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CONVENE: 7:00 p.m.

PRESENT: Chair Elizabeth Robbins and Commissioners Grace Edwards, Terry Kirkpatrick, Michael Tobias, and Kelly Von Holtz.

Excused: Commissioners Brian Schumacher, Meghan Sullivan, and Anthony Varela.

Staff: Planning Manager Brad Medrud, and Land Use and Housing Planner Erika Smith-Erickson.

CHANGES TO THE AGENDA: There were no changes to the agenda.

APPROVAL OF MINUTES:

PLANNING COMMISSION MINUTES AUGUST 22, 2023:

MOTION: Commissioner Kirkpatrick moved, seconded by Commissioner Edwards, to approve the minutes of August 22, 2023 as published. A voice vote approved the motion unanimously.

COMMISSIONER'S REPORTS: Commissioners Tobias and Edwards reported they would be unable to attend the October 10, 2023 meeting.

MANAGER'S REPORT: Manager Medrud reported the adoption of the new Washington Wildland-Urban Interface Code has been postponed until March 2024 in addition to changes to the building code. Staff is working with the Association of Washington Cities to submit a joint letter requesting the Washington State Building Code Council consider some specific issues in the new code and offer some clarifications in the code before moving forward with adoption.

Staff continues efforts on development of the Habitat Conservation Plan with the U.S. Fish and Wildlife Service. Staff anticipates the development will require more time than initially planned to address some larger issues.

The Periodic Comprehensive Plan Update process is underway. Staff plans to release a schedule on public open houses and other public outreach efforts in the fall. City staff recently met and discussed the

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update because the update will affect all City departments.

Chair Robbins asked how the postponement of the new Washington Wildland-Urban Interface Code impacts implementation of new City codes. Manager Medrud advised that the postponement is the second delay for the new code. The delay was attributed to the state energy code.

PUBLIC COMMENT: There were no public comments.

**2025
COMPREHENSIVE
PLAN PERIODIC
UPDATE – HOUSING
ELEMENT:** Manager Medrud said the briefing is the second session on the Housing Element to address larger issues and recent changes in state law. He introduced Laura Hodgson, Senior Planner, Growth Management Services, Department of Commerce, to review recent changes in state law affecting local jurisdictions.

Ms. Hodgson reported the Department of Commerce is involved in all areas affecting communities involving housing and homelessness, energy, economic development, business assistance, infrastructure and broadband services, planning and technical support, and crime victims and public safety. New requirements for the Housing Element were passed by the Legislature in 2021 under House Bill 1220. Some guidance for key elements includes land capacity guidance, adequate provisions guidance, racially disparate impacts, development code revisions, and resources.

The new Growth Management Act (GMA) goal is to plan for and accommodate affordable housing for all economic segments. Local governments are to play a larger role in planning for housing within the community. The Department of Commerce (Department) was directed to provide projected housing need to local governments by income bracket based on area median incomes of moderate, low, very low, and extremely low-income households, as well as permanent supportive housing, and emergency housing,

Local government requirements include identifying local housing needs based on the Department's countywide numbers computed at a countywide level, identify sufficient land capacity for all housing needs accounting for different income brackets, document barriers to housing availability, and actions needed to address needs, identify local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing and begin to undo them and identify areas at risk of displacement and establish anti-displacement policies.

The process for updating the Housing Element includes identifying housing needs allocated to jurisdictions through a housing needs

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analysis, document sufficient land capacity for each income level and housing type, identify barriers to housing needed, document programs and actions needed to achieve housing availability, identify if there are racially disparate impacts, displacement or exclusion and areas at risk of displacement, and updating policies and regulations. The Department developed guidance for each of the requirements and grouped them into three different guidance documents. The Department offers webinars and guidance documents for each document.

The minimum requirements for identifying sufficient land capacity include:

Present a table of allocated housing needs by income level

- Show that there is enough capacity to meet each type of housing need
- If there is insufficient capacity for any type of housing need, jurisdictions must identify and implement zoning changes that provide enough capacity prior to adoption of the comprehensive plan.

