



## STAFF REPORT TO THE PLANNING COMMISSION FOR JUNE 24, 2021

FILE NUMBER:	L20-0108 Housing Action Plan
REQUEST:	Conduct a Public Hearing with the Planning Commission on the Draft Transit Oriented Development Housing Action Plan. Forward a recommendation to the City Council.
LOCATION:	Transit Oriented Development (TOD) area around the Tukwila International Boulevard Station
STAFF:	Meredith Sampson, AICP Candidate, Associate Planner
ATTACHMENTS:	Attachment A: Draft Transit Oriented Development Housing Action Plan

### BACKGROUND

In September 2019, the City of Tukwila received a \$100,000 grant from the Washington Department of Commerce to create a Housing Action Plan. The work funded by the grant was divided into two distinct products.

#### Grant Purpose

The first product was the development of a Sub-Regional Housing Action Framework, intended to be a collaborative effort with the cities of Auburn, Burien, Federal Way, Kent, Renton, and Tukwila. The cities that make up South King County are impacted by many common market trends and demands. Assessing housing needs through a common framework can help to set the stage for sub-regional coordination in addressing housing issues. The Sub-Regional Housing Action Framework gathered data around population, employment, housing characteristics, and income at the sub-regional level to determine regional housing needs. This work provides a snapshot of existing housing conditions in South King County and in Tukwila and does not require Planning Commission approval or adoption.

The second product was the development of a Tukwila-specific Transit Oriented Development (TOD) Housing Action Plan, which would build upon the results of the sub-regional framework. ECONorthwest was the consultant selected to prepare both the joint and the Tukwila-specific portions of the plan. This portion of the plan is subject to Planning Commission's review at a public hearing.

The primary focus of the TOD Housing Action Plan is to identify pathways to increase residential building capacity, while minimizing displacement of existing residents in the TIB Station Area. For the purposes of the Plan, the TIB Station area was defined as properties

located within a half-mile walkshed of the Tukwila International Boulevard Link Light Rail Station. The creation of this plan is consistent with the vision in the TIB District Element and the goals in the Housing Element of Tukwila's Comprehensive Plan. The TIB District, which extends from approximately South 138<sup>th</sup> Street on the north to South 160<sup>th</sup> Street on the south and from Military Road and Tukwila International Boulevard on the west to 42<sup>nd</sup> Avenue South on the east, is a local center where existing and future land use and infrastructure capacity will be used to accommodate some of the City's designated future growth. This location for future growth is consistent with the Puget Sound Regional Council Vision 2040 goals and policies, and the King County Countywide Planning Policies.

### Public Engagement

Public engagement has been a priority throughout this process and has been a joint effort between the consultant and the City staff. The engagement process began with the creation of a Public Engagement Plan that took Tukwila's Equity Policy into consideration as engagement was conducted through stakeholder interviews, focus groups, and a virtual community open house. Here is a summary of the issues raised during the outreach process:

- Concern throughout the stakeholder interviews and focus groups that there are not enough affordable multi-bedroom units in Tukwila.
- Attendees of the open house commented that parking requirements can quickly make a development project infeasible due to the high costs associated with providing surface parking stalls and the space it takes up, as well as the high cost to build structured parking. Participants also noted that adjusting parking requirements needs to be a balancing act -- that parking supply is important to support the diverse mobility needs of the population, and that localized parking analysis should factor into decisions about how much parking is needed in an area.
- Many participants brought up the importance of open space in urban areas and that it contributes to a higher quality of life and helps to build places that contribute to a sense of community. There was support for more rooftop gardens and recreation space for children.
- Concern that a lack of housing options and low availability levels seem to be an issue across the region, and if nothing is done, housing needs could become more dire.
- Overall, most participants stated that they love the community of Tukwila. They have seen displacement happen and want to be able to continue living in their community without being priced out.

