters, and people looking to buy homes). Because middle housing units are generally smaller than traditional single-family housing, they are usually more affordable and generally sell for between 80% and 120% AMI. In addition, these housing types can provide lower-barrier homeownership opportunities than more traditional single family housing types.

Currently, Auburn's zoning code allows only single-family units in the R-5 Zone and single-family and duplex units in the R-7 Zone. To encourage the development of middle housing types, Auburn could allow duplexes and triplexes uses in the R-5 and R-7 single dwelling zones.

Alternatively, the City could choose to instead apply the current R-16 Zone in areas where middle housing types would be desired. The current R-16 Zone exists within the code but is not currently mapped anywhere in the City. If Auburn were to choose re-mapping current R-5 and R-7 Zones to allow middle housing through the R-16 Zone, it should also consider increasing density allowances to allow 18 dwelling units per acre which is the density level necessary to support middle housing types evaluated as part of this analysis (see preliminary recommendation C2 below). The City could also choose to allow the R-16 (at 18 dwelling units per acre) within the existing comprehensive plan designations that would allow for a zoning designation change consistent with the comprehensive plan designations.

Considerations

The City should evaluate the trade-offs of allowing duplexes and triplexes by modifying zoning allowances in the R-5 and R-7 Zones or applying the R-16 Zone designation to areas on the zoning map. Allowing middle housing types by right in the R-5 and R-7 Zones would provide a more dispersed and flexible approach of integrating middle housing across both current future residential communities across Auburn.

Allowing middle housing types by redesignating areas of the City with an R-16 Zone could also achieve the desired outcomes of increasing housing options and housing choice through a broader diversity of housing types but would be a more focused and limited approach. This approach would allow the City to more precisely map areas where they would like to see middle housing consistent with other City goals and objectives such as proximity to transit, grocery stores, and other community amenities. However, the City should also consider access to other amenities such as neighborhood schools and neighborhood parks that are more aligned with the lower density scale of middle housing types when evaluating how and where to map the R-16 Zone.

Next Steps

- The City should move forward to allow middle housing types in the study area and other areas of Auburn to meet Auburn's current and future housing needs.
- The City should support zone changes through redesignating areas with the R-16 zone or changes to development standards in the R-5 and R-7 zones as part of the next Comprehensive Plan update.
- The City should update the residential infill development standards to support middle housing in an infill context. For example, maximum density can be 10% greater for infill developments under certain conditions, but this amount is nowhere near the 17.4 units per acre necessary to build middle housing. Additionally, minimum lot area can be reduced by 20% for infill developments under certain conditions, but this is also insufficient to reach 2,500 square feet minimum lot area per dwelling unit needed for duplex and triplex housing types.
- The City should consider a public outreach effort to increase community understanding of compatibility issues, housing types, density, and housing needs and how these housing types can support and advance the Auburn's housing goals in the comprehensive plan.

-
- Explore the implications of middle housing regulatory changes on parking. Even if the cost of providing parking is not an issue for development feasibility, the space dedicated to parking can be. See Preliminary recommendation C4 below.

C2) Increase Density and Reduce Minimum Lot Size Per Unit in R-5 and R-7 Zones

See development feasibility analysis and massing diagrams beginning on page 35.

Rationale

In addition to allowing duplex and triplex uses whether through modifications to existing R-5 and R-7 Zones or through mapping a higher density R-16 Zone, the City of Auburn needs to increase the allowed residential density to 17.4 units per acre in order to realize development of this scale. Although duplexes and triplexes can be built with lower residential density on larger lot sizes, on smaller lots they are likely to reach 17.4 dwelling units per acre on lot sizes (e.g., 5,000 square feet for duplexes and 7,500 square feet for triplexes) that are most prevalent throughout Auburn's current single dwelling zones.

Considerations

If the City chooses to redesignate some R-5 and R-7 Zones to an R-16 Zone, the density allowances in the R-16 Zone would also need to be increased to 17.4 units per acre to allow the development of duplexes and triplexes on smaller lot sizes. Effectively, the City would need to create an R-18 Zone that permits duplexes and triplexes.

These recommended changes are beyond the flexibility offered by the residential infill development standards. For example, maximum density can be 10% greater for infill developments under certain conditions, but this amount is nowhere near the 17.4 dwelling units per acre needed. Additionally, minimum lot area can be reduced by 20% for infill developments under certain conditions, but this is also insufficient to reach 2,500 square feet per dwelling needed for duplex and triplex housing types.

These regulatory changes alone, however, will not immediately result in the production of duplex and triplex housing types because they are currently feasible only on vacant lots. The regulatory changes could make duplex and triplex developments more valuable than single-family developments for owners of vacant lots, but they will not be valuable enough to support the broad conversion or redevelopment of existing single-family housing into duplexes or triplexes within current market conditions.

