



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Brian Boudet, Division Manager, Planning & Development Services  
Peter Huffman, Director, Planning & Development Services  
**COPY:** City Council and City Clerk  
**SUBJECT:** Ordinance – Home in Tacoma Phase 2: Zoning & Standards Amendments – October 29, 2024  
**DATE:** October 14, 2024

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**SUMMARY AND PURPOSE:**

An ordinance adopting Home in Tacoma Phase 2, the zoning and standards amendments, as recommended by the Planning Commission, by amending the official zoning map and various chapters of the Municipal Code in Title 1 – Administration and Personnel, Title 2 – Building and Development Code, Title 9 – Public Ways, Title 10 – Public Works, Title 12 – Utilities, and Title 13 – Land Use Regulator Code.

**BACKGROUND:**

As part of implementation of the Affordable Housing Action Strategy (AHAS) and the new housing growth strategy adopted by the City Council in Home in Tacoma Project – Phase 1, the Home in Tacoma Project – Phase 2 package presents new zoning and development standards for the City’s low and mid-scale residential areas. These new zoning and development standards are designed to support additional housing choice, supply and affordability in the City of Tacoma.

These new zoning and development standards are also designed to respond to recent mandates from the State of Washington regarding local residential zoning, particularly 2023’s House Bill 1110 (the Middle Housing Bill). Home in Tacoma Phase 2 brings the City into full compliance with recent housing and parking related State laws, to the extent that they apply to development regulations. In addition, Home in Tacoma goes further than these State laws in notable ways by exceeding the minimum residential densities mandated by the State, and by integrating additional considerations related to middle housing design, urban forestry, building retention, and other considerations.

Tacoma residents face increasing challenges in accessing housing they can afford that meets their needs. For many years, Tacoma’s housing rules for most neighborhoods have primarily allowed just one housing type – detached single-family homes. As part of Tacoma’s AHAS, the City Council passed Amended Ordinance No. 28793 approving the Home in Tacoma Project – Phase 1 package. The Council’s action established a new housing growth vision for Tacoma supporting “missing middle” housing options, designated low-scale and mid-scale residential areas, and strengthened policies on infill design, affordability, anti-displacement and other goals. The action also initiated Home in Tacoma Phase 2 to implement the new policies through changes to residential zoning and standards, along with actions to promote affordability and ensure that housing supports multiple community goals.

The Home in Tacoma Phase 2 proposal includes:

- Establishment of new urban residential (UR) zones supporting a range of middle housing options, along with base and bonus densities, scale, and other standards, to replace existing residential zones. All new UR zones would support a range of housing types, including middle housing. The proposed UR zones are differentiated by the allowed density (number of dwellings allowed based on lot area), the allowed housing types and building scale (height, building width, floor area ratio and similar), and the potential bonus density and scale available in exchange for affordable housing and other public benefits.



- Adoption of a new zoning map designating the UR zones (UR-1, UR-2 and UR-3) in areas designated low-scale and mid-scale residential in the One Tacoma Comprehensive Plan, with some zoning changes to residentially zoned areas in other One Tacoma Comprehensive Plan designations to UR or other appropriate zones.
- Changes to residential design and development standards (including height, building size, yards, trees and landscaping, access, parking ratios, lot dimensions, setbacks, subdivisions, ownership, and others).
- Expansion of the reduced parking area (RPA), where off-street parking is not required for new development.
- Changes to residential land uses, definitions, and permit processes.
- An increase of the residential environmental review threshold from 20 to 40 units and addition of standards for transportation, soil testing, and historic, cultural, and archaeological review.
- Enhancement and expansion of regulatory affordability tools, including expanding the residential target areas, where the Multifamily Tax Exemption Program is available to encourage new affordable housing development.
- Creation of a bonus program, with density development standards incentives, to encourage new affordable housing, preservation of existing structures, and preservation of existing urban tree canopy.
- Actions to ensure that infrastructure and services are adequate to support growth.
- Actions to protect and enhance the urban forest.
- Actions to promote physical accessibility.
- Actions to ensure consistency with state legislative direction.

