

Memorandum

Date: June 14, 2023

To: General Government Committee

From: Brad Medrud, Planning Manager

Subject: City of Tumwater Affordable Housing Actions –
Multifamily Property Tax Exemption Program and Manufactured Home Park
Preservation

This memorandum summarizes past and current affordable housing actions the City has taken since 2018 that in turn will inform the 2025 Comprehensive Plan and development code update. It is also intended to examine the City's multifamily property tax exemption program and discuss the ways that the City can support the preservation of affordable housing in manufactured home parks in the City.

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I. Background

After the City Council adopted Resolution No. R2018-016 in the summer of 2018, the City has undertaken a number of actions to address homelessness, increase affordable housing, and continue to work with other jurisdictions and agencies to explore regional solutions to these issues.

Applicable City Council Revised Strategic Priorities and Goals (December 6, 2022) include:

- A. *Build a Community Recognized for Quality, Compassion and Humanity*
 - 1. *Support and advance intergenerational housing opportunities*
 - 2. *Implement the Tumwater Housing Action Plan*
 - 3. *Support housing stability policies/programs*

See Appendix 1 *Comprehensive Plan Policies* for details on Comprehensive Plan housing and land use goals, policies, and actions that support the City’s affordable housing plans.

See Appendix 2 *Timeline of Affordable Housing Actions* for a timeline of the work the City has undertaken to address affordable housing since 2018.

II. Resolution No. R2018-016

In 2017 and 2018, the City Council devoted considerable time to discussions about the causes of and resources available to address homelessness and the lack of affordable housing in the City. On July 17, 2018, the City Council adopted Resolution No. R2018-016, which described the actions that the City would undertake to begin to address these issues. These actions fell under three broad goals: reduce homelessness, boost housing affordability, and increasing ongoing regional actions.

GOAL: Reduce Homelessness -- Increase resources / actions to combat / decrease regional homelessness

Actions

- 1 Review, and clarify as necessary, policies related to homelessness for first responders
- 2 Develop strategies with the Tumwater School District and nonprofit partners to house homeless students / families
- 3 Better understand and describe the extent and general location of Tumwater poverty and low-income areas
- 4 Commit more current City resources to targeted regional homelessness actions
- 5 Act to better connect people to services
- 6 Continue to participate in homeless count each year
- 7 Meet with Tumwater faith leaders to explore faith community's potential role addressing homelessness
- 8 Assess and track homeless / low-income services in Tumwater

GOAL: Boost Housing Affordability -- Actions to increase affordable housing

Actions

- 1 Pursue grants for affordable housing
- 2 Strengthen incentives for affordable housing within the Capitol Corridor and Brewery District and explore extending these incentives to the entire InterCity Transit #13 bus corridor
- 3 Evaluate and, if necessary, propose amendments to City code and zoning to support smaller scale affordable housing in neighborhoods to offer a greater variety of housing options

Actions

- 4 Promote actions property owners can take to increase affordable housing such as accessory dwelling units
- 5 Participate in regional discussions to understand factors affecting housing affordability and what steps can be taken to mitigate new housing costs
- 6 Assess actions for assuring mobile home parks continue to provide affordable housing toward a goal of property ownership by residents
- 7 Encourage more housing development overall
- 8 Encourage abandoned houses moving back into the active housing inventory
- 9 Enact policies to protect tenants experiencing housing instability, which may include:
 - a. Review current eviction/renter protection policies, laws, and legal services and assess possible actions.
 - b. Assess need for/knowledge of landlord-tenant conflict resolution services.
 - c. Support renter resources (mediation, etc.).
- 10 Inventory and track affordable housing units in Tumwater

GOAL: Ongoing Regional Actions – Continue work with other jurisdictions and agencies to explore regional solutions to homelessness and affordable housing.

The Planning Commission and the City Council undertook a significant effort from September 2018 to May 2019 to develop Affordable Housing Work Plans for the City Council to use in make informed decisions when prioritizing the next steps to implement Resolution No. R2018-016. Starting in 2019, the City spent a substantial amount of time implementing the 2019 Affordable Housing Work Plans through ordinances and process changes.

III. Regional Housing Council

To meet the City Council's goal of exploring regional solutions to homelessness and affordable housing issues, in 2020 the City worked with the other jurisdictions in the Thurston County to establish the Regional Housing Council, which took over the role of Health and Human Services Council and added some additional tasks.

The primary purpose of the Regional Housing Council is to leverage resources and partnerships through policies and projects that promote equitable access to safe and affordable housing. "Affordable housing" in this context means housing that is affordable to families at or below 80 percent of area median income.

The Regional Housing Council considers issues specifically related to funding a regional response to homelessness and affordable housing and coordinating existing funding programs, assists in monitoring the implementation of the County’s five-year Homeless Crisis Response Plan, and setting priorities and making funding decisions on projects and programs that implement the Homeless Crisis Response Plan. Additionally, the Regional Housing Council provides a forum for consideration of policy options related to homelessness and encourages development of regional approaches to planning for, responding to, and funding homeless services and facilities and expanding affordable housing options.

Two Tumwater City Councilmembers sit on the Regional Housing Council and the City’s has committed 0.25 FTE in City staffing to Regional Housing Council work.

IV. Tumwater Housing Action Plan

The Tumwater Housing Action Plan adopted by the City Council in 2021 builds on the affordable housing work the City completed under the 2019 City Council Housing Affordability Work Plans to increase the amount of affordable housing in the City.

The intent of the Tumwater Housing Action Plan is to create one set of actions that the City will undertake to facilitate the creation of more affordable housing.

Seven housing gaps were identified through the Regional Housing Needs Assessment, including:

1. Reduce housing costs for low-income and cost-burdened households.
2. Increase the overall housing supply.
3. Increase the variety of housing sizes and types.
4. Increase senior housing options.
5. Maintain in good condition and improve the existing housing stock.
6. Provide safe, stable options for both renters and homeowners.
7. Increase permanent housing options for people with disabilities and those at risk of or experiencing homelessness.

To address these seven housing gaps, the Plan identified six strategies for addressing housing needs in the City:

1. Increase the supply of permanent, income-restricted affordable housing.
2. Make it easier for households to access housing and stay housed.
3. Expand the overall housing supply by making it easier to build all types of housing projects.
4. Increase the variety of housing choices.
5. Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.

6. Establish a permanent source of funding for low-income housing.

Under each of these strategies were specific actions for the City to consider implementing. It is important to note that the City had done a great deal of work prior to 2021 to achieve some of the actions, and more work is underway, including the actions described below.

V. Multifamily Property Tax Exemption Program

A. Summary of the Multifamily Property Tax Exemption Program

The state's multifamily property tax exemption program (Chapter 84.14 RCW) provides opportunities for cities and counties to encourage the development of multifamily housing in designated areas. When originally codified by the state in 1995, the program focused on economic development and the creation of new multifamily housing. Over time, the program became an important tool to support the development of affordable housing and implement the goals of the Growth Management Act.