Next Steps

- Auburn should integrate middle housing options in its next Comprehensive Plan and Code Amendment process to increase the supply of less expensive housing, increase home ownership opportunities, and provide housing options that can better meet the range of current and future household needs across the City. This will require additional traffic and utility analysis to determine the impact on the public infrastructure needed to support the additional development and to determine feasibility of expanding the infrastructure to meet the demand.
- The City should explore the tradeoffs associated with the approach of broadening housing type allowances in the R-5 and R-7 zones versus redesignating areas of the City with the R-16 (or future R-18) zoning designation. The City should work with community stakeholders and governing bodies to evaluate the preferred path forward as part of the forthcoming Comprehensive Plan update process.
- The City will also need to update its residential infill development standards to accommodate middle housing in an infill context. The current infill development standards are not designed in way to support smaller scale, medium-density infill of middle housing types on smaller parcel sizes in the single dwelling zones.
- If the City chose to pursue modifying development standards in the R-5 and R-7 Zones, it will also need to modify the Land Use Element (Volume 1) of the City's Comprehensive Plan that limits

residential densities in these single dwelling zones. The Transportation and the Utility Elements of the Comprehensive plans will also need to be evaluated.

C3) Revise Rear Yard Setbacks to Accommodate Triplexes in R-7 Zones

See development feasibility analysis and massing diagrams beginning on page 35.

Rationale

The City's zoning development standards currently require a rear setback of 20 feet in "all zones for structures with vehicular entrances oriented toward the street or a public alley" (Auburn City Code 18.07.030). On a typical 150-foot by 50-foot lot, this requirement limits the buildable area for triplexes (not duplexes) when accommodating two parking stalls per unit, because the structure of one unit would need to extend into the rear setback area. The current standards limit the configuration of triplex developments to have separate parking stalls outside the structure. To create more flexible options and more efficient site design and development without reducing the parking requirement, the rear setback from triplex structures should be reduced, to 10 feet, for example. This is especially important for these housing types to be built with alley-loaded parking access when alleys are present, and the conditions of the alleys supports vehicle access and parking at the rear or a site.

Relatedly, the current infill residential development standards require building orientation on infill lots to "match the predominant orientation of the other buildings along the block face" (Auburn City Code 18.25.040). This requirement would limit triplex infill developments that are designed to not face the street (see Figure 26).

Considerations

When allowing middle housing types (duplexes and triplexes) on smaller parcels in single dwelling areas, there are site constraints that present tradeoffs between setback requirements and parking requirements. Given the prevalence of alley access in the middle housing study area which adds to additional buffers between adjacent properties, reducing rear setback requirements to allow triplexes to meet current parking requirements is likely to generate less off-site impacts to the adjacent property owners than reducing parking requirements.

Next Steps

- When updating development standards as part of the code amendment process, the City should explore modifying rear setback requirements, such as reducing the rear setback to 10 feet, when triplex developments are meeting existing parking requirements.

C4) Reduce Parking Requirements in R-5 and R-7 Zones

See development feasibility analysis and massing diagrams beginning on page 35.

Rationale

Although the current parking requirements can be accommodated, they create a tradeoff between parking, open space, and the footprint of duplexes and triplexes.

While developers could theoretically fit the required 2.0 stalls per unit on a typical lot, this creates a tradeoff between on-site open space (such as a shared yard or patio) or, as mentioned in preliminary recommendation C2, a larger home footprint. Parking can consume about 700 square feet per unit. In perspective, the average U.S bedroom is 132 square feet.

Considerations

Due to the small site sizes in single dwelling zones to accommodate middle housing types, there are tradeoffs between development standards such as impervious coverage, open space, setbacks, and parking that are interrelated and effect the production of middle housing at the site-level. Additionally, private sector developers are likely to make decisions related to these tradeoffs about how housing can best meet demand for housing as preferences change over time. An approach to development standards that allows flexibility between parking, setbacks, and open space is likely to produce housing types that better meet the diverse needs of households in Auburn.

Next Steps

- The City should consider mitigating for conflicting development standards that create physical constraints on small sites where middle housing development is likely to occur during the Comprehensive Plan update and code amendment processes.

C5) Consider Minimum Site Size Requirements Relative to Homeownership Goals in R-5 and R-7 Zones

Rationale

The City of Auburn should also consider the tradeoffs inherent in minimum lot size requirements and its goals of promoting homeownership. Modifying minimum site sizes to support land-divisions that would result in more ownership could be considered as a strategy to support increasing homeownership opportunities.

