City of Kenmore - 18120 68th Avenue NE - P.O. Box 82607 - Kenmore, WA 98028
Phone: 425-398-8900 - Fax: 425-481-3236 - E-mail: cityhall@kenmorewa.gov

City of Kenmore
City Council Regular Meeting Agenda
7:00 p.m., Monday, July 16, 2018
Kenmore City Hall, Council Chambers
18120 68th Ave. NE, Kenmore, WA 98028

If you have any questions or to confirm agenda items prior to the meeting, or if you require special accommodations, please call the City Clerk at 425-398-8900. You may also stop by City Hall at 18120 68th Avenue NE, Kenmore. Council agendas are also available on our website at www.kenmorewa.gov.

I. CALL MEETING TO ORDER

II. ROLL CALL

III. FLAG SALUTE

IV. AGENDA APPROVAL

V. BUSINESS AGENDA

A. Kenmore Business Incubator Report - Nancy Ousley, Assistant City Manager
Agenda Item

B. Financial Assistance Strategies for the Mobile Home Parks (MHPs) - Arthur Sullivan, ARCH; Debbie Bent, Community Development Director and Lauri Anderson, Senior Planner
Agenda Item

C. Property Acquisition - Rob Karlinsey, City Manager
Agenda Item

D. Willamette Dental Employee Benefit Option - Joanne Gregory, Finance and Administration Director
Agenda Item

VI. STAFF REPORT

A. Rent Increase Notification Requirements - Lauri Anderson, Senior Planner
Memorandum

VII. COUNCILMEMBER REPORTS & COMMENTS & INITIATIVES

VIII. ADJOURNMENT

Upcoming Meetings:

A. Monday, July 23, 2018 - Regular Council Meeting
Monday, July 30, 2018 - Special Council Meeting

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic:	For Council Meeting Agenda of: July 16, 2018
Kenmore Business Incubator Update	Department: Executive Prepared by: Nancy Ousley, Assistant City Manager
Proposed Council Action/Motion: Presentation and Discussion, No Action Requested	Initial & Date Approved by Department Head: NKO 11 July 2018 Approved by City Attorney: ______ Approved by Finance Director: JMG Approved by City Manager: NKO for RK 11 July 2018 Exhibits/Attachments: Presentation Slides

INFORMATION/BACKGROUND:

Staff will provide an update on the activities of the Kenmore Business Incubator, accompanied by the Program Consultant and the heads of two Kenmore Business Incubator client companies. The most recent Council briefing on the program was in June 2017.

The Council approved initiating the program in 2013. The Incubator provides low cost office space and business development consultation to companies to grow their businesses. The City added the Virtual Incubator program for companies who don't need office space but can benefit from business development training and consultation.

The Kenmore Business Incubator has worked with a total of 34 companies since the program began in 2013. Over 300 jobs are associated with client companies. We are currently working with 20 companies as Incubator clients; six are located at the Incubator and fourteen are Virtual Incubator clients. In addition to this ongoing effort, the Kenmore Business Incubator has provided Business Acceleration Training in 2016-2018 with funding from the Port of Seattle's Economic Development Partnership Grant.

FISCAL CONSIDERATION:

The overall budget for the program has decreased each biennium and revenue from client fees have increased each year. The program budget is in the Strategic Opportunities Fund.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Continue to implement the Economic Development Strategy: Attract new businesses and support existing businesses

Kenmore Business Incubator Update

July 2018

KENMORE BUSINESS INCUBATOR

Kenmore Business Incubator

- 67 Businesses served since 2013 as Incubator or Business Acceleration Training clients
- Over 300 jobs are associated with Incubator companies
- Low cost work space. Business Development Consultation in individual and group settings

KENMORE BUSINESS INCUBATOR

Presenting Tonight

Nancy Ousley, Assistant City Manager

Corey Hansen, Program Consultant

Kathy and David McLean, Etailytics

Jason Carbaugh, Metron

Highlights mid 2017-Present

- Port of Seattle Economic Development Partnership Program Grant
- Business Acceleration Training
- Incubator Client Growth and Graduations
- Recognition

- Currently Working with 20 Companies
  - Six companies are located at the KBI
  - Fourteen companies are virtual Incubator clients

KENMORE BUSINESS INCUBATOR

Business Acceleration Training

Port of Seattle

- Four series / six sessions each 2016 , 2017 (2), 2018
- 38 businesses served: 28 businesses not previously involved with KBI
- Growth Goals for Revenue and Jobs (210 ->1186)
- 12 New Clients for Incubator Program following the training