Possible land capacity findings include:

- Jurisdictions will likely find they don't have enough capacity for lower-income housing needs and will need to add land zoned for mid-rise housing types
- Areas not planned to be served by infrastructure might need attention in capital facilities plan to support needed capacities
- Cities may also need to update regulations allowing emergency housing and shelters, transitional housing and permanent supportive housing (City of Tumwater completed)

Ms. Hodgson reported the Department received a preliminary draft of the City of Redmond's land capacity analysis. Based on zoning, Redmond has insufficient capacity to meet total housing needs. To make up for the need, the city would increase capacity in the Overlake Center, near transit and adjust regulations for emergency housing and shelters. The draft recognizes the need for significant subsidiaries. To achieve the additional capacity, a number of steps included consolidating low-rise and low density single-family zones into neighborhood residential zones, consolidating multifamily zones allowing up to 30 units per acre, and allowing some capacity in commercial zones for residential uses. Inclusionary zoning and multifamily tax exemption programs were recognized as key tools to reach some of the lower affordability levels.

Within the framework of the regulatory environment, jurisdictions must also review any barriers to the development of affordable housing. The

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Department recommends jurisdictions review housing production trends and identify where there are issues preventing the number of units to meet needs. Barriers could be in regulations and policies, which will require a review of regulations and policies to identify any barriers. The statute also requires jurisdictions to develop a list of actions to overcome the barriers that were identified. To assist jurisdictions, the Department provided a Word document to assist jurisdictions in identifying likely barriers for enabling the development of more affordable housing.

The City of Redmond documented barriers, programs, and actions required to meet goals in the Housing Element and Housing Action Plan. Most of the actions were documented in the Housing Action Plan but should have been included in the Housing Element. Some of the largest barriers the city identified included a need to make land use and zoning changes to increase capacity, streamlining permitting, reducing parking requirements, and revising design standards. The Department recognizes that exclusionary zoning is a tool that is often not as successful in every environment; however, it is a tool the City should evaluate. The City of Redmond recognized funding limitations and considered the option of local levies as an option with agreement to focus on advocacy because of the availability of regional, state, and federal funding sources.

The next step to address in the Housing Element is the equity element to undo some of the patterns and land use practices – intentional or non-intentional that have led to disparate impacts in housing. Black home ownership is one example as a study revealed Black home ownership rates were 19% lower than home ownership by whites. Those are the types of practices caused by redlining and exclusionary zoning. The statute is directing a review by all jurisdictions to create fewer barriers to anyone desiring home ownership. To achieve the goal, the Department recommends reviewing housing production trends to determine if a barrier exists, gather information to determine what kind(s) of barriers exist, and identify and document appropriate programs and actions to overcome each barrier identified.

Following a review of policies, the next step is identifying the strategies necessary to support new policies. Although the strategies are not part of the Housing Element, jurisdictions are asked to review strategies. Ms. Hodgson recognized the work completed by the City to date and encouraged staff and the Commission to pursue a review to identify any existing racial disparate impacts, exclusionary, or displacement risks that may have influenced outcomes and assist in creating a more equitable housing environment in Tumwater.

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Commissioner Tobias asked about the difference in REET (Real Estate Excise Tax) 1 or 2 in terms of one of the strategies to generate revenue to increase affordable housing. Ms. Hodgson explained that REET is a real estate excise tax applied to the purchase or sale of housing. The amount is a quarter of one percent allocated to an affordable housing fund for housing below 80% of area median income.

Ms. Hodgson explained that the Department lacks examples of new housing policies; however, some jurisdictions in central Puget Sound completed some work using a middle housing grant received in the last biennium. The Department recommends jurisdictions pursue a key evaluation for understanding areas of the community that might be affected by disparate impacts, as well as evaluating policies that might perpetuate those impacts.

