

Growth Management Services E2SHB 1923 Grant Application Form

Summary Page

Name of Jurisdiction(s) City of Mukilteo

Total Funding Request \$100,000

Which of the following activities do you intend to pursue with this grant?

- Increase residential density near commuter or light rail stations to 50 dwelling units per acre.
- Increase residential density along high frequency transit corridors to 25 dwelling units per acre.
- Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences.
- Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences.
- Authorize accessory dwelling units (ADUs) on all parcels containing single-family homes.
- Adopt a subarea plan pursuant to RCW 43.21C.420.
- Adopt a planned action pursuant to RCW 43.21C.440 (1)(b)(ii).
- Adopt an infill exemption under RCW 43.21C.229 for residential or mixed-use development.
- Adopt a form-based code in one or more zoning districts that permit residential uses.
- Authorize a duplex on each corner lot within all zoning districts that permit single-family residences.
- Allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW.
- Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city.
- Housing action plan.**

1. Jurisdiction Information

Applying Jurisdiction	
Joint Applicants	<i>If two or more cities are jointly applying and collaborating on this grant, please duplicate this page, and submit a separate page for each city. Please indicate which city is the "lead" city for purposes of the grant.</i>

Project Manager	<i>If submitting a joint application, this designated lead person will be responsible for keeping the other participant city contacts informed about the grant.</i>		
Name (Lead Contact)	Lauren Balisky, AICP, MPA		
Title	Planning Manager		
Department	Community Development		
Mailing Address	11930 Cyrus Way		
City	Mukilteo		
State	WA	Zip Code	98275
Telephone Number	(425) 263-8041		
Email	lbalisky@mukilteowa.gov		

Financial Contact	<i>Please provide name and contact information for the person who will be responsible for receiving and accounting for the grant funds.</i>		
Name	Michelle Meyer		
Title	Director		
Department	Finance		
Telephone Number	(425) 263-8030		
E-mail	mmeyer@mukilteowa.gov		
Unified Business Identifier (UBI) Number	316000195		
Statewide Vendor (SWV) Number	SWV0017020		

Authorized Official	<i>The name and title of the office authorized to sign the grant agreement on behalf of the city.</i>		
Name	Jennifer Gregerson		
Title	Mayor		

2. The Scope of Work and Project Schedule

Provide a complete a proposed Scope of Work, detailing the Steps for each Action. Instructions are in the Grant Application Instructions.

- All local legislative actions must be adopted prior to April 1, 2021.
- Any grant Deliverables must be submitted by June 15, 2021.
- If you propose multiple Actions/Steps/Deliverables, please duplicate the table below as needed.

Scope of Work

For each Action, please copy the Action description, as written in the last pages of the Grant Application Instructions.			
Action: The City of Mukilteo will develop a Housing Action Plan (HAP).			
Steps/ Deliverables	Description	Start Date	End Date
Action 1	Select Consultant(s)	11/2019	1/2020
Step 1.1	Issue RFP or use On-Call Consultant(s)	11/2019	11/2019
Step 1.2	Select Consultant(s)	11/2019	12/2019
Step 1.3	Negotiate Scope of Work	12/2019	1/2020
Step 1.4	City Council Contract Award	1/2020	1/2020
<i>Deliverable 1</i>	<i>Consultant Contract</i>	<i>1/2020</i>	<i>1/2020</i>
Action 2	Data Collection	2/2020	6/2020
Step 2.1	Analyze Population and Employment Trends	2/2020	5/2020
Step 2.2	Quantify Existing and Projected Housing Needs	2/2020	5/2020
Step 2.3	Review and Evaluate Current Housing Element	2/2020	5/2020
Step 2.4	Review and Evaluate Current Development Codes	2/2020	5/2020
Step 2.5	Review and Evaluate Current Permit Processes	2/2020	5/2020
<i>Deliverable 2</i>	<i>Data Summary with Key Findings</i>	<i>3/2020</i>	<i>6/2020</i>
Action 3	Public Outreach	2/2020	6/2020
Step 3.1	Develop Public Outreach Strategy	2/2020	2/2020
Step 3.2	Conduct Public Outreach	3/2020	6/2020
Step 3.3	Conduct Stakeholder Outreach	3/2020	6/2020
<i>Deliverable 3</i>	<i>Summary of Public Input with Key Findings</i>	<i>6/2020</i>	<i>6/2020</i>

