



Tukwila City Council Agenda

❖ WORK SESSION ❖

Thomas McLeod, Mayor
Marty Wine, Interim City Administrator
Mohamed Abdi, Council President

Councilmembers: ❖ **De'Sean Quinn** ❖ **Tosh Sharp**
❖ **Armen Papyan** ❖ **Jovita McConnell**
❖ **Dennis Martinez** ❖ **Hannah Hedrick**

ON-SITE PRESENCE:

TUKWILA CITY HALL
COUNCIL CHAMBERS
6200 SOUTHCENTER BOULEVARD

REMOTE PARTICIPATION FOR THE PUBLIC:

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Monday, May 20, 2024; 5:30 PM

1. CALL TO ORDER

2. BUSINESS ITEMS

2023 – 2024 Tukwila Comprehensive Plan Update:
(1) Public Outreach
(2) Focal Areas

Pg.1

3. ADJOURNMENT

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INFORMATIONAL MEMORANDUM

TO: City Council

FROM: Nora Gierloff, AICP, Department of Community Development, Director

BY: Nancy Eklund, AICP, Long Range Planning Supervisor
Neil Tabor, AICP, Senior Planner

CC: Thomas McLeod

DATE: May 20, 2024

SUBJECT: Tukwila Comprehensive Plan Update – Key Topics

ISSUE

This is a presentation focusing on key topics of the periodic update of the City's Draft Comprehensive Plan and public input related to the update.

BACKGROUND

Staff provided a brief presentation on the update of the Comprehensive Plan at the May 6th Council Work Session. This presentation is a continuation of the previous presentation with a further update on the public outreach and input received, and a deeper focus on some of the most prominent updates in the comprehensive plan, including climate change, equity and housing.

DISCUSSION

This discussion addresses the following:

1. Public Outreach
 - a. Summary of Completed Outreach (*Attachment A*)
 - b. Input/letters Received Associated with Planning Commission Public Hearing (*Attachment B*)
2. Focal Areas of the 2024 Comprehensive Plan Update
 - a. Climate Change
 - b. Housing and Legislative Updates (***Attachment C, plus Attachments E, F, and G***)
 - i. Housing
 1. Household Income
 2. Housing Cost
 - ii. Legislative Changes: HB 1337, HB 1110, HB 1474, HB 5290, HB 1293 and HB 1220.

1. Public Outreach

a. Summary of Completed Outreach

The Washington Growth Management Act requires that communities amending their Comprehensive Plans conduct early and continuous public participation¹. Consistent with that requirement, Tukwila has worked to conduct extensive public outreach prior to, and during, the development of the Comprehensive Plan update.

Recognizing the high level of diversity within Tukwila, staff outreach for the Plan sought to ensure that both the typical community comfortable and accustomed to participating in Plan input opportunities, and traditionally underrepresented voices were invited and able to contribute to development of the Plan's priorities.

Approaches to Acquiring Input: A wide range of approaches were used to invite community input on the Plan. These include:

- Dedicated pages of the City website and an online engagement hub, which hosted surveys, polls, and idea walls on topical issues, plus the City's Social Media
- Use of City newsletters/mailings, including the Hazelnut and e-Hazelnut, utility inserts, Parks Department communications, and a series of Plan Update newsletters sent to a targeted email list of 600+ contacts/community leaders
- In-person outreach at community meetings, events, and hosted open houses, and participation in City events through tabling outreach
- Coordination with City staff and leadership who have connections to stakeholders and organizations whose input is important to the Plan's development

Hundreds of comments were received from the Tukwila public at more than 70 different events. Some of the outreach was conducted by the consulting firm hired by the City to develop the Plan's Housing element and middle housing analysis. The summary of this outreach alone is found in **Attachment A**.

b. Summary and Evaluation of Written Public Comments to the Planning Commission

In addition to comments received and conversations held at open houses, tabling events, and presentations to various community groups, staff also received a number of comments both in the lead up to, and on the night of the public hearing. Comments range from requests for specific sites to general comments on policy language or suggested areas of emphasis. Summaries of comments received and staff response are provided in **Attachment B**.

