

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
November 22, 2022 Page 1

CONVENE: 5:30 p.m.

PRESENT: Mayor Debbie Sullivan and Councilmembers Peter Agabi, Michael Althausen, Leatta Dahlhoff, Angela Jefferson, Charlie Schneider, and Eileen Swarthout.

Excused: Councilmember Joan Cathey.

Staff: City Administrator John Doan, Community Development Director Michael Matlock, Economic Development Manager Austin Ramirez, and Planning Manager Brad Medrud.

**THURSTON
STRONG PHASE II:** Manager Ramirez outlined the briefing on the proposed scope of services that was presented to the Council in September for \$300,000 to provide grants for training and support for local businesses, entrepreneurs, and childcare operators. Staff is also seeking direction on the allocation of the remaining unallocated \$50,000.

Director Matlock provided some background on how the pandemic affected local, state, and national economies with the closure of most businesses except for essential services and grocery stores. Prior to the pandemic, a long-standing economic development practitioner group had been meeting as part of Thurston Economic Development Council (EDC). City Administrator Doan served as a member representing the City of Tumwater. At the beginning of the pandemic, the group initiated discussions to address repercussions caused by the pandemic on local businesses. The group agreed to form the Thurston Strong program to centralize and spearhead efforts. Subsequently, membership in the group expanded to broaden the scope and reach. The group met each Friday for the next 18 months with the intent of speaking as one voice as a region to offer coordinated, clear, and consistent messaging during a very uncertain time to the business community and to serve as a one-stop shop for thousands of calls and emails from businesses.

During the initial days of the pandemic, fears materialized among the group about the potential of no childcare providers and no restaurants as the pandemic essentially shutdown those and many other services. Subsequently, in response to the pandemic crisis, the federal government passed the American Rescue Plan Act of 2021 (ARPA) providing a substantial infusion of resources to eligible state, local, and other government entities to help reverse the negative impacts of the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. Jurisdictions in Thurston County elected to combine

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
November 22, 2022 Page 2

ARPA funds as local jurisdictions lacked resources to administer the funds effectively.

Director Matlock acknowledged the efforts of EDC Executive Director Michal Cade and consultant Jason Roberson for guiding the collective process and steering the group through the early days of the pandemic.

Mr. Cade thanked Director Matlock for his participation in Thurston Strong each Friday from 10:30 a.m. to noon over the 18 months. He acknowledged EDC Board leadership, which serves as the designated lead by the Washington State Department of Commerce as the economic development agency for the region.

EDC Board President Heather Burgess said Thurston Strong would likely be known as one of the most successful and collaborative community efforts in the state. Mr. Cade worked consistently during the 18 months with no breaks to ensure the community was sustained. The EDC Board provides policy direction, support, and leadership to Mr. Cade and the region's efforts.

Mr. Cade shared a series of informational slides on the outcome of efforts by the Thurston Strong program to recover, resent, and recharge. Thurston Strong resources were provided from agencies and organizations both outside and inside the Thurston region. During Phase I of Thurston Strong the following activities were undertaken:

- Establishment of Business Center Hotline – 888-821-6652 – Over 10,000 phone calls were received for assistance with business counseling, referrals to other programs and agencies/organizations, grant application and loan application assistance, market development, workforce development, contracting, and business coaching and mentorship
- Child Care Action Council – applicant and fiduciary of child care crisis assessment (\$75,000 grant received by EDC)
- Lacey Maker Space – masks fabricated at Lacey Maker Space and distributed at no cost to locals businesses
- Distribution of \$80,000 worth of Personal Protection Equipment (PPE) to over 3,000 businesses (1,00 gallons of sanitizer, 82,000 masks)

Mr. Cade reviewed Thurston Strong Phase I investments in Tumwater benefitting the following business sectors: food & beverage, childcare providers, manufacturers, retail, non-profit agencies, BIPOC businesses, craft brewing & distillers, sports and fitness, software/IT

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
November 22, 2022 Page 3

telecommunications, landscaping, media, professional services, construction, beauty & spa, deli and espresso, leisure, and medical.

