



Memorandum of Understanding

This Memorandum of Understanding ("MOU") is being executed by the undersigned this 10th day of AUGUST, 2011 by and between the City of Edmonds, organized under the laws of the State of Washington and the other signatories of this MOU for the purposes of articulating a shared intention to continue and expand an inter-jurisdictional partnership to educate staff and electeds, to share staffing resources, to seek strategies to implement housing policies, and to help address affordable housing needs in Snohomish County.

1. RECITALS

Section 1.1. Whereas, the Snohomish County Council and several communities within the county support the formation of an inter-jurisdictional group to consider the housing needs within the county as a whole and within the urban growth areas.

Section 1.2. Whereas, after over a year of exploring options for jurisdictions to participate in a partnership, it was determined that a model similar to ARCH on the eastside of King County would be the most appropriate partnership model.

Section 1.3. Whereas, the elected officials of the respective jurisdictions believe it would be beneficial to join together, on a voluntary basis, to address the issue of affordability and housing supply, as cities are not responsible for creating housing, but can work cooperatively to help the private, non-profit and public sectors that have traditionally been responsible for production of housing throughout Snohomish County.

Section 1.4. Whereas, the signers of this Memorandum of Understanding (MOU) plan for local housing in their jurisdictions within Snohomish County and they find it in their mutual interest to address affordable housing issues on a countywide and regional basis and to cooperatively work, where possible, to increase the supply of affordable housing, without committing financial resources at this time, but with an expectation of some staff or in-kind resources being provided.

Section 1.5. Whereas, in order to further the goals of the program, other non-profit housing groups/entities may become a part of this MOU to assist with the program development.

Section 1.6 Whereas, the communities and entities that have expressed an initial interest in developing this new concept of cooperation in addressing affordable housing issues are:

- Edmonds
- Everett
- Lake Stevens
- Lynnwood
- Marysville
- Mill Creek
- Mountlake Terrace

CON-5-52
#5688
8-10-11 to 12-31-13

- Mukilteo
- Snohomish
- Woodway
- Snohomish County

Section 1.7. Whereas, the jurisdictions have an interest in working together to increase the amount of affordable housing units, thus the signers of this MOU desire to develop an interlocal agreement for consideration.

Now, therefore, the undersigned agree to the following:

2. AGREEMENT

The parties agree to the following terms of this Memorandum of Understanding.

2.1. Purpose. The purpose of this Memorandum of Understanding is to acknowledge the commitment on the part of each of the respective parties to cooperate during 2011 and possibly a subsequent period to:

2.1.1 Identify and **create a governance structure** for the long-term cooperative effort related to affordable housing.

2.1.2. Develop a **work plan and yearly program efforts** that considers short-term, mid-term and long-term needs related to affordable housing.

2.1.3. Develop and submit for consideration an **Interlocal Agreement (ILA) for 2012 and 2013 budget years** that funds staffing and administrative expenses to carryout this cooperative effort related to affordable housing. However, nothing in this agreement commits any jurisdiction or entity to enter into an ILA or funding obligations at any time in the future. The parties also understand that there may be interim measures necessary to implement all or portions of the program and that no future obligations to sign an interlocal agreement are implied as part of this MOU.

2.2. Membership under this MOU.

2.2.1 **Initial Members.** Those entities and others that sign this MOU by November 30, 2011 are the initial members.

2.2.2 **New Members.** The process for other entities to participate is open. An additional entity may join upon signature of this MOU while the MOU and specified actions are active.

2.3. Governance. The governance will be provided by elected Co-Chairs that are chosen at the first official meeting after the MOU takes affect. All jurisdictions may participate in meetings without having signed the MOU. Once the majority of the jurisdictions have signed the MOU, then those that have not signed will not have a

vote on decision action items on the agenda. All other items will be accepted by consensus of those attending, where possible.

2.4. Future Agreement(s). The parties, by executing this Memorandum of Understanding, are committing to develop an Interlocal Agreement (ILA) for the purposes of continuing to cooperatively participate in an inter-jurisdictional affordable housing effort for future consideration. The ILA will identify the respective rights, obligations and duties of any party that is a signatory to the ILA. No obligations to enter into an ILA are implied as established in 2.1.3 of this MOU.

2.5. Amendment(s). This Memorandum of Understanding may be amended at any time in writing, by mutual agreement of the parties.

2.6. Termination. This Memorandum of Understanding for any respective signatory may be terminated by any party by withdrawing from the MOU before an ILA is signed, by notifying in writing to the Co-Chairs at least sixty (60) days in advance of such termination, based upon their respective governing bodies' approval of termination.

This MOU will be considered terminated in full, if either one of the following two actions occur:

- A. All signatories to the MOU terminate their cooperation.
- B. An Interlocal agreement is signed by enough jurisdictions and thereby replaces this MOU on a permanent basis.

2.7. Severability. The invalidity of any clause, sentence, paragraph, subdivision, section or portion thereof shall not affect the validity of the remaining provisions of this MOU.

2.8. Counterparts. This MOU may be signed in counterparts, and if so signed, shall be deemed to be one integrated MOU.

2.9. Effective Date. The effective date shall be the date following the signatures of the first five jurisdictions.

DATED this ___ day of ____, 2011 (when the fifth jurisdiction signed the agreement).

WHEREFORE, the parties hereto have executed this agreement on the dates set forth below.

Signatories:



DATED this 10 day of August, 2011.

City of Edmonds
Jurisdiction/Entity

By: Mike Cooper
Name

Its: Mayor, City of Edmonds
Title

Feasibility Study of Inter-jurisdictional Housing Programs for Snohomish County



Snohomish County Tomorrow

**As submitted to the Steering Committee
June 17, 2009**

*Final deliverable by the City of Lake Stevens to the Washington State
Department of Community, Trade, and Economic Development in fulfillment
of Contract C08-63200-423.*

A report of Snohomish County Tomorrow

*Final deliverable by the City of Lake Stevens to the Washington State
Department of Community, Trade, and Economic Development in fulfillment
of Contract C08-63200-423.*

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Most of the smaller jurisdictions are running as fast as they can to keep up with current obligations... Working together allows them to learn about affordable housing strategies at a relatively low cost. An inter-jurisdictional approach would bring together jurisdictions of like minds to work on this issue.

--Local stakeholder interviewed for this report

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Executive Summary

The shortage of safe, affordable housing¹ affects an increasing number of families throughout each jurisdiction in Snohomish County. Existing private, nonprofit, and public efforts are struggling to keep pace with the growing needs in the community.

Snohomish County Tomorrow (SCT) undertook this feasibility study to explore options for creating a new program that would allow multiple jurisdictions to work together to expand affordable housing opportunities. Through this study, SCT further seeks to fulfill its Countywide Planning Policies, including HO-3: “strengthen inter-jurisdictional cooperative efforts to ensure an adequate supply of housing is available to all economic segments of the county.”

The feasibility study was led by the Housing Subcommittee of the SCT Planning Advisory Committee (PAC). The study included an assessment of all relevant existing local plans; research on the best practices for inter-jurisdictional affordable housing programs across the country; two rounds of interviews with public and private stakeholders in the community; and discussions with the SCT Steering Committee, PAC, and Managers and Administrators Group. This report summarizes the key findings of the study and recommends next steps for moving forward.

Key Findings

- The need for additional affordable housing throughout Snohomish County continues to grow. Snohomish County estimates that 80,000 households lived in unaffordable housing in 2007, or more than 63 percent of the 126,000 households earning less than the median income countywide (up from 53 percent in 2000). Moreover, evidence shows considerable need for affordable housing persists in virtually every community of the county.
- Private and public stakeholders agree that local governments play an important role in helping to create affordable housing in their communities, and might accomplish more in this regard by collaborating across jurisdictional boundaries.
- Some elected and appointed officials in Snohomish County believe that a new inter-jurisdictional program focused on creating and preserving affordable housing has potential advantages, but that interest is not uniform across all jurisdictions or even within jurisdictions.

¹ The term “affordable housing” is used in different ways and can have different meanings in a variety of settings. For the purposes of this report, housing is considered affordable if a household can live in it without sacrificing essentials such as food, clothing, transportation, and medical care. Therefore, affordable housing includes not just subsidized or income-restricted housing units, but all private and public housing units that are affordable for low- and moderate-income families.

- There is general consensus among stakeholders interviewed for this study that jurisdictions should support the creation of new home-ownership opportunities for households earning up to 100 percent of the county's median income, as well as affordable rental housing targeting those earning up to 50 percent of the county's median income. Many of those interviewed expressed a preference for creating more home ownership opportunities.
- Elected officials consulted for this study agree that location is an important factor for new affordable housing and that those needing affordable housing should have adequate access to employment, education, shopping, services, and amenities. Considerable disagreement persists, however, on policy regarding the most feasible and appropriate locations for new affordable housing.
- Only a handful of successful inter-jurisdictional affordable housing programs exist in the U.S.. Some focus on creating new local capital resources for housing development, while others focus on a combination of incentives, technical assistance, and other planning activities to encourage affordable housing development. A few models use both planning activities and creation of new capital resources.
- Given current economic conditions, this is not seen as a time when a new local capital funding source can be shifted or created to support development of affordable housing. Instead, those who support the creation of an inter-jurisdictional program believe that a new collaborative program should be focused on a variety of technical assistance, educational, and planning activities. A new program may be eligible for new or existing state and federal funding sources in the future to support capital funding for housing.
- The research into other models around the country suggests that creation of a new program requires one (or more) champion to play a leadership role in promoting the new program and recruiting others to participate, or providing funding or in-kind services. To date, no jurisdiction or individual in Snohomish County has expressed an interest in stepping forward to champion a new initiative.
- Other national models have created dedicated staff capacity to support a meaningful multi-jurisdictional collaboration focused on affordable housing. This has required funding resources to support the appropriate level of staffing.
- Research on other national affordable housing models suggests that new governance structures have been developed to focus on the implementation and management of the inter-jurisdictional program, but existing organizations have been utilized to provide administrative support.

Conclusions

Given the affordable housing needs within the county, and the level of interest in this idea expressed by those interviewed for the study, this study concludes that a new inter-jurisdictional program with the goal of creating more affordable housing in Snohomish County can be successful if four threshold conditions are met:

- Condition 1: A “critical mass” of jurisdictions elects to participate as founding members.
- Condition 2: Sufficient funding is secured to support the program for at least 24 months.
- Condition 3: A host agency is identified to provide back-office administrative support, such as payroll, accounting, and IT services.
- Condition 4: The participating jurisdictions reach agreement on certain fundamental questions in an inter-local agreement, including the program’s purpose and governance structure.

Recommendations

The project team recommends that Snohomish County Tomorrow and the Housing Consortium of Everett and Snohomish County co-convene an Implementation Task Force that would work to resolve the four conditions described above. The Task Force would include public, private, and nonprofit advocates, actively invited and recruited by the convening agencies.

The role of the Task Force would be to determine the most effective way to move this proposal (or an alternative) toward implementation. In particular, the Task Force would need to work with potential member jurisdictions to determine the founding participants and their common goals. In addition, the Task Force would work with potential funders to secure funding support for the program, and have discussions with potential “host” agencies to find an organization willing to provide administrative support. In light of the current economic climate, the Task Force should plan on taking approximately a year to secure the necessary commitments for the new program.

The project team suggests that the Implementation Task Force use the following program framework as its starting point. The Task Force and any potential participants in the new initiative would, of course, be free to diverge from any or all parts of the framework.

- Participating jurisdictions would establish the program through a formal inter-local agreement (ILA), which defines roles and responsibilities and secures commitments from the jurisdictions, and must be adopted by each local governing body to be valid. Based on stakeholder input, the ILA should provide a means whereby other jurisdictions can join later, at mutually beneficial times.

- Membership in the inter-jurisdictional program would be voluntary and open to all county, city and tribal governments in Snohomish County. Because of the different levels of local support for this program concept, membership may be phased in over time. The “critical mass” of jurisdictions needed to initiate the program could be as few as three, but may require four or more, depending on the resources and objectives of the jurisdictions that choose to join.
- The primary purpose of the program would be to achieve the housing objectives of the participating jurisdictions. Member jurisdictions may discover that through the collaboration, they can achieve objectives that cross municipal boundaries. The ultimate impact, hopefully, would be that many more Snohomish County households obtain affordable housing; but the program would focus on meeting the needs defined by its members.
- Given the consensus among stakeholders regarding program outcomes and parameters, the project team drafted the following outcome policy statements:

“The program exists to help participating jurisdictions meet their affordable housing objectives, especially:”

 - “More affordable housing in all participating communities, especially where the need is greatest and where there is good transportation and access to employment opportunities, amenities, and services.”
 - “More affordable rental housing opportunities for households making up to 50 percent of the county’s median household income, especially seniors, people with disabilities, veterans, families with children, and people who work in our communities (such as service workers and laborers).”
 - “More affordable home ownership opportunities for households making less than the county’s median household income, especially first-time homebuyers and people working in our communities (such as teachers and public safety workers).”
 - “Neighborhoods with affordable housing supported by the program are safe and have stable property values.”
- The program would begin with commitments for at least two years of operating resources, funded by a combination of monetary contributions and in-kind support of participating jurisdictions, grant funds, and other sponsorships. During the current economic climate, local government resources for affordable housing will remain about the same as today, but over the long run, participating jurisdictions would contribute additional resources.

- Governance of the new program would be provided by the participating members through a semi-independent board. This board, having representatives appointed by and from among the governing bodies of the participating jurisdictions, would set policies for the program supplemental to those of the jurisdictions. The board would also hire its own staff, make decisions regarding budgets and work plans, and take input from the public and advisory boards as they see fit. The board would not, of course, take any statutory powers away from the local governments that they are not authorized to delegate. An outline of an MOU that could be used to establish the governance model is included in the Appendix 1 as a template.

Potential Work Plan Activities for Program Staff

Unless and until funding for other programming (e.g. a housing trust fund) becomes available, a new inter-jurisdictional affordable housing program should focus on a set of technical assistance, education, and planning activities that would assist member jurisdictions to meet their affordable housing goals. A dedicated staff position (1 FTE) would be able to achieve significant progress for a number of jurisdictions, provided staff has clear direction and an adequate level of back office support. The following list of activities serves as a “menu” of potential work plan items for the new program. Final decisions about the work plan for the new inter-jurisdictional program should be determined in conjunction with members, based on their affordable housing needs. The following list is not in any priority order:

- Identify strategies and goals to address identified affordable housing needs that are specific to each participating jurisdiction.
- Assist in preparing affordable housing components of comprehensive plans, as required by the State Growth Management Act.
- Develop regulatory or incentive strategies to encourage development of affordable housing.
- Serve as a liaison with non-profit and for-profit developers of affordable housing.
- Write grant applications and other forms of fundraising to support affordable housing.
- Develop means of sharing information among jurisdictions.
- Conduct educational outreach for elected and appointed officials and the public.
- Monitor affordability conditions/restrictions for affordable housing units created through local incentive programs of member jurisdictions.
- Explore the feasibility and timing of securing potential resources to create a local housing trust fund, which could be particularly helpful as economic conditions improve. Pursue opportunities as they arise.

“

Strengthen inter-jurisdictional cooperative efforts to ensure an adequate supply of housing is available to all economic segments of the county.

--Countywide Planning Policy HO-2, as adopted by Snohomish County Tomorrow



”

Introduction

In 2007, Snohomish County Tomorrow, an inter-jurisdictional forum consisting of representatives from the County and each of the cities as well as from the Tulalip Tribes, successfully applied for a competitive Growth Management Act (GMA) planning grant from the Washington State Department of Community, Trade and Economic Development. The City of Lake Stevens is the fiscal administrator for the grant, which is managed by Snohomish County Planning and Development Services.

The purpose of the study is to analyze the potential to increase the supply of affordable housing in Snohomish County through intergovernmental collaboration. This report summarizes the findings and analysis of the study and proposes a program model that responds to the local conditions and preferences in Snohomish County. Snohomish County Tomorrow members can use this report to make informed decisions on potential inter-jurisdictional programs and opportunities.

The feasibility study was motivated by recognition that a shortage of safe, affordable housing affects an increasing number of families throughout each jurisdiction in Snohomish County. Existing private, nonprofit, and public efforts are struggling to keep pace with the growing needs in the community. In particular, SCT jurisdictions want to make better progress toward achieving the Fair Share Housing Allocation objectives they set for themselves in 1995 and again in 2005. Furthermore, SCT seeks to fulfill Countywide Planning Policy HO-3: "Strengthen inter-jurisdictional cooperative efforts to ensure an adequate supply of housing is available to all economic segments of the county."

This feasibility study is guided by the Housing Subcommittee of the Snohomish County Tomorrow Planning Advisory Council (PAC). The Housing Subcommittee includes representatives from the planning departments of several Snohomish cities, one Mayor, County staff, and a representative from the nonprofit Housing Consortium of Everett and Snohomish County. The complete subcommittee roster can be found in Appendix 6.

In June 2008, the Housing Subcommittee selected the consultant team of Building Changes and Cedar River Group to carry out the feasibility study under its direction, and provide this final report that summarizes the study's findings and the consultants' recommendations. The PAC will use the findings in this report to develop recommendations for Snohomish County Tomorrow.

This study included a review of relevant regional plans and policies related to housing; two rounds of interviews with key stakeholders in the county; research on best practices for inter-jurisdictional housing programs around the country; and direct feedback from the Snohomish County Tomorrow PAC and Steering Committee. More information on these components of the study follows in the sections below.

Feasibility Study of Inter-jurisdictional Housing Programs for Snohomish County

Based on the input from stakeholders and Snohomish County Tomorrow members, research on successful inter-jurisdictional collaborations, and local conditions in Snohomish County, the consultants developed a recommended program proposal and an outline of a Memorandum of Understanding that municipalities could use in developing such a collaboration.

Landscape of Affordable Housing in Snohomish County

Housing Needs in Snohomish County

The term “affordable housing” is used in different ways and can have different meanings in a variety of settings. For the purposes of this report, housing is considered affordable if a household can live in it without sacrificing essentials such as food, clothing, transportation, and medical care. Therefore, affordable housing includes not just subsidized or income-restricted housing units, but all private and public housing units that are affordable for low- and moderate-income families.

Snohomish County Tomorrow recognizes the national standard for housing affordability as described by the U.S. Department of Housing and Urban Development (HUD): “The generally accepted definition of housing affordability is for a household to pay no more than 30 percent of its annual income on housing.”² Families who earn less than the county median income (approximately \$65,000 in 2008 for a family of four) and who pay more than 30 percent of their income for housing are considered “cost-burdened” and may have difficulty affording basic necessities.