The program is intended to encourage the construction of new, rehabilitated, or converted multifamily housing within designated areas. It is limited to multifamily housing developments with four or more housing units.

The City's multifamily property tax exemption program exempts taxes on improvements made for multifamily development to encourage the development of multifamily housing units within designated targeted areas of the City. The multifamily property tax exemption applies to the new housing improvement portion of the property taxes.

Under state law, property owners who make eligible housing improvements are exempt from any tax increases related to those improvements for a period of eight years. An exemption period of twelve years is possible if the property owner or developer commits to renting or selling at least 20 percent of the units to households with an income at or below 115 percent of the area median family income during the same period. Owners continue to pay the pre-improvement taxes on both the land and structure. Once the multifamily property tax exemption lapses, the property owner is free to rent or sell units at market rate.

An approved multifamily property tax exemption is a shift in revenue from property tax. When the City Council sets the City's property tax levy, the City levies a total dollar amount that will be collected for City operations. When certain property owners get discounts, such as through the multifamily property tax exemption program, that cost is re-distributed to the other property owners in the City. No matter how many multifamily property tax exemption discounts the City provides, the City still collects the same amount of property tax dollars.

B. Purpose of the Multifamily Property Tax Exemption Program

Comprehensive Plan Housing Element Action H-3.3.3 states:

Establish a multi-family tax exemption program that gives financial incentive for developers to create multi-family structures in target areas and to set aside a percentage of units as low-income housing.

The City's multifamily property tax exemption program serves multiple purposes. It is an economic development tool identified in the City's Brewery District Plan and Capitol Boulevard Corridor Plan to spur private investment for redevelopment of these areas. In addition, it is one of the many tools identified in Resolution No. R2018-016 and the Tumwater Housing Action Plan to support the development of more affordable housing in specific areas of the City served by transit.

The program does the following:

- Provides a catalyst to promote development within targeted areas.
- Encourages increased residential opportunities within targeted areas.
- Stimulates new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing.
- Assists in directing future population growth to designated residential targeted areas, thereby reducing development pressure on existing single-family residential neighborhoods.
- Provides the needed residential densities in order to support retail and other services within the target areas.
- Helps to achieve residential densities, which are more conducive to transit use in designated residential targeted areas.
- In the case of the twelve-year exemption, 20 percent of the new housing units are affordable to 80 to 115 percent of area median income for the twelve-year exemption.

C. Benefits of the Multifamily Property Tax Exemption Program

There are multiple benefits for the multifamily property tax exemption program. Most generally, the reduction in property taxes is shared among consumers and developers in the form of lower prices or rents and in the form of increased project income, respectively. This will encourage the development of more housing units and make housing more affordable overall.

The program also provides the following benefits:

- Increases housing choice for consumers due to the increase in supply.
- Increases densities in areas suited for higher density.
- Aids sustainability and walkability efforts by locating housing near services and transit.
- Reduces risk, which increases the ability of a developer to secure debt financing.
- Stimulates development by reducing costs, which increases the development return on a marginal project, which increases project feasibility.

- Benefits the consumer in a competitive market, where savings are passed down.
- Ensures that the tax exemption remains with the property so that it will benefit the right owner in the targeted area regardless of turnover.

D. City's 2017 and 2019 Ordinances

The original purpose of the City Council's adoption of a multifamily property tax exemption program in 2017 (Ordinance No. O2017-004 and Resolution No. R2017-002) was to use residential development to spur the economic redevelopment of the Brewery District and Capitol Boulevard corridor. The City's subarea plans adopted in 2015 were based on studies that indicated that the City needed to consider a variety of financial incentives in order to see the redevelopment that those plans envisioned. Adding more people living in those areas through the multifamily property tax exemption program was expected in turn to encourage the development of retail, services, and employment. See Appendix 3 *Multifamily Property Tax Exemption Target Areas* for maps of the Brewery District and Capitol Boulevard corridor target areas.

The expansion of the program to the Littlerock Road Subarea and the Town Center in 2019 (Ordinance No. O2019-023) was done for different reasons. In 2018, the City Council started to focus on how the City should address homeless and the lack of affordable housing. One of the action items in R2018-016 was to strengthen incentives for affordable housing within the Capitol Corridor and Brewery District and explore extending these incentives to the entire InterCity Transit #13 bus corridor. See Appendix 3 *Multifamily Property Tax Exemption Target Areas* for maps of the Littlerock Road Subarea and the Town Center corridor target areas.

Expanding the program to the Town Center and the Littlerock Road area was one of the many code changes and programs that the City started at that time to encourage more housing to be built overall in the City to meet demand and to provide some level of affordable housing. Because of that, in the Town Center and the Littlerock Road Subareas the City's multifamily property tax exemption program was limited to the twelve-year option that required 20 percent of those housing units to be affordable to 80 to 115 percent of area median income. The Planning Commission recommended that 30 percent of the housing units be affordable, but the City Council decided that it wanted to make sure that the program created affordable housing units first and kept the affordable housing unit requirement at 20 percent.

E. Approval Process

TMC 3.30 *Multifamily Housing Tax Exemptions* establishes the review and approval process for multifamily property tax exemption applications:

1. An applicant files a complete Conditional Certificate Application with the City.
2. City staff reviews the application.
3. If the application is complete and meets the requirements of TMC 3.30, the Community Development Director approves the Conditional Certificate.

4. To complete the Conditional Certificate approval process, the applicant must enter into a contract with City that is approved by City Council, under which the applicant agrees to the complete the development as outlined in the contract.
5. An approved Conditional Certificate and contract are valid for three years from the date of approval.
6. The City can issue an extension of an approved Conditional Certificate up to 24 months subject to City approval.
7. Upon completion of the improvements agreed upon in the contract and issuance of a certificate of occupancy, the applicant then files a Final Certificate Application.
8. The complete Final Certificate Application is reviewed and approved by the Community Development Director.
9. The Community Development Director files a Final Certificate of Tax Exemption with the Thurston County Assessor.

F. Use of the Multifamily Property Tax Exemption Program to Date

In the ten years prior to 2019, multifamily development only accounted for a small portion of the new housing units built in the City. During the COVID-19 related building boom in 2020, the City experienced an increase in new multifamily housing development. By 2022, there were more housing units in multifamily developments than single-family houses being permitted in the City.

To date, the City has had 441 total multifamily housing units approved at least through the conditional approval process, of which 66 are affordable multifamily housing units and the rest are market rate. The affordable multifamily housing units must comply with the low- to moderate-income levels (80 to 115 percent of area median income) requirements in TMC 3.30.