### Plan Objectives

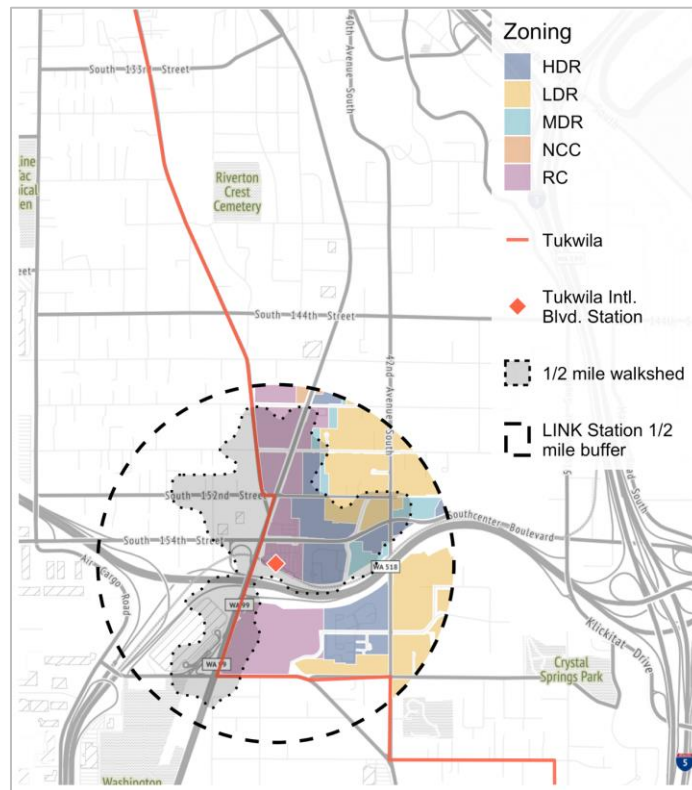
The Draft TOD Housing Action Plan outlines three objectives that meet the requirements of the Department of Commerce grant. Those objectives express what was heard during the public engagement process:

- Encourage Higher Density Development,
- Anti-Displacement and Community Stabilization, and
- Station Area Planning & Infrastructure.

Each of these objectives has associated recommended actions for the City to implement at a later date as it reaches toward attaining these goals. The plan focuses on developing permanent housing, not shelters or temporary housing.

Supporting documents produced as part of the South King County Housing Action Framework include: a Housing Strategies Framework; a Housing Context Assessment Methods Memo; a Housing Policy Assessment; and Fact Packets for each individual City and the sub-region as a whole. These resources can provide further understanding of the context for the development of the plan. Links to these documents can be found at the project website: [www.TukwilaWA.gov/housingaction](http://www.TukwilaWA.gov/housingaction).

On May 27<sup>th</sup>, 2021, the Planning Commission hosted a work session to discuss the 18 actions recommended to meet the Plan’s objectives of higher density development, anti-displacement and community stabilization, and station area planning and infrastructure needs. All of these recommended actions are for the TIB Station Area, with several recommended actions extending Citywide. The “TIB Station Area” referenced in the Plan refers to parcels within the City of Tukwila that are zoned Medium Density Residential, High Density Residential, and Regional Commercial that are within a half-mile walkshed of the Tukwila International Boulevard Link Light Rail Station.



## DISCUSSION

Below are the recommended actions contained in the Draft TOD Housing Action Plan followed by the Planning Commission's proposed edits developed at the Work Session hosted on May 27<sup>th</sup>. Plan adoption does not implement any code changes. After adoption of the Plan by the City Council, staff will look for opportunities to incorporate recommendations into zoning code and city policy updates.

### Objective A: Encourage Higher Density Development

#### **A1. Modify Unit Mix Requirements: Modify Unit Mix Requirements Focusing on Share of 2-Bedroom Units.**

##### Next Steps:

- Consider modifying unit mix standards in the zoning code to target and regulate minimum thresholds of two-bedroom units, as opposed to limiting the share of studio units, to support more family-sized multifamily units in the TIB Station Area.
- The City could consider a requirement that at least 25% of new units in a project in the TIB Station Area are 2- or 3-bedrooms instead of regulating unit mix by a limitation on studio units in the current code.

