

TUMWATER CITY COUNCIL WORKSESSION
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CONVENE: 5:35 p.m.

PRESENT: Mayor Pete Kmet and Councilmembers Michael Althausser, Eileen Swarhout, Leatta Dahlhoff, Debbie Sullivan, Tom Oliva, and Neil McClanahan.

Excused: Councilmember Joan Cathey.

Staff: City Attorney Karen Kirkpatrick, Police Chief Jon Weiks, Community Development Director Michael Matlock, Public Works Director Jay Eaton, Planning Manager Brad Medrud, Communications Manager Ann Cook, and Recording Secretary Valerie Gow.

**HOUSING &
HOMELESSNESS
WORKSESSION NO. 3:**

Paul Knox reported the session would include information about the City of Olympia's Home Fund, which was approved by voters in February, and Olympia's efforts on the "Missing Middle Program" and the challenges of affordable housing. Mr. Knox introduced Keith Stahley, Director of Planning and Development, and Leonard Bauer, Deputy Director, Planning and Development, City of Olympia, who led the discussion.

Prior to the discussion, the Council shared feedback on their recent tour of the Providence Community Care Center in Olympia. Mr. Stahley described some of the impacts to the downtown area because of the location of the center. Efforts are ongoing to identify an alternative location outside the core of downtown Olympia for a warming or day center, as the Community Care Center was never intended to operate as a day center. The center is funded through a combination of funds from Providence, City of Olympia, and Interfaith Works.

Mr. Knox described the efforts for establishing the Home Fund through a sales tax increase.

Mr. Stahley shared information on the City of Olympia's efforts to combat homelessness. The ballot measure to increase sales and use tax by one-tenth of one percent was passed by the voters (63%) to address the growing and urgent impact of homelessness on the community, as well as the need for a sufficient stock of affordable housing for cost-burdened Olympians at risk of becoming homeless.

Funds generated from the measure will assist in facilitating the construction of new housing for the City's most vulnerable citizens. Eight percent of the Home Fund monies would be dedicated to administration of the program. Home Fund is

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anticipated to generate \$2 million to \$2.3 million annually. A recent public safety levy approved by the voters generates approximately \$2.8 million annually. Those funds are targeted to different services and in response to the impacts caused by homelessness.

The City is drafting amendments to the ordinance on temporary homeless encampments to allow churches to site temporary encampments. Other efforts include work on the Missing Middle Program, multi-family property tax exemption program, and the City's ad hoc committee on housing affordability.

Annually, the City of Olympia receives between \$350,000 and \$500,000 in Community Development Block Grant (CDBG) funds dependent upon the amount from the program income allocation. The funds are distributed either as grants or as loans for rental rehabilitation to provide affordable housing.

Coordination with the faith community included completion of the Point in Time Census, which documented 828 homeless individuals in Thurston County this year. Of those, 324 individuals did not have any shelter. On January 25, the census counted 130 people on the streets in downtown Olympia. A camp count documented approximately 600 people. Approximately 700 people have no shelter in the City of Olympia. The Point in Time Census is somewhat limiting as only those agreeing to be counted can be included in the census, and they must provide a name and date of birth.

The City established a homeless response coordinator position to develop and implement a homeless response plan. The Evergreen Christian Church pledged \$300,000 to assist in the effort.

Another aspect of the Home Fund was the development of an Administration and Financial Plan for the fund. Key components are moving people from the street and into appropriate housing with the primary focus on homeless individuals in the downtown area and the most vulnerable population. Mr. Bauer's work on the Missing Middle Program focuses on preventing people from becoming homeless.

The Home Fund utilizes the vulnerability index for placement of homeless individuals. The index assesses an individual's likeliness of dying if they continue to remain homeless. Home Fund monies will be combined with other funding sources. The Home Fund is not designed to fund a particular project independently.

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The City is using the annual CDBG process to distribute awards to help leverage Home Fund monies. All units are required to serve people at 60% of the median income or less. Eligible fund recipients include for-profit and non-profit developers and other governmental agencies. The City anticipates receiving \$500,000 in Home Fund revenue this year because of the collection lag. The Home Fund is scheduled to launch at the end of the year with the hiring of the Home Fund Manager and development of the implementation plan. Of the \$2 million to \$2.3 million in revenue forecasted each year, the City plans to use \$1.5 million for housing supply, \$161,000 for supporting sheltering, \$460,000 for operations of the shelter or supportive housing, and \$184,000 for implementation and administrative purposes. The City anticipates housing units to cost approximately \$160,000. The program is anticipated to deliver 300 housing units over 10 years.

Mr. Stahley answered questions from the Council on the operational details of the Home Fund Program, anticipated future support costs as the number of units increase, utilization of Section 8 Vouchers, the geographic location of the units within Olympia's service area, and oversight of the program through an advisory committee providing the City Council with funding recommendations annually, as well as reviewing the City's annual CDBG program for funding recommendations.

Mr. Stahley and the Council discussed current utilization of the City's multi-family property tax exemption and current and planned combined market-rate and low-income housing projects.