Action 4	Data Analysis	7/2020	9/2020
Step 3.4	Housing Element Amendment Recommendations	7/2020	9/2020
Step 3.5	Development Code Amendment Recommendations	7/2020	9/2020
Step 3.6	Permit Process Improvement Recommendations	7/2020	9/2020
<i>Deliverable 4</i>	<i>Draft Housing Action Plan</i>	<i>8/2020</i>	<i>9/2020</i>
Action 5	SEPA and GMA State Agency Review	9/2020	12/2020
Step 5.1	Prepare SEPA Documentation	9/2020	9/2020
Step 5.2	Issue SEPA Determination	10/2020	10/2020
Step 5.3	Department of Commerce 60-Day Review	10/2020	12/2020
<i>Deliverable 5</i>	<i>SEPA Determination</i>	<i>10/2020</i>	<i>10/2020</i>
Action 6	City Review	1/2021	3/2021
<i>Deliverable 6</i>	<i>Final Draft Housing Action Plan with Prioritized List of Programs and Actions</i>	<i>1/2021</i>	<i>2/2021</i>
Step 6.1	Planning Commission Public Hearing	2/2021	2/2021
Step 6.2	Planning Commission Recommendation	2/2021	2/2021
Step 6.3	City Council Public Hearing	3/2021	3/2021
<i>Deliverable 7</i>	<i>City Council Ordinance</i>	<i>3/2021</i>	<i>3/2021</i>
Action 7	Transmittal to Commerce	4/2021	6/15/2021
<i>Deliverable 8</i>	<i>Adopted Final Housing Action Plan and Ordinance</i>	<i>4/2021</i>	<i>6/15/2021</i>

3. Proposed Budget / Financial Information

Please proposed a project Budget to reflect your expected expenses in each of the categories. Include only the expenses that will be directly related to completing the items included in the Scope of Work.

Please provide a summary of the level of effort, or the amount of funding needed to fund each action proposed for the grant.

Action / Deliverables	Commerce Funds	Other Funds [If applicable]
<i>Action 1 – Select Consultants Deliverable – Consultant Contract</i>	<u>\$2,500</u>	<u>\$0</u>
<i>Action 2 – Data Collection Deliverable – Data Summary with Key Findings</i>	<u>\$15,000</u>	<u>\$0</u>

Action 3 – Public Outreach Deliverable – Summary of Public Input with Key Findings	<u>\$22,500</u>	<u>\$0</u>
Action 4 – Data Analysis/Policy Analysis/Analysis of Actions Deliverable – Draft Housing Action Plan	<u>\$32,500</u>	<u>\$0</u>
Action 5 – SEPA and GMA State Agency Review Deliverable – SEPA Determination	<u>\$2,500</u>	<u>\$0</u>
Action 6 – City Review Deliverables – Final Draft Housing Action Plan with Prioritized List of Programs and Actions and City Council Ordinance	<u>\$22,500</u>	<u>\$0</u>
Action 7 – Transmittal to Commerce Deliverable – Adopted Final Housing Action Plan and Ordinance	<u>\$2,500</u>	<u>\$0</u>
Total:	<u>\$100,000</u>	<u>\$0</u>

Budget Narrative: For each Action, please support the funding request with estimates of staff hours (may be per Action Step, or), staff hourly rates, and other expenses.

While no city funds are proposed; however, in-kind staff time would be valued at:

- Assistant Planner/Associate Planner \$55.00 - \$60 an hour for editing HAP, working with consultant, setting up open-house and survey, updating Comprehensive Plan.
- Planning Manager \$80.00 an hour for editing HAP, managing consultant, managing grant, setting up open-house and survey, updating Comprehensive Plan.
- Community Development Director - \$100.00 an hour for editing, consultant and public meetings
- GIS Technician/GIS Coordinator \$50.00-\$65.00 an hour for mapping/graphic support.

4. Grant Application Questions and Scoring Method

When developing E2SHB 1923 grant awards to local governments, Commerce has been directed to develop criteria to ensure that grant funds awarded are prioritized for cities over 20,000 in population, proportionate to the level of effort proposed by a city, and the potential increase in residential building capacity, or regulatory streamlining that could be achieved. Please refer to the *Grant Application Instructions* for more detail regarding scoring and ranking.

4.a Readiness to Proceed: (0-20 points)

Please state how the project can be started and completed before April 1, 2021. Refer to the scope of work if needed. Provide key comprehensive plan policies, housing strategies, or other directives that support the development of the selected actions. Identify the key staff or consultants who will be implementing the project along with their history regarding their ability to successfully complete other grant projects.

