

TO: Elizabeth A. Pauli, City Manager
FROM: Brian Boudet, Division Manager, Planning and Development Services
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COPY: City Council and City Clerk
SUBJECT: First Reading of Ordinance – Action on Home in Tacoma Project – November 16, 2021
DATE: November 1, 2021

SUMMARY AND PURPOSE:

An ordinance adopting the Home in Tacoma Project housing policy actions as recommended by the Infrastructure, Planning, and Sustainability Committee, including amending the One Tacoma Comprehensive Plan elements related to Housing, Urban Form, and Design and Development; amending Chapters 13.04, 13.05, 13.06, and 13.17 of the Municipal Code, relating to the Land Use Regulatory Code; and endorsement of a Housing Action Plan to guide ongoing implementation.

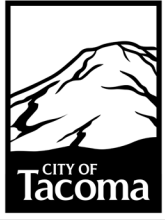
BACKGROUND:

As part of implementation of the Affordable Housing Action Strategy (AHAS), the Home in Tacoma Project presents the City Council with recommendations to modify Tacoma’s housing growth strategy, update housing policies, strengthen affordability and anti-displacement tools, and take action to ensure that housing growth complements neighborhoods. Tacoma’s 2018 AHAS was developed as an urgent response to a changing housing market, increasing displacement pressure, and a widespread need for quality, affordable housing opportunities for all. Reflecting the urgency of housing needs, in October 2020 the City Council passed Amended Ordinance No. 28695 setting a two-phase scope and expedited project schedule for implementation of AHAS actions related to planning and zoning. In accordance with the City Council schedule, on May 19, 2021, the Planning Commission forwarded the Home in Tacoma policy recommendations (Phase 1) to the City Council.

The City Council held a public hearing on July 13, 2021, then forwarded the package to the Infrastructure, Planning, and Sustainability (IPS) Committee for further analysis. On October 29, 2021, after two months of review and deliberations, the IPS Committee forwarded recommendations back to the full City Council to adopt the package, with significant changes to address public comments. Changes include a major reduction in the amount of mid-scale residential designations, strengthened design, affordability and infrastructure policies, and direction on project phasing (see attached summary). The package would adopt policies to:

- Support continued growth and promote affordability in designated centers and along corridors
- Allow diverse (missing middle) housing types, such as duplexes, triplexes, cottage housing and small multifamily, in designated low-scale areas including most currently single-family neighborhoods
- Allow medium-scale multifamily in designated mid-scale areas near centers, corridors and transit
- Ensure new housing is well designed and complements the scale of the neighborhood
- Expand and strengthen Tacoma’s affordability and anti-displacement policies and programs
- Guide housing growth to support multiple community goals and avoid unintended consequences

City Council action would initiate a second project phase in 2022 to implement the adopted policies through development of zoning, standards, infrastructure actions and other steps, informed by broad community engagement. In addition, a package of near-term code changes intended to provide additional affordable housing incentives and remove regulatory barriers to housing would be enacted. Finally, City Council action would recognize Tacoma’s Housing Action Plan – a study of housing needs and a framework for ongoing implementation,



as called for by the state Growth Management Act. Additional information is at www.cityoftacoma.org/homeintacoma.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

To support the City Council process and the July 13, 2021 public hearing, staff distributed citywide notice; conducted two online information sessions; published materials online including the draft proposals, an interactive map, and a regularly updated FAQ; and presented at multiple meetings. The City Council received a total of 93 oral and 438 written public hearing comments. All materials are posted at www.cityoftacoma.org/homeintacoma.

From early 2020 to May 2021, the Planning Commission engaged the community in a discussion about housing needs, development trends, zoning, and neighborhood change. The Commission directed that their efforts be informed by both broad community engagement, and targeted engagement with key stakeholder groups. In particular, the Commission sought to empower lower-income people, people of color, and others facing economic barriers to help shape the policy recommendations.