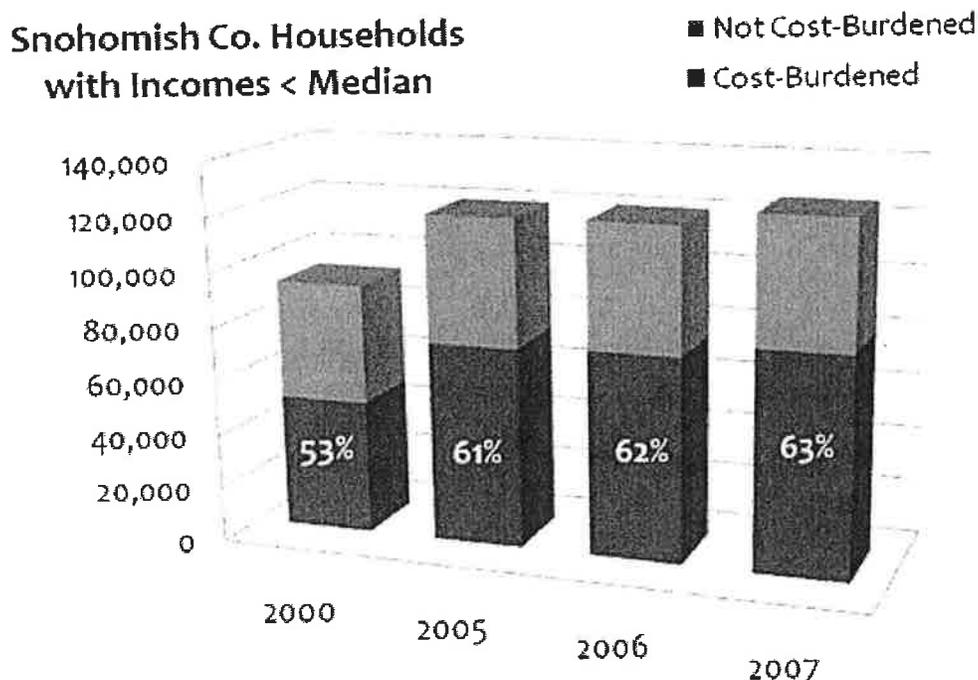
The need for affordable housing is growing rapidly in Snohomish County. In 2000, more than 49,000 households were cost-burdened, which represented more than half (53 percent) of the 93,000 households earning incomes below the county median income. By 2007, 80,000 households were cost-burdened, representing 63% of the 126,000 total households earning less than the median income. There are cost-burdened families in *every jurisdiction* in Snohomish County.³

² Snohomish County Tomorrow. “Housing Evaluation Report 2007.” Available online: http://www1.co.snohomish.wa.us/Departments/PDS/Divisions/LR_Planning/Information/Plans/SCT+Reports/HER07.htm (Accessed: February 11, 2009).

³ Snohomish County PDS data presented at SCT Steering Committee on January 28, 2009.

Figure 1 shows that over the past several years, an increasing percentage of low- and moderate-income households need affordable housing opportunities.

Figure 1:



Housing needs are different across a range of incomes. Households earning between 80 and 100 percent of the median income are more likely able to find affordable rental units, but many first-time homebuyers in this income range cannot afford homeownership. Households earning between 30 and 80 percent of the median income are unlikely able to afford home ownership or recently built rental units, but may be able to afford the limited supply of older rental housing stock, which typically has lower rents. At the lowest end of the income spectrum, Snohomish County Tomorrow recently reported that "virtually no market-rate housing is affordable to those making 30 percent of the county's median household income or less."⁴

Although the housing prices in Snohomish County have declined a bit since reaching their peak in late 2007, the need for affordable housing remains very real. The long-term trend continues to show home appreciation rising much faster than incomes, and that disparity between what people earn and what type of home they can afford continues in the current economic climate. In fact, the lack of affordability may be exacerbated by rising

⁴ Snohomish County Tomorrow. "Housing Evaluation Report 2007." Available online: http://www1.co.snohomish.wa.us/Departments/PDS/Divisions/LR_Planning/Information/Plans/SCT+Reports/HER07.htm (Accessed: February 11, 2009).

unemployment and lower income growth during the current economic conditions. In addition, fallout from the mortgage lending crisis has resulted in credit standards tightening such that only people with unblemished credit histories are able to get home loans.

The impacts on the rental market have likewise not improved the affordability of housing. The overwhelming majority of building permits issued in the county during the past decade have been for single family homes, and the small amount of new multifamily rental buildings have primarily focused on luxury apartments. Even though home prices are falling, they remain out of reach for the vast majority of families earning less than the median income, so there has in fact been an increase in demand for rental housing that is not met by the current supply.⁵

The lack of affordable housing contributes to the challenges facing homeless families and individuals in Snohomish County. The 2009

Snohomish County point-in-time count of homeless persons identified 2,202 homeless people. This total includes a point-in-time count of sheltered and unsheltered homeless people on one night in January 2009, but does not capture the whole population of people who experience homelessness at some point during the year.⁶ Respondents to a survey of homeless persons in 2007 identified affordable housing as their number-one service need.⁷ Turn-away data from homeless shelters suggest that more than 70 percent of homeless people are members of homeless families with children.⁸

Profile: A Typical Family that needs Affordable Housing

Sandra is a single mother with three children, and she works as an elementary school teacher in Snohomish County. She earns \$41,000 per year, or less than 50 percent of the county median income for a family of four. The average rent in the city where she teaches is \$1,395 for a three-bedroom apartment, but the maximum rent she can afford is \$1,025. Her family cannot afford to pay rent and utilities, as well as the basic necessities of food, clothing, health care, and school supplies. Sandra and her family must choose between sacrificing the basic necessities, living in unsafe or substandard housing, or commuting great distances between her job and more affordable housing that is available in another part of the county or even outside the county.

(Notes: This profile is not an actual family, but is based on many families in need of housing in Snohomish County. Sandra's income is based on entry-level salaries at Everett Public Schools, and her rent is based on the Fair Market Rents established by HUD for 2009.)

⁵ Central Puget Sound Real Estate Research Committee, Real Estate Research Report, Fall 2008, v.59 n.2 p.46-47.

⁶ Snohomish County Executive's Office. Available online: http://www.co.snohomish.wa.us/documents/Departments/Executive/News/NR_HomelessCount_1.30.09.pdf (Accessed: February 11, 2009).

⁷ Snohomish County Office of Housing, Homelessness, and Community Development. 2007 Point in Time Count. http://www1.co.snohomish.wa.us/Departments/Human_Services/Divisions/OHHCD/ (Accessed: December 21, 2007).

⁸ Housing Consortium of Everett and Snohomish County. "Housing within Reach." Available online: <http://www.housingsnohomish.org/advocacy.html> (Accessed: February 11, 2009).

Table 2 summarizes the distribution of *both* project-based assisted housing units and tenant-based vouchers by jurisdiction in Snohomish County, as of February 2008. Since tenant-based vouchers may be used across jurisdictions, this table shows only a point-in-time distribution of the use of these rental vouchers.

Table 2:
**Distribution of Dedicated Affordable Units by
 Jurisdiction, including Vouchers**

Jurisdiction	Total Units
Arlington	625
Bothell (Snohomish Co. portion)	17
Brier	1
Darrington	29
Edmonds	337
Everett	4,291
Gold Bar	5
Granite Falls	61
Index	2
Lake Stevens	267
Lynnwood	1,822
Marysville	1,324
Mill Creek	457
Monroe	236
Mountlake Terrace	236
Mukilteo	121
Snohomish City	334
Stanwood	268
Sultan	69
Woodway	1
Unincorporated County (Urban)	2,718
Unincorporated County (Rural)	871
Unidentified location	492
Total	14,000

Source: Snohomish County PDS data presented at SCT Steering Committee on January 28, 2009.

The unmet need for housing assistance can be seen in the high demand for existing resources. HASCO maintains a wait list that includes over 4,000 households, with estimated waits as long as five years, while EHA has closed its wait list and is not currently accepting applications.

the number of cost-burdened families has increased over the past several years is that the new housing being built in the county is much less affordable than the older, existing housing stock. This can be seen in both the rental and for-sale housing markets.

According to data from Dupre+Scott, the average monthly rent for two-bedroom apartments built from 2000 to 2007 was \$1,200 in 2007; or more than \$300 higher than the average rent for two-bedroom units built before 2000. Families earning less than 50 percent of the median income (\$32,000) can afford rents of about \$800 per month. While the older housing stock of rental units does provide some affordable opportunities, new private market apartments are not adding a significant number of affordable units to the community, and the older housing stock is decreasing due to condo conversions and unit replacements.

Data from the home sales market show an even starker lack of affordable home ownership opportunities in Snohomish County. Of all new homes sold from 2005 to 2006, only 200 homes (just two percent of nearly 10,000 new home sales) were affordable to households earning the median income.⁹ From 2000 to 2008, the median home price increased by 77 percent in Snohomish County, while the median income increased by only 20 percent. Homeownership is increasingly out of the reach of moderate-income families and first-time homebuyers in Snohomish County.^{10 11}

Housing provided by nonprofit agencies and public housing authorities

Nonprofit agencies and public housing authorities provide a range of housing assistance, including rental subsidies, first-time homebuyer assistance, emergency home repair, emergency shelter, weatherization services, and the development and management of new affordable housing units. Housing provided by nonprofits and housing authorities are dedicated for low- and moderate-income families, and frequently have affordability requirements through the sources of funding (particularly federal and state housing funds).

The total number of low- and moderate-income households served by nonprofits and housing authorities is 14,000 households countywide. The inventory of existing assisted housing for low-income households includes dedicated housing units (often called “project-based” assistance), and assistance made to households that then must find rental housing in the private market (often called “tenant-based,” or “voucher” programs).

Snohomish County Tomorrow estimates that as of February 2008, there are 8,869 units of project-based housing dedicated to people with low incomes (this includes both nonprofit- and housing authority-owned units), and 5,131 tenant-based vouchers. The vouchers principally include the Section 8 Housing Choice Voucher program, a federally-funded

⁹ Snohomish County Tomorrow. “Housing Evaluation Report 2007.” Available online: http://www1.co.snohomish.wa.us/Departments/PDS/Divisions/LR_Planning/Information/Plans/SCT+Reports/HERO7.htm (Accessed: February 11, 2009).

¹⁰ Washington Center for Real Estate Research. Available online: <http://www.wcrer.wsu.edu/WSHM/WSHM.html> (Accessed: February 11, 2009).

¹¹ Office of Financial Management. Available online: <http://www.ofm.wa.gov/pop/gma/pugetsound.pdf> (Accessed: April 19, 2008).

program that is administered in Snohomish County by the two public housing authorities, the Housing Authority of Snohomish County (HASCO) and the Everett Housing Authority (EHA).¹²

¹² Snohomish County Tomorrow. "Housing Evaluation Report 2007." Available online: http://www1.co.snohomish.wa.us/Departments/PDS/Divisions/LR_Planning/Information/Plans/SCT+Reports/HER07.htm (Accessed: February 11, 2009).

Table 1 summarizes the 14,000 dedicated affordable units in the county. The site-specific assisted housing units are listed by jurisdiction and broken down by the type of housing unit. The tenant-based vouchers are available for use throughout the county and can rent a range of unit sizes based on household size and composition.

**Table 1:
Distribution of Dedicated Affordable Units by Jurisdiction and Housing Unit Type, as of
February 2008**

Jurisdiction	Units for Seniors	Units for Families	Units for Individuals	Total Units
Arlington	320	180	7	507
Darrington	20	–	–	20
Edmonds	178	120	31	329
Everett	744	1,484	437	2,665
Granite Falls	30	–	–	30
Lake Stevens	112	55	–	167
Lynnwood	485	753	21	1,259
Marysville	338	470	176	984
Mill Creek	45	277	–	322
Monroe	124	52	3	179
Mountlake Terrace	–	113	2	115
Mukilteo	–	–	61	61
Snohomish City	144	96	14	254
Stanwood	144	46	32	222
Sultan	26	7	7	40
Non-SW Unincorporated UGA	–	109	6	115
Rural Unincorporated	68	128	–	196
SW Unincorporated UGA	326	774	27	1,127
Unidentified Location	–	257	20	277
Totals for Project-Based Units	3,104	4,921	844	8,869
Countywide Total Number of Tenant-Based Rental Subsidies				5,131
Countywide Total of Project-Based and Tenant-Based Units				14,000

Source: Snohomish County Tomorrow. "2007 Housing Evaluation Report."

Table 2 summarizes the distribution of *both* project-based assisted housing units and tenant-based vouchers by jurisdiction in Snohomish County, as of February 2008. Since tenant-based vouchers may be used across jurisdictions, this table shows only a point-in-time distribution of the use of these rental vouchers.

Table 2:
**Distribution of Dedicated Affordable Units by
 Jurisdiction, including Vouchers**

Jurisdiction	Total Units
Arlington	625
Bothell (Snohomish Co. portion)	17
Brier	1
Darrington	29
Edmonds	337
Everett	4,291
Gold Bar	5
Granite Falls	61
Index	2
Lake Stevens	267
Lynnwood	1,822
Marysville	1,324
Mill Creek	457
Monroe	236
Mountlake Terrace	236
Mukilteo	121
Snohomish City	334
Stanwood	268
Sultan	69
Woodway	1
Unincorporated County (Urban)	2,718
Unincorporated County (Rural)	871
Unidentified location	492
Total	14,000

Source: Snohomish County PDS data presented at SCT Steering Committee on January 28, 2009.

The unmet need for housing assistance can be seen in the high demand for existing resources. HASCO maintains a wait list that includes over 4,000 households, with estimated waits as long as five years, while EHA has closed its wait list and is not currently accepting applications.

While there is a network of capable, experienced affordable housing providers in Snohomish County, the production of new affordable housing opportunities has not kept pace with the growing need. Since 2002, nonprofits and housing authorities have added 2,019 affordable housing units in Snohomish County, which is a substantial amount relative to the private market, which produced just 2,023 apartments in same period at *all* income levels. However, this production cannot keep pace with the more than 4,000 additional households that become cost-burdened each year, according to Snohomish County Tomorrow estimates.¹³

The Snohomish County Consolidated Plan identifies three main barriers to creating affordable housing in the county: increasing housing demand due to fast population growth, high costs of housing and land, and limited funding for affordable housing.¹⁴ The first two barriers apply to the private market as well as to dedicated affordable housing. The third factor, limited funding for affordable housing, is a particularly serious challenge for nonprofits and housing authorities. The creation of new, dedicated affordable housing most often requires a complex financing package that includes many sources of public funding and private investment. Most housing developments require several successful applications through competitive federal, state, and local funding processes, each with compliance requirements lasting as long as 50 years.

Existing Funding Mechanisms in Snohomish County

The majority of funding for affordable housing in Snohomish County comes from federal, state, and private sources, including federal Section 8 vouchers, the state Housing Trust Fund, and private equity investment in projects receiving federal Low Income Housing Tax Credits. Local funding for affordable housing in Snohomish County usually provides a modest portion of the overall funding for affordable housing development (less than 10 percent of the total)¹⁵, and the primary sources for locally-administered funding are federal and state pass-through funding for housing programs. The principal local funding processes in Snohomish County include the inter-jurisdictional Urban County Consortium, the City of Everett's Community Development Block Grant (CDBG) and HOME allocation, and the County's administration of state Homeless Housing Assistance Act funding.

Urban County Consortium

The Snohomish County Urban County Consortium is a partnership between the County and 19 of the cities and towns within Snohomish County. The Urban County Consortium administers federal and state pass-through funding for housing, support services, and non-housing capital projects. On behalf of the Urban County Consortium, Snohomish County

¹³ Snohomish County PDS data presented at SCT Steering Committee on January 28, 2009.

¹⁴ Snohomish County Office of Housing, Homelessness, and Community Development. Consolidated Plan. Available online: http://www1.co.snohomish.wa.us/Departments/Human_Services/Divisions/OHHCD/Consolidated_Plan/ (Accessed: March 27, 2008).

¹⁵ Housing Consortium of Everett and Snohomish County. "Housing within Reach." Available online: <http://www.housingsnohomish.org/advocacy.html> (Accessed: February 11, 2009).

receives entitlement formula funds from HUD and through the Washington State SHB 2060 document recording fee. The HUD funding sources include the HOME, Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), and American Dream Downpayment Initiative (ADDI) programs.

For CDBG and ESG funds, the Consortium includes the unincorporated areas of the county and all the cities and towns except for the City of Bothell (which partners with King County) and the City of Everett (which receives its CDBG directly from HUD and its share of ESG from the balance of state funds administered by the State Department of Community, Trade and Economic Development (CTED)). For HOME, ADDI, and 2060 funds, the Consortium includes the City of Everett as well as the same 18 cities and towns, and unincorporated areas as for the CDBG and ESG funds. Through the inter-local agreement, Everett receives a 21 percent set-aside of the Consortium's HOME, ADDI, and 2060 funds, and conducts its own project selection process.

Besides the set-asides for Everett, the remaining funds are allocated through the Urban County Consortium's application processes. Funding applications are reviewed in three stages, first by the Snohomish County Office of Housing, Homelessness, and Community Development (OHHCD), then by the Technical Advisory Committee (TAC), and finally by the Policy Advisory Board (PAB). OHHCD provides staffing for the Urban County Consortium, manages the application processes, and is responsible for contracting with grantees, monitoring funded programs, and compliance and reporting procedures. OHHCD releases the Notice of Funding Availability and reviews applications for consistency with the county's Consolidated Plan and with the requirements of the grant sources.

The TAC is comprised of 29 members, including one representative from each member city and town, two selected by the County Executive, one representative from HASCO, and seven citizens that are selected by the PAB to represent low-income households, including senior citizens, persons with disabilities, minority persons, and homeless or formerly homeless households. The TAC reviews project proposals and makes recommendations on project selection to the PAB.

The PAB includes three members of the County Council, a representative of the County Executive, representatives of four of the participating cities, and a ninth member that is selected "at-large" by the other eight members and only votes in cases of ties. The PAB reviews the recommended projects and makes funding recommendations to the County Council, which makes the final approval.

Figure 2 shows the sequence of review and approval of funding decisions by participating jurisdictions and citizen members.

Figure 2:
Urban County Consortium Process for Funding Decisions



The Urban County Consortium is expected to award about \$6 million of federal and state “pass through” funds for fiscal year 2009, of which about \$3 million will be available for affordable housing programs, including housing development, preservation, and support services. From 2000 to 2008, CDBG funding awards were made for public facilities or infrastructure in 14 of the 18 member cities (not including Everett); and housing developments were funded in 12 of the 19 participating cities.

Other local funding mechanisms

Through inter-local agreement, the City of Everett receives a 21 percent set aside of HOME funds from OHHCD to allocate to eligible housing activities within the city limits. Everett is also a CDBG entitlement community and receives a direct allocation from HUD. Everett allocates funding for housing and public facilities separately from other jurisdictions in the county.

In 2005, the Washington State Legislature passed ESSHB 2163, the Homeless and Housing Assistance Act, which established an ongoing funding source collected through a document recording fee (primarily on mortgage documents). Counties are required to use these funds to support activities that prevent and reduce homelessness, as described in each county’s 10-Year Plan to end homelessness. Snohomish County OHHCD administers the 2163 funds through its Ending Homelessness Program, which expects to allocate between \$1.5 million and \$2 million annually (revenue projections are being revised due to the slow down in the economy and in home sales). OHHCD currently uses this funding source to support operating and services activities, and not new capital housing projects.

