COUNCIL AGENDA SYNOPSIS

Initials			
Meeting Date	*Prepared by*	*Mayor's review*	*Council review*
08/23/21	**MS**		
09/13/21	**MS**		
09/20/21	**MS**		

ITEM NO.

5.C.

ITEM INFORMATION

	STAFF SPONSOR: **MEREDITH SAMPSON**	ORIGINAL AGENDA DATE: **08/23/21**

AGENDA ITEM TITLE **A Resolution on the Housing Action Plan**

CATEGORY	☒ *Discussion*	☐ *Motion*	☒ *Resolution*	☐ *Ordinance*	☐ *Bid Award*	☐ *Public Hearing*	☐ *Other*
	Mtg Date ***8/23, 9/13***	*Mtg Date*	*Mtg Date* ***9/20***	*Mtg Date*	*Mtg Date*	*Mtg Date*	*Mtg Date*

SPONSOR ☐ *Council* ☐ *Mayor* ☐ *Admin Svcs* ☒ *DCD* ☐ *Finance* ☐ *Fire* ☐ *P&R* ☐ *Police* ☐ *PW*

SPONSOR'S SUMMARY **Tukwila received a grant for $100,00 from the Department of Commerce through HB 1923, which encourages cities to increase residential building capacity through creation of a Housing Action Plan. This plan focuses on goals to encourage higher density development, increase anti-displacement and community stabilization, and improve station area planning and infrastructure. The Council is being asked to consider and adopt the resolution and associated plan.**

REVIEWED BY ☐ Trans&Infrastructure Svcs ☐ Community Svcs/Safety ☐ Finance & Governance ☒ Planning & Community Dev. ☐ LTAC ☐ Arts Comm. ☐ Parks Comm. ☐ Planning Comm.

DATE: **7/19/21** COMMITTEE CHAIR: **HOUGARDY**

RECOMMENDATIONS:

SPONSOR/ADMIN. **Department of Community Development**

COMMITTEE **Unanimous Approval; Forward to Committee of the Whole**

COST IMPACT / FUND SOURCE

EXPENDITURE REQUIRED	AMOUNT BUDGETED	APPROPRIATION REQUIRED
$	**$100,000**	**$**

Fund Source:

Comments:

MTG. DATE	RECORD OF COUNCIL ACTION
8/23/21	**Forward to next Council meeting for further discussion**
9/13/21	

MTG. DATE	ATTACHMENTS
9/13/21	**Informational Memorandum dated 9/13/21**
	Draft of the TOD Housing Strategies Plan, Strike-Out/Underline Version
	Draft Resolution
	PowerPoint

INFORMATIONAL MEMORANDUM

TO: **Planning and Community Development Committee**

FROM: **Nora Gierloff, Director of Community Development**

BY: **Meredith Sampson, Associate Planner**

CC: **Mayor Ekberg**

DATE: **September 13, 2021 (updated after 8/23 C.O.W.)**

SUBJECT: **Transit Oriented Development Housing Strategies Plan**

ISSUE

Staff would like to present a resolution to adopt the Transit Oriented Development Housing Strategies Plan.

BACKGROUND

In the summer of 2019, the State legislature passed HB 1923 providing grants to local jurisdictions to prepare housing action plans. Staff applied for the grant at the end of September 2019 after receiving approval to move forward by the Community Development and Neighborhoods (CDN) Committee, and the City was awarded the full $100,000. Council approved and authorized the Mayor to sign an Interagency Agreement with the WA Department of Commerce to accept grant funding at the December 2, 2019, Regular Meeting.

The work has been divided into two distinct parts. The first part was the development of a Sub-Regional Framework and is collaborative with Auburn, Burien, Federal Way, Kent, Renton, and Tukwila. This is designed to inform the second part of the plan, the development of a Tukwila Specific Transit Oriented Development Housing Strategies Plan. The Tukwila-specific portion of the plan focuses on the transit-oriented development (TOD) area around the Tukwila International Boulevard Link Light Rail Station, and ECONorthwest was the consultant selected to prepare both the joint and the Tukwila-specific portions of the plan.

The primary focus of the TOD Housing Strategies Plan is to identify pathways to increase residential building capacity while minimizing displacement of existing residents in the TIB Station Area which includes properties 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 goals in the Housing Element of Tukwila's Comprehensive Plan. The TIB District 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, consistent with the Puget Sound Regional Council Vision 2040 goals and policies, and the King County Countywide Planning Policies.

Public Engagement

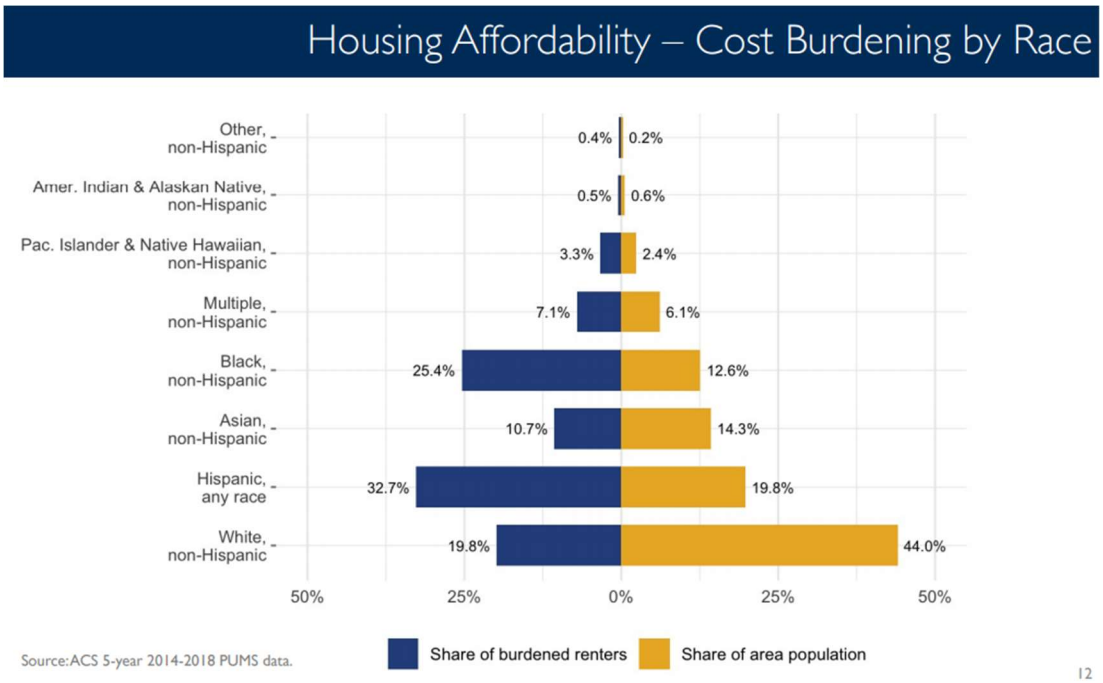
The public outreach process began with the creation of a Public Engagement Plan outlining priorities and goals for the outreach process. Outreach included stakeholder interviews and focus groups involving participants from key groups, including: Tukwila residents and people with lived experiences in the TOD area; faith-based organizations; city staff; housing developers with experience in Tukwila; cultural organizations; landlords; and children/youth. These interviews and focus groups were conducted virtually from October 2020--December 2020. Thirteen interviews and four focus groups were conducted in this portion of the public outreach

process. Feedback from these interviews and focus groups was used to inform the recommendations outlined in the Draft TOD Housing Action Plan.

The City hosted a virtual community open house on May 12th to discuss the findings and recommendations of the Draft TOD Housing Action Plan, and to solicit feedback. Invitations were sent to all stakeholder interview and focus group participants, community-based organizations, all City staff, all City boards and commissions, and City Council. Invitations were also distributed to businesses along Tukwila International Boulevard and posted to the City's social media accounts and there were 23 non-staff attendees. Following the presentation, the group was divided into smaller breakout sessions of 4 to 5 participants each, plus two room facilitators who were a mix of Tukwila staff and members of the consulting team.

In the breakout rooms, participants were asked their reaction to the data presented relative to their perception of Tukwila, how they envision the new housing needed to meet future needs in the City, and what types of incentives they would be comfortable with the City offering to encourage new housing.

Workshop attendees commented that they were surprised that Tukwila has a higher share of low-income residents than surrounding cities, and that the percentage of renters who are cost-burdened — spending more than 30% of their income on housing — is disproportionately greater among Tukwila's Black and Hispanic populations compared to their proportion of the population.



Participants voiced concerns that there are not enough affordable multi-bedroom units in Tukwila, which was a key theme heard during the stakeholder interviews and focus groups as well. Participants would like to see current residents able to continue living in Tukwila without being priced out and wondered if new housing units built in Tukwila would serve Tukwila's population (i.e., would new housing serve people priced out of other communities, or would it serve local residents needing affordable housing?).

Attendees 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. 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.

Overall, participants noted 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.

A Public Hearing with the Planning Commission was held on June 24, 2021. Planning Commission made amendments to the Draft Housing Strategies Plan and forwarded the amended document to City Council. One public comment letter was received by the Department of Commerce which is included as Attachment C and no members of the public provided public comment at the meeting. Staff presented the Draft Housing Strategies Plan to the Planning and Community Development (PCD) Committee on July 19th, and the memo from that meeting is included as Attachment G. This updated memo was created to incorporate information asked for by the PCD Committee.

Per the Washington State Department of Commerce grant guidelines, the Housing Action Plan must be adopted by October 15, 2021 to qualify for repayment.

DISCUSSION

Recommended Actions

Below are the recommended actions contained in the Draft TOD Housing Strategies Plan showing the language amendments made by Planning Commission at the Public Hearing held on June 24, 2021. By itself, 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 future 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.

8/23 COW discussion recommendation: Keep as written.

A2. Reduce Parking Ratios to 1.0 Stall Per Unit in HDR and NCC Zones for Studio and 1-Bedroom Units and 2.0 Stalls for 2+ Bedroom Units. ~~and in URO District.~~

Next Steps:

- The City should consider reducing parking requirements to 1.0 stall per unit for studio and one-bedroom units within the TIB Station Area. ~~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 and reasoning: Adjust recommendation to reduce parking ratios to one stall per unit for studio and one-bedroom units, and two stalls for two+ bedroom units. One parking stall for a two-bedroom unit will not fit the community needs.

Additional Information:

Neighboring jurisdictions have unique approaches to parking requirements.

SeaTac's Parking Requirements:

Unit Size	Parking Required
studio	1 stall
1-bedroom	1.5 stalls
2-3 bedrooms	2 stalls

In SeaTac, the number of required off-street parking spaces may be reduced for properties within the South 154th Station Area Overlay District when one (1) or more regularly scheduled high-capacity transit routes are within one-quarter mile of a site. The amount of reduction is 35% for residential properties.

Burien's Parking Requirements:

Burien's recently adopted Housing Action Plan included a goal to reduce parking ratios in their Downtown Urban Center from 1.8 spaces per unit to 1.0 space per unit regardless of bedroom size.

8/23 COW discussion recommendation: Further discussion required.

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 the additional structured parking requirements ~~restrictions~~ that come along with accessing additional density through the Urban Renewal Overlay.

Planning Commission recommendation and reasoning: Specify in the next steps that this recommendation only impacts the structured parking requirements that come along with the Urban Renewal Overlay zone.

8/23 COW discussion recommendation: Accept changes made in Planning Commission recommendation.

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.

8/23 COW discussion recommendation: Keep as written.

~~**A5. Reduce Step Back Requirements**~~

~~Next Steps~~

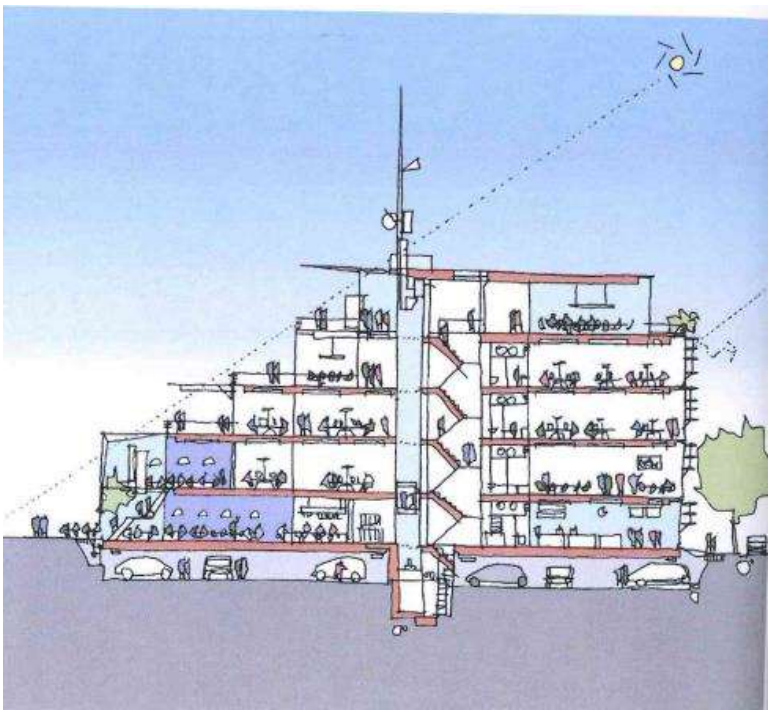
- ~~The City should consider removing or modifying step back requirements for development sites adjacent to LDR zones.~~
- ~~If the City chooses to include some form of step back requirements, it should consider requiring the step backs beginning on the fourth or fifth floor to reduce the negative impact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

Planning Commission recommendation and reasoning: Strike this recommendation from the plan. Removing or altering step back requirements, especially for parcels that border low-density residential zoned parcels, may create abrupt transitions in density that affect the quality of life on single family parcels that border higher density zones.

Additional Information:

Requiring step backs for new development can decrease the building area as shown in the graphic below, which can impact whether a project is financially feasible. This requirement can

also ease the transition between taller residential structures and adjacent single-family residences.



8/23 COW discussion recommendation: Keep recommendation in the Housing Action Plan and adjust language of the first next step to replace 'should' with 'could' and include requiring mitigation for projects that choose not to have a step-back.

Alternate language: The City could consider removing or modifying step back requirements in exchange for mitigation such as increased landscaping or larger setbacks on sites adjacent to 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.

8/23 COW discussion recommendation: Keep as written.

Objective B: Anti-Displacement and Community Stabilization

B1. Consider a 12-year Multi-Family Tax Exemption (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 and reasoning: Adjust the recommendation to spell out Multi-Family Tax Exemption for clarity.

Additional Information:
Tukwila had an MFTE Program in place from 2014 to 2017 in which three projects participated: the AirMark Apartments, Marvelle senior apartments, and Holden assisted living. All three of these projects chose the 8-year tax exemption option that included a height exemption, instead of the 12-year tax exemption option that would have tied them to affordability requirements.

MFTE does not reduce or take away property taxes that are currently received by the City or other taxing districts. However, it does delay when agencies would start receiving property tax on the new construction. Whether the tax exemption value received by the property owner is an opportunity cost to the City and taxing districts depends on whether or not the project would occur on its own without the incentive. If the project would not have happened without the incentive, it is not an opportunity cost.

Extending or expanding the MFTE program would require, as is stated in the Next Steps under this recommendation in the plan, a financial analysis to determine the potential implications as well as a robust look into the criteria that would be incorporated to qualify. More information can be found in the Informational Memo regarding MFTE that was presented to City Council on November 5, 2014, and is included as Attachment H.

8/23 COW discussion recommendation: Accept changes made in Planning Commission recommendation.

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.

- Identify opportunities to promote development of a wider variety of housing types including, but not limited to, townhomes at diverse income levels including medium and high income.

Planning Commission recommendation and reasoning: Remove references to South King Housing and Homelessness Partners (SKHHP) in favor of more general language. Add a next step that focuses on promoting the development of townhomes at a range of income levels. Development of housing at all income levels is needed to meet the future housing demand in Tukwila, and townhomes are a desirable "missing middle".

8/23 COW discussion recommendation: Accept Planning Commission's recommended adjustments to the first Next Step and adjust the third Next Step added in Planning Commission's recommendation.

Alternate language: Identify opportunities to promote development of a wider variety of housing types including, but not limited to, townhomes at diverse income levels.

~~**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 and reasoning: Strike this recommendation from the plan. No special assistance should be given to these organizations that is not given to any other affordable housing permit applicant.

Additional Information:

Assistance to community and faith-based institutions in developing affordable housing can take on a variety of forms. The City of Portland two-part development guide for faith-based institutions that is mentioned in the Next Steps for this recommendation is in a video format. These videos show interviews with leaders of faith-based institutions, city planners, bank employees who focus on non-profit development, and development consultants, along with helpful tips for any organization looking to start the process of building housing on their property.

In a local example, Riverton United Methodist Church has constructed affordable ownership homes, partnering with Homestead Community Land Trust.

The City of Portland's Guide to Affordable Housing Development for Faith- and Community-based Organizations can be found here: https://www.portland.gov/bps/ah-grant/guide-affordable-housing-development.

8/23 COW discussion recommendation: Adjust language in Next Steps to replace 'should' with 'could' and further discussion is required.

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.
- The City could seek out funding or technical assistance to incentivize landlords to improve their rental properties.

Planning Commission recommendation and reasoning: Add a Next Step to prioritize assistance to landlords for rental property improvement to increase the quality of the existing housing stock.

8/23 COW discussion recommendation: Adjust language in the Next Step recommended by the Planning Commission to preserve affordability of impacted units.

Alternate language: The City could seek out funding or technical assistance to incentivize landlords to improve their rental properties while maintaining affordability levels.

~~**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 and reasoning: Strike recommendation from the plan. This is time consuming, there is no plan for how to use this information, and they are concerned that staff does not have the capacity to fit it into the work plan.

8/23 COW discussion recommendation: Keep this recommendation in the Housing Action Plan.

~~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 and reasoning: Strike recommendation from the plan. This is time consuming, there is no plan for how to use this information, and they are concerned that staff does not have the capacity to fit it into the work plan.

8/23 COW discussion recommendation: Keep this recommendation in the Housing Action Plan.

~~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 and reasoning: Strike recommendation from the plan. Asking landlords for a notice of intent to sell puts a burden on them and the City has no plan for how to use that information.

Additional Information:

The City of Auburn's Notice of Intent to Sell policy applies to owners of low-income multi-family rental buildings having five or more rental units, one or more of which rents at or below 80% of the Area Median Income. Owners are required to submit a Notice of Intent to Sell form to the City of Auburn 60 days prior to contracting to list or advertising the building for sale. More information about the City of Auburn's Notice of Intent to Sell policy can be found here: https://www.auburnwa.gov/city_hall/community_development/landlord_tenant_info/landlords/notice_of_intent_to_sell.

8/23 COW discussion recommendation: Keep recommendation in the Housing Action Plan. Adjust the first Next Step to replace 'should' with 'could' and include contractual agreement language.

Alternate language: The City could 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. Robust discussion is required for policy implementation to determine details such as if the policy would be a mandatory contractual agreement or opt-in for property owners.

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~~ could 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 and reasoning: Amend Next Steps to specify that all partnerships should occur through contractual agreements so that Tukwila maintains control of the housing and remove specifications for acquisition funds.

8/23 COW discussion recommendation: Accept Planning Commission's recommended adjustments.

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 - there was strong support for this effort.

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 and reasoning: Strike this recommendation from the plan. Development should be provided as much flexibility as possible and a street network would compromise that.

8/23 COW discussion recommendation: Accept Planning Commission's recommendation to remove this from the Housing Action Plan.

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.

8/23 COW discussion 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 and reasoning: Keep as written.

8/23 COW discussion recommendation: Keep as written.

FINANCIAL IMPACT

Grant funded. No financial match needed.

RECOMMENDATION

Forward this resolution to the Regular Meeting on September 20, 2021.

ATTACHMENTS

A. Draft Transit Oriented Development Housing Strategies Plan, with strike-out underline edits.
~~B. Public Comment Letter from the Department of Commerce~~
~~C. Tukwila Housing Plan Engagement Memo~~
~~D. Tukwila Housing Plan Community Forum Summary~~
~~E.~~B. Draft Resolution
~~F. Informational Memorandum dated 7/19/21~~
~~G. MFTE Informational Memo to Council, November 5, 2014~~

DRAFT
Transit-Oriented Development Housing Strategies Plan
City of Tukwila

August 2021

Prepared for: City of Tukwila

Draft Report

CITY OF TUKWILA

Acknowledgements

ECONorthwest prepared this report for the City of Tukwila. ECONorthwest and the City of Tukwila are grateful to the numerous staff, elected officials, and community members who participated and provided feedback to shape the plan.

Tukwila Elected Officials

- Allan Ekberg, Mayor
- Kate Kruller, Council President
- Verna Seal, Councilmember
- Kathy Hougardy, Councilmember
- Thomas McLeod, Councilmember
- Cynthia Delostrinos Johnson, Councilmember
- Zak Idan, Councilmember
- De'Sean Quinn, Councilmember

Tukwila Planning Commission

- Louise Strander
- Karen Simmons
- Andrea Reay
- Dennis Martinez
- Dixie Stark
- Sharon Mann
- Apneet Sidhu

Tukwila Community Members (alphabetical order)

- Abidirasak Ahmed, Abu Bakr Islamic Center

- AJ McClure, Global to Local
- Andrea Gamboa, Foster High School
- Arash Aminpour, Edgewood Apartments
- Bryan Park, SHAG
- Chris Smith, Church by the Side of the Road
- Eileen English, SHAG resident
- Jan Bolerjack, Riverton Park United Methodist Church
- Jonathan Joseph, resident and Tukwila Children's Foundation
- Jonathan Smith, Bellwether Housing
- Kara Martin, Food Innovation Network (Spice Bridge)
- Kasey Liedtke, Bellwether Housing
- Lina Ali-Stenson, Tukwila Health Point
- Margaret Bratcher, resident
- Mohammad Aminpour, Edgewood Apartments
- Nichelle Paige, Church by the Side of the Road, Foster High School
- Pam Carter, TIBAC
- Richard Loo, Bellwether Housing
- Three anonymous Foster High School students

Tukwila Lead Staff

- Minnie Dhaliwal, Community Development
- Niesha Fort-Brooks, Administrative Services
- Nora Gierloff, Community Development
- Meredith Sampson, Community Development

Tukwila Contributors

- Rachel Bianchi, Deputy City Administrator
- David Cline, City Administrator
- Nancy Eklund, Community Development

- Stacy Hansen, Human Services
- Hodo Hussein, Human Services
- Lynn Miranda, Community Development
- Jaimie Reavis, Community Development
- Nate Robinson, Parks and Recreation
- Derek Speck, Economic Development

Consultant Team

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How this Plan is Organized

This report is organized into five parts:

1. **Part 1: Introduction** offers helpful background information on this plan, the objectives driving the work, the study area, and the regulated income limits in Tukwila.
2. **Part 2: Key Findings** summarizes the most important information in parts 3 and 4, highlighting key findings from the housing needs analysis, public engagement, recommendations, and implementation steps.
3. **Part 3: Development Feasibility Analysis** steps through the development feasibility analysis that was used to arrive at many of the recommendations offered in this Housing Action Plan.
4. **Part 4: Recommendations & Implementation Steps** offers 20 policy and program recommendations and an implementation roadmap for the City to consider as Tukwila works toward increasing housing supply over the next 20 years.
5. **Part 5: Appendices** lists technical appendices that support this plan, including the full Public Engagement Results, the Housing Needs Assessment and Policy Evaluation, and the development feasibility proforma assumptions.

Table of Contents

Part 1: Introduction

Part 1 offers helpful background information on this plan, the objectives driving the work, the study area, and the regulated income limits in Tukwila.