Table 1. Units by Conditional and Final Approvals

Approvals	All Units	Market Rate Units	Affordable Units
Conditional	300	263	37
Final	141	112	29
Total	441	375	66

Table 2. Units Approved By Target Area

Target Areas	All Units	Market Rate Units	Affordable Units
<i>Eight- and Twelve-Year Options</i>			
Brewery District	119	119	0
Capitol Corridor	0	0	0

Target Areas	All Units	Market Rate Units	Affordable Units
<i>Twelve-Year Option Only with 20% Affordable</i>			
Littlerock Subarea	322	256	66
Town Center	0	0	0
Total	441	375	66

- Rockwell Place received final approvals in November 2022 after a Certificate of Occupancy was issued. It is a twelve-year multifamily property tax exemption program project in the Littlerock Road subarea target area. It has three buildings with 141 total housing units of which 29 of which are affordable and the rest are market rate.
- The 350 North Apartments and Craft District Apartments received conditional approvals in December 2022 and they are under construction. Construction will need to be completed in three years in order to receive final approvals. Both are eight-year multifamily property tax exemption program projects in Brewery District target area with no affordable housing units. The 350 North Apartments has 24 market rate housing units and Craft District Apartments has 95 market rate housing units.
- The Kingswood Apartments received conditional approval in February 2023 and it is in permit review. Construction will need to be completed in three years in order to receive final approval. It is a twelve-year multifamily property tax exemption program project in Littlerock Road subarea target area. It has 181 total housing units of which 37 are affordable housing units and the rest are market rate.

G. Next Steps

The Washington State Joint Legislative Audit and Review Committee completed a preliminary review of the multifamily property tax exemption program in the summer of 2019. Based on the findings of the Joint Committee, in 2021 the state legislature expanded the multifamily property tax exemption program.

In 2021, E2SHB 5287 amended several elements of Chapter 84.14 RCW, including the following:

- Allow a wider number of cities and counties to develop twelve-year multifamily property tax exemption programs.
- Permit twelve-year extensions to existing tax exemptions in exchange for the provisions of income and rent-restricted housing units.
- Supply tenant relocation assistance at the end of the multifamily property tax exemption program period for tenants of rent-restricted housing units in projects approved after July 25, 2021, and projects receiving a twelve-year extension.
- Require an evaluation of the risk of physical and economic displacement as the result of the program.

- Provide new reporting requirements for the City.
- Allow for a 20-year exemption in exchange for permanently affordable rental and owner-occupied housing.
- Require more comprehensive reporting and auditing processes.

Under RCW 84.14.040, the City may adopt and implement, either as conditions to eight-year exemptions or as conditions to an extended exemption period or both, more stringent income eligibility, rent, or sale price limits, including limits that apply to a higher percentage of housing units, than the minimum conditions for an extended exemption period.

The City's multifamily property tax exemption program will expire at the end of 2026 (TMC 3.30.130), so the City has a deadline to evaluate if the program is doing what was originally intended.

Staff believes the multifamily property tax exemption program is functioning as intended to encourage multifamily housing in selected areas, and has added 66 much needed affordable units into the housing supply that we likely would not have seen otherwise. Because the economics of housing construction are always unique to a particular area, to get a more definitive answer about whether these units would have been developed absent the multifamily property tax exemption program would require a consultant study similar to what the City of Olympia completed last year.

ECONorthwest, a consulting firm, prepared a study for Olympia in December 2022. The ECONorthwest study was done to understand its effect on the likelihood of encouraging private sector development, including both market rate and low-income affordable units, within specific areas. The study provided recommendation for how to best structure the City of Olympia's multifamily property tax exemption program in the future. The study found that development in Olympia's downtown area was currently not feasible today without the existing 8-year multifamily property tax exemption program option and that use of the twelve-year option would be more likely coupled with other incentives such as reduced parking requirements.

It is important to note that similar to the City's inclusionary zoning regulations discussed in Section VIII below, the City's multifamily property tax exemption program is a voluntary program. As noted in the ECONorthwest study, this means that to see the development community use the City's multifamily property tax exemption program for any of the options, the program needs to create more value than would be created by the baseline market feasibility to create an incentive for a developer to participate in the program.

The Washington State Department of Commerce guidance recommends that multifamily property tax exemption program initiatives that intend to deliver income-restricted units to promote housing affordability should focus on the twelve- and 20-year exemptions and the twelve-year extension. This could also potentially include an eight-year multifamily property tax exemption with affordability requirements customized to the City.

The base requirements for affordability under state law are that:

- For the twelve-year exemption, at least 20 percent of units must be income-restricted, with a mix of units affordable to households at 80 percent area median income or below and units affordable to households at 115 percent area median income or below.
- For the twelve-year extension, at least 20 percent of units must be income-restricted to be affordable to households at 80 percent area median income or below.
- For the 20-year rental option, at least 20 percent of units must be income-restricted to be affordable to households at 80 percent area median income or below.

The City may choose to amend its multifamily property tax exemption program. Amendments could include the following:

- Expand the target areas where a multifamily property tax exemption program project could occur in the City, such as in all multifamily designated areas.
- Change the length of the exemptions to eight, twelve, or 20 years.
- Require a higher set-aside of required income-restricted units beyond 20 percent.
- Require other public benefits in exchange for the exemptions.
- Coordinate with other local incentives, such as inclusionary zoning.
- Establish new affordability requirements for designated income-restricted units to lower incomes.
- Base affordability requirements on unit sizes, with higher levels of affordability and lower area median income requirements for smaller units.
- Require a mix of affordable units to be proportionate to the overall unit mix and configuration of all units.
- Require the designated affordable units to be intermingled with market-rate units.

The City Council can add work on further study and amendments to the City's multifamily property tax exemption program to the 2024 long range planning work program and provide a budget for a supporting study.

VI. Manufactured Home Park Preservation

A. Background

A manufactured home is a site under single ownership where ground space is made available for mobile homes or manufactured homes, or a combination of the two. Mobile homes and manufactured homes are both factory-built and considered dwellings for habitation rather than vehicles, such as a recreational vehicle. Mobile homes refer to those housing units that were factory-constructed prior to June 15, 1976, while manufactured homes are housing units were factory-constructed after that date.

Since 2004, state law has recognized the value of manufactured housing for affordable housing. As such, the City treats manufactured housing the same as it does traditionally built housing and must allow mobile and manufactured homes to locate in existing manufactured home parks.

Manufactured home parks preservation is a City goal. The City sees manufactured home parks as a way to address housing affordability for low-income and cost-burdened households, maintain existing housing stock, and increase household wealth by providing safe, stable options for rental housing and pathways to homeownership.

To support that goal, the City implemented the designation of the MHP Manufactured Home Park zone district in 2008 to promote preservation of manufactured home parks through Ordinance No. O2008-009. The ordinance was subsequently challenged before the growth management hearings board and upheld.

While the conversion of existing manufactured home parks is restricted under City zoning regulations, the City does not have regulatory authority under state law to place limits on what a manufactured home park owner may charge for the ground space occupied by a manufactured home. The City does have the ability to educate and support actions that allow tenants to work together with manufactured home park owners to address ground space leases.