Fall 2016 Class

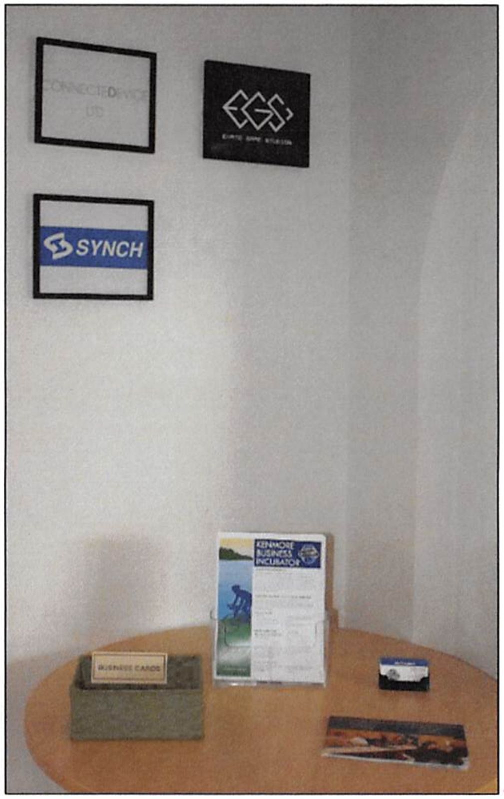
Winter 2017 Class

Fall 2017 Class

Winter 2018 Class

KENMORE BUSINESS INCUBATOR

From 1 to 34 Businesses in 5 years



2014

2018

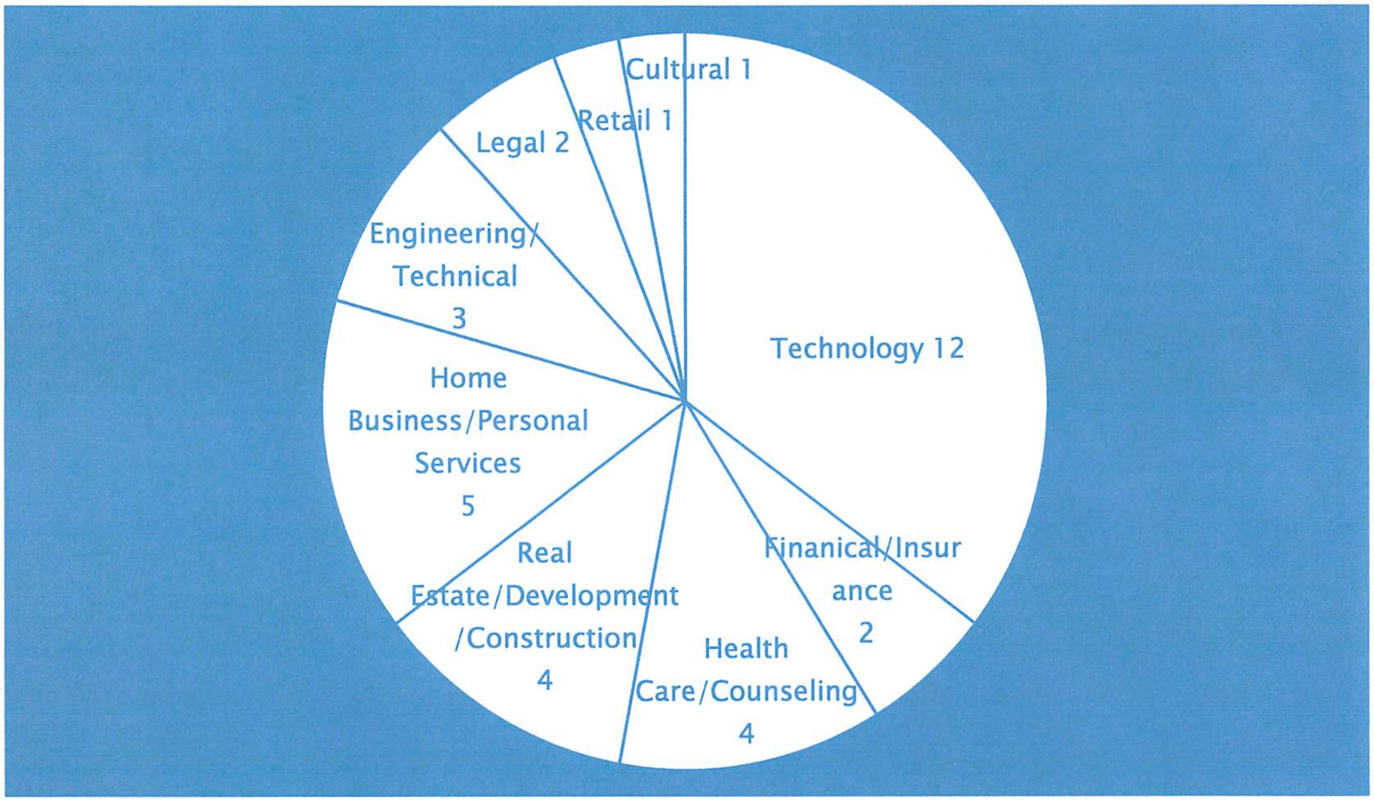
KENMORE
BUSINESS
INCUBATOR

Incubator Companies by Sector 2013-Present

Technology	12
Financial/Insurance	2
Health Care/Counseling	4
Real Estate/Development/Construction	4
Home/Business/Personal Services	5
Engineering/Technical	3
Legal	2
Retail	1
Cultural	1
Total	34

KENMORE BUSINESS INCUBATOR

Client Companies by Sector 2013–Present



KENMORE BUSINESS INCUBATOR

Current Companies@ KBI

MEQTRON

High software 5
Run a Better Service Business ™

PROMED AGENCY

cut2it
cut 2 the good stuff.

perFECT FINANCIAL
"Turning Lifestyles into Assets"

N3K21
Claim Service Corporation

KENMORE BUSINESS INCUBATOR

Current Virtual Incubator Companies

ZEKA Salon & Spa

Horizon View Homes

martiansystems

Global Wellspring Accelerator

Crossroad SIGN & Graphics

GetGomezHomes

etailytics

Amazon Vendor Analytics Made Easy

Kenmore Business Incubator

Current Virtual Incubator Companies

northwest trophy & awards, inc.