Existing Housing Plans and Policies

This feasibility study seeks to align with existing affordable housing plans and policies in Snohomish County, including reports produced by Snohomish County Tomorrow, the Housing Consortium of Everett and Snohomish County, Snohomish County, the Homeless Policy Task Force, and Puget Sound Regional Council.

Snohomish County Tomorrow Housing Planning

Snohomish County Tomorrow (SCT) is responsible for developing and updating the Countywide Planning Policies (CPPs), which provide a guiding framework for the comprehensive plans of the County and cities. CPPs are designed to ensure that city and County comprehensive plans are consistent and fulfill the requirements of the Growth Management Act.

The CPPs currently include 21 policies specifically related to housing. Most of these policies would be relevant to the activities and objectives of an inter-jurisdictional housing collaboration, and five policies in particular are essential to the creation and implementation of such a program. These CPPs clearly demonstrate the commitment of cities and the County to seek ways to increase the supply of affordable housing, and to work inter-jurisdictionally on meeting these goals:

HO-2: Make adequate provisions for existing and projected housing needs of all economic segments of the county.

HO-3: Strengthen inter-jurisdictional cooperative efforts to ensure an adequate supply of housing is available to all economic segments of the county.

HO-4: Adopt and implement a fair share distribution of low-income and special needs housing so as to prevent further concentration of such housing into only a few areas.

HO-5: Each jurisdiction's comprehensive plan housing element will include strategies to attain the jurisdiction's fair share housing objectives.

HO-6: Production of an adequate supply of low and moderate income housing will be encouraged by exploring the establishment of inter-jurisdictional private/public financing programs which involve local lenders and foster cooperative efforts with non-profit housing developers.¹⁶

The intent of the CPPs is that each jurisdiction incorporates these policies into their comprehensive plans. For example, the County Comprehensive Plan includes several strategies related to the provision of affordable housing, including encouraging building the

¹⁶ Snohomish County Tomorrow. Countywide Planning Policies. Available online: <http://www.co.snohomish.wa.us/documents/Departments/Council/Agendas/CURRENTCountywidePlanningPolicies.pdf> (Accessed: February 12, 2009).

capacity of nonprofit housing developers; analyzing alternative funding for low-income housing, such as bond levies and partnerships with housing authorities and providers; and revising density and zoning regulations to increase land capacity.

The County Comprehensive Plan also includes the objective to, “Strengthen inter-jurisdictional cooperative efforts to ensure an adequate supply of housing is available to all economic segments of the county.” In order to meet this objective, the County recommends this policy: “Snohomish County in cooperation with cities, public housing agencies, and other public, non-profit and private housing developers shall continue to strive to meet its fair-share housing allocations based on recommendations in the most recent Housing Evaluation Report as provided in the 2025 Fair Share Housing Allocation Report and Documentation.”¹⁷

An inter-jurisdictional program to increase the provision of affordable housing across a range of income levels is encouraged by the CPPs and therefore should align with the comprehensive plans of participating member jurisdictions.

Based on CPP HO-4, SCT is also responsible for developing the *Fair Share Housing Allocation* report. The object of this report is to inform all jurisdictions of their “fair share” of housing for the number of low- and moderate-income households who are projected to be cost-burdened by 2025. In other words, the model describes the “fair share” of housing need for which each jurisdiction should plan, and includes both existing and projected housing needs.¹⁸

SCT also produces the *Housing Evaluation Report*, which analyzes the efforts made to achieve countywide and local housing goals, as set forth in the Countywide Planning Policies. The 2007 Housing Evaluation Report describes tools and strategies that each jurisdiction has implemented to support affordable housing. However, the report found that:

“Our CPPs also call for inter-jurisdictional effort to achieve affordable housing goals and objectives. Unfortunately, little of this nature has occurred. Likewise, little action has been taken on the ‘recommendations for working together’ of the 2002 Housing Evaluation Report.”¹⁹

¹⁷ Snohomish County Planning and Development Services. Comprehensive Plan. Available online: http://www1.co.snohomish.wa.us/Departments/PDS/Divisions/LR_Planning/Projects_Programs/Comprehensive_Plan/General_Policy_Plan.htm (Accessed: February 12, 2009).

¹⁸ Snohomish County Tomorrow. Fair Share Housing Allocation. http://www1.co.snohomish.wa.us/Departments/PDS/Divisions/LR_Planning/Information/Plans/SCT+Reports/FSHousing.htm (Accessed: February 13, 2009).

¹⁹ Snohomish County Tomorrow. “Housing Evaluation Report 2007.” Available online: http://www1.co.snohomish.wa.us/Departments/PDS/Divisions/LR_Planning/Information/Plans/SCT+Reports/HER07.htm (Accessed: February 11, 2009).

Both of these reports would be extremely relevant to a new inter-jurisdictional housing program, which should seek to implement recommendations from both reports when appropriate.

Housing within Reach Report

In 2008, the Housing Consortium of Everett and Snohomish County developed a report that included strategies to more than triple the rate of housing production and double the number of affordable housing opportunities in Snohomish County by 2017. The Housing within Reach plan was sponsored in part by Snohomish County and the City of Everett, and was led by a committee of public, private, and nonprofit leaders.

The plan includes several recommendations for ways that jurisdictions could support housing by working together. The following recommendations for action present possible opportunities for collaboration among cities and/or the County:

- **Urban Mixed-use Demonstration Project:** recruit a nonprofit and a for-profit developer to collaborate on a demonstration project that includes both affordable and market-rate housing
- **Incentive Zoning in Urban Areas:** develop incentives to incorporate affordable housing within designated Urban Centers throughout the county
- **Preservation of Manufactured Housing Communities:** explore strategies to preserve manufactured housing that is at risk of closure or sale
- **Waiver of Construction Sales Tax:** advocate the State legislature to waive the State portion of sales tax for affordable housing²⁰
- **New Dedicated Local Revenue Sources:** create new local funding for affordable housing, such as through a levy, bonds, or combination of public and private sources
- **Homeless Initiative Partnerships:** partner with new and existing State and philanthropic initiatives to end homelessness

The Housing within Reach plan estimated that the total costs of meeting its goal of serving over 32,000 households would be about \$1.03 billion over ten years, including both existing (55 percent) and new (45 percent) resources. The proposed new resources include new sources of direct public financial assistance; increased leveraging of state, federal, and private loans and investment; and the value of development incentives for new affordable housing.

The implementation of a new inter-jurisdictional housing program could potentially overlap with some of the Housing within Reach strategies. The participating jurisdictions can use the financial modeling in the plan to inform the development of the program's strategies and goals. The Housing within Reach plan specifically includes the following recommendation:

²⁰ Efforts to pass state legislation in 2009 were not successful; there may be efforts to pass similar legislation in future sessions.

“Challenge each municipal jurisdiction in Snohomish County to generate a plan that will contribute \$5 per capita of new value annually toward affordable housing solutions from fee waivers/discounts, surplus land donations/discounts, cash contributions (levy, bonds, or other new sources), land use designations, and policy changes. One way of implementing this would be for the Snohomish County Tomorrow Steering Committee to adopt a list of "ways and means" that would qualify, and later to evaluate and report each jurisdiction's contributions. In addition, a template and other technical assistance tools for implementing affordable housing production policies should be developed and disseminated. Snohomish County Tomorrow should study this recommendation as part of the current feasibility study of inter-jurisdictional programs to promote affordable housing.”²¹

More information on the housing goals and financial estimates from this report is found in the annotated bibliography in Appendix 5, as well as in the Housing within Reach report itself, especially in the sections on “Strategies to Support Housing Stability” and “Funding Projections.”

Other Housing and Homelessness Planning in Snohomish County

In 2007, the Snohomish County Office of Housing, Homelessness, and Community Development (OHHCD) developed its Affordable Housing Production Plan. That plan set a housing goal of ensuring housing affordability for 6,025 additional households from 2007-2017, through a variety of types of housing assistance, using existing housing resources. The recommendations of the AHPP provided the foundation for the Housing within Reach report.

As described in the funding mechanism section, the Snohomish County Consolidated Plan describes the housing conditions in Snohomish County and provides funding priorities for the federal HOME and CDBG funds administered by the Urban County Consortium. If it is decided that a portion the Urban County Consortium funding processes are integrated into a new inter-jurisdictional housing program, the program will incorporate the funding priorities in the Consolidated Plan.²²

In Snohomish County and Washington State, the issues of affordable housing and homelessness have significant overlap. In 2006, the Snohomish County Homeless Policy Task Force led the development of Everyone at Home Now, the countywide 10-year plan to end homelessness. That plan focuses on addressing both the housing and services needs for people who are homeless or at risk of homelessness, with a goal to increase homeless housing by at least 2,500 units over ten years.

²¹ Housing Consortium of Everett and Snohomish County. *Housing within Reach*. Available online: <http://www.housingsnohomish.org/advocacy.html> (Accessed: February 11, 2009).

²² Snohomish County Office of Housing, Homelessness, and Community Development. Consolidated Plan. Available online: http://www1.co.snohomish.wa.us/Departments/Human_Services/Divisions/OHHCD/Consolidated_Plan/ (Accessed: March 27, 2008).

In January 2008, Executive Aaron Reardon convened the Housing and Homelessness Policy Oversight Committee to focus on strategies for increasing affordable housing and ending homelessness. The Oversight Committee will review the recommendations and progress on the Housing within Reach plan in spring 2009, and develop recommendations by this summer.

In early 2009, a new initiative to improve housing and services for homeless families – tentatively called “Investing in Families” -- will be led by the County, the Workforce Development Council, the Bill & Melinda Gates Foundation, and Building Changes. These planning efforts may influence an inter-jurisdictional housing program, particularly if the member cities prioritize housing for homeless populations or households earning below 50 percent of the median income.

Review of Best Practices

A central component of the feasibility study of inter-jurisdictional programs for Snohomish County is the identification and analysis of national and local best practices for inter-local collaborations. The consultant team worked with the PAC Housing Subcommittee to identify seven existing inter-jurisdictional programs as promising case studies, and conducted research on the histories of these programs, what they do, how they work, and what have been their outcomes.

The seven regional approaches were chosen through the consultants' review of literature, discussions with leaders in the field, and suggestions from the PAC subcommittee members. It should also be noted that there are a very limited number of examples of multi-jurisdictional efforts focused on affordable housing around the country.

The criteria used to select locations to study best practices were: a) inter-jurisdictional programs that resulted in the creation or preservation of additional housing units; b) programs that had longevity and a track record of continued support from local jurisdictions; c) local jurisdictions voluntarily joined the collaboration; and d) at least one example of a program that was not successful.

Some programs are focused on pooling capital resources to fund new housing opportunities, some focus on providing planning support to the member jurisdictions, and two programs include both features. It is important to note that for many of these models, the activities evolve over time and the program may take on new functions as it gains experience, visibility, and credibility in the community.

The following sections provide an overview of each of the seven programs, followed by a list of success factors that have been identified as best practices for inter-local programs. The seven programs profiled (also mapped in *Figure 3*) in this review of national best practices include:

- HEART: Housing Endowment and Regional Trust, San Mateo County, CA
- HTSCC: Housing Trust of Santa Clara County, CA
- WAHP: Washington Area Housing Partnership, DC-MD-VA
- REACH: Regional Employer-Assisted Collaboration for Housing, which includes suburbs of Chicago, IL
- LCA: Livable Communities Act programs in Minneapolis-St. Paul region, MN
- ARCH: A Regional Coalition for Housing in East King County, WA
- SKC: previous inter-jurisdictional efforts in South King County, WA

Figure 3
Geographical Locations of Profiled Programs

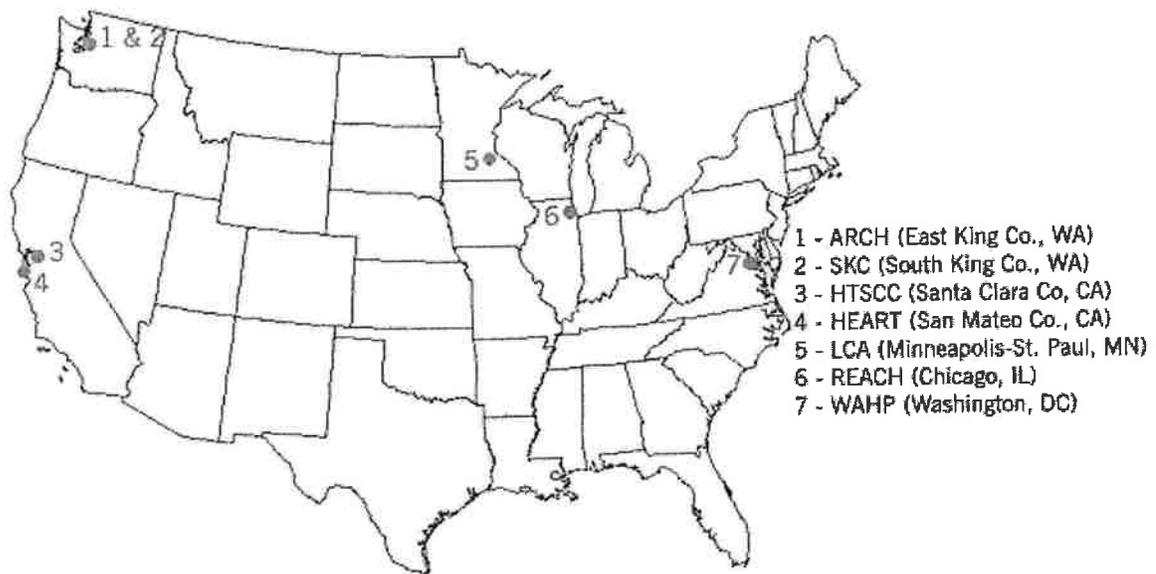


Table 3 provides a summary of the roles that these programs play in promoting the development of affordable housing opportunities in their communities.

Table 3:
Activities Performed by Inter-jurisdictional Collaborations

Program	Capital Funding	Planning Activities	Other
HEART	Public-private housing trust fund that provides revolving predevelopment loans for new affordable rental housing; and First-time homeowner downpayment program	none	Host educational forums for elected officials and general public
HTSCC	Public-private housing trust fund that provides grants and loans for new affordable rental housing; and First-time homeowner downpayment program	none	none
WAHP	none	Information clearinghouse of best practices in housing planning and incentives	Education and peer learning between cities and elected officials
REACH	none	Joint planning on employer-assisted housing issues between cities	Education and peer learning between cities and elected officials
LCA	Competitive state funding for member jurisdictions to support housing goals	Assistance with developing housing goals and strategies for participating jurisdictions	none
ARCH	Housing trust fund that provides loans, grants, and land donations for affordable housing; and First-time homeowner downpayment program	Development of land-use incentives for member cities; and GMA planning	Housing 101 for elected officials and general public
SKC	none	Planning support (but lacking sufficient development expertise)	none

Overviews of Other Regional/Inter-jurisdictional Affordable Housing Programs

HEART: Housing Endowment and Regional Trust, San Mateo County, CA

The Housing Endowment and Regional Trust (HEART) brings together the County of San Mateo and every incorporated city and town, as well as private businesses, to address affordable housing. HEART operates two main programs: a revolving loan fund and a homebuyer assistance program.

The creation of HEART was a largely grassroots effort that had a broad base of support in the community. Local advocacy led to a working group in 2002 of local public, nonprofit, and business leaders to recommend strategies for improving housing affordability in San Mateo County. In 2003, HEART was established as a new Joint Powers Authority and originally included the County and several cities. Municipalities were especially motivated to join because of state funding that had become available specifically for local housing trust funds. In this case, a combination of broad-based advocacy and state incentives were vital to starting an inter-jurisdictional program.

HEART is governed by a 20-member Board of Directors which includes nine municipalities, two County Supervisors, and nine members of the private sector. All budgetary decisions must also be approved by a separate Member Committee that includes all the cities and the County. Since its establishment, HEART has gradually added cities as members until August 2008, when the final remaining city joined.

HEART has been able to recruit members by demonstrating that it adds value to member jurisdictions and is responsive to their needs. For example, the homebuyer assistance program was created largely in response to the interests of member cities, and since only member cities could participate in the homebuyer assistance, that incentivized other cities to join and become dues-paying members.

The nonprofit Housing Leadership Council serves as the managing agent and provides administrative staffing for HEART, which includes slightly less than 2 FTE through a large portion of the Executive Director's time and an administrative support specialist dedicated to HEART. The San Mateo County Office of Housing provides program management services, including reviewing funding requests and recommending funding allocations. The County also provides legal services through the Counsel's Office. These cost-sharing measures keep overhead relatively low for the program. Program expenses were approximately \$275,000 per year from 2006 to 2007.

From 2003 to 2008, HEART has raised about \$10 million from local, state, and private sources. Of that, \$3 million was granted by San Mateo County and \$3.5 million by the State of California. Over five years, membership dues from the 20 participating jurisdictions have totaled about \$900,000. The remainder of the \$10 million comes from private fundraising. HEART has leveraged over \$22 of external funding for each dollar it has invested.

The revolving loan fund provides short-term loans for affordable multi-family housing development. About 400 rental units have been funded through these loans. The homebuyer assistance program provides downpayment assistance and reduced interest rates for households earning less than \$150,000, through a partnership with a private lender. In the pilot for the homebuyer assistance program, 100 households received assistance. The units supported by HEART accounted for approximately 11 percent of *all* housing produced in San Mateo County over the last five years. HEART also works with HLC to provide educational forums for elected officials and the general public on affordable housing needs.

HTSCC: Housing Trust of Santa Clara County, CA

One of the most prolific inter-jurisdictional collaborations in the country has been the Housing Trust in Santa Clara County, California. The Housing Trust is a partnership between local business and the cities and County, and leverages millions of dollars of private and public money for homeownership programs, new rental housing, and homeless housing.

The Silicon Valley Leadership Group (SVLG), a membership organization of nearly 300 companies in the Silicon Valley area, has played a crucial leadership role in establishing and raising funds for the Housing Trust. Without the support of business leaders, the Housing Trust would not have gotten off the ground. During an annual survey of member CEOs, SVLG found that the lack of affordable housing for working families was the number one identified need. In the mid-1990s, SVLG became involved with the Housing Action Coalition and was a vocal advocate for affordable housing, including appearing in support of dozens of proposed new developments at council and planning commission hearings.

Between 1999 to 2001, SVLG raised \$20 million for a Housing Trust in Santa Clara County, with about two-thirds of the funding from private sources and one-third from the county and 15 cities and towns. The Housing Trust is a 501c(3) nonprofit with a volunteer Board of Directors, which includes two County supervisors, council members and mayors from nine of the 15 cities and towns in the county, and leaders from 13 local businesses. The Board sets funding guidelines and oversees a relatively lean staff of five full-time employees, whose workplans are dedicated to the objectives of the Housing Trust. The governance structure is responsive to the needs of the member jurisdictions and accommodates participation by cities of different sizes.