Planning Commission Recommendation: Keep as written.

#### **A2. Reduce Parking Ratios to 1.0 Stall Per Unit in HDR and NCC Zones and in URO District.**

##### Next Steps:

- The City should consider reducing parking requirements to 1.0 stall per unit for all zones and unit types in the TIB Station Area. Reducing the parking requirements in mixed-use developments in the NCC zone or URO district will help support the development of larger units, make more development feasible, and increase the amount of housing available in the TIB area.

Planning Commission Recommendation: Adjust recommendation to reduce parking ratios to 1.0 stall per unit in the HDR and NCC Zones and URO District for studios and 1-bedroom apartments, and either 1.5 or 2.0 stalls per unit for 2+ bedroom apartments.

*Proposed New Language:*

*A2. Reduce Parking Ratios to 1.0 Stalls Per Unit in HDR and NCC Zones and in URO District for studio and 1-bedroom units and either 1.5 or 2.0 stalls per unit for 2+ bedroom apartments.*

*Next Steps*

- *The City should consider reducing parking requirements to 1.0 stall per unit for ~~all zones and unit types in the TIB~~ studio and one-bedroom units within the TIB Station Area. Reducing the parking requirements in mixed-use developments in the NCC zone ~~or URO District~~ will ~~help support the development of larger units~~, make more development feasible, and increase the amount of housing available.*

**A3. Modify Parking Standards for 4-over-1 Development**

*Next Steps:*

- The City should eliminate the structured parking requirement as an option in the Urban Renewal Overlay so that 4-over-1 podium prototypes can be developed in the TIB Corridor. This change would encourage higher density development and mixed-use development with commercial space and make development of new housing in the TIB much more feasible.
- The City should consider regulating 4-over-1 development in the zoning code without that additional restrictions that come along with accessing additional density through the Urban Renewal Overlay.

Planning Commission Recommendation: leave language as is and discuss at Public Hearing.

**A4. Adjust Recreational Space Requirements**

*Next Steps:*

- The City should consider revising the approach to regulating recreational space requirements to regulate by lot area, rather than per residential unit.
- The City could consider requiring that 10% of the lot area be dedicated to recreational space.
- The City could also create minimum and maximum recreational space requirements to ensure that households in developments have access to a minimum amount of recreational space but also to ensure the requirements do not disproportionately impact higher density development in the station area through a maximum.
- The City could also consider developing a fee-in-lieu structure to satisfy open space requirements. This fee-in-lieu structure would require a future study and analysis to calibrate the fee rate to not be cost prohibitive to development. The fee rate should be calibrated along with any modification to on-site open space requirements.

Planning Commission Recommendation: Keep as written.

## A5. Reduce Step Back Requirements

### Next Steps

- The City should consider removing or modifying step back requirements for development sites adjacent to LDR zones.
- If the City chooses to include some form of step back requirements, it should consider requiring the step backs beginning on the fourth or fifth floor to reduce the negative impact to development feasibility while also mitigating the impact of higher density podium development on adjacent LDR zones.

Planning Commission Recommendation: Adjust recommendation to focus on modifying the requirements, not removing them.

### *Proposed New Language:*

### *Next Steps*

- *The City should consider ~~removing~~ or modifying step back requirements for development sites adjacent to LDR zones.*
- *If the City chooses to include some form of step back requirements, it should consider requiring the step backs beginning on the fourth or fifth floor to reduce the negative impact to development feasibility while also mitigating the impact of higher density podium development on adjacent LDR zones.*

## A6. Promote Site Assembly for Smaller Parcels

### Next Steps:

- The City could explore opportunities to support and negotiate land sales between different property owners and a developer.
- The City could work with a real estate broker to track data on properties that are available for sale in the TIB Station Area to help inform land assembly strategies. The City could then use this information to work with developers and help facilitate land transactions that support assembly.

Planning Commission Recommendation: Keep as written.