2. Focal areas of the 2024 Comprehensive Plan Update

a. Climate Change

The City of Tukwila has been a supporter of policies and actions that seek to better prepare the City and the region for the impacts of climate change. Tukwila has been a long-standing partner

¹ RCW 36.70A.140 and RCW 36.70A.040(8)

<https://tukwilawa.sharepoint.com/sites/departmentofcommunitydevelopment/DCDPlanning/Long Range Planning/2024 Comprehensive Plan/00 - City Council Coordination/24-05-20 Council meeting/Comp Plan Info Memo 5-20-24.docx>

in the King County-Cities Climate Collaboration, or the K4C, along with 22 other jurisdictions. To support climate change preparedness, the 2015 Tukwila Comprehensive Plan included several climate-focused policies and implementation strategies.

Legislative Requirements: Legislation passed and signed into law in 2023 (HB 1181) requires that local comprehensive plans include a climate element that includes two sub-elements:

- A resilience sub-element that includes goals and policies to improve community climate preparedness, response, and recovery efforts.
- A greenhouse gas emissions sub-element that includes goals and policies to reduce emissions and vehicle miles traveled.

Climate elements must maximize economic, environmental, and social co-benefits and prioritize environmental justice in order to avoid worsening environmental health disparities. Cities within King County have until 2029 to adopt this new element.

Communities within King County and the Puget Sound Regional Council (PSRC) area have adopted further Climate Change policies that local communities must adopt into their 2024 Comprehensive Plan updates. The focus of these policies is to reduce harmful greenhouse gas emissions by sustainably increasing mobility, investing in renewable energy, and promoting clean energy use in buildings and vehicles. The overall objective of the policies is to align with climate science and support the goal of keeping global warming under 1.5 degrees Celsius.

Numerous new Climate Change-focused goals and policies have been included in the draft 2024 update to the Plan. These required policies will provide the foundation for the Climate Change element that will be developed in the next few years.

b. Housing

i. Housing Background

To better frame future housing discussion, a very brief data download of relevant terminology and data points related to housing and income is provided (**Attachments C, E, F, and G**). Data generally illustrates known economic differences between South King County and the County at large, as well as discrepancies between owner and renter households.

ii. Legislative Changes

Significant legislative changes have occurred between the last periodic update of the comprehensive plan in 2015 and present. A summary of significant recent legislation regarding housing will be provided with connection to any relevant integration into the comprehensive plan update and future code amendments to support new requirements (**Attachment C**).

FINANCIAL IMPACT

Consideration of this information will have no financial impact on the City.

RECOMMENDATION

Staff has no recommendations for actions on any of the attachments.

ATTACHMENTS

- Attachment A – Tukwila Engagement Report (MAKERS)
- Attachment B – Summary and Evaluation of Written Public Comments to the Planning Commission
- Attachment C – Summary of Comprehensive Plan Key Areas and Housing Background
- Attachment D – Presentation of Tukwila Comprehensive Plan Update – Key Topics
- Attachment E – Zoning and Feasibility Analysis, MDR & HDR Zones Executive Summary
- Attachment F – BHI Local Regulatory Reform for Affordable Homeownership Policy Brief
- Attachment G – WA State Covenant Homeowner Program Study Executive Summary



City of Tukwila Comprehensive Plan

Engagement Report

March 20th, 2024

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Stakeholder Interview Series Summary

Introduction

MAKERS facilitated seven video interviews City Councilmembers and staff, subject matter experts, housing and development professionals, and community stakeholders to understand challenges, opportunities, and priorities in Tukwila related to the comprehensive plan update. The interviews focused on issues related to housing, land use, climate change, and social equity. Interviews were a mix of focus group sessions and one-on-one conversations, which allowed MAKERS to speak with 16 stakeholders. MAKERS was joined by Leland Consulting Group for the interview with housing developers. Below are the key themes from the interviews.