She cited an example from the City of Enumclaw. The city evaluated goals and policies and impacts and detailed the reasons using the information to revise the policies to create a platform for the city over the next 10 to 20 years by implementing regulations and zoning changes to change the trajectory of disparate impacts. The city also evaluated likely factors that contributed to disparate impacts. Enumclaw discovered local policies and regulations may have contributed to racially disparate impacts within the community based on single family zoning with large lot sizes and zoning limiting more affordable housing types. Segregating more affordable housing types to fewer areas created disparate impacts on people. The city also identified how many of the impacts could be mitigated by creating a wider variety of housing types throughout the City and increasing the availability of affordable housing.

Ms. Hodgson commented on the numerous changes to regulations jurisdictions must update. The Department offers a 2019-2023 housing laws document for guidance on laws for housing. The Department is also updating the regulation checklist jurisdictions use to review regulations needed for change. Within the last year, new changes on zoning include:

- Allow two accessory dwelling units (ADUs) on all lots that allow single family homes in urban growth areas (UGAs)
- Where applicable, regulations must allow middle housing
- Allow density increase for:
 - New residential units in existing buildings in multifamily zones
 - Affordable housing on property owned or controlled by religious organizations

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- Develop regulations removing restrictions on developing residential units in existing buildings (HB 1042)
- Code standards for covenants and declarations must comply with HB 1110 and HB 1337.

Potential changes in development regulations include:

- Parking regulations for middle housing and ADUs
- Subdivision code: development regulations should allow unit lot short subdivisions (HB 5258)
- Impact fees reduced for ADUs (no more than 50% of primary unit). Impact fees must be proportional to the impact of the unit
- Design standards must be clear and objective - for middle housing, may only be subject to administrative review. For ADUs, may not be more restrictive than principal unit

Department staff continue to update the checklist for changes from the 2023 session. The checklist includes regulations adopted on or before 2022. Ms. Hodgson reviewed resources available to jurisdictions:

- Commerce's main Housing webpage: www.commerce.wa.gov/planning
- Housing Element webpage: www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/updating-gma-housing-elements/
- Periodic Update webpage: www.commerce.wa.gov/serving-communities/growth-management/periodic-update/
- Staff support: Laura Hodgson, laura.hodgson@commerce.wa.gov

Commissioner Tobias said it appears the housing needs assessment concentrates on the broader market, availability, and land use. He asked whether the Housing Element should speak to what is counted as a house or a home between the regions. For example, the City of Seattle includes many studio and micro-studio housing units versus the City of Tumwater with larger housing units. He questioned how the City would count or define what is considered a housing unit. Ms. Hodgson replied that some of the information would be important to include in the background information on the City's current housing market environment. In terms of overall housing projections for the entire state, the Department accounted for all countywide household sizes with the understanding that local knowledge will inform future needs in the City.

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Commissioner Tobias added that encouraging the creation or accommodating affordable housing of one-bedroom units would not satisfy the needs of a family of three or four members. Ms. Hodgson said some jurisdiction's policies were created to encourage affordable housing developments to include a percentage of units to meet housing needs not being served within the jurisdiction.

Commissioner Kirkpatrick said it appears that if the City identifies a barrier, it requires passage of an ordinance to eliminate a barrier before completion of the Housing Element update. Ms. Hodgson affirmed that the new law requires jurisdictions to designate zoning to provide land capacity by the end of the periodic update, as well as a plan of actions to remove barriers. However, it is not necessary to implement the actions prior to the end of the periodic update because of the recognition that many actions take time to implement. However, as more barriers are removed in the jurisdiction, more affordable housing would result.

Chair Robbins asked for some examples either in the state or in the country where there are holistic approaches to housing affordability as affordability involves more than the cost of a dwelling unit. Other factors such as location, access to local jobs, medical care, schools, and other community services are part of the equation as well. Ms. Hodgson advised that many places in the U.S. have an interconnected approach. Within the statute, jurisdictions should consider the relationship of housing in terms of transportation availability and jobs. The Department is recommending jurisdictions plan for allocation of housing needs in areas where transportation services and other community services are available. She offered to provide some examples of other jurisdictions' plans.

