

TUMWATER PLANNING COMMISSION

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CONVENE: 7:00 p.m.

PRESENT: Chair Elizabeth Robbins and Commissioners Grace Edwards, Terry Kirkpatrick, Brandon Staff, Michael Tobias, and Anthony Varela.

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

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

COMMISSIONER’S REPORTS: There were no reports.

MANAGER’S REPORT: Manager Medrud reported on meetings with the Mayor and City Administrator to fill vacant positions on the Commission. The Commission currently has three vacant positions.

The Community Development Department is advertising for a Senior Planner position.

The City has contracted with a transportation consultant, climate consultant, and the economic development consultant.

The City advertised for the replacement of Austin Ramirez, Economic Development Manager. The position may be reformatted with assigned responsibilities supporting the City’s Habitat Conservation Plan and responsibilities for economic development within the City.

PUBLIC COMMENT: **Amy Tousley, Municipal Manager, Puget Sound Energy**, said she is engaging in the City’s update of the Comprehensive Plan and is interested in the discussion on housing as it pertains to energy and climate change.

2025 COMPREHENSIVE PLAN PERIODIC UPDATE – HOUSING: Manager Medrud and Planner Smith-Erickson briefed members on the results of the Commission and City Council joint tour of housing areas in the City and Olympia on April 9, 2024, an update on the status of the Housing Stakeholder Group, and the open house scheduled for the Housing Element on May 29, 2023 both in-person and a two-week online component.

Manager Medrud invited members to share feedback on the joint housing tour in terms of areas viewed, areas of importance, and any follow-up requests.

Chair Robbins complimented staff for the great execution of planning

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the tour. A number of community members joined the tour. Manager Medrud confirmed the tour attracted participation by 10 members of the public. Five members represented local realtors and a reporter from *Jolt* participated.

Commissioner Kirkpatrick conveyed his thanks for the tour as it proved to be interesting to view different types of housing. He was amazed as to how some housing units were hidden. Unfortunately, he did not encounter any affordable housing. He asked staff about the tour's focus on affordable housing. Manager Medrud responded by sharing that some of the discussions between staff and the stakeholders have centered on the current status of the housing market lacking any affordable units unless some units are subsidized. More exploration is necessary to identify other types of affordable housing existing in the City, such as room sharing because some level of affordable housing is necessary. One common theme from meetings with stakeholders was the common experience of parents housing their adult children. Other conditions are not as easily captured.

Commissioner Kirkpatrick cited some apartments off Tyee Drive in the final stage of construction. He asked whether staff has information on the rental rates of the units. Manager Medrud said at this point, the information is not available. The City should receive information because the developer applied for the City's Multifamily Tax Exemption Program. To apply, the developer is required to report the rental rate of affordable housing units (80% of Area Median Income {AMI}) by bedroom size.

Commissioner Edwards extended her appreciation to staff for coordinating the tour. The tour was informative as well as amazing in terms of discovering different housing types. She has lived in the area her entire life and had no idea there were so many hidden multifamily housing units. She appreciated the opportunity to participate in the tour with the City Council, as it was very beneficial to have the opportunity to engage and continue to build a mutual relationship.

Commissioner Varela echoed similar sentiments. The tour was very helpful. He noted that as the Commission considers some improvements in Tumwater, such as the Craft District area, more businesses will be attracted to the City causing an impact on the housing market, as it will improve the desirability of living in Tumwater, which may increase housing prices. He recommended studying those types of potential impacts as improvements increase the competitiveness of the housing market.

Manager Medrud acknowledged the concern because if the City achieves desired development, the question is how it might affect the

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housing environment for housing prices. At this time, the City's development pipeline includes 2,500 housing units that have been permitted but not completed. It would be interesting to identify potential impacts of those units released to the market to either maintain or increase prices.