Introduction & Background

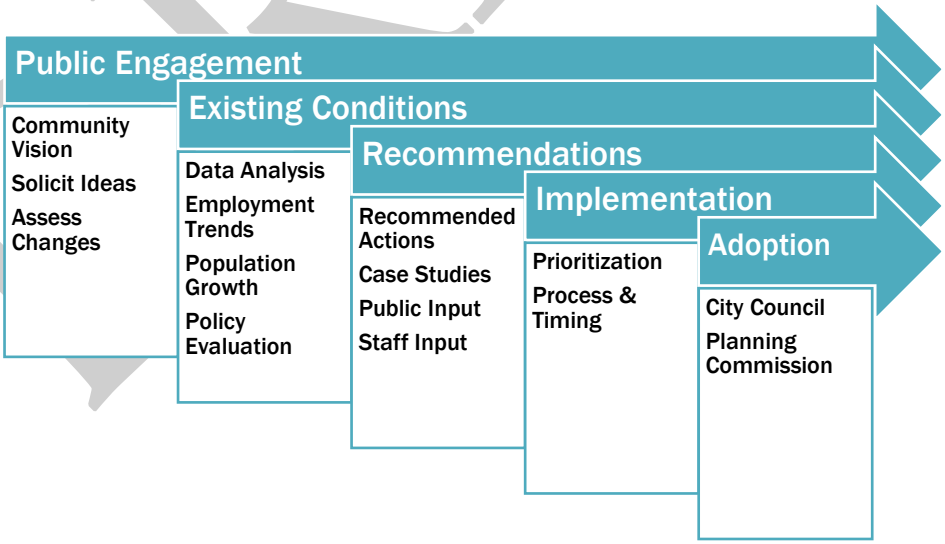
The City of Tukwila received a grant from the Washington State Department of Commerce through HB 1923 to develop this Transit-Oriented Development (TOD) Housing Strategies Plan. This Plan focuses on the areas surrounding the Tukwila International Boulevard (TIB) LINK light rail station. The goal of the TOD Housing Strategies Plan is to increase residential building capacity and minimize displacement of existing residents in the TIB station area. This plan will align with the Housing Element and the TIB District Element of Tukwila's Comprehensive Plan.

The City also participated in the *South King County Subregional Housing Action Framework*, along with the cities of Auburn, Burien, Federal Way, Kent, and Renton. This TOD Housing Strategies Plan builds off the data analysis, housing needs, demographic and employment trends, housing policy review, and potential housing production strategies that were generated through this Subregional effort. ECONorthwest and Broadview Planning were both part of the core consultant team that developed the *South King County Subregional Housing Action Framework.*

Plan Development Process

Developing the TOD Housing Strategies Plan is a multi-step process (see Figure 1). Throughout the entire process, Broadview Planning has been engaging the public to seek input on the community's vision as well as seeking ideas and recommendations for how Tukwila can build more housing (and what types of housing are needed). In addition, the public will review a draft Housing Action Plan and TOD Housing Strategies Plan before the City moves toward adoption.

Figure 1. Tukwila's TOD Housing Strategies Plan Development Process



The Department of Commerce requires that this Plan, like other Housing Action Plans, be adopted by each city. In Tukwila, that means the final TOD Housing Strategies Plan will be

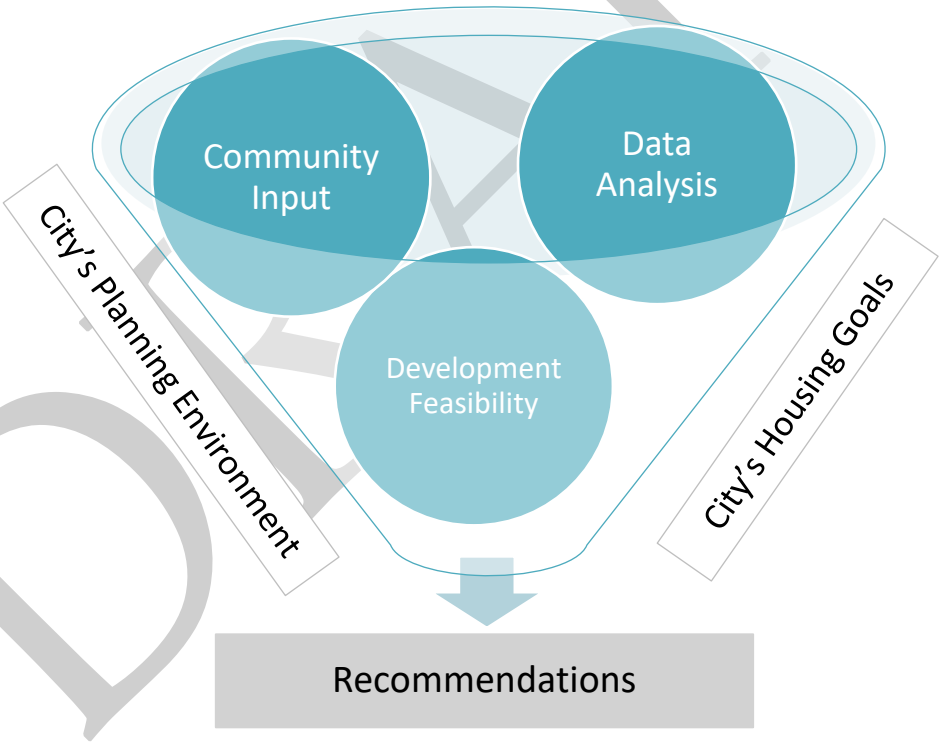
presented to city staff for review, revised, presented for public review, presented to Planning Commission for a public hearing and recommendation, and then adopted by City Council.

In addition to building on the work completed in 2020 for the *South King County Subregional Housing Action Framework*, this TOD Housing Strategies Plan builds on three other components, as shown in Figure 2:

1. The data on future housing needs discussed in the Housing Needs Assessment & Policy Evaluation memorandum,
2. Suggestions and ideas generated from the community through the community engagement process, and
3. An analysis of Tukwila's zoning code to determine what was helping or hindering development feasibility.

These three sources of input were used to arrive at the recommendations offered herein. The key findings from each of these sources are described in Section 2: Summary.

Figure 2. Housing Action Plan Recommendations Inputs



Objectives Driving the Housing Action Plan

The City of Tukwila desires a mix of housing types, sizes, and prices that meet the many needs of its diverse residents. As outlined in its housing element and other planning documents, the City understands the need for a range of housing options in all areas and neighborhoods, citywide. In

addition, the City understands the importance of attainable and affordable housing – for both buyers and renters – and desires to have low-cost housing options spread across the city. And, importantly, the City wants to preserve its existing housing stock, and support landlords in maintaining existing properties.

For the purposes of *this TOD Housing Strategies Plan*, the City wanted to explore how it can encourage specific types housing development in the Tukwila International Boulevard Station Area. The desire to encourage transit-oriented development (TOD) in the TIB Station Area is aligned with the City's larger efforts to create a diverse range of housing options to meet the needs of its residents. As it relates to this Plan and scope of work, the following objectives were explored:

A. **Higher Density Development** – Increase residential development in the TIB Station Area by actively encouraging higher density development in Transit-Oriented Development (TOD) zones.

B. **Anti-Displacement and Community Stabilization** – Ensure community stability by providing programs and policies to help residents maintain access to affordable housing options and benefit from the economic and commercial growth in the TIB and use incentives and resources to help existing property owners rehabilitate and maintain the current housing stock. Provide programs and policies that help existing small businesses maintain access to affordable retail options and benefit from the economic and commercial growth in the TIB.

C. **Station Area Planning & Infrastructure** – Plan for the ability to accommodate housing, economic, and commercial growth in the TIB Station Area.

Geographic Study Area

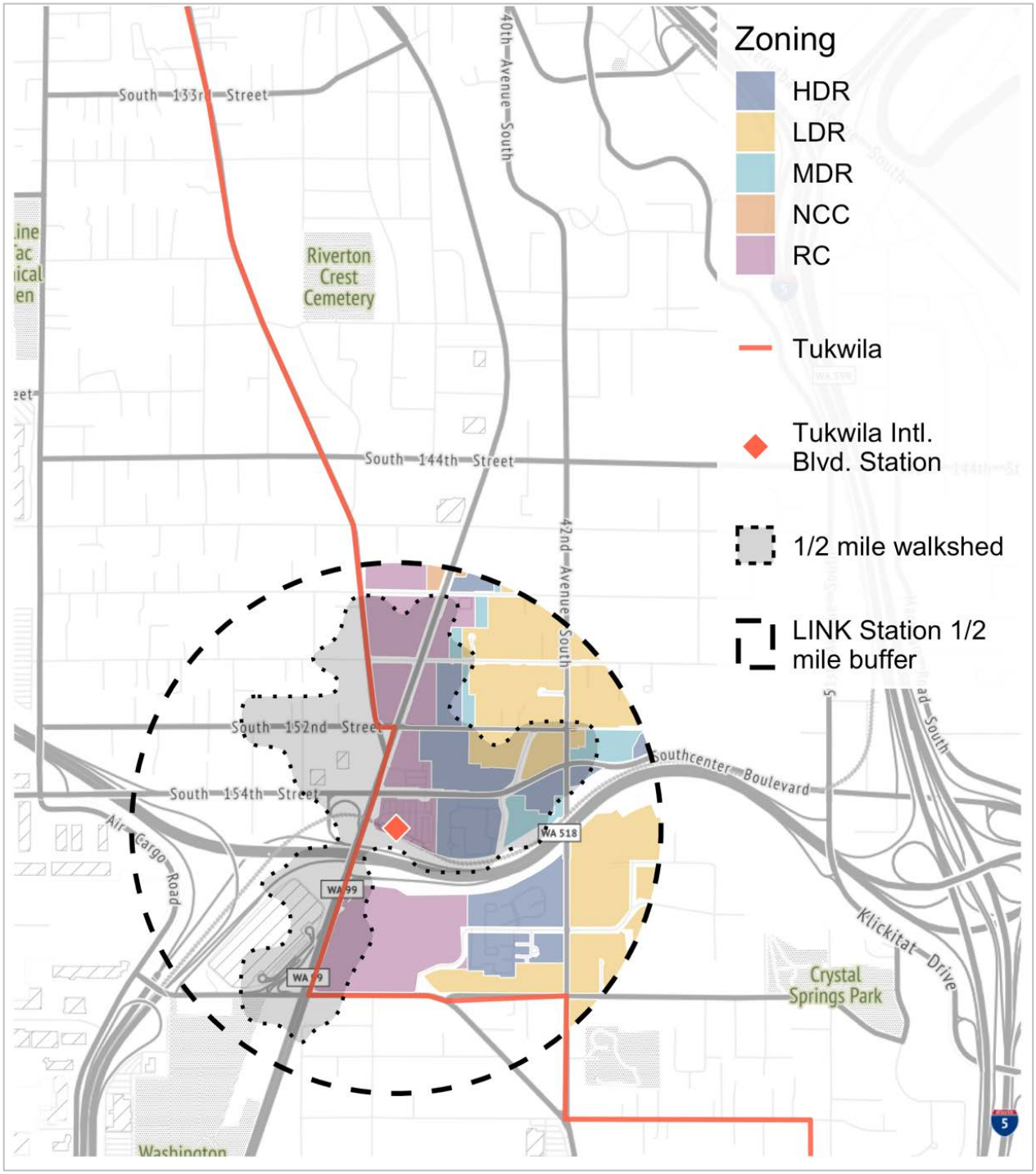
To estimate the neighborhood comprising the TIB Station Area, Figure 3 below shows a half-mile buffer around the TIB Station (dashed yellow line) and a half-mile "walkshed" (grey area) that estimates the geographic distance a person could walk from the TIB station in a half mile. GIS data software has been used to estimate the walkshed area using the existing street network data.

Many transit agencies assume that the average person is willing to walk a quarter mile for regular frequency transit (e.g., a bus every 30 mins), and a half-mile for frequent, reliable transit (e.g., a light rail every 15 minutes).

The area addressed by this Plan is shown below on the following map and includes only properties that lie within Tukwila city limits, east of the red boundary line. Zoning within this half-mile buffer is shown to demonstrate the relative density and land uses within the geographic Study Area. This analysis evaluated development opportunities and has made code recommendations for the HDR, MDR, NCC, and RC zones. LDR zones were not evaluated as part of this project.

Figure 3. TIB Station Area Market Study Geography and Buffers

Source: ECONorthwest Analysis of Tukwila TIB Station Area Geography and Zoning; HDR = High-Density Residential, LDR = Low-Density Residential, MDR = Medium-Density Residential, NCC = Neighborhood Commercial Center, RC = Regional Center.



Regulated Income Limits in Tukwila

This TOD Housing Strategies Plan regularly refers to *affordable housing* and *housing that is affordable to* a certain segment of the population. This section describes affordability terms and income limits in Tukwila.

Understanding AMI and MFI

The U.S. Department of Housing and Urban Development (HUD) defines an area's Median Family Income (MFI), but Area Median Income (AMI) is often used interchangeably.[1] AMI is used in this report to align with King County's data and reporting. Tukwila is part of the Seattle-Bellevue, WA HUD Metro Area.

As shown in Figure 4, the Seattle-Bellevue, WA, HUD Metro Area MFI was $103,400 for a family of four in 2018.[2] HUD adjusts the income limits up or down based on family size and provides income limits for 30% of MFI, 50% of MFI, and 80% of MFI. Additional income limits (such as 60% or 120%) can be calculated off the 100% income limit to get an approximation of other affordability thresholds.[3]

Figure 4. HUD 2018 Median Family Income Limits for the Seattle-Bellevue, WA, HUD Metro Area

Affordability Level:	Annual Income Limit (for a family of 4):
30% of AMI	$32,100
50% of AMI	$53,500
80% of AMI	$80,250
100% of AMI	$103,400

Understanding MHI

Because the Seattle-Bellevue, WA HUD Metro Fair Market Rent Area is so large, it does not account for differences *within* the geography. A property developed in Tukwila using a 50% AMI limit would have the same limits as one in Seattle, despite underlying differences in the incomes of these cities individually. To capture a more localized consideration of median income, we calculated Tukwila's median household income (MHI) using 5-year American Community Survey (ACS) data.

[1] Source: HUD. 2018. "FY 2018 Income Limits Frequently Asked Questions." www.huduser.gov/portal/datasets/il/il18/FAQs-18r.pdf

[2] The 2018 AMI is referenced to align with the 2018 Census data used in developing the Housing Action Plan.

[3] These approximations—and HUD's official limits—may not be exact fractions of the 100% median income (in the table, the official 50% income limit for a family of four is slightly higher than half of the 100% limit).

In the 2014-2018 time period, Tukwila's MHI was estimated to be $57,215. This is much lower than the $89,400 estimated for King County as a whole, and the MHI estimated for the South King County region ($71,400 using Census PUMS[4] 2018 1-year data).

It is important to note that the Tukwila MHI is not directly comparable to HUD's MFI. HUD's MFI calculation relies on underlying Census data related to family incomes, and the 100% median is set for families of four. This MHI is for all households – not just families – and households can have a wide range of compositions and sizes (e.g., roommates) compared to families. In the City of Tukwila, the median household only has 2.86 people. An area's MHI is typically lower than its MFI.

Although MHI does not directly compare to MFI, affordable housing properties in Tukwila use region-wide MFI limits. Meanwhile, Tukwila's MHI is lower than MHI of other cities in the region. Therefore, these two facts result in a greater likelihood that households and families in Tukwila may have a harder time finding housing that is affordable within their income ranges.

[4] Public-Use Microdata Samples or PUMS, are a set of records used in the American Community Survey. PUMS are from individual people or housing units, with disclosure protection enabled so that individuals or housing units cannot be identified.

Part 2: Key Findings

Part 2 summarizes the most important information in Parts 3 and 4, highlighting key findings from the housing needs analysis, public engagement, recommendations, and implementation steps.

This part is segmented into three sections and is intended to provide an overview of all the elements of the TOD Strategies Housing Action Plan that are required by the Department of Commerce.

- Section I summarizes housing and population data for Tukwila citywide, and in the TIB Station Area specifically,
- Section II summarizes the results from public engagement conducted throughout the project, and
- Section III summarizes the recommendations and implementation considerations that are described in more detail in Part 4.

I. Summary of Housing and Community Data

This section highlights the key housing and community demographic data in Tukwila and the TIB, including an estimate of future housing units needed across Tukwila by 2040. The complete Housing Assessment and Policy Framework memorandum that was produced in Fall 2020 provides more data and analysis.

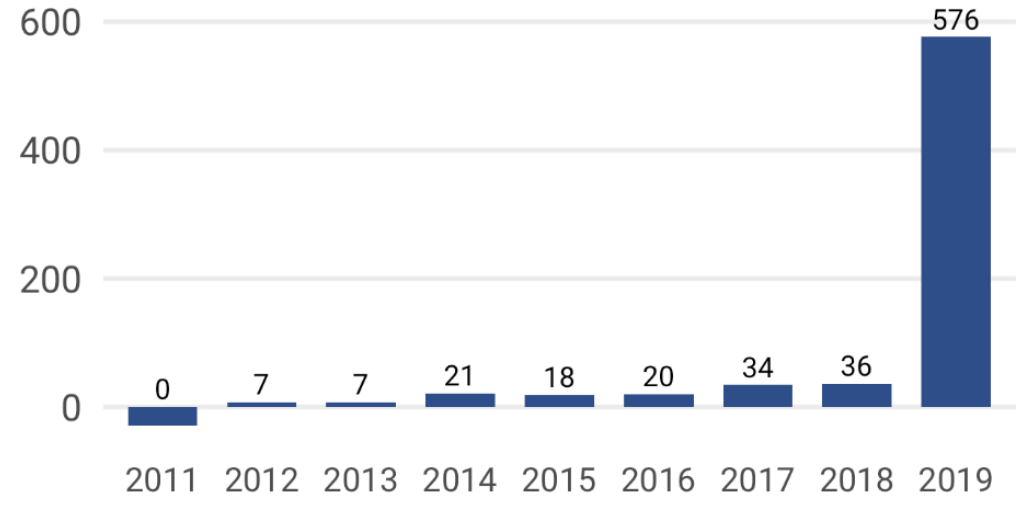
Summary of Housing Needs – Citywide

Tukwila Housing Inventory

As of 2018, there were 8,445 total housing units in Tukwila (OFM, 2019). About half of Tukwila's housing stock was built in the 1960s or earlier (King County Assessor, 2020) and about 45 percent of Tukwila's housing stock is multifamily housing. In addition to these housing characteristics, the majority of households in Tukwila are renters—about 60 percent of occupied units are renter households and 40 percent of occupied units are homeowners (ACS, 2014-2018).

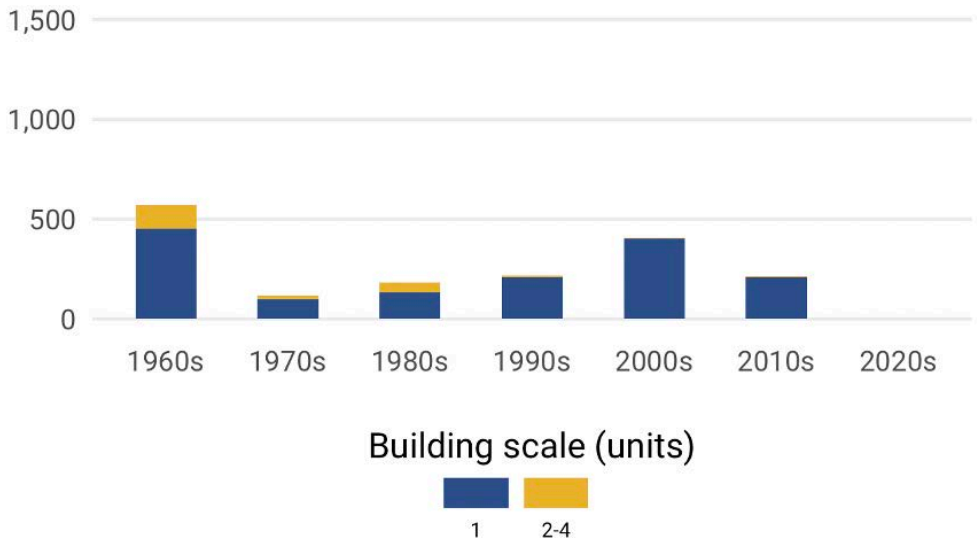
Between 2011 and 2018, Tukwila saw 143 dwelling units built, averaging only 16 new units per year. In 2019, Tukwila saw 576 dwelling units built. Over the 2011 to 2019 period, 10.8 new housing units were produced for every 10 new households.

Figure 5. Number of Units Built Per Year, Tukwila 2011-2019
Source: OFM, 2019.



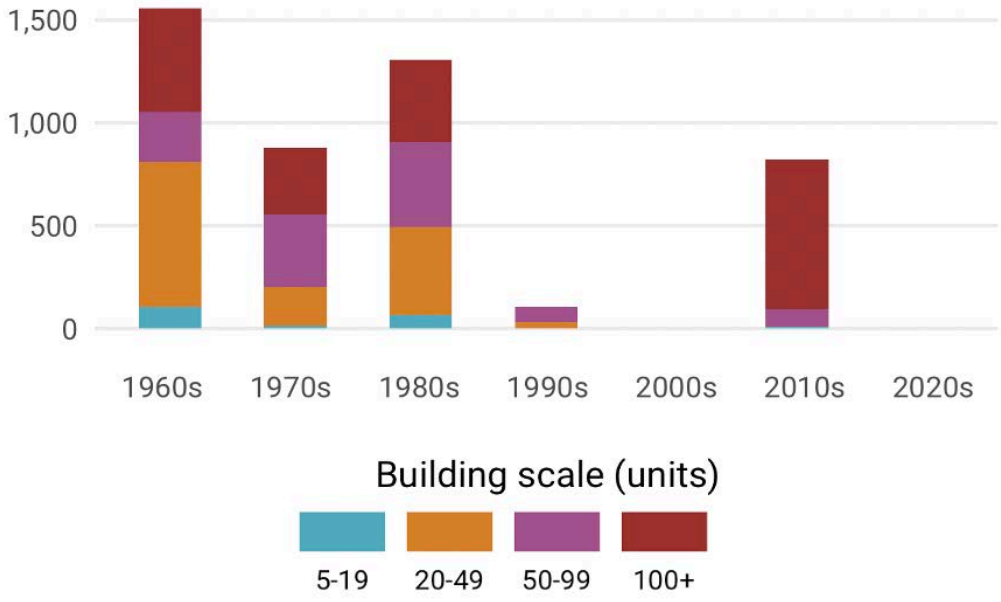
Single-family housing has always been the most popular housing construction type. Single-family housing saw the largest increase in its stock during the 1960s and 2000s. By contrast, the majority of duplexes, triplexes and quad-plex type housing was built before 1990 and has not seen any production since.

Figure 6. Scale of Single-Family Housing Built, Tukwila, 1960-2020
Source: King County Assessor's Office, 2020.



Similar to the production of duplexes, triplexes and quad-plexes, the majority of multifamily housing in Tukwila was built before 1990. Tukwila saw an increase in larger multifamily housing development in the 1960s, 1980s, and 2010s. The majority of medium density multifamily housing (between 5 and 50 units) was built in the 1980s or earlier. During the 2000s, the year that saw a significant uptick in single-family production, saw no production of multifamily housing.

Figure 7. Scale of Multifamily Housing Built, Tukwila, 1960-2020
Source: King County Assessor's Office, 2020.



