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Keith Niven, Community Development Director City of Federal Way 33325 8th Avenue South, Second Floor Federal Way, WA 98003-6325

Dear Mr. Niven.

Thank you for submitting the City of Federal Way's Draft Comprehensive Plan for Public Review to the Affordable Housing Committee's (AHC) Housing-focused Draft Comprehensive Plan Review Program for review on May 28, 2024. On behalf of the AHC, I am sending you this summary of our review and recommendations.

Background.

The AHC is a subcommittee of the Growth Management Planning Council (GMPC), consisting of representatives of King County and its cities, housing providers, area employers, and others. By direction of the GMPC, the AHC now conducts a housing-focused review of all King County jurisdictions' draft periodic comprehensive plan updates, assessing the draft plans for alignment with the King County Countywide Planning Policies (CPP) Housing Chapter goals and policies prior to plan adoption.

As you know, our county is experiencing a deep and persistent housing shortage. In 2021, the State of Washington adopted House Bill 1220, which amended the Growth Management Act, requiring local governments to plan for and accommodate housing that is affordable to all income levels, including emergency housing. In response to this state mandate and local interest in improving the effectiveness of local housing plans and policies, the AHC led a two-year process to amend the King County CPPs.

The result was a significant update to the CPP Housing Chapter, which was recommended by the GMPC, adopted by the King County Council, and ratified by the cities in 2023. The goals of both the statute and this implementation work are to encourage cities and King County to work together to provide a full range of affordable, accessible, healthy, and safe housing choices to every resident in King County.

This review is guided by Housing-Focused Comprehensive Plan Review Standards, as adopted by <u>GMPC Motion 23-2</u>. In summary, the AHC review seeks to determine whether each jurisdiction's draft plan and submission materials:

- 1. Address all CPP Housing Chapter policies;
- 2. Articulate implementation strategies for relevant CPP Housing Chapter Policies; and
- 3. Lay out meaningful policies that, taken together, support the jurisdiction's ability to equitably meet housing needs.

AHC members appreciate Federal Way being one of the jurisdictions who submitted to the program before mid-year, ensuring enough time for the Committee to provide early recommendations before the state comprehensive plan adoption deadline of December 31, 2024. This program is still relatively new and evolving, and your engagement helps the AHC understand how jurisdictions are seeking to address their housing needs while aligning with the recent changes at the state, regional, and county levels.

The AHC acknowledges the substantial amount of time and effort that went into Federal Way's Draft Comprehensive Plan for Public Review. During review, the AHC noted that many of Federal Way's plans, policies, analyses, and implementation strategies align well with CPP Housing Chapter policies. In particular, the components of Federal Way's submission responsive to the housing inventory and analysis requirements are closely aligned with the CPP Housing Chapter and demonstrate an intentional effort to develop its comprehensive plan with the CPP Housing Chapter in mind.

Below, the AHC includes recommendations necessary for Federal Way to further align with the CPP Housing Chapter policies.

Recommendations to Align with the CPP Housing Chapter

The AHC recommends Federal Way take the following actions to align its draft comprehensive plan with CPP Housing Chapter goals and policies.

1. Demonstrate sufficient capacity and meaningfully plan for and accommodate permanent supportive housing (CPPs H-1 and H-11)

Relevant Countywide Planning Policies

CPP H-1 requires Federal Way plan for and accommodate a total of 11,260 net new housing units, including 946 permanent supportive housing units. CPP H-11 requires jurisdictions to identify sufficient capacity of land for housing including, but not limited to, permanent supportive housing.

Federal Way's Proposal and AHC Findings

Federal Way's land capacity analysis identifies a deficit of 469 units in meeting its permanent supportive housing need. Washington State Department of Commerce's land capacity analysis guidance states that if an analysis identifies a deficit, jurisdictions must identify and implement actions to address the projected deficit as part of its housing element. Federal Way's submission states that it will "adopt development regulations reducing the existing spacing requirements and/or increasing occupancy maximums to adequately accommodate the city's permanent supportive housing need at the time of the Comprehensive Plan Periodic Update adoption." The AHC appreciates Federal Way's intent to adequately accommodate this housing need, and changing the spacing requirement is a crucial step that would bring Federal Way's draft plan into alignment with the CPP Housing Chapter. However, without more information, the AHC cannot determine if Federal Way's proposed changes will provide adequate capacity of permanent supportive housing.

Additionally, RCW 36.130.020(1) states that a city "...may not adopt, impose, or enforce requirements on an affordable housing development that are different than the requirements imposed on housing developments generally." The AHC finds that permanent supportive housing is affordable housing and Federal Way therefore cannot impose a spacing requirement that is different than housing developments generally.

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¹ RCW 36.130.020. [link]

Recommendation 1: Federal Way should update its land capacity analysis to demonstrate how future zoning will provide sufficient capacity for its permanent supportive housing needs. Eliminating the spacing requirement to comply with RCW 36.130.020(1) would likely ensure Federal Way has sufficient capacity for permanent supportive housing.

2. Clarify affordability assumptions and ensure sufficient capacity for housing types serving extremely low- and very low-income households (CPPs H-1 and H-11)

Relevant Countywide Planning Policies

CPP H-1 requires Federal Way plan for and accommodate a total of 11,260 net new permanent housing units, including 1,799 non-permanent supportive housing units affordable to households with incomes at or below 30 percent AMI (extremely low-income) and 842 housing units affordable to households with incomes greater than 30 percent AMI and less than or equal to 50 percent AMI (very low-income). CPP H-11 requires jurisdictions to identify sufficient capacity of land for housing including, but not limited to, income-restricted housing and housing for very low-, and extremely low-income households.