Considerations

Both builders and prospective home buyers prefer fee-simple ownership over condo ownership. Allowing more fee-simple homeownership opportunities on smaller lots would help expand homeownership access for more residents.

The required minimum lot size per unit, which is inversely related to residential density, will need to be reduced to 2,500 square feet to accommodate these housing types. The currently required minimum lot size per unit (4,500 square feet in R-5 and 4,300 square feet in R-7) effectively limits residential density to about 10 units per acre which may not achieve desired affordability. For reference, the minimum lot size per unit in higher density zones (i.e., R-10, and R-16) is 2,000 square feet.

Next Steps

- When updating development standards as part of the code amendment process, the City should explore reducing minimum lot size requirements to 2,500 square feet per unit to support middle housing development and create more homeownership opportunities through attached side-by-side duplexes and triplexes.

C6) Evaluate Site Development Standards and Infrastructure Requirements to Support Middle Housing Development

Rationale

While the other preliminary recommendations in this section are focused on zoning code standards to support middle housing development, there are other City codes and administrative requirements that can barriers to development feasibility for these housing types. These other standards and requirements could include things such as civil site development requirements, street frontage improvement standards, access requirements, and utility infrastructure standards. The costs of complying with these standards and requirements can render development of this housing type unfeasible.

Considerations

Current development standards and requirements have been developed and implemented to serve the needs of Auburn's residents and businesses. Additionally, many site development standards and infrastructure requirements can be a function of increasing standards over time and an orientation to operation and maintenance costs. An evaluation of modifications to site development standards should be undertaken to assess the effect on development costs and coordinated with achieving city housing goals. Also, the evaluation should consider recognized engineering standards in coordination with the City Engineer and the context of the Washington State Building Code in coordination with the Building Official.

Next Steps

- Site development standards and infrastructure requirements should be revisited by the Community and Public Works Departments in the context of supporting a wider range of housing types across Auburn in both vacant and infill development contexts.
- The City should coordinate with local building professionals, home builders, architects, and engineers to identify opportunities to simplify these standards and requirements to support middle housing types in Auburn.

D) Prevent Displacement and Encourage the Preservation of Existing Affordable Housing

While increasing the City’s overall housing stock and its stock of affordable housing is important, it is also critical to preserve the housing stock that exists because it does not consume new resources and so that households are not displaced and forced to move when redevelopment occurs. These efforts can focus on preserving naturally occurring affordable housing (unregulated but affordable) or preserving regulated affordable housing at risk of regulations expiring and no longer remaining affordable. In addition, tenant supports and resources for landlords are essential to ensuring that tenants are educated about their rights and that landlords can properly maintain their properties.

Landlord and Tenant Supports

The City of Auburn has numerous policies and programs already in place to support existing landlords and tenants as it relates to displacement pressures. The Community Development and Community Services websites offer a wealth of information on resources, community-based services, and landlord-tenant information. Information is available in several languages, and there are numerous links to partner agencies and community organizations.

A new city ordinance (Ordinance No. 6786) was passed in the wake of the COVID-19 crisis and the economic recession’s effects on low-income renters.²² The City is aware of the need to carefully balance renter relief and support programs with additional programs and resources focused on supporting landlords who still have mortgages, taxes, and maintenance to pay for, even if tenants lose income to pay for rent.

Existing Tenant Supports:

- Tenant’s rights and education resources
- City funding to support multiple legal assistance agencies focusing on tenants
- Just cause eviction policies
- 120-day notice for rent increases for tenants on month-to-month leases or on annual increases in excess of 5%
- Requirement for landlords to give “Notice of Intent to Sell” an existing property with low-income units
- Requirement for landlords to give “Notice of Resources” when serving other notices to tenants (under RCW 59.12.030)

Existing Landlord Supports:

- Landlord education resources
- Clearly established and documented rental notice requirements
- Clearly established and documented tenant responsibilities
- Clearly established and documented maintenance standards

D1) Monitor and Track Unregulated Affordable Housing

Rationale

The City of Auburn should build on the data collected through its rental housing licensing and inspection program to develop a more robust understanding of the rental properties in the City. A good starting point would be to expand the basic information gathered from landlords through the annual licensing

²² Ordinance text can be found here: <https://weblink.auburnwa.gov/External/0/doc/394573/Page1.aspx>

process, then merge this information with code violations and inspection results and ask for rent amounts and rent increases each year.