The planning process began in early 2020 with a public hearing that shaped the scope of work and project approach. From September 2020 to February 2021, the Commission and City staff conducted broad engagement to inform development of the policy proposals. Engagement approaches included a project webpage with multiple resources; regular project email updates to about 1500 people; bilingual engagement tools in Spanish, Russian, Khmer and Vietnamese; a three-part virtual housing café discussion series; an interactive online storymap; and a housing choice survey which received 870 responses. The project team participated in about 50 meetings with City Commissions, the Housing Equity Taskforce, neighborhood and community groups, housing development professionals, equity and social justice stakeholders, City departments, and partner agencies.

On February 17, 2021, the Commission released preliminary recommendations for public review and conducted a public hearing on April 7, 2021. Notification efforts included a postcard notice mailed to over 80,000 addresses, a project email notice to about 1500 interested parties, web and social media postings, an online information session attended by about 120 people, a frequently asked questions document, a press release, notification through Tacoma Report, and notification to State Environmental Policy Act (SEPA) and planning stakeholders. The Commission received about 900 public comments, and used that input to refine their recommendations.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

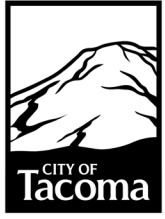
This legislation will reduce racial and other inequities, disparities, or discrimination to under-represented communities. Housing is a fundamental human need as well as an essential building block of community, and connects people to essential opportunities like jobs, education, transportation and recreation. The proposals are citywide and would affect neighborhoods ranging from very-high to very-low in terms of Equity Index scores.

Economy/Workforce:

Increase the percentage of people relocating to the city and affordability of housing compared to neighboring jurisdictions.

Education:

Increase school choice options.



Civic Engagement:

Increase the percentage of residents who believe they are able to have a positive impact on the community and express trust in the public institutions in Tacoma.

Livability:

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment. Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

Explain how your legislation will affect the selected indicator(s).

Housing is a fundamental human need as well as an essential building block of community, and connects people to essential opportunities like jobs, education, transportation and recreation. The Home in Tacoma Project goals are to increase housing supply, affordability and choice. By increasing housing choices in each neighborhood, the City can make progress toward a broad range of goals related to housing, livability, sustainability and equitable access to opportunity.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

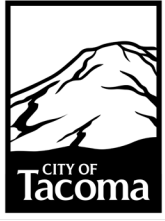
Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Adopt the Planning Commission's recommendations	This action would prioritize housing goals with broad-reaching change to Tacoma's housing growth strategy	Broader change also comes with greater impacts and includes more components of concern to some residents
2. Modify the IPS Committee's recommendations	To be determined	To be determined
3. Postpone action	Delay would allow more time for public dialog and options analysis	Delay would mean falling further behind the City Council's adopted schedule and delay actions to address urgent housing needs.

EVALUATION AND FOLLOW UP:

The Home in Tacoma policies include specific targets for housing production in terms of supply and affordability, and calls for regular reports to the City Council regarding housing constructed under the new housing rules.

STAFF/SPONSOR RECOMMENDATION:

Staff recommend that the City Council conduct first reading of an ordinance adopting the Home in Tacoma package on November 16, 2021, followed by final reading on November 30, 2021, and set an effective date for the ordinance, including the near-term code changes, of January 3, 2022.



FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. 0010 (General Fund)	170000 (PDS Planning)	5310100	\$100,000
2. 4110 (Permit Enterprise Fund)	545000 (PDS Land Use)	5110100	\$250,000
TOTAL			\$350,000

What Funding is being used to support the expense?

GENERAL FUND, LONG-RANGE PLANNING DIVISION BUDGET AND PERMIT ENTERPRISE FUND, LAND USE DIVISION BUDGET

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES, PARTLY

The consultant services are included in the existing budget. The additional personnel resources needed for Phase 2 and long-term implementation have been included as part of a departmental mid-biennium modification request.

Are there financial costs or other impacts of not implementing the legislation?

NO

Will the legislation have an ongoing/recurring fiscal impact?

YES

Will the legislation change the City's FTE/personnel counts?

YES, PLEASE EXPLAIN BELOW

Additional personnel resources are necessary for Phase 2 and long-term implementation. These additional two (2) FTEs have been included as part of a departmental mid-biennium modification request.