Commissioner Staff said the size of the units in the Olympia area were of note as many of them were at least 1,700 square feet in size at a cost of approximately \$500,000. He asked about the availability of cottage housing of approximately 800 square feet in size or possibly classifying ADUs as permanent dwelling units that are affordable and easier to permit. The tour highlighted future opportunities in the City. Streamlining the ADU process might increase affordable housing.

Manager Medrud shared that of the stakeholder groups, staff met with the Olympia Master Builders, Thurston Chamber of Commerce, Thurston Realtors, and several other entities. The main message from the development community was not to focus on housing size because costs are similar for different sized housing units because of requirements for bathrooms, kitchens, and HAV systems. The cost to build small is not necessarily less. A local architect assisted jurisdictions in building a set of ADU plan sets preapproved for anyone to build. The architect's experience has shown that despite attempting to build affordable units on a smaller scale, it does not pencil out. Some other interesting comments involved the notion of moving beyond stick built homes and seeking more prefabricated units as it makes no sense labor wise to build a stick built ADU in a backyard because of the cost of labor and materials. Creating a prefabricated ADU and placing it by crane in a backyard might be considered the first level of saving housing costs. Exploring those types of options is one avenue to consider as a potential solution.

Commissioner Staff inquired as to the availability of prefabricated vendors that might work with the City. Manager Medrud advised of the difficulty of identifying those types of companies within the local area. Some companies construct prefabricated housing; however, he is not aware of any local companies that build prefabricated units on a large scale. Realtors shared that they believed it was possible financially, but the hurdles were similar according to developers.

Commissioner Tobias acknowledged that he was unable to participate in the tour. Essentially, it is easy to discuss the pros and cons of either changing zoning regulations or allowing other housing options to reflect progress versus the actual experience of constructing more housing in the City. Builder assertions of fixed aspects of housing for kitchens, bathrooms, and heating and cooling systems also speak to whether any type of ADU could be doubled and placed on a half acre lot as it

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concerns the ability of developers receiving a return similar to a return on a larger house. He asked about the possibility of enabling two ADUs in the same space of a larger house. Manager Medrud advised of action by the Legislature that will need to be amended into the City's code to address the number of ADUs allowed on a single lot. Currently, one ADU is permitted in most zone districts. New state law increased the allowance to two ADUs without completing a subdivision process that would essentially enable three units on one single-family lot. Other provisions increase the number of units on a single lot up to a maximum of four units. Realtors referred to pending legislation concerning lot splitting, which would enable easier redevelopment within the City because of fewer requirements. The bill did not pass; however, realtors are supporting the legislation during the next session.

Manager Medrud commented on the ongoing issue of high interest rates and their impact on the housing market. Today, many people with larger homes and low-interest mortgages have no incentive to move and pay higher rates to downsize.

Chair Robbins referred to Councilmember Althausen's comments on the pace of growth outstripping the construction of new units. Due to population growth, the City needs to double housing units over the next 20 years. It is important to consider the time component with respect to housing need over time.

Manager Medrud commented that the region essentially never recovered from the 2008 recession in terms of new housing to keep pace with growth. According to the statistics, to maintain pace with growth, the City would need to add 600 new units each year, which is problematic as in some years, the City only added 300 new units. Another outfall from the recession according to builders was the loss of many smaller developers.

Chair Robbins suggested a need for more data on projected demographic needs over the planning horizon in terms of housing size, age, and income level. Those units fitting within the data set should be targeted by the City to pursue. Additionally, some of the places visited on the tour spoke to carbon dependency of many of the homes. Planning should focus on future service needs of the population in terms of the locations of jobs, schools, medical care, grocery stores, and other services supporting their lives as part of a holistic pattern rather than consideration of housing as a stand-alone. All those factors should be considered as part of housing affordability.

Commissioner Kirkpatrick referred to military family housing provided to military families who pay a monthly rental rate. He referred to a recent article about the construction of a village in Connecticut by the

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Society of Friends that acquired land and is developing multifamily housing. No rent will be charged to tenants who will be responsible for utilities. To qualify, tenants must be early child educators who typically cannot afford housing near their employment. He asked whether the state has any legal barriers for a similar process within the state.