Resolution No. R2018-016 Action # 6 under the affordable housing in states:

Assess actions for assuring mobile home parks continue to provide affordable housing toward a goal of property ownership by residents.

Since 2018, the City has discussed with local nonprofits at the process for facilitating moving manufactured home parks into a land trust or a residential nonprofit cooperative arrangement.

In 2020, after its 2020 retreat, the City Council directed staff to maintain current efforts for this action.

In 2021, the City Council adopted the Tumwater Housing Action, which included the following action related to manufactured home parks:

Strategy 1: Increase the supply of permanent, income-restricted affordable housing.

Action 1.j. Establish a program to preserve and maintain healthy and viable manufactured home parks.

The City has determined that the rental housing protections in TMC Title 5 and Dispute Resolution Services related to these protections also apply to ground space leases in manufactured home parks. For more details on the City's rental housing protections, see Section VII.

B. Next Steps

The City can consider assisting manufactured home owners with the following programs:

- Maintaining and repairing individual manufactured homes.
- Funding to replace manufactured housing units that would be better replaced than repaired.

- Funding for relocation when a manufactured home park cannot be preserved.
- Purchasing a manufactured home park outright with a land trust.

The City can consider assisting manufactured home parks owners with the following programs:

- Making service and utility upgrades to a manufactured home park.
- Converting from manufactured home parks from septic to sewer service and / or from well to water systems.

In April 2023, the state legislature passed and the Governor approved E2SSB 5198, which amended the state's manufactured home park regulations to address manufacture home park closures and conversions. E2SSB 5198 becomes effective July 23, 2023. The new state regulations will increase the notice requirements for a sale of a manufactured home park from one year to two years, improve relocation assistance, and add requirements that property owners who sell their manufacture home parks be required to negotiate in good faith with any qualified tenant or other eligible organization that wants to purchase the park.

In addition, the City can work with other jurisdictions as part of its state legislative agenda to amend the Manufactured/Mobile Home Landlord-Tenant Act (Chapter 59.20 RCW), such as in HB 2610 and E2SSB 5198, to provide additional protections for tenants.

The Tumwater Housing Action Plan notes that the City will consider the work necessary to implement Action 1.j., but the work has not been scheduled and the following City resources would be needed to start such work:

- Funding through the City Council's biennial budgeting process.
- Time for staff to develop and run such a program.
- Time for staff to manage the annual reporting for such projects.

The City Council can add work on this program to the 2024 long range planning work program.

VII. Rental Housing

As part of the work on Resolution No. R2018-016, the City reviewed actions and measures to support tenant protections as a way to make it easier for City residents who rent to access housing and stay housed.

At its March 22, 2022 worksession, the City Council discussed potential actions that the City could undertake alone or on a regional basis to address tenant protection. At the conclusion of that discussion, the City Council asked staff to prepare the three following priority items for further consideration:

- 1) Ordinances to address tenant protections in Title 5 *Business Taxes, Licenses and Regulations*;
- 2) An ordinance to establish a rental registration program in Title 5 *Business Taxes, Licenses and Regulations* to communicate with tenants and landlords about rental regulations and

to consider using the program in the future for regular inspections of rental housing units;
and

- 3) A scope for a contract with the Dispute Resolution Center for tenant and landlord conflict resolution services.

A. Washington State Residential Landlord-Tenant Act (RCW 59.18)

Landlords and tenants have legal responsibilities to each other under state law. The Washington State Residential Landlord-Tenant Act (RCW 59.18, RLTA) outlines the rights and responsibilities for landlords and tenants.

[Your Rights as a Tenant in Washington State: An Overview](#) prepared by the Northwest Justice Project for the Washington State Attorney General's office is designed to help landlords and tenants gain an understanding of the state rules and regulations affecting housing.

B. Washington State Forcible Entry and Forcible and Unlawful Detainer (59.12 RCW)

The Washington State Forcible Entry and Forcible and Unlawful Detainer (RCW 59.12) details the legal process for a landlord to evict a tenant and the steps that need to be followed.

[Your Rights as a Tenant in Washington State: An Overview](#) prepared by the Northwest Justice Project for the Washington State Attorney General's office contains a summary of the eviction process under RCW 59.12 in Part 5 Evictions.

C. The City's Building and Property Maintenance Code (TMC 15.18)

The City has adopted the International Property Maintenance Code (IPMC). This code establishes basic quality of life standards that property owners must follow and that occupants of buildings should expect. These standards apply to the exterior site as well as the interior of buildings.

The City uses this code to ensure that properties do not become attractive to rodents and pests, a site is safe, basic water and heat are provided to occupants, and interior spaces are not overcrowded, unhealthy, or unsafe.

D. Unfair Housing Practices (TMC 5.70)

It is the policy of the City to assure equal opportunity to all persons to live in decent housing facilities regardless of race, creed, color, religion, ancestry, national origin, citizenship or immigration status (unless authorized by federal or state law, regulation, rule, or government contract), honorably discharged veteran or military status, gender, the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability, families with children status, age, marital status, sexual orientation, genetic information, or source of income.

TMC 5.70 prohibits discrimination in housing by any person and establishes civil and criminal penalties for such actions.

E. Rental Housing (TMC 5.75)

In the spring of 2022, staff integrated the *Tumwater Housing Action Plan* actions and City work group measures for City Council consideration into a suggested order of priority items to address Action #9 in Resolution No. R2018-016.

The priority item list included actions and potential measures that were amendments to the Tumwater Municipal Code as well as actions and potential measures addressed through education and communication efforts led by the City. For most of the actions and potential measures, staff recommended that the City Council discuss developing a communications strategy to let landlords and tenants know what the City is doing, a schedule for staff to develop and run the programs, and allocate funding for staffing and other costs.

City staff prepared a communication strategy to let landlords know about the information that landlords are required to distribute to tenants under Ordinance No. O2022-012 *Rental Housing Code* that became effective April 8, 2023 through a new City website, postcard mailings to landlords, and a social media campaign.

1. *Distribution of Information (TMC 5.75.030)*

To ensure tenants have the information needed to assist them in both seeking and living in rental housing, TMC 5.75.030 requires landlords to provide tenants with the following specific housing-related information at the time a prospective tenant applies to live in a dwelling unit:

- The landlord's written rental criteria
- Summaries of the unfair housing practices chapter (TMC 5.70), the rental housing code chapter (TMC 5.75), the state RLTA (59.18 RCW), the state Forcible Entry and Forcible and Unlawful Detainer (59.12 RCW), and fair housing laws contained in *Renting in Tumwater: A Guide for Landlords and Tenants* and *Your Rights as a Tenant in Washington State: An Overview* prepared by the Northwest Justice Project
- City informational website address

2. *Renting in Tumwater: A Guide for Landlords and Tenants*

Owners of residential rental property located in the City must provide tenants with the *Renting in Tumwater: A Guide for Landlords and Tenants* and [*Your Rights as a Tenant in Washington State: An Overview*](#) prepared by the Northwest Justice Project to fulfill the requirements of TMC 5.75.030.