Chair Robbins cited some information from European countries that might serve to inform the City in the development of policies and regulations. The information could include the process and end results. Ms. Hodgson responded that in terms of the European perspective, much of the information pertains to land use controls and transportation with many counties providing comprehensive transit systems enabling the location of housing in areas of reduced cost along with significant government subsidies that are lacking in the United States.

Commissioner Edwards inquired about the consequences if funding is not available to jurisdictions despite different sources of funding availability. Ms. Hodgson said local government has some tools to support affordable housing as well as advantage in regulations and incentives. The focus is on the regulations and incentives, as well as creativity by meeting with affordable housing developers to determine how to meet the needs to change the outcomes to produce more

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affordable housing. Some existing tools include multifamily tax exemption programs as well as affordable housing demonstration projects that include significant waivers from development regulations in exchange for affordability. The City of Burien is a good example. Burien was able to approve three projects from 120 to 160 units of affordable housing that would not have been possible otherwise. The City of Port Townsend has worked with building officials to allow mobile homes on wheels outside of mobile home parks.

Commissioner Von Holtz commented on concerns surrounding the development of different types of affordable housing and putting people in a position whereby affordable housing is the only option available. She is concerned that low-income families or individuals would be forced to live in mobile homes with wheels because other options would not be available. Ms. Hodgson said the situation is difficult in terms of funding availability and providing different housing options. However, the City can adopt policies. Tumwater has completed some amazing policies and regulations to date.

Chair Robbins said the issue is much larger than affordable housing as it relates to the economic situation of society. She is seeking resolution to enable housing while not demoralizing people in the process to ensure they have the opportunity to build financial equity and set a future course. There appear to be some broader problems as part of the holistic review the City could address.

Chair Robbins thanked Ms. Hodgson for providing information and addressing questions.

Manager Medrud referred to information included in the agenda packet that was finalized within the last month. The detailed document covers all issues to consider. He suggested reviewing the document as a starting point for the Housing Element review.

Commissioner Kirkpatrick commented on the guidance depicting the proliferation of smaller housing units, more ADUs on parcels, and the elimination of tree retention requirements to accommodate more housing units. With the advent of new codes adopted under the Washington Wildland-Urban Interface Code and concerns surrounding the loss of tree canopy throughout the City, it appears new housing laws will impact the number of trees on properties as more ADUs and multifamily housing are developed to address housing affordability. It appears new state laws will undo what the City has pursued over the last several years to preserve and protect trees and tree canopy throughout the City. The only two areas that will assist the City in meeting its housing goals are through ADUs and multifamily housing, which will

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destroy many existing trees.

Manager Medrud acknowledged the concerns as the City anticipates accommodating 6,676 new units of housing within the City over the next 20 years, which represents the City's share of housing in the county. In terms of how the City can accommodate the different income levels, staff has been participating in interjurisdictional meetings to discuss calculations. Approximately 3,500 to 4,000 of the housing units would need to accommodate incomes levels under 80% of the median income. The intent is to balance multiple needs of providing a balance of housing, preserving trees, and protecting endangered species and prairies in the City. The process will be interesting and challenging to meet all those needs.

Chair Robbins asked about opportunities for achieving some of the housing needs by developing vertically. Manager Medrud affirmed vertical development would be an option to consider; however, height limits are constrained by the market's abilities.

Chair Robbins suggested contacting some of the larger property owners to incorporate additional floors of housing in new or renovated development to help the City accommodate housing needs. Manager Medrud said it is likely the City will experience more conversion of existing commercial space to residential units at a higher level allowed under current zoning. The next meeting will include a review of potential changes in the development code.

**NEXT MEETING
DATE:**

The next meeting is scheduled on October 10, 2023.

ADJOURNMENT:

Commissioner Tobias moved, seconded by Commissioner Edwards, to adjourn the meeting at 8:09 p.m. A voice vote approved the motion unanimously.

Prepared by Valerie L. Gow, Recording Secretary/President
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