Interview Participants

Councilmembers

Cynthia Delostrinos Johnson
Kathy Hougardy
Jovita McConnell (incoming)
Armen Papyan (incoming)

Staff Focus Group

Jo Anderson, Engagement/Administration
Cyndy Knighton, Transportation
Heidi Watters, Community Development

Consultant team

Ian Crozier, MAKERS
Markus Johnson, MAKERS
Chris Zahas, Leland Consulting Group (housing and development interview only)
Jennifer Shuch, Leland Consulting Group (housing and development interview only)

Housing and Development

Cliff Cawthon, Habitat for Humanity
Phil Combs, Segale Properties
Bryan Park, Pacific Northern Construction Co.
Kathleen Hosfeld, Homestead CLT
Eric Pravitz, Homestead CLT
Jordan Rash, Sound Transit

Community

Joe Camacho, Foster High School
Verna Seal, former Councilmember
Mohamed Shidane, Somali Health Board

Key Themes

Housing

- Housing growth is central to achieving land use goals and improving social equity and well-being. Tukwila needs to build more housing and many participants want to see it.



Tukwila Comprehensive Plan

- Tukwila's zoning is restrictive, preventing development. Many participants are looking forward to zoning changes that allow middle housing and overall allow Tukwila to achieve housing goals.
- Some participants support increasing maximum heights to 85 feet for mid-rise zones, reducing parking minimums, and getting a city MFTE program up and running again.
- Family-sized housing, especially for multi-generational families is a well-known challenge. Immigrant families may include 7 – 10 people in a household.
- More ownership options at a greater number of price points are needed. But affordable rental housing is needed too.
- There is concern about lowering parking requirements, but one participant from the Somali community said "I'd rather have a home and have to park a few blocks away than not have a home at all".

Land Use and Long-term Growth

- Deprioritize housing growth in areas most impacted by noise and air pollution and look for strategies to reduce ongoing impacts to residents.
- Southcenter has a lot of potential. With new residential development and other investment it could become the central downtown/activity area for Tukwila.
- Tukwila International Boulevard (TIB) has potential and would benefit from more housing, businesses, and cultural spaces. However, it's important to appreciate that is a state highway and is unlikely to ever become a cute, low-traffic main street.
- Hopefully Tukwila South will live up to its potential as a mixed-use area with good design and public amenities.
- Maintaining point-of-sale businesses in city limits is important for the city's tax revenue.
- It's important that the land use element relate to the transportation element.
- There is a risk that Tukwila's diverse immigrant communities will be pushed out as Tukwila grows if it leads to redevelopment of more affordable housing.
- A well-connected multi-modal transportation network will be important to facilitate movement throughout the city as it becomes more densely populated.
- Long-term maintenance of existing and new infrastructure is extremely important for the city's future.

Climate Change Considerations

- Climate change is a serious issue that will increasingly affect Tukwila residents' lives. The City should be proactively planning both mitigation and adaption through the comprehensive plan process.
- The city should look for ways to require or encourage design features that mitigate the increased risk due to climate change of extreme weather events like heatwaves or flooding.



Tukwila Comprehensive Plan

- Use sustainable design and green construction approaches for new and renovated public buildings and encourage sustainable design and green construction in private development.
- Improve transportation equity by making it easier to get around for those who don't have a car. Work with transit agencies about opportunities to improve service and frequency especially east-west connections through south King County.
- Electric vehicle charging will be an important consideration as the city adds housing.
- The City should work with the complex systems of our natural environment rather than try to dominate them.

Social and Racial Equity Considerations

- Ensure that the diversity of Tukwila is acknowledged and is framed positively in the plan.
- Much of Tukwila is a food desert, with few or no grocery stores. This was mentioned in nearly every interview.
- Staff should consider how comprehensive plan policies advance racial or social equity and mitigate impacts to BIPOC communities. The Tukwila racial equity toolkit is a good place to start.
- It is important for the plan to be as easy as possible to translate and share in non-English languages.
- Housing abundance, variety, and affordability is key to social equity.
- Noise and air pollution near high-speed roads and airport flight paths impact the health of people who are exposed to these types of pollution for long periods of time, especially residents. Health impacts are even worse for seniors.