GRENLAR Construction

SeeAlgo

MML

MAX MEYERS LAW PLLC

Where Accident Victims Get Help

Quranic

Curtis Casteel and Palmer

DR. CURTIS INTEGRATED CARE SOLUTIONS

KENMORE BUSINESS INCUBATOR

Graduated/Moved On

tanga

Pearce Clinical

EGS
Exato Game Studios

Lifestyles Express
Have it all

ConnecteDevice LTD

BizDiversity
Multi-Cultural Business Community

Endeavor Family Counseling

LEVVOS

Red Barn Engineering

WHD
PEST CONTROL

SilverKite

Remodeling • Handyman • Cleans Homes • Pest Control • Cleans Carpets • Home Inspection
WeHoneyDo.com
Service Companies
425-775-6123

SYNCH

Starting Point Acupuncture & Wellness

Kenmore Business Incubator

KBI Collaboration & Visitors

Red Barn Engineering & Horizon View Homes
at City Hall permit counter

City of Seattle Economic Development Staff

KENMORE BUSINESS INCUBATOR

Program Metrics

Jobs in Incubator Companies Total: 301

- In House Companies Jobs= 134
- Virtual Companies Jobs= 167

	2013	2014	2015	2016	2017 January through May	2017 June through 2018 July
Total Businesses Served	3	6	15	17	26	34
Jobs (by year companies joined)	28	21	107	15	84	46
% of base rent offset by Incubator fees	58%	67%	57%	96%	116%	105%

KENMORE BUSINESS INCUBATOR

2013-2015 Base Rent: $2,550
2016-2017 Base Rent: $2,641
2018 Base Rent: $2,692

Budget History

2013-2014

- Budget $238,100
- Expenditures $214,372
- Program Revenue $ 36,892
- Net Expenditures $177,480

2015-2016

- Budget $226,200
- Expenditures $202,892
- Program Revenue $ 47,307
- Net Expenditures $155,505

2017-2018

- Budget $220,000
- Expenditures* $160,856
- Program Revenue* $ 54,198
- Net Expenditures* $106,658

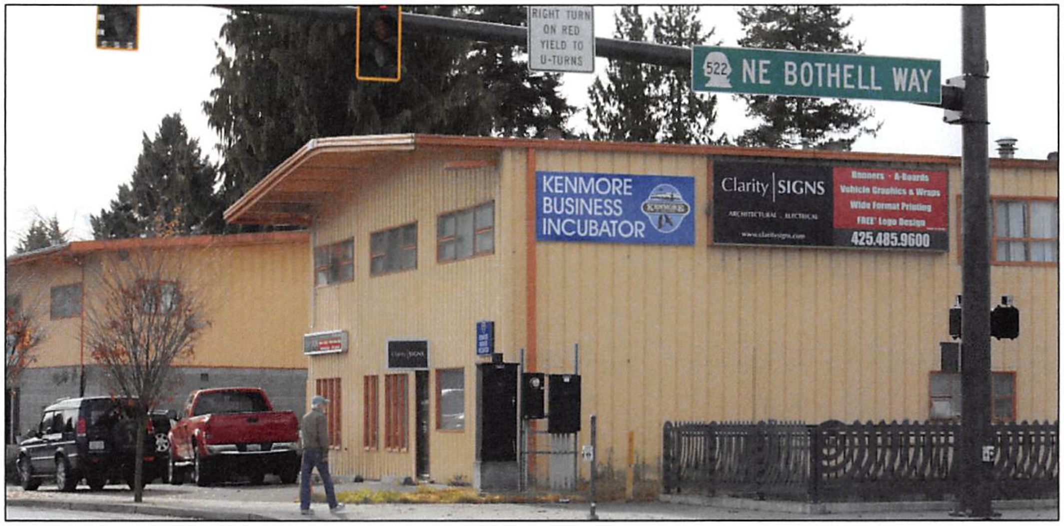
*through July 5, 2018

KENMORE BUSINESS INCUBATOR

KBI Advisory Group

Alex Borromeo	ProMed
Tom Broetje	CFO Solutions
Coquina Deger	Bastyr University
Angela Kugler	Digipen
Ray Moser	King County

KENMORE BUSINESS INCUBATOR



2013

2017

KENMORE BUSINESS INCUBATOR

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic:

Financial Assistance Strategies for the Mobile Home Parks (MHPs)

Proposed Council Action/Motion:

None. Hear a presentation from Arthur Sullivan (ARCH) regarding financial assistance strategies that might be relevant to the MHP discussion.

For Council Meeting Agenda of: 7/16/18

Department: Community Development

Prepared by: Debbie Bent, Community Development Director and Lauri Anderson, Senior Planner

	Initial & Date
Approved by Department Head:	DA 7/3/18.
Approved by City Attorney:	
Approved by Finance Director:	Amg 7/3/18
Approved by City Manager:	NKD for RK 5 July 2018

Exhibits/Attachments:

1. Planning Commission recommendations
2. Memo on financial assistance strategies

INFORMATION/BACKGROUND:

On July 9, the Planning Commission will present their recommendations on treatment options for the City's six mobile home parks (MHPs) (see Attachment 1). Accompanying the land use approaches are several direct financial assistance strategies for Council consideration. These approaches include:

- Transfer of development rights (TDR)
- Fee-in-lieu
- Reduced property-owner operating costs
- Relocation assistance

Arthur Sullivan with ARCH will be present at your July 16 meeting to offer a primer on these strategies in advance of your continuing MHP discussion on July 23. See Attachment 2 for his memo on financial assistance strategies.