The Housing Trust operates two core programs: homeownership assistance for first time buyers, and loans and grants for affordable rental housing. For first time home buyers in Santa Clara County earning between 60 percent and 120 percent of Area Median Income (AMI), the Housing Trust provides downpayment or mortgage assistance. For developers of multi-family or homeless rental housing, the Housing Trust can provide acquisition financing, gap financing, construction loans, or permanent financing, up to a maximum of \$15,000 per affordable unit. All multi-family rental units must be affordable to 80 percent of AMI, with a portion reserved for families earning below 30 percent of AMI.

As of 2008, the Housing Trust had received a total of \$37 million in contributions, granted \$29 million, and leveraged \$1.3 billion in outside investment, to create over 7,000 housing opportunities. The Housing Trust benefited from a state matching incentive, which provided \$2 million for the fund.

WAHP: Washington Area Housing Partnership, DC-MD-VA

The Washington Area Housing Partnership is a regional public-private partnership affiliated with, and located within, the Metropolitan Washington Council of Governments (COG). The mission of WAHP is to expand affordable housing opportunities within the metropolitan Washington region. The Partnership serves as an information clearinghouse, developing reports on various aspects of the region's housing market and developing ways for member jurisdictions to share information on housing policies and programs.

The Partnership functions as a semi-independent unit within the administrative framework of the COG. Partnership members pay dues separately from the COG, and may include private as well as public members. The Partnership is governed by a Board of Directors that is separate from the COG. The Partnership Board develops its workplan annually, and works with the COG to dedicate a portion of staffing time from COG planning staff.

COG staff support the Partnership through the development and publication of a Toolkit of policies and programs that are best practices in the region and nation, and also the Annual Regional Housing Report, an assessment of the region's rental housing stock. Elected and appointed officials from the Partnership members play an active role in publicizing the tools that are available and sharing information with peer councils and officials. The active participation of elected officials has been key to creating and sustaining the Partnership, which does not benefit from external incentives or funding, such as state or philanthropic grants, beyond modest contributions for operations.

REACH: Regional Employer-Assisted Collaboration for Housing, IL

Two groups of communities in Illinois are currently working to develop inter-jurisdictional programs to promote affordable housing. These collaborations are using employer-assisted housing (EAH) as a starting point for cooperation. A regional nonprofit, the Metropolitan Planning Council (MPC), plays a lead role with both groups as facilitator and technical advisor.

The history for these inter-jurisdictional efforts begins with leadership by the State of Illinois to create incentives for EAH. The Regional Employer-Assisted Collaboration for Housing (REACH) was established in 2000 as a pilot project that linked a suburban employer with a local housing provider and MPC. The employer provided downpayment assistance and paid for pre-purchase counseling to employees, provided by the nonprofit housing provider. The design and facilitation of the partnership by MPC was funded through foundation support.

Building on the success of the REACH pilot, Illinois enacted a tax credit for businesses participating in EAH programs in 2002. Since then, the REACH program has broadened to include more than a dozen housing providers, which work with the MPC to support

businesses engaged in EAH. With the help of REACH partners, over 1,300 employees statewide have purchased homes through EAH programs. MPC's funding for these coordinative efforts comes from local foundations, banks, the State development authority, and the City of Chicago Department of Housing.

Currently, there are two groups of five suburban cities that are independently developing inter-jurisdictional agreements. One is in the northern suburbs of Chicago, and includes adjacent jurisdictions from two counties with populations ranging from about 5,000 to about 35,000. The second group consists of five adjacent suburbs in northwest Cook County with populations between 25,000 and 80,000. All ten communities are considered relatively prosperous, yet they employ tens of thousands of workers who are unable to afford the median home price.

MPC began working with these groups in 2007. Some of the jurisdictions had already implemented proactive housing policies, such as incentive zoning programs and housing trust funds, but it was clear that there were real limits to the impact that a small- or medium-sized city could have in these expensive housing markets. Previously, most of the cities had not worked well together, but they seemed to see the value in combining their efforts to get a group of employers in the same room, talking about housing. They saw value in pooling their efforts to make the case to area employers that making it affordable for employees to buy a home close to where they work would be a win for everyone.

These ten municipalities see EAH programs as an easy first step to greater collaboration, both because it builds on an existing statewide framework of technical assistance and tax incentives, and because it requires no initial direct outlays by the cities. The cities are currently developing the organizational structure for their collaborations, with longer-term goals of using the collaboration to coordinate public resources, technical expertise, and data. The five cities in the northern suburbs have signed a Memorandum of Understanding that states:

"Looking forward, we intend to join together to create an inter-jurisdictional housing organization, which will pool resources (financial, administrative and land-based) to create and preserve workforce housing opportunities in our sub-region, defined as the incorporated land of Deerfield, Highland Park, Highwood, Lake Forest, and Northbrook."

Collaboration on EAH is seen as the first step towards deepening the commitment to affordable housing by local governments. As Robin Snyderman, the MPC lead for REACH, explains, "In Illinois, employer-assisted housing has catalyzed a broader dialogue about the links between housing and economic development, which has led to public policy change." The REACH program envisions a gradual, phased approach for their collaborations.

The recent announcement of the federal Neighborhood Stabilization Program (NSP) has also created incentives for inter-jurisdictional collaboration in Illinois, which has indicated that there will be a funding preference for multi-jurisdictional proposals. An additional group of

cities in suburban Chicago has issued a hiring announcement for an inter-jurisdictional staff position that will coordinate the five cities' NSP participation and provide other planning functions across the jurisdictions.

LCA: Livable Communities Act programs in Minneapolis-St. Paul region, MN

The Livable Communities Act (LCA) offers a voluntary, incentive-based approach that encourages jurisdictions in the Twin Cities area to develop and implement affordable housing plans. LCA programs are administered by the Metropolitan Council, a multi-jurisdictional collaboration serving communities in the greater Twin Cities area. Over 100 jurisdictions participate in LCA programs through the Metropolitan Council.

In 1995, the Minnesota legislature passed the LCA, which created incentives for communities in the seven-county Twin Cities area to plan for affordable housing. Communities that wanted to participate in the incentive programs were given six months to negotiate their housing goals with the Metropolitan Council, and 95 municipalities signed up right away.

Before the creation of LCA, the Metropolitan Council already had deep ties and credibility in the region, which was an important reason why communities were comfortable working with the Council on the new LCA programs. The Council already included several other areas of inter-jurisdictional collaboration including transportation, long-range planning, and environmental activities. It is governed by a 17-member board representing geographic districts in the seven-county area, and it includes the Metro Housing and Redevelopment Authority, which administers over 6,000 Section 8 vouchers over four counties.

Any municipality in the seven-county area is eligible to engage in the LCA programs, after they complete the participation requirements. The first requirement is that the city must work with the Metropolitan Council to negotiate acceptable affordable and life-cycle housing goals; the original goals were over fifteen years, and cities will be required to update their goals in 2010. Then, the city must prepare a Housing Action Plan to identify how it will address its established goals.

After this plan is approved by the Metropolitan Council, the city is finally required to make a minimum annual investment of local discretionary expenditures or contributions to assist the development or preservation of affordable housing. This minimum amount for each city is determined by a formula and includes ownership opportunities that are affordable to households earning below 80 percent of AMI, as well as rental housing that is affordable to households earning below 50 percent of AMI.

As long as the city is current on its required contributions, it is eligible to apply for funding from three competitive LCA programs. The Livable Communities Demonstration Account currently provides up to \$8 million annually for innovative development projects that demonstrate efficient use of land and infrastructure, and prioritize mixed-use, transit-oriented development. Funding may be used for public infrastructure, land acquisition, and site

preparation. The Tax Base Revitalization Account currently provides about \$5 million annually for communities to clean up polluted land for redevelopment, which may include affordable housing. Both these LCA programs are funded through a levy on the seven counties that was created by the state legislature.

The source of funding for the third program, the Local Housing Incentives Account, is through the Minnesota Housing Finance Agency (MHFA). MHFA reserves \$1.5 million of its available funding specifically for LCA-participating cities. These funds may be used toward the preservation or development of affordable housing in LCA-participating cities.

In the case of LCA, relatively modest state investment (on a per capita basis) has been a critical factor in incentivizing the large majority of municipalities in the region to create housing goals and strategies to meet those goals. Over the first eight years of LCA, the state awarded \$127 million in grants, which leveraged over \$6 billion in private and public funding to create 25,000 housing units.

ARCH: A Regional Coalition for Housing in East King County, WA

ARCH is an inter-jurisdictional agency that brings together 15 East King County cities and King County to help preserve and develop affordable housing opportunities. ARCH plays several roles by helping its member jurisdictions to pool funding and resources for housing developments; to develop incentives for the creation of affordable housing; and to provide information, research, and education to officials and the broader community.

Three Eastside cities and King County created ARCH in 1992 through an inter-local agreement, funded through contributions by the four members, with substantial start-up funding provided by the City of Bellevue. The support and leadership of Bellevue as a champion city was an important factor in the establishment and growth of ARCH. The founding program director for ARCH remains a City of Bellevue employee who dedicates his complete work plan to ARCH and the member jurisdictions.

Since its inception, ARCH has grown to include 15 cities and the County. ARCH is governed by an Executive Board, which consists of either a City Manager or Mayor from each jurisdiction. The Executive Board submits the work programs, budgets, and funding recommendations to the individual City Councils for their final approval and action. ARCH also receives advice on its work program activities and funding recommendations through a Citizen Advisory Board.

ARCH is currently served by five FTE staff that report directly to the Executive Board. ARCH staff are dedicated to the program, which has allowed them to respond to the needs of the member jurisdictions. Member cities cite this as very important to the value they receive from participating in ARCH.

In addition, the City of Bellevue provides some staff capacity on loan for administrative purposes, including website development, human resources, and finance and accounting.

This in-kind support has helped keep ARCH's costs low, which is important to keeping member dues reasonably low.

ARCH staff administer funding through the housing trust fund, work with communities to develop policies and incentives to enable the development of affordable housing, provide education and information, and provide monitoring and research on affordable housing issues and trends in the region.

The ARCH housing trust fund brings together funding from all the members to pool resources and provide affordable housing that is distributed across the region. From 1993 to 2007, members contributed a total of \$22.5 million through the housing trust fund, leading to the creation of over 2,600 units. Housing trust fund projects include rental housing, homeownership assistance programs, and manufactured housing communities.

ARCH also partners with the Washington State Housing Finance Commission to provide down payment assistance to first-time homebuyers with incomes below 80 percent of AMI. This program, called House Key Plus ARCH, provides up to \$30,000 in a down payment assistance loan at a below-market interest rate. These loans do not have to be repaid until the home is sold or refinanced.

In addition to direct financial assistance, ARCH helps jurisdictions to provide land use incentives to developers of low-income housing, such as accessory dwelling units (ADUs) and density bonuses. ARCH also helps cities to develop the land use and housing elements of Comprehensive Plans. Between 1993 and 2005, over 800 units of affordable housing were created in ARCH jurisdictions because of land use incentives. Virtually all of these served households with incomes up to 80 percent of AMI, with only one unit being affordable to households below 50 percent of AMI.

One example of the land-use incentives developed with help from ARCH is the Mercer Island ADU program. ARCH worked with the City to create a program allowing homeowners to develop a second housing unit on their property that fit the City's regulations. Between 1995 and 2002, the ADU program created 167 ADUs on Mercer Island. In comparison, 56 units were created on Mercer Island through direct financial assistance from 1993 to 2005, and only 10 affordable units were created by the private market.

Table 4 summarizes the number of affordable housing units created through direct financial assistance through the ARCH housing trust fund or land donations, the number of units created by land use incentives by ARCH members, and the number of affordable units created by the private market.

Table 4:
Units of Affordable Housing Created in East King County, 1993-2005

Income Target	Direct Financial Assistance	Land Use Incentives	Market	Subtotal for Income Target
Up to 50% AMI	1,576	1	51	1,628
50 to 80% AMI	1,051	824	1,963	3,838
TOTALS	2,627	825	2,014	5,466

In addition to the trust fund and land use incentives, ARCH provides information and education regarding housing for the general public and for city leaders. In 2007, ARCH developed a Housing 101 curriculum that provides background on who is eligible for affordable housing, how housing is created in East King County, and what each city in East King County has done to help produce housing over the past 15 years. ARCH provides both general education and specific briefings to elected officials.

SKC: previous efforts in South King County, WA

During the 1990s, several cities in the South King County area attempted to create an inter-jurisdictional housing program, inspired by ARCH in East King County. The Housing Development Consortium of King County played an instrumental role in bringing cities together in what was called the South King County housing forum, which focused on developing awareness of affordable housing issues in the region. From that forum developed a short-lived attempt to create a new inter-jurisdictional program.

Only two cities signed on initially for the program and their financial contributions could not afford the level of staffing required to add value to the cities and encourage other jurisdictions to join. The proposed collaboration folded after about a year because of two main factors: the lack of a clear mandate and workplan for the staff position, and the lack of expertise that position could provide. The program did not have a broad base of support, external support such as state incentives, or a workplan that added value for cities in the region.

Recently in 2008, several communities have resumed discussions about creating an inter-local program for affordable housing. There is substantial political will to create a program among elected and appointed officials, but there are two barriers that need to be addressed. The first challenge is finding funding in the current economic climate. The second challenge is developing a structure that functions effectively for the diversity of cities in the region, including those with strong Mayors and those with City Council and City Manager structures.

Critical Success Factors

Based on the review of seven programs that were jointly identified as promising by the PAC Housing Subcommittee and the consultant team, there are several important success factors that are shared by many or all of the collaborations. The following success factors have been identified as best practices for inter-local programs.

A. The collaboration is led by an enthusiastic champion, especially in the early stages of design and implementation

- HTSCC: the Executive Director of the Silicon Valley Leadership Group was a very vocal and well-connected advocate for the housing trust fund, and led both private and public fundraising efforts
- REACH: the owner of a manufacturing business worked closely with a suburban mayor to implement a pilot program for his employees, and then promoted the effort aggressively to other CEOs and mayors; also early buy-in from City of Chicago and key nonprofits and foundations
- ARCH: City of Bellevue played a key role in founding and supporting ARCH
- SKC: original efforts (1990s) lacked a key champion that could influence other cities to participate, which was a contributing factor to the program's failure

B. Counties (or the State) are invested in the program and are active participants

- (this is the case in all collaborations studied)
- HEART: counties provide staff and administrative support
- HTSCC and HEART: counties made a substantial investment of resources
- LCA: state authorized program and provided source of revenue

C. The support of elected officials and/or key business leaders is instrumental in developing and sustaining credibility for the collaboration

- ARCH: elected officials serve on the ARCH Executive Board and have direct involvement in creation of staff workplan and funding decisions
- REACH: the sub-regional collaborations between suburban cities have been spearheaded by mayors that meet together, and with businesses in their communities; participating businesses have been vocal spokespeople
- WAHP: elected officials play a key role in educating peer councils on the strategies used by local jurisdictions
- HTSCC: deep support from Silicon Valley Leadership Group members

D. In the absence of “top-down” incentives from the State, a broad base of support is critical

- HEART: major impetus was a housing forum of 200 advocates for affordable housing that wanted to see greater regional investment in housing
- ARCH: major impetus for creation was based on citizen’s task force that identified affordable housing needs in Bellevue and East King County
- REACH: early pilots were the results of collaboration between advocates, businesses, local elected officials, and foundations

E. In the absence of widespread political will, momentum, and resources, a gradual and phased approach to collaboration can be successful

- ARCH: only four initial member jurisdictions, but gradually grew to 16
- HEART: started with about half the cities, but has grown to include all 20
- REACH: two parallel sub-regional efforts underway with five cities each

F. In the absence of external funding resources, an initial modest workplan can successfully evolve and add roles and activities over time

- REACH: member jurisdictions have vision of deep collaboration across multiple activities, but are starting with employer-assisted housing as the “low-hanging fruit” for collaboration
- ARCH: workplan has grown as more cities are added and members commit increasing resources

G. In the absence of substantial funding sources, member communities play a larger role in supporting the collaboration through peer and public education, and developing incentives for housing development

- ARCH: staff pursue strategies that help member cities support housing in non-monetary ways, such as ADUs, density bonuses, and public land
- WAHP: limited funding for staff time, so elected and appointed officials play a larger role in peer and public education and information regarding incentive programs

H. Staff are dedicated to the collaboration, so that their workplans and goals are based on the objectives of the collaboration and directly serve the members

- All collaborations dedicate specific full-time staff to initiatives
- ARCH: several full-time staff, including director, are solely dedicated to ARCH
- HEART: Executive Director of HEART also serves as E.D. of local nonprofit agency, and supervises full-time staff dedicated solely to HEART

- I. The collaboration minimizes overhead and administrative costs given local circumstances, often by co-locating at an existing agency; this “host” agency provides infrastructure support (such as accounting, office space, human resources) but does not govern or supervise collaboration staff*
- HEART: co-located with existing nonprofit dedicated to public education and advocacy for affordable housing
 - ARCH: City of Bellevue provides administrative support for HR, website, finance, and accounting, but not programmatic dependence
 - LCA: staffed by existing Metropolitan Council, the seven-county regional planning body
 - WAHP: staffed by council of governments
- J. The administrative “host” agency for the collaboration is trusted in the community and has experience and expertise in housing planning*
- LCA: Metropolitan Council has extensive planning experience across the seven-county region and was well-known by member cities
 - HEART: local nonprofit was well-known for its housing leadership and advocacy, and utilizes County staffing expertise
 - ARCH: The City of Bellevue provides administrative support but does not play a disproportionate role in development of policies or priorities
 - SKC: staff position was not sufficiently funded to provide expertise of value to jurisdictions
- K. The collaboration creates a separate governance structure so that member jurisdictions have control over decisions regarding staff work plans and the use of any resources dedicated to the program*
- HTSCC: volunteer Board of Directors includes two County supervisors, council members and mayors from nine of the 15 cities and towns in the county, and leaders from 13 local businesses; the Board sets funding guidelines and oversees a staff of five full-time employees
 - ARCH: Executive Board, which includes either a City Manager or Mayor from each jurisdiction, submits the work programs, budgets, and funding recommendations to the individual City Councils for their final approval; ARCH also receives guidance on its work plan and funding via a Citizen Advisory Board
- L. The collaboration’s structure involves shared decision-making responsibilities and allows for participation of cities of different sizes*
- ARCH: the Executive Board includes every member city, and decisions are sent to each city council for approval

- HEART: all cities and the County serve on Member Committee, and several cities of different sizes and the County are on the Board of Directors
- LCA: cities of varying sizes negotiate housing targets with Metropolitan Council that fit their circumstances

M. The collaboration is responsive to member jurisdictions

- ARCH: ARCH staff serve as affordable housing staff support for each of the member jurisdictions, including assisting in the development of both policies and regulations, and providing education and information for member city councils
- HEART: designed a homeownership program that has been of sufficient value to cities that a substantial number have become members to have access to the homeownership program

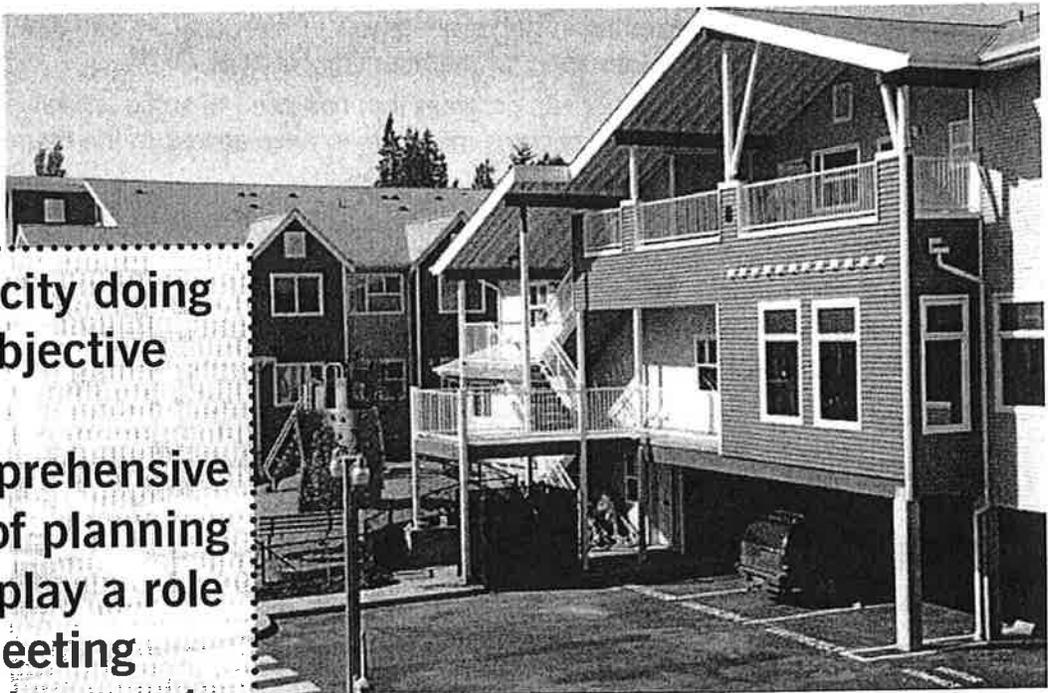
The following matrix summarizes the degree to which the case study programs have demonstrated success with these 13 success factors. A full-shaded box indicates a high level of success, a partially shaded box shows a moderate degree of success, and a blank box indicates that the program does not include or has had no success with that success factor.