The City of Mukilteo is prepared to move forward promptly with this effort. The City will seek the services of a consultant after Commerce's decision on the grant application.

The City has on-call consultants with existing contracts qualified to prepare the Housing Action Plan. On-call consultants include land use planning firms, public participation specialists, as well as any needed graphics and GIS support. As an alternative, the City could also seek consultant services through a request for qualifications process.

The City Council has expressed support for recent affordable housing legislation by directing staff to bring forward with a resolution of intent regarding HB 1406 (i.e. sales tax rebate) in October 2019. Previously, the City was actively involved in the formation of the Alliance for Housing Affordability (AHA) of Snohomish County, created in 2014 through Snohomish County Tomorrow. The City continues to be an active participant with the AHA and other inter-jurisdictional efforts to promote and contribute to an adequate and diversified supply of housing throughout the County.

Existing Mukilteo Comprehensive Plan policies that support development of a Housing Action Plan include:

- HO1a: Programs that support the rehabilitation and maintenance of older and/or historical housing stock should be investigated and supported.
- HO1b: Programs that assist residents to age in place and stay in their dwelling units even after retirement should be investigated and supported.
- HO2: Housing policies, programs, and regulations designed to support and promote sustainability and which minimize the impact on environmentally sensitive areas should be developed.
- HO4: The City shall actively collaborate with other municipalities, public agencies, and private entities to address housing issues; including the issue that there is an inadequate supply of housing that is affordable for lower income segments of the population.
- HO4c: Public and private partnerships designed to retain and promote affordable housing options should be formed to facilitate the construction of affordable housing in the city and region.

The City has also adopted a number of subarea plans, including the Downtown Waterfront Master Plan and Downtown Business Subarea Plan that are focused on adding mixed use development opportunities to the City.

Further, in 2017, the City worked with the University of Washington to analyze options for infill development in Midtown Mukilteo. This study was evaluated scenarios for undeveloped and underdeveloped lots and types of development that would support first-time homebuyers, young professionals, and retirees. This study resulted in a subarea of 53 acres

centered at the intersection of State Highway 525 (Mukilteo Speedway) and 84th Street SW with a vision for a walkable, community-oriented mixed-use area.

Key staff that will be involved in this project include:

- Community Development Director David Osaki, AICP, has over 30 years of planning experience in Washington and has managed numerous state and federal grants, including Commerce GMA Update grants. He has strong interest in housing issues, and recently served on a housing affordability focus group and as a sanctioned homeless encampment community advisory committee member in the City of Seattle.
- Planning Manager Lauren Balisky, AICP, MPA, has two decades of local government experience in Washington, including development of water and wastewater comprehensive plans, land management, code and policy amendments (including accessory dwelling units, permit processing, and low-impact development), and a commitment to continuous improvement.
- Associate Planner Garrett Jensen brings five years of experience in grant writing. His previous experience includes water infrastructure projects in rural Oregon with the result of four fully funded grants worth over \$5 million total.

4.b Local Commitment to the Project: (0-10 points)

Describe the impact that Commerce grant funds will have on the project. Indicate whether the proposed project is related to an existing project that will proceed even without the Commerce grant funds. Would this project continue without the funds? What local funding or in-kind services are leveraged by this grant, for example, the amount of staff time and/or funding that is committed to the project as well as other funding and “in-kind” support.

The City is in the early stages of preparing for the next major Comprehensive Plan update, due in 2023. This includes participating in the Snohomish County Tomorrow (SCT) Planning Advisory Committee (PAC), contributing to the Buildable Lands Report (BLR) Update, and supporting the Snohomish County Housing Affordable Regional Task Force (HART). The BLR update is scheduled for completion Spring 2020, and the HART expects to issue a five-year affordable housing action plan in December 2019. The City also worked with the Alliance for Housing Affordability in 2015 to develop an Affordable Housing Profile (AHP), available on the City’s website at <https://mukilteowa.gov/departments/planning-development/housing/affordable-housing-profile/>. This document contains a number of action strategies that can be expanded on as part of the HAP.