In addition, Home in Tacoma Phase 2 partially implements several related City ordinances and resolutions, including the following:

- Resolution No. 41358 affirming and adopting the Anti-Displacement Strategy as a guide for options regarding how the City can address displacement of Tacoma residents from their homes and communities. Home in Tacoma Phase 2 implements parts of the Anti-Displacement Strategy which relate to the zoning code and affordability bonuses.
- Resolution No. 41259 directing the Planning Commission to review the special use standards to consider modifications to home occupation standards for the purpose of expanding opportunities to microbusinesses. Home in Tacoma Phase 2 implements the direction of this resolution by integrating extensive new flexibilities for non-residential uses located in UR Districts.

The City completed multiple studies and technical analyses to support the Home in Tacoma project, including the following:

- Home in Tacoma Environmental Impact Statement (EIS, draft and final) provides robust analysis of the potential positive and negative impacts of the proposal. At the highest level, the EIS finds that while growth resulting from the project will have impacts, they will not be significant and adverse. This conclusion is based on determinations that the proposal itself includes steps to reduce impacts; that there are mechanisms in place which could be expanded or strengthened to address the incremental impacts of development; and/or, that remaining impacts are acceptable in order to support the policy direction and project goals. Furthermore, the EIS also identifies possible mitigation measures that could be implemented to further reduce potential adverse impacts or improve environmental conditions.
- Home in Tacoma Health Impact Analysis (HIA): The City collaborated with the Tacoma Pierce County Health Department to develop an HIA on the project, issued in May 2024. The HIA examined the proposals



and associated EIS to understand the health impacts associated with increased density, changes in the transportation network, and changes in tree canopy. In summary the HIA concludes that the project will result in positive health impacts in all three categories examined. Increased density zoning will result in increased housing options across a large area of the city at more affordable prices and promote walkability. Changes in the transportation network associated with the project will support walking, rolling, cycling and public transit use for everyday transportation needs. And changes in tree canopy cover will offer help reduce respiratory and cardiovascular disease, reduce urban heat and heat-related illnesses, and improve mental health.

- HIT Feasibility Analysis Findings (January 2024): Summarizes the housing market analysis that informed the development of the middle housing development standards and the affordability bonus program, including the fee-in-lieu amounts.
- HIT Site Plan Study (December 2023, updated September 2024): Summarizes the analysis of the use of space on typical development sites and how existing and proposed standards, infrastructure and utilities as well as buildings will fit. The study resulted in refinements to the proposals and a package of access and utilities standards updates.
- HIT Landscaping Code Updates Analysis (December 2023): Lays out the existing code audit, benchmarking, and policy options for landscaping code updates. This study informed development of the Public Review Draft landscaping code.
- Existing Conditions Review (January 2023): Evaluates existing residential patterns in Tacoma neighborhoods pursuant to development of middle housing standards that will be complementary to existing patterns.
- Regional Benchmarking Report (December 2022): Summarizes how several benchmark cities have integrated middle housing and affordability bonuses into their zoning and standards.
- View Sensitive District Expansion Study: Though the study did find there are limited areas in East Tacoma with views comparable to areas already within View Sensitive Districts, the extent of those areas is relatively small, and further consultation would be needed with the residents and property owners.
- The Home in Tacoma Phase 1 Existing Conditions Report provides an overview of the housing need and development trends.
- The Housing Action Plan summarizes the recommended actions to address housing goals and provides long-term implementation guidance.

### **COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

The Home in Tacoma Phase 2 planning process began in 2022. The intensive planning and public engagement process was generally divided into the following phases:

- Round 1 Engagement (January-March 2023): primarily an online engagement round intended to develop initial feedback to inform the zoning and standards framework.
- Round 2 Engagement (April-June 2023): structured around in-person open house events hosted in each City Council District to present preliminary zoning and standards concepts at the neighborhood level and receive input from community members on key topics and issues in their neighborhoods, including middle housing design, amenities, and affordability as well as the proposed zoning map.
- Round 3 Engagement (February-September 2024): completed as part of the Planning Commission and City Council public hearing processes. The purpose of this engagement was to provide opportunities for community members to learn about the Home in Tacoma recommendations packet as well as provide input to include in the Planning Commission final recommendations and City Council final decision.