FISCAL CONSIDERATION:

None at this time.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Comprehensive Plan Objective H-3.1: "Encourage retention of the existing housing stock in Kenmore as a source of affordable housing."

Comprehensive Plan Policy H-3.1.2 "Encourage relocation assistance and replacement housing to be developed, where feasible, to help very low- and low-income households when displacement is unavoidable. For mobile home parks, consider a funding pool to assist low- and moderate-income residents in deteriorating and obsolete mobile homes to find alternative housing in the community, or help to establish preferences in nearby housing for persons giving up their obsolete homes."

Comprehensive Plan Policy H-3.2.1 "Support efforts of private developers, both for-profit and not-for-profit, to preserve or develop affordable housing, including housing with on site services, for very low-, low- and moderate-income families..."

Comprehensive Plan Policy H-2.1.3 "Support housing options and services that enable seniors to stay in their homes or neighborhoods."

PLANNING COMMISSION'S MOBILE HOME PARK (MHP) RECOMMENDATIONS

"X" in a cell means that the Planning Commission recommends this option for the specific MHP.

	7031 NE 175th St. (Lakewood Villa)	**7301 NE 175th St.** (Inglewood East)	**7000 NE 181st St.** (Lake Terrace)	**7021 NE 181st St.** (unnamed)	**7614 NE Bothell Wy.** (Kenmore Village)	**6837 NE 182nd St.** (Lakewood)
Option 1 **Long-term preservation.** The mobile home park (MHP) would be preserved for the long-term through purchase of the property-owner's development rights and/or provision of direct financial assistance (infrastructure loans, reduced fees, etc.) to the property-owner. Includes protective zoning and/or a preservation covenant for the MHP.	X	X				
Option 2 **Long-term preservation.** The MHP would be preserved for the long-term through purchase by a preservationist (for example, MHP residents, private nonprofit agency, or public agency). Includes protective zoning and/or a preservation covenant for the MHP after purchase.	X	X				
Option 3 **Potential preservation through incentives.** The MHP may be preserved for several years through incentives available to the property-owner in exchange for some period of preservation (for example, reduced fees, infrastructure loans, etc.). Taking the incentives would be the property-owner's choice.						X
Option 4 **No City requirement to preserve the MHP (remains the choice of the property owner), but preservation of affordability and assistance.** MHP property would be up-zoned with a requirement that redevelopment include affordable housing units comparable in number, size and cost to those being replaced. MHP residents may have first right to rent the new units. Relocation assistance may be provided.			X	X	X	X

MOBILE HOME PARK (MHP) OPTIONS

(6/5/2018)

LONG TERM MHP PRESERVATION

Option 1: Preserve the MHP for the long-term through land value exchanges or other financial assistance

- Allow park owners to either (a) transfer (sell) their development rights (TDR) from the MHP to another designated area and property where increased density is suitable, (b) receive affordable housing fee-in-lieu payments as compensation, and/or (c) receive direct assistance (infrastructure upgrade loans, reduced taxes or fees) in exchange for long-term preservation.
- The park owner and/or its buyer would covenant to preserve the MHP for the long-term, with corollary maintenance requirements, and/or or the City would put a protective zoning overlay over the property. The City should consider obtaining "first right of refusal" to buy the park as part of a financial transaction.
- If direct financial assistance is received, a portion of the assistance should be returned to qualified homeowners, if feasible (for example, reduced utility charges).
- The TDR and/or affordable housing fee-in-lieu payments programs would be limited to the City of Kenmore initially, but if unsuccessful, a regional approach could be considered.

City Code/Regulatory Actions:
- Overlay zoning or covenant
- Create fee-in-lieu option (city-wide), and/or
- Create TDR program
- Remove nonconforming status

Possible Direct City Assistance:
- Up-front financing of fee-in-lieu payment to property owner
- Financial assistance for home rehabilitation
- Reduce property-owner operating costs (e.g., utilities, property tax)
- Loans for property upgrades

Issues:

Will there be enough new development in Kenmore to make TDR or fee-in-lieu feasible?

How would the TDR or fee-in-lieu transfer occur? Would the transfer be between individual parties with the City as broker, or would the City or another agency serve as the "bank?"

How would the timing be regulated? For example, would the MHP property owner receive payments over time as new development purchased TDR units or made fee-in-lieu payments, or would the City or another agency front the payment to the property owner?

Who would determine the values of the transfer units or fee-in-lieu?

How would the values of the units or amount of the fees be indexed over time?

Are financial incentives feasible if they are regulated by other entities (State, utility provider, etc.)?

Option 2: Preserve the MHP for the long-term through purchase from the property owner at fair market value

- Purchase the MHP, blending any or all financial resources from MHP residents, private nonprofit agencies, public agencies, or other preservationists.
- After purchase, place a long-term covenant over the property to preserve the park and/or rezone the park to provide protection.

City Code/Regulatory Actions:
- Create fee-in-lieu option (city-wide)

Possible Direct City Assistance:
- Financial assistance (grant or loan) for property purchase/upgrade
- Financial assistance for home rehabilitation

Issues:

Implications for residents/nonprofits/agencies paying fair market value for properties currently planned for higher densities or commercial uses.

Would the property owners wait for the longer time period typically needed to put together financing by groups trying to preserve existing parks?