Considerations

Examples of basic data points that could be collected to track and monitor unregulated affordable housing include:

- Property address
- Property size (number of units)
- Year built
- Contact information for the landlord
- Management company (if applicable)

The data points listed below are examples of expanded data that could be collected depending on the City's desire to increase staffing and funding resources for this purpose. Ideally, this data would also be gathered from the rental licensing and inspection program, but some of it might come from the King County Assessor's database, or from other city departments (like code compliance or permitting applications). Code violations or complaints

- Permit data (to monitor major remodels or renovations)
- Rents & rent changes
- Changes to management companies (if applicable)

Tracking and monitoring this type of data in a comprehensive database can require significant staff time and resources, so the effort should be scaled to resource availability.

Next Steps

- The City could consider expanding the types of data collected from landlords through the existing rental licensing program. Regular, updated access to this type of data would allow the City to actively monitor the rents and affordability levels of rental housing as well as have readily available contact information for landlords when the need arises.
- Once the City has a robust database that allows it to monitor low-cost market rentals, the City could build a framework to track and understand which properties might be primed for sale and redevelopment. The "Notice of Intent to Sell" policy can help to mitigate some of this risk by providing advanced notice of an intent to sell, but 60 days does not provide a huge window of time without additional data on hand.

D2) Create Programs and Policies to Preserve Naturally Occurring Affordable Housing

Rationale

Because regulated affordable housing is so difficult and costly to build, the majority of low-income households live in unregulated affordable housing, often called 'naturally occurring affordable housing.' However, because these housing units are not regulated by a government or community-based lender and subject to inspections and subsidies to maintain the properties, they can fall into disrepair. This is especially common if the rents are well below market and the property has deferred maintenance.

Deferred maintenance can put a property at risk of being sold for redevelopment because the current property owner may not have the capital or the interest in undergoing major renovations. A new owner, financing the property acquisition and rehabilitation with debt, will need to increase rents to pay for the debt and repairs, putting the existing tenants at risk of displacement.

A variety of programs and policies can help unregulated property owners and smaller landlords maintain and repair their properties. Proper ongoing maintenance and capital repairs can help keep deferred maintenance at bay and ensure that existing low-income tenants have safe and stable housing.

Considerations

These programs and policies, as well as partnerships in the community and region, can help to preserve this important stock of low-cost unregulated multifamily rentals.

- The City should enhance its existing partnerships with mission-oriented acquisition funds like the [Regional Equitable Development Initiative \(REDI\) Fund](#) or Sound Transit’s Transit-Oriented Development [Revolving Loan Fund](#). These funds stand ready to deploy capital aimed at acquiring and rehabilitating low-cost market rentals in exchange for affordability restrictions.
- Work with the King County Housing Authority or South King Housing and Homelessness Partners (SKHHP) to establish a pilot program that would offer low-cost loans for property owners to rehabilitate their units in exchange for guaranteeing tenants the ability to return and guaranteeing affordability restrictions. Because the City of Auburn does not have a housing agency or housing bureau that is already set up to monitor compliance and lend funds, except for its shared participation in the SKHHP, the best course of action is to partner with an agency that already has these programs and policies in place.

The City of Auburn’s “Notice of Intent to Sell” is a great example of a policy that can help prevent displacement.

This policy requires landlords of low-income multifamily rental properties (with 5+ units and at least 1 unit renting below 80% AMI) to notify the City at least 60 days prior to listing the property for sale.

This advanced notice gives the City some time to try to arrange a mission-oriented buyer or work with the landlord to maintain affordability.

See [Auburn Municipal Code 5.23.060](#) for more information.

Common Red Flags for Redevelopment Risk

- Small property size (e.g., fewer than 10 units)
- Low assessed value
- Low rents and or lack of rent increases in recent years
- High sales price or high land price
- Presence of redevelopment nearby
- Near amenities or transit
- Presence of deferred maintenance or capital repairs (blight, numerous code violations, or numerous complaints)
- Non-institutional landlord, and or aging landlord
- Nearby properties under common ownership
- Nearby properties are rentals and meet numerous other conditions
- Nearby (re)development or city-led planning efforts to spur housing or economic development

Next Steps

- The City should coordinate with the SKHHP and other regional housing organizations to participate in existing programs while also working with other cities through South King County to develop new programs that can advance housing affordability across the sub-region.
- Building on the data collected in Preliminary recommendation D1, the City could monitor this data and general market data for warning signs of redevelopment risk.
- The City should continue to build strong relationships with property owners and managers of small multifamily buildings that could be at risk, particularly when there are other development projects or planning efforts happening nearby.

-
- The City should also continue to enhance its partnerships and relationships with mission-oriented funders, lenders, and housing providers. Having an awareness of which properties might be at risk of redevelopment coupled with strong relationships with service and housing providers, will enable the city to act quickly when it receives a “notice of intent to sell” to ensure existing tenants are protected.