Critical Success Factors	Inter-jurisdictional Collaborations						
	HEART	HTSCC	WAHP	REACH	LCA	ARCH	SKC
A. Led by Champion							
B. County/State Participation							
C. Elected/Business Support							
D. Broad-Based Support							
E. Phased Approach							
F. Incremental Work Program							
G. Education/Incentives							
H. Staffing							
I. Minimized Overhead							
J. Trust in Host Agency							
K. Governance Structure							
L. Shared Decision Making							
M. Responsive to Members							

“

Any city doing an objective and comprehensive job of planning will play a role in meeting housing needs

--Local stakeholder interviewed for this report



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Stakeholder Advice

Phase One Stakeholder Interviews

In order to evaluate the feasibility of inter-jurisdictional collaboration in Snohomish County to assess the climate for housing in the region, this study included two phases of stakeholder interviews. For the first phase, the PAC Housing Subcommittee identified a list of key stakeholders that were knowledgeable and interested in affordable housing and local government issues in Snohomish County. The goal for these interviews was to better understand the needs for housing, the roles that local governments play, the prospects for greater collaboration, and the potential leaders for such collaboration in the county.

The consultants interviewed 23 individuals between August and December 2008, including two County Councilmembers, two members of the County Executive's staff, seven city elected officials and three city administrative staff (Bothell, Everett, Gold Bar, Lynnwood, Marysville, Monroe, Mountlake Terrace, Stanwood, Sultan), a representative of Tulalip Tribes, two nonprofit developers, two housing authorities, the executive director of the Puget Sound Regional Council, and three representatives from the private sector. Each interviewee received a short background document and guiding questions in advance.

Summary of Phase One Interview Responses

1. How serious is the affordable housing need in your community? What populations, if any, are having difficulty finding affordable housing and need additional assistance?

- Most described the needs for affordable housing as serious.
- At least four local elected and appointed officials said the need in their communities was not serious because there was ample supply of a range of housing types, but the need countywide was serious.
- Many felt the needs were most acute for lower incomes (less than 30% and less than 60% of area median income), but that households up to 120% were experiencing affordability challenges.
- The specific populations mentioned most frequently were those on fixed incomes (seniors, disabled, veterans), first time home buyers (young parents), single-parent households, and mobile home park residents.

2. Do you think that cities and the county should play a role in addressing affordable housing issues? If so, what roles should they play? What roles should local jurisdictions not play?

- Almost everyone interviewed believes that local government should play an important role.

- Creating development incentives and appropriate zoning regulations for higher densities were often mentioned, including tools that allow municipalities to meet GMA targets.
- The housing developers felt strongly that governments must become partners – some good examples, but more needed.
- Cities and county should work with developers to avoid over-concentration of affordable housing.
- Most believe that local jurisdictions should not develop or manage housing.
- Most said local funding was not likely.

3. If you think that local municipalities should play a role in supporting affordable housing, what types of housing should be prioritized? Should your community focus on more attainable homeownership opportunities, or on affordable rental units?

- Most felt there is a need for both more ownership and more rental housing opportunities.
- The elected officials tended to place a greater focus on ownership; private developers are also more interested in ownership in general, with a range of densities.
- *“Cities are generally interested in affordability for the next generation.”*

4. How does your jurisdiction currently support affordable housing, if applicable?

- Several cities said they have or are working on incentive programs, and either creating more higher density or mixed use zoning where affordable housing could be located.
- Several said they work closely with HASCO and non-profit developers.
- Few city officials know what other cities are doing with respect to affordable housing.
- Several elected officials observed that although they are interested, affordable housing is not a priority for their council.
- Several rural cities said that their housing stock was already more affordable relative to most of the county.

5. Are you familiar with effective examples of jurisdictions working together to address important public policy issues, either in Snohomish County, regionally, or nationwide? What are the characteristics that have made that collaboration successful?

- There was no single example that was mentioned often by participants. Those examples cited included Sound Transit, PSRC, Sno-Isle Library system, and the Evergreen Crescent (an economic development collaboration between Snohomish Valley cities).
- Several mentioned Snohomish County Tomorrow as a model, and one suggested that SCT should develop an affordable housing program. However, another participant cautioned, *“SCT is a good place to have a discussion, but not to get things done.”*
- Most felt that a successful collaboration would have to have several components: 1) some type of sub-regional element so that cities in close proximity could work together, 2) decision making should be done in a fair manner, and 3) the county should be a

participant but not in control of the effort. *"There is a lot of contention in county government right now."*

- Some believed that leadership from an energetic advocate would be critical to getting a program started.
- Several cities mentioned their participation in the Urban County Consortium process for allocating federal and state pass-through money, through the Technical Advisory Committee (TAC) and Policy Advisory Board (PAB). While some felt that the TAC and PAB provided a good means of getting input on specific projects, cities said that there was a need for a more general forum for municipalities to come together and talk about housing issues and priorities, including "equitable distribution" of affordable housing.

6. *What is your assessment of the prospects for establishing a program in which multiple jurisdictions pool resources to address affordable housing in Snohomish County? What are the potential challenges that a new program may have to overcome in order to be effective?*

- A majority felt the prospects are good. *"The prospects are good if the county can commit some funding to empower cities."* *"Elected officials are getting it more."*
- Several said they weren't certain if the political will exists to create such a collaboration. *"I have not seen the critical mass of elected officials that have an interest in this issue."*
- Challenges included the following: overcoming concerns about over-concentration of affordable housing, creating affordable housing that has high quality design, and securing funding to support such an initiative. *"It's hard to get elected officials to think beyond their immediate boundaries."*

7. *What would interest your government or organization in participating in such a program?*

- Education of city officials and citizens was mentioned by many participants.
- Staffing, technical assistance, and research to help cities work on incentive programs, zoning for higher densities, design regulations, meeting the housing requirements within GMA, and credit enhancements.
- Most of the city officials and non-profit developers interviewed said they would like to be involved.
- The nonprofit developers said they have the expertise to form partnerships with cities.
- Both nonprofit and for-profit developers are interested in municipalities making development easier, such as expediting applications for permits or waiving fees.
- The program would need to be flexible to tailor ideas to specific needs of each city; present a "menu" of options for cities to implement.
- Several cities were interested in establishing a forum for talking about housing policies and priorities, including learning what other cities are doing and evaluating existing affordable and market-rate housing stock in each city.

8. *Under what circumstances, if any, would new local funding resources be desirable? Under what circumstances, if any, should voluntary incentives for developers be used across multiple jurisdictions to encourage new affordable housing?*

- Creating a new local funding source at this time was not seen as likely/possible.
- Most participants felt incentives are an important tool for creating affordable housing.
- Several suggested that cities and county should work together to lobby for additional federal and state funding.
- Interest from developers in linking new infrastructure funding with housing.

9. *If a multi-jurisdictional program were implemented using a phased approach, what might be some initial steps for implementation and developing momentum?*

- Several participants suggested the first phase should be an analysis to find out what cities need, and then set measurable, concrete goals for a work plan.
- Several said that education for elected officials and the public is needed to show the importance of housing, how affordable housing works, and whom it serves in the community.
- Several suggested creating a structure with a sub-regional component so neighboring cities can work together.
- Several participants had specific suggestions for the types of technical assistance that would be useful, including: study use of city and county surplus property; implement a transfer of development rights (TDR) program in mixed use zones; focus on zoning for lands just outside city boundaries; and analyze the relationship between job creation and the need for affordable housing.
- Several suggested that the county could create an incentive for sub-regional cooperation on affordable housing by letting local jurisdictions make decisions about the using of federal and state housing funds (CDBG, HOME, and 2060). *"If the county is really interested in this approach they will have to allocate resources."*

10. *Are there specific jurisdictions in Snohomish County that you believe would be particularly interested in participating in a multi-city affordable housing program? Are there cities that may be leaders on this subject in the county?*

- The cities mentioned most frequently were Everett, Monroe, Marysville, Arlington, Stanwood, and Lynnwood. One elected official cautioned, *"The issue isn't on the radar of most cities."*

11. *Who are the likely advocates and leaders in the community, including elected and appointed officials, business leaders, and other community members?*

- Individuals mentioned by several participants included: Ed Petersen (E.D. Housing Hope), Tony Balk (Monroe Council Member), Lyle Ryan (Frontier Bank and Board

member of Everett Housing Authority), Dennis Kendall (Marysville Mayor), Mark Smith (Lynnwood City Council), and Carl Zapora (President of United Way).

- Several mentioned the importance of leadership coming from the private sector.

Phase Two Stakeholder Interviews

For the second phase, the list of key stakeholders included some individuals who were interviewed in the first round, and others who were not. The list of interviewees was determined by the input from the first round of interviews, and feedback from the Housing Subcommittee.

The goal for the Phase Two interviews was to test the essential program outcomes and program design features, discuss the interest of local governments in participating in a potential program, and solicit ideas for next steps in developing such a collaboration. The consultants interviewed 18 individuals between February and April 2009, including five elected officials from cities, a County Councilmember, two state representatives, five city management and planning staff, a representative from County Executive's office, the directors of Snohomish County Human Services and Planning and Development Services, the director of the Economic Development Council, and one representative from a nonprofit housing agency. Each interviewee received a short background document and guiding questions in advance.

Phase One interviewees were also given the opportunity to respond to the interview questions from Phase Two using an online survey, and seven individuals completed the online survey, including three representatives from cities, one from a nonprofit housing agency, one from a housing authority, and two from the private sector.

The summary below of the Phase Two interviews includes both the 18 in-person interviews and the seven online survey responses.

Summary of Phase Two Interview Responses

1. Do the "Essential Program Outcomes" (listed on pages 1 & 2) correspond to the affordable housing goals in your community and countywide?

- In general there was support for the proposed program outcomes. *"We should want to create a ladder of housing opportunities."*
- There is support for locating affordable housing where it is accessible to employment, services, amenities, and transportation. Some reacted positively to language stating that affordable housing should be located where there is the greatest lack of housing. Others felt the statement should emphasize the location of housing where there is the greatest need.
- Several jurisdictions felt they have more than their fair share of affordable housing.

- *"It's important to spread housing around. A program should be geared toward distribution of affordable housing."*
- *"With regard to the desire to avoid over concentration of affordable housing, no city is meeting all the affordable housing needs of their citizens. Some cities are doing better than others and they don't think it is fair that some cities don't provide enough affordable housing."*
- Several cited concerns in their community regarding affordable housing locations being perceived as high crime areas – particularly privately owned and managed rental housing. *"What comes along with affordable housing is more crime."*

2. *What outcomes in particular interest you? What outcomes offer little or no value to your community? Would you add or modify any outcomes to benefit your community or the county at large?*

- There was a mixture of reactions about priorities. Some would prefer a focus on rental housing for low income, others would prefer a focus on home ownership opportunities, others see need for both.
- In general, there was more support for creating new home ownership opportunities. *"Home ownership is where we need to be. There are enough non-profits focused on creating more rental housing."*
- There was some interest in a broader continuum of housing choices – up to 120 % of median income. *"We would like housing opportunities for home ownership for teachers, fire fighters, and others who may be above 100% of area median income. Maybe we need to raise the income level to 120% of median income."*

3. *Do the "Program Design Features" (listed on pages 2 & 3) provide sufficient direction and limitations on the activities of an inter-jurisdictional program that are realistic for Snohomish County? Would you add or modify any of these elements?*

- Most said the minimum number of jurisdictions needed to initiate the program depends on which jurisdictions they are. Many felt the County needs to be a participant
- There was support for the idea that decision making should not be controlled by the County or any one city
- Educational efforts are important – both for the public and elected officials
- The program should be voluntary, but not so easy to withdraw that jurisdictions can come and go with every new election
- The private sector needs to be encouraged. The solutions to affordable housing issues will not be found solely through government actions.
- A distinction was made between creating a new organizational structure to govern a new program, and creating a bureaucracy to administer a new program
- The selection of staff will be key to the success of a new program

- If a new program is created housing developers should participate in some fashion
- Several suggested that local governments should not be prohibited from owning or managing affordable housing units if they felt it was in their best interest to do so.

4. *Do local governments have a responsibility to create and preserve affordable housing? If so, what is the role of local governments? (This question was asked in the first round of interviews, so it was not included for those individuals interviewed earlier.)*

- All agreed that local governments play several roles in creating and preserving affordable housing, including creating zoning regulations, housing and building codes, and facilitating the use of public and private resources. *"Local government's role and duty is to create opportunities for affordable housing."*
- Many said that Growth Management Act (GMA) requires local governments to include a housing element in their Comprehensive Plans. *"Any city doing an objective and comprehensive job of planning will play a role in meeting housing needs."*
- However, at least one said the housing elements of most Plans are weak, and used to avoid doing any substantive work on affordable housing issues.

5. *Is a local government's role in creating or preserving affordable housing enhanced by collaborating with multiple jurisdictions? Why, or why not?*

- Most of those interviewed said that the region's ability to create more affordable housing would be enhanced through an inter-jurisdictional collaboration.
- *"Absolutely. It's good to know what others are doing and good for them to know what we're doing."*
- *"Increasingly, finding solutions to issues related to jobs, housing and transportation cross boundaries."*
- *"Most of the smaller jurisdictions are running as fast as they can to keep up with current obligations. They don't have time or resources to work on affordable housing. Working together allows them to learn about affordable housing strategies at a relatively low cost. An inter-jurisdictional approach would bring together jurisdictions of like minds to work on this issue."*

6. *Would your jurisdiction be interested in collaborating with other jurisdictions to achieve the outcomes described? If so, what do you think could be accomplished? If not, why not?*

- Most of those interviewed expressed interest in participating, although they made it clear that they could not commit on behalf of their councils, and several said that funding a new program would be a substantial challenge.
- *"We are interested in collaboration, but not if we have to make a financial contribution at this time."*

- Affordable housing is not a “top tier” issue for the Snohomish County business community, although some realize that county needs broad spectrum of housing options to support a healthy economy.

7. Would your jurisdiction be interested in participating in the program outlined in the “Initial Program Ideas” (listed on pages 3 & 4)? Which program elements would you or your jurisdiction find most useful, and which might dissuade you from participation?

- There was support for the list of eight potential work plan elements. *“This looks like what we need to do.”*
- Several interviewees said that most small to mid-sized communities do not have expertise on affordable housing issues. It was suggested that a new program could be useful in providing technical assistance to those jurisdictions.
- The education of local officials and the public about affordable housing issues was mentioned by many as a useful potential work plan element. *“Neither electeds nor planners have a real good understanding of affordable housing issues or the resources available for affordable housing.”*
- At least one participant said they would strongly favor creation of a new local trust fund to build new units of affordable housing.
- Several of those interviewed questioned whether any additional planning work needs to be accomplished. They stated a preference for providing technical assistance to jurisdictions on housing and zoning proposals.

8. For those portions of the Initial Program Ideas that suggest options (H. Supporting organizations and J. Funding) do you have a preferred approach? Why? Would you suggest other options?

- Everyone interviewed acknowledged that finding funding for this program will be a challenge. However, many suggested that it will likely be easier to secure CDBG funds for the program than local government general funds. Several mentioned the potential use of new CDBG funds included in the stimulus package, although it was also noted that competition for new CDBG funds will be intense.
- There was no consensus about which organization should serve as the “host” to provide administrative support for the program. Several mentioned that neither the County nor SCT would be preferable because the program should not be perceived as being controlled by the County. Several suggested that the Snohomish County Economic Development Council (EDC) or one of the two housing authorities might serve as hosts.

9. If you support the program outcomes, but have concerns about the initial program ideas, are there suggestions for structuring a program that could make meaningful progress toward the outcomes?

- Several of those interviewed suggested that members of the Snohomish County building and development community should be involved in the new structure in some way. *"What's really missing is a focus on the private sector."*

10. Can you think of potential leaders or "champions" that may be willing to play a leadership role in creating such a program?

- There was general agreement that no one individual or organization is currently playing a leadership role to promote this idea. *"No one has stepped forward to propose this idea."*
- A number of individuals and organizations were mentioned as having potential to play a leadership role in creating an inter-jurisdictional collaboration. Those included the following: Bob Drewel (*), Marysville Mayor Kendall (*), Gary Weikel, Sam Anderson and/or Greg Tisdale (from the Master Builders), Gail Larsen (former CEO of Providence Medical Center), Anne Steves (Edmonds resident and owner of transitional housing units), Gary Oakley (CEO Boeing Employee Credit Union), John Caulfield (* City Administrator for Mountlake Terrace), The Housing Consortium (*), County Executive Aaron Reardon, the County Council, Everett Councilmember Brenda Stonecipher, Stanwood Mayor Diane White, Monroe Mayor Donnetta Waker, Sultan Mayor Carolyn Eslick (*), Bob Davis (HASCO Executive Director), Bud Alkire (Everett Housing Authority Executive Director), Lynnwood Councilmember Mark Smith, Lynnwood Councilmember Stephanie Wright.