Mukilteo is a community of primarily, though not exclusively, single-family residences. Public dialogue will be a key component in the Housing Action Plan’s (HAP) success and subsequent amendments to the Comprehensive Plan and development regulations. A Commerce grant for a HAP would provide much-needed background and support to develop a meaningful public participation plan, analyze existing data and fully evaluate the results of the BLR and HART reports. Public participation will focus on education around and the need for affordable

housing, and how to move forward with an updated Comprehensive Plan Housing Element that meets the needs of all income levels in the City of Mukilteo.

As a small city, this level of analysis would not be possible without the Commerce funds. The City does, however, expect to contribute in-kind services to support project management, public outreach, mapping and GIS support, plan drafting and editing, SEPA review, Commerce review, and public hearings with the Planning Commission and City Council.

4.c Potential to increase housing supply or provide regulatory streamlining

(0–40 points*) Up to 20 bonus points are available for applications demonstrating extraordinary potential to meet grant program goals.

Please describe how the proposed actions will increase residential building capacity or streamline regulations. Provide detail on your assumptions over the 20-year planning period. More information on what to include in this section is in the Grant Application Instructions.

The Housing Action Plan (HAP) will result in a prioritized list of actions that, when implemented, should enable increased residential building capacity and streamlined regulations. Staff goals for the HAP are to better understand the scale of affordability issues in Mukilteo, engage with the public, evaluate best practices and applicability to Mukilteo’s unique characteristics, and to generate a list of feasible actions for Mukilteo to take towards improving housing affordability.

The Washington State Office of Financial Management (OFM) has assigned a population target for Mukilteo of 21,812 for 2035, consistent with Puget Sound Regional Council’s Vision 2040. The 2019 OFM population estimate for Mukilteo is 21,350, or a difference of 462 persons or 194 households (the average household size for Mukilteo is 2.38 persons) between now and 2035. Under current zoning designations, Mukilteo has capacity for approximately 560 additional housing units (310 single-family and 250 multifamily units), which is adequate to meet basic capacity needs.

American Community Survey (ACS) data for 2017 indicates that approximately 2,360 households in Mukilteo are spending more than 30% of household income on housing, or 29% of the approximately 8,970 households in Mukilteo. Using the 2035 OFM population target, Mukilteo would need approximately 2,660 total affordable housing units in 2035, assuming that the rate of cost-burdened households does not change. It is unreasonable to assume that many or all of the remaining capacity for housing units will be affordable rather than market-rate housing.

Potential permit process streamlining opportunities that could be evaluated as part of the HAP process include:

- Allowing access to parking lots and driveways from either an alley or a pedestrian-designated street in the Downtown Business zone;
- Increase the height limit in areas near transit;
- Update of short plat limit to allow for up to nine lots instead of the four currently permitted; and
- Redevelopment of pockets of commercial zoning into infill housing.

Available data shows a gap between housing capacity and affordable housing needs that cannot be addressed by streamlining permit processing alone. The HAP provides an opportunity for Mukilteo to further analyze this gap and what the most effective methods to provide affordable housing may be.

Mukilteo also does not currently have any areas served with frequent transit service (four or more stops per hour). A number of existing subarea plans provide for medium- and high-density mixed use development, however little development of that kind has occurred to date. The City would like to evaluate regulatory and market impediments to development of mixed use development and identify remedies to these barriers.

4.d Local or regional need (0-20 points)

Commerce will score this section based on a formula of cost burden and extreme cost burden data within your community. For applications with multiple jurisdictions, this data will be weighted by population. If there are particular factors that should be considered, please provide a short paragraph with details and facts.

The 2015 City of Mukilteo Affordable Housing Profile (AHP) found that 2,920 of 7,793 households were cost-burdened (37%), and 1,589 households (21%) earned less than 50% of Area Median Income. The City had only 103 subsidized and workforce housing units at the time of the report, or just over 1% of available units in Mukilteo.

The following information is taken directly from the 2015 AHP:

“2012 HMFA AMI [HUD Metro FMR Area, Area Median Income] for Seattle-Bellevue, which is referenced in this report as a standard for AMI, is \$88,000, higher than the County’s overall 2012 median income of \$68,338. Mukilteo’s 2012 median household income is higher than both, at \$91,204. Despite being generally wealthier, there are still economic segments of the City’s population that could be at risk of housing burden. Compared to HUD HMFA AMI and based on 2012 American Community Survey (ACS) 5-year estimates:

- “686 households, or 9% of Mukilteo’s total, are considered to be extremely low income, earning less than 30% of area median income (AMI),
- “903, or 12%, are considered very low income, earning between 30 and 50% of AMI,
- “1,168, or 15%, are considered low income, earning between 50 and 80% of AMI, and
- “649, or 8%, are considered moderate income, earning between 80 and 95% of AMI

“Overall, 35% of owner households and 44% of renter households in Mukilteo are cost burdened, renters and owners combined.... With the exception of low income renters, across every income level, for both renters and owners, Mukilteo residents are more likely to be cost burdened [than Snohomish County residents].”