Manager Medrud acknowledged the question and recalled his visit to Philadelphia and New Jersey for a planning conference where he was able to visit some housing areas in New Jersey. The State of New Jersey has offered more flexibility in terms of housing types. He viewed some incredible concepts. He does not believe Washington's legal framework would allow for other options, but additional research would be necessary to determine what the state allows or does not allow. The availability of organizations to help pay for those types of developments or the state assuming a much greater role than in the past to provide funding might be a possibility; however, he believes those options are limited in the state today.

Commissioner Kirkpatrick commented on the millions of dollars the state and jurisdictions are spending on housing for the homeless. Some of the funds could be diverted to support such programs, which might help in reducing the number of homeless while providing more options for low-income housing.

Manager Medrud shared information on the efforts by the Regional Housing Council to promote development of housing to help people avoid a homeless situation by providing housing. The message is often lost in conversations about dealing with immediate social and emotional needs of the homeless while also having the vision to realize investment is necessary now with payout expectations in the future to address the larger problem.

Chair Robbins suggested more research is warranted on the Connecticut example in terms of a financial model rather than whether the City has the authority. Research would be helpful on the financial market that supports that type of development or whether it is confined to a non-profit model.

Manager Medrud shared information on housing communities in New Jersey and Pennsylvania constructed with large government subsidies that must include affordable or low-income units.

Discussion ensued on targeting housing types based on population demographics and zoning to enable commercial offices or businesses within housing units for younger entrepreneurs. Manager Medrud noted that Tokyo is encouraging development of small shops with attached housing.

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Commissioner Kirkpatrick reported the original design of the Department of Labor and Industries building included a childcare facility and a gym, which were removed by the Legislature. Incentives to include those uses within businesses in Tumwater could accomplish attracting employees seeking childcare services and it would be more affordable. Manager Medrud advised that under state law, childcare facilities of multiple sizes are allowed in most of the City's zone districts. The concept is possible in terms of zoning; however, it speaks to whether the employee base could support childcare facilities.

Manager Medrud asked Commissioner Kirkpatrick to forward information on the Connecticut housing example. Commissioner Kirkpatrick noted that the project is a collaborative and supportive effort by a variety of sources to include Yale University. Manager Medrud commented that the university connection was a subject of discussion with some of the stakeholders in terms of potential discussions with South Puget Sound Community College (SPSCC) other colleges about student housing needs in the community. Student housing presents another opportunity the City has not fully explored. A potential development proposal was reviewed of a quasi-dormitory/apartment building project proposed in Tumwater to support students at SPSCC. The concept justifies more contact with the college for consideration of other opportunities in the City.

Commissioner Staff noted how the shortfall of housing for the Craft District college program for brewing and distilling has been a major drawback for many students because they have not been able to locate affordable housing in the City.

Commissioner Staff asked whether the City's code prohibits ductless heating systems for housing. Manager Medrud said he would follow up with information. However, changes to the energy code have created unhappiness about potential costs and impacts to affordable housing. Staff is reviewing recent changes to ascertain any flexibility the City might have.

Commissioner Staff said when he visits other countries and affordable housing developments, many feature external ductless systems serving the home.

Commissioner Kirkpatrick commented on the idea of banning natural gas in housing, which is ridiculous as the capability is lacking to build electric power generating facilities or distribution facilities to switch all users from gas to electricity and requiring users to pay the cost. Those in support of the proposal should understand clean gas is a transitional source of energy that cannot be legislated from use.

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Manager Medrud noted that the builders, Chamber of Commerce, and realtor stakeholders agreed phasing out gas was an issue of concern as well.