(*) Mentioned by more than one individual

11. What do you see as possible next steps for bringing jurisdictions together on affordable housing issues?

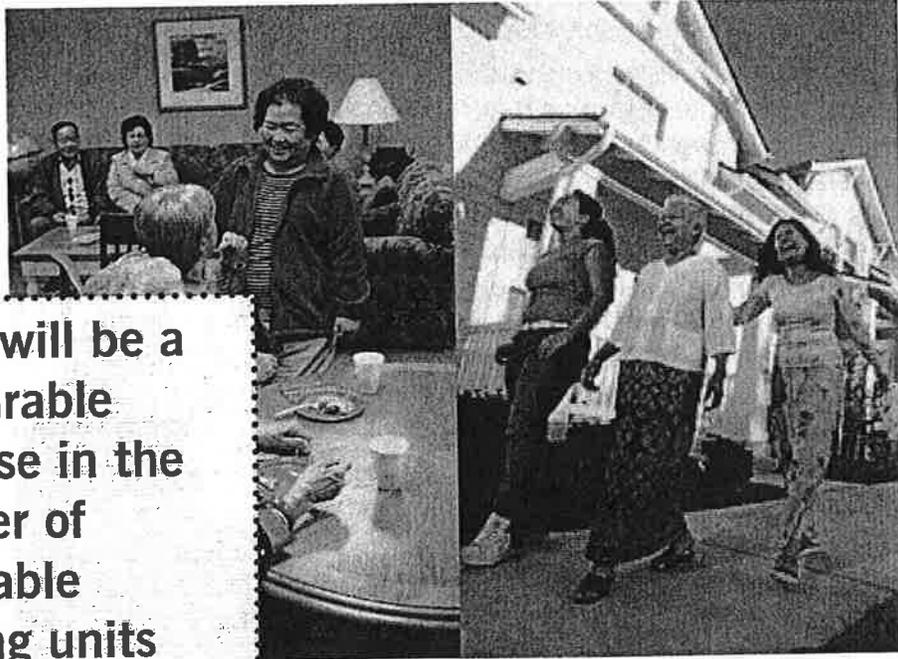
- Many interviewees supported the creation of an implementation group to pursue the creation of an inter-jurisdictional program during the coming year. Several said they would be willing to participate.
- *"It will be important to keep the dialogue going and create a more visible forum."*
- *"A steering committee is a good next step."*
- One participant suggested that a focus group of supporters should be organized, and the group should be asked, "How can this idea best be moved forward?"
- *"The only way cities and the County will get more involved in this issue is through political pressure. The Housing Consortium is key to that effort."*
- It was suggested that it may be possible to work with the legislature next year (a supplemental budget year) to secure some funding support for a pilot project.

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There will be a measurable increase in the number of affordable housing units throughout Snohomish County available for lower income households.

--Program goal

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Essential Program Outcomes and Program Limitations

Based on the consultants' research on national and regional best practices, and the feedback from the stakeholder interviews and the PAC Housing Subcommittee, a proposed set of principles was developed to guide future collaborations on affordable housing. The Essential Program Outcomes describe the core long-term goals of a potential inter-jurisdictional collaboration, and the Program Design Features reflect both desired elements of a potential new program and elements that would not be acceptable for a new inter-jurisdictional program focused on affordable housing.

Essential Program Outcomes:

- I. There will be a measurable increase in the number of affordable housing units²³ throughout Snohomish County available for lower income households.
 - IA. More affordable rental housing opportunities for low-income households (those making up to 50% of county median income), especially for seniors, those with disabilities, veterans, families with children, and those working in the service industry and as laborers.
 - IB. More affordable home sales opportunities for moderate-income home buyers (those making less than county median income), especially first-time homebuyers and people who work in our communities, such as teachers and public safety workers.
- II. More affordable housing (both rental and ownership opportunities) in all participating communities, especially where there is the greatest need for and/or lack of affordable housing, and where there is good transportation and access to employment opportunities, amenities, and services.
- III. Over the long run, in order to have the greatest impact on the creation of new affordable units, local governments should contribute additional resources toward meeting affordable housing needs in Snohomish County. Resources may include direct financial contributions, fee waivers, donations of land, in-kind contributions, or other forms of support. During the current economic conditions, however, local government resources used for affordable housing purposes will remain about the same.

²³ Affordable housing is not necessarily subsidized housing, but includes all types of housing that can be rented or owned by families at a range of income levels without paying more than 30 percent of their incomes on housing.

Program Design Features:

1. In difficult economic times, the program does not place undue financial burden on participating jurisdictions.
2. The initial collaboration will involve at least three jurisdictions.
3. It should not be difficult for other jurisdictions to join later (i.e. the program could begin with several jurisdictions, with others joining over time).
4. The program does not preclude sub-regional activities and can grow to a countywide or regional program, if desired over time.
5. Activities do not contribute to a disproportionate concentration of affordable housing in a given area.
6. The activities of the program do not duplicate or compete with private or non-profit agencies in managing or developing housing
7. Decision-making is shared by member jurisdictions and is not controlled by the County or any single city.
8. The program must be able to withstand changes in administrative, political, or economic conditions over time.
9. The program should not create a new bureaucracy for administrative and back-office support, but instead should use an existing agency.
10. The program operates with an annual work plan with measurable objectives based on a sound needs analysis. The work plan must meet the needs of member jurisdictions.
11. The program does not allow housing providers to profit disproportionately to the housing benefits gained in the community.
12. The activities must show progress toward achieving goals within two years.

Summary of Findings

There are a number of important implications that can be drawn from the two rounds of interviews, the research on other national models, and the discussions with the Snohomish County Tomorrow Steering Committee, Planning Advisory Committee (PAC), and the PAC Housing Sub-Committee. These “findings” are described below.

What the Study Found

- A. The need for additional affordable housing throughout Snohomish County has been well documented. In 2005, Snohomish County Tomorrow estimated that 55,000 lower-income households lived in unaffordable housing in 2000, and that this number would increase to 83,000 by 2025. By 2007, however, the figure had already reached 80,000 households.
- B. The adopted Countywide Planning Policies call upon Snohomish County local governments to strengthen their collaborations to ensure adequate supplies of affordable housing for all economic segments of the population. SCT’s recent Housing Evaluation Report noted that few cases of this kind of collaboration have occurred in Snohomish County.
- C. There appears to be a wide range of knowledge and understanding about affordable housing needs, issues, and terminology among government officials and community leaders. A number of those interviewed suggested that increasing the depth of knowledge about affordable housing among elected and appointed officials, and the public would be very useful.
- D. Several interviewees described a perceived strong correlation between high-crime locations in their community and affordable housing sites, particularly in properties owned and managed privately rather than by non-profit agencies or public housing authorities.
- E. Some representatives of jurisdictions believe there is a geographic imbalance in the supply of affordable housing. They believe that their cities are providing a disproportionate share of affordable housing (both private and public) compared to other jurisdictions.
- F. Some members of the business community understand the need to maintain a balanced mix of housing choices for Snohomish County’s work force. However, affordable housing does not appear to be a high priority concern for the Snohomish County business community at this time.
- G. Some elected and appointed officials in Snohomish County have interest in creating a new inter-jurisdictional program focused on creating and preserving affordable housing. However, that interest is not uniform across all jurisdictions or even within jurisdictions.

- H. All those interviewed for this study believe that local governments play an important role in helping to create affordable housing in their communities. Some see government's role as providing a zoning and regulatory framework that encourages development of affordable housing by private and non-profit developers. Others see local government's role as providing education for their residents about the affordable housing needs in their communities and setting goals for meeting those needs.
- I. Among those interviewed, support exists for certain "Essential Program Outcomes" described in the previous chapter. However, there appears to be a broader level of support for the creation of new home-ownership opportunities for households earning up to 100 percent of the county's median income, than there is for the creation of rental housing targeting those earning 50 percent of the county's median income or less.
- J. Among those interviewed, support exists for the draft "Program Design Features", described in the preceding chapter. These elements provide useful parameters for a program recommendation.
- K. Those supportive of creating an inter-jurisdictional affordable housing program cited several potential functions they believe would be valuable. They suggest that a new program could:
 - 1) Provide a vehicle for cities and the County to focus attention on affordable housing issues;
 - 2) Enable participating jurisdictions to share information about successful policies and programs that help create affordable housing;
 - 3) Provide the staff expertise in affordable housing planning, design and implementation that most small and mid-sized jurisdictions do not have;
 - 4) Educate local elected officials, government staff, and the public about affordable housing issues; and
 - 5) Help to identify and secure additional federal, state, local and private resources for affordable housing development.
- L. Only a handful of successful inter-jurisdictional affordable housing programs exist in the U.S. Some focus on creating new local capital resources for housing development, while others focus on a combination of regulations, incentives, and other planning activities to promote, encourage, or require affordable housing development. A few engage in both planning activities and the creation of new capital resources.
- M. Given current economic conditions, this is not seen by most interviewees as a time when a new local capital funding source can be shifted or created to support development of affordable housing. Instead, those who support the creation of an inter-jurisdictional program believe that a new collaborative program should be focused on a variety of technical assistance, educational, and planning activities. A new program may be eligible for new or existing state and federal funding sources, but considerable

competition for these dollars suggests that there is no easy answer regarding the potential source of funds for new staff, capital improvements, or other expenditures.

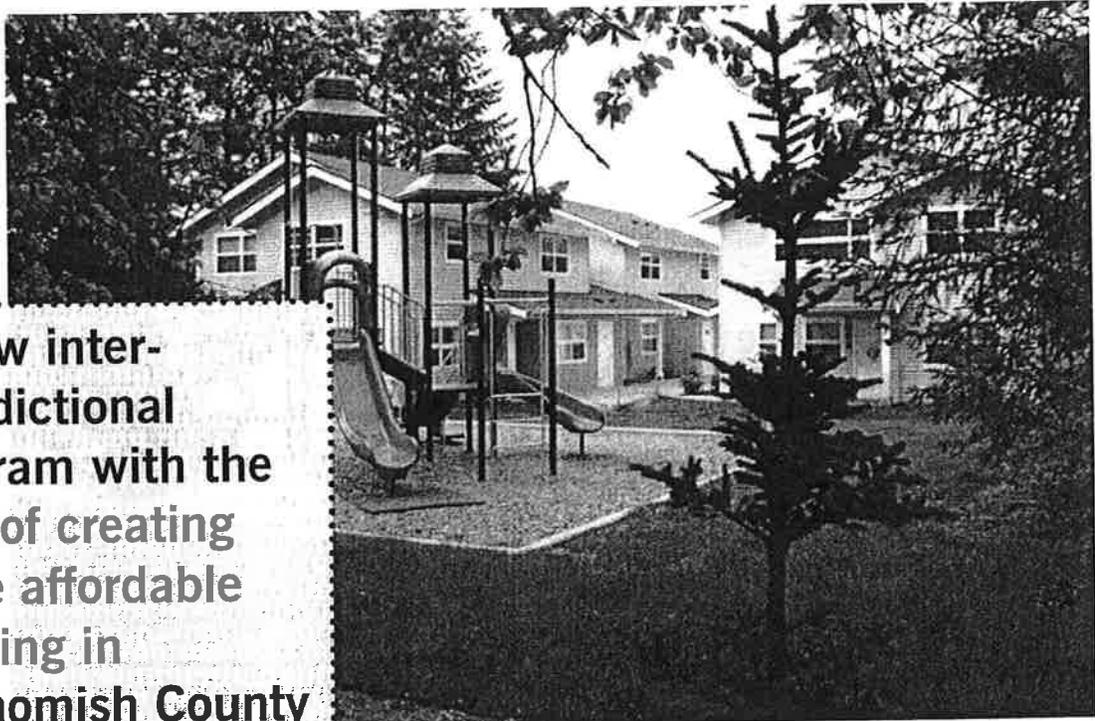
- N. Research into other models around the country suggests that the creation of a new program requires at least one champion to play a leadership role. That leadership could take the form of promoting the new program and recruiting others to participate, or providing funding or in-kind services. To date, no jurisdiction or individual has expressed an interest in stepping forward to champion a new initiative.
- O. If an inter-jurisdictional structure is created, both the research on other national models and the reactions from those interviewed suggest that for-profit and non-profit housing developers should be involved in the new program in some fashion.
- P. Other national models have created dedicated staff capacity to support a meaningful multi-jurisdictional collaboration focused on affordable housing. This has required funding resources to support the appropriate level of staffing and some administrative services, if those services are not provided in-kind by an existing organization.
- Q. Research on other national affordable housing models suggests that new governance structures have been developed to focus on the implementation and management of the program, but existing organizations have been utilized to provide administrative support.

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A new inter-jurisdictional program with the goal of creating more affordable housing in Snohomish County can be successful if four threshold conditions are met.

--Report conclusion

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Conclusions and Program Proposal

Conditions for Proceeding with New Inter-Jurisdictional Program: Threshold Recommendation

Mindful of the findings that were based on the stakeholder interviews, research on other regional programs, and existing plans and policies, the project team concludes that creation of a new voluntary inter-jurisdictional program to build or create more affordable housing in Snohomish County is feasible and could be an effective tool for jurisdictions looking for new strategies to meet their affordable housing goals. It is recommended that a new inter-jurisdictional program should be created once four-threshold conditions are met:

- Condition 1: A “critical mass” of jurisdictions elects to participate as founding members.
- Condition 2: Sufficient funding is secured to support the program for at least 24 months.
- Condition 3: A host agency is identified to provide back-office administrative support, such as payroll, accounting, and IT services.
- Condition 4: The participating jurisdictions have reached agreement on who the program will serve and how it will be governed.

Alternatives Analysis

A number of alternatives were considered for organizational models (or governance structure), staffing, funding, and administrative support, prior to developing more detailed program recommendations. These alternatives were identified based on research of other national models and reactions to the “Initial Program Ideas” that were tested in the second round of interviews with local officials and community leaders. The following provides a brief description of some of the key alternatives, and a listing of the relative pros and cons.

Organizational Model (or Governance) Alternatives

Several different organizational structures were considered as ways to enable multiple jurisdictions to work together to create additional affordable housing in Snohomish County. The following alternatives consider utilizing existing structures already in place, and the potential creation of a new structure, as ways in which jurisdictions could govern a new program. Based on the research of other national programs, the success of a particular organizational model depends on the strength of support for that structure from participating jurisdictions, whether the jurisdictions feel that they have sufficient control over the decisions made about the direction of the program and the use of resources, and the level of resources (for staffing and/or capital funding) devoted to support the organizational structure. No one organizational model appears to determine success. (It is important to note that the governance structure does not necessarily have to be the same as the structure used for administrative support – see below.)

Interested Jurisdictions Agree to Work Together Informally – Any Snohomish County jurisdiction (individual cities, the County, and tribes) could agree to collaborate with one another to share information about affordable housing strategies, pool resources to pay for staff or consultant services, or develop joint plans. This collaboration could be accomplished without any formal agreement. Member jurisdictions could agree to meet regularly to review progress on the work plan.

Pros

- Like-minded jurisdictions would be motivated to pursue additional planning activities together to create affordable housing
- Would not require creation of a new structure
- Cost would be minimal; pooling of staff or funding could stretch limited resources further

Cons

- Difficult to maintain an informal collaboration over time; turnover among elected officials and staff could affect strength of collaboration
- Most small and mid-sized jurisdictions do not currently have sufficient resources to devote to affordable housing issues
- Opportunity exists now for this type of collaboration and it has not occurred

Utilize an Existing Inter-Jurisdictional Forum Provided by Snohomish County Tomorrow (SCT) – Representatives from all jurisdictions within Snohomish County meet monthly at SCT

meetings. SCT's mission is to "adopt a publicly shared vision, including goals and policies, to guide effective growth management". Their primary function is to oversee the Countywide Planning Policies, of which affordable housing is one component. The forum serves as an opportunity for participating jurisdictions to share information. There are separate meetings for elected officials (the Steering Committee), city managers (the City Managers Group), and planning staff (the Planning Advisory Committee) from member jurisdictions.

Pros

- o SCT provides an existing forum for elected officials and planning staff to discuss issues of common interest and concern; all jurisdictions would be familiar with this organizational model
- o Affordable housing issues have been discussed at the SCT forums for elected officials and planning staff
- o County provides administrative support for SCT

Cons

- o SCT meeting agendas include a wide variety of topics; it could be difficult to provide a consistent focus on affordable housing issues
- o SCT membership includes all cities, the County, and local tribes; based on this study's Findings not all Snohomish County jurisdictions will want to participate in an affordable housing collaboration
- o A focus on one topic (affordable housing), just for member jurisdictions (assuming that not all jurisdictions would join) would be a departure for their current role.
- o SCT is not a decision-making forum; the organizational model must allow for a governance structure that can make decisions about the direction of the collaboration
- o May not be perceived as a "neutral" forum by participants because it is staffed by the County

Utilize an Existing Non-Profit Structure, such as the Housing Consortium of Everett and Snohomish County – The mission of the Consortium is to "provide strategic leadership in crafting policy and program solutions to affordable housing challenges in Snohomish County." The organization serves as an association for its members: non-profit developers and housing service providers. It also has non-voting associate members who represent businesses and organizations concerned about affordable housing. And there are four non-voting governmental members.

Pros

- o The mission and goals of the Consortium are consistent with the purpose of creating an inter-jurisdictional collaboration around affordable housing
- o It serves as a forum where two cities, the County, and tribes can interact with housing developers and other advocates of affordable housing
- o It is a trusted non-profit organization; seen as a leader advocating for affordable housing issues
- o Utilization of a private non-profit structure would allow the program to be eligible for private foundation grants

Cons

- o The Consortium's primary focus is on the interests of their non-profit members

- Few cities are members of the Consortium, and government entities are non-voting members of the organization
- The Consortium is an advocacy group; this would require a major shift in the work of the Consortium

Create a New Organizational Structure Focused on Affordable Housing – This model would establish a new organizational structure for the sole purpose of allowing multiple jurisdictions to collaborate on the creation of more affordable housing. It would be established by creating a formal inter-local agreement, or memorandum of understanding, to define roles, responsibilities, and secure commitments from the volunteer participants. State law (RCW Chapter 39.34, the Interlocal Cooperation Act) authorizes such agreements and describes the terms that must be included in the agreement. Each participating jurisdiction would need to secure legislative approval before signing the agreement.

Pros

- Single-purpose nature of this model would provide a strong focus on affordable housing
- Only jurisdictions wanting to collaborate would participate; all participants would be motivated to succeed

Cons

- Will take significant time and energy to create a new organizational structure
- Could be some confusion about relationship with Snohomish County Tomorrow, the Housing Consortium and other regional forums
- Not clear if there is sufficient interest on the part of Snohomish County jurisdictions to take the steps necessary to create a new structure

Program Staffing Alternatives

If an inter-jurisdictional collaboration is created that focuses on planning activities, staff resources will be required to carry out that work. There are several approaches that can be considered for establishing the initial staff capacity to implement the new program. The selection of the preferred staffing model will be influenced by the agreed upon work plan for the program.