ATTACHMENTS:

- City Council Infrastructure, Planning and Sustainability Committee Home In Tacoma Recommendations



Infrastructure, Planning & Sustainability Committee

Home in Tacoma – Final Recommendation – Overview

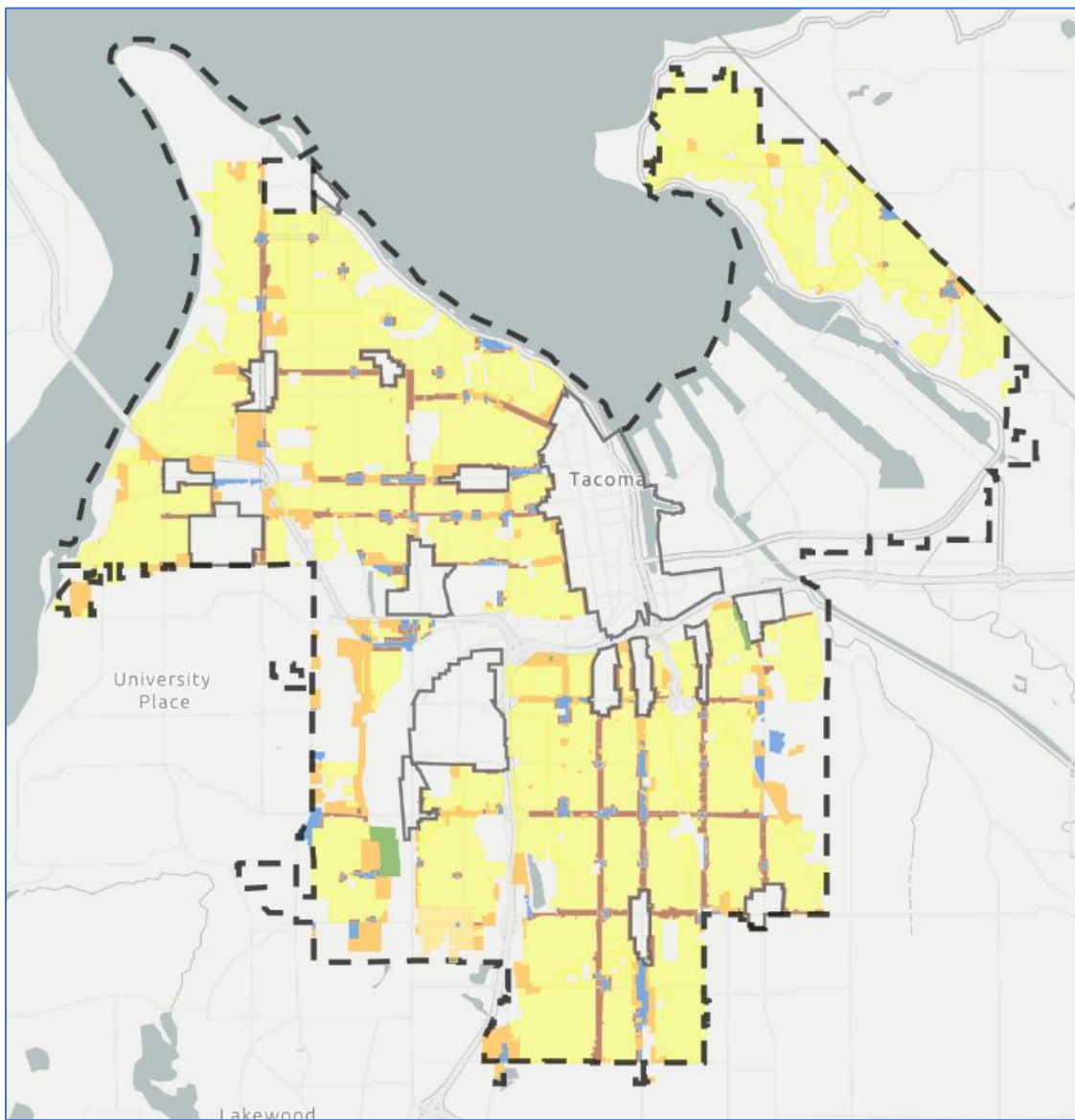
October 27, 2021



Mid-scale Map

High-Capacity Transit Corridors + Designated Corridors + Transitions around Centers and Commercial Nodes (along transit)

