

TUMWATER PLANNING COMMISSION
MINUTES OF HYBRID MEETING
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CONVENE: 7:01 p.m.

PRESENT: Chair Elizabeth Robbins and Commissioners Grace Edwards, Terry Kirkpatrick, Malissa Paulsen, and Brandon Staff.

Absent: Commissioners Gina Kotek, Cody Perez, Michael Tobias, and Anthony Varela.

Staff: Planning Manager Brad Medrud and Communications Manager Jason Wettstein.

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

COMMISSIONER'S REPORTS: There were no reports.

MANAGER'S REPORT: Manager Medrud reported on the status of the Housing Displacement Study. The work informs the update of the Housing Element. Information on the housing allocation will enable work to continue on the update of the Land Use Element.

Efforts are continuing on the draft Habitat Conservation Plan (HCP) with an update on progress scheduled next month to the Commission. The HCP will spark many decisions by the City in the near future.

Efforts are beginning on the draft of the Food Service Plan. The City hired a consultant to assist staff. Staff anticipates presenting more information on the plan to the Commission at the end of the year.

PUBLIC COMMENT: There were no public comments.

2025 COMPREHENSIVE PLAN PERIODIC UPDATE – HOUSING ALLOCATION AND LAND CAPACITY ANALYSIS: Manager Medrud acknowledged the efforts by staff with Thurston Planning Regional Council (TRPC) to coordinate development of the analysis in collaboration with all county jurisdictions.

House Bill 1220 included new requirements for the Housing Element to include planning for and accommodating housing affordable to all economic segments of the population, which is beyond the previous mandate to plan based on an identified housing allocation for the City. Other new requirements include identifying sufficient capacity for housing for all economic segments.

In 1998, the Council directed staff to study and address affordable housing and homelessness. Much of that foundational work was completed with the development of the Housing Action Plan, a joint process between the three largest jurisdictions, the Homeless Crisis

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Response Plan, and other regional efforts targeting homelessness and affordable housing issues. The Countywide Planning Policies will not be updated until after completion of the 2025 Comprehensive Plan update. The plan was last updated in 2016 and will include some minor changes.

Ongoing Comprehensive Plan updates have included updates to account for the Housing Action Plan and text amendments for middle housing. The state requires the City to plan for numerous income categories not previously included. The first category is emergency shelter and emergency housing to move people off the street and into housing immediately by addressing emergent needs for temporary housing to reduce the need for shelters and to help individuals transition to the next stage of housing. Last year, the Commission forwarded a recommendation to the Council to change how the City addresses emergency housing and shelter. State law has since changed to reflect that if the City has hotels or multifamily residential zones; the City is required to allow emergency and transitional housing within those zones. The City has completed those changes and currently meets state requirements. As a caveat, the City is not responsible for developing housing; however, the requirement includes coordination with public agencies, state and federal funding sources, and non-profits to construct and manage housing units.

The City is required to address housing needs for Extremely Low-Income households (0 to 30% of the area median income (AMI) in Thurston County) currently at \$30,750 per household. The next category is Permanent Supportive Housing, a level up from emergency housing. Supportive housing provides ongoing and permanent wraparound services. Other levels include Very Low Income with a median income of 30% to 50% of AMI, Low Income of 50% to 80% AMI, Moderate income of 80% to 100% AMI, and 100% to 120% of AMI. The City's current housing stock covers middle incomes with less housing for lower and higher incomes. State law does not require jurisdictions to provide sufficient housing for incomes of 120% AMI; however, that income group is an element of the housing discussion.

Manager Medrud reviewed housing need in 2020 and current supply. From 2020 to 2045, Thurston County will need approximately 55,000 additional housing units to meet the state's allocation. All counties planning under the Growth Management Act (GMA) received a housing allocation from the state. The City must plan based on that allocation.

The City has some housing deficits for household incomes less than 80% AMI as well as Permanent Supportive Housing that will need to be addressed over the next 20 years. The City has sufficient housing stock for incomes ranging from 80% to 120% AMI and above.

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The City worked with TRPC, Thurston County, Olympia, Lacey, Yelm, and Tenino to identify housing for each AMI category for each jurisdiction. Following that process, the group completed a land capacity analysis to identify whether the cities have sufficient land to accommodate future growth.

Housing need allocations across the jurisdictions was based on a process outlined in legislation and through guidance provided by the Department of Commerce. All jurisdictions agreed for TRPC to accept the allocation outcome at the end of the process. TRPC has issued its final report, which requires approval scheduled in October/November 2024.