Loaned Executive – Some organizations are able to negotiate agreements with private companies or large government agencies, to utilize the services of a “loaned” executive to provide staff support for a project. Typically, the company or agency loaning the executive pays all, or a portion, of the cost of the salary and benefits for the employee. These arrangements usually last for one or two years. For example, the Boeing Company has a long history of offering loaned executives for different types of community service activities.

Pros

- A loaned executive should have the skill set and expertise to work well with local government officials and community leaders
- A short-term staffing arrangement may allow the program to develop over one or two years, at which point there will be better information or more stable funding for creating a permanent staffing plan

- If the loaned executive's sole responsibility is the inter-jurisdictional program they will be able to focus all of their attention on the affordable housing work plan
- If a donation of a staff resource can be secured it would significantly reduce the start-up cost for a new program

Cons

- May be difficult to find a candidate with experience and expertise in affordable housing planning and development
- Could result in turn over of key staff at critical time in the development of the new program; would not provide a stable funding base for continuation of the program
- In this economic climate it may be difficult to find a private company or public agency that would loan staff for an extended period of time, and pay for all, or a portion of, the costs.
- There are no obvious organizational candidates for this approach

Utilize Existing Staff – Staff already working on affordable housing issues for municipal, county, or non-profit agencies could be asked to accept additional responsibilities to conduct planning activities for members of a new inter-jurisdictional program.

Pros

- Would employ the talents and experience of staff who are currently working on similar issues in Snohomish County jurisdictions
- May be a cost-savings by using existing staff capacity rather than hiring new staff

Cons

- Would be difficult for staff to manage existing duties and provide quality staff support to multiple jurisdictions
- Recent budget constraints, and staff reductions, have severely limited the capacity of existing staff to take on new responsibilities
- It is likely that only a larger government entity could potentially offer existing staff resources
- May be difficult for staff in one jurisdiction to provide much support to other jurisdictions
- Would not provide stable funding base for continuation of program
- There are no obvious organizational candidates for this approach

Create a New Dedicated Staff Position(s) – One or more new positions could be created to provide the staff support needed to conduct a variety of planning activities for those jurisdictions that join an inter-jurisdictional collaboration. The staff would have lead responsibility on affordable housing issues for all member jurisdictions, working closely with the Councils and planning staffs of all members.

Pros

- Allows staff to be focused solely on the affordable housing work plan for the inter-jurisdictional program
- Should be able to hire staff with strong expertise in affordable housing issues
- Staff should have a high level of responsiveness to requests for assistance from participating jurisdictions, since they will not have competing work requirements

- Would be beneficial for those jurisdictions that do not currently have staff to work on affordable housing issues
- This could free up the time of some existing city or county planning staff currently working on affordable housing issues

Cons

- Will require funding to create new dedicated staff capacity; the current economic climate creates challenges for finding available funds
- There could be overlap with the work of existing planning staff among cities or the county working on affordable housing issues; avoiding that overlap would require coordination of work plans
- Staff member with strong understanding of housing issues may not have understanding of local conditions among all member communities

Hire Consultant(s) – Staff support would be provided by one or more consultants with experience in affordable housing planning and development. This could be structured as a fee-for-service arrangement, with the consultant paid for services rendered to participating jurisdictions, or as a flat rate, with the consultant team available for a certain number of hours per month/week to work on the program.

Pros

- Allows the program to hire specific expertise related to the work plan priorities identified by member jurisdictions
- Consultants would be focused solely on the affordable housing work plan for the inter-jurisdictional program
- Consultants may be well suited for helping to design and implement the program, and then transition it over to dedicated full-time staff
- Would be beneficial for those jurisdictions that do not currently have staff to work on affordable housing issues
- This could free up the time of some existing city or county planning staff currently working on affordable housing issues

Cons

- If focus of consultant work is to help design and implement program then more permanent staff capacity will be needed after program is up and running; it may be difficult to create program continuity with staff changes during first several years
- Will require funding to support this alternative; the current economic climate creates challenges for finding available funds
- May be difficult to find consultant that could devote sufficient time to meet the needs of all member jurisdictions

Administrative Support Alternatives

In addition to the governance structure and staff support needed to carry out the work plan for an inter-jurisdictional program, there will be a need for administrative support for a new program. The administrative support could include use of an administrative assistant's time, IT and technical support, use of space and equipment, human resource services, contracting, and accounting and payroll services. An entity that provides these administrative support

services could be considered the “host agency”. Several of the national inter-jurisdictional models have used existing organizations as the host agency, rather than creating new entities. The administrative support services could either be paid for by member jurisdictions, or provided as an in-kind contribution (at least in the initial years) by the host agency. (It is important to note that the administrative support structure does not necessarily have to be the same as the governance structure.)

None of the seven options for potential host agency have been approached specifically about their willingness to provide administrative support services on either an in-kind or fee for service basis. Those discussions will be an important part of the implementation of an inter-jurisdictional program (see section below on implementation).

Snohomish County Tomorrow (SCT) – Administrative support for SCT is provided by Snohomish County, with dues paid by all member jurisdictions. The dues are assessed on a per-capita basis, based on the population of each participating jurisdiction.

Pros

- o Already provides administrative support to the various SCT forums; it is a model that jurisdictions are familiar with
- o There is a dues payment structure in place, although it would have to be modified if some jurisdictions participated in the new program (and others did not), and payments were made to the County to support administrative services (as opposed to those services being provided on an in-kind basis)

Cons

- o Could place a burden on existing staff support services
- o If payment were required for services, it would be challenging to raise dues in the current economic climate to increase the level of SCT administrative support for a new program
- o SCT is perceived by some cities as being controlled by the County because it is staffed by the County and recommendations from the SCT Steering Committee are made to the County Council

Housing Authority of Snohomish County (HASCO) – The Housing Authority owns and manages more than 2000 subsidized affordable housing units throughout Snohomish County. They are well regarded by those interviewed for this study. HASCO has a staff of sixty-four individuals.

Pros

- o Trusted partner that was frequently mentioned by cities in the stakeholder interviews as having good relationships with cities and the County
- o Has full range of administrative support services, and has excellent knowledge of affordable housing issues county-wide
- o Could be perceived as “neutral” entity

Cons

- o Mission focused on housing development and management, as opposed to creation of regulatory and/or zoning recommendations
- o Could place a burden on existing staff support

Everett Housing Authority (EHA) – The Housing Authority owns and manages subsidized affordable housing units in the City of Everett. The EHA has been in existence for more than sixty years. It has a staff of approximately sixty individuals.

Pros

- Has a long and successful track record as an organization that provides affordable housing opportunities for the citizens of Everett
- Has full range of administrative support services, and has excellent knowledge of affordable housing issues county-wide

Cons

- Mission focused on housing development and management, as opposed to creation of regulatory and/or zoning recommendations
- Their work is primarily within the City of Everett; most other jurisdictions do not have a working relationship with the Everett Housing Authority; may not be perceived as “neutral”
- Could place a burden on existing staff support

Housing Consortium of Everett and Snohomish County – Serves as the supporting organization for a coalition of non-profit housing developers and service providers, and others concerned about affordable housing. Has been in existence for seven years. The Housing Consortium has a small staff of two full-time employees.

Pros

- Excellent knowledge of affordable housing issues county-wide
- It is a trusted non-profit organization; seen as a leader advocating for affordable housing issues
- Utilization of a private non-profit structure would allow the program to be eligible for private foundation grants

Cons

- Would be a departure from their current role
- Very limited staff capacity currently
- Could place a burden on existing staff support

Snohomish County Economic Development Council (EDC) – The EDC “is a private, nonprofit organization that collaborates with businesses, citizens, and government to support and develop the County as a strong and vibrant economic force.” They currently have ten staff members. A precedent for this type of connection between housing and economic development was established recently when the Snohomish County Work Force Development Council agreed to serve as the host agency to support the development of a family homelessness business plan for the county.

Pros

- Excellent knowledge of all of the jurisdictions within the county
- It is a trusted non-profit organization; seen as a leader advocating for the interests of Snohomish County
- Utilization of a private non-profit structure would allow the program to be eligible for private foundation grants

- A recent precedent was established for this type of role with the Work Force Development Council providing administrative support for the county family homelessness initiative

Cons

- Would be a departure from their current role; they have limited knowledge of affordable housing issues, and housing is not a primary focus of the organization
- Limited staff capacity currently
- Could place a burden on existing staff support

Snohomish County – County government is a large, general purpose government. It provides a variety of administrative support services for county programs.

Pros

- The County currently works with cities throughout the county
- The County's Office of Housing, Homelessness, and Community Development (OHHCD) already administers inter-jurisdictional housing program through the Urban County Consortium
- The scale of county government could provide an opportunity to utilize existing staff to provide administrative support for a new program
- The County may have a stronger commitment to the program goals if they serve as the host agency

Cons

- Recent reductions in county staff could make it challenging for staff to take on additional responsibilities; could place a burden on existing staff support
- County provision of support services could create perception that County would control program decision-making

A large or mid-sized city – A city with a sizeable general purpose government could provide the administrative support services for a new program. The larger the city, the greater the likelihood that they would have sufficient staff resources.

Pros

- Larger cities have a full range of administrative support services
- Other participating cities may have more trust in a city as a host agency
- There may be stronger commitment to the program goals from the host agency

Cons

- Recent reductions in municipal staffs could make it challenging for cities to take on additional responsibilities; could place a burden on existing staff support
- One municipality serving as a host agency could be perceived as having control over the program

Funding Alternatives

If new staff capacity is created to support the work plan for an inter-jurisdictional program, and if payment is required to a host agency to provide administrative staff support, a source of funds will be required to pay for those services. In the current economic climate it will be a challenge to find new fund sources for this purpose.

General Fund Contributions from Participating Jurisdictions – Members of the new inter-jurisdictional program could contribute general fund dollars. This source of funds from participating jurisdictions (cities and the county) could support a portion or all of the program costs. Although local general funds do not traditionally support housing programs, there is precedence for this type of expenditure. Some cities currently contribute general fund resources to support social service programs (which are typically funded by state and federal programs).

Pros

- Would serve as an indication of the level of commitment and buy-in from participating jurisdictions
- Does not take resources directly away from other housing programs
- Even small contributions establish a precedent that can be built on in better economic conditions
- Funds can be used for supporting staff and administrative expenses of a new program

Cons

- During the current economic conditions, general fund resources are very scarce for the majority of cities and the county; most jurisdictions have had to make significant reductions in general fund expenses
- Many cities in Snohomish County have modest commercial or industrial development, and therefore limited tax bases; this limits some cities ability to contribute general fund resources
- General fund contributions may vary over time as they are subject to fluctuations in tax revenues

Grant Funding from Private or State Sources – Grant funds could be used to start a new program. Typically, grant funds are not available for ongoing administrative or staff support. However, they are available for program start-up, and as a match for other funding sources. If a portion of the housing to be created were prioritized for households experiencing or imminently at risk of homelessness, it might be possible to secure education, advocacy, planning and/or operating funds from philanthropic and business leaders who are committed to ending homelessness.

Pros

- Can be very attractive for jurisdictions to join a program that brings outside money to the table
- There could be some attraction to help start a program that could be replicated in other parts of the state or region
- Funds are generally more flexible than other local government sources

Cons

- The challenging economic climate is affecting State government and private philanthropies in the same way it is affecting local government revenues; there is generally a scarcity of private and state funding for new housing programs
- A one-time grant will not sustain the program over time; an ongoing source of funds will be necessary to implement the program

- Snohomish County does not have the same scale of private business-driven philanthropy as some communities that have created similar programs (i.e. Silicon Valley or suburban Chicago area); affordable housing issues do not currently appear to be a high priority for the Snohomish County business community
- Typically private foundations will not fund local government initiatives, they provide grants to private non-profit organizations.

Community Development Block Grant (CDBG) – Both Snohomish County and the City of Everett receive federal CDBG funds. Typically CDBG funds are used for affordable housing capital projects and programs, public facilities and infrastructure, and public services. The City of Everett allocates approximately \$900,000 in CDBG funds annually, while Snohomish County allocates approximately \$3 million each year. Both Snohomish County and Everett will receive some additional CDBG funds as part of the federal stimulus package. Snohomish County will receive approximately \$825,000 and Everett will receive approximately \$250,000. Allocation decisions for Snohomish County CDBG funds are made through the Urban County Consortium, which involves the cities in Snohomish County. Use of CDBG funds are divided into two broad categories: program and administrative expenses. Jurisdictions that administer CDBG funds are allowed a modest percentage of their total allocation for administrative expenses. Additional research will be required to determine if the funding for a new inter-jurisdictional program would be considered a program or administrative expense. If CDBG funds are used to support the program, officials for the two jurisdictions that receive these federal funds will need to determine if funds should be allocated from the program or administrative categories. In previous years, members of the ARCH program in East King County have used CDBG funds for program expenses to make their member contributions to that program.

Pros

- Local jurisdictions collectively have control over this source of funding and it is reasonably predictable over time
- CDBG funds are meant to be used for affordable housing purposes
- Potential to use creative funding allocation process, such as stipulation that a percentage of increases in CDBG funding over current levels can be dedicated for inter-jurisdictional program costs
- County and cities have existing inter-local agreement for CDBG funding that could be modified
- Additional funds will be available through the federal stimulus package

Cons

- There have been recent funding reductions in the federal CDBG program (prior to approval of the federal stimulus package)
- Although additional CDBG funds will be available through the federal stimulus package, there will be greater demand for CDBG funds because of reductions in other revenue sources
- Using CDBG funds for program activities (i.e. to support planning activities to increase affordable housing) would reduce the available funds for affordable housing capital projects

- Using CDBG administrative funds would reduce the funds available to support staff that administer the CDBG program
- Jurisdictions not interested in participating in the program start-up may not support use of CDBG funds for this new program

Other Governmental Housing Funds – The Snohomish County Urban Consortium administers affordable housing funds from other sources that may be eligible for an inter-jurisdictional program. These include, but are not necessarily limited to, the HOME Investment Partnerships Program (a federal pass-through program), the Snohomish County Affordable Housing Trust Fund (which takes its revenue from recording fees), and “2163” funds (another recording fee, for housing the homeless and homelessness prevention). Of these, only 2163 funds would be eligible for operating expenses, and only to the extent that the program addresses homelessness. The others could only be used to pay for new housing or housing maintenance. Washington State has a Housing Trust Fund that, like HOME funds, could provide funds for capital investment. Finally, new funding sources related to federal economic stimulus programs may also apply, but detailed information was not available to the project team in time for this report, and in any case, may expire before an inter-jurisdictional program is ready to launch.

Pros

- Finding other fund sources will ensure that no one fund source bears the burden of creating the new program
- To the extent the program work plan is focused on activities that address the reduction of homelessness, some of the funds known as 2163 funds could be used to support the operations of the new program
- The County and cities have an existing inter-local agreement and process for making funding decisions that could be utilized

Cons

- Most government housing fund sources are for capital projects and do not provide flexibility for funding program staff with a focus on planning, technical assistance, and education, as recommended for the new program.
- Using government housing funds for program activities would reduce the availability of funds for affordable housing capital projects
- Jurisdictions not interested in participating in the program start-up may not support use of housing funds for this new program

Program Recommendations

There is a significant need for new affordable housing opportunities in Snohomish County. In 2007, as described in the Landscape section, more than sixty percent of all households earning less than the county median income were considered “cost burdened” because they were spending a high percentage of their income on housing expenses. When the regional economy slows, as it has in the past year, families spending too much for housing may not be able to afford other basic necessities, like food or health care. The difference between a stable family living situation and an unstable one can be very fragile for cost-burdened households.

This study was designed to explore the potential creation of a new program that would allow multiple jurisdictions in Snohomish County to work together to create more affordable housing opportunities throughout the county. Given the affordable housing needs within the county, and the level of interest in this idea expressed by those interviewed for the study, it is recommended that interested jurisdictions work together to create a new inter-jurisdictional program with the goal of creating more affordable housing in Snohomish County.

As mentioned in the Threshold Recommendation section above, four conditions must be met before a new program can be formed. Achieving a “critical mass” of jurisdictions to become the initial members will create the political support and funding resources needed to sustain a new program for at least two years. It is understood that funding commitments from local governments can only be made on an annual budget cycle, but founding member jurisdictions should agree to participate for at least two years.

Before the new program can be created there must be agreement among the founding members about who the program will serve. Every city will have different affordable housing goals, but there should be unanimous agreement that the program will develop strategies to meet the affordable housing objectives for each participating jurisdiction.

In addition to the four threshold conditions, there are several other principles drawn from the interviews and analysis of other national models that shape the program recommendations that follow:

- The governance and administrative structure for the new program must be streamlined and efficient. This is particularly important in light of the need to create dedicated staff capacity for the program and stakeholders’ strong desire to not create a new bureaucracy. The governance structure should be created in a manner that does not increase decision-making difficulty and delay.
- Given the uneven levels of knowledge and understanding about affordable housing needs, issues, and terminology, an important objective should be to increase the depth of knowledge about these matters.
- Fear of crime and declining property values cannot be adequately addressed through education alone. An inter-jurisdictional program should ensure that any housing, or the

households it supports, raises the quality of life for all residents, including low-income households and existing neighbors.

- An interim strategy will be required to take the initial program concept to implementation. That strategy is described in the “Implementation” section below.

Expected Program Outcomes

During the second phase of the study’s community outreach, all stakeholders interviewed were asked about their reactions to the draft “essential program outcomes. The outcomes are meant to provide general direction for a potential program, and establish expectations for what the program would seek to accomplish. The draft outcomes were developed based on the conclusions of previous planning documents that assessed the affordable housing needs in Snohomish County, the first round of interviews for this study, and discussions with members of the Snohomish County Tomorrow Steering Committee, Planning Advisory Committee (PAC), and the PAC Housing Sub-Committee.

There was wide-spread support for the following statements that described the desired outcomes for a new program:

- There will be a measurable increase in the number of affordable units throughout Snohomish County, including:
 - More affordable rental housing opportunities for households making up to 50% of county median income, especially for seniors, those with disabilities, veterans, families with children, and those working in the service industry and as laborers
 - More affordable home sales opportunities for home buyers making less than the county median income, especially first-time home buyers and those working in Snohomish County communities who cannot afford to buy a home (e.g. teachers and public safety workers)
- More affordable housing (both rental and ownership opportunities) in all participating communities, especially where there is a need for more housing and a lack of affordable housing. Affordable housing should be located where there is good transportation and access to employment opportunities, amenities, and services.
- Over the long run local governments should contribute additional resources toward meeting affordable housing needs in Snohomish County. Resources may include direct financial contributions, fee waivers, donations of land, in-kind contributions, or other forms of support. During the current economic climate, however, local government resources used for affordable housing will remain about the same.²⁴

While these program outcomes provide broad guidance for a new program, more specific targets and strategies will be identified by the participating members of the new program. The lessons learned from other national programs suggest that it is important for a new structure to be responsive to the needs and goals of its members.

²⁴ For further description of current local contributions to affordable housing, see sections above on housing need and funding mechanisms.

Initial Program Focus and Work Plan Activities

Those who support the creation of a new inter-jurisdictional affordable housing program believe the new program should be focused on a set of technical assistance, education and planning activities that would assist member jurisdictions better meet their affordable housing goals. The program's work plan must be perceived as adding value to the public policy decisions made by local governments, or jurisdictions will not participate.