The *Renting in Tumwater: A Guide for Landlords and Tenants* summarizes the following City regulations:

- Unfair Housing Practices Code (Tumwater Municipal Code (TMC) 5.70)
- Rental Housing Code (TMC 5.75)
- Rental Housing Registration Code (TMC 5.80)

- International Property Maintenance Code (IPMC) (TMC 15.18)

The Guide is for general educational and informational use only. It is not a substitute for the advice of an attorney.

A landlord is required to provide a copy of the Guide to every tenant or prospective tenant when a rental agreement is offered, whether or not the agreement is for a new or renewal agreement.

After the initial distribution of the Guide to tenants, a landlord is required to provide existing tenants with an updated Guide by the City on an annual basis and when the City updates its housing regulations, which may be in electronic form unless a tenant requests a printed Guide.

3. *Rental Property Noticing Requirements*

TMC 5.75.030 requires landlords to provide tenants with specific notices as described below.

- Notice of Recurring Fees (TMC 5.75.050)
- Notices to Increase Rent (TMC 5.75.070)
- Notices to Vacate (TMC 5.75.090)

F. Rental Registration (TMC 5.80)

As part of the work on Resolution No. R2018-016, the City reviewed actions and measures to support tenant protections as a way to make it easier for City residents who rent to access housing and stay housed.

Some of the potential *Tumwater Housing Action Plan* actions and City work group measures involved registration of property owners providing rental housing units as a first step to gather information on number of housing units and contacts for education and updates on City programs. A list will be needed to make the regulations effective.

The long-term intent of the program is to educate property owners, property managers, and tenants about City housing codes (TMC 5.70 *Unfair Housing Practices* (Ordinance No. O2022-010 (update)), TMC 5.75 *Rental Housing Code* (Ordinance No. O2022-012), TMC 5.80 *Rental Housing Registration* (Ordinance No. O2022-014), and the TMC 15.18 *International Property Maintenance Code* and their rights and responsibilities.

The program could be expanded in the future to require property owners to verify that their properties meet City maintenance codes and standards when registering with the City and then on a regular basis, such as every three years, thereafter.

G. Dispute Resolution Center

The City and Dispute Resolution Center approved a contract in March 2023 for tenant and landlord conflict resolution services.

The intent of the contract is to provide direct City support for the mediation of landlord-tenant disputes by an independent third party (RCW 59.18.315). The Dispute Resolution Center serves this purpose in Thurston County and provides a way to avoid the cost and time of going through the court system.

The Dispute Resolution Center services cover intake and mediation for housing related cases that either does not qualify for the Early Resolution Pilot Program or that come after its end. The Dispute Resolution Center provides services as communication issues, conflict or rent-owed issues arise. City will pay up to \$50,000 of ARPA funds as part of the contract.

VIII. Housing Text Amendments

The intent of the housing affordability text amendments (Ordinance No. O2020-005) approved by the City Council 2021 was to increase the amount of privately and publicly funded residential development in the City and to bring the supply and demand for housing more into balance as required under the state Growth Management Act.

In addition, some of the housing affordability text amendments increased the amount of affordable housing units in the City through inclusionary zoning for very low- and low-income households with incomes less than or equal to 80 percent of Thurston County's area median household income as determined by the state Office of Financial Management.

The following seven potential housing affordability text amendments were a part of the City Council's 2019 Housing Affordability Work Plan. These items were considered citywide or in particular areas of the City:

1. Provide an affordable housing density bonus in addition to the maximum density permitted in residential zone districts in limited areas of the City, if the proposed project provides permanently affordable housing.
2. Expand the locations where special residential development types such as accessory dwelling units and cottage housing and smaller types of housing such as micro-housing, tiny houses, and smaller lot single-family development are permitted.
3. Add duplexes or other smaller types of housing units as permitted uses to single-family residential zone districts.
4. Increase height limits in the Knoll subdistrict of the Brewery District (BD) zone district for permanently affordable housing projects.
5. Reduce required off-street parking ratios in residential areas near transit service and where there is sufficient on street parking to increase the buildable land available for housing.
6. Vary development standards, such as parking, open space, and setbacks, by certain housing types to provide permanently affordable housing.

7. Require new housing created specifically as permanently affordable housing to remain permanently affordable housing in perpetuity with protective covenants and deed restrictions.

IX. Housing Fee Amendments

In 2019, the City Council approved the Affordable Housing Text and Fee Amendment Work Plans, which included the following actions to reduce development fees:

1. Lower, delay, or adjust the timing of development fees, such as impact fees and connection charges, such as:
 - a. Transportation impact fees where there is a nexus between the location of affordable housing and access to transit and after working with the Public Works Department to assess transportation demand in these neighborhoods;
 - b. Park impact fees;
 - c. Water and sewer connection fees; and
 - d. Sewer capacity development charges for permanently affordable housing.
2. Exempt emergency housing from impact fees (SHB 2538)
3. Expand the multifamily property tax exemption program to other areas of the City, such as the Town Center, and the Littlerock Road Subarea, and look at expanding the percentage of permanently affordable housing units that need to be provided.
4. Cut, reduce, or cap fees for nonprofits building permanently affordable housing.
5. Reduce fees for private-sector development of permanently affordable homes and housing units.
6. Make infrastructure investments for infill areas needing upgrades with follow-up by City staff to develop potential scenarios with emphasis on areas where affordable housing is most likely to occur.
7. Reduce fees for affordable, single-family homes (under 1,500 sq. ft.) and manufactured homes.

Staff was asked to investigate ways to encourage and increase the amount of low-income housing as well as increase the variety of housing available citywide to amendments to regulations and reviewing fees changed for new development.

The City Council's original development code fee amendments work plan was to provide more housing focused in the Brewery District, the Capitol Boulevard Corridor, the Town Center, and

the Littlerock Road Subarea of the City. Staff expanded the area being considered to include residential development throughout the City.

A draft proposal addressing reducing fee amendments for permanently affordable housing was presented to the General Government Committee, City Council, and Planning Commission during spring and summer of 2021. After these discussions, staff prepared the annual fee resolution for approval by the City Council.

The proposal adjusted impact fees, connections charges, and permit fees for permanent low-income housing and it included a fee reduction for smaller homes as a way to encourage a variety of homes available citywide. Low-income housing is that which is affordable to those making 80 percent of the area median income.

X. Other Actions

- A. Work with Tumwater School District and nonprofit partners to house homeless students / families.
- B. Continue to participate in homeless count each year.
- C. Meet with Tumwater faith leaders to explore faith community's potential role addressing homelessness.
- D. Pursue grants for affordable housing.
- E. Further amend the City's regulations concerning accessory dwelling units.
- F. Encourage abandoned houses moving back into the active housing inventory.