Manager Medrud reviewed the current housing supply of all Thurston County jurisdictions, which does not include the emergency housing allocation. The housing supply for Lacey and Olympia is higher, as well as rural areas to include all urban growth areas for the cities and within unincorporated Thurston County. Tumwater's housing supply is approximately half of the housing supply currently available in Olympia and Lacey.

Manager Medrud shared information on the allocation for the City and not the UGA, which is included in the rural allocation. Yelm's housing need is nearly equal to Tumwater.

The land capacity analysis utilized the Buildable Lands Report last updated in 2021. To account for changes since 2021, some adjustments were necessary. Based on that analysis, there is sufficient land to accommodate 20 years of low-income housing (under 80% AMI) both in supply and zoning except for a minor deficit of 30 units. Deficits were identified in Tenino, Yelm, and Grand Mound requiring some actions to address those future deficits. Although Tumwater has sufficient land supply, the City is also encumbered by the pocket gopher. To account for the gopher, 300 acres were removed from the land supply calculation.

Commissioner Kirkpatrick asked whether sewer availability was factored within the analysis because some areas do not have utility service. Manager Medrud advised that the Housing Action Plan identifies areas the City would need to extend infrastructure to encourage development because cost would be too high for one landowner to complete a utility expansion project. Some areas will be included within the Comprehensive Plan as an action item, as well as listed in the Capital Facilities Plan.

Manager Medrud reviewed housing allocation figures for both the City and the City's UGA. The Housing Element will include planning for

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the combined area. Because the City operates under a joint plan with Thurston County for the UGA, the City is in a good situation because the joint plan adopts the City's Comprehensive Plan Elements with typical changes made only to the Land Use Element. The allocation reflects a housing need of 723 units for permanent supportive housing requiring action items within the plan to support development of properties, such as identifying potential funding sources or strategies and implementing other supports and regulations to create that housing. He pointed out the improbability of developing sufficient new housing to serves low-income populations while acknowledging that development of market-rate housing assists in opening up other housing opportunities to meet low-income needs.

According to the Department of Commerce guidance, households under 80% AMI typically can afford multifamily, ADUs, duplexes, and triplexes. Staff is working on expanding those uses in other areas of the City.

Commissioners and staff discussed the forecasted surplus and the potential of incurring a deficit if the pocket gopher requires more land. Manager Medrud noted that the original Building Lands Report included a factor for land required to protect the gopher based on rural lands but not applied within the urban area. The City's forecast is based on the work completed for the Habitat Conservation Plan. It is likely the need is approximately 1,600 acres (over 20 years) of gopher soil habitat to be developed to meet the City's current Comprehensive Plan goals and state requirements. Approximately half of the 1,600 acres would likely be located within the City.

Chair Robbins asked about the feedback mechanism to the Legislature to trigger more public subsidy of needed housing. Manager Medrud responded that there have been ongoing budgetary discussions with the state and the federal government about funding for housing services. The state has increased the amount of funding to provide for housing than in previous years; however, although that funding is making some impact, it is not sufficient to address the entirety of homelessness issue.

Chair Robbins commented that it appears the market will not be delivering the needed units across the different income levels. Manager Medrud said experience reflects that jurisdictions can encourage more low-income and permanent low-income housing by reducing fees, impact fees, and connection fees. However, development of low-income housing is lacking despite discounts of 50% off various rates for affordable housing projects. Additionally, a portion of the City's sales tax revenue is dedicated to affordable housing, which may finance a quarter of a project each year (25 units of a 100-unit project). Although it is helpful with respect to creating more housing, it does not address

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funding required for wraparound services, which is just as important.

Manager Medrud reported on an initial draft of code changes from SCJ Alliance, the City's consultant, to address middle housing. Staff is reviewing the draft and will share the draft with the Commission before the end of the year. Development code amendments are only one part of a larger code update process driven in part by new state requirements.

Commissioner Kirkpatrick asked about the status of blueprint plans for 1,000 square-foot accessory dwelling units (ADUs). Manager Medrud advised of the work with Lacey and Olympia on updating the interlocal agreement and the current set of ADU plans of 800 square feet. The jurisdictions developed four plans ranging from a studio to two bedrooms to include two stories. Updates to the building code earlier in the year necessitate the need to update the plans to reflect energy code changes. The plans are preapproved and offered to property owners who wish to construct an ADU on their property. The plans will be updated in the fall to accommodate new state minimum requirements of 1,000 square-foot ADUs.