### Objective B: Anti-Displacement and Community Stabilization

## B1. Consider a 12-year MFTE Program

### Next Steps:

- The City should consider developing and adopting a 12-year MFTE program that requires the provision of affordable units for the duration of the tax exemption.



- The City could consider at least 20% set-aside requirement for units to be available at 80% or below AMI for the MFTE program.
- The City should pursue further analysis and look to policies of neighboring cities to determine the appropriate targets for the income requirement and affordable units, before passing an ordinance to authorize 12-year MFTE in the TIB Station Area. The City will want to ensure that set-aside targets and affordable levels are comparable to other cities within the South King County market to make enrollment in the MFTE program attractive to developers.
- The City should conduct a financial analysis of the impacts of potential tax exemptions through an MFTE program on the City's budget and service and infrastructure delivery.

Planning Commission Recommendation: Adjust the recommendation to spell out Multi-Family Tax Exemption, and keep Next Steps as written.

*Proposed New Language: B1. Consider a 12-year Multi-Family Tax Exemption (MFTE) Program.*

## **B2. Identify Opportunities to Increase Home Ownership**

Next Steps:

- The City should work with South King Housing and Homelessness Partners (SKHHP) and regional partners to collaborate with the Washington State Housing Finance Commission to develop area-specific down payment assistance funding and programs for South King County in the same way that is done with A Regional Coalition for Housing (ARCH) in East King County, in Pierce County, and in Tacoma.
- City staff could also work with community organizations, landlords, and housing providers to encourage referrals to homebuyer education programs sponsored by the Washington State Housing Finance Commission and the Washington Homeownership Resource Center.

Planning Commission Recommendation: Add a new bullet under Next Steps to include identifying opportunities to promote development of townhomes.

*Proposed New Language: B2. Identify Opportunities to Increase Home Ownership*

Next Steps:

- *Identify opportunities to promote townhouse development.*

### **B3. Support Community and Faith-Based Institutions' Efforts to Develop Affordable Housing**

Next Steps:

- The City should offer an expedited or simplified development review processes, so that community and faith-based institutions.
- The City could establish an ombudsman to act as a development point of contact for non-experts or create a development guide that outlines the necessary steps and actions for non-experts to walk through. The City of Portland recently created a two-part development guide specifically for faith-based institutions who want to turn their underutilized property into mission-serving affordable housing.
- The City should offer reduced permitting costs, including fee waivers to lessen the need for development expertise and financial resources necessary to fund predevelopment.

Planning Commission Recommendation: Adjust language of recommendation to remove the option of an expedited review process, or remove the recommendation from the plan.

*Proposed New Language: B3. Support Community and Faith-Based Institutions' Efforts to Develop Affordable Housing*

Next Steps:

- *The City ~~should~~ could offer an ~~expedited~~ or a simplified development review processes for ~~so that~~ community and faith-based institutions.*
- *The City could establish an ombudsman to act as a development point of contact for non-experts or create a development guide that outlines the necessary steps and actions for non-experts to walk through. The City of Portland recently created a two-part development guide specifically for faith-based institutions who want to turn their underutilized property into mission-serving affordable housing.*
- *The City should offer reduced permitting costs, including fee waivers to lessen the need for development expertise and financial resources necessary to fund predevelopment.*

### **B4. Expand Tenant Supports**

Next Steps:

- The City should strengthen enforcement of fair-housing and anti-discrimination policies.
- The City could explore additional requirements beyond source of income regulations to support low-barrier application screening (e.g., Fair Choice Housing or Ban the Box efforts).
- The City could consider a good-landlord incentive program to benefit landlords (and tenants) when properties routinely pass inspections. These types of incentives do not need to have costs: inspecting less often or inspecting fewer units can actually save the City's code enforcement time and resources.



- The City could create tenant’s rights and education resources (e.g., funding for RentWell programs).
- The City should ensure language translation of tenant information for increased education is available for immigrant and refugee communities.

