

**TUMWATER GENERAL GOVERNMENT COMMITTEE
MINUTES OF VIRTUAL MEETING
OCTOBER 9, 2024 PAGE 1**

CONVENE: 8:00 a.m.

PRESENT: Chair Michael Althaus and Councilmembers Joan Cathey and Leatta Dahlhoff.

Staff: City Administrator Lisa Parks, Assistant City Attorney Davis Abbott, Community Development Department Director Michael Matlock, Finance Department Director Troy Niemeyer, Planning Manager Brad Medrud, and Housing and Land Use Planner Erika Smith-Erickson.

**APPROVAL OF
MINUTES: GENERAL
GOVERNMENT
COMMITTEE - SPECIAL
SEPTEMBER 11, 2024
MEETING:**

MOTION: **Councilmember Dahlhoff moved, seconded by Councilmember Cathey, to approve the minutes of September 11, 2024 as published. A voice vote approved the motion.**

**2025 COMPREHENSIVE
PLAN PERIODIC
UPDATE – HOUSING
ALLOCATION AND
LAND CAPACITY
ANALYSIS:**

Manager Medrud and Planner Smith-Erickson briefed the committee on the results of the housing allocation and land capacity analysis. Following the approval of the final report by the Thurston Regional Planning Council (TRPC), all jurisdictions in the county will use the housing allocation and land capacity analysis as the basis for each jurisdiction's update of its comprehensive plan.

In 2021, House Bill 1220 added new requirements for the Housing Element. Jurisdictions must now plan for and accommodate housing affordable for all economic segments of the population and identify sufficient capacity of land for housing those economic segments. The City's 2016 Comprehensive Plan includes policies and goals acknowledging that housing would be affordable to all economic segments in the community but did not identify the number of units and how it was allocated across the City by area median income (AMI). The new requirements added specific actions requiring the City to estimate the number of housing units required for moderate, low-income, low, and extremely low-income households. Additionally, the City must account for emergency housing, emergency shelters, and permanently supportive housing. The requirements also require that sufficient land is available to accommodate all housing needs across the different income levels.

As part of the ongoing work on the Housing Element, the City must identify local policies and regulations that result in racially disparate impacts, displacement, and exclusion in housing, and identify policies and regulations to eliminate those impacts to include identifying areas of higher risk of displacement. Staff is working with a consultant to address the new

**TUMWATER GENERAL GOVERNMENT COMMITTEE
MINUTES OF VIRTUAL MEETING
OCTOBER 9, 2024 PAGE 2**

requirements with a briefing planned to the Council during a joint work session with the Council and the Planning Commission in December.

The City has a good base to address the new requirements through different policies that promote housing for a range of incomes including the Housing Action Plan, Homeless Crisis Response Plan, efforts in progress with the Regional Housing Council (RHC), and efforts on middle housing. Those previous efforts, policies, and plans will be used to update the Housing Element within the Comprehensive Plan and City regulations.

Manager Medrud reviewed information on different income ranges and general equivalent household income based on a four-person household. The new law defines seven different income levels that each jurisdiction must plan for and accommodate. The information lacks the 120% and above AMI as the City is not required to plan for that specific income group. However, there would be a housing allocation for the income group.

Manager Medrud displayed information on the countywide housing need across the different income sectors. Numbers are expressed as a percentage of the AMI in the county. In 2023, the AMI in the county was \$102,000.00. Countywide, approximately 121,000+ housing units exist of which 40% are affordable to households with incomes of 80% or less of AMI. A significant number of housing units are affordable to households making 50% to 80% of AMI except for the City, the numbers increase for higher income groups in terms of housing supply.

The overall county projected need is an additional 54,000 housing units between 2020 and 2045 based on forecasts produced by the Department of Commerce. The need is acute for the lowest of the income groups. Approximately 29,000 additional housing units will need to be affordable to low-income households with 936 units accounted for emergency housing for those experiencing homelessness.

Chair Althauser questioned whether the need of 936 units of emergency housing is based on the county achieving the additional housing need of 54,000 units. The number of units for emergency housing appears to be too low based on community discussions on homelessness. Manager Medrud said staff lacks the detail in how the state established the numbers. It is likely the state assumed that meeting the need for an additional 54,000 housing units would reduce the targets for very low and permanently supportive housing or reduce the overall need for emergency housing. Based on point in time counts over the previous years, emergency housing needs are likely more than 1,000 units in the county. More research is required to determine the basis of the numbers established by the Department of Commerce. However, the figure appears to be too low based on what is occurring in the community.

Manager Medrud reported the HB 1220 process included two steps. Staff

**TUMWATER GENERAL GOVERNMENT COMMITTEE
MINUTES OF VIRTUAL MEETING
OCTOBER 9, 2024 PAGE 3**

worked with Thurston County and the cities of Lacey, Olympia, Tenino, and Yelm and contracted with TRPC to assist, facilitate the process, and complete the data analysis. The first step was identification of the housing need for each jurisdiction and how many low income units each jurisdiction should plan to accommodate based on the larger figure the Department of Commerce identified for Thurston County. The second step was completion of the land capacity analysis to ensure each jurisdiction has sufficient land to accommodate housing needs.