Other national inter-jurisdictional programs have created local housing trust funds by securing contributions from State fund sources, local governments, and/or private sector contributions. As mentioned above, one of the anticipated outcomes for a Snohomish County program would be to create such a local fund. Member jurisdictions will need to determine when and how they would attempt to raise new local capital funds for housing development.

This study tested a number of work plan ideas during the stakeholder interviews to determine the value of different technical assistance and planning activities to potential member jurisdictions. These ideas are consistent with the work conducted by other regional models that support the creation of affordable housing.

Based on the discussions with key stakeholders, the following list of activities serves as a "menu" of potential work plan items for the new program. The following list is not in any priority order:

- Identify strategies and goals to address identified affordable housing needs that are specific to each participating jurisdiction
- Assist in preparing affordable housing components of comprehensive plans, as required by the State Growth Management Act

More on Grant Writing

Dedicated inter-jurisdictional staff would be available to respond to opportunities for affordable housing funding as they become available, such as through new federal, state, or philanthropic sources. These funding announcements usually require timely responses and are difficult to coordinate across multiple jurisdictions in time frames as short as just two months.

In the past several months, for example, the federal government has announced new funding opportunities for the Second Chance Act Reentry Demonstration Project Grants for local or state governments; capital grants for new transitional housing for homeless veterans; the Homeless Prevention and Rapid Re-Housing Program through the American Recovery and Reinvestment Act of 2009; the Neighborhood Stabilization Program; and supportive housing grants through the Substance Abuse and Mental Health Services Administration. Most of these funding opportunities are competitive, or require jurisdictions to develop allocation and administration plans with short timelines. Inter-jurisdictional staff can be available to identify and assess appropriate funding opportunities and work with member communities to pursue these grants.

- Develop regulatory or incentive strategies to encourage development of affordable housing (see sidebar)
- Liaison with non-profit and for-profit developers of affordable housing
- Write grant applications and other forms of fundraising to support affordable housing (see sidebar)
- Develop means of sharing information among jurisdictions about effective affordable housing strategies, as well as potential pitfalls in designing or implementing strategies
- Conduct research on regional and national best practices
- Conduct educational outreach on affordable housing needs and solutions for elected and appointed officials and the public
- Monitor affordability conditions/restrictions for affordable housing units created through local incentive programs of member jurisdictions
- Explore the feasibility and timing of securing potential resources (from local, state, federal and private sources) to create a local housing trust fund, which could be particularly helpful as economic conditions improve; pursue opportunities as they arise

More on Regulatory and Incentive Strategies

Dedicated inter-jurisdictional staff would assist the planning staff of member jurisdictions to develop or modify policies, regulations and planning guidelines that encourage the creation of affordable housing. These regulatory and incentive strategies could include density bonuses, fee waivers, expedited permitting, accessory dwelling units, use of public lands for housing development, modifications to design or zoning guidelines, mixed-use development, or cottage housing.

According to the Housing Evaluation Report produced by SCT, nearly every jurisdiction includes some of these strategies, but the majority of the incentives are not utilized by developers. During the stakeholder interviews several officials expressed interest in learning from other cities experiences and having greater staff capacity to pursue these strategies. Inter-jurisdictional staff would assist the cities in making existing regulations more effective, drafting new regulatory measures, sharing what works between communities, and using their expertise to help develop new tools to support affordable housing goals.

As with the “Expected Program Outcomes” above, final decisions about the work plan for the new inter-jurisdictional program should be determined by members, based on their affordable housing needs and resources. It is anticipated that each member jurisdiction will identify their priority activities. The Governing Board will then make decisions about the work plans for the program staff, with some activities likely to benefit multiple jurisdictions, and other activities benefiting only a single member jurisdiction.

Governance and Membership

Governance of the new program should be provided by the participating members through the creation of a Governing Board representing all member jurisdictions. One of the critical success factors of other national models is that effective collaborations have created shared decision making regarding the direction of the program and use of resources. The Governing Board should make decisions regarding annual work plans and use of staff resources dedicated to the program. This is particularly important in the early stages of the program when jurisdictions want to be sure that funding resources are used wisely and that the program is meeting their unique needs. Program staff would be accountable to the board.

During the course of the stakeholder interviews and the discussions with the SCT Steering Committee, many of those who participated in the study said they did not want to see a new bureaucracy created. They wanted to avoid creating a costly administrative structure, and they did not want to create a cumbersome decision-making process that might further complicate decisions regarding the use of current housing resources. Minimizing the cost of the administrative structure is discussed below. With regard to the governance structure, it is envisioned that the governing board would operate efficiently, focused primarily on setting policy direction, monitoring the progress of staff in achieving program goals, and setting clear expectations for the board's relationship with staff. The Housing Subcommittee of the Planning Advisory Council discussed alternative approaches to establishing a governance model and reviewed a draft Policy Manual that outlines one method of defining the relationship between the board and staff. That material will be provided as background information to this report under separate cover.

Because it is anticipated that a relatively small number of jurisdictions will join initially, it is recommended that a governance structure separate from existing inter-jurisdictional forums be created. Other Forums, such as Snohomish County Tomorrow, include all jurisdictions within the county. The governance structure should be designed to meet the intent of one of the initial Program Design Features – that decision making is not controlled by the County or any single city. This is particularly important for the small and mid-sized cities, which may be concerned that the work planning and resource decisions may be controlled by the larger jurisdictions.

It is suggested that each participating member have one seat on the Governing Board. A jurisdiction's representative should be selected by the Council for that member jurisdiction.

A memorandum of understanding (MOU), or inter-local agreement, should be created to describe the roles, responsibilities and rules for each jurisdiction's participation in the new governance structure. An outline of an MOU that could be used to establish the governance model is included in Appendix 1.

Two types of membership were considered: those who should participate in a governance structure and those who may participate in an advisory capacity.

Membership in a governance structure would be open to all county, city and tribal governments in Snohomish County that choose to join the new program. Because of the different levels of local support for this program concept, membership should be voluntary and phased in over time. Based on stakeholder responses, and the experience of other national models, it should be expected that initial membership may start with as few as three jurisdictions. It is well documented among other national models that initial membership often starts with a handful of jurisdictions participating, and as the program achieves success other jurisdictions join in later years. The legal structure of the new program should easily allow for additional jurisdictions to join over time.

The number of jurisdictions needed to initiate the program could be as few as three, but may require four or more, depending on which jurisdictions choose to join. During the stakeholder interviews, a number of individuals felt that the minimum number of jurisdictions needed to initiate the program will depend on which jurisdictions choose to participate. For example, if two mid-sized or larger cities joined with the County to create the proposed program there may be sufficient critical mass to secure funding support and the administrative resources needed for program startup. However, if three small cities were the initial members, they may not be able to secure sufficient resources for start-up. Some of the smaller and mid-sized jurisdictions feel that it would be more useful to them if similar-sized municipalities participated.

For several reasons, it may be advantageous for the County to participate as one of the initial members: 1) As the biggest local government their participation will serve as a signal of the importance of this work; 2) There is a great deal of land in unincorporated Snohomish County, within the urban growth boundary, where affordable housing could be developed and which may be part of future annexations; and 3) As the largest jurisdiction they have access to resources that smaller jurisdictions do not.

The initial member jurisdictions should be asked to make a two-year commitment to participate in the program. This will provide enough time for the program to demonstrate its value.

In addition, it is recommended that the program create an Advisory Board that includes representatives involved in the affordable housing field – developers, lenders, philanthropy, affordable housing advocates, state or federal officials, etc. During the stakeholder interviews it was suggested that representatives from both private and non-profit housing developers should be included in this new program. In addition, local government jurisdictions that do not join the program as members may choose to participate on the Advisory Board. The Advisory Board would serve as a meaningful way to involve the development community. It would be a valuable sounding board on a variety of policy and programmatic issues. It would likely meet less often than the governance committees, perhaps quarterly. Advisory Board members should be appointed by the Governing Board members.

Program Resources

A variety of resources will be required to initiate a new program. The following provides recommendations on three types of resources: staffing, administrative support, and funding. Alternatives for each were examined earlier in this chapter.

Staffing – Each of the national models researched for this study included dedicated staff capacity for the affordable housing program. Based on an assumption that the program will begin with a small number of initial members (i.e. three to five), it is recommended that a new staff position should be created to conduct the work described above. This is a challenging time to create new staff positions, as many jurisdictions are reducing staff capacity. However, a dedicated staff position with affordable housing expertise is needed to create a focus on affordable housing issues, and to provide support to multiple jurisdictions.

Initially the program should create one FTE to serve as the lead staff on affordable housing issues for all participating jurisdictions. The program staff would function like city or county staff, but would split time providing staff support for multiple jurisdictions. The staff would meet with city councils, planning staffs, and commissions on a variety of affordable housing topics. The program staff member would work closely with the planning or housing staff of member jurisdictions. In some cases they would support the work of municipal or county staff, and in other cases they may take the lead in providing recommendations to appointed and elected officials regarding affordable housing issues. If the program grows over time and additional jurisdictions join, additional program staff will be required to remain responsive to all participating members.

Selection of the program staff will go a long way in determining the success of the program in the initial years. The individual should possess several qualities to enhance the chances for success:

- Extensive knowledge about affordable housing development, programs, and issues
- Experience with and knowledge about local government, and skills in working collaboratively with city, county, and tribal planning staff
- Experience working with elected officials and community groups
- Grant-writing expertise

Administrative Support – Based on comments from stakeholders and members of Snohomish County Tomorrow, one of the initial “program design features” was that the new program should not create a new bureaucracy. There was considerable support for this suggestion.

As mentioned earlier in this report, a new program will need a variety of administrative supports, including access to administrative assistant time, IT and technical support, use of space and equipment, human resource services, contracting, and accounting and payroll services.

To accomplish this desired program feature, an existing organization could serve as a “host” for the program, providing administrative support, space, and generally reducing overhead costs for the program. The alternatives analysis earlier in the chapter identified seven potential options including: Snohomish County Tomorrow, the Housing Consortium of Everett and Snohomish County, a housing authority (Everett or Snohomish County), the Snohomish County Economic Development Council, a large or mid-sized city, or the County.

The organization will need to be large enough to have the kind of administrative support services needed by the new program. At this time it is unclear which of these organizations, if any, would be willing to provide administrative support. It is also unclear whether any of the organizations would be willing to provide support services on an in-kind or fee-for-service basis. The Implementation Task Force described below in the Implementation section should pursue discussions with several of the organizations mentioned in the alternatives section to determine which would provide the administrative services, and at what cost.

Funding – Funding resources will be required to support the new staff position recommended for this work. As mentioned throughout this report, this is a challenging time to find resources to create a new program. Review of national models suggests that there are a variety of fund sources used to support this kind of work. The project team’s analysis identified several potential local options, including: general fund contributions from participating jurisdictions, federal Community Development Block Grant (CDBG), other governmental housing funds, or grant funding from private or state sources.

A modest initial investment to support one FTE, and associated administrative support services, is recommended. In this economic climate there is no easily identifiable source of funds. The most likely funding package will draw from multiple sources. It is suggested that all four sources identified in the alternatives analysis could be used. Although competition for CDBG funds will be intense in 2009 and 2010, the County and the City of Everett are receiving additional CDBG funds as part of the federal stimulus package.

With the recent changes in the national and regional economy, charitable contributions from corporations and private philanthropies are down. At present, few local philanthropies have prioritized the creation of affordable housing in their investing strategies. However, to the extent that a portion of the housing to be created is prioritized for households experiencing or imminently at risk of homelessness, it might be possible to secure education, advocacy, planning and/or operating funds from philanthropic and business leaders who are committed to ending homelessness.

It is also suggested that one of the requirements of membership be that local jurisdictions make very modest contributions to the new program as an indication of local commitment to the program. Lastly, during the interviews conducted for the study, a local legislator expressed a willingness to work with local leaders prior to next year’s legislative session to try and secure some state funding to support the implementation of a new program in Snohomish County as a pilot project.

The Implementation Task Force should work with local leaders to attempt to put together a funding package that would support the first two years of operation.

Implementation – Recommendations for Moving Forward

It is recommended that an Implementation Task Force be created to address - and resolve - the four conditions described in the Threshold Recommendation section above. During the course of the stakeholder interview process several individuals expressed an interest in supporting the creation of an inter-jurisdictional program to work on affordable housing issues. There seems to be sufficient support for the idea that those most interested should be invited to join an Implementation Task Force. The Task Force would meet regularly until the four conditions are met, and the founding jurisdictions enact the MOU or inter-local agreement establishing the new program.

Implementation Task Force – The Implementation Task Force should include public, private, and nonprofit advocates for the creation of an inter-jurisdictional program, and Task Force members should be actively invited and recruited by the convening agencies. The role of the Task Force would be to determine the most effective way to move this proposal toward implementation. In particular, the Task Force would need to work with potential member jurisdictions to determine who the initial participants would be. In addition, the Task Force would need to have discussions with potential funders to secure funding support for the program. And the Task Force would need to have discussions with potential “host” agencies to find an organization that would be willing to provide the types and level of administrative support needed.

It is recommended that Snohomish County Tomorrow (SCT) and the Housing Consortium of Everett and Snohomish County serve as co-conveners of the Implementation Task Force. The co-conveners are well positioned to perform this role. SCT provides a forum for all cities, tribes, and the county to discuss their potential interest in the inter-jurisdictional program. The Housing Consortium is a well respected advocate for affordable housing. They also provide a forum for non-profit housing developers and managers to discuss issues related to affordable housing with governmental representatives.

The role of the conveners would be to invite and recruit interested parties to meet on a regular basis during the next year to plan for the creation of a new program. The Chairs of the two convening organizations should seek to create a Task Force that is strongly committed to creating this new program. However, all members of SCT and the Consortium can be invited to participate.

Other individuals or organizations, such as the Master Builders Association, or a supportive elected official, could also play a leadership role in helping to convene the Task Force. Staff support for the Implementation Task Force could be provided by the Housing Consortium, the County, or Snohomish County Tomorrow. However, successful implementation of a new program will require members of the Implementation Task Force to take a leadership role to secure the necessary commitments from the initial members, funders, and a “host” agency.

In light of the current economic climate, the Implementation Task Force should plan on taking approximately one year to secure the necessary commitments for the new program. After the four threshold conditions have been met, the founding member jurisdictions will need to develop an MOU or inter-local agreement that will presumably build on the outline MOU in Appendix 1. Once the initial members have been identified and Council actions are taken to join the new program, the Implementation Task Force will have completed its work and will sunset. Some jurisdictions represented on the Task Force may choose to become initial members, but others may not. As mentioned above, the participating jurisdictions will each identify their representatives on the Governing Board that will oversee program staff and work plan. The diagram on the following page displays the two phases of implementation: the work of the Implementation Task Force to meet the four threshold conditions, and the establishment of the working program by the founding jurisdictions.

After the first two years of operation, the inter-jurisdictional program should report back to the Snohomish County Tomorrow Steering Committee and the Housing Consortium Board of Directors on the progress of the new program. The report should include a summary of all work conducted with and for participating jurisdictions, the number of affordable housing units constructed or planned as a result of the work of the new program, a list of any additional jurisdictions that have expressed interest in joining, and recommended plans for the future of the program.

Recommendations' Consistency with Critical Success Factors from National Research

Table 5:
Consistency with Critical Success Factors

Critical Success Factor	Consistency of Recommendation
A. The program is led by an enthusiastic champion	Create an Implementation Task Force to provide leadership
B. Counties (or State) are invested in the program and active participants	Advantageous for the County to be an initial member if possible; work with area legislators to attempt to secure State funding
C. The support of elected officials and/or key business leaders is instrumental in developing and sustaining the collaboration	Some elected officials have expressed interest; to date the local business community has not been engaged
D. The collaboration minimizes overhead and administrative costs	Find a "host" agency that can provide administrative support services
E. In the absence of "top down" incentives from the State, a broad base of support is critical	An Implementation Task Force, with support from the Housing Consortium could help create a broad base of support
F. In the absence of widespread political will, a gradual and phased approach to collaboration can be successful	A phased approach is recommended, with a minimum threshold of three jurisdictions suggested
G. In the absence of external funding resources, an initial modest work plan can successfully evolve and add roles and activities over time	Program to begin with one FTE, and could be expanded over time; program outcomes state that long term goal is to develop new local capital resources for development of housing
H. The collaboration is responsive to member jurisdictions	An initial work plan is suggested, but member jurisdictions will make decisions about work plan and use of resources
I. In the absence of substantial funding sources, member communities play a larger role in supporting the collaboration through peer and public education, and developing incentives for housing development	Initial suggested work plan includes creation of public education activities and regulatory and zoning strategies, such as incentives to encourage development of affordable housing
J. The administrative agency for the collaboration is trusted in the community and has experience and expertise in housing planning	Several administrative host agencies are suggested. Several, but not all, have housing expertise
K. Staff are dedicated to the collaboration, so that their work plans and goals are based on the objectives of the collaboration and directly serve the members	Creation of a new staff position dedicated to the program is recommended
L. The collaboration structure involves shared decision-making responsibilities and allows for participation of cities of different sizes	All members of the new program (small or large jurisdictions) participate in the governance structure (with representatives from private and non-profit sectors)

Recommendations' Consistency with Initial Program Features

Table 6:
Consistency with Initial Program Features

Program Design Features	Consistency of Recommendation
1. In difficult economic times, the program does not place undo financial burden on participating jurisdictions	Primary sources of funding to implement program should be CDBG and State or private grant, with only modest local funding contributions suggested
2. The initial collaboration will involve at least three jurisdictions	No fewer than three jurisdictions recommended, but may require more depending on initial membership
3. It should not be difficult for other jurisdictions to join later	Phased program membership is anticipated, with more jurisdictions joining as program achieves success
4. The program does not preclude sub-regional activities, and can grow to a countywide or regional program if desired over time	Initial program membership may be too small for sub-regional planning activities, but could be accommodated if several cities from one sub-region join
5. Activities do not contribute to a disproportionate concentration of affordable housing	Addressed in suggested program outcome
6. Does not include local government management or development of housing (not including housing authorities)	Program focused on planning for affordable housing
7. Decision-making is not controlled by the County or any single jurisdiction	Creation of a governance structure that precludes control by any single jurisdiction
8. The program must be able to withstand changes in administrative, political, or economic conditions over time	MOU will attempt to secure multi-year (two-year) commitments from participating members
9. Does not create a new administrative bureaucracy	Utilize an existing "host" agency to provide administrative support services
10. Does not operate without a work plan with measurable objectives based on sound needs analysis; the work plan must meet the needs of member jurisdictions	An initial work plan is suggested, but the annual work plan must be approved by the members
11. The program does not allow housing providers to profit disproportionately to the housing benefits gained in the community	If development incentives were drafted by program staff, they would have to be approved by each local jurisdiction
12. The activities must show progress toward achieving goals within two years	May be a challenge within current economic climate, but member jurisdictions must perceive that services provided by the new program add value to their communities