Mr. Cade shared a map of Tumwater identifying businesses receiving a total of 178 grants for \$1,197,000 during Phase I and 26 grants totaling \$320,000 during Phase II. A target zone startup grant totaled \$100,000. The total investment in Tumwater was \$1,617,382 in the form of 205 cash grants, as well as technical assistance, PPE, and EDC staff support for administering grants.

Several Councilmembers thanked Mr. Cade for providing the update and for information specific to Tumwater.

Sean Moore, Director of the Center for Business & Innovation at EDC, reviewed the proposed budget and funding allocations:

- Childcare Support Grants - \$205,000, administered by the Child Care Action Council to childcare providers
- Quick Startup Program (Incubator Program) - \$20,000 for women-owned businesses
- Center for Business & Innovation - \$30,000 for consultant services
- Business Enterprise Startup Training (BEST) - \$10,000 for 24 training scholarships

Manager Ramirez commented on trends following the pandemic highlighting the need for training support. Since 2015, the City has experienced steady growth in the number of new business licenses. However, a shift occurred during the pandemic with an increase in home-based business operators.

Mr. Cade noted that the EDC was able to raise \$300,000 that was contributed to the Thurston Strong program from the private sector.

EDC Board President-Elect Mark Steepy reiterated the degree of efforts by Mr. Cade and the EDC team to ensure programs were available throughout the entire region. All cities have welcomed the conversations and have recognized how the joint effort resulted in better outcomes.

City Administrator Doan commented on the amount of modest funds contributed by the City resulting in many businesses in the City receiving a tremendous return. He thanked Mr. Cade and the team for their efforts during a challenging time. Each year the City contracts with the EDC for regular services, which will be presented in early 2023. Previously, the Council allocated \$350,000 for business economic development activities.

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
November 22, 2022 Page 4

Staff plans to present information on a proposal to fund a program through the Thurston County Dispute Resolution Center for tenants and landlords utilizing the remaining \$50,000. Staff is scheduled to present the proposed funding recommendation during the Council's December 6, 2022 meeting.

Councilmember Dahlhoff supported the scope of services for Thurston Strong Phase II and the funding allocation of \$350,000 of federal American Recovery Plan Act (ARPA) funds with \$50,000 of those funds designated to support the tenant and landlord program through the Dispute Resolution Center.

Mayor Sullivan confirmed the Council's support to move the request forward with further discussion on the allocation of the \$50,000. She thanked EDC representatives for updating the Council on the status of the Thurston Strong program.

ORDINANCE NO.
O2022-010, UNFAIR
HOUSING
PRACTICES:

&

ORDINANCE NO.
O2022-012 , RENTAL
HOUSING CODE:

Manager Medrud reported the briefing is on two proposed ordinances related to tenant protections. The Council has discussed tenant protection since adopting Resolution No. 2018-016 containing a list of actions the City would pursue to address homelessness and affordability housing. Action #9 directed City staff to review measures supporting renter access to housing and remaining housed. In September 2021, the Council adopted the Tumwater Housing Action Plan, which included tenant protection actions. In 2022, staff integrated the measures within the resolution and Tumwater Housing Action Plan actions.

The General Government Committee reviewed the actions on January 12 and February 9, 2022. The Council prioritized the actions on March 22, 2022, which included two ordinances to address tenant protections. On October 12, 2022, the General Government Committee was briefed on the ordinances and recommended approval with one change.

During the development of both ordinances, staff reviewed the City's current tenant protections in TMC Chapter 5.70 Unfair Housing Practices, state requirements under the Residential Landlord-Tenant Act (RLTA) (RCW 59.18), state legislature amendments to the RLTA since 2018, and similar actions by other jurisdictions to address tenant protections.

Code amendments include:

- Requirement for landlords to distribute certain housing related information, including rights and responsibilities to tenants
- Creation of a City website for housing related information, including rights and responsibilities for tenants

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
November 22, 2022 Page 5

- A requirement to include deposits, as well as recurring and one-time fees within written agreements
 - The written rental agreement must include recurring fees that are not deposits addressed by RCW and clearly specify fees that are recurring and non-refundable
 - Establishes a penalty if requirement is not followed

Councilmember Swarthout asked whether current laws govern the types of recurring fees landlords may charge. Manager Medrud advised that RCW 59.18 *Resident Landlord Tenant Act* covers in some detail the various fees that need to be addressed. The City's ordinance covers special cases that are not necessarily covered in the RCW.