Planning Commission Recommendation: Add a new bullet under next Steps to include language that supports landlords in improving the quality of their properties.

*Proposed New Language: B4. Expand Tenant Supports*

*Next Steps:*

- *Seek out funding or technical assistance to encourage landlords to improve their rental properties.*

## **B5. Monitor and Track Regulated Affordable Housing**

Next Steps

- The City should ensure that it has strong, ongoing relationships with, and proper contact information for, all the mission-driven developers and affordable housing property owner-operators in the City.
- The City should work with these housing providers to ensure data sharing is possible. It could consider setting up a reporting agreement with these organizations where they provide affordability restriction information and expiration deadlines. Along with strong partnerships with these agencies, tracking this information would allow the City to create a database that monitors upcoming expirations so it can prepare in advance of affordability expirations.
- The City should ensure it is familiar with the various funding sources that are available to support recapitalization and rehabilitation of its existing multifamily housing stock, including the Low-Income Housing Tax Credit, HUD Funding (such as CDBG or HOME funds), funding opportunities through the Washington State Housing Finance Commission, and funding programs through the Washington State Department of Commerce.

Planning Commission Recommendation: Keep language as written.

## **B6. Monitor and Track Unregulated Affordable Housing**

Next Steps:

- The City should continue to support SKHHP in developing a sub-regional approach to monitoring and tracking unregulated affordable housing.
- The City could consider dedicating staff resources to create a database of information to track potential low-cost market rentals and track information overtime.

Planning Commission Recommendation: Keep language as written.

## **B7. Offer Tools and Strategies for Housing Preservation**

### Next Steps:

- The City should explore a policy or ordinance that requires landlords to provide advanced notice when they intend to sell a property containing units that rent below a certain income level. If the City has a robust database that allows it to monitor and track redevelopment risk, it can be ready to contact landlords and work with them when they are looking to sell. Strong relationships – not only with these landlords but also with nonprofit affordable housing developers who can be ready to act – will be critical. Advanced notice to sell can be helpful in a fast-moving market when cash buyers and investors are present. The City of Auburn’s “Notice of Intent to Sell” is a great example of such a policy.
- If funding sources and restrictions allow, the City should consider expanding the Human Services Department’s Minor Home Repair Grant program to qualified multifamily property owners. The Department of Community Development should collaborate with the Human Services Department to gauge this program’s effectiveness and see if there are opportunities to tweak, expand, or pilot changes in the TIB Station area.

Planning Commission Recommendation: Adjust language of recommendation by removing the first bullet under Next Steps that concerns exploring a policy or ordinance that requires notice from property owners of intent to sell.

*Proposed New Language: B7. Offer Tools and Strategies for Housing Preservation*

### Next Steps:

- ~~The City should explore a policy or ordinance that requires landlords to provide advanced notice when they intend to sell a property containing units that rent below a certain income level. If the City has a robust database that allows it to monitor and track redevelopment risk, it can be ready to contact landlords and work with them when they are looking to sell. Strong relationships – not only with these landlords but also with nonprofit affordable housing developers who can be ready to act – will be critical. Advanced notice to sell can be helpful in a fast-moving market when cash buyers and investors are present. The City of Auburn’s “Notice of Intent to Sell” is a great example of such a policy.~~
- *If funding sources and restrictions allow, the City should consider expanding the Human Services Department’s Minor Home Repair Grant program to qualified multifamily property owners. The Department of Community Development should collaborate with the Human Services Department to gauge this program’s effectiveness and see if there are opportunities to tweak, expand, or pilot changes in the TIB Station area.*

## **B8. Evaluate a Preservation Funding Program in Exchange for Affordability Restrictions**

### Next Steps:

- The City could engage with regional affordable housing partners to explore the efficacy and funding sources of a preservation and rehabilitation incentive program for existing housing.
- The City could continue partnerships in South King County and work with other cities and community-based organizations to establish a regional rehabilitation fund through the SKHHP.
- The City should partner with mission-oriented acquisition funds like the REDI Fund or Sound Transit's Transit-Oriented Development Revolving Loan Fund. These funds stand ready to deploy capital aimed at acquiring and rehabilitating low-cost market rentals and create new, affordable units.