Would the rezoning approach allow for future redevelopment?

EXTENDED MHP PRESERVATION

Option 3: Potentially preserve the MHP for several years through a variety of incentives offered to the property owner

- Provide direct assistance (infrastructure upgrade loans, reduced taxes or fees) in exchange for some period of preservation, with corollary maintenance responsibilities.
- In exchange for funding, consider obtaining "first right of refusal" to buy the park.

City Code/Regulatory Actions:
- Require relocation plan
- Remove nonconforming status

Possible Direct City Assistance:
- Reduce property-owner operating costs (e.g., utilities, property tax)
- Loans for property upgrades

- Financial assistance for home rehabilitation
- Relocation assistance

Issues:

Are financial incentives feasible if they are regulated by other entities (State, utility provider, etc.)?

Would the property owner continue to maintain the property as the preservation sunset date approached?

Would residents move in/out of the park as the preservation sunset date approached?

PRESERVATION OF AFFORDABILITY WITH ASSISTANCE

Option 4: Do not take City action to preserve the MHP (remains the choice of the property owner), but preserve affordability and provide assistance

- Rezone the MHP property for greater density but require new development to include affordable housing units comparable in number, size and cost to those in the MHP being replaced.
- Provide the current MHP residents with a "right of first opportunity" to rent the newly built affordable units.
- For residents who want to move into the new units, provide temporary relocation assistance and/or other monetary compensation for the loss of their MH unit.
- For residents who do not want to move into the new units, require a relocation plan, a longer notice of park closure, and/or provide a certain amount of relocation assistance.

City Code/Regulatory Actions:

- Upzone with affordability requirement equivalent to mobile homes
- Require relocation plan
- Provide “right of first opportunity” to rent
- Consider requiring a longer notice of park closure

Possible Direct City Assistance:

- Relocation assistance
- Compensation for loss of unit

Issues:

How would residents handle the transition between the closure of the park and the construction of the new units?

Would potential future projects be big enough and at high enough densities to accommodate all of the required units?

Would existing MHP unit sizes (primarily 2 bedroom) be achievable?

Could projects achieve the income levels needed by the current residents?

Should the income limits be adjusted over time once the MHP residents are no longer living in the development?

How would "current residents" be defined? (Residents on the date the notice of park closure is received? Residents at the time of MHP closure? Other?)

What tenant screening requirements would apply?

Attachment 2

18120 68TH AVENUE NE
KENMORE, WASHINGTON 98028

MEMO

TO: City Council

FROM: Arthur Sullivan, ARCH Program Manager

DATE: June 29, 2018

SUBJECT: Mobile Home Park Project – Direct Assistance Strategies

On July 16, we will be reviewing direct assistance tools that could be used to support the Planning Commission's approaches to the mobile home parks (MHPs). The purpose of this memo is to identify the tools and some perspectives on potential costs, and review possible sources of funds.

Transfer of Development Rights (TDR)

The concept of TDR is that in exchange for preserving a property under a certain use (most commonly open space) a property owner can sell unusable development capacity to other properties. Often a TDR program will designate specific areas where TDR 'credits' can be used to increase density. This is a tool that could be paired with Option 1.

Sending/Receiving Areas. In this circumstance, the area that would receive TDR credits that could be sold ('Sending Area') would be the mobile home park properties that get the MH zoning overlay. 'Receiving Areas' are areas that are designated by the city that could purchase TDR credits to increase density above the current base zoning. In this case it is proposed that the Receiving Areas include the TOD overlay area, and the Downtown Commercial (DC), Downtown Residential (DR), and Regional Business (RB) zones. These areas already have provisions to increase density in exchange for affordable housing or other public benefits. A code amendment would add TDRs to the list of ways a property owner could increase density. Staff estimates that there is capacity within these proposed Receiving Areas for up to 3,000 bonus housing units.

The Amount of TDR Credits: For a TDR program, a first question is how much TDR credit should individual properties in a 'Sending Area' receive. For each TDR 'credit' it is proposed that properties in the Receiving Area' be able to build one additional housing unit. Therefore, the amount of TDR credit that a property in the Sending Area would receive could be based on the difference between the existing number of units on the Sending property, and how many units could be allowed there under the current zoning. The table below estimates that figure for each of the existing MHPs in Kenmore.

One possible consideration in determining TDR credits is that the land value per allowed residential unit in a Sending Area could be different than the land value per allowed residential unit in a Receiving Area. This could be true if the allowed density is different, and typically lower density properties have higher land value per allowed residential unit than higher density properties. The proposed Receiving Areas (TOD overlay area, DC, DR, and RB) are all higher density than two of the potential Sending Areas (Lakewood Villa and Inglewood East, zoned R-12). Accounting for estimated difference in land values per unit between Sending and Receiving areas, it may be justified to allow 2.5 TDR credits for every unit from the Sending Area (see second row of table).

TDR/Unit	(Lakewood Villa)	(Inglewood East)	(Lake Terrace)	(Unnamed, 181st St.)	(Kenmore Village)	(Lakewood)
1.0	8	15	40	47	45	95
2.5	20	37.5				

Value of TDR Credits. Generally, the value of a TDR credit will be based on the per unit land values in the Receiving Area. This is roughly estimated at approximately $30,000.