D3) Monitor and Track Regulated Affordable Housing

Rationale

Most regulated affordable housing properties receive funding that comes with a requirement to rent some or all the units at a certain income level, for a certain amount of time. The length of these affordability restrictions varies by program, funding type, and property.

However, when affordability restrictions do end, these properties can be at risk of moving to market-rate housing, thereby becoming unaffordable to the existing tenants. This risk is particularly high if properties are owned by private, for-profit companies (nonprofit affordable housing owners and operators will typically work to keep the rents affordable).

While Auburn’s “Notice of Intent to Sell” policy can help to mitigate this by providing advanced notice, regulated affordable property owners have numerous regulatory “hoops” to jump through to recapitalize and extend restrictions. Often these properties have meaningful capital repairs that need to be addressed when restrictions are renewed.

By monitoring regulated affordable housing properties that are nearing their affordability expiration dates, the City can be a strong partner and advocate, working with the property owners to help secure needed funding and avoid the property returning to market rate at the end of the period, the Low-Income Housing Tax Credit program has a 15-year affordability period).

Considerations

Newly constructed affordable housing developments will not likely see their affordability restrictions end for some time, but older properties should be monitored.

The City should consider establishing a database along with a solid understanding of the affordability terms associated with different funding programs (e.g., the MFTE program has a 12-year affordability period, the Low-Income Housing Tax Credit program has a 15-year affordability period).

Next Steps

- The City should coordinate with PSRC and King County regional and county-wide affordable housing tracking and monitoring efforts to ensure that city-level affordable housing data is accurate and includes relevant information.
- The city should ensure that it has strong, ongoing relationships with, and proper contact information for, all the mission-driven developers and affordable housing property owner-operators in the City.
- The City should work with these housing providers to ensure data sharing is possible, consider setting up a reporting agreement with reporting information and deadlines to create a database that monitors upcoming expirations.
- The City should gain familiarity with the various funding sources that are available to support recapitalization and rehabilitation including the Low-Income Housing Tax Credit, HUD Funding (such as CDBG or HOME funds), funding opportunities through the Washington State Housing Finance Commission, and funding programs through the Washington State Department of Commerce.

D4) Provide Support for Mobile Home Park Preservation

Manufactured home parks can face incredible displacement and redevelopment pressure if they are located on valuable land with close proximity to strong housing markets, regional employment centers, and amenities. Preservation can be a highly effective model for preventing mobile home parks from being purchased and redeveloped. The City should explore ways to provide more support for low-income residents of mobile home parks.

Considerations

Any guidelines developed surrounding mobile home park preservation should also provide clear criteria around housing quality, environmental health and life safety standards, and shared utility billing practices.

The City currently regulates mobile home parks through the RHMP zone that already includes a preservation strategy by requiring any conversions or redevelopment to go through a rezone process. The City also regulates mobile home park closures and requires relocations plans and relocation assistance through Chapter 14.20 (Mobile Home Park Closures) of the City Code. These local regulations along with State of Washington financial assistance provisions of RCW 59.21.005 represent current best practice of manufactured home preservation strategies from a regulatory perspective.

- The City could consider establishing procedures or guidelines to support non-profit housing providers that might be interested in acquiring and managing manufactured home parks to preserve the lowest cost naturally occurring affordable housing that exists in communities throughout the region.
- The City could also explore opportunities to collaborate with government and non-profit partners to fund the repair, maintenance, or rehabilitation of units in manufactured home parks and the private utility infrastructure within them as this is the source of a significant cost burden on tenants.

D5) Identify Opportunities to Increase Homeownership

Rationale

One way to mitigate for the risk of displacement caused by changing market conditions is through programs aimed at increasing homeownership opportunities. This is particularly important for renters, low-income households, households of color (who have historically lower homeownership rates than white households), as well as immigrants and refugees.

Compared to renters, homeowners are largely shielded from displacement pressures because they have fixed mortgage payments. Unlike rents that can rise without warning or increase annually with a lease renewal, mortgage payments cannot change without warning. While property taxes do change each year, they are a small portion of overall homeownership housing costs. In addition, because lenders size a mortgage to a buyer's income and ability to pay, homeowners are less susceptible to cost burdening and housing insecurity, absent a sudden change in income.

Considerations

Because of these benefits, and because homeownership offers the benefit of wealth generation through equity in a real asset, encouraging homeownership is one of the best ways to prevent displacement. The most impactful way to improve homeownership opportunities is likely through a down payment assistance program. However, this requires meaningful funding resources and careful calibration to ensure tenant success.