In total, these engagement efforts included hundreds of thousands of mailed and e-mailed notifications, distributed citywide, along with press releases, web and social media postings, in-person and virtual informational sessions, open houses, and community meetings, attendance at community events, and targeted community outreach, including multi-lingual engagements. These unprecedented efforts over the past five years resulted in thousands of community interactions and public comments on the Home in Tacoma package, which have informed and influenced the proposed package that is before the City Council for consideration.

**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:**

This legislation will reduce racial and other inequities, disparities, or discrimination in underrepresented 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:** *Equity Index Score: Citywide*

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

**Livability:** *Equity Index Score: Citywide*

Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

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

The Home in Tacoma package will increase housing supply, affordability, and choice. By increasing housing choice in all neighborhoods, the City can make progress toward a broad range of goals related to housing, livability, sustainability, and equitable access to opportunity.

**ALTERNATIVES:**

The City Council could reject the Home in Tacoma ordinance or modify the ordinance before adoption.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Reject Ordinance	Considering the State preemption, likely there are no significant positive impacts from not adopting a local ordinance.	Without a local Ordinance implementing recent State legislation (including HB-1110), the State will preempt the City's local land use control on these issues, and many of the same changes will be mandated without the additional local controls and incentives in this package



2. Amend Ordinance before Adoption	Depends on the amendments; staff will continue to evaluate potential Council amendments.	Depends on the amendments; staff will continue to evaluate potential Council amendments.
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**EVALUATION AND FOLLOW UP:**

The Home in Tacoma package will require regular tracking and adjustment. The Planning Commission’s recommendation is to evaluate the market-based tools on at least a three-year cycle, and it is likely that this first review, in three years, will include a much broader review and update. There are other upcoming updates to various infrastructure manuals and procedures that are anticipated to reflect the Home in Tacoma package, including the Stormwater Management Manual, Right-of-Way Design Manual, and a new Solid Waste Manual. Additionally, the Commission has recommended multiple follow-up items to address similar issues and ensure consistency across other zones, including issues such as parking, use allowances, design standards, and tree/landscaping requirements. These additional items have been incorporated into the Planning Commission’s work program.

**STAFF/SPONSOR RECOMMENDATION:**

The City Council is actively evaluating potential amendments to this package. Staff recommends approval of this ordinance, but is continuing to evaluate City Council amendments.

**FISCAL IMPACT:**

The fiscal impact associated with the Home in Tacoma project includes both short-term and long-term fiscal impacts to support permitting, infrastructure, public services, and regulatory enforcement. Also, included is an alternatives section that addresses new policy and fiscal impacts that would be above any current comparable regulation.

SHORT TERM FISCAL IMPACT:

Planning and Development Services (PDS) staff anticipate short term (defined as less than five years) impacts to resource requirements as a result of an increased volume of permitting activity. These expenses would cover new staff positions to potentially include Engineers, Plans Examiners, Planners, Surveyors, Real Property Officers, or others, to support the successful implementation of these new policies. The estimated annual cost of these additional staff is \$478,500 (4.5 full-time employees).

However, the majority of these short term impacts will be to the permitting system, which takes in fees to cover costs. Thus, this increased permitting activity will also generate additional revenue to the Permitting Enterprise Fund to offset the additional permitting activity, enabling PDS to adjust staffing levels to address any unanticipated increases. PDS will closely monitor permitting activity levels and the existing fee structure in 2025 and will likely analyze potential fee adjustments in late 2025.

SHORT TERM FISCAL IMPACT – ADDITIONAL ALTERNATIVES:

While the majority of the Home in Tacoma package relates to new development, for which the short term impacts will largely be addressed via permitting fees, the proposal includes one notable component for which additional short term fiscal impact discussion is necessary. The proposed tree preservation standards would apply to development projects as well as properties that are not undergoing any development activity. This portion of the tree preservation proposal thus largely operates outside of the development permitting system and its associated fee structure. We include alternatives because this component represents a new requirement not associated with



development, making them applicable regardless of whether development occurs in Tacoma. These alternatives provide the City Council with various policy options based on the desired level of implementation.