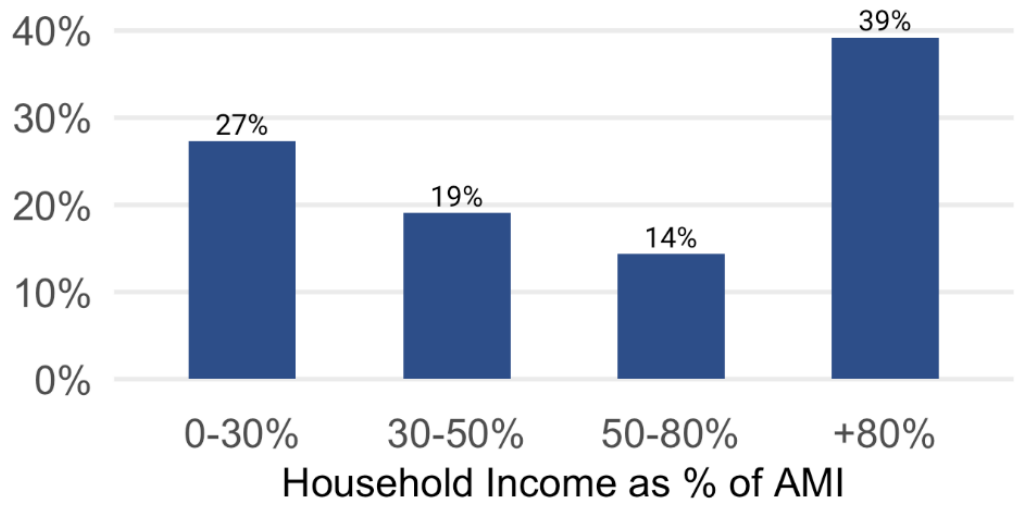
Tukwila Demographics and Household Information

Between 2010 and 2018, Tukwila's population grew by more than 1,800 new residents, from 19,107 people in 2010 to 20,930 people in 2018. Tukwila has a large share of the population who are middle-aged or identify as persons of color. In addition, Tukwila has higher share of low-income households (those earning under 50% of AMI) compared to South King County as a whole. In 2018, the Native Hawaiian/Pacific Islander, Asian, and Hispanic/Latino population groups had higher household sizes on average than Tukwila's average household size of 2.86. In 2018, one and two-person households made up the majority of households in Tukwila.

Tukwila Household Income Characteristics

Income is one of the key determinants in housing choice and households' ability to afford housing. About 46 percent of Tukwila's households earn 50% of AMI or less. This is a greater share of households compared to South King County as a whole, where 34 percent of households earn less than 50% of AMI. Tukwila also has a similar share of households that earn more than 80% of AMI, 39 percent, when compared to all households in South King County, which is at 43 percent.

Figure 8. Income Distribution by AMI, Tukwila, 2012-2016
Source: CHAS (5 year 2012-2016).



Tukwila Population by Race and Ethnicity

The majority, 66 percent, of Tukwila's population is composed of people of color. About 34 percent of Tukwila's population identified as white alone. Tukwila has become more diverse over the last ten years. The city's population has increased across some non-white racial groups, while its population has decreased for households who identify as White, Pacific Islander/Hawaiian, American Indian/Alaskan Native, and Hispanic. Asian and multi-race/ethnic groups saw the largest increases in population.

Figure 9. Population Distribution by Race, Tukwila, 2014-2018
Source: ACS (5 year 2014-2018).

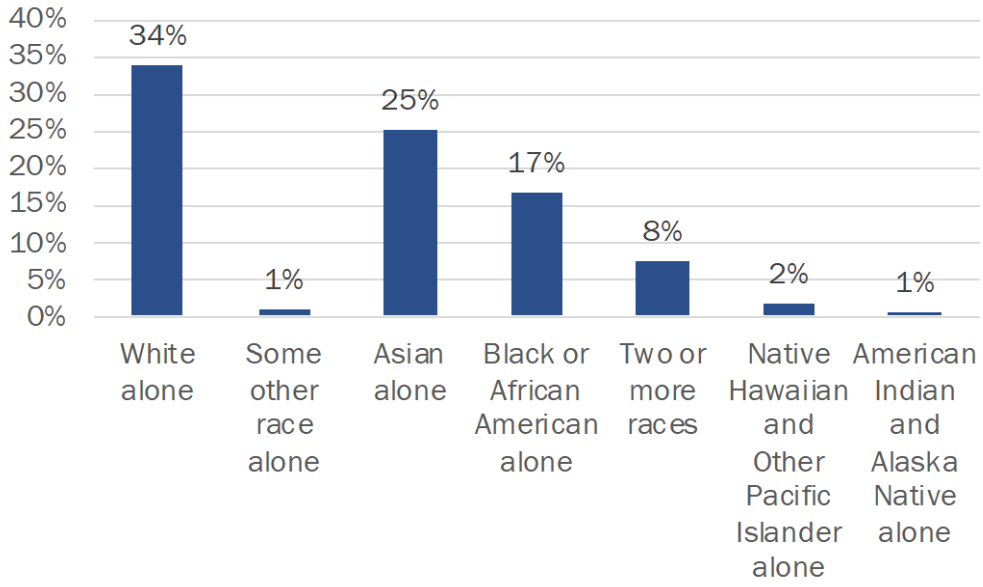
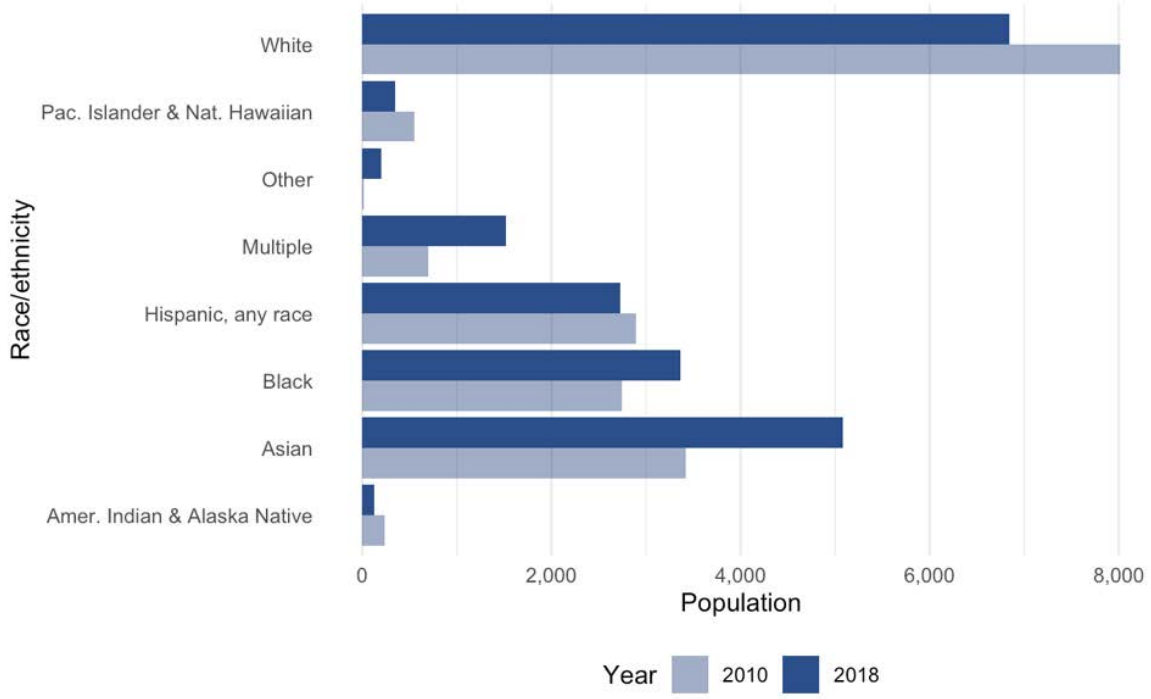


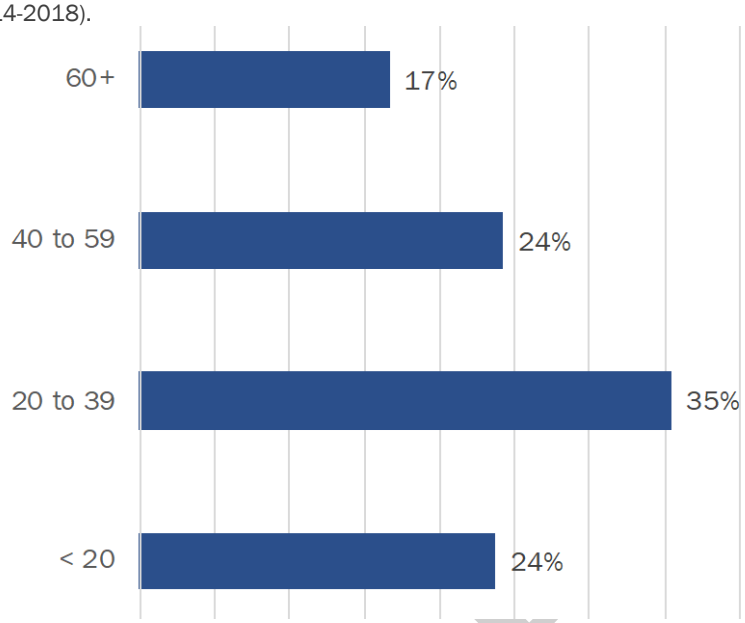
Figure 10. Tukwila's Population by Race and Ethnicity, 2010 and 2018
Source: 2018 and 2010 ACS 5-year Survey



Tukwila Population by Age

About 60 percent of Tukwila's population is between the ages of 20 and 59. Residents 60 and older make up the smallest share of the city's total population (17 percent). The youngest population, under 20 years old, are 24 percent of the population.

Figure 11. Share of Population by Age Group, Tukwila, 2014-2018
Source: ACS (5 year 2014-2018).



Tukwila Housing Affordability

Compared to other cities in the South King County subregion, Tukwila has the lowest median home sales price of $412,200 in 2020. Since 2013, home prices in Tukwila have risen by 126 percent, up $229,500 from $182,500 median sales price in 2013. The average rent for a two-bedroom unit in Tukwila was $1,374 in 2020. Since 2013, the average rent for a two-bedroom unit increased by 31 percent (see Figure 12).

Between 2013 and 2020, the average monthly rent in Tukwila increased by 31 percent ($327 per month). In this same time period, the median sales price for a home increased by 126 percent (for an increase of $229,500).

Figure 12. Median Home Sales Price and Average 2-Bedroom Rent, Tukwila, 2013 and 2020
Source: Costar and Zillow.

	2013	2020
Average Rent	$1,047	$1,374
Median Sales Price	$182,500	$412,000

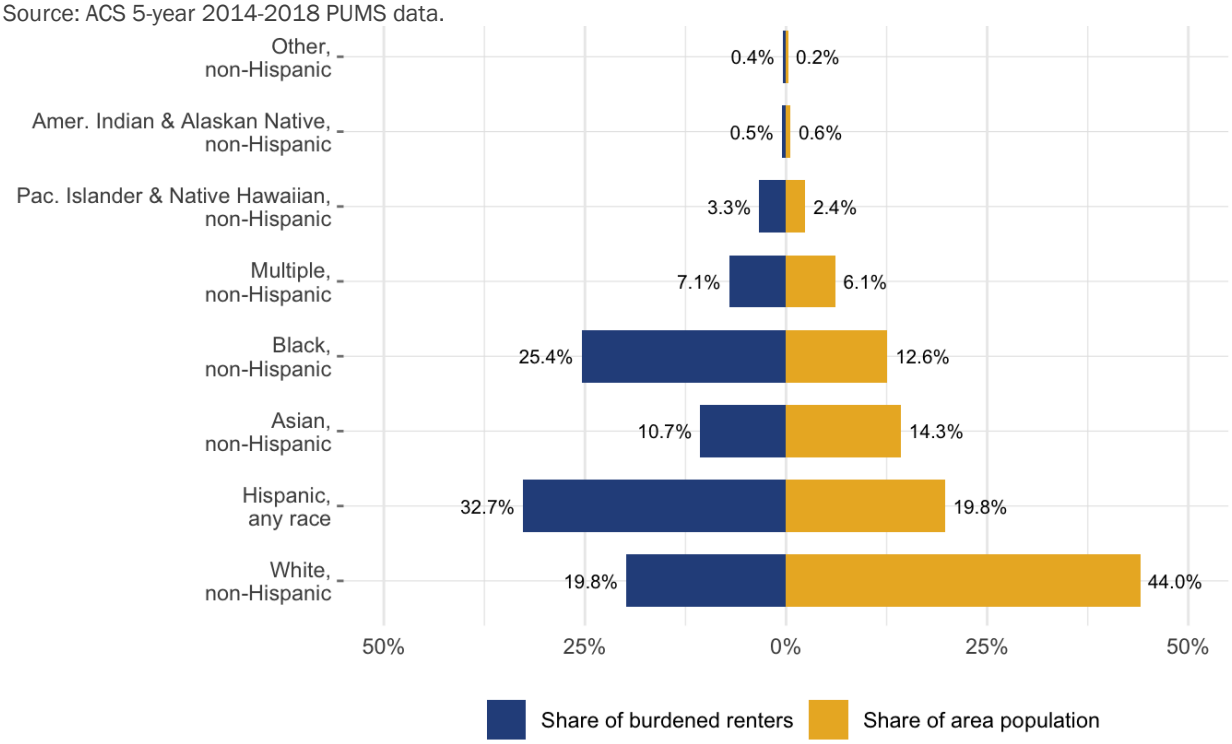
In Tukwila, households of color account for a disproportionate number of households experiencing cost burdening, compared to their share of total populations (see Figure 13).

Hispanic households of any race account for almost 33 percent of all the households experiencing cost burdening (blue bar), yet they only account for 20 percent of Tukwila area's total households (yellow bar), making them disproportionately cost

The U.S. Department of Housing and Urban Development (HUD) defines cost burdened households as those who pay more than 30 percent of their income on housing. Severe cost burdening is defined as households paying more than 50 percent of their income on housing.

burdened. In addition, non-Hispanic Black and African American households account for 25 percent of all cost burdened households despite accounting for less than 13 percent of total households.

Figure 13. Cost Burdening by Race and Ethnicity, Tukwila Area
Source: ACS 5-year 2014-2018 PUMS data.



Tukwila Employment & Transportation

Based on data from the Puget Sound Regional Council (PSRC), Tukwila's total employment dropped slightly from 47,742 jobs in 2008 to 47,184 jobs in 2018—a decrease of 558 jobs or 1 percent.

In 2018, the top four largest industries, in terms of total employed Tukwila residents were: (1) Manufacturing with 9,486 people, (2) Retail Trade with 7,665 people, (3) Accommodations and Food Services with 4,989 people, and (4) Wholesale Trade with 3,614 people. Combined, these industries represent 55 percent of the total jobs in Tukwila.

Between 2008 and 2018, several industries lost employment The four industries that lost the greatest share of employed Tukwila residents were: (1) Real Estate and Rental and Leasing with a 31 percent decline, (2) Administrative and Support and Waste Management and Remediation services also with a 31 percent decline, (3) Transportation and Warehousing with a 28 percent decline, and (4) Other Services with a 27 percent decline. Combined, these industries represent a loss of 2,095 employment jobs in this ten-year period.

Job losses in each of the industries mentioned above, and job gains in new industries, signify a shift in Tukwila's employment profile between 2008 and 2018. For example, the five industries

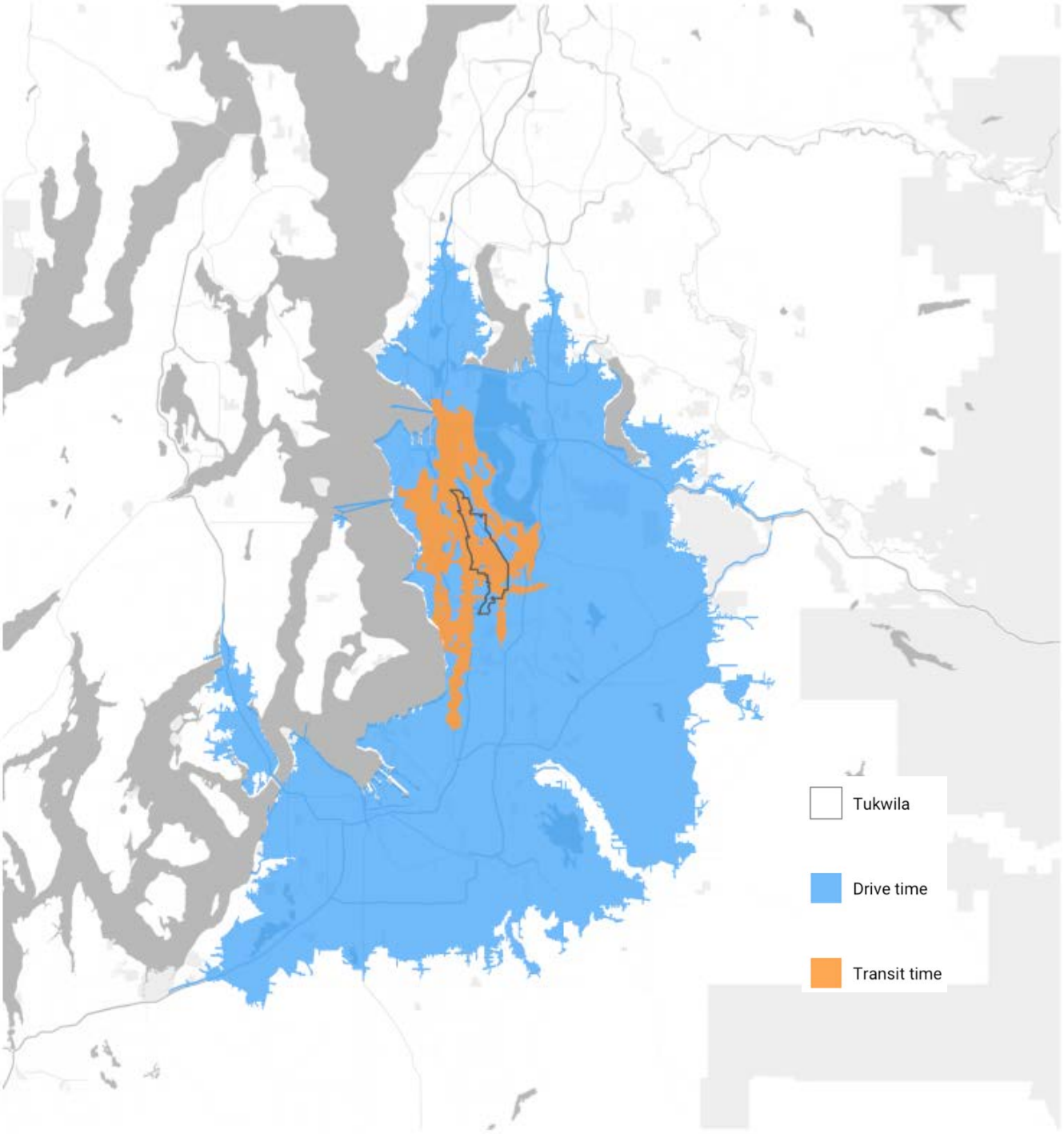
that gained the greatest share of employment were: (1) Agriculture, Forestry, Fishing and Hunting with a 2,200 percent increase,[5] (2) Information with a 70 percent increase, (3) Arts, Entertainment, and Recreation with a 67 percent increase, (4) Finance and Insurance with a 33 percent increase, and (5) Accommodation and Food Services with a 30 percent increase. Combined, these industries represent a gain of 2,486 employees in this ten-year period.

Median salaries in 2018 also varied by industry. At opposite ends of the wage spectrum, the Retail Trade industry had the lowest annual wages of $29,289, of which this industry represented approximately one-fifth of Tukwila's total employment. On the other hand, the Professional Scientific and Technical Services industry had the highest annual wage of $72,763, representing about 4 percent of Tukwila's total employment.

Figure 14 below shows how far a Tukwila resident can travel to access employment in the Puget Sound Region within a 45-minute drive time (blue) and a 45-minute transit trip (orange).

[5] It is important to note that the large increase in Agriculture, Forestry, Fishing and Hunting is an increase from 0 to 22 people between 2008 and 2018.

Figure 14. Access to Employment—Travel Shed within 45-Minute Drive and Transit Travel Time
Source: PSRC and ECONorthwest.
Note: Departing at 8:00 AM, midweek



Tukwila Future Housing Needs

PSRC forecasts that by 2040, Tukwila will grow to a population of 29,073 people, an increase of 8,143 people (or 39 percent) from the 2018 population estimate of 20,930 people. As Tukwila is forecast to grow at a faster rate than it has in the past, the City's population growth will continue to drive future demand for housing through 2040. Based on this forecast population growth, the city is projected to need 4,224 new dwelling units between 2020 and 2040, at an average trajectory of 211 new units per year through 2040. This represents a significant increase in annual housing production above the average of 16 units built per year from 2011 to 2018.

Based on income characteristics of Tukwila's existing population, approximately half of the housing needed through 2040, 2,112 units, are needed at price points affordable to households earning 80% of AMI or less (recall the discussion of regulated income limits on page 6).

Figure 15. Housing Units Needed by AMI, Tukwila, 2040
Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation.

AMI	# of Units	% of Units
0-30%	591	14%
30-50%	507	12%
50-80%	1,014	24%
80-100%	422	10%
100%+	1,690	40%
Total	4,224	100%

As Figure 15 demonstrates, a full 40 percent of units needed between 2020 and 2040 should be affordable to households earning more than 100% of AMI. This is helpful since new market-rate housing tends to be developed at prices and rents that are affordable to higher income households.

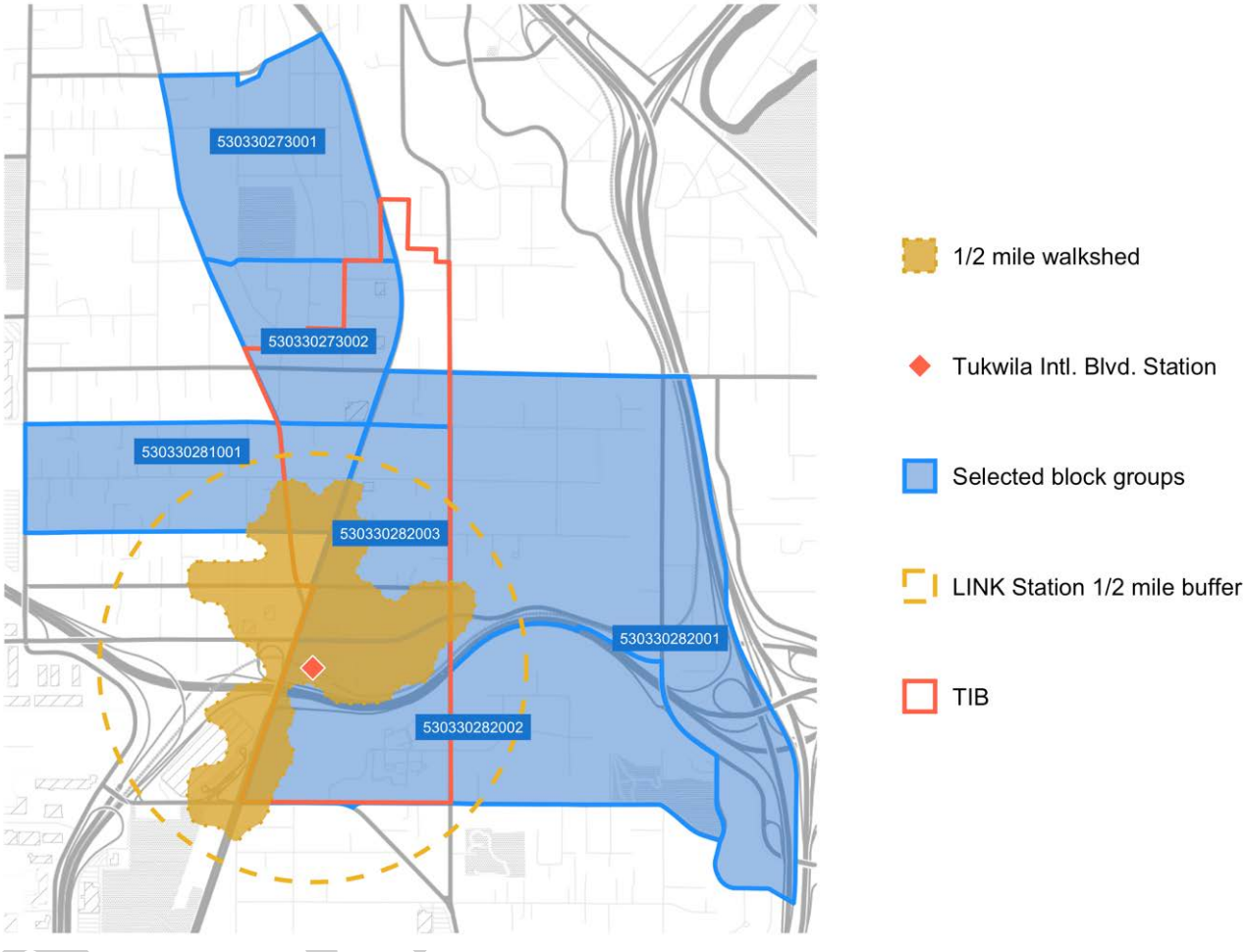
When an area does not have enough housing priced for higher income households, these households "rent down" and occupy units that would be appropriately priced for lower-income households, thereby increasing competition for low-cost housing units. All cities need a range of housing choices – of different sizes, types, and prices – to accommodate the various needs and incomes of residents.