Example Programs Requiring Funding

- Down payment assistance programs
- Expand existing homeownership weatherization and rehabilitation grants
- Energy assistance grants

Many other programs do not require meaningful funding to be successful. The City should look to the community-based partners already working in these areas and build strong lines of communication as to how it can help.

Example Programs Not Requiring Funding

- Donate city facilities for in-person meetings (when safe and appropriate) or staff time to advancing one of these programs
- Host homebuyer education (classes educating renters on the homebuying process)
- Foreclosure education assistance and counseling
- Donate excess land for affordable homeownership within legal requirements

Next Steps

- Auburn should work with SKHHP and regional partners to collaborate with the Washington State Housing Finance Commission to develop area-specific down payment assistance funding and programs for South King County in the same way that is done with A Regional Coalition for Housing (ARCH) in East King County, in Pierce County, and in Tacoma.
- City staff could also work with community organizations, landlords, and housing providers to encourage referrals to homebuyer education programs sponsored by the Washington State Housing Finance Commission and the Washington Homeownership Resource Center.

Preliminary Recommendations and Alignment with the Comprehensive Plan

This HAP identifies 18 preliminary recommendations that can help the City of Auburn potentially address the current and future housing needs that are expected to emerge over the next few decades, as described Part 2 (see the Summary of Housing Needs beginning on page 11).

As required by the Washington State Growth Management Act, a jurisdiction's Housing Element must include adequate provisions for existing and projected housing needs of all the economic segments of the community.²³ As such, the City of *Auburn Comprehensive Plan* (referred to as *Imagine Auburn*, amended in 2015, first adopted in 1986) meets the regional responsibilities to manage urban growth and the corresponding residential development needed for current and future residents.²⁴ Among the eight primary Comprehensive Plan elements, the Housing Element (Volume 2) is most relevant to the HAP strategies and the Land Use Element (Volume 1) includes a few applicable areas. This section reviews how these two Comprehensive Plan elements compare to the HAP and assesses whether updates would be needed.

As acknowledged elsewhere in this plan, certain preliminary recommendations such as increasing density may also require review and modification of the Transportation (Volume 5) or Capital Facilities (Utility) (Volume 3) Comprehensive Plan Elements to determine the feasibility of serving higher densities.

²³ Washington State Growth Management Act, RCW 36.70A.070(2)

²⁴ The Auburn Comprehensive Plan should be updated every eight years, by around 2024, as outlined in the periodic update schedule, mandated by the Growth Management Act. The currently adopted Comprehensive Plan includes a 20-year planning horizon from 2015 to 2035; however, the next update is expected to include an updated 20-year planning horizon.

The preliminary recommendations in this HAP are supportive and largely consistent with Auburn’s Housing Element. In fact, many of the HAP preliminary recommendations provide direct support to advancing numerous Housing Element policies. For example, there are preliminary recommendations in the HAP that promote:

- Workforce housing development (Comprehensive Plan policy H-4),
- More housing development in Downtown Auburn (policies H-5 and H-13),
- Increased housing variety (policy H-10),
- Increased home ownership opportunities and education (policies H-11, H-39, and H-40),
- Conservation and repairs of existing housing (policies H-18 to H-21, LU-3, and LU-25), and
- Affordable housing development meeting community needs (policies H-23, and H-24).

Many of the HAP preliminary recommendations on development standard and regulatory amendments aim to promote greater flexibility and minimize costs to build housing which directly promotes policy H-27. Other key HAP regulatory suggestions help to further execute policy H-29, calling for exploration of density bonuses, parking reductions, and fee reductions.

Implementing a few of the HAP preliminary recommendations could involve possible policy and Code amendments and Comprehensive Plan updates. These are a few areas to consider during the next Comprehensive Plan update process. The plan updates discussed here, primarily focus on amending existing policies to encompass emerging topics and recalibrate the direction towards better meeting housing needs.