**Baseline Option:** This option aligns with the existing monitoring and enforcement process, effectively considered the baseline level. This baseline would involve expansion of the current, largely reactive (complaint-based) enforcement regime. This option incorporates the expertise added by hiring an arborist, which has already been appropriated as part of PDS's current budget. ESTIMATED TOTAL COST: \$0

**Limited Monitoring Option:** This option represents a compromise between the updated and initial plans, establishing monitoring for new development only. It limits proactive enforcement activities to new developments. ESTIMATED TOTAL COST: \$123,600/YEAR (1 FULL-TIME EMPLOYEE) PERMIT ENTERPRISE FUND

**Regular Monitoring Option:**

This option requires creating a new program based on the policy, offering robust proactive enforcement. This option aligns more with the Planning Commission's recommendation, which calls for more resources to bolster the Urban Forestry Program and ensure appropriate enforcement, monitoring, and programming. ESTIMATED TOTAL COST: \$1,236,000/YEAR (10 FULL-TIME EMPLOYEES) GENERAL FUND

#### LONG-TERM FISCAL IMPACT:

This project will have various long term (30-years+) impacts on the community, requiring significant infrastructure investment and ongoing maintenance to support the growth anticipated under the Home in Tacoma project. It is important to note the anticipated level of growth is still within the City's mandated growth allocations from the Puget Sound Regional Council (as part of Vision 2050). While the majority of growth is still expected to occur in the Downtown and Tacoma Mall Regional Growth Centers and the 14 designated mixed-use centers, the expanded residential zoning under Home in Tacoma will allow more of the expected growth over the next few decades to occur in residentially zoned areas – areas that were previously zoned for single-family use and for which there was limited development capacity.

The methodology for measuring these impacts was unique to each service and utility. Some impacts involve reallocating expected resources across the city to residential zones, while others involve an overall increase in City activity, particularly in residential zones. The EIS completed for this project outlines potential funding opportunities to address these impacts. For the most part, these impacts should be fundable through development activities and new and increasing revenues, but there may be a need to consider alternative funding sources such as system development charges and impact fees which can both provide additional resources and allow a community to better address cumulative impacts that come from many small, dispersed projects.

#### Utilities and Public Service Impacts:

These impacts were analyzed as part of the Home in Tacoma EIS. This included evaluating potential impacts to:

- Power
- Water
- Wastewater
- Stormwater
- Street Maintenance/Reconstruction
- Public Services (Police/Fire/Schools/Libraries)

The expected growth and new development in UR zones will require reallocating resources, as existing infrastructure in these areas was, in many cases, not designed for this level of growth. The necessary



improvements to existing services and infrastructure will be funded in multiple ways, including charges on new development, requirements for new development to expand or build necessary infrastructure, and additional capital and programmatic spending by the City.

New development and the resultant increased economic activity in the community will result in additional revenues to the City. City services are funded from multiple sources, including general sales, property, business, and utilities taxes, dedicated taxes and revenues (such as the Tacoma Streets Initiative, Tacoma Creates, and EMS Levy), utility rates (such as for Tacoma Power, Tacoma Water, and Environmental Services), and fees and charges for services (such as building permit fees, parking meters, and event tickets). New development will generate additional revenues to support City services through many of these sources. Of particular note, new development generates significant sales taxes and increased property taxes, as new development is not subject to standard property tax increase limitations.

While the EIS identifies potential impacts to infrastructure and public services, it also concluded that Home in Tacoma represents a more efficient way of growing and accommodating the additional population that is projected to come to this region. The cost of providing infrastructure and community services in dense areas is substantially more economical, due to economies of scale and utilization of existing, significant investments, than in dispersed, sprawling areas.

**What Funding is being used to support the expense?** Mix of Permitting Enterprise Fund, Utility Funds, and General Fund (see full explanation above).

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

**NO, PLEASE EXPLAIN BELOW**

See explanation above.

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

Yes, much of the proposed legislation is mandated by recent State law (in particular House Bill 1110, adopted in 2023). Not implementing those portions of the legislation necessary to ensure compliance with State law would result in the State preempting local land use regulations, eliminating local options reflected in this proposed package.

**Will the legislation have an ongoing/recurring fiscal impact?**

YES, see explanation above.

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

YES, see explanation above.