



## HOUSING FOR RESIDENTS WITH LOWER INCOMES

To ensure inclusivity and equity, as growth occurs, Mountlake Terrace could support the development of affordable housing options for lower-moderate income households. The most effective fall into four categories:

- 1) incentives to enhance the feasibility of private investment,
- 2) actions that make sites available for development,
- 3) incentives that leverage other funds, grants, and subsidies, and
- 4) mandatory provisions such as inclusionary zoning.

The first two categories, which are described as market rate incentives, can be effective at spurring affordable options for lower income households because they could be used by the Housing Authority of Snohomish County or non-profit housing providers as well as by private developers. In conjunction with the County, the City makes use of category three incentives, such as CDBG funding and HUD Section 108 Loans.

Mandatory provisions, such as inclusionary zoning which requires a portion of new units be offered at specified prices or rental rates, may be difficult to implement at this time. These should be applied carefully. If the development economics are marginal, any requirement for below-market rental housing will deter any housing investment. Inclusionary zoning becomes more workable when there is a very high demand for new housing, as is the case in Seattle.

## HOUSING DIVERSITY

An overarching goal is for Town Center to provide a diversity of housing options for people with a full range of incomes and needs. While there is some overlap, many of the development incentives that encourage market rate housing (generally affordable for people who make around median income or higher) differ from those that provide housing for people with lower incomes (below 80% of median). For example, HUD housing subsidies are generally available to households that make below 80% of median income. NOTE: Could there also be incentives that support housing and services to help people who are experiencing homelessness transition into housing?

## STREET/SIDEWALK IMPROVEMENTS

Street and sidewalk improvements not only contribute to better multi-modal circulation and Town Center's identity, they are a proven method to enhance business activity and quality development. In this sense, they are a redevelopment incentive in themselves. Well planned and executed street improvements can increase business activity.

Development incentives for capital improvements such as streets and sidewalks primarily relate to funding and include: capital facilities planning; and funding from Local Improvement Districts (LID), Transportation Benefit Districts (TBD), Parking and Business Improvement Areas (PBIA), the Community Economic Revitalization Board (CERB), and the Community Development Block Grant (CDBG) program. All of these funding opportunities are currently available to the City except for a LID. CDBG funds may become less available for non site-specific improvements as Town Center's income status changes. The City's TBD is one source of funds for the street improvements.

Given the current lack of large and comprehensive public funding programs, most street improvements are funded by combining funds from several funding sources. It may be that street improvements accomplished as part of new private development can be leveraged to provide more substantial changes using additional funding from other sources. While paying for all street improvements is hardly a development incentive, if developer contributions can be augmented so that the street improvement costs are shared, then the developer enjoys a much-improved street setting at a reduced cost. Additionally, there are some streets, e.g., proposed 57<sup>th</sup> Avenue West extension, where unique and customized street improvements could suit the development more than the existing configuration. The City should work with development proposers to identify funding methods and streetscape designs that meet the Town Center vision and public/private interests.

## **BUSINESS ASSISTANCE**

A successful Town Center depends on strong retail and commercial service businesses; otherwise, a city has no center, no heart. The most important support activities for Town Center businesses are those that can provide business owners with the resources they need to start, upgrade, and promote their businesses; support access to the businesses (e.g., parking); and encourage collaboration between business owners. The City and its development community partners could offer or facilitate the incentives listed in the chart above, and potential loans or grants for façade improvements, structural assessment, and fire sprinklers for older buildings.

### **Establish Town Center as an urban infill exemption area for SEPA.**

The State Environmental Policy Act (SEPA) provides flexibility to local governments to reduce project-specific SEPA process if these are consistent with adopted plans that underwent SEPA review. The Environmental Impact Statement (EIS) prepared for the Comprehensive Plan makes Town Center eligible as a SEPA infill exemption area. The purpose is to reduce time, cost, and risk of appeal in the permitting process. Instead, environmental impacts and mitigation requirements are addressed upfront in the development code. See the SEPA Exemption memo in Appendix C.2 for more information. Analysis to pursue this action was accomplished in part in 2013. An amended Planned Action should be performed for the updated Town Center Area.

### **Promote incentives and other tools that encourage private investment.**

The City should “advertise” recent investments and development opportunities as well as regularly share positive stories about Town Center to create a sense of excitement or “buzz” that generates more investment. Communicating the spectrum of available incentives to the development community should be an important part of that informational campaign. The first step will be to develop clear outreach materials (underway), which can then be used to share information at the front counter and through targeted engagement with the business and development community.

### **Explore the benefits of applying for Community Economic Revitalization Board (CERB) funds.**

CERB offers State funding on a competitive basis to local governments and federally-recognized tribes for public infrastructure associated with job creation. Eligible projects include domestic and industrial water, storm water, wastewater, public buildings, telecommunications, and port facilities. In addition to funding construction projects, CERB provides limited funding for studies that evaluate high-priority economic development projects. Applications for all of CERB’s funding programs are considered on an ongoing basis. Given the emphasis, it appears to be a potential source of funds for a wide range of economic development projects.

#### *Partners and Participants*

- CED and Public Works
- Recreation and Parks Advisory Commission

### **Explore lower Town Center impact fees for certain types of developments/uses.**

On occasion, the City has heard from developers that various permit requirements and fees are a disincentive to (re)development; they specifically refer to impact fees. The City collects transportation and park (school?) impact fees in Town Center.

Impact fee reductions would mean lowering level of service standards, which are important for maintaining Mountlake Terrace’s high quality of life – in itself a development incentive. However, the City could examine whether lowering impact fees would be justified, on occasion, if they are extended to developments that might promote certain types of development, e.g., grocery store(s), arts and cultural amenities, open spaces, etc.

#### *Partners and Participants*

- CED and Public Works
- Recreation, Parks Advisory Commission