Planning Commission Recommendation: Adjust language of recommendation to include that there should be a contract in place if partnerships are formed.

*Proposed New Language: B8. Evaluate a Preservation Funding Program in Exchange for Affordability Restrictions*

### Next Steps:

- *The City could engage with regional affordable housing partners through contractual agreements to explore the efficacy and funding sources of a preservation and rehabilitation incentive program for existing housing.*
- *The City could continue partnerships in South King County and work with other cities and community-based organizations to establish a regional rehabilitation fund through the SKHHP.*
- *The City should partner with mission-oriented acquisition funds like the REDI Fund or Sound Transit's Transit-Oriented Development Revolving Loan Fund. These funds stand ready to deploy capital aimed at acquiring and rehabilitating low-cost market rentals and create new, affordable units.*

## **B9. Develop TIB Community Economic Development Strategies**

### Next Steps:

- The City should include developing TIB community economic development strategies as part of the upcoming Citywide Economic Development Strategy.
- The City should explore grant opportunities to fund the implementation of community economic development strategies that will be developed as part of the forthcoming Citywide Economic Development Strategy.

Planning Commission Recommendation: Keep as written.

Objective C: Station Area Planning and Infrastructure

**C1. Create a Development Framework and Planned Street Network for Parcels South of SR 518**

Next Steps:

- The City should define staff and financial resources as part of the Department of Community Development's work planning over the next two fiscal years to create a development framework and street plan for the future development area South of SR 518.
- The City could consider allocating local fiscal recovery funds from the American Rescue Plan to fund and support the creation of a development framework and street plan. Having a development framework and street plan in place would make Tukwila more competitive for additional federal resources that might come from a future infrastructure funding bill that could help support funding of pedestrian bridge that better connects transit stations with current and future development opportunities.

Planning Commission Recommendation: Adjust language of recommendation to incorporate flexibility within a future planned street network.

*Proposed New Language: C1. Create a Development Framework and Planned Street Network for Parcels South of SR 518*

Next Steps:

- *The City should define staff and financial resources as part of the Department of Community Development's work planning over the next two fiscal years to create a development framework and street plan for the future development area South of SR 518 that remains flexible to future development needs in the area.*
- *The City could consider allocating local fiscal recovery funds from the American Rescue Plan to fund and support the creation of a development framework and street plan. Having a development framework and street plan in place would make Tukwila more competitive for additional federal resources that might come from a future infrastructure funding bill that could help support funding of pedestrian bridge that better connects transit stations with current and future development opportunities.*

**C2. Create a TIB Station Area Parking Strategy**

Next Steps:

- The City should explore a district parking strategy as part of a development framework for the area south of SR 518.
- The City should explore allowances in the zoning code to support shared parking between development projects as part of a development framework.

Planning Commission Recommendation: Keep as written.

### **C3. Connect the Station Area to Parcels South of SR 518**

Next Steps:

- The City should continue to collaborate with the Washington State Department of Transportation (WSDOT) and Sound Transit to improve pedestrian connectivity between current and future transit stations to support transit-oriented development in the area south of SR 518.
- The City should collaborate with WSDOT and Sound Transit to explore opportunities for funding through infrastructure funding identified in the American Rescue Plan and a potential forthcoming infrastructure spending bill.

Planning Commission Recommendation: Keep as written.

### **RECOMMENDATION**

After considering input received at the Public Hearing, the Planning Commission should forward their recommended draft of the Transit Oriented Development Housing Action Plan to City Council. This item is scheduled to move to Council Committee on July 19<sup>th</sup>, the Committee of the Whole on July 26<sup>th</sup>, and the Regular Council Meeting on August 2<sup>nd</sup>. Per the grant deadlines from the Department of Commerce, this item cannot be rescheduled to a later date.