Each jurisdiction was able to determine housing needs based on guidelines established for the planning process and that the separate figures must equal total countywide need. A formal process involving all planning partners included a request to TRPC to accept the recommended housing allocation for the jurisdictions. The formal regional planning effort was initiated in summer 2023. The process identified important goals:

- The process should be fair and distribute low-income housing units across all jurisdictions.
- Recognition of the differences between the jurisdictions and existing housing distribution.
- Recognize the needs of community members, especially those who rely on permanently supportive and emergency housing as part of the process.
- Ensure the process is clear – easy to communicate to the public and elected officials, tailored to each jurisdiction for both housing allocation and land capacity analysis to include all associated urban growth areas.
- Use established methods to limit the risk of legal challenges.
- Process should be multijurisdictional/collaborative.
- The total number of housing units should be consistent with the jurisdictional population and employment projections completed by TRPC in September 2019.

Councilmember Cathey asked whether the smaller southern jurisdictions in the county are predicted to grow at the same rate as the larger cities in the county. Manager Medrud explained that there are different growth rates for jurisdictions in the county. As one example, the City of Lacey likely will not experience the level of growth predicted to occur in the City of Tumwater.

In Tumwater, low-income housing supply for people in households earning less than 80% of AMI is approximately 6,128 units. The additional housing projected need doubles the amount by 2045.

Manager Medrud added that after completion of the initial housing allocation across the county, the state indicated a lack of support in the planning group's method for allocating low-income housing units in rural areas. Subsequently,

**TUMWATER GENERAL GOVERNMENT COMMITTEE
MINUTES OF VIRTUAL MEETING
OCTOBER 9, 2024 PAGE 4**

the planning group reallocated the units across all jurisdictions with most of the units located within urban growth areas.

The planning group discussed the land capacity analysis. The Buildable Lands Report served as the basis for the analysis. The planning group explored whether sufficient land would be available to accommodate 20 years of low-income housing need, whether lands meet current zoning for housing, and whether development regulations served as a barrier to low-income housing development. The analysis was completed for all county jurisdictions. Findings from the process determined that Lacey, Olympia, and Tumwater have sufficient capacity to accommodate future low-income housing needs. Other jurisdictions including Tenino, Yelm, and Grand Mound were identified as having some level of deficit of available land and/or regulatory issues to enable jurisdictions to meet housing needs.

HB 1220 requires jurisdictions to ensure that comprehensive plans and zoning do not pose as barriers for affordable housing.

Chair Althauser asked whether the deficits pertain mostly to regulatory barriers that the City might have in place that need to be addressed, as the deficit in the Comprehensive Plan does not address the City's ability to meet housing goals. He asked whether the Comprehensive Plan is required to include a plan as to how to achieve the housing units rather than creating barriers to create housing units. Manager Medrud explained that not creating barriers is the first step followed by some recommendations to include some positive implementation actions to support the requirements.

Councilmember Dahlhoff said she has had conversations with representatives from Habitat for Humanity and Homes First about the challenges the organizations are experiencing with City permitting and the timeline for development of affordable housing. Habitat for Humanity representatives are working on a proposal with a neighboring jurisdiction to create a different track for development of affordable housing. She asked whether that process could be considered an option for the City. She inquired about the possibility or whether the RHC has discussed the potential of exempting non-profits that create affordable housing from some of the permitting requirements to help streamline development.

Chair Althauser advised that the RHC has not engaged in those conversations at this time mainly because of the structure of the RHC, as the entity is responsible for approving distribution of housing grants for non-profits and other affordable housing providers in the region. RHC members have discussed the possibility of the RHC offering policy recommendations across jurisdictional boundaries. However, the conversations have been preliminary.

**TUMWATER GENERAL GOVERNMENT COMMITTEE
MINUTES OF VIRTUAL MEETING
OCTOBER 9, 2024 PAGE 5**

Discussion ensued on development timelines associated with housing grants, especially grants that include federal funds. Councilmember Dahlhoff commented that the intent is not affording extensions to organizations encountering development issues as the conversations by the RHC should include information on how some jurisdictions are drafting policies to streamline and exempt some non-profits from some of development guidelines/regulations and whether it is possible for other jurisdictions to review similar options and include those provisions within the housing element of comprehensive plans. It is concerning to receive feedback and concerns from two non-profits. Her concern surrounds how those concerns could be addressed in the process to identify solutions to resolve the issues.

Chair Althaus said the RHC also serves as a forum for jurisdictions to share ideas on effective processes for streamlining development. The feedback could be pursued by the RHC during a conversation and any outcomes shared with the parties. The RHC previously reviewed a crosswalk of development codes for each jurisdiction to compare the differences between jurisdictions in terms of the housing development process. The conversation at that level has been informational rather than action-oriented based on the operating principles of the RHC. He is hopeful, as the Chair of the RHC, to move in a more proactive direction.