Priorities for Overall Plan

- Use plain language and avoid jargon as much as possible to make plan accessible.
- The plan should facilitate and encourage better collaboration between departments to remove barriers and ease interactions with the city for residents and businesses.
- It's important for the plan elements to be well-integrated and cohesive, especially that the transportation and land use elements should relate to one another.



Public Events and Online Engagement

Public engagement for the City of Tukwila Comprehensive Plan update included three public open houses, providing a venue for participants to get involved in the plan update process, learn about challenges and opportunities facing Tukwila, and share their thoughts about the City’s future at three public events:

- June 6th, 2023 – Public Kickoff at the Sullivan Center
- September 20th, 2023 – Open House at Showalter Middle School
- February 1st, 2024 – Open House at the Sullivan Center

The City also hosted an online discussion on the City’s Comprehensive Plan Engagement Hub.



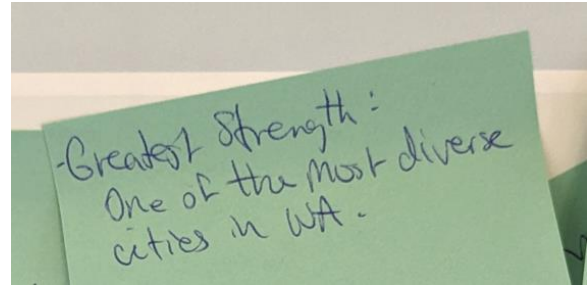
Images from Tukwila Comprehensive Plan public engagement.



Tukwila Comprehensive Plan

June 6th Public Kickoff

On June 6th Tukwila planning staff hosted a lunchtime open house at the Sullivan Center for people to learn, engage, and comment on both the 2023 middle housing project and the Comprehensive Plan update. Neighbors, library patrons, shoppers and passersby were greeted with informational posters about the project, interactive activities, and free lunch by local restaurants. Participants shared their preferences and thoughts with by adding stickers and sticky notes to prompts, and talked with staff from the project team, asking questions and sharing comments.



Key Themes

- Tukwila's diversity, parks, rivers, and natural beauty are its greatest strengths. Participants also value the feeling of being a small city near large city amenities.
- The City should incentivize housing growth near mixed-use centers, transportation stops, and parks and green spaces.
- The City should incentivize a greater diversity of housing options and affordable housing.
- Participants would like to see less visible homelessness and more police presence around Tukwila International Boulevard light rail station.
- On housing, participants suggested:
 - Encourage more small units houses for seniors and people looking to downsize.
 - Allow more flexibility in office zones for housing and mixed-use buildings.
 - Allow multifamily without ground-floor retail in NCC zones.
 - Reduce parking requirements to at least a one for one ratio.



The June and February Open Houses were held at the beautiful Sullivan Center in Tukwila Village.



Tukwila Comprehensive Plan

September 20th Open House

The City invited community members to a second open house at Showalter Middle School on September 20th to learn and share thoughts about the Comprehensive Plan update and other ongoing efforts. City staff from transportation, economic development, surface water management, and community development departments and students from the Foster High School’s climate change club hosted booths with information and interactive displays.

Key Themes

- This event provided community members a more focused opportunity to learn about the other Comprehensive Plan elements and work happening with the City.
- In approaching regulatory changes to meet housing needs participants recommended prioritizing housing before parking spaces and incentivizing affordable housing.
- Participants expressed support for allowing more housing units per lot and increasing allowed heights.
- Participants were enthusiastic about encouraging housing near jobs, places to shop, and parks.



Right: Conversations about housing at the September Open House in the Showalter Middle School cafeteria. Left: Students from Foster High School’s Climate Action Club shared information about climate change and environmental priorities at the event.