- The HAP includes a few preliminary recommendations to explore fee waivers for targeted development types in Downtown Auburn (A4) and policies to lower the cost of affordable housing development (B1). These actions are worded generally, calling for a process of further evaluation of different policy options. Consequently, during the process of developing policies associated with fees, LU-5 policy should be considered as to whether minor modifications would be needed or could be avoided.
 - *LU-5: New residential development should contribute to the creation, enhancement, and improvement of the transportation system, health and human services, emergency services, school system, and park system. This may be accomplished through the development of level-of-service standards, mitigation fees, impact fees, or construction contributions.*
- HAP preliminary recommendations (C1 – C5) encouraging middle housing options in the R-5 and R-7 Zones largely involve land use, development standards (such as setback and minimum lot size standards), development densities, and parking requirement amendments in the City of Auburn Code traffic and utility analysis and coordination with the design standards within the public Right-of-way. In addition, a few areas with the Comprehensive Plan may need to be addressed including updating the transportation and utility elements. These HAP actions support the provision of a variety of housing typologies to suit the needs of various potential residents (LU-17) but implementing density increases in the R-5 and R-7 Zones (HAP preliminary recommendation C2), would require amendments to Land Use, Transportation and Utility Elements Comprehensive Plan language (on page 4) describing the allowable residential housing density for the R-5 and R-7 zones and the related infrastructure..
 - *R-5 Residential Zone (Five Dwelling Units Per Acre): All properties not located within the Urban Separator Overlay may be zoned R-5.*
 - *R-7 Residential Zone (Seven Dwelling Units Per Acre): All properties not located within the Urban Separator Overlay may be zoned R-7.*
- HAP preliminary recommendations (A1 – A3), supporting market rate development in Downtown Auburn, chiefly call for parking requirement reductions, increased maximum residential Floor Area Ratio limits in the DUC Zone, and lot aggregation which would likely necessitate amendments to the City of Auburn Code. Similarly, preliminary recommendation B3, supporting affordable

housing development in Downtown Auburn, by reducing parking requirements for micro housing units, likely would involve amendments to the City of Auburn Code.

Additionally, a few areas within the Land Use Element of Auburn's Comprehensive Plan might need to be modified (LU-39, shown below) to support the implementation of HAP preliminary recommendations A2 and A3. In addition to allowing additional height or density in exchange for supplemental amenities identified in this policy, the City should explicitly identify affordable housing and mixed-income development as eligible uses for increases in height, density, or intensity. This might also necessitate analysis within the Transportation and Utility Elements of the Comprehensive Plan and review of the public right-of-way standards.

- *LU-39: Deviations of height, density or intensity limitations should be allowed when supplemental amenities are incorporated into site and building design. Examples of amenities include use of low-impact development, use of sustainable site and building techniques, public space and art, transit-oriented development, landscaping and lighting, and bike shelters.*
- To address policy LU-43, safeguards should be evaluated and considered to mitigate for parking impacts on commercial development associated with HAP preliminary recommendations A1 and B3, involving changes to the parking requirements for certain targeted types of residential development.
 - *LU-43: Parking standards within the downtown should reflect the pedestrian orientation of the area, but also consider parking's impact for economic development and quality of life.*
- The HAP also includes an objective regarding preventing displacement and encouraging the preservation of affordable housing. This objective is similar to the Comprehensive Plan goal and corresponding policies aiming to improve the quality and maintenance of the housing stock to help preserve affordable housing. However, this goal and the associated policies do not explicitly address the need to minimize displacement impacts. Consequently, this Comprehensive Plan goal could be updated to better encompass this emerging topic. A new aspect of PSRC's *VISION 2050* plan (adopted in 2020) is the recognition of displacement risk (cultural, economic, and physical) and the need for jurisdictions to mitigate and minimize displacement.

Implementation Steps

In the coming years, implementing this HAP will require the City to balance and coordinate its pursuit of actions, funding, and partnerships with its other policy and programmatic priorities. This section outlines an implementation process that will improve success with advancing this Plan's preliminary recommendations.

Develop and Assign Work Programs

The 18 preliminary recommendations in this HAP will require varying levels of effort for the City to implement. Each preliminary recommendation will require different levels of staff time and resources and will achieve different objectives with different levels of overall benefit. The relative costs of an option should be carefully evaluated against the overall benefit to the intent of this plan.

Each of these preliminary recommendations lie within the City of Auburn's control, but work will span departments and involve meaningful contributions from stakeholders such as City Council, Planning Commission, residents, homeowners, neighborhood associations, advocates, developers (both affordable and market rate), and many others. Additionally, some of the actions in the HAP are intended to support enhanced coordination with government agency and non-profit partners.

While implementation will take several years, one of the first steps will be to develop a work program and assign tasks. The City will need to assess the varying levels of effort and potential benefit, allocate funding and additional resources, and examine technological solutions to develop work programs that can help complete the needed analysis and initiate important conversations with these stakeholders.

Prioritize Code Changes and Preliminary Recommendations that Work Through the Housing Element

As described in the table below, the City should prioritize the preliminary recommendations that can be achieved through zoning code changes once their impacts on infrastructure needs are evaluated and understood to avoid unintended consequences. preliminary recommendation Given that general funds are and will likely remain limited in the coming years due to the effects of the COVID-19 economic recession, prioritizing changes through the code can help to support housing development, generate economic activity, and promote community stability.