Summary of Housing Needs in TIB Station Area

This section summarizes the housing needs and community demographics for the TIB Station Area specifically. The blue areas in Figure 16 show the Census Block Groups that overlap with the Comprehensive Plan TIB Station Area Boundary. These block groups capture a larger area due to geographic limitations with Census data for small areas, and the misalignment between block groups boundaries and the TIB boundary. Through discussions with the City, the selected block groups are those that are most representative of the community in the TIB Station Area.

As this is a narrower geographic area than the city-wide data summarized in the citywide housing needs section on page 9, data points in the TIB Station Area will differ from City wide averages or medians (including the years and sources used).

Figure 16. TIB Station Area Market Study Geography and Buffers
Source: ECONorthwest Analysis of Tukwila TIB Station Area Geography, Census Block Group Boundaries and Buffers and Buffers



TIB Station Area Community Snapshot

The TIB Station Area is home to a large share of Tukwila's residents: about 40 percent of all Tukwila residents live in or close to the TIB Station Area. Compared to Tukwila as a whole, the population in the TIB Station Area tends to be younger, more racially and ethnically diverse, and typically earn less income. In 2018, the average household size was larger in the TIB Station Area than in Tukwila as a whole, with more than half of all households in the area having three or more persons. In terms of race and ethnicity, there are larger concentrations of Black/African American and Hispanic/Latino residents in the TIB Station Area than other parts of the city.

Figure 17 Demographic Summary and Comparison

Source: 2014-2018 American Community Survey, 5-year Estimates.

Note: TIB Study Area uses the following block group FIPS code(s): 530330272001, 530330272002, 530330272003, 530330273002, 530330273001, 530330281001

Demographic Data	TIB Station Area	Tukwila
Total Population	8,073	20,198
Total Households	2,671	7,012
Tenure		
Renter-occupied households	63%	60%
Owner-occupied households	37%	40%
Household Size		
1-person household	19%	28%
2-person household	30%	27%
3+ person household	51%	46%
Average Household Size	3.0	2.86
Household Income		
$0 to $24,999	19%	19%
25,000 to $49,000	36%	25%
$50,000 to $74,000	14%	18%
$75,000 to $99,000	12%	12%
$100,000 to $149,000	15%	17%
$150,000 or more	4%	9%
Median Household Income	$47,161	$57,215
Age		
0 to 18 years	27%	22%
19 to 64 years	63%	67%
65 years and over	10%	11%
Median Age	33.68	34.9
Race		
White alone	26%	34%
Black or African American alone	21%	17%
Hispanic or Latino	14%	13%
Asian alone	32%	25%
American Indian & Alaska Native	1%	1%
Native Hawaiian & Other Pacific islander alone	0%	2%
Some other race alone	2%	1%
Two or more races	4%	8%
Cost Burden		
Owner severely cost burden	10%	11%
Owner cost burden	15%	17%
Total Owner cost burden	24%	27%
Renter severely cost burden	33%	24%
Renter cost burden	30%	31%
Total Renter cost burden	63%	55%

TIB Station Area Multifamily Residential Real Estate Market

The majority of housing units built in the last decade in the TIB Station Area submarket were multifamily residential apartments. Figure 18 below, summarizes the existing multifamily real estate market in the TIB Station Area submarket. Based on available CoStar data, the TIB Station Area t has an inventory of 42 multifamily buildings with a total of 1,683 units.[6] The inventory of multifamily buildings varies by market segment and includes market rate and affordable housing units—including two mixed-income multifamily buildings with a mix of market rate and affordable units. The majority of the multifamily inventory in the TIB Station Area submarket was built in the 1960s and 1980s. Across all housing market segments, the majority of the multifamily housing inventory is comprised of 1- and 2-bedroom units with an average unit size ranging between 724 and 840 square feet.

Figure 18. Current State of the TIB Station Area Multifamily Real Estate Market, 2020 (Q4)
Source: CoStar

Market segment	Inventory (Buildings)	Total # of Units	Avg. Units/ Property	Avg. Unit Size (Sq. Ft.)	Avg. Year Built	Avg. # Stories	Avg. Rent per Sq. Ft.	Avg. Rent per Unit
Market Rate	34	928	27	794	1974	2.0	$1.50	$1,158
Mixed Income	2	227	114	840	1976	3.0	$1.75	$1,433

Figure 19. Multifamily Unit Mix, 2020 (Q4)
Source: CoStar

Market Segment	% of Studio Units	% of 1-bed Units	% of 2-bed Units	% of 3-bed Units	% of 4-bed Units
Affordable	0%	39%	59%	1%	1%
Market Rate	5%	46%	46%	3%	0%
Mixed Income	18%	33%	44%	5%	0%

TIB Station Area Affordable Housing

Within the TIB Station Area there are six subsidized affordable housing properties, four of these properties are owned and managed by the King County Housing Authority (KCHA) and two that are managed by the Senior Housing Assistance Group (SHAG). KCHA manages about 283 affordable housing units and SHAG manages about 337 affordable housing units in the TIB Station Area as of 2020.

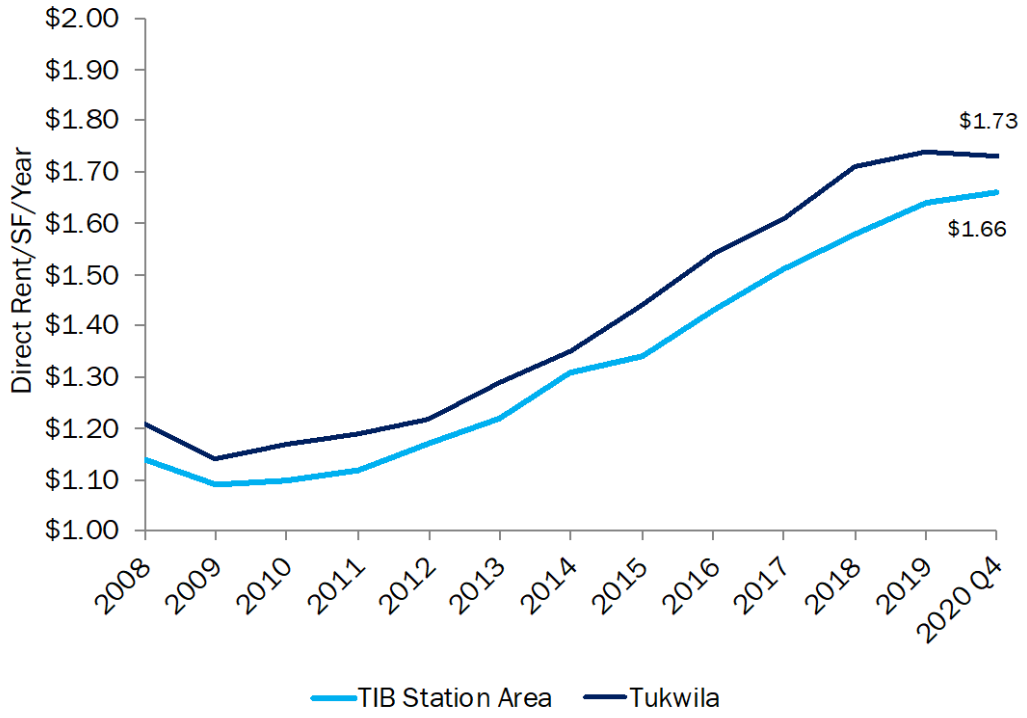
[6] CoStar is a private, third-party proprietary real estate data provider. Data is typically available for purchase. CoStar provides data on multifamily pricing and vacancy rates over time. Market data comes from CoStar, a proprietary data source commonly used for market analysis in the real estate industry. While CoStar is one of the best available sources of rent and vacancy data overall, the data has gaps and limitations that make it less reliable in areas with few existing buildings. Newer buildings and those that are professionally managed are more likely to have reliable rent and vacancy information, while smaller, older buildings and those that are not professionally managed (e.g., "mom and pop landlords") may have incomplete data or be missing from the system entirely.

Figure 20 Subsidized Affordable Housing in the TIB Station Area
Source: ECONorthwest analysis of public affordable housing data

Project Name	Total # of Units	Ownership/ Management
Pacific Court Apartments	32	King County Housing Authority
Riverton Terrace I	30	King County Housing Authority
Riverton Terrace II – Seniors	30	King County Housing Authority
Villages at South Station	191	King County Housing Authority
SHAG Tukwila Village	253 Senior and 84 Family	Senior Housing Assistance Group
TOTAL	**621**	

Multifamily rents in the TIB Station Area mirror rents in across the City of Tukwila as a whole. Rents in the TIB Station Area increased 44 percent, from $1.14 per square foot in 2008 (Q4) to $1.66 per square foot in 2020 (Q4). Low vacancies and increasing rents in the TIB Station Area suggest increasing demand.

Figure 21. Multifamily Effective Rent per Square Foot, TIB Station Area and Tukwila Submarkets, 2008 Q4 through 2020 Q4
Source: CoStar



TIB Station Area Key Findings

Key findings about the multifamily market in the TIB Station Area submarket include the following:

- Between 2000 and 2010 the TIB Station Area submarket saw one large multifamily development.
- Since 2010, four multifamily developments have been built in Tukwila.

- Since 2010, approximately 23 townhomes have been built in Tukwila which had a median home sales price of $457,000 in 2020. A typical townhome built in Tukwila is 3-stories high with an attached ground floor garage. Size of these townhomes range between 1,500 to 2,200 square feet.
- Monthly multifamily rents in the TIB Station Area submarket mirror those of Tukwila and are only slightly lower by less than 10 cents per square foot. Rents in the TIB Station Area submarket have increased 44 percent, from $1.14 per square foot in 2008 to $1.66 per square foot in 2020 (Q4).
- Current vacancies in the TIB Station Area are lower than in Tukwila at about 3.4 percent. Vacancies have historically been below five percent since 2008.
- Low vacancies and increasing rents in the TIB Station Area submarket suggest demand in the near future.

II. Summary of Public Engagement Key Findings

This section summarizes the key findings and themes from five months of public engagement conducted by Broadview Planning and City staff throughout the project. The full public engagement process and results can be found in the appendices in Part 5.

- The richness of Tukwila is its diversity of people and businesses, and that should be celebrated and built upon. It's a special place to live, and residents, especially teens, strongly identify with being from Tukwila. People want to stay but are already facing displacement due to housing costs.
- Stakeholders perceive that Tukwila's greatest housing need is for family-sized (3+ bedroom), affordable housing for 50% AMI and under.
- City staff should be on the forefront of communicating to the public about housing needs, and have explanations for the differences between multifamily housing, affordable housing, and low-income housing.
- Tukwila has several land use and infrastructure code requirements that are outdated, reflecting the City's suburban past rather than the urban center it is today. This impacts all development potential, but particularly affordable housing.
- The business area around Tukwila International Boulevard (TIB) is suffering from COVID impacts and while vulnerable before, is particularly fragile now. Businesses need support from the City in advance of more changes coming to the TIB.
- There are still unsettled feelings related to the Justice Center development. However, people understand the need for housing along the TIB and want to be engaged in the planning process and to participate in shaping the look and feel of the area.
- Tukwila should provide a diverse range of housing options for people in all stages of life; from new families to single renters, seniors, and intergenerational families, everybody has healthy and safe options for a home in Tukwila.

- People recognize change is coming, and City staff should immediately begin engaging with the diverse ethnic and cultural communities along the TIB. Engagement should be meaningful and authentic, involve community leaders, and be conducted by people who reflect Tukwila's diverse communities and that can communicate with people in their primary (non-English) languages.
- In addition to needing more housing (and diverse types), there should more opportunities for home ownership in the form of townhomes and condos. The City should sponsor financial/home-buying educational opportunities so people invest in a home and start to build intergenerational wealth.
- Many seniors want to live in Tukwila, and some feel the city treats them well. However, many others can't afford to live here, and state that even the SHAG development is too expensive.
- There are slightly different perspectives between residents and developers about the need for parking in the TIB area. While both perspectives agree that there is now, and will continue to be, a need for parking for new residential units, residents feel a much greater need for more parking while developers feel requirements are too onerous.
- City staff, including police and fire, are perceived as open and approachable.

III. Summary of Recommendations & Next Steps

Figure 23 below describes 17~~20~~ recommendations for the City of Tukwila to consider as it encourages more housing production to meet the needs of its growing population. As noted, these recommendations were created from: 1) feedback and input from the community, 2) data and analysis from the Housing Needs Assessment & Housing Policy Review, and 3) the development feasibility analysis described in Part 3.

A few things to keep in mind when reading this table:

- The recommendations are outlined in greater detail in Part 4, with discussion on each recommendation and potential next steps.
- As discussed in Part 4, these recommendations can only be implemented when staff and funding resources are available, which face various competing priorities in the City's workplan.
- Many of these recommendations were evaluated via development feasibility testing which is described in Part 3. The prototypes and development standards referenced in these recommendations are described in detail in Part 3.
- These recommendations are grouped by the four objectives driving this TOD Housing Strategies Plan (as discussed on page 3).
- The various types of recommendations are denoted by icons listed in Figure 22 below.

Figure 22. Icons used to denote Recommendation Types

Icon	Recommendation Type
	Recommendation calls for a zoning or Comprehensive Plan change. Recommendation can be implemented through the Zoning Code or through Tukwila's next Comprehensive Plan Housing Element update.
	Recommendation calls for a new program. Implementation will require staff time and or resources to get a new program off the ground.
	Recommendation calls for increased partnerships and collaboration. Implementation will focus on enhancing relationships and securing partnerships.

Figure 23. Summary of Recommended Actions, Key Decisions, Timing, & Next Steps

Objective	#	Recommended Action	Description	Recommendation Type	TIB Station Area or Citywide?
Encourage Higher Density Development	A1	Modify Unit Mix Requirements	Consider modifying development standards to require 25% or more of the units to have two or more bedrooms.		TIB Station Area
	A2	Reduce Parking Ratios	Consider establishing a uniform requirement of 1.0 parking stalls per unit in the TOD area.		TIB Station Area
	A3	Modify Parking Standards for 4-over-1 Development	Current standards for multifamily housing and mixed-use residential developments require at least 75% of parking be in structured parking spaces in 4-over-1 development as an option in the Urban Renewal Overlay (TMC18.43). These requirements can make 4-over-1 prototypes infeasible in the TIB Station Area.		TIB Station Area
	A4	Adjust Recreational Space Requirements	Create quality recreational spaces for community members while maintaining development feasibility by capping requirements on a percent of residential area or lot area basis rather than on number of residential units.		TIB Station Area
	A5	Reduce Step Back Requirements	If the City wants to include a multifamily step back requirement in the TIB Station Area, it should consider beginning it on the fifth floor to mitigate the negative impact to development feasibility.		TIB Station Area
	A6	Promote Site Assembly for Smaller Parcels	Offering tools and strategies for developers to assemble sites can help to promote the development of higher-density housing. Site assembly can be costly and creates delays in the development process.		TIB Station Area
	B1	Consider a 12-year MFTE Program	Consider a 12-year MFTE program with affordability requirements; explore policy options (including neighboring cities) to determine the appropriate policy targets.		TIB Station Area
	B2	Identify Opportunities to Increase Homeownership	Encouraging homeownership is one of the largest ways to prevent displacement – the City should explore programs and policies with varying funding and staff requirements.		Citywide

Objective	#	Recommended Action	Description	Recommendation Type	TIB Station Area or Citywide?
Anti-Displacement and Community Stabilization	B3	Support Community and Faith Based Institutions' Efforts to Develop Affordable Housing	Explore numerous policies or programs that can help to clarify, shorten, and simplify the typical affordable housing development process for community and faith-based institutions to be able to do in-house (without hiring experts).		Citywide
	B4	Expand Tenant Supports	Work with partners and community organizations to build on and improve the tenant supports already provided.		Citywide
	B5	Monitor and Track Regulated Affordable Housing	Strengthen partnerships and collect data to monitor the City's supply of regulated affordable housing units and prepare for affordability restriction expirations.		Citywide
	B6	Monitor and Track Unregulated Affordable Housing	Expand the data collected on low-cost market rentals in the City, starting with the City's rental housing business license program.		Citywide
	B7	Offer Tools and Strategies for Housing Preservation	Explore programs, policies, and partnerships that will allow the City to boost tools and resources available to landlords of low-cost market rentals. Work to preserve this important housing stock.		Citywide
	B8	Evaluate a Preservation Funding Program in Exchange for Affordability Restrictions	Explore the feasibility of a program that offers low-cost grants or loans to properties housing low-income households. Funds would be used to rehabilitate a property in exchange for restricting rents at affordable levels.		Citywide, TIB Station Area Focus
	B9	Develop TIB Community Economic Development Strategies	Identify strategies that provide a vision for the role of businesses in the district and moves toward creating economic opportunity for current and future businesses in the face of change as part of the upcoming Citywide Economic Development Strategy.		TIB Station Area
	~~C1~~	~~Create a Development Framework and Planned Street Network for S SR 518~~	~~Consider a framework that supports development and urban design outcomes in the southern portion of the TIB, connecting it to the LINK and BRT stations as well as the broader district.~~		~~TIB Station Area~~

Objective	#	Recommended Action	Description	Recommendation Type	TIB Station Area or Citywide?
Station Area Planning & Infrastructure	C2	Create a TIB Station Area Parking Strategy	Develop a district parking strategy that enables the feasibility of taller buildings and support phased development of larger sites, while meeting the market demand for parking in the area.		TIB Station Area
	C3	Connect the Station Area to Parcels South of SR 518	Better connection between the TIB station and parcels south of SR 518 would substantially improve mobility throughout the station area and help complete the walkshed in the southeastern portion of the TIB.		TIB Station Area

Part 3: Development Feasibility Analysis

Part 3 steps through the development feasibility analysis that was used to arrive at many of the recommendations offered in this Housing Action Plan.

To inform recommendations about the development standards and affordable housing programs that can support more market rate and affordable housing, we evaluated the development feasibility of several development types (or *prototypes*) using market data unique to submarkets and prototypes across Tukwila and in competitive markets such as Burien and parts of the Rainier Valley.

Development feasibility analysis helps identify regulatory and program recommendations that would most effectively advance the City's goals of creating new housing to meet forecasted population growth and creating a variety of housing types at different price points to meet the needs of current and future residents.

This section provides an overview of:

- The development feasibility methods,
- The prototypes that were selected for analysis,
- Five development standards that were tested for their impacts on feasibility, and
- The feasibility of two affordable housing programs.

Specific recommendations coming from this analysis are listed in Part 4, while important data and proforma assumptions are listed in the appendices in Part 5.

Development Feasibility Methods

We used a financial pro forma model to estimate the impact on the feasibility of development from hypothetical changes to City of Tukwila's regulations.

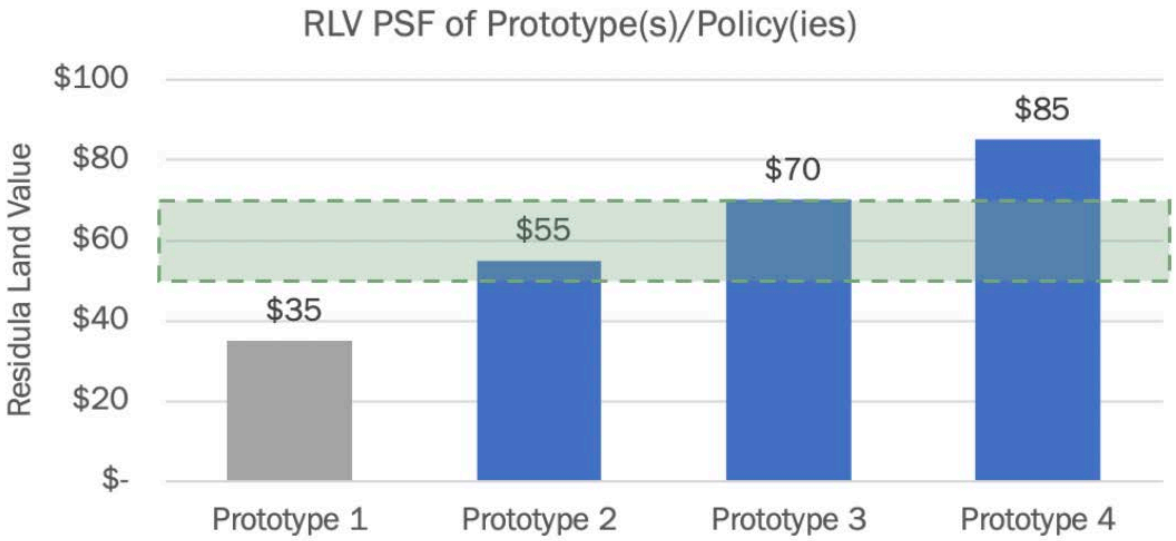
More specifically, this analysis evaluates the *residual land value* (RLV) to understand development feasibility and the value that a change to development standards or tax abatements might provide. RLV is an estimate of what a developer would be willing to pay for land given the property's income from leases or sales, the cost of construction, and the investment returns needed to attract capital for the project. While there are other quantitative methods for calculating regulatory and incentive changes, such as an internal rate of return (IRR) threshold approach, all of the potential methods share drawbacks regarding the quality of inputs and sensitivity to those inputs. An advantage of the RLV approach is that it does not rely on land prices as an input. Rather, observed land prices can be compared with the model outputs to help calibrate the model and ensure it reflects reality.

Because RLV is essentially a land budget, higher values indicate better development feasibility. For example, in Tukwila, median land prices are between $50 and $70 per square foot for multifamily properties. So, any multifamily prototype that has an RLV below $50 per square foot, would not be feasible to develop (without free or discounted land, changes to development standards, or financial incentives). Median land prices in the HDR zone range from $120 to $150 per square foot, which is the threshold that prototypes in the HDR zone must exceed in order for development to be feasible.

Figure 24 below demonstrates, for illustrative purposes only, how RLV results are presented and compared to existing land prices. In this scenario, the bar for each prototype needs to meet

or exceed current land price thresholds identified in the green box, for the development of that prototype to be feasible. Gray bars indicate a base scenario and blue bars indicate adjustments to development standards or incentives.

Figure 24. Illustration of Residual Land Value Per Square Foot
Source: ECONorthwest



To conduct this analysis, 2019 and 2020 real estate data was gathered[7] from multiple sources including CoStar, Redfin, RS Means, the King County Assessor, and various interviews with local developers and real estate experts, to use as inputs for the RLV analysis. Data includes building program assumptions (e.g., unit mix, parking ratios, floor heights), operating assumptions (e.g., sales prices, rents, vacancy, operating costs), development cost assumptions (e.g., hard costs, soft costs), and valuation metrics (e.g., return on cost and yield thresholds). The initial results were tested against actual recent projects and land prices.