XI. 2025 Comprehensive Plan – Housing Element Update

In 2021, the State Legislature amended the Growth Management Act related to housing in Comprehensive Plans. HB 1220 changed the Growth Management Act housing goal to mandate that Comprehensive Plans “plan for and accommodate housing affordable to all economic segments of the population...”

HB 1220 required the Washington State Department of Commerce with providing countywide housing need projections for moderate, low, very low, and extremely low-income households, permanent supportive housing, emergency housing, and emergency shelters. Jurisdictions within a County are collectively responsible for meeting the projected housing needs of each type.

Comprehensive Plans must demonstrate sufficient land capacity to accommodate housing projections at the specific levels of affordability and must address racially disparate impacts, displacement, and exclusion in housing.

Commerce continues to develop guidance and tools to identify housing needs and allocate housing responsibilities across jurisdictions.

The staffs of TRPC, Thurston County, and the cities of Tumwater, Olympia, Lacey, and Yelm have been meeting to discuss HB 1220, the preliminary housing projections, and the process for allocating housing need in a manner similar to how population projections are addressed under the Countywide Planning Policies. That work is expected to be completed by the end of the summer of 2023.

See Appendix 1 *Comprehensive Plan Policies* for the current goals, policies, and actions that support the City's affordable housing plans.

Appendix 1: Comprehensive Plan Policies

A. Housing Element

The applicable goals, policies, and actions of the Housing Element of the Comprehensive Plan that support the City's affordable housing plans are as follows:

Housing Element Goal H-1 states:

To conserve and improve the existing city housing stock and neighborhoods.

Housing Element Policy H-1.1 states:

Assist city neighborhoods in maintaining and rehabilitating the existing housing stock as decent, safe, sanitary, and affordable housing.

Housing Element Policy H-1.2 states:

Encourage a range of housing, economic development, and community revitalization in the city.

Housing Element Policy H-1.3 states:

Promote the conservation of existing communities and community housing goals through the preparation of comprehensive plans and the development review process.

Housing Element Goal H-2 states:

To provide a sufficient number of single family dwelling units, multi-family dwelling units, manufactured homes, and group housing to provide an affordable selection of housing to each economic segment of the Tumwater population.

Housing Element Policy H-2.2 states:

Provide opportunities for a range of housing types to provide for all economic segments of Tumwater's population.

Housing Element Goal H-3 states:

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

Housing Element Policy H-3.3 states:

Tumwater should assume its "fair share" of housing for low and moderate income groups, in cooperation with other jurisdictions in Thurston County.

Housing Element Action H-3.3.3 states:

Establish a multi-family tax exemption program that gives financial incentive for developers to create multi-family structures in target areas and to set aside a percentage of units as low-income housing.

Housing Element Goal H-4 states:

To provide adequate opportunities for housing for all persons regardless of age, race, color, national origin, ancestry, sex, sexual orientation, familial status, marital status, ethnic background, source of income use of federal housing assistance, or other arbitrary factors.

Housing Element Policy H-4.1 states:

Support the inclusion of living opportunities for families with children throughout the city.

Housing Element Policy H-4.2 states:

Support and encourage a variety of housing types and price ranges through appropriate policies and regulations.

Housing Element Goal H-6 states:

To promote a selection of housing that is decent, safe, and sound, in close proximity to jobs and daily activities, and varies by location, type, design, and price.

Housing Element Policy H-6.2 states:

Provide for a dynamic mix of residential land uses and zones in order to create a diverse mix of sites available for different housing types.

Housing Element Policy H-6.3 states:

Support increasing housing opportunities along urban corridors and centers.

Housing Element Policy H-6.4 states:

Encourage provision of affordable housing near public transit routes to promote efficient transportation networks.

Housing Element Goal H-8 states:

To support healthy residential neighborhoods which continue to reflect a high degree of pride in ownership or residency.

Housing Element Policy H-8.1 states:

Support the stability of established residential neighborhoods.

Housing Element Goal H-10 states:

To provide housing that is compatible and harmonious with existing neighborhood character through use of innovative designs that enhance the appearance and quality of Tumwater's neighborhoods.

Housing Element Policy H-10.1 states:

Encourage innovation and variety in housing design and development. Tumwater will support efforts to build housing with unique individual character, which avoids monotonous neighborhood appearance.

Housing Element Policy H-10.2 states:

Multi-family residential housing should be subject to design criteria that relate to density, structure bulk, size and design, landscaping, and neighborhood compatibility.

Housing Element Goal H-11 states:

To provide housing to accommodate Tumwater's housing needs in the urban growth area and make the most efficient use of infrastructure and services.

Housing Element Policy H-11.3 states:

Encourage the construction of affordable housing, including cottage housing and accessory dwelling units, within a half mile or twenty minute walk of an urban center, corridor or neighborhood center with access to goods and services to provide access to daily household needs.

Housing Element Goal H-13 states:

Ensure consistency with RCW 36.70A.070(2)(c) which requires sufficient land be available for all types of housing including manufactured housing.

B. Land Use Element

The applicable goals, policies, and actions of the Land Use Element of the Comprehensive Plan that support the City's affordable housing plans are as follows:

Land Use Element Goal LU-2 states:

Ensure development takes place in an orderly and cost-efficient manner in order to best utilize available land and public services, conserve natural resources, protect critical areas, preserve open space, and reduce sprawl.

Land Use Element Policy LU-2.3 states:

Encourage innovative land use management techniques such as density bonuses, cluster housing, zero-lot-line development, planned unit developments, and transfer of development rights to create vibrant centers, corridors, and neighborhoods while accommodating growth.

Land Use Element Goal LU-4 states:

Encourage land use patterns that increase the availability of affordable housing for all economic segments of the Tumwater population.

Land Use Element Policy LU-4.2 states:

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

Land Use Element Policy LU-4.5 states:

Encourage higher density residential uses in order to provide affordable housing. These uses should blend with the existing character of the community.