Manager Medrud shared that the process for the work required to update the City's Development Code Administration Chapter is very complex. It is easier to explain the process; however, the details of how requirements are aligned are much more difficult. Much of the update is moving toward the path of treating non-profits and affordable housing as a separate category in terms of the City's fee structure and other development requirements. Staff could explore other options to improve the process while staff is also recommending overall process improvements for development to enable construction of more housing.

Manager Medrud reviewed a graph depicting columns of *Income Level*, *Zone Categories*, *Serving Those Needs*, *Housing Need*, *Aggregate Need*, *Total Capacity*, and *Surplus*. Income level categories included Extremely Low Income (0-30% AMI), Very Low-Income (30-50% AMI), Low-Income (50%-80% AMI), and Moderate Income (80%-100% & 100% -120% AMI). He noted that moderate income of 80% -100% AMI does not include single-family housing but does include duplexes, triplexes, and quadplexes. The column, *Housing Need* reflects the specific zoning category serving those needs (Low-rise Multifamily, Mid-rise Multifamily, Accessory Dwelling Units (ADUs), & Moderate Density) that must be built over the next 20 years. The *Total Capacity* column is the calculation completed by TRPC based on the City's current zoning and the actual zoned land. Some factors in the calculation account for critical areas and some acreage within the City to serve as conservation lands for the gopher. The total capacity represents

**TUMWATER GENERAL GOVERNMENT COMMITTEE
MINUTES OF VIRTUAL MEETING
OCTOBER 9, 2024 PAGE 6**

housing units. Staff proposes additional work to ensure the numbers account for the 80% AMI income group than what is reflected.

Councilmember Cathey asked whether the discussions also address the different family types and seniors that live in different types of housing units. Manager Medrud replied that the demographics of the income groups are not addressed as part of the housing allocation, as well as the size of the units for families/seniors/singles or for any access needs. However, those factors are considered as a component of implementation.

Manager Medrud said the next step in the process is a request to TRPC to approve the revised housing allocation in December. All the work will be consolidated with the work underway for the Housing Element. Some specific policies will be included in the Housing Element to promote housing affordability, address deficits, and ensure adequate safety margins for housing needs. Staff is working on some draft policies, goals, and implementation actions for future review by the committee. Jurisdictional staff members are also updating joint plans concurrently with the update of comprehensive plans. Thurston County has indicated that by the end of the year, the county will have completed some proposed updates to the county development regulations in urban growth areas and updates to joint plans. The City's Joint Plan was last updated in 2021. The Joint Plan focused on land use with the other elements in the plan based on City adopted regulations, policies, and goals (no amendments). Staff continues to work on planning for both the City and the urban growth area.

Manager Medrud said the next meeting will include amendments to the Development Code Administration Chapter. The update is driven in part to meet state deadlines. The proposed changes at this time likely will not address changing processes to support affordable housing development. However, other process changes will be included reducing the timeline for the City's issuance of various development decisions. The opportunity exists to continue the discussion and propose some changes. The committee will be briefed on the initial draft of the Conservation Element as well.

Manager Medrud commented on the national affordable housing problem. During the update of the Housing Element, staff is outreaching housing stakeholders to include non-profits to provide an update on the status of the update process and next steps.

Councilmember Dahlhoff asked about any opportunity to discuss some examples of areas of clearcut for development as part of the Conservation Element review. One area was clearcut with wetlands no longer existing. She does not understand how the project received approval, as there is no access to transit and no sidewalks. Manager Medrud responded that the Conservation Element and critical area protections under the City and state laws include some nuances. Provisions are included for mitigation of critical

**TUMWATER GENERAL GOVERNMENT COMMITTEE
MINUTES OF VIRTUAL MEETING
OCTOBER 9, 2024 PAGE 7**

areas if the proposal for development would be unable to proceed. The committee's review can include a discussion on those issues. Councilmember Dahlhoff encouraged a future conversation on how the City can support both urban and rural lifestyles and where development should be focused. Manager Medrud said it speaks to an ongoing issue of accommodating and concentrating growth in the cities under the requirements of the Growth Management Act while preserving rural areas. It is often difficult to distinguish outlying areas of the City from the county because of the number of large open areas. However, in the future, those areas will change as the City develops and as more people move to the City. Those changes occurring over time will be dramatic.

Councilmember Dahlhoff suggested the discussion could include focusing on future goals, priorities, and rural lifestyle in Tumwater in the next 20 to 40 years, and whether it is a priority by the Council to preserve rural areas.

Councilmember Cathey added that all conversations on development should account for impacts caused by climate change.

Manager Medrud shared information on the amount of progress achieved to date in the development of the Climate Element with assistance by the City's consultant.

ADJOURNMENT:

With there being no further business, Chair Althausser adjourned the meeting at 8:57 a.m.

Prepared by Valerie L. Gow, Recording Secretary/President
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