The RLV pro forma analysis was modeled for example residential developments (referred to as *prototypes*) that conformed to existing City of Tukwila's current development. The model also includes additional prototypes that did NOT conform to City of Tukwila's development standards to demonstrate the financial impact of certain changes (see Figure 35 on page 39). The financial value of each prototype under a set of development standards is heavily dependent on the assumptions used in the pro forma analysis. Thus, the most relevant insights from the analysis are available when comparing a pair of development standards for a prototype to understand the directional impact of changing the development standards.

[7] The real estate data collected in 2019 and 2020 reflect market conditions before the economic impacts of COVID-19. The pandemic and economic recession are likely to impact development viability in multiple ways. The results of this analysis presented in this memo do not reflect these effects and likely future reality.

TIB Station Area Zoning & Development Standards

Tukwila's current zoning and development standards for the TIB Station Area can greatly impact the financial feasibility of development, as they dictate the types of development that are permitted.

TIB Zoning

For the Tukwila International Boulevard study area, the zoning designations in the current Municipal Code (Chapter 18) concentrate development with commercial uses around the TIB Station and development with high-density residential and mixed-uses north of the TIB Station. Although the Neighborhood Commercial Center (NCC) zone does not allow multifamily housing without retail uses on the ground floor, the Urban Renewal Overlay (URO) permits ground floor residential uses (see the pink boundary line in). The Medium Density Residential (MDR) and High Density Residential (HDR) zones work as a buffer between residential areas in the Low Density Residential (LDR) zone and more densely developed areas on and near Tukwila International Boulevard.

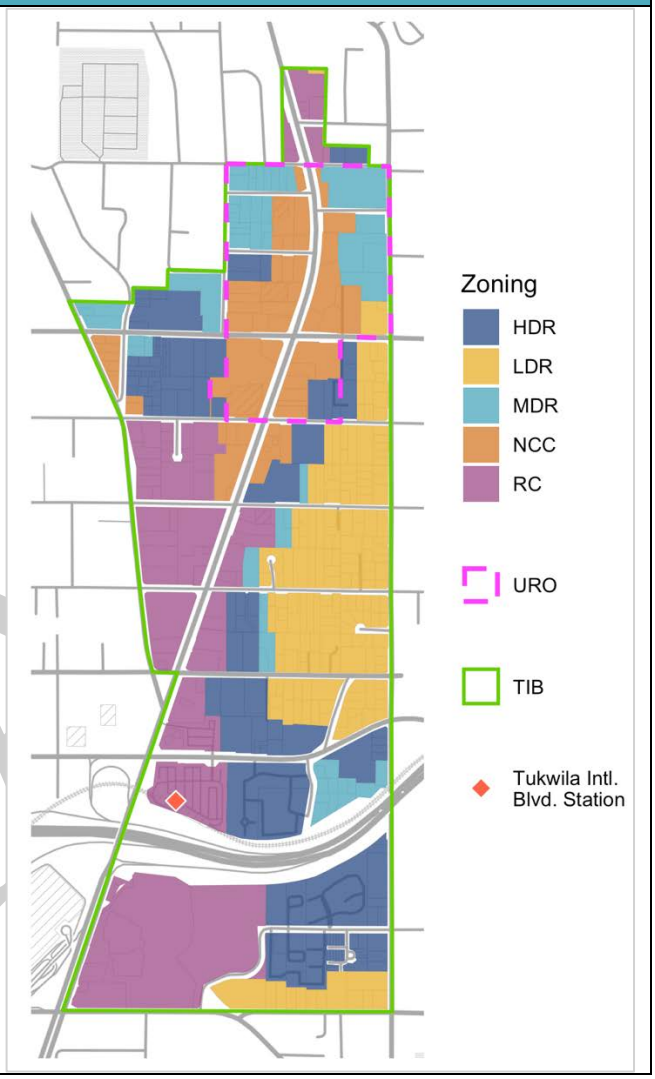
Figure 25. TIB Zoning Designations
Source: Tukwila Municipal Code

Zone	Description
Low Density Residential (LDR)	Intended to provide low-density family residential areas together with a full range of urban infrastructure services in order to maintain stable residential neighborhoods, and to prevent intrusions by incompatible land uses. It allows up to 6.7 dwelling units per net acre.
Medium Density Residential (MDR)	Intended to provide areas for family and group residential uses and serves as an alternative to lower density family residential housing and more intensely developed group residential housing and related uses. It allows up to 14.5 dwelling units per net acre.
High Density Residential (HDR)	Intended to provide a high-density, multiple-family district which is also compatible with commercial and office areas. It allows up to 22.0 dwelling units per net acre. Senior citizen housing is allowed up to 60 dwelling units per acre.
Regional Commercial District (RC)	Intended to provide for areas characterized by commercial services, offices, lodging, entertainment, and retail activities. Where the area and streetscape are more residential than commercial in character, residential or mixed use residential is also allowed in order to provide redevelopment options and additional households, which would support the surrounding commercial district.
Neighborhood Commercial Center (NCC)	Intended to provide pedestrian-friendly areas characterized and scaled to serve multiple residential areas, with a diverse mix of uses. Uses include residential uses at second story or above when mixed with certain retail, service, office, recreational, and community facilities, generally along a transportation corridor.
Urban Renewal Overlay (URO) District	Intended to promote community redevelopment and revitalization, and to encourage investment that supports well-designed, compact, transit-oriented, and pedestrian-friendly residential and business developments to activate the community along Tukwila International Boulevard.

Figure 26. Allowed Uses in TIB Zones
Source: Tukwila Municipal Code

Use Type	LDR	MDR	HDR	RC	NCC
Single Family	Y	Y	Y		Y
Accessory Dwelling Unit[8]	Y	Y	Y		
Townhome[9]		Y	Y		
Duplex / Triplex		Y			
Multifamily			Y	Y	
Senior Citizen Housing		Y	Y	Y	Y
Mixed Use					Y
URO District					
Allowed uses in underlying zoning district + Multifamily uses in LDR and MDR + Ground floor residential in NCC					

Figure 27. Map of Current Zoning in Tukwila International Boulevard District
Source: Tukwila Municipal Code



TIB Station Area Development Standards

The Tukwila Municipal Code specifies development standards for each zone. Although zoning determines the allowed uses in each zone, the development standards determine the actual form of the properties by limiting height and requiring landscape, unit mix, parking, and recreational spaces. Figure 28 identifies the development standards that are relevant for developing high-density residential properties in the TIB Station Area.

[8] Accessory dwelling units must be located with a single-family unit on the same lot.

[9] Up to 4 units of townhomes for MDR zone.

Figure 28. Residential Development Standards in the TIB
Source: ECONorthwest Analysis of Tukwila Municipal Code

Zone Standard	HDR	RC	NCC	URO
Maximum Height	45 ft	35 ft	35 ft (45 ft for mixed-use)	65 ft
Minimum Landscape	50% (25% for townhomes)	None	None	Underlying zoning
Unit Mix Requirement	None	None	None	No more than 40% studios
Residential Parking Ratio	2 stalls per unit for townhomes & multifamily dwellings		1 stall per unit + 0.5 stall for each bedroom >1	1 stall per unit + 0.5 stall for each bedroom > 1
Senior Housing Parking Ratio	1 stall per unit for up to 15 units. 0.5 stall per additional unit			Underlying zoning
Commercial Parking Ratio	N/A	N/A	3 per 1,000 sf	3 per 1,000 sf
Restaurant Parking Ratio	N/A	N/A	10 per 1,000 sf	10 per 1,000 sf
Structured Parking Requirement	None	None	Yes	Yes
Recreational Space Requirement	400 sf per unit (100 sf per senior unit) Minimum of 1,000 sf	200 sf per unit (100 sf per senior unit) Minimum of 1,000 sf		Underlying zoning

Prototypes Analyzed

Five prototypes were selected to assess the sensitivity of changing different development standards in the TIB Station Area: Townhomes, 3 story wood-frame apartments, 4-story wood-frame apartments, a 5-story podium development and a 6-story podium development.

The wood-frame apartments and podium developments are assumed to be mixed-use, have development standards that correspond to RC or NCC zones or URO district, and have 6,000 to 7,000 of leasable retail space on the ground floor.

Townhomes

Because HDR zone functions as buffers between lower and higher density developments, townhomes were studied with development standards that correspond to HDR zone. New townhomes developed in Tukwila are assumed to have 2 or 3 bedrooms and could sell at about $600,000 per unit based on recent observations of transactions of similar housing in Tukwila and similar residential markets.

Figure 29. Example of a Townhome Prototype
Source: Sage Homes Northwest
Location: Lucile Townhomes, Seattle, WA

Wood Frame Apartments (3 and 4-Stories)

Four-story apartments are common because they maximize the height that can be built with wood frame construction.[10] This development type would be allowed in NCC and URO. It would be allowed in HDR zone if there was no retail uses on the ground floor. A three-story prototype is also developed for the analysis because the RC zone would not allow four-story apartments.

Wood frame apartments are assumed to have a mix of studio, 1-bedroom, and 2-bedroom units renting at $2,100 on average and are assumed to have surface parking.

[10] The 2018 International Building Code does allow wood frame buildings to reach an additional floor upon satisfying certain criteria. Five-story wood frame apartments are common in areas with a very low parking ratio (below 1 parking stall per unit).

Figure 30. Example of a Wood Frame 3-Story Prototype
Source: Costar
Location: Motif Apartments, Lynnwood, WA

Figure 31. Example of a Wood Frame 4-Story Prototype
Source: Weidner Apartment Homes
Location: Viewpoint Apartment Homes, SeaTac, WA

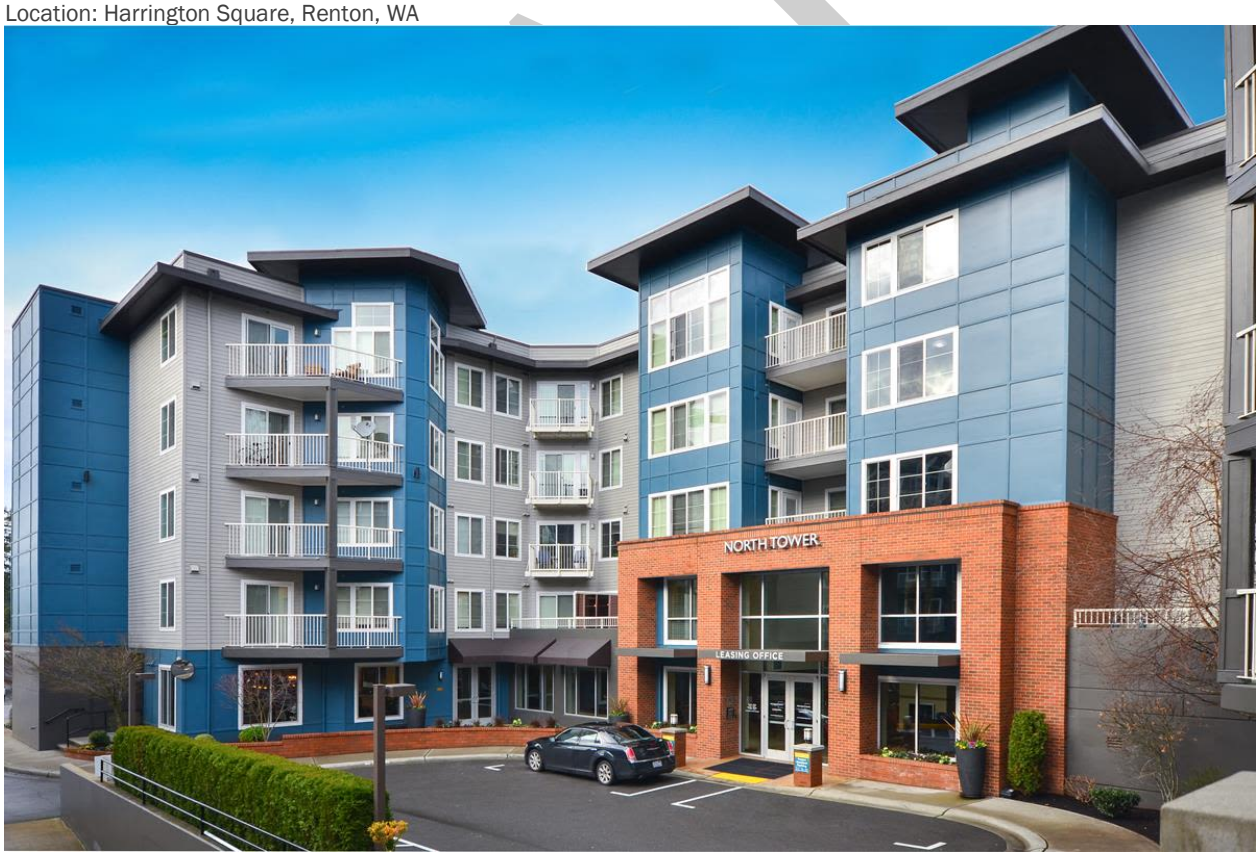
Podium Apartments (5 and 6-Stories)

Podium construction (concrete floor(s) below wood frame residential area) is necessary to reach higher than four floors. In the TIB Station Area, the URO district would allow the construction of a 5-story building in which the first floor is built with concrete and used for parking and retail (a 4-over-1 prototype).

Another common form of podium construction is a 6-story building in which first two floors are used for parking and retail (a 4-over-2 prototype).[11] The 6-story prototype is included in the analysis because they are commonly built – often with public subsidies or tax exemptions – in more dense residential areas in urban centers and station areas across King County.

Podium apartments are assumed to have a mix studio, 1-bedroom, and 2-bedroom units renting at $1,900 on average. Units in podium apartments are assumed to be slightly smaller than units in wood frame apartments based on observations from recent developments of this type across King County.

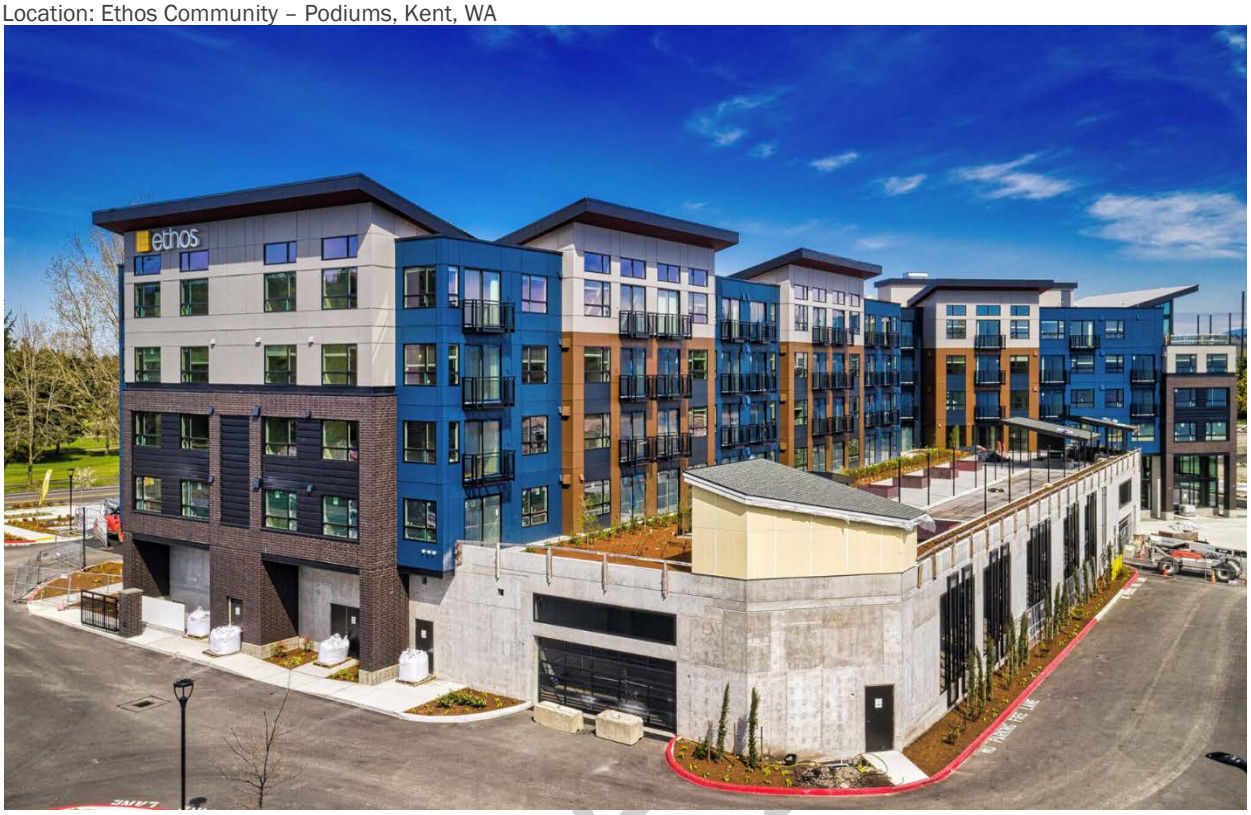
Figure 32. Example of a 4-over-1 Podium Development with Structured Parking
Source: Greystar Real Estate Partners, LLC
Location: Harrington Square, Renton, WA



[11] Although 5-over-1 and 5-over-2 structures in which five floors of wood frame residential areas sit above one or two floors of concrete structure have been built in the Puget Sound region in recent years, they are excluded from the analysis because they require a very low parking ratio (far below 1 parking stall per unit).

Figure 33. Example of a 4-over-1 Podium Development with Structured and Surface Parking
Source: CoStar
Location: Altitude Apartments, Renton, WA

Figure 34. Example of a 4-over-2 Podium Development with Structured Parking
Source: CoStar
Location: Ethos Community – Podiums, Kent, WA



Development Feasibility Testing & Results

To arrive at several of the recommendations discussed in Part 4, we analyzed the development feasibility sensitivity of five different scenarios, each one changing one or more development standards (listed on the next page). The analysis focuses on the development standards in the current code that are likely to have a significant impact on the feasibility of new housing development in the TIB Station Area, particularly those that constrain development (such as parking). In a few scenarios, we tested alternative development standards that are not part of the current code to offer newer options and recommendations.

In addition, we analyzed the impact that two different affordable housing programs might have on development feasibility. We analyzed these scenarios and programs across the five prototypes discussed above. The list of which prototypes were analyzed in which scenario is shown in Figure 35 below. This table also shows the relevant zones where each prototype is tested, as well as the type of parking assumed for each prototype.

Figure 35. Prototypes in each Development Feasibility Scenario and Affordable Housing Analysis

Prototype	Townhome	3-Story Wood Frame	4-Story Wood Frame	4-over-1 Podium	4-over-2 Podium
Primary Zoning	HDR	RC	NCC, URO	URO	
Primary Parking Configuration	Garage	Surface	Surface	Mix	Podium
Development Scenario Tested					
Scenario 1: Unit Mix				X	X
Scenario 2: Parking Ratio	X		X		
Scenario 3: Structured Parking				X	
Scenario 4: Recreational Space	X	X	X	X	
Scenario 5: Step Back Requirements				X	X
Affordability Program Tested					
12-year Multifamily Tax Exemption (MFTE) Program				X	
Inclusionary Housing (IH) Program				X	

Development Feasibility Testing – 5 Scenarios

- **Scenario 1: Unit Mix** - Current development standards have a requirement related to unit mix. An analysis of this requirement for 4-over-1 podium and 4-over-2 podium prototypes reveals it does not materially impact new development – as explained below – and thus is not relevant to other development standards analyzed. However, we test an alternative approach to unit mix to assess Tukwila's objective of having more family-sized units.
- **Scenario 2: Parking Ratio** - Reducing the parking ratio is one way to encourage more multifamily projects in the TIB Station Area. For townhomes, we estimate the feasibility impact of reducing the required parking ratio from 2.0 to 1.0 stall per unit. For a 4-story wood frame prototype, we estimate the feasibility impact of reducing the parking ratio from 1.5 to 1.0 stall per unit. When testing other development standards (e.g., the unit mix, structured parking, recreational space, step backs, MFTE, and Inclusionary Housing (IH), we assume 2.0 stalls per unit for townhomes and 1.0 stall per unit for all other prototypes.
- **Scenario 3: Structured Parking** - Some zones in the current code require at least 75% of parking to be in a structured area. This requirement is most relevant to 4-over-1 podium prototypes, which is the lowest development height that would likely have structured parking.
- **Scenario 4: Recreational Space** – The analysis compares for all prototypes the recreational space requirements in the current code as well as an alternative requirement. When analyzing changes to the unit mix, parking ratios, structured parking requirement, MFTE, and IH, the analysis uses recreational space requirements

in the current code. When analyzing step backs, a lower recreation space requirement is assumed.

- **Scenario 5: Step Backs** - A simple step back requirement is analyzed for podium prototypes. Models for other development standards (e.g., the unit mix, parking ratios, structured parking requirement, recreational space, MFTE, and IH) only include setback requirements, not step back requirements.
- **MFTE / Inclusionary Housing (IH)** - New affordable housing programs are evaluated using a 4-over-1 podium prototype.

Scenario 1: Changing Unit Mix

The allowed mix of unit types (e.g., studio, 1-bedroom, 2-bedroom, and 3-bedroom apartments) influences the overall design and layout of a building. Residential developers want to maximize the number of units created in order to leverage the amount of debt needed to finance the construction. However, the City of Tukwila has a policy goal to build more family-sized units (2-bedrooms and 3-bedrooms) and commentary from public engagement also demonstrates a desire for larger units.

Current Code Requirement

The current code requires that no more 40% of all units in a multifamily development be studio units.

Analysis

If the intent in the code is to increase the number of family-sized units, the City of Tukwila could consider a requirement that at least 25% of new units in a project in the TIB Station Area are 2- or 3-bedrooms. This alternative family-sized unit requirement is compared with the unit mix of likely developments in Figure 36, which are based on recent developments in nearby, urban neighborhoods, namely in Burien and the Rainier Valley.

Results

As shown in Figure 36, recent developments from 2016-2020 in Tukwila have very few studios and are far from reaching the limits (40% maximum) on studios in section 18.43.070 of the zoning code. The unit mix of recent developments in nearby areas also shows that the City of Tukwila's requirements on studios are not likely to constrain future development. Future development in Tukwila is assumed to resemble recent developments in nearby competitive markets.

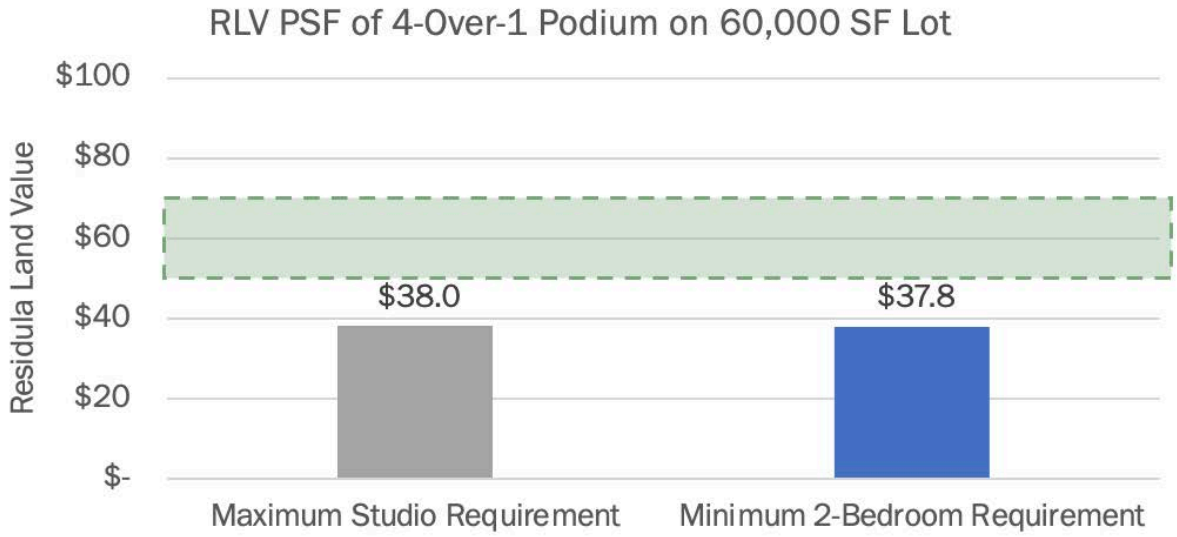
Figure 36. Unit Mix of New Developments
Source: CoStar

	Recent Developments in Tukwila		Recent Developments in Nearby Areas	
	Wood Frame	Podium	Wood Frame	Podium
Studio	4%	8%	23%	13%
1-bedroom	45%	54%	43%	69%
2-bedroom	51%	37%	34%	18%
3-bedroom	0%	0%	0%	0%

If the City of Tukwila required that at least 25% of units be allocated to larger unit types, it would likely not impact the financial feasibility of new wood frame apartments: in nearby areas, recent developments have seen about 34% of all units built as 2-bedrooms, and future trends in Tukwila are expected to be similar, thus exceeding a potential 25% requirement.