Financing/Banking TDR Credits. There are two approaches for facilitating the transfer of TDRs from Sending Areas to Receiving Areas. First would be for TDR transfers to be directly negotiated between the MHP property-owner and the purchasing developer. That way the property owner has the flexibility to choose when and for how much to sell their TDR credits. This is relatively common in other forms of TDR programs. The City's role would be to document the TDR transfers.

Alternatively, the City could act as the "broker"/"bank" for the TDRs. The City would need to set the acquisition price for a TDR, purchase the TDRs, and resell them to developers in the Receiving Area. Considerations for the City would include: 1) How to finance the initial purchase; 2) Is there some set time period for purchasing TDRs from Sending Sites; 3) Will there be a time gap between when TDR credits are purchased and when there is a market to sell TDR credits; and 4) The risk of changing land values and thus TDR values between when the City purchases and sells TDR Credits.

Fee-in-Lieu

'Fee in-lieu' is a tool that cities have used as an alternative to developers directly providing affordable housing units under local zoning provisions. Typically, fee in-lieu is associated with land use incentive programs that require a portion of units in a new development to meet a specified affordability level in exchange for increased development capacity. Kenmore currently has such provisions in several areas (e.g. TOD Overlay, Residential Density Incentives KMC 18.80).

Value and Capacity of Fee In Lieu. To implement fee in-lieu a city needs to establish the cost per affordable unit. For other cities this has been based on calculating the difference between the cost of creating a housing unit and the debt a unit can carry based on it having an affordable rent or sales price. Based on an analysis of local conditions and fees in-lieu in other communities in King County, an in-lieu payment could be $75,000 or significantly more per affordable unit.

Use of In-Lieu Fee for Manufactured Housing. Under state legislation, when a fee In-lieu alternative is used, funds are to be used for affordable housing related items. For Kenmore MHPs, fee in-lieu could possibly be a resource to assist with implementing several of the Options as discussed below.

Option 2 involves assisting a purchaser who is purchasing a property for the dual purpose of preserving the use as manufactured housing, but also explicitly agreeing to maintain an affordability level specified by the City (and potentially other public funders). The 'purchaser' could be one of a number of entities, including the homeowners, but most typically when public funds are involved has involved a non-profit agency or housing authority. One reason for this is that they are eligible to receive other public funds, such as the State Trust Fund. The ability for City resources to leverage other public funds can be impacted by the current priority of other funders.

The City could potentially use fees-in-lieu for a variation on Options 1 and 2. This would involve an existing owner explicitly agreeing to set, long-term affordability levels specified by the City. It would require recording a long-term affordability covenant that would apply to future property owners. It is noted that this approach would be less likely to access other public funds, especially from the State, because of their limitations on eligible applicants.

A variety of items impact public funding needed to acquire an existing park, including: other costs associated with acquiring the property (e.g. financing, infrastructure rehabilitation); the amount of private debt that can be covered from rents; and ability to leverage other public funds. For each in-lieu payment it may be possible to preserve 2 to 4 manufactured units (e.g. to preserve 100 manufactured units could need in-lieu payments for 25 - 50 affordable units). Looking at the areas of the city that currently have bonus provisions related to affordable housing, there is the potential for 1000 or more affordable units.

Option 4 involves providing some type of relocation assistance in the event a park is redeveloped and residents displaced (see below). For income eligible households, in-lieu fees may be a source for any city paid relocation benefits. One trade-off is that if funds are used for one-time forms of assistance, less resources are available for long-term preservation with explicit affordability provisions.

Not directly related to the Options being reviewed by Council, in-lieu funds may also be able to be used as loans to help with rehabilitation of existing homes to income-eligible homeowners.

To implement some type of fee-in-lieu system targeted toward manufactured housing could require some amendments to the city's existing regulations.

Reduce property-owner operating costs

The objective of this tool is to find ways to incent property owners to maintain the current use of their properties by helping to reduce ongoing operating costs for the owners (Option 3). The property owners, during public comment, also noted that they would look at ways they could help pass on such savings to individual homeowners. The tools most cited, because they represent significant operating costs, were related to utility costs and property taxes. Staff explored several options as summarized below, but did not find any that is believed could significantly reduce operating costs to the land owner. One idea being further researched is whether there may be a way to reduce property taxes on the property owner's land based on the number of low income senior residents (see below). However, any such program, if authorized, would likely require passing savings on to residents.

Utilities. Utilities paid by property owners include surface water management (SWM) and water and sewer. A comment made by property owners is that they thought their fees may be relatively high compared to single family properties, especially for water and sewer. Rates are calculated differently for MHPs and single-family dwellings, but in an attempt to compare them on comparable terms, it appears that utility rates for manufactured homes are below rates for single family homes, and probably similar to townhouse-type homes. The City also charges taxes on utility bills. It is estimated that these are approximately $4 per month per manufactured home, so are not significant.

Property taxes. 'Property taxes' are paid in two ways for manufactured housing. The property owner pays taxes on the value of the land and the homeowners pay taxes on the value of their home. Low income senior homeowners are eligible to pay their taxes based on the senior rate, which saves them over 40% on taxes. Staff is trying to find out how many senior homeowners in manufactured housing are using that benefit. MHP property owners in Kenmore pay property taxes of $700 to $850 annually per pad and they pay based on the standard levy rate. If their taxes were adjusted to pay the senior rate, for those homes with eligible residents, it could save homeowners approximately $35 per month.