In addition, the City should understand which preliminary recommendations may not all be implemented via the next update of the City’s Comprehensive Plan. These actions can be prioritized so the City is ready and prepared when the Housing Element update process begins (many of the changes will require some lead time to coordinate among departments and then to connect with the community, Planning Commission, and City Council).

Programmatic preliminary recommendations that require new assets (staff, funding, or technological solutions) should be given a lower priority given limitations on resources. However, as these preliminary recommendations can also have longer lead times, the City could prioritize actions for longer term implementation and impact, should resources become available.

Figure 32 provides an overview of each of the 18 preliminary recommendations highlighted in this HAP. Each preliminary recommendation is aligned with its geography (Study Area or Citywide), is suggested as a near-term or long-term action, and has an initial assessment of its relative impact on the City’s staff and fiscal resources. In addition, icons are used to denote the type of preliminary recommendation, which influences its implementation (see Figure 32).

Figure 31. Icons used to denote Preliminary Recommendation Types






















Icon	Preliminary Recommendation Type
	Preliminary recommendation calls for a zoning or Comprehensive Plan change. Preliminary recommendation can be implemented through the Zoning Code and/or through Comprehensive Plan update and code amendment processes.
	Preliminary recommendation calls for a new program. Implementation will require staff and or resources to support new or expanded program operations.
	Preliminary recommendation calls for increased partnerships and collaboration. Implementation will focus on enhancing relationships and securing partnerships.

Figure 32. Summary of Recommended Actions and Implementation Considerations

Objective	#	Recommended Action	Preliminary Recommendation Type	Sub-Area of Citywide?	Near-term or Long-Term	Impact to City Resources
Encourage Market Rate Development Downtown	A1	Reduce Parking Requirements to Support Development in Downtown Auburn		Downtown	Long-Term	Moderate staff time
	A2	Offer a Density Bonus to Support Denser Development and Mixed-Income Housing		Downtown	Near-Term	Moderate staff time
	A3	Promote Lot Aggregation in Downtown Auburn		Downtown	Near-Term	Moderate staff time
	A4	Explore Fee Waivers for Targeted Development Types in Downtown Auburn		Downtown	Long-Term	Potential for negative fiscal impact
Encourage Affordable Housing Downtown	B1	Create Policies to Lower the Cost of Affordable Housing Development		Citywide	Near-Term	Moderate staff time and potential lost revenue from permitting
	B2	Consider a Voluntary Inclusionary Housing Program Paired with a Density Bonus		Downtown	Long-Term	Moderate staff time to create and manage a program
	B3	Reduce Parking Requirements for Micro Units		Downtown	Long-Term	Moderate staff time
Encourage Middle Housing Options in R-5 and R-7 Zones	C1	Allow Duplexes and Triplexes in Single-Family Neighborhoods		Middle Housing Study Area and Citywide as Appropriate	Near-Term	Moderate staff time
	C2	Increase Density and Reduce Minimum Lot Size Per Unit in R-5 and R-7 Zones		Middle Housing Study Area and Citywide as Appropriate	Near-Term	Moderate staff time

Objective	#	Recommended Action	Preliminary Recommendation Type	Sub-Area of Citywide?	Near-term or Long-Term	Impact to City Resources
Encourage Middle Housing Options in R-5 and R-7 Zones	C3	Revise Rear Yard Setbacks to Accommodate Triplexes in R-7 Zones		Middle Housing Study Area and Citywide as Appropriate	Near-Term	Moderate staff time
	C4	Reduce Parking Requirements in R-5 and R-7 Zones		Middle Housing Study Area and Citywide as Appropriate	Near-Term	Moderate staff time
	C5	Consider Minimum Site Size Requirements Relative to Homeownership Goals in R-5 and R-7 Zones		Middle Housing Study Area and Citywide as Appropriate	Near-Term	Moderate staff time
	C6	Evaluate Site Development Standards and Infrastructure Requirements to Support Middle Housing Development		Middle Housing Study Area and Citywide as Appropriate	Long-Term	Moderate staff time
Prevent Displacement and Encourage the Preservation of Existing Affordable Housing	D1	Monitor and Track Unregulated Affordable Housing		Citywide	Near-Term	Meaningful staff time to establish and track data
	D2	Create Programs and Policies to Preserve Naturally Occurring Affordable Housing		Citywide	Long-Term	Meaningful staff time to create and manage a program
	D3	Monitor and Track Regulated Affordable Housing		Citywide	Long-Term	Meaningful staff time to establish and track data
	D4	Provide Support for Mobile Home Park Preservation		Citywide	Near-Term	Meaningful staff time to establish and track data
	D5	Identify Opportunities to Increase Homeownership		Citywide	Near-Term	Moderate staff time and potential program funding

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