Mr. Bauer reviewed efforts by the City of Olympia to address the "Missing Middle." The focus is on opportunities for the market to provide more affordable housing through smaller units and non-traditional types of housing units. Program efforts have been underway over the last 15 months. Missing Middle Housing refers to a range of multi-unit or clustered housing types, compatible in scale with single-family homes. Missing Middle Housing is a key component of the City's housing strategy, as it supports housing affordability for households across all income levels, allows more choices of housing types, is more affordable than traditional single-family homes, increases neighborhood density, accommodates the growing trend in smaller household sizes, and can provide income to homeowners allowing them to remain in existing homes. By 2023, Olympia estimates 13,000 additional housing units will be needed to accommodate population growth.

Mr. Bauer shared examples of existing Missing Middle Housing in

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the City. The City is examining traditional zoning districts and amending the zoning code to broaden the type of housing allowed while remaining compatible with single-family neighborhoods. Today, approximately 70% of households in Olympia are one and two-person households.

Mr. Bauer reviewed the Missing Middle Infill Housing public outreach process. The Missing Middle Work Group identified 14 key issues. A draft set of 43 recommendations for changes to the City's zoning code was submitted to the City Council, as well as a recommendation to conduct an impact fee study to determine whether the units have different impacts on transportation, parks, and schools.

The public outreach process included the Planning Commission, neighborhood homeowner associations, and other community organizations. Efforts continue to publicize the program to the community. Over 1,000 individual comments have been received by the City since November 2017. A recent public hearing was conducted.

Mr. Bauer summarized the recommendations, which include modifications to two residential zoning districts incorporating new housing types, examination of existing regulations to eliminate any barriers or disincentives, changes in minimum lot sizes, and a number of changes to accessory dwelling units (height, size, parking, and no longer requiring owner occupancy of primary residential home). The recommendations for duplex, triplex, and fourplex housing include permitting in some areas if zoning density limits permit, apply same lot size/width requirements as single-family homes, and apply infill housing design standards. Cottage housing recommendations included increasing the density bonus from 20% to 50%, decreasing the maximum size of a cottage from 1,600 square feet to 1,250 square feet, and allow for phasing of construction with an approved master plan. Courtyard apartments would be permitted in some areas if they meet zoning density limits, are limited to one story in some areas, two stories in other areas, and would be subject to infill housing design standards.

The impact of the proposal included a review of the current capacity study provided by Thurston Regional Planning Council of vacant and undeveloped land in the City under current zoning. Baseline analysis was compared against proposed Missing Middle zoning changes to determine additional capacity gained by the changes. The analysis did not include accessory dwelling units or conversion of existing single-family homes.

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Mr. Bauer cited some community concerns surrounding increased demolition of single-family homes if the changes were adopted. A review of demolitions documented 210 demolitions between 2000 and 2016 in the cities of Lacey, Olympia, and Tumwater with single-family structures representing 6% with an average value of \$70,000.

Impacts to local schools were found to be minimal with the proposed changes.

Benefits of Missing Middle housing include affordability, a variety of housing types, and the ability to accommodate future growth.

Mayor Kmet inquired about any discussions surrounding the rental of single-family homes by college students. Mr. Bauer replied that the current code allows up to five unrelated people to live in a single-family home, which covers most situations. He shared additional information on codes for other types of housing units with multiple tenants.

Mr. Bauer identified several members of the work group, which included a representative from Homes First.

Councilmember Dahlhoff asked whether the work group included a representative from Senior Services, which sponsors a home share program. Mr. Bauer reported the organization was not represented on the work group but a town hall meeting was hosted at Senior Services to share and receive information.

Councilmember Dahlhoff described the Home Share Program as a home provider offering accommodation to a home seeker in exchange for an agreed level of support in the form of a financial exchange, assistance with household tasks, or simple companionship.

Mr. Stahley noted that the Missing Middle Program has generated hundreds of emails and phone calls from community members. Should Tumwater consider a similar path, resources would be required to manage the process and public contacts.

Councilmember McClanahan commented on the extent of past efforts to construct or rehabilitate low income housing in the region. The Thurston County Housing Authority is also considering ideas for constructing smaller housing units both in the urban and rural areas of the county.

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Manager Medrud briefed the Council on Tumwater's Comprehensive Plan land use and housing goals, policies, and actions, and regulations for allowed residential uses and densities by zone district.

Tumwater's current land use and housing goals and policies are supportive and encompass:

1. Providing affordable housing in the City
2. Using innovative techniques to provide affordable housing
3. Encouraging a range of housing types
4. Ensuring housing options result in attractive products
5. Allowing high densities and more housing types in major centers and corridors, such as the Brewery District, Capitol Boulevard Corridor, or the Littlerock Road Corridor.

Examples of some goals for affordable housing include:

Goal LU-4: Encourage land use patterns that increase the availability of affordable housing for all economic segments of the Tumwater population.

Goal H-3: To provide adequate, affordable housing for residents of all income groups, including sufficient housing affordable to low and moderate-income groups.

Manager Medrud reported the goals support future direction by the Council to address affordable housing stock.

Examples of using innovative techniques are included in the following policies:

Policy LU-4.2: Encourage innovative techniques for providing affordable housing resulting in an attractive product that will be an asset to the Tumwater community.