Federal Way's Proposal and AHC Findings

Federal Way submitted "Appendix B – Housing Chapter Supplementary Housing Report, Inventory, and Analysis," which includes "Table 16: Projects Housing Needs to Capacity." This table shows how Federal Way expects its different zones will provide capacity for its housing needs. It identifies a surplus capacity of 55 units for non-permanent supportive housing units affordable to extremely low-income households and a surplus of 20 units affordable to very low-income households.

Most of the capacity for these income levels would be provided in Federal Way's Business Commercial and City Center zones. The Business Commercial and City Center zones are also assumed to provide capacity for most other income levels. However, Federal Way's submission does not provide a rationale for why it allocated a certain percentage of the capacity in a zone for a given income level. Federal Way staff shared with AHC staff that Federal Way took the alternative path allowed in the land capacity guidance provided by the Washington State Department of Commerce but could not provide more detailed information about how this analysis led to the results in Table 16.

Given that Federal Way's analysis only demonstrates a surplus of about three percent of its housing needs for very low- and extremely low-income households, a small adjustment in its assumptions could result in a deficit for these income levels. Without more information about the assumptions that led to the results in Table 16, the AHC cannot determine if Federal Way is providing sufficient capacity and meaningfully planning for and accommodating its housing need for very low- and extremely low-income households.

Recommendation 2: Federal Way should provide more information about the assumptions in its land capacity analysis or propose additional capacity that would demonstrate that Federal Way is meaningfully planning for and accommodating its housing needs for very low- and extremely low-income households.

3. Provide more detailed implementation strategies that commit to meaningful action (CPPs H-2, H-10, H-12, H-16, H-21, H-23, H-24, and H-27)

Relevant Countywide Planning Policies

CPP H-2 requires jurisdictions prioritize the housing needs of extremely low-income households. CPP H-10 requires jurisdictions adopt policies, incentives, strategies, actions, and regulations that increase the supply of long-term income-restricted housing for extremely low-, very low-, and low-income households and households with special needs. CPP H-12 requires jurisdictions adopt and implement policies that improve the effectiveness of existing housing policies and strategies and address gaps in partnerships, policies, and dedicated resources to meet the jurisdiction's housing needs. CPP H-16 requires jurisdictions expand the supply and range of housing types, including affordable units, at densities sufficient to maximize the benefits of transit investments throughout the county. CPP H-21 requires jurisdictions adopt policies and strategies that promote equitable development and mitigate displacement risk. CPP H-23 requires jurisdictions adopt and implement policies that protect housing stability for renter households; expand protections and supports for moderate-, low-, very low-, and extremely low-income renters and renters with disabilities. CPP H-24 requires jurisdictions adopt and implement programs and policies that ensure healthy and safe homes. CPP H-27 requires jurisdictions submit strategies implemented during the reporting period to advance the policies of the CPP Housing Chapter.

Federal Way's Proposal and AHC Findings

Federal Way submitted eleven implementation strategies to the AHC that outline actions Federal Way will take to implement its housing policies. Federal Way submitted Strategy 2, to "audit existing zoning code, and propose amendments to development regulations to effectively meet housing need" as the only strategy to implement CPPs H-2, H-10, H-12, H-16, H-24, and H-27. This strategy lacks enough detail for the AHC to understand how Federal Way will take meaningful action to implement the policies responsive to these CPPs. Additionally, the implementation strategies provided for H-21 and H-23 use terms such as "conduct regular assessments," "coordinate," "participate," and "investigate best practices," which do not demonstrate a specific action Federal Way would take to implement these policies.

The AHC recognizes the challenge in providing detailed implementation strategies before final adoption of Federal Way's comprehensive plan. The AHC also finds that Federal Way's draft policies that are responsive to the CPPs listed above are well aligned with the CPP Housing Chapter. However, given the level of detail provided and actions proposed, the AHC does not identify meaningful action Federal Way intends to take to implement the policies responsive to these CPPs.

Recommendation 3: After adoption of its comprehensive plan, Federal Way should submit implementation strategies that demonstrate how Federal Way will take meaningful action to implement CPPs H-2, H-10, H-12, H-16, H-21, H-23, H-24, and H-27. AHC staff will coordinate and provide additional guidance to support this recommendation in 2025.

Conclusion and AHC Resources

Thank you again for your submission to the Committee's housing-focused comprehensive plan review program. AHC members valued the opportunity to review Federal Way's Draft Comprehensive Plan Elements for Public Review and related submission materials. Federal Way's participation in the

plan review program is instrumental in the broader work of the Committee to empower local jurisdictions to address the affordable housing crisis in King County.

AHC staff are happy to assist Federal Way in addressing these recommendations. For immediate resources and guidance on aligning with the CPP Housing Chapter, refer to the:

- Engrossed 2021 King County CPPs;
- AHC Housing-focused Draft Comprehensive Plan Review Program Guide;
- King County Resources for Documenting the Local History of Racially Exclusive and Discriminatory Land Use and Housing Practices; and
- Countywide Planning Policies Housing Chapter Frequently Asked Questions.

If you have questions or need additional information regarding aligning with the CPP Housing Chapter, please contact lead staff for the AHC plan review program, Isaac Horwith, at AHCplanreview@kingcounty.gov or at 206-477-7813.

Sincerely,

Claudia Balducci

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Plan Review Team

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