However, the requirement would increase the share of 2-bedroom units in in podium buildings from about 18% of all units (as seen in recent developments in nearby areas), to the stipulated 25%, which would require a reduction in 1-bedroom units. For the 4-over-1 podium prototype, this change would marginally decrease development feasibility for podium developments (RLV would fall by less than $1 per square foot). The difference is small because the total number of units would stay the same and the total construction cost would increase slightly more than the total rental income. Residential density would not change as a result of the 2-bedroom requirement. Similar results can be estimated for the 4-over-2 podium prototype as well.

Figure 37. Comparison of Unit Mix Requirements
Source: ECONorthwest



The results from the unit mix analysis informs Recommendation A1 (see page 57).

Scenario 2: Reduced Parking Ratio

The current minimum parking requirements for multifamily units vary by zoning and unit mix. However, because most units are 1- and 2-bedroom units, the average parking ratio is between 1.0 and 1.5 stalls per unit. While a development project could obtain modified parking

requirements with the approval of a parking demand study, this process in and of itself can create a market barrier to development. When lenders and developers evaluate the feasibility of a project, the certainty of development requirements is critical to evaluate during due diligence.

Current Code Requirement

Under the current code, some zones require 2.0 parking stalls per unit while other zones require 1.0 stall per unit and an additional 0.5 stalls for each bedroom exceeding one.

Figure 38. Average Residential Parking Requirements (Minimum Stalls per Unit)
Source: City of Tukwila, CNU Legacy Project, ECONorthwest

	Townhomes in HDR	Mixed-Use in NCC or URO
Current Code	2.0	Between 1.0 and 1.5
Alternative	1.0	1.0

Analysis

This analysis estimates the feasibility impact of reducing parking ratios for townhomes in the HDR zone (changing from 2.0 to 1.0 stall per unit) and for mixed-use, 4-story wood frame apartments (changing from 1.5 to 1.0 stalls per unit) in the NCC zone or URO district.

- A townhome prototype with 2.0 stalls would have a one-car garage and a one-car driveway, whereas a townhome with 1.0 stall would only have a one-car garage. All townhome prototypes are assumed to share a common alley to access the garages and driveways.
- The average parking ratio for an apartment building in NCC zone or URO district would vary between 1.0 and 1.5 stalls per unit. For the purposes of the analysis, 1.5 stalls per unit is assumed for the base scenario and is compared to an alternative 1.0 stall per unit. All parking for the 4-story wood frame apartment would be located on surface parking.

Parking is one of the most influential factors relating to the cost and density of new development.

It has a large impact on development feasibility because it competes for site area with residential uses, thereby limiting the value that can be generated from more rental units. More rental units not only generate more rent revenue but also reduce per-unit fixed costs, such as land.

Moreover, parking tends to add costs without generating its own source of revenue.

Results

Reducing the parking ratio from 2.0 to 1.0 stalls per unit would make townhomes slightly more feasible. The RLV increases by $2.4 per square foot (psf), but it is still below the land price threshold of $120-$150 psf in the HDR zone. As a result of the change, the townhome prototype would not require a driveway, only garages connected by an alley. With either parking requirement, the resulting residential densities are 23.2 dwelling units per acre (DUA). A reduction in parking requirements would allow development standards to be more urban in form with a stronger street orientation that could be achieved through reduced front setbacks.

Figure 39. Comparison of Parking Ratio for Townhomes in HDR/TIB1 Zone
Source: ECONorthwest

Reducing the parking ratio from 1.5 to 1.0 stalls per unit for a 4-story wood frame building would also improve feasibility. Requiring 1.5 stalls per unit would yield an RLV of $56.2 per square foot, which is at the lower end of typical land prices for multifamily developments (which range between $50 and $70 psf). An alternative parking requirement for 1.0 stall per unit would improve feasibility by increasing the RLV by 25% to $70.5 psf, putting it well within typical land prices in the area (see Figure 40). The reduced parking ratio also increases residential density from 40.7 DUA to 47.9 DUA.

Figure 40. Comparison of Parking Ratios for a Mixed-Use Multifamily Prototype in TIB2 Zone
Source: ECONorthwest

The results from the parking ratio analysis inform Recommendation A2 (see page 57).

Scenario 3: Structured Parking Requirement

Structured parking encases a parking area in a concrete frame, which usually sits below more parking or other uses. Structured parking areas allows for higher development and are typically applicable for podium buildings. Compared to surface parking, structured parking can enable greater residential density and have less visual impact on the surrounding streets. However, structured parking costs much more to build and does not improve residential density unless residential units are actually built above it.

Wood frame developments typically top out at four floors.

Podium developments, such as a 4-over-1 or 4-over-2 prototypes, are development types that include one or more floors of concrete construction, allowing for more floors of wood construction and taller buildings overall. The concrete floors can be used for parking but can also be used for residential, retail, or lobby uses.

Current Code Approach

Current standards for multifamily housing and mixed-use residential developments require at least 75% of parking be in structured parking spaces in 4-over-1 development as an option in the Urban Renewal Overlay (TMC18.43). These requirements can make 4-over-1 prototypes infeasible in the TIB Station Area.

Analysis

Due to the higher cost of podium concrete construction compared to wood frame construction, developers do not build podium parking structures until they reach the height limit for wood frame construction. Therefore, this analysis compares a 4-story wood frame prototype with surface parking to a 4-over-1 podium prototype that satisfies the structured parking requirement. The analysis also compares a 4-over-1 prototype that has structured parking on the ground floor in addition to surface parking on other portions of the site (recall Figure 33).

Results

The 4-over-1 podium prototype with structured parking does not add enough units to offset the added cost of developing with concrete and steel and putting most of the parking in a structured area. The analysis shows that 66 units can fit in a 4-story wood frame building on a 60,000 square foot (sf) lot. With a structured parking requirement, 91 units can fit in a 4-over-1 podium building, which would raise the revenue by 21% but also increase the development costs by 57%. The increase in development cost is almost entirely driven by the cost of building structured parking spaces. In total, the structured parking requirement would make the project infeasible.

On the other hand, if the structured parking requirement did not exist, a 5-story building – in which the first floor is built in concrete, and thus can accommodate parking – is likely to have much fewer podium parking spaces because surface parking is more available. Compared to a 4-story wood frame prototype, the 5-story building can increase residential density without reducing development feasibility as much. However, the analysis shows that the RLV per

square foot would fall from a feasible level ($70.5 per square foot) to an infeasible level ($38.0 per square foot), below the minimum land price of $50 psf for multifamily properties in Tukwila.

The analysis shows a tradeoff between different parking types. Podium construction is necessary to build higher than four floors and at a greater density (while maintaining the same minimum parking ratio of 1.0 stall per unit). But, because structured parking costs more to build than surface parking, building more structured parking than is necessary to support the residential units above the ground floor reduces development feasibility.

Figure 41. Comparison of Structured Parking
Source: ECONorthwest

	Wood Frame 4	4-over-1 (With Structured Parking)	4-over-1 (Without Structured Parking)
Lot Size	60,000 sf	60,000 sf	60,000 sf
Gross Building Area (GBA)	69,600 sf	118,800 sf	85,500 sf
Units	66	91	85
Surface Parking Stalls	89	6	76
Podium Parking Stalls	-	102	24
Structured Parking %		94%	24%
Residential Parking Ratio	1.35	1.19	1.18
Development Value psf	$ 375	$ 447	$ 425
% Change from Wood Frame		+19%	+13%
Development Costs psf	$ 305	$ 479	$ 387
% Change from Wood Frame		+57%	+27%
RLV psf	$ 70.51	$ (32.1)	$ 38.0

Because the structured parking requirement drastically limits development feasibility of 4-over-1 podium prototypes, the rest of the analysis assumes the structured parking requirements does not exist for 4-over-1 prototypes. Instead, the analyses below for step back requirements include a 4-over-2 prototype that satisfies the structured parking requirement.

The results from the structured parking analysis inform Recommendation A3 (see page 58).

Scenario 4: Recreational Space Requirements

Recreational space provides both public and private spaces that residents can access for leisure and civic purposes. Public or private, these spaces can include plazas, small parks, playgrounds, gardens, balconies, rooftops, and interior courtyard areas. The City of Tukwila can adjust the design guidelines of recreational spaces to regulate sizes, dimensions, uses, tree coverage, and access, among other elements.

The City of Tukwila recently completed a *Parks, Recreation, and Open Space Plan* to identify community needs for parks, recreation, and open spaces. One of the implementation steps include prioritizing park development in park search areas. Search Area 2 includes

undeveloped and underdeveloped land in the TIB Station Area, east of the TIB.[12] The identified need for more recreational space in the TIB Station Area is taken into consideration when developing scenarios for feasibility analysis.

From development perspective, recreational spaces can reduce development feasibility because they compete with the building footprint that could otherwise be used for residential units or parking, increasing the productivity of the site for housing and increasing development feasibility. If recreational space requirements are tied to the number of units or the total residential area, then the required recreational space increases as the number of units increase, which can limit the number of units developed.

Current Code Requirement

Recreational space requirements in the current code are applied on per unit basis. The current code requires 400 sf of recreational space for each unit in the HDR zone and 200 sf per unit in the RC and NCC zones unless the development is for senior citizen housing. Thus, a 3-story building in NCC zone with 10 units on each floor would be required to have 6,000 sf of recreational space. In comparison, a 4-story building with 10 units on each floor would be required to have 8,000 sf of recreational space. Even though the two buildings have the same building footprint, a developer with a fixed lot size may choose to build less housing due to the recreational space requirement: they would likely develop the 3-story building because the 4-story building would need to be built on a lot that is at least 2,000 sf larger to accommodate more recreational space.

Analysis

An alternative recreational space requirement could base the recreational requirements on the lot area. Because this option would yield a fixed recreational area for each site size, the building footprint would not compete for space with recreational area as the residential density increases. This approach also allows for the provided recreational space to scale more equitably across different site sizes, thereby limiting the disproportionate impact to larger building on larger sites.

Results

Figure 42 shows that the current requirements cause 18% to 28% of a 60,000-sf lot to be dedicated to recreational space area on the ground floor, thus limiting housing density. For townhomes, which are modeled on a 15,000-sf lot, recreational space would take up 21% of the lot based on the current development standards. On the other hand, an alternative requirement based on total lot area would result in only 10% of the lot being dedicated to recreational space.

[12] City of Tukwila Parks, Recreation, and Open Spaces Plan (Final Draft), March 2020. https://www.tukwilawa.gov/wp-content/uploads/PR-Tukwila-PROS-Plan-March-2020-1.pdf.

Recreational space requirements based on units disproportionately impact larger scale developments. Notably, among multifamily apartment prototypes, the financial impact grows with residential density. For example, changing the current recreational space requirements to the alternative requirement would improve the feasibility of the 3-story wood frame prototype by $8 psf ($480,000 on a 60,000-sf site), whereas the same change would improve the feasibility of the 4-over-1 prototype by $14 psf ($840,000 on a 60,000-sf site).

The impact of changing the recreational space requirements grows with residential density precisely because the current requirements are based on residential density. Changing the requirements would allow the 3-story wood frame prototype to develop 7 more units and parking for those units over 5,000 sf of land that is no longer needed for recreational space. The 4-over-1 prototype could develop 25 more units and parking for those units over 11,000 sf of additional land.

Figure 42. Impact of Recreational Space Requirements on Multifamily Feasibility
Source: ECONorthwest

		Required Recreational Space (sf and as % of lot)			
Code	Requirement	Townhome	Wood Frame 3	Wood Frame 4	4-over-1
Current Code	200 sf per unit	3,200 (21%)	11,000 (18%)	13,200 (22%)	17,000 (28%)
Alternative	10% of lot area	1,500 (10%)	6,000 (10%)	6,000 (10%)	6,000 (10%)

		Units			
Code	Requirement	Townhome	Wood Frame 3	Wood Frame 4	4-over-1
Current Code	200 sf per unit	8	55	66	85
Alternative	10% of lot area	9	62	77	110

		RLV psf			
Code	Requirement	Townhome	Wood Frame 3	Wood Frame 4	4-over-1
Current Code	200 sf per unit	$108	$54	$71	$38
Alternative	10% of lot area	$123	$62	$84	$52

The results from the recreational space analysis inform Recommendation A4 (see page 58).

Scenario 5: Step Back Requirements

Setbacks and step backs designate the amount of unencumbered space that must surround a building. They allow physical separation between uses and allow paths for sunlight to enter buildings. They tend to be larger for lots in close proximity to lower density areas and for lots adjacent to lower density zones.

Setbacks are the distances between buildings and property lines. The ground floor of a structure must be a minimum distance from the lot line. When setbacks apply to higher floors, they are also called step backs.

For example, a 20 ft setback on the first floor and a 30 ft setback on the third floor would mean the building must be 20 ft removed from the lot line and the third floor of the building must be 30 ft removed from the lot line. The 10 ft difference is the **step back** requirement.

Setbacks and step backs can impact development by limiting the maximum area in which a building can be built. Each city's zoning code usually lists the minimum (and sometimes the maximum) setbacks and step backs required on each parcel's front, side, and rear lot lines, in each zone.

Current Code Requirement

The City of Tukwila currently requires various step backs across the zones in the TIB Station Area. In the HDR zone, 5 ft to 30 ft of front step back is required on floors above the ground floor. 10 ft to 20 ft of step back is also required on the side and rear of the building in HDR zone. In RC zone, there is no front step back, but there is a requirement for 20 ft step back on the side and rear of the building. There is no step back requirement in NCC zone. Larger step back requirements exist for lots adjacent to an LDR zone.

Analysis

This analysis models a simple change in the step back requirements and estimates the impact on feasibility of the change. Specifically, it compares the 4-over-1 and 4-over-2 prototypes with no step back requirements and those with 10 ft step back requirements on the side and rear of the building. Although actual step back requirements in the code are larger and additional setbacks can be associated with these step backs, only 10 ft step backs are analyzed for simplicity. Thus, the result of this analysis would be a conservative estimate of the impact of additional setbacks and step backs required on properties, particularly those adjacent to an LDR zone. In addition, this analysis uses the alternative recreational space requirements

Results

Step back requirements reduce density and project feasibility. For a 4-over-1 podium prototype, the step back reduces residential space on floors above ground floor parking, which reduces feasibility. This is partially offset by a reduction in parking: the number of parking stalls declines with the reduction in residential units, and most of the required parking for a 4-over-1 prototype is surface parking. While the building footprint can increase over the unused parking space to offset some of the units lost to the step back, it still results in a net reduction of units and thus a reduction in feasibility.

In the model, a 4-over-1 prototype with no step back on a 60,000-sf site can accommodate up to 110 units in a building with 22,000 sf of building footprint and 89,000 sf of gross residential area. The step back reduces total units by 38 units (27.6 DUA) on the 3rd, 4th, and 5th floors, and also requires 38 fewer parking stalls. However, because the building footprint can now increase to 28,000 sf by using some of the surface parking area freed by the reduction in parking stalls, this development prototype can add back 26 units (18.9 DUA) across all four residential floors, for a net reduction in DUA of 8.7.

For a 4-over-2 prototype, the building footprint is maximized and almost all parking is located in structured parking areas. Without surface area parking to expand into, the units on higher residential floors that are lost to the step back requirements cannot be offset by increasing the building footprint into the parking area. The net effect is that the step back requirements reduce total residential area by 54 units (39.2 DUA) in the 4-over-2 prototype. The effect of step back requirements is greater for the 4-over-2 prototype for two other reasons:

1. The floorplate of upper floors (3rd floor and higher) shrinks by about 11,000 sf on each floor, compared to only 2,400 sf per floor for the 4-over-1 prototype.
2. The reduced floorplate of upper floors applies to four floors (3rd to 6th floors) for the 4-over-2 prototype, whereas it applies only to three floors (3rd to 5th floors) for the 4-over-1 prototype.

Figure 43. Density and Feasibility Impacts of Step Back Requirements
Source: ECONorthwest

	4-over-1			4-over-2		
	No Step Back	Step Back	Impact	No Step Back	Step Back	Impact
Dwelling Units per Acre (DUA)	79.9	71.1	-8.7	161.2	122.0	-39.2
Floor Area Ratio (FAR)	1.83	1.77	-0.06	4.50	3.76	-0.74
RLV psf	$ 52	$ 26	-$26	-$29	-$87	-$58

The results from the step back analysis inform Recommendation A5 (see page 59).

Affordable Housing Programs Analyzed

This section analyzes the development feasibility impacts of enacting two programs that require

What is inclusionary housing?

Affordable housing requirements, often referred to as inclusionary housing or inclusionary zoning, require (via a mandatory program) or encourage (via a voluntary program) developers to contribute to the public benefit of affordable housing.

This often takes the form of either providing affordable units within a new or renovated market rate project, building, or renovating new affordable housing off-site but in conjunction with a new market rate development or paying a

regulated affordable housing[13] – a Multifamily Tax Exemption (MFTE) program and an Inclusionary Housing (IH) program. The City of Tukwila is interested in exploring programs and policies that can provide a greater range of affordable housing options for its residents and prevent displacement as the TIB Station Area and surrounding neighborhoods change.

The Existing Conditions portion of this Housing Action Plan included an assessment of several of Tukwila's housing policies that aim to boost housing production and improve affordability. While the City of Tukwila does not have an IH program, it has had an MFTE program in the past. Figure 44 below evaluates the City's past MFTE policy.

Figure 44. Evaluation of Tukwila's Affordable Housing and Housing Development Incentive Programs
Source: ECONorthwest building on Evermost Consulting, 2020, data provided by City of Tukwila

Policy	How it Works	Tukwila Findings	Evaluation
Multifamily Tax Exemptions (MFTE)	RCW chapter 84.14 allows cities with more than 15,000 people to establish a multifamily tax exemption program for 8-years or 12-years if the property includes 20 percent of its units as affordable housing. By waiving taxes, housing developments have lower operating costs, which affects the project's overall feasibility by making it easier to build new units. Thus, the 8-year program is a development incentive, and the 12-year program is a greater development incentive with a temporary affordable housing requirement.	Tukwila established its program in 2014 but it expired in 2017 and was not applicable in the TIB Station Area. In the time the program was active, it saw three properties take advantage of the tax waiver. These three properties created 658 units under the 8-year exemption. These properties include the Airmark Apartments, The Marvelle at Southcenter (senior housing), and the Holden at Southcenter (senior housing).	The previous 8-year program did not require that units be set aside for low-income housing. The intent of this MFTE program was to increase housing development in the Southcenter District. The 658 units were created over a three-year period, for an annual average of 219 units per year. With the three properties taking advantage of the program, they helped to increase density in Tukwila.

Inclusionary housing programs function similar to MFTE programs, in that they require property owners to set aside a portion of total units as regulated affordable housing. Unlike the MFTE program however, inclusionary housing programs do not provide property tax exemptions and the affordability requirements can vary. The City of Tukwila can state what the set aside requirements are and the affordability requirements for an IH policy, but they need to be feasible with market conditions. Affordable housing programs always face a tradeoff between increasing the number of affordable housing units and maximizing the public benefit

[13] Regulated affordable housing is income or rent-restricted to ensure the housing is occupied by households earning a certain income, and rents are set so as to be affordable to those income levels. Regulations are set according to the types of funding used to develop the housing, such as the Low-Income Housing Tax Credit, or U.S. Housing and Urban Development (HUD) funding. Most rent-restricted affordable housing is restricted to be affordable to households earning under 60% MFI, but these restrictions vary.

and ensuring development feasibility so that the market will actually deliver the units. Careful program calibration is required.

Analysis

To illustrate the development feasibility impacts of these two affordable housing programs, this analysis tested the effects on a 4-over-1 podium prototype. The following are assumed in the model:

- A 12-year MFTE program would require 20% of units to be set aside to be affordable to households earning less than 80% of the AMI. The set-aside and tax abatements would last 12 years.
- An IH program would also require 20% of units to be set aside to be affordable to households earning less than 80% of the AMI. The affordability restrictions are assumed to be permanently affordable, and no tax abatements were modeled.
- This analysis uses 2020 AMI levels, which differ from the 2018 AMI levels displayed in Figure 5 on page 7. In 2020, HUD calculated the King County AMI for a family of four to be $113,300. Families earning 80% of this ($90,640) would pay about $1,640 in monthly housing costs, whereas families earning 60% of the AMI (roughly $68,000) would pay about $1,200.[14]

Results

The 12-year MFTE program has a large, positive impact on development feasibility, whereas the IH program has a smaller, negative impact. Without the tax exemption or any other type of density/height/buildable area bonus, the IH program reduces development feasibility by effectively lowering achievable rents but ensuring longer-term housing affordability in Tukwila.

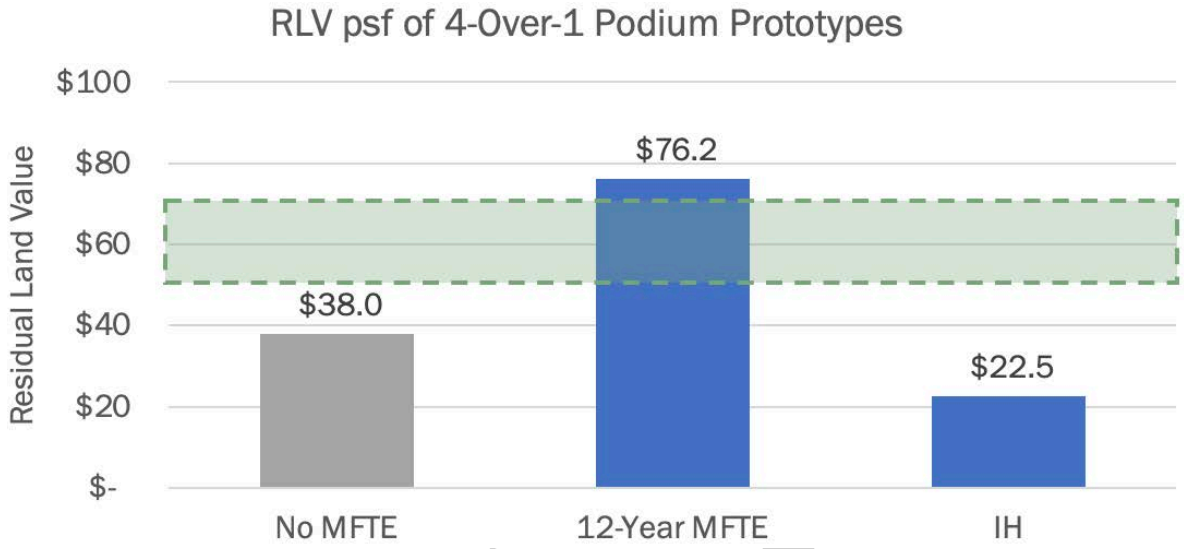
Based on this model, a 4-over-1 podium building on 60,000 sf lot could achieve 85 units and would need to set aside 17 units for affordable housing under either policy. The IH program results in a net loss in value of $930,000, or $15.5 psf in RLV. Although the MFTE program also results in rent revenue reductions, the reduction in value is only for 12 years and the losses are sufficiently offset by the 12 years of reduced property taxes. The net impact of the MFTE program is an increase in RLV of $38.2 psf.