- Make landlord failure to comply with required termination notice a renter defense to an unlawful detainer action and the landlord subject to liability and penalties
 - For tenants this is an additional affirmative defense to an unlawful detainer action if a landlord fails to give a “no cause” notice to a monthly or periodic tenant
- Prohibit waiving of City requirements
 - A rental agreement cannot:
 - Waive any right, benefit, or entitlement created by TMC 5.75
 - Are voided with no lawful force or effect if they do
- Require notification a set number of days prior to a no-cause termination
 - Unless provided otherwise under federal or state law, a landlord may only terminate a tenancy for no cause by providing the tenant written notice of at least ninety (90) days before the end of the month or period of tenancy

On October 12, 2022, the General Government Committee recommended changing the 60-days notice under state law to 90 days.

Councilmember Althaus said the committee's discussion surrounded whether 60 days is sufficient time for a tenant to identify new housing, move, and clean the unit. The committee supported providing a 90-day notice to ensure tenants have sufficient time to find new housing and move.

- Require notification a set number of days prior to any rent increase
 - A landlord is required to provide a minimum of 120 days prior written notice whenever the periodic or monthly

**TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
November 22, 2022 Page 6**

housing costs to be charged a tenant will increase by more than 5%

- Require notification a set number of days prior to any rent increase
 - A landlord is required to provide a minimum of 180 days prior written notice whenever the periodic or monthly housing costs to be charged a tenant will increase by more than 10%
- Require notification a set number of days prior to any rent increase
 - If the rental agreement is a subsidized tenancy, a landlord must provide a written notice a minimum of 30 days prior to a rent increase
- Require notification a set number of days prior to any rent increase
 - A landlord is required to provide a minimum of 60 days prior written notice whenever the periodic or monthly housing costs charged a tenant increases by 5% or less

Manager Medrud asked the Council to consider scheduling both ordinances for consideration during the December 6, 2022 meeting.

Councilmember Althaus commented on the reason for the proposed changes citing the pandemic, vacancy rates, rental rates, and the difficulty of finding affordable housing to prevent homelessness. For every 10% increase in rent, there is a corresponding 6% to 35% increase in homelessness. He explained the purpose of the state's prohibition of rent control by local jurisdictions.

Councilmember Schneider spoke to problems of rental homes owned by companies and/or individuals not living in the City or the state who often advertise the properties for rent using lock boxes with a key code for clients to access the unit. In several instances within his neighborhood, key codes were shared with individuals who took possession of the homes illegally. In many cases, it took months to evict the squatters. Councilmember Althaus reported a state statute provides local law enforcement the authority to remove a trespasser from a residence.

The Council agreed to include both ordinances on the December 6, 2022 consent calendar for consideration.

**CONTRACT
APPROVAL FOR AN
8-YEAR
MULTIFAMILY
TAX EXEMPTION
FOR THE 350**

Manager Medrud reported the briefing covers both tax exemption requests.

In 2014, the Council adopted the Brewery District Plan, which recommended establishing a Multifamily Tax Exemption Program (MFTE) to improve the financial viability of development in the District. In 2017, the Council adopted the program to stimulate desired multifamily housing

TUMWATER CITY COUNCIL WORKSESSION

MINUTES OF VIRTUAL MEETING

November 22, 2022 Page 7

NORTH STREET APARTMENTS (TUM-22-1338):

&

CONTRACT APPROVAL FOR AN 8-YEAR MULTIFAMILY TAX EXEMPTION FOR THE CRAFT DISTRICT APARTMENTS (TUM22-1393):

development within key areas of the City, such as the Brewery District and Capitol Boulevard Corridor. The MFTE program includes an eight-year tax exemption for market rate multifamily housing to help encourage further development in the designated areas, such as the Brewery District. An approved MFTE is a shift in revenue from property tax. The Council annually sets the City's property tax levy and levies a total dollar amount for City operations. When some property owners receive a discount, such as through the MFTE program, that cost is redistributed to other property owners in the City. Regardless of the number of MFTE discounts the City provides, the City collects the same amount of property tax dollars.