Other. There are a couple other ways that public resources could potentially benefit property owners. However, these would assist with one-time type costs, and not ongoing operating costs. First are costs related to replacing an existing manufactured home. There is a $900 permit cost. In addition, depending upon how much time has elapsed between replacing units, there is a possibility that impact fees related to new housing units could be charged. The City could explore reducing the standard permit cost, and clarifying that replacement units would not be charged impact fees.

Second, the county administers several home/property repair programs. Staff is researching the potential use of these programs by individual homeowners and/or property owners. For the former, homeowners must be income eligible, and loans have no ongoing payments and are repaid at time of sale or refinance. For property owners, they may be able to use such loans for infrastructure type repairs, but do require that the owner enter into an affordability covenant for a specified period of time (e.g. 15 years).

Relocation Assistance - Existing Residents

Option 4 includes provisions to provide relocation assistance to existing homeowners in the event a property is redeveloped.

Amount of relocation assistance. There was a variety of input from both homeowners and property owners related to relocation assistance. Comments regarding what type of costs relocation assistance should cover included:

- Value of home
- Relocation costs (moving costs, deposits required for moving into rental housing)
- Monthly rent supplement for several years toward rental housing.

All of the factors above have potential merit. Current listings for manufactured homes in north King County range from $20,000 to $130,000. For rental supplement, figures between $200 to $700 monthly ($2,400 - $8,400 annually) could be justified. There are no apparent standards related to assistance for homeowners in manufactured housing, but there is state legislation that sets some limits for certain sources (see below). For rental households, if federal relocation assistance is triggered, income-eligible households receive a combination of moving costs and monthly rental assistance (up to 42 months), which can total $10,000 per household. If no federal requirements are triggered, local funders require relocation assistance of approximately $2,000 per income-eligible household.

If the City sets its own level of relocation assistance, it may want to consider several factors to determine assistance for individual households such as household size and income of homeowner, or the size, age and condition of a home.

Sources of relocation assistance. State legislation has impacted the amount and sources of relocation assistance for general relocation assistance, and specifically manufactured homeowners. There is a state supreme court decision (Guimont) which limits assistance required from MHP property owners. Following are specific state provisions:

- **RCW 59.21 Mobile Home Relocation Assistance Fund**. In response to the Guimont case, state legislation (RCW 59.21) created the Mobile Home Relocation Assistance Fund which is funded by individual manufactured homeowners through a fee on initial sales and resales of manufactured homes. To the extent funds are available, it provides up to $7,500 for singlewide homes and $12,000 for doublewide owners, and has limitations on what funds can be used for. In the past, the fund did not have sufficient balance to meet needs and supplement funding was provided through the state budget. Staff is collecting more current information on the status of this fund and what funds can be used for.

- **RCW 59.18**.440. Not directly related to manufactured housing, this legislation can provide approximately $2,400 in relocation assistance to income eligible housing displaced by redevelopment. In addition to the cap, the property owner is limited to paying 50% of this cost, and the city must pay the other 50%.

Staff is not aware of other sources to assist with relocation assistance. To the extent the City explores using its own resources, it is presumed assistance would need to be limited to income qualified households, with a maximum threshold being 80% of median income.

Relocation Plan. Another element of Option 4 is to require a relocation plan. Several other cities have adopted code provisions requiring a relocation plan including Seattle and Tukwila. There is not necessarily any direct cost to the city related to requiring a relocation plan, but staff time would be needed to review and implement relocation plans for specific properties.

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic:	For Council Meeting Agenda of: July 16, 2018
Property Acquisition	Department: City Manager's Office Prepared by: Rob Karlinsey
Proposed Council Action/Motion: Amend the City Council June 11, 2018 direction to the City Manager as follows: Authorize the City Manager to enter into a purchase and sale agreement for the City of Kenmore to potentially acquire the property located at 6646 NE 202nd Street in Kenmore <u>for potential open space purposes and NOT for a public works facility.</u>	Initial & Date Approved by Department Head: ________ Approved by City Attorney: ________ Approved by Finance Director: ________ Approved by City Manager: RJK Exhibits/Attachments: N/A

INFORMATION/BACKGROUND:

On June 11, 2018, the City Council authorized the city manager to enter into a purchase and sale agreement for the City of Kenmore to potentially acquire the property located at 6646 NE 202nd Street in Kenmore. The city manager subsequently sent adjacent neighbors a letter notifying them that the purpose of the potential property purchase may be for a public works facility. In response, the neighbors have been very vocal in their opposition to the city purchasing the property for this purpose.

Given the neighborhood response, the city manager recommends that the city no longer consider purchasing the property for the purpose of a public works facility. The City may still wish to:

- Purchase the property for open space purposes.
- Purchase the property, hold it for a while to determine future open space needs, and then sell all or a portion of the property back to the private sector for residential uses.
- Not purchase the property at all.

The City is still in the 90-day feasibility period for the property and therefore has not closed on the sale. This feasibility period will end in mid September. Prior to the end of the feasibility period, the city manager will report the property due diligence findings to the City Council, and the City Council will then decide whether to move forward with the purchase.

City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic: Willamette Dental Employee Benefit Option	For Council Meeting Agenda of: July 16, 2018 Department: Finance and Administration Prepared by: Joanne Gregory, Director of Finance and Administration Initial & Date Approved by Department Head: 7-10-18 Approved by City Attorney: Approved by Finance Director: 7-10-18 Approved by City Manager: ONKG F RK 11 July 2018
Proposed Council Action/Motion: Motion to Approve the Addition of Willamette Dental as an Employee Benefit Option	Exhibits/Attachments: None

INFORMATION/BACKGROUND:

The Employee Benefit Review Team has been meeting on a regular basis since its formation in January 2017 in an ongoing effort to explore and evaluate health care plan options.