Manager Medrud referred to the list of stakeholders and asked members to review the list of groups and offer suggestions on other groups that should be invited to participate in discussions on affordable housing. The discussions are intended to help inform the update of the Housing Element as well as consider the issues of homelessness and affordable housing regionally and identify ways to address those issues. Recent broadening of the outreach scope includes discussions with the Thurston County Food Bank and scheduled meetings with Homes First and a manufactured park renters association. Some groups lacking are ethnic groups. Staff is seeking additional opportunities to identify different ethnic groups to participate and provide feedback on the update process of the Comprehensive Plan.

Commissioner Tobias asked about the possibility of adding a column to the list to classify each organization (non-profit, profit, locally based, chapter of a national organization, etc.) to help identify resources. Manager Medrud explained that the list is representative of the stakeholders invited to be part of the update process. Staff is seeking input from the Commission on other stakeholders to include on the list.

Chair Robbins recommended contacting the military or Veterans Administration, several major employers (large state agencies), smaller and larger grocery stores, and other categories of business.

Planner Smith-Erickson shared information on outreach for the survey, which included providing flyers to local businesses. She spoke with local business owners to encourage their attendance at the open house. She also visited local coffee shops, coffee stands, and other businesses.

Commissioner Kirkpatrick recommended not focusing only on Tumwater businesses but other organizations outside of the City, such as senior organizations headquartered in Olympia but serving all local communities. Meals on Wheels is a good example as the service is located in Olympia but serves all communities.

Chair Robbins inquired about the level of effort by staff to attract private and public sector development. Manager Medrud replied that the model the City has utilized to promote economic development has leaned more to reactive than proactive because of the level of effort required.

Planner Smith-Erickson updated members on preparing for the open

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house.

One option is using tables at the Tumwater Library a week before the open house to promote the event and inform the community to attract some of the demographics that were underrepresented within the survey. The open house agenda begins with a review of the background on the update process, state requirements, and needs. Some feedback from stakeholders spoke to breaking down stereotypes of affordable housing and using different terminology, such as working class housing. A review of the AMI reflects that 80% AMI represents an annual income of \$85,000 or a working class salary. The open house will help inform and educate. Many of the responses from the survey spoke to a need to explain affordable housing. The City's consultant on middle housing will provide information on middle housing. Additionally, attendees will be asked to provide feedback on what constitutes a "small town feel" and ways to maintain that character.

Other discussion topics will focus on recent state requirements and current codes in the City to address housing today, such as the rental registration program, the City's Housing Action Plan, and collaboration with the Regional Housing Council.

Planner Smith-Erickson invited additional suggestions.

Manager Medrud added that the format focuses more on sharing information rather than distribution of materials. The consultant uses models of middle housing types as a way to share examples of different types of housing units. Staff is exploring other ways to engage in conversation and problem solving rather than only sharing information. The online component will include interactive story mapping and surveying. The in-person session is intended to generate conversations on various topics.

Commissioner Staff suggested setting up a table at the Craft District to seek feedback or at the Family Education Support Center located across the street to inform different demographics of the population.

Manager Medrud shared information on a scheduled conversation with Together, one of the City's primary non-profits that work with the school district to help families and identify issues.

Commissioner Edwards inquired about the process for the community to submit questions prior to the open house. The outreach could include information on methods for submitting questions or inquiries. Manager Medrud replied that the stakeholders also serve as a source of community conversations.

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Planner Smith-Erickson described efforts with Communications staff to post information, flyers, and publishing the new QR code for all outreach materials.

Commissioner Staff recommended coordinating with local events to display information. Planner Smith-Erickson noted that after the open house, the online opportunity will open and a QR code will be developed to advertise the online open house.

Commissioner Staff suggested providing a presentation packet of material to local volunteer organizations to share with clients to expand the reach. Planner Smith-Erickson said she would follow up with stakeholders on willingness to promote the open house.

NEXT MEETING

DATE:

The next meeting is scheduled for May 14, 2024. The agenda includes initial discussions on the Land Use and Conservation Elements.

ADJOURNMENT:

Commissioner Tobias moved, seconded by Commissioner Staff, to adjourn the meeting at 8:18 p.m. A voice vote approved the motion unanimously.

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