Commissioner Kirkpatrick questioned the status of the City considering whether existing sewer systems on properties could accommodate up to two ADUs due to recent changes in state law. Manager Medrud advised that when sewer systems are sized as a new development project, a set of assumptions is considered in terms of density and capacity of the overall system. Pipes in some areas were sized based on a maximum planned number of units. With the advent of allowing more ADUs as well as additional units on a single parcel, staff is researching future infrastructure and transportation needs that will need to be reconsidered. Additionally, because ADUs are no longer required to be under ownership of the primary house and can be of a separate ownership, a mutual water and sewer connection creates another layer of complexity to consider.

Chair Robbins acknowledged the need to address ADUs because of new legislation but cautioned how ADUs would likely comprise a small number of affordable housing units compared to other housing types that should be of major focus to meet the City's housing allocation. Manager Medrud acknowledged that efforts can be more beneficial for single multifamily projects to produce more units than processing a few ADUs each year. The issue speaks to the Legislature establishing the size of an ADU. Often, efforts are wasted because of the minimum number of ADUs constructed in the community. More efforts are preferable for single multifamily projects to increase the number of units.

Discussion ensued on the size of apartment units affecting the

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affordability of housing units. Manager Medrud responded by describing how the 2008/2009 recession affected the construction industry by creating a vacuum of developers that typically developed smaller apartments versus larger units, homes, or emergency housing for the homeless. It was noted that many of the smaller jurisdictions that are assessing lower fees have attracted more developers willing to build smaller units. Lowering fees may help to attract smaller to mid-size developers to build in the City.

Commissioner Paulsen questioned whether the City has considered handling some of the environmental requirements for structures located near the river or other properties that are often too expensive to develop because of too many environmental requirements. Manager Medrud said the issue has been under discussion through various modes, such as the SEPA planned actions for particular areas to address those issues upfront. Recent efforts have focused on the historic brewery property for the old Brewhouse. The site itself encompasses an array of different development challenges as well as identifying an appropriate use for the site. The City is focusing recent efforts on the newer brewery site by utilizing a Brownfield grant the City received to move the redevelopment process forward in hopes of securing another Brownfield grant for cleanup of the site. Similar efforts are underway for the Washington State Department of Transportation (WSDOT) property located off Capitol Boulevard.

Commissioner Kirkpatrick commented on potential opportunities of converting hotels into housing on Port properties. Manager Medrud explained that FAA regulations currently prohibit housing in the area around the airport. Thurston County Housing Authority initially pursued conversion of one hotel with the City in discussions with the Port on the conversion process. However, the project was ultimately not pursued because of extensive efforts required to work with the FAA.

DEVELOPMENT CODE
ADMINISTRATION
AMENDMENTS:

Manager Medrud referred to Senate Bill 5290 passed in 2023. The legislation changed the permitting review process. Two major components of the bill pertained to establishing a timeframe for permit review times for project applications submitted to the City. The City has a specific timeframe to review an application and issue a decision. Normally, large development proposals for residential or commercial/industrial uses typically require a land use approved tied with the building permit and site plan approval, etc. Those processes are part of the development review process. He outlined the development review process that includes a determination of completeness process. Staff works off a checklist of items required for all applications. If the application satisfies all required application materials, the City is required to render a decision on the completeness of the application within 28 days of the application submittal. If not complete, the City

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has the ability to halt the clock and follow up with a request for information with a limited amount of time to review the submitted information. The City's system enables electronic submittals; however, staff is required to review the submittal to determine if the application is complete. Previously, counter customer service provided to developers enabled staff to confer with the applicant to review the plan set to ensure completeness to avoid timing gaps to account for missing materials or information.

Following a determination of application completeness, the City has a specific number of days (approximately 60 days) to review the submittal and issue a decision. Staff is working on the details of the review process to identify the steps and actions staff is unable to complete. The legislation permits the City to identify some steps in the review that are not possible. Staff is reviewing realistic timeframes that will meet an expedited processing time to assist developers in their development process. A Level 2 permitting process applies to smaller projects that require some level of environmental review but not hearing examiner approval. Level 3 processes are more complicated, such as shoreline permits, conditional use permits, variance applications, and plat approvals. Those actions require both environmental review and hearing examiner approval. Per the City's code, the hearing examiner must issue a decision 10 business days following the hearing. Staff is drafting changes to Title 14 for development review. The deadline for adoption of the new code is January 1, 2025. The Commission will receive a briefing on the draft of proposed changes at its second meeting in October. The goal is to meet the intent of state law prior to the effective date of January 1, 2025.

NEXT MEETING DATE: The next meeting is scheduled on October 8, 2024.

ADJOURNMENT: **Commissioner Staff moved, seconded by Commissioner Paulsen, to adjourn the meeting at 8:14 p.m. A voice vote approved the motion unanimously.**

Prepared by Valerie L. Gow, Recording Secretary/President
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