



City Of Kenmore, Washington

Memorandum

Date: January 26, 2023

To: Rob Karlinsey, City Manager

From: Debbie Bent, Community Development Director
Stephanie Lucash, Deputy City Manager

Regarding: Waiving Impact Fees for Affordable Housing Development

The Kenmore City Council's 2023-2024 #2 priority is to increase and preserve the options for affordable housing stock. The Puget Sound region is facing a profound housing crisis; in particular there is a need for affordable housing for individuals and families at our region's lowest income levels. To provide housing for individuals and families making 50% or less of King County Area Median Income (AMI), a government or other subsidy is typically required. Affordable housing projects require partnerships between public funders (cities, counties and other public entities like A Regional Coalition for Housing), affordable housing groups and developers, and other experts including architects and construction companies experienced in this type of development. The projects are typically funded with a combination of federal, state, and local dollars.

At the same time, cities are being asked to do their part and to commit to building more affordable units by the year 2040. These mandates to build more affordable units have come without a proportional increase in state funding for those units. Washington State Governor Jay Inslee is proposing a referendum later this year that, if passed by the Legislature and by Washington voters, would increase the amount of funding available for affordable housing in the future. Kenmore welcomes news of the possibility of increased funding to help build more units and address the housing gap.

Given all of the above, our region's affordable housing crisis will require new approaches and a commitment from cities, counties, and even school districts to do their part to increase housing stock. We see a direct correlation between affordable housing and student outcomes. Students and families who have stable housing are better prepared to learn and to succeed inside and outside the classroom.

The proposed Plymouth Housing Project located at a city-owned site in Kenmore will include the new construction of 100 affordable housing units for seniors, veterans, individuals with disabilities and individuals who were formerly homeless earning up to 30% AMI. One part of helping development costs "pencil" was the commitment by both the City and Northshore School District (NSD) to exempt the project from

impact fees. Using 2023 impact fees (see table on below), this was a project cost savings of \$1,281,784.

2023 Impact Fees

Impact fee	Traffic	Park	School	Total
Single-Family	\$11,773.39	\$4,522.09	\$17,963	\$34,258.48
Apartment	\$8,724.16	\$3,468.68	\$2,625	\$12,817.84
Condo (includes townhomes)	\$7,317.04	\$3,468.68	\$2,625	\$13,410.72
Mobile home	\$7,868.67	\$2,260.46	\$17,963	\$28,092.13

The purpose of impact fees is to ensure that new growth and development pays a proportionate share of the cost of new facilities (parks, transportation, schools) needed to serve that new growth. However, there is recognition in both the Revised Code of Washington and the Kenmore Municipal Code that exemptions for low-income housing may be granted.

The Kenmore Municipal Code (KMC 20.47.040) for exemptions to impact fees states that, pursuant to the Revised Code of Washington RCW 82.02.060 the *council* may provide exemptions for *low-income housing* and other development activities with broad public purposes. Exemptions for school *impact fees* under this subsection shall be approved by the Northshore School District.

The City currently exempts all transportation and parks impact fees for affordable housing projects in Kenmore.

The City would like to open a discussion with NSD for a commitment to join the City and show a similar commitment to affordable housing in Kenmore by providing exemptions from school impact fees for all types of low-income housing projects. Low-income housing in the Kenmore Municipal Code chapter for impact fees (KMC 20.47) is defined as housing with a monthly housing expense that is no greater than 30 percent of 80 percent of the median family income adjusted for family size in King County. The City believes we are in this together and that we share common goals to provide stable housing for all Northshore School District students and their families. A school impact fee exemption would go a long way toward ensuring more affordable housing projects are built in Kenmore over the next decade and beyond.