Appendix 2: Timeline of Affordable Housing Actions

- **2008:** The City Council adopts Ordinance No. O2008-009, which establishes the MHP Manufactured Home Park zone district.
- **2017:** The City Council adopted Resolution No. R2018-016 in the summer of 2018, which outlined 18 actions that the City would take to address homelessness, increase affordable housing, and continue to work with other jurisdictions and agencies to explore regional solutions to these issues.
- **2017:** The City Council adopted the multifamily property tax exemption program to use residential development to spur the economic redevelopment of the Brewery District and Capitol Boulevard corridor and provide more options for affordable housing.
- **2018 – 2019:** City Council undertook a significant effort from September 2018 to May 2019 to develop Affordable Housing Work Plans.
- **2019:** The City Council expanded the City's multifamily property tax exemption program to the Town Center and the Littlerock Road Subareas to extend affordable housing incentives to meet demand and to provide some level of affordable housing.
- **2019 – 2021:** Work on the Tumwater Housing Action Plan with the Cities of Lacey and Olympia as the next step in the process of trying to increase the amount of affordable housing by identifying specific actions the City should undertake to help facilitate the creation of more affordable housing.
- **2020:** To meet the City Council's goal of exploring regional solutions to homelessness and affordable housing issues, the City worked with the other jurisdictions in the County to establish the Regional Housing Council in 2020. The Regional Housing Council took over the role of Health and Human Services Council and added some additional tasks. The Regional Housing Council considers issues specifically related to funding a regional response to homelessness and affordable housing and coordinating existing funding programs
- **2021:** The City Council adopted housing text amendments to increase the amount residential development to balance the supply and demand for housing.
- **2021:** The City Council adopted housing fee amendments as part of the City's annual fee resolution to reduce development fees, connection charges, and impact fees for permanently affordable housing developments.
- **2021:** The State Legislature amended the Growth Management Act related to housing in Comprehensive Plans. HB 1220 changed the housing goal to mandate that Comprehensive Plans "plan for and accommodate housing affordable to all economic segments of the population..."
- **2022:** The City Council adopted Ordinance No. O2022-012 *Rental Housing Code*.
- **2023:** The City Council established rental registration regulations for all multifamily developments of five or more housing units.
- **2022 – 2023:** Multifamily property tax exemption program applied:

- Final approvals were granted for a twelve-year multifamily property tax exemption program project in the Littlerock Road subarea with 141 total housing units, 29 of which are affordable and the rest are market rate.
- Conditional approvals were granted in December 2022 for two eight-year multifamily property tax exemption program projects in Brewery District for 119 market rate housing units.
- Conditional approvals in February 2023 were granted for a twelve-year multifamily property tax exemption program in Littlerock Road subarea for 181 total housing units of which 37 are affordable housing units and the rest are market rate.