Policy H-3.1: Encourage the development of innovative plans, codes, standard, and procedures in order to take advantage of new private and public sector approaches to housing provision.

The desire for a range of housing types is found in many policies. Policy H-2.1 points to the need to provide sufficient, suitably zoned land for development of all housing types to accommodate the future needs for each type of housing, including single-family, multi-family, and manufactured homes in manufactured home parks and on single lots. Multi-family is defined as three units or more on one lot. Manager Medrud reviewed additional policies on the range of housing types.

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Policies and goals for the creation of attractive products ensure compatibility with existing neighborhoods and do not create issues. Examples of policies and goals include Policy LU-4.4 and Goal H-10. The Citywide Design Standards and Guidelines adopted in 2016 also assist to ensure attractive housing types.

Land use and housing goals for locating housing in centers and corridors include:

LU-4.6: Increase housing types and densities in corridors and centers to meet the needs of a changing population

H-6.4: Encourage provision of affordable housing near public transit routes to promote efficient transportation networks.

Additionally, it is important to encourage density in areas where people do not have to rely on a vehicle.

Manager Medrud reported that based on a review of all the City's current Comprehensive Plan goals, policies, and actions, not many changes would be necessary unless the Council prefers a different direction not falling within the existing categories.

Manager Medrud reviewed a zoning map of current zoning throughout the City. The City's lowest density zone is Residential/Sensitive Resource (RSR) of 2-4 dwelling units per acre. He identified the different zoning districts for single-family and multi-family. The General Commercial zone district allows mixed use as well as five-story multi-family structures. Most of the City's zoning is single-family. Single-family detached dwellings are allowed in all zones except in the Multi-Family High zone district. Manufactured homes are similar. Accessory dwelling units are allowed for every zone except for Manufactured Park zoning. Manufactured Home Parks zoning is allowed in Multi-Family Medium and within other zones as well. Cottage housing was recently added to Single-Family Medium and Multi-Family Medium, and in the Mixed Use zone district, as well as to a lesser degree in the Brewery District and Single-Family Low zone districts as long as it is located within ¼ mile of transit. Duplexes constructed before 1996 were allowed in the Single-Family Low zone district. Today, duplexes are not allowed in Single-Family Low zone districts. There are minimum lot size requirements for duplexes are required within Single-Family Medium and Multi-Family Medium zone districts.

Councilmember Althaus asked why the City allows accessory dwelling units (ADU) in Single-Family Low zoning but does not

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allow duplexes. Director Matlock responded that typically, duplexes are more obvious than an ADU unit.

Mayor Kmet questioned how private neighborhood covenants might factor against zoning. Director Matlock replied that private covenants override what is allowed by the zoning. Manager Medrud added that it is also dependent upon the specificity of the covenants. Should the Council want to explore allowing duplexes as an option for other zoning districts, a review of the Citywide Design Guidelines would be recommended.

Mr. Bauer noted that the City of Olympia also adopted infill design guidelines that apply to infill development for all Missing Middle housing types.

Manager Medrud reported townhouses, rowhouses, triplexes, four-plexes, and multi-family dwellings are consolidated under the City's Multi-Family zoning districts as well as in the main corridors. Additionally, the City allows boarding homes within Multi-Family zoning districts. Senior housing and adult family housing are allowed but have separate requirements. He reviewed a range of options currently allowed in the code.

Mayor Kmet spoke to the controversy generated when the original lower density level was established for RSR zoning.

Mayor Kmet inquired about missing elements in the code that could be matched with the City of Olympia's efforts. Manager Medrud replied that the code doesn't allow duplexes in Single-Family Low. Triplexes and fourplexes could also be considered. Based on his review of the code, very few gaps exist outside of looking at housing types in the SFL zoning.

Discussion ensued on impact fees and the impact to affordable housing. Mr. Bauer noted that the biggest issue surrounding impact fees are the overall lot charges. Manager Medrud added that if the goal is to increase density along the City's major corridors, it might mean making some decisions on a City-wide level to encourage development in those specific areas. Mayor Kmet commented on the need to have some basis for exempting a development other than for individual affordable housing projects.

Mr. Stahley reported the City of Olympia reduced its transportation impact fees by 50% based on a study for housing along major corridors because of the availability of transit.

Councilmember Swarthout asked staff to provide a map or chart of

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the City's buildable land. Manager Medrud noted that TRPC is updating the Buildable Lands Report, a countywide report on all buildable land.

Mayor Kmet added that during the Brewery District and Capitol Boulevard planning processes, TRPC provided information on vacant lots and lots with structures that were older than 50 years.

Mr. Knox reported the April worksession would cover information from non-profit developers on the costs and challenges of developing housing.

Mayor Kmet and the Council thanked Mr. Stahley and Mr. Bauer for their presentations.

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

Mayor Kmet encouraged the Council to attend the Easter Egg Dash on Saturday, March 31 beginning at 11 a.m. at the Tumwater High School Stadium.

ADJOURNMENT:

With there being no further business, Mayor Kmet adjourned the meeting at 7:40 p.m.