Although 4-over-2 podium buildings are not feasible under current market conditions and require changes to the current development standards, the direction of the affordable housing program impacts are similar to the 4-over-1 prototype. The IH program would reduce feasibility by $26.4 psf, whereas the 12-year MFTE program would increase feasibility by $63.3 psf.

[14] Families with four people would need a 2- or 3-bedroom unit. The prototypes modeled here are somewhat smaller, so the estimated rent is adjusted downward. These estimates also factor in a utility allowance of roughly $104 per month.

However, because 4-over-2 podium buildings have higher densities, they would generate more affordable housing units.

Figure 45. Feasibility (RLV psf) Impacts of Affordability Programs
Source: ECONorthwest



The results from the affordable housing analysis inform Recommendation B1 (page 60).

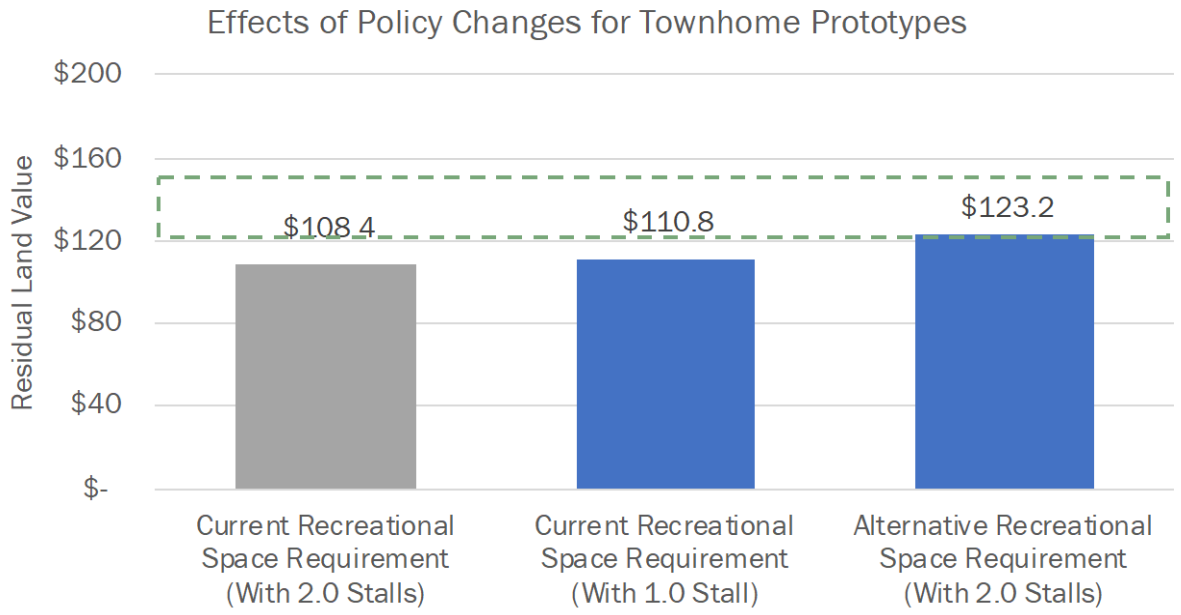
Summary of Development Feasibility Results

This section summarizes the various impacts of the five scenarios on each prototype.

Townhome Prototypes

Changes to required parking ratios have a minimal impact on the development of townhomes. Figure 46 shows that reducing the required parking ratio from 2.0 to 1.0 stall per unit improves RLV for townhomes from $108.4 to $110.8 psf, a $2.4 psf improvement. A larger $14.8 psf improvement is possible if recreational space requirements are defined as a share of the lot, instead of square foot per unit.

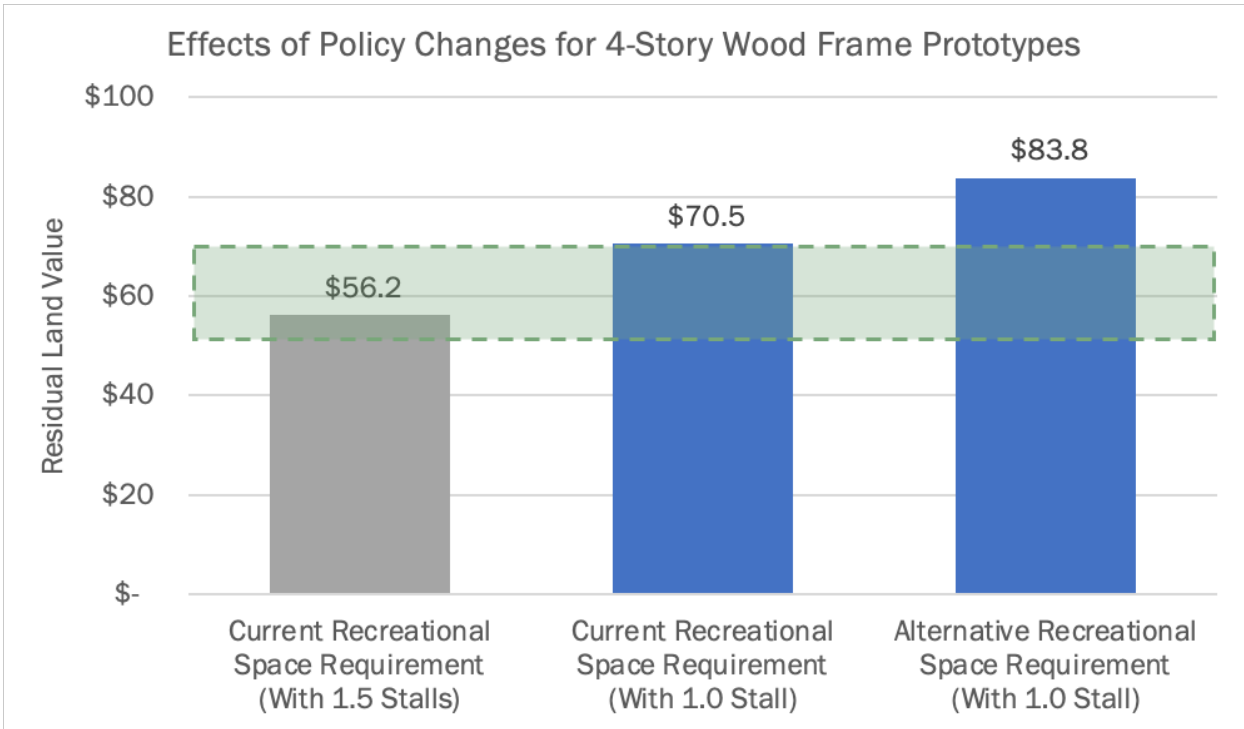
Figure 46. Feasibility Impacts of Various Policies on Townhome Prototypes
Source: ECONorthwest



4-Story Wood Frame Prototype

Lowering the required parking ratio also has the largest feasibility impact on the development of 4-story wood frame prototypes. Figure 47 shows that reducing the parking ratio from 1.5 to 1.0 stall per unit improves RLV from $56.2 to $70.5 psf, a $14.3 psf improvement. The alternative recreational space requirement would further improve RLV by $13.3 psf.

Figure 47. Feasibility Impacts of Various Policies on 4-Story Wood Frame Prototypes
Source: ECONorthwest



4-over-1 Podium Prototype

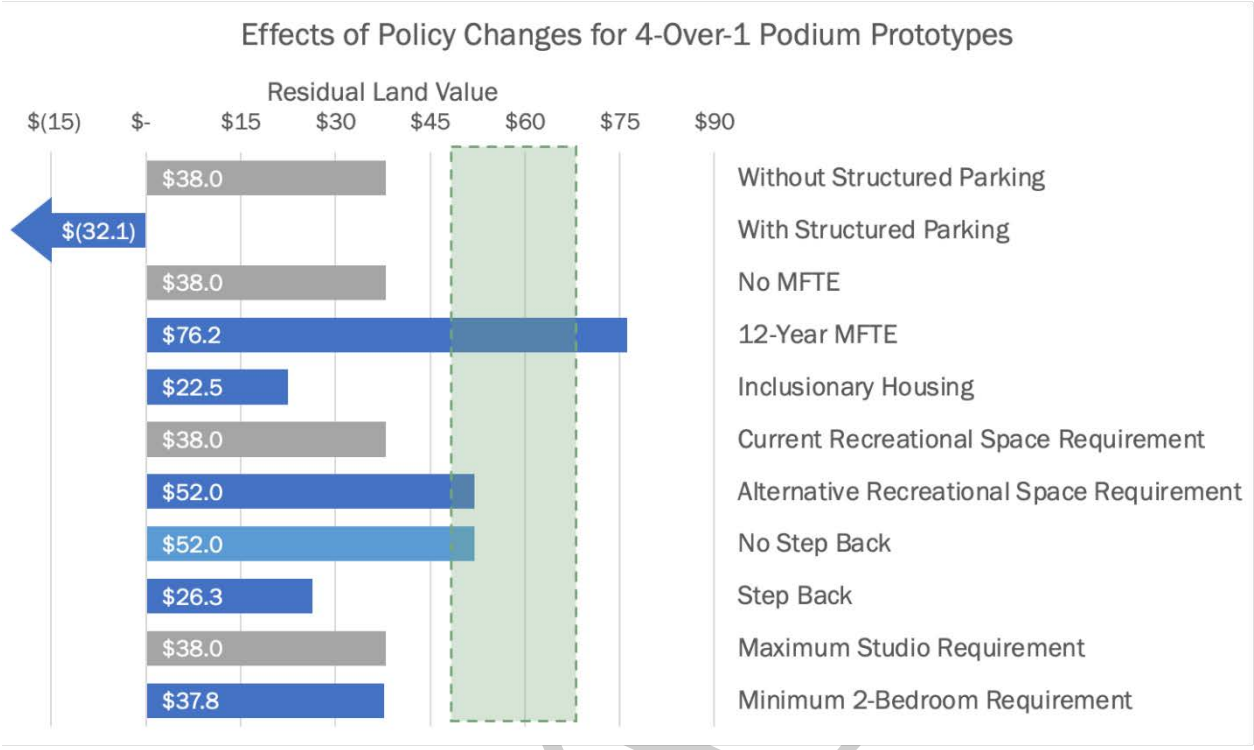
Structured parking requirements have the largest impact on feasibility for the 4-over-1 podium prototypes, which are assumed to have 1.0 parking stall per unit. As shown in Figure 48, the structured parking requirement would make podium buildings completely infeasible.

The 12-year MFTE program would improve the RLV of 4-over-1 podium buildings by $38.2 psf, whereas an IH program would reduce the RLV of 4-over-1 podium buildings by $15.5 psf.

Changes to the recreational space requirements or the step back requirements would have moderate impacts on development feasibility for this prototype. The alternative recreational space requirement would improve RLV by $14.0 psf. If the 4-over-1 podium prototype had the alternative recreational space requirement, adding 10 ft side and rear step back requirements would reduce feasibility by $25.7 psf.

Changing the unit mix to require that 25%+ of units be 2-bedrooms would have a minimal impact on development feasibility because about 18% of units in future developments would likely be 2-bedrooms, based on recent development trends in nearby areas.

Figure 48. Feasibility Impacts of Various Policies on 4-Over-1 Podium Prototypes
Source: ECONorthwest



Part 4: Recommendations & Implementation Steps

Part 4 offers policy and program recommendations and an implementation roadmap for the City to consider as Tukwila works toward increasing housing supply over the next 20 years.

Recommendations

This section highlights 17~~20~~ recommendations that can help the City of Tukwila encourage housing development to reach the 4,224 new units needed by 2040. These recommendations are organized around the objectives driving the TOD Strategies Housing Action Plan (from page 3):

A. Higher Density Development
B. Anti-Displacement and Community Stabilization
C. Station Area Planning & Infrastructure

Feedback and input from the community and data from the Existing Conditions work influenced all the recommendations below. Each recommendation includes a reference to development feasibility analysis (if applicable) conducted to arrive at the suggested changes.

Objective A) Higher Density Development

A1) Modify Unit Mix Requirements Focusing on Share of 2-Bedroom Units

See development feasibility analysis on page 40.

If the intent of the current development standards related to studios is to reduce the number of smaller units and increase the number of larger units, the City of Tukwila could modify the development standards to require 25% or more of the units to have two or more bedrooms. Although such requirement would slightly reduce development feasibility of podium buildings, it would increase the share of family-sized units in Tukwila. The current requirement that studios make up no more than 40% of the unit mix is unlikely to constrain new developments in the near future because they are likely to have mostly 1-bedroom units, with studio and 2-bedroom units making up smaller shares of the unit mix.

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.
- 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.

A2) Reduce Parking Ratios to 1.0 Stalls Per Unit in HDR and NCC Zones and in URO District

See development feasibility analysis on page 41.

Reducing parking requirements helps development feasibility. The current development standards require properties in HDR zone to have 2.0 parking stalls per unit and properties in NCC zone or URO district to have 1.0 stall per unit and additional 0.5 stalls for each unit with more than one bedroom. Reducing the requirement to 1.0 stall per unit in all zones, for all unit

types, would encourage the development of new multifamily housing in the TIB. The feasibility of apartments would improve enough to become more feasible on most lots, whereas the feasibility of townhomes would improve slightly so that they become more feasible on less expensive lots.

Next Steps

- The City should consider reducing parking requirements to 1.0 stall per unit for all zones and unit types in the TIB. 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.

A3) Modify Parking Standards for 4-over-1 Development

See development feasibility analysis on page 44.

Current standards for multifamily housing and mixed-use residential developments require at least 75% of parking be in structured parking spaces in 4-over-1 development as an option in the Urban Renewal Overlay (TMC18.43). This current requirement drastically limits podium development financially feasibility in the TIB Station Area. Removing requirements for structured parking both increases development feasibility for new housing as well as increases the amount of housing that can be produced on sites in the TIB.

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 Station Area. 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 the additional structured parking requirements~~restrictions~~ that come along with accessing additional density through the Urban Renewal Overlay.

A4) Adjust Recreational Space Requirements

See development feasibility analysis on page 45.

Recreational space requirements based on the number of units, as they are in the current development standards, disproportionately impact higher density developments which have more units. These requirements limit the portion of a site that is available for developing residential units and parking stalls. To encourage higher density development in the TIB Station Area, the City of Tukwila should limit the impact of recreational space requirements on development feasibility by determining the required recreational space based on the lot area, rather than per residential unit. If the City requires 10% of the lot area for recreational space,

90% of the lot would be available for all other uses, including building, parking, landscaping, and setback areas.

The City could also create fixed minimum and maximum amounts of required recreational space to ensure a certain amount of new recreational area is developed without discouraging high density development. For example, the City could require new multifamily property developments to have recreational space equal to 10% of the lot area, but no less than 1,000 sf and no more than 7,200 sf.

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.

A5) Reduce Step Back Requirements

See development feasibility analysis on page 48.

Step back requirements reduce development density and feasibility. The City should consider the cumulative impacts of development standards that limit the total building square feet allowed in a development. The limitations of step back requirements greatly impact project feasibility. Introduction of any new step back requirements would further reduce building efficiencies and development feasibility.

Next Steps

- The City could~~should~~ consider removing or modifying step back requirements in exchange for mitigation such as increased landscaping or larger setbacks 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

Offering tools and strategies for developers to assemble sites can help to promote the development of higher-density housing. Although apartments may be feasible in areas that are zoned for them, new developments may not be realized if there are many small, adjacent lots with multiple owners. Because the acquisition of adjacent lots for redevelopment can take advanced planning and time, strategic planning efforts by the City may be necessary to deliver market rate housing more quickly.

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 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.

Objective B) Anti-Displacement and Community Stabilization

B1) Consider a 12-Year Multi-Family Tax Exemption (MFTE) Program in the TIB Station Area

See development feasibility analysis on page 49.

Cities face an important tradeoff when determining housing affordability requirements. requiring regulated affordable housing can benefit low-income residents, help to ensure community stability, and can prevent displacement as the city changes. When policies are not designed carefully, they can make development infeasible and drive development into neighboring cities. This can have the opposite effect of the intended policy: worsening affordability by limiting the supply of new development. The City of Tukwila will need to carefully calibrate any affordable housing polices it enacts (such as inclusionary housing), weighing the benefits of low-cost housing against the negative impacts on development, and potentially offering some development benefits to offset feasibility impacts.

In current market conditions a 12-year MFTE program is a strong incentive to increase the number of affordable housing units while maintaining development feasibility needed to produce market rate units in a mixed-income development. The 12-year MFTE program allows property owners to receive property tax exemptions in exchange for setting aside 20% of units for households earning less than a certain level of AMI. The net effect of the MFTE program on development feasibility will be positive unless the income requirement for the affordable units is too low or the number of units set aside for affordable units is too high.

As the City considers a MFTE program it should also evaluate the cost of providing services to multifamily residential compared to the revenue the City would receive from the new development. It is the important for the City to have a financially sustainable budget to maintain service for community members.

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.

B2) Identify Opportunities to Increase Homeownership

A great way to mitigate the risk of displacement caused by new development is through programs aimed at increasing homeownership opportunities. This is particularly important for renters, low-income households, households of color (who have historically lower homeownership rates than White households), as well as immigrants and refugees.

Compared to renters, homeowners are largely shielded from displacement pressures, in large part because they have fixed mortgage payments. Unlike rents that can rise without warning or annually with a lease renewal, mortgage payments cannot change without warning. While property taxes do change each year, they are a small portion of overall homeownership housing costs. In addition, because lenders size a mortgage to a buyer's income and ability to pay, homeowners are less susceptible to cost burdening and housing insecurity, absent a sudden change in income.

Because of these benefits, and because homeownership offers the benefit of wealth generation through equity in a real asset, encouraging homeownership is one of the largest ways to prevent displacement. The most impactful way to improve homeownership opportunities is likely through a down payment assistance program. However, this requires meaningful funding resources and careful calibration to ensure tenant success.[15]

There are many other programs that do not require meaningful funding to be successful. The City should look to the community-based partners already working in these areas and build strong lines of communication as to how it can help (see Figure 49).

[15] Incomes need to be high enough and stable enough to support the mortgage payment, but low enough to qualify for assistance.

Figure 49. Potential Homebuyer Assistance Programs
Source: ECONorthwest

Programs Requiring Funding	Programs Not Requiring Funding
Down payment assistance programs	Donate city facilities for in-person meetings (when safe and appropriate) or staff time to advancing one of these programs
Expand existing homeownership weatherization and rehabilitation grants	Host homebuyer education (classes educating renters on the homebuying process)
Energy assistance grants	Foreclosure education assistance and counselling
	Donate excess land for affordable homeownership

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.
- Identify opportunities to promote development of a wider variety of housing types including, but limited to, townhomes at diverse income levels.

B3) Support Community and Faith-Based Institutions' Efforts to Develop Affordable Housing

Through public engagement efforts and conversations with City staff, it appears that several faith-based communities in the TIB Station Area are interested in developing portions of their properties into affordable housing. The City of Tukwila should make every effort to support these goals and consider unique programs or policies for faith-based institutions, which have limited knowledge of traditional affordable housing development processes. There are numerous policies or programs that the city could advance to clarify, shorten, and simplify the typical development process for faith-based institutions who are exploring developing affordable housing.

Next Steps:

- The City could~~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.[16]

- The City could~~should~~ offer reduced permitting costs, including fee waivers to lessen the need for development expertise and financial resources necessary to fund predevelopment.

Figure 50 below lists the types of fee waivers that the City of Tukwila has offered (currently or in the past) and could be used as a starting place for conversations with faith-based institutions as they work to build more regulated affordable housing.

Figure 50. Assessment of Tukwila's Existing Development Fee Waiver Program
Source: ECONorthwest building on Evermost Consulting, 2020, data provided by City of Tukwila

Policy	How it Works	Tukwila Findings	Evaluation
Fee Waivers	The list of potential fees when entitling a new building often includes, but is not limited to, zoning application fees, mitigation fees, building permit fees, plan check review fees, utility connection charges, building inspection fees, and impact fees. While these fees are important funding sources for their respective municipal departments and special districts, they can add up and effectively discourage new housing development–particularly at lower price points. New developments must then be priced high enough to overcome the total costs of construction, while still allowing the developer their return on investment.	Tukwila code (TMC 16.04.260) offers waivers of some permit fees for construction of dwelling units in exchange for affordable housing units. These fees include building, mechanical, electrical, and plumbing permits. Units with 2 or more bedrooms that meet an 80 percent affordability target qualify for a 40 percent fee reduction, units that meet a 60 percent affordability target qualify for a 60 percent fee reduction, and units of any size that meet a 50 percent affordability target qualify for an 80 percent fee reduction. Projects within the Urban Center subarea also don't have to pay water and sewer connection charges.	At least one project has taken advantage of the fee waiver program recently: The Bellwether apartments, which is currently under construction. This property also had a Development Agreement that may have introduced further fee waivers.

B4) Expand Tenant Supports

The City of Tukwila has good inroads into tenant supports, with information available on its website in several languages, and numerous links to partner agencies and tenants' rights organizations. However, public engagement comments suggest that more work can be done to support and education renters in Tukwila. Through the SKHHP staff work group, South King County partner jurisdictions share resources and information regarding local tenant protections and housing stability policies. South King County partner jurisdictions range in the type of

[16] For more information, visit https://www.portland.gov/bps/ah-grant/guide-affordable-housing-development

tenant protection policies that have been implemented, and political will to strengthen or implement new tenant protection policies. During the 2020 and 2021 state legislative session SKHHP has been advocating for statewide just cause eviction protections that would implement a more regional approach.

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.
- The City could seek out funding or technical assistance to incentivize landlords to improve their rental properties while maintaining the affordability of the units.

B5) Monitor and Track Regulated Affordable Housing

Most regulated affordable housing properties received funding that requires them to rent a portion of the units at a certain income level, for a certain amount of time. The length of these affordability restrictions varies by program, funding type, and property.

However, when affordability restrictions do end, these properties are at risk of moving to market-rate housing, thereby becoming unaffordable to the existing tenants. This risk is particularly high if properties are owned by private, for-profit companies (nonprofit affordable housing owners and operators will typically work to keep the rents affordable). An inventory of regulated affordable housing properties was conducted as part of the South King County subregional housing framework. SKHHP has been working with King County staff to incorporate this inventory into the broader regional database King County and PSRC are putting together.

By monitoring regulated affordable housing properties that are nearing their affordability expiration dates, the City can be a strong partner and advocate, working with the property owners to help secure needed funding and avoid the property returning to market rate. The influx of newly constructed affordable housing developments in Tukwila in recent years will not likely see their affordability restrictions end for some time. However, older properties

should be monitored over time, and the City should create a database along with a solid understanding of the affordability terms associated with different funding programs (e.g., the MFTE program has a 12-year affordability period, the Low-Income Housing Tax Credit program has a 15-year affordability period).

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.

B6) Monitor and Track Unregulated Affordable Housing

The City of Tukwila could build on the data collected through its rental housing licensing and inspection program to develop a comprehensive understanding of the naturally occurring affordable properties in the City. A good starting point would be to expand the basic information gathered from landlords through the annual licensing process. The next step would be to merge this information with code violations and inspection results collected and ask for rents and rent increases each year. The City could continue to build out the database to include the property's assessed value, information about changes to the property structure (from the King County Assessor's data or permit applications) and begin to track sales or management agency changes at the properties. This type of database would provide the City with a detailed inventory of low-cost market rentals (also called naturally occurring affordable housing or NOAHs) across the City.

During summer of 2021, SKHHP will be exploring how to best structure a sub-regional approach to monitoring and tracking unregulated affordable housing as part of the 2020-2021 SKHHP work plan. SKHHP will be putting together a group of stakeholders to strategize the best path forward, this will include identifying goals and priorities, and potential strategies on how to monitor unregulated affordable housing properties across South King County.