Appendix 3: Multifamily Property Tax Exemption Target Areas

Figure 1. Brewery District Target Area

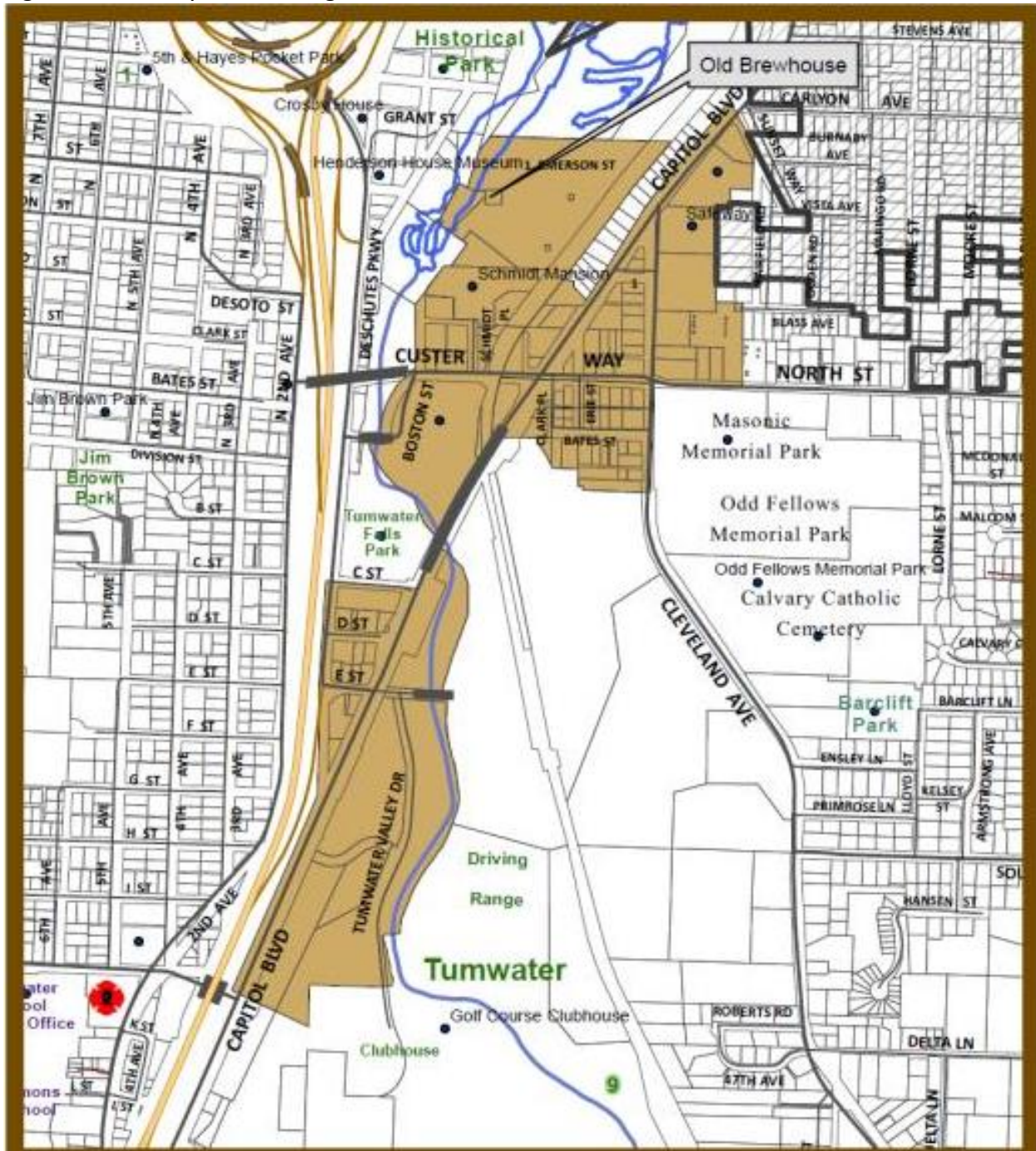


Figure 2. Capitol Boulevard Corridor Target Area

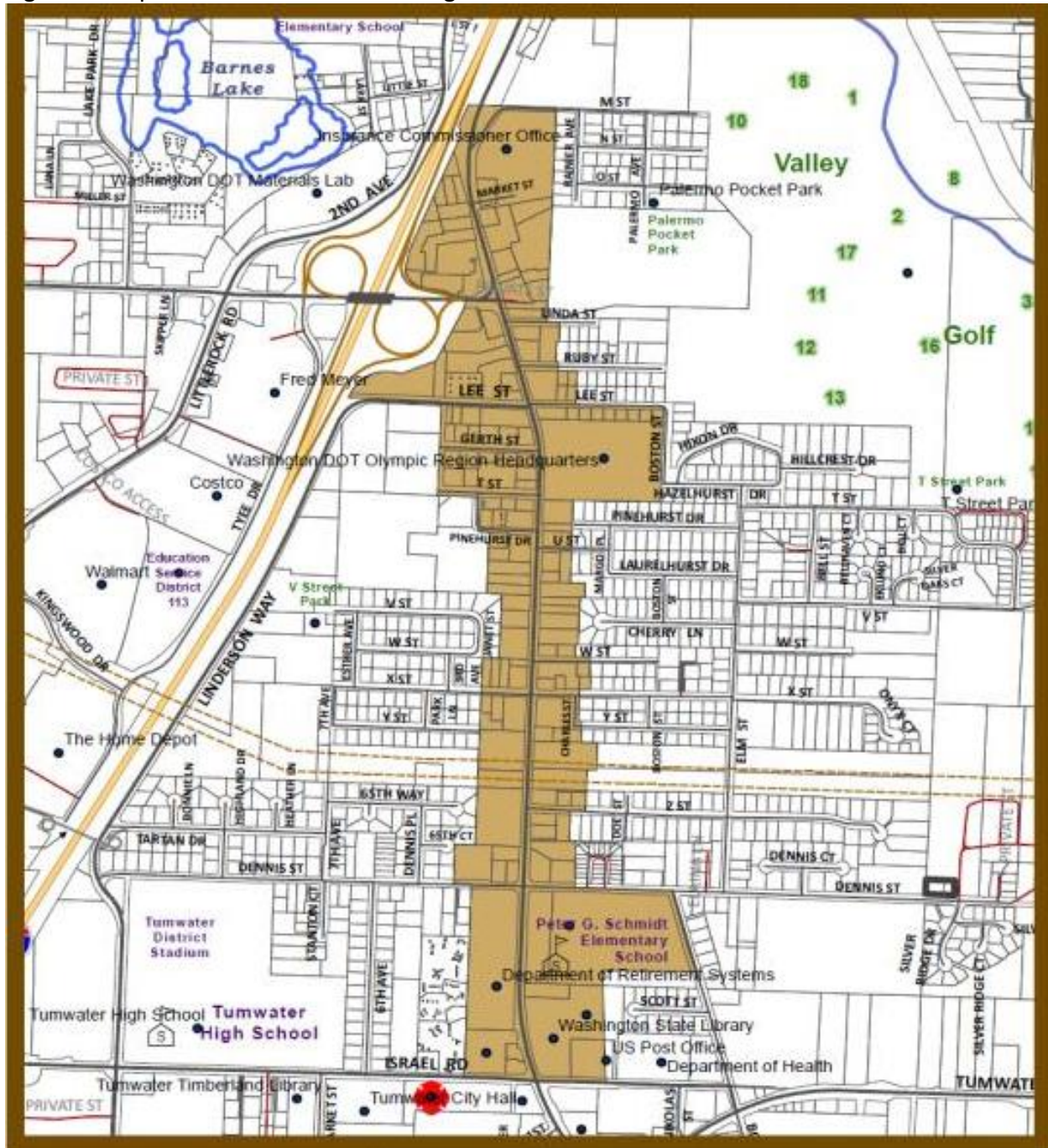


Figure 3. Littlerock Road Subarea Target Area

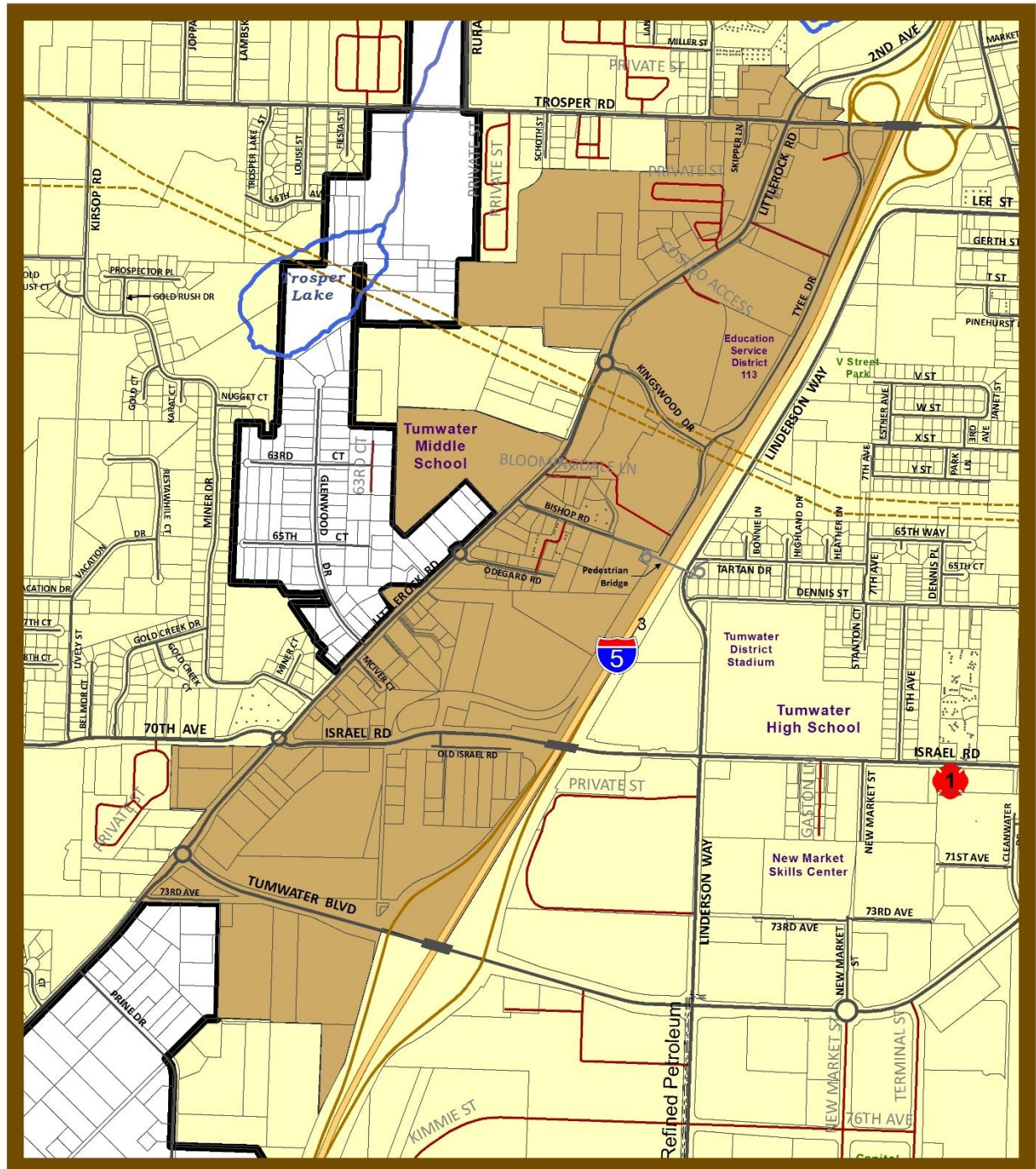


Figure 4. Town Center Target Area