TMC 3.30 Multifamily Housing Tax Exemptions establishes the review and approval process for MFTE applications based on state law. The process entails an applicant filing a complete Conditional Certificate Application with the City. Staff reviews the application and if the application is complete and meets the requirements of TMC 3.30, the Community Development Director approves the Conditional Certificate. To complete the Conditional Certificate approval process, the applicant must enter into a contract with the City that is approved by the City Council, under which the applicant agrees to complete the development as outlined in the contract. An approved Conditional Certificate and contract are valid for three years from the date of approval. Annually, the City is required to obtain information from each project and report the information to the state. The two proposed projects applying for the eight-year exemption program are not expected to be completed until 2023.

Manager Medrud addressed questions and clarified that the eight-year exemption program does not require a specific percentage dedicated for affordable housing. However, the City's 12-year exemption program does require 20% of the units designated for affordable housing units. In terms of the amount of property tax deferred, those figures would not be available until the City receives the Final Certificate Application.

Manager Medrud reported the request is to consider approval of eight-year tax exemption contracts for two multifamily projects in the Brewery District Subarea located at 350 North Street Apartments (TUM-22-1338) and the Craft District Apartments (TUM-22-1393).

Councilmember Agabi asked about the qualifications required for the affordable housing units. Manager Medrud said the household income must be 80% or less of the median income in Thurston County, which can change annually.

TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
November 22, 2022 Page 8

Several Councilmembers shared information on the reasons the Council adopted both the eight-year and twelve-year property tax exemption programs, which included ensuring appropriate housing density at the right locations in the City.

Manager Medrud reported the 350 North Street Apartment project is located east of the intersection of North Street SE and Cleveland Avenue SW and includes 24 units of new multifamily housing. The Craft District Apartments are located at 4300 Capitol Boulevard, immediately south of the Craft District complex. The complex will consist of 95 units of new multifamily housing.

Councilmember Althausen noted that during the General Government Committee's review, Councilmember Cathey conveyed some concerns about the multifamily housing tax exemption program, which she has shared during previous Council meetings.

The Council agreed to place the requests on the December 6, 2022 consent calendar.

**MAYOR/CITY
ADMINISTRATOR'S
REPORT:**

**EPA GRANT
APPLICATION:**

City Administrator Doan reported the Environmental Protection Agency (EPA) offers community-wide brownfields assessment grants for exploring the challenges associated with contaminated or potentially contaminated sites and development of strategies to encourage the clean-up and redevelopment of those sites. Manager Ramirez prepared an application to the EPA for a \$500,000 grant to pursue that work. The application identifies the brewery property and the Capitol Boulevard Corridor as the areas of focus. The EPA only awards 18 grants across the United States. However, the EPA and Department of Ecology staff spoke to Manager Ramirez during a recent Brownfields Conference and encouraged him to apply for the grant. The application must be submitted before the end of the evening. The Council supported the action.

City Administrator Doan reminded the Council of the Christmas Tree Lighting event on Saturday, December 3, 2022 at the Headquarters Fire Station from 1:00 to 5:30 p.m. The events includes holiday crafts, performances by local and school choirs, treats, on-site food trucks, and the tree lighting.

**TUMWATER CITY COUNCIL WORKSESSION
MINUTES OF VIRTUAL MEETING
November 22, 2022 Page 9**

This year, Santa and the Santa Mobile will be located at a Santa Stop near designated neighborhoods in the City. A calendar of Santa stops is available on the City's website. Santa is also collecting non-perishable food and cash for the food bank.

ADJOURNMENT: **With there being no further business, Mayor Sullivan adjourned the meeting at 7:01 p.m.**

Prepared by Valerie L. Gow, Recording Secretary/President
Puget Sound Meeting Services, psmsoly@earthlink.net