- 1/2-block deep for Mid-scale in these areas
- Approx. 17.5% Mid-scale
- Other Single-family becomes Low-scale



Implementation Phasing

IPS Addition: Direction on Phasing

- The Committee considered several phasing options and, in light of their recommendation to reduce the amount of Mid-scale Residential, reaffirmed the current approach of developing zoning and standards as part of a single, second project phase.

	Option A
Phase 1	Policy and Map for Low-scale & Mid-scale
Phase 2	Implementation of Low & Mid-scale

Infill Design Policies

IPS Addition: Strengthen emphasis on context-sensitive character and scale:

- Limit 4-stories to properties adjacent to Designated Corridors (not in transition areas)
- Add graphics clarifying compatibility vs. incompatibility
- Strengthen policy direction for development standards to include relative size standards that help ensure sensitive integration of new structures, such that new development is not dramatically out of scale with existing development in the immediate area
- Heightened design controls for larger projects and those in transition areas

Adopt Planning Commission Recommended policies, which include:

- Focus on design instead of number of dwellings
- Focus on “residential patterns” (size, height, setbacks, orientation, yards, access, etc.), not architectural style
- Context-sensitive (tailor standards to different neighborhoods)
- Consistent massing and scale with neighboring structures
- Walkable context and pedestrian orientation
- Reduce appearance of density with design features
- Integrate shared open spaces
- Reduce vehicular/parking orientation
- Encourage reuse, discourage demolitions

Nonconforming Sites & Near-Term Actions

IPS Near-Term Actions Addition: Establish site-specific flexibility through a Conditional Use Permit

- Addition to already proposed CUP options for religious institutions and non-profits
- Allow nonconforming non-residential buildings in residential area flexibility to add residential units and/or neighborhood-serving commercial uses
- Site specific review helps to ensure appropriate neighborhood engagement, project design, compatibility and addressing potential impacts

Infrastructure Policies

IPS Addition: Strengthen explicit policy commitment to providing infrastructure with infill

- Strengthen policy direction regarding commitment to comprehensive concurrency analysis as part of Phase 2
- Direct staff to develop infrastructure funding options for infill (tie to ongoing Impact Fees study)

Adopt Planning Commission recommended policies, which include:

- Growth strategy founded on smart growth and transportation choices
- Tacoma has strong infrastructure policies; committed to concurrency
- In-depth infrastructure and services analysis in Phase 2
 - Review system capacity and site standards
 - Coordination with all infrastructure and service providers
 - Recognition that there could be funding needs to address impacts
 - Link with ongoing efforts (Impact Fees, Urban Forest Management Plan, Climate Action Plan, Watershed planning)

Affordability Policies & Near-Term Actions

IPS Near-Term Actions Addition: Multifamily Tax Exemption (MFTE) option expansion

- Recommend expansion of 12-year MFTE to Commercial nodes along transit and new Mid-scale areas (*defer to GPFC for details*)

Adopt PC recommended near-term code amendments, including:

- Affordable housing bonus for non-profits and religious institutions (*allows flexibility/bonus/MFTE in exchange for affordable units*)
- Expand Development Regulatory Agreement option to larger commercial sites (*allows flexibility/bonus/MFTE in exchange for affordable units*)
- Improvements to the permitting process for ADUs and residential plats

Adopt Planning Commission recommended policies, which include:

- In addition to allowing Missing Middle, more actions are needed for lower incomes:
 - Continue to implement full AHAS actions
 - Expand optional affordability bonuses (development bonuses, 12-year MFTE)
 - Expand mandatory affordability (in strong markets)
 - Establish an Anti-displacement Strategy
 - Promote ownership (path to wealth-building)
 - Support, education, remove permit barriers