Table 2.4. Average Rent and Affordability by Size, City of Mukilteo (Including Utilities)

	Average Rent (With Utilities)	Minimum Income Required		Hours/Week at WA Minimum Wage	Range
		Minimum Hourly Wage	Minimum Annual Wage		
1 Bedroom	\$965	\$18.54	\$38,600	80	\$612-\$1,305
2 Bedroom	\$1,142	\$21.96	\$45,680	94	\$813-\$1,755
3 Bedroom	\$1,754	\$33.73	\$70,160	145	\$1,170-\$2,515
4 Bedroom	\$2,396	\$46.08	\$95,840	198	\$1,847-\$2,947
5 Bedroom	\$2,787	\$53.60	\$111,480	230	\$2,176-\$3,226

Source: Dupre & Scott, 2013; National Low Income Housing Coalition, 2014

Zillow Rent Index Data for August 2019 shows that the average rent for a one bedroom apartment in Mukilteo is \$1,539 a month, a 59% increase since 2012. In 2019, a Mukilteo household would need to be earning a minimum hourly wage of \$29.59, or \$61,560 per year, to afford a one bedroom apartment. At the current minimum wage in Washington State of \$12 per hour, an individual would need to work 99 hours per week to afford the same one bedroom apartment.

Home ownership in Mukilteo is also out of reach for almost all extremely low, very low, and low income households, and most moderate income households. The median single-family home sale price in Mukilteo in August 2012 was \$411,000, and by August 2019 the median sale price increase to \$629,000, an increase of 53%. This exceeds the median sale price of \$445,000 for all of Snohomish County in August 2019 by \$184,000 (Zillow Home Price and Value Data, retrieved September 26, 2019).

The HAP provides an opportunity for the City to update the 2015 AHP and have conversations in the community about how to provide housing to the diverse needs of Mukilteo residents.

4.e Demonstration Potential: (0-10 points)

Is this a project that would provide an example that can easily be used by other local governments? Describe how the project or elements of the project could be transferred to other jurisdictions. Include factors that may limit the transferability of the project, such as budget and staffing, and factors that would make it broadly applicable.

All elements of the Housing Assistance Plan will be available to other jurisdictions during the process and upon adoption. For ease of access, the City routinely posts adopted planning documents on the City's website for access by the public, other jurisdictions and agencies. We have found this to be the most effective means of information sharing, both from an access and cost standpoint. The City always welcomes individual inquiries about a planning process as well.

Inasmuch as housing is a regional issue, many jurisdictions face the same challenges. We fully expect jurisdictions to benefit from Mukilteo's effort and we will make information easily accessible.

The opportunity to share information that has applicability with jurisdictions of a similar population as Mukilteo with similar budget resources and staff resources in the four county Puget Sound region (let alone Statewide applicability) is significant. Mukilteo's population is approximately 21,350. There over 80 cities and towns in just the four county Puget Sound Region (King, Kitsap, Pierce and Snohomish counties). Almost 60 of these local jurisdictions have a population of 30,000 or less, similar in size to Mukilteo.

Other local jurisdictions of Mukilteo's size that do not have the resources to prepare a HAP can learn how to strengthen their Housing Elements, as well as have ideas for possible regulatory streamlining from Mukilteo's effort. Jurisdictions that choose instead to use grant funds to address activities from the menu will also benefit from seeing how a jurisdiction instead used funding to prepare a HAP.

Thank you for completing this application. Applications must be submitted in electronic format, along with a letter of support from the mayor. Applications must be emailed, preferably as a single document to gmsgrants@commerce.wa.gov by 5:00 p.m. on September 30, 2019.

CHECKLIST

- Letter of authorization from City Mayor or authorized official, formalizing commitment to the project.
- Submit application and letter to gmsgrants@commerce.wa.gov by September 30, 5:00 p.m.
- Complete Survey Monkey survey on your jurisdiction's existing use of these tools and intent under the grant. <https://www.surveymonkey.com/r/TVB5RGF>