Figure 51. Information to Gather to Build a Rental Property Database
Source: ECONorthwest

Basic Information	Intermediate Information	Next Step Information
▪ Property address ▪ Property size (number of units) ▪ Year built ▪ Contact information for the landlord ▪ Management company (if applicable)	▪ Inspection results and schedules (with particular attention to any deferred maintenance at the property) ▪ Code violations or complaints ▪ Rents ▪ Rent changes	▪ Monitor for significant improvements to older multifamily buildings through permit data to anticipate repositioning or redevelopment. ▪ Monitor property sales and changes to the management agency (if applicable)

Once the City has a robust database that allows it to monitor these low-cost market rentals, it can build a framework to track and understand which properties might be primed for sale and redevelopment. The City should look at past redevelopment projects to understand the risk factors specific to Tukwila, but at a minimum, common red flags for redevelopment potential include:

- Small property size (e.g., fewer than 10 units)
- Low assessed value,
- Low rents and or lack of rent increases in recent years,
- Presence of redevelopment nearby,
- Near amenities or transit,
- Presence of deferred maintenance or capital repairs (numerous code violations, or numerous complaints),
- Non-institutional landlord
- Nearby properties under common ownership

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.

B7) Offer Tools and Strategies for Housing Preservation

Aligned with Recommendation B6 is the need to help unregulated property owners and smaller landlords maintain and repair their properties. Because regulated affordable housing is so difficult and costly to build, the majority of low-income households live in unregulated affordable housing, often called 'naturally occurring affordable housing' or 'low-cost market rentals.' However, because these housing units are not regulated by a government or community-based lender and subject to inspections and subsidies to maintain the properties,

they can fall into disrepair. This is especially common if the rents are well below market and the property has deferred maintenance.

Deferred maintenance can put a property at risk of being sold for redevelopment because the current property owner may not have the capital or the interest in undergoing major renovations. A new owner, financing the property acquisition and rehabilitation with debt, will need to increase rents to pay for the debt and repairs, putting the existing tenants at risk of displacement.

A variety of programs and policies can help unregulated property owners and smaller landlords maintain and repair their properties. Proper ongoing maintenance and capital repairs can help keep deferred maintenance at bay and ensure that existing low-income tenants have safe and stable housing.

Housing preservation strategies are most effective in the short-term for keeping older and low-cost housing units at an affordable level. There are numerous programs and policies that can be put into place, as well as partnerships to enhance, to preserve the City's important stock of low-cost market rentals.

Next Steps:

- The City could~~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.[17] Robust discussion is required for policy implementation to determine details such as if the policy would be a mandatory contractual agreement or opt-in for property owners.
- 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

Tukwila could work with the King County Housing Authority or South King County Housing and Homelessness Partnership (SKHHP) to establish a pilot program that would offer low-cost loans or grants for property owners to rehabilitate their units in exchange for affordability

[17] See Auburn Municipal Code 5.23.060 for more information.

restrictions. Because the City of Tukwila does not have a housing agency that is already set up to monitor compliance and lend funds, the best course of action is to partner with an agency that already has these programs and policies in place. The potential impact is limited to the extent that current property owners want to operate affordable housing units.

A few examples of incentive-based housing preservation and rehabilitation programs are listed below. The City-led programs are typically found at very large cities with sufficient funding and scale to manage a lending program and deploy millions of dollars of capital. Smaller cities tend to partner with regional, non-profit led programs.

- City-led programs:
  - The City of Oakland's Preservation Program.
  - The City of San Francisco's Small Sites Program.
  - The City of New York's Neighborhood Pillars Program.
- Non-profit led programs:
  - The Regional Equitable Development Initiative (REDI) Fund (operating in the Puget Sound).
  - The Minnesota Preservation Plus Initiative.
  - The Network for Oregon Affordable Housing's Oregon Housing Preservation Project.
- If the City wanted to establish its own program, it will need to consider many different aspects of program structure and lending terms. A few basic questions include:
  - Where will funding come from? What is the risk tolerance and investment use allowed for this funding? Will different funders have different repayment terms?
  - Will the City provide grants or loans? At what terms (interest rates, length of time, repayment terms)?
  - How will the City monitor compliance with the terms agreed to? Will the City conduct unit inspections to ensure affordability and habitability?
  - How much funding total, or per unit, would be sufficient? At what affordability levels would the City require units to be restricted? For how long?
  - How would the City qualify fund recipients (through an application process, a first-come-first-served basis, or some other mechanism)? Would the City prioritize certain locations or property types?

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 could~~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

Results from the public engagement process identified the need for a cohesive community economic development strategy for the TIB. Business owners in the TIB feel that they have had a good working relationship with City of Tukwila economic development staff in the past, but that recent City decisions reflect that lack of a long-term strategy that provides a community vision for the future of businesses in the TIB.

The City of Tukwila should identify strategies that provide a vision for the role of businesses in the district and moves toward creating economic opportunity for current and future businesses in the face of change as part of the upcoming Citywide Economic Development Strategy. TIB community economic development strategies should support social and racial equity-based community economic development at the neighborhood level to foster economic opportunity in the TIB.

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.

Objective C) Station Area Planning & Infrastructure

~~C1) Create a Development Framework and Planned Street Network for Parcels South of SR 518~~

~~The northern portions of the TIB north of the TIB LINK Station are characterized by heavy parcelization, deep lots, and a variety of site sizes. The southern portion of the TIB in the Special Height Exception Area south of SR 518 is characterized by very large parcels with fewer property owners than other areas in the TIB. The City of Tukwila should think proactively about how to support development and urban design outcomes that knit this portion of the TIB to the LINK and BRT stations as well as throughout the broader district.~~

~~The City should consider strategic approaches to developing a street network that could leverage the future pedestrian bridge over 518 to the LINK and BRT stations. This area has less~~

~~restrictions on overall development scale and mass of buildings that could prove feasible in the future in response to the development of the pedestrian bridge in addition to property owner willingness for development. The City should consider developing a development framework for this area that breaks the large parcels into pedestrian scale and transit-oriented blocks through a street network that improves connectivity both across SR 518 and to Tukwila International Boulevard.~~

~~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 ire 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.~~

C12) Create a TIB Station Area Parking Strategy

As the development feasibility analysis identified, parking requirements, structured parking, and recreational space requirements are three most important development standards that impact the ability to build taller buildings with greater residential density. A careful calibration of development standards related to parking and recreational space will determine the feasibility of taller buildings. The Special Height Exception Area in the current code allows up to ten stories in some parcels south of Washington State Route 518 (see Figure 18-3 in the Tukwila Municipal Code). One specific consideration for the City of Tukwila should be develop a district parking strategy to allow shared parking between developments that would enable the feasibility of taller buildings and support phased development of larger sites.

The City could also think about how to support shared parking across different developments in the station area north of SR 518. Allowing development projects to share parking requirements between buildings can help support development and more efficiently use land in the station area.

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.

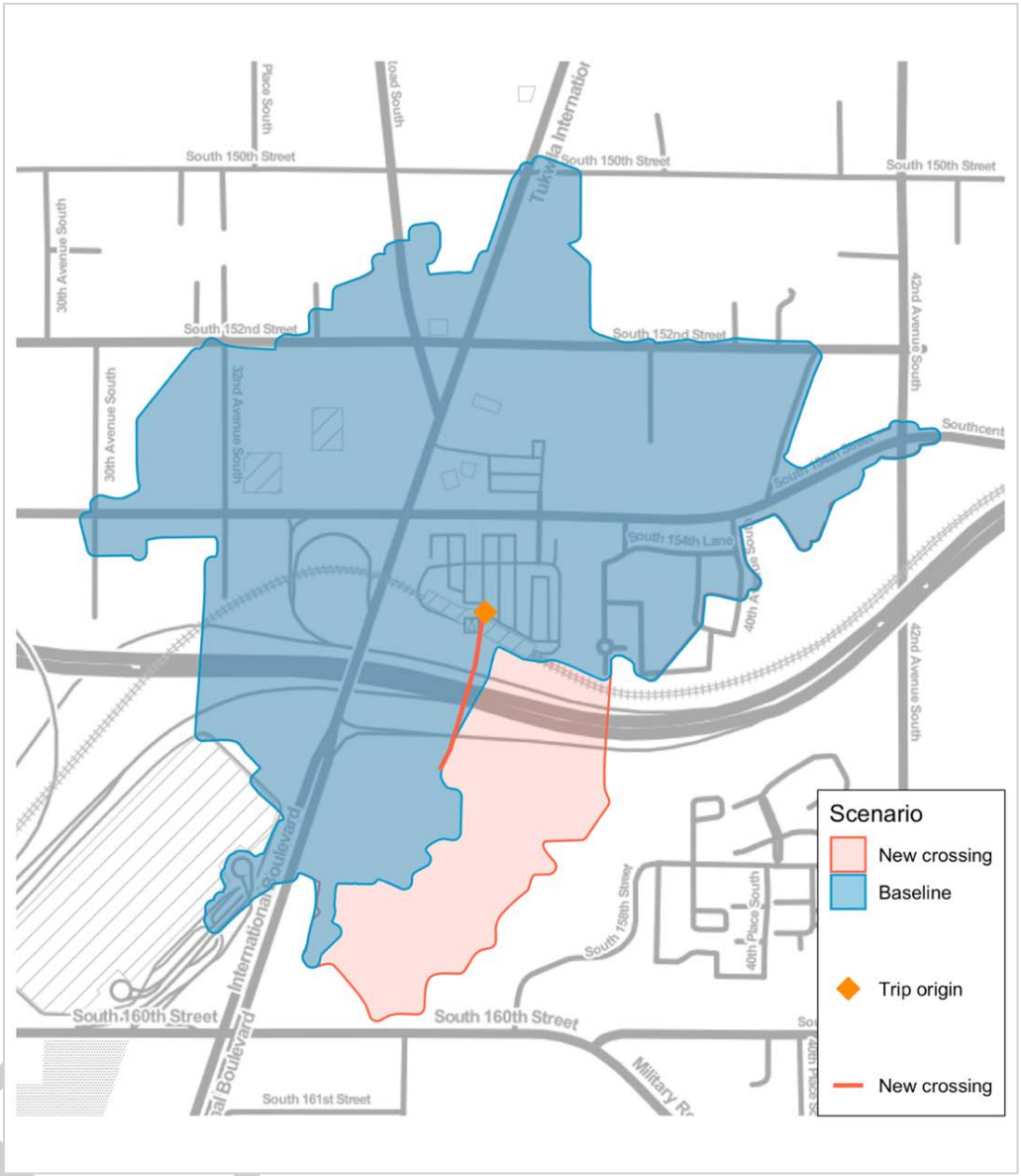
C2~~3~~) Connect the Station Area to Parcels South of SR 518

The City of Tukwila is working negotiate the construction of a highway overpass pedestrian bridge that would connect the TIB Station to the neighborhoods immediately south across SR 518. The red areas of Figure 3 below show the effect that a hypothetical overpass might have on expanding the half-mile walkshed.

As noted on page 4, walkshed analyses are typically done automatically through geospatial software using the existing street grids. Because the overpass does not yet exist, this analysis was done manually and is an estimate of potential impacts. The actual alignment and landing of the overpass is yet to be determined. The large parcels to the immediate south of the TIB Station (where the overpass will land) are prime for redevelopment in the coming years.

By extending pedestrian access from the BRT and LINK stations to the south of SR 518, this connection would substantially improve mobility throughout the station area and help complete the walkshed in the southeastern portion of the station area. Increasing pedestrian access across SR 518 frees up current long-term and short-term parking lots in this area for residential and commercial development that is more in line with the vision of the TIB and can help meet the housing needs identified in this report.

Figure 52. Map of TIB Station Area Walkshed with Bike/Ped Highway Overpass



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.

Implementation Steps

In the coming years, implementing this Transit-Oriented Development Housing Strategies Plan will require the City to balance and coordinate its pursuit of actions, funding, and partnerships with its other policy and programmatic priorities. This section outlines an implementation process that will improve success with advancing this Plan's recommendations.

Develop and Assign Work Programs

The 17~~20~~ recommendations suggested in this Plan will require varying levels of effort for the City to implement. Each recommendation will require different levels of staff time and resources and will achieve different objectives.

While each of these recommendations lies within the City of Tukwila's control, work will span departments and involve meaningful contributions from stakeholders such as City Council, Planning Commission, residents, homeowners, neighborhood associations, advocates, developers (both affordable and market rate), and many others. Additionally, some of the actions in the Transit-Oriented Development Housing Strategies Plan are intended to support enhanced coordination with government agency and non-profit partners.

While implementation will take several years, one of the first steps will be to develop a work program and assign tasks. The City will need to assess the varying levels of effort, allocate resources, and examine technological solutions to develop work programs that can help complete the needed analysis and initiate important conversations with these stakeholders.

Create Priorities: Accomplish Near Term Recommendations and Begin Work on Longer Term Recommendations

Figure 54 identifies recommendations as either near-term or long-term. Many of the near-term recommendations can be achieved through zoning code changes. These recommendations do not generally require high levels of funding, aside from staff time and resources to meet with the community and go through the amendment process. Given that general funds are and will likely remain limited in the coming years due to the effects of the COVID-19 economic recession, prioritizing these types of changes can help to support housing development, generate economic activity, and promote community stability.

Recommendations can only be implemented when funding, staff, and other city resources are available. These resources face various competing priorities in the City's larger workplan.

Programmatic recommendations that require new assets (staff, funding, or technological solutions) should be given a lower priority given limitations on resources. However, as these recommendations can also have longer lead times, the City could prioritize actions for longer term implementation and impact, should resources become available.

The City should also pay attention to which recommendations can be achieved through other types of planning processes, such as the next update of the Housing Element. These actions can be prioritized so the City is ready and prepared when the Housing Element update process

begins (many will require some lead time to connect with the community, Planning Commission, and City Council).

Figure 54 provides an overview of the 1720 recommendations highlighted in this Plan. Each recommendation is aligned with its geography (TIB Station Area or Citywide), is suggested as a near-term or long-term action, and has been assessed for its relative impact on the City's staff and resources. In addition, icons are used to denote the type of recommendation, which influences its implementation (Figure 53).

Figure 53. Icons used to denote Recommendation Types

Icon	Recommendation Type
	Recommendation calls for a zoning or Comprehensive Plan change. Recommendation can be implemented through the Zoning Code and/or through Comprehensive Plan update and code amendment processes.
	Recommendation calls for a new program. Implementation will require staff and or resources to support new or expanded program operations.
	Recommendation calls for increased partnerships and collaboration. Implementation will focus on enhancing relationships and securing partnerships.

Figure 54. Recommended Actions and Implementation Considerations

Objective	#	Recommended Action	Recommendation Type	TIB Station Area or Citywide?	Near-term or Long-Term?	Impact to City Resources
Encourage Higher Density Development	A1	Modify Unit Mix Requirements		TIB Station Area	Near-Term	Moderate staff time
	A2	Reduce Parking Ratios		TIB Station Area	Near-Term	Moderate staff time
	A3	Modify Parking Standards for 4-over-1 Development		TIB Station Area	Near-Term	Moderate staff time
	A4	Adjust Recreational Space Requirements		TIB Station Area	Near-Term	Moderate staff time
	A5	Reduce Step Back Requirements		TIB Station Area	Near-Term	Moderate staff time
	A6	Promote Site Assembly for Smaller Parcels		TIB Station Area	Near-Term	Moderate staff time
Anti-Displacement and Community Stabilization	B1	Consider a 12-year MFTE Program		TIB Station Area	Near-Term	Moderate staff time and lost tax revenue for the duration of the program
	B2	Identify Opportunities to Increase Homeownership		Citywide	Long-term	Moderate staff time and program funding
	B3	Support Community and Faith-Based Institutions' Efforts to Develop Affordable Housing		Citywide	Long-term	Moderate staff time and program funding
	B4	Expand Tenant Supports		Citywide	Long-term	Moderate staff time and program funding

Objective	#	Recommended Action	Recommendation Type	TIB Station Area or Citywide?	Near-term or Long-Term?	Impact to City Resources
	B5	Monitor and Track Regulated Affordable Housing		Citywide	Long-term	Some staff time and potential program funding
Anti-Displacement and Community Stabilization	B6	Monitor and Track Unregulated Affordable Housing		Citywide	Long-term	Some staff time and potential program funding
	B7	Offer Tools and Strategies for Housing Preservation		Citywide	Long-term	Moderate staff time and program funding
	B8	Evaluate a Preservation Funding Program in Exchange for Affordability Restrictions		Citywide, TIB Station Area Focus	Long-term	Moderate staff time and program funding
	B9	Develop TIB Community Economic Development Strategies		TIB Station Area Focus	Near-Term	Moderate staff time and budget for consultant study
Station Area Planning & Infrastructure	~~C1~~	~~Create a Development Framework and Planned Street Network for S SR 518~~		~~TIB Station Area~~	~~Near Term~~	~~Significant staff time and program funding~~
	C1 ~~2~~	Create a TIB Station Area Parking Strategy		TIB Station Area	Long-Term	Significant staff time and program funding
	C2 ~~3~~	Connect the Station Area to Parcels South of SR 518		TIB Station Area	Near-Term	Significant staff time and program funding

DRAFT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, ADOPTING THE TRANSIT-ORIENTED DEVELOPMENT HOUSING STRATEGIES PLAN.

WHEREAS, a priority of City Council is to respond to regional growth and better meet the needs of the community; and

WHEREAS, the City Council authorized the acceptance of grant funds from the Washington Department of Commerce and approved the scope of work to create a South King County Housing Framework and a Transit-Oriented Development Housing Strategies Plan on December 2, 2020; and

WHEREAS, the South King County Housing Framework indicated that South King County is projected to need 63,090 new housing units by 2040, and Tukwila is projected to need 4,224 new housing units by 2040; and

WHEREAS, between 2012 and 2016, 84% of renters and 60% of homeowners earning less than 50% of the area median income in Tukwila were cost burdened by housing; and

WHEREAS, the Housing Needs Assessment created by ECONorthwest indicated that the need for affordable housing is especially critical for people earning less than 50% of the area median income; and

WHEREAS, the transit-oriented development area around the Tukwila International Boulevard Link Light Rail Station has been planned and zoned to accommodate higher densities and some of the City's future housing needs; and

WHEREAS, targeted growth in the transit-oriented development area around the Tukwila International Boulevard Link Light Rail Station is consistent with the City's Comprehensive Plan, King County Countywide planning policies, and Puget Sound Regional Council's Vision 2040 goals and policies; and

WHEREAS, staff and the City's consultant, ECONorthwest, conducted public outreach through stakeholder interviews, focus groups, the project website, and a virtual open house; and

WHEREAS, an environmental review was conducted on the Transit-Oriented Development Housing Strategies Plan and a Determination of Non-Significance was issued on July 30, 2021; and

WHEREAS, the Planning Commission held a properly noticed public hearing on June 24, 2021, to review the Transit-Oriented Development Housing Strategies Plan; and

WHEREAS, the Planning Commission has forwarded their recommended draft of the Transit-Oriented Development Housing Strategies Plan to the City Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

The City Council approves adoption of the document entitled "Transit Oriented Development Housing Strategies Plan" dated June 2021 and hereby incorporated by reference as Attachment A.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2021.

ATTEST/AUTHENTICATED:

_____
Christy O'Flaherty, MMC, City Clerk

_____
Kate Kruller, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk:_____
Passed by the City Council:_____
Resolution Number:_____

_____
Office of the City Attorney

Attachment A: Transit-Oriented Development Housing Strategies Plan dated August 2021

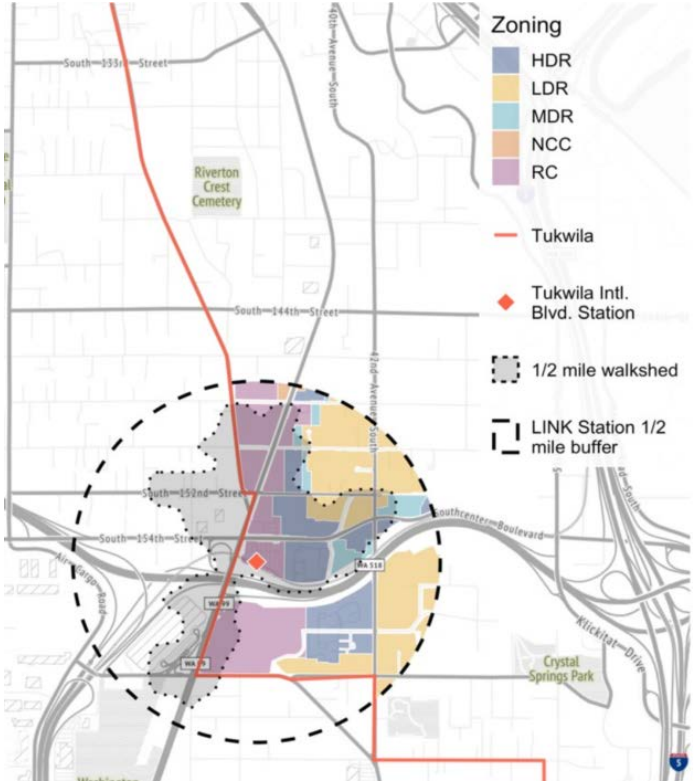
Department of Community Development

September 13, 2021

Transit Oriented Development Housing Strategies Plan

Housing Strategies Plan Focus

TIB Station Area: ½ mile walkshed around the TIB Link Light Rail Station



Draft Recommendations

Encourage Higher Density Development

A2) Reduce Parking Ratios to 1.0 Stall Per Unit in HDR and NCC Zones for Studio and 1-Bedroom Units and 2.0 Stalls for 2+ Bedroom Units.

- **Next Steps:**
- The City should consider reducing parking requirements to 1.0 stall per unit for studio and one-bedroom units ~~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.

Draft Recommendations

Encourage Higher Density Development

A5) Reduce Step Back Requirements

- **Next Steps**
- The City ~~should~~ could consider removing or modifying step back requirements in exchange for mitigation such as increased landscaping or larger setbacks on 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.

Draft Recommendations

Anti-Displacement and Community Stabilization

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.
- Identify opportunities to promote development of a wider variety of housing types including, but not limited to, townhomes at diverse income levels.

Draft Recommendations

Anti-Displacement and Community Stabilization

B3) Support Community and Faith Based Institutions' Efforts to Develop Affordable Housing

- **Next Steps:**
- The City ~~should~~ could 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~~ could offer reduced permitting costs, including fee waivers to lessen the need for development expertise and financial resources necessary to fund predevelopment.

Draft Recommendations

Anti-Displacement and Community Stabilization

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.
- The City could seek out funding or technical assistance to incentivize landlords to improve their rental properties while maintaining affordability levels.

Draft Recommendations

Anti-Displacement and Community Stabilization

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. Robust discussion is required for policy implementation to determine details such as if the policy would be a mandatory contractual agreement or opt-in for property owners.
- 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.

Draft Recommendations

Encourage Higher Density Development

A1) Modify Unit Mix Requirements Focusing on Share of Two-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.

Draft Recommendations

Encourage Higher Density Development

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 the additional structured parking requirements ~~restrictions~~ that come along with accessing additional density through the Urban Renewal Overlay.

Draft Recommendations

Encourage Higher Density Development

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.

Draft Recommendations

Encourage Higher Density Development

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.

Draft Recommendations

Anti-Displacement and Community Stabilization

B1) Consider a 12-year Multi-Family Tax Exemption (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.

Draft Recommendations

Anti-Displacement and Community Stabilization

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.

Draft Recommendations

Anti-Displacement and Community Stabilization

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.

Draft Recommendations

Anti-Displacement and Community Stabilization

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~~ could 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.

Draft Recommendations

Anti-Displacement and Community Stabilization

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.

Draft Recommendations

Station Area Planning & 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.~~

Draft Recommendations

Station Area Planning & Infrastructure

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.

Draft Recommendations

Station Area Planning & Infrastructure

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.