During that process we noted that the AWC Trust offers two dental provider choices for employers and employees. The City has historically offered a Delta Dental plan and the Trust allows cities to also offer a Willamette Dental plan; employees would be allowed to choose one or the other.

The greatest advantage to the Willamette plan is the orthodontia benefit. Delta Dental has a $2,000 **lifetime** cap on orthodontia services and a $1,500 cap on other dental coverage. Willamette has **no cap** for comprehensive orthodontia services and only requires $1,000 copay. There is also no annual maximum on other dental coverage and $10 copays apply.

The most restrictive aspect of Willamette is that services must be provided at Willamette Dental clinics; there are 22 in Washington State with the closest being in Everett, Lynnwood, Bellevue and Northgate. Delta Dental has a much larger network of providers across the region and generally great benefits with no copay. Overall, employees tend to choose Delta Dental because of the greater choice of providers, per AWC.

The Willamette $10 copay plan is recommended by the Employee Benefit Review Team. Premium differences between Willamette and Delta Dental are as follows:

	Delta Premium	Willamette Premium
Employee	$ 55.22 per month	$ 60.79 per month
Employee + one	$105.90	$113.87
Full Family	$197.31	$181.43 (yes, less than Delta)

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Based on the current elections for the City's 30 covered employees, if everyone were to switch to Willamette, the monthly savings would be about $116.00. However, it is not expected that many employees will switch from Delta to Willamette, except when needing the more generous orthodontia coverage, since it would also require the whole family to receive dental care at a Willamette clinic. It is difficult to predict what plan employees will choose, but no significant financial impact is expected either way.

With City Council approval, the Willamette Dental benefit could be offered as soon as September or October 2018 which would allow a special enrollment period for those employees who might wish to change. Thereafter changing between Delta Dental and Willamette Dental will generally only be an option during open enrollment which is once a year.

FISCAL CONSIDERATION:

A diversified benefit package can be very attractive to employees and an incentive for prospective employees. Given there is not expected to be any significant financial impacts to the City resulting from the addition of Willamette Dental, Staff recommends adding this option to the employee benefit plan.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Effective and Efficient Services

City Of Kenmore, Washington

Memorandum

Date: July 16, 2018

To: Rob Karlinsey
City Manager

From: Lauri Anderson LWA
Senior Planner

Subject: Rent Increase Notification Requirements

At the January City Council retreat, one of the agreements (Agreement 4 in Michael Pendleton's Summary Report) was that staff would research the various aspects of a rent notification requirement and report back to the Council. Following is the rent increase notification information.

State Standards

Rent control is illegal in Washington State (RCW 35.21.830), allowing landlords to raise the rent without restriction as long as they comply with the appropriate notice periods and are not discriminating or retaliating against the tenant.

For leased property, a landlord cannot change the terms during the lease period except by mutual agreement. This means that rent is fixed for the life of the lease.

For month-to-month rentals, the landlord must give 30 days written notice of a rent increase to the tenant (RCW 59.18.140). The increase can go into effect at the beginning of the first full month following the notice.

Mobile home tenants (renting the mobile home pad) have different protections (RCW 59.20.090). Unless otherwise agreed, rental agreements must be for the term of one year. A landlord seeking to increase the rent upon expiration of the agreement must notify the tenant in writing three months prior to the effective date of any increase in rent.

HB 5377/HB2051 (introduced in 2015, but not passed) would have clarified the ability for cities like Kenmore to require, after reasonable notice to the public and a public hearing, up to ninety days written notice for a change in rent exceeding 10 percent of the tenant's current rent.

Standards from Other Cities/States

In the City of Seattle, a tenant must receive 60 days prior written notice for an increase 10% or more in a 12-month period (SMC 7.24.030).

In the City of Vancouver, Washington, a landlord must provide the rent increase notice 45 days before the end of the rental term for an increase of 10% or more in a 12-month period, with the new rent to apply on the next rental due date after that (VMC 8.46).

In Oregon, in a month-to-month tenancy, the landlord may not increase rent during the first year of tenancy. After that, 90 days' written notice of increase is required. The rent increase may begin any time during a month.

In California, advance notice of a rent increase expands from 30 days to 60 days if the increase amounts to more than 10% of the rent during the previous 12 months.

<u>Payment of Security Deposit and Move-in-Fees</u>

In researching rent increase notification requirements, an interesting provision was discovered in the City of Seattle: for any rental agreement with a term of 6 months or longer, the tenant can elect to pay the security deposit, last month's rent, and non-refundable move-in-fees in 6 consecutive, equal monthly installments. For agreements with a term between 30 days and 6 months, the tenant can elect to pay in no more than four equal amounts. Month to month rental agreements must allow for payment of a security deposit and move-in-fees in two equal installments. An alternative installment schedule is possible if approved by the landlord.

Installment payments for security deposits and move-in fees are not required if the total amount of the security deposit and fees do not exceed 25% of the first full month's rent for the dwelling unit and if payment of last month's rent is not required at the beginning of the tenancy.

Landlords may not impose any fee, charge any interest, or otherwise impose a cost on a tenant because a tenant elects to pay the last month's rent in installments.