Tukwila Comprehensive Plan

February 1st Open House

The City hosted a third open house at the Sullivan Center on February 1st to review draft Comprehensive Plan goals and policies. The event included information, interactive displays, and draft plan language for the land use, transportation, housing, utilities, capital facilities, and natural environment comprehensive plan elements as well as open-ended opportunities for responses and suggestions.

Key Themes

- No goal or policy raised red flags among participants, who shared support or implementation is for various policies in the different elements.
- Participants re-emphasized support for family-sized housing, increasing housing diversity, and incentivizing housing around public recreational uses and schools.
- Participants want more frequent Sounder trips, making it easier to bike to Southcenter mall and parts of Seattle and Renton, and more sidewalks in several areas in the City.
- “Make it Happen,” was a simple but strong response that tied together all the other comments related to sketch images of possible future development at the TIB light rail station.
- Some participants voiced a preference to preserve existing neighborhoods and maintain parking requirements.



Scenes from the February 1st Open House at the Sullivan Center.



Tukwila Comprehensive Plan

Online Engagement Hub

The City of Tukwila hosted an “[Ideas Wall](#)” on the online [Engagement Hub](#) for the public to share their ideas, stories, and concerns related to the Comprehensive Plan.

Key Themes

- Support for smaller quality housing options to be more available, while highlighting the struggles with new housing being massive single-family homes that beyond what is needed or wanted.
- Much of the recent planning focus has been on the TIB area and other parts deserve more focus during the Comprehensive Plan updates.
- Support for more homeownership options in the form of townhomes and condos.
- Allow multifamily without ground-floor retail in NCC zones.
- City should prioritize middle housing, residential commercial/business environments, and no parking requirements.

Screenshot from the “Ideas Wall” on the Tukwila Engagement Hub

Summary and Evaluation of Written Public Comments to the Planning Commission

Comprehensive Plan Designation/Zoning Comments

As part of the overall Comprehensive Plan review by the PC Staff received four requests from property owners to change the comprehensive plan designations and zoning for their properties. Proposed map designation changes are typically initiated by property owners submitting applications that are heard annually by the City Council. Due to the need to align comprehensive plan amendments and preserve adequate staff capacity for the periodic update of the comprehensive plan, in June 2023, the City Council adopted a moratorium on accepting privately initiated applications for Comprehensive Plan amendments or rezones during the 2023 and 2024 calendar years.

Please note, further consideration of these requests would require significant staff analysis and may jeopardize the ability to update the Comprehensive Plan by the December 31, 2024, deadline.

1. Michelle Eggert (Boeing Access Road Station Upzone)

- Summary of Comments:
 - A request to reclassify property, located at the corner of South Ryan Way and 47th Ave South on Ryan Hill (#5476800080) to a comprehensive plan designation of High Density Residential from Low Density Residential.
 - Comments provided identify the forthcoming Boeing Access Road Infill station providing additional transit access and investment to the area within approximately half a mile of the parcel. The proposed station location envisioned by Ms. Eggert is located immediately west of Interstate-5 and south of the Boeing Access Road.

Address: 4723 S 107th Street (shown bounded by red blocks on map)

- Site aerial:



- Staff Response:

- When a final BAR station location has been approved by Sound Transit, Council may wish to consider a Transit-Oriented Development upzone of the surrounding area. The Land Use Element of the Draft Comprehensive plan contains a goal and associated policies that address the future of the area surrounding the proposed station.
- While Transit-Oriented Development is a focus of the City’s future growth plans, Sound Transit is still in the early planning stages for Boeing Access Road Infill station project and is working with other stakeholders to determine the final location of the station platform. The location of the parcel requested for rezone is currently not well connected to the approximate infill station location; the final station location could be located at a number of sites along the light rail corridor, some options located up to 2 miles from parcel 547680008.

There are currently numerous barriers for pedestrians and cyclists between the sites, and very limited public transportation available. The current route is not only hazardous due to lack of sidewalks along one of the overpasses, interstate on ramps and off ramps, slip lanes, as well as a large elevation gain going to the site in question. For these reasons staff does not support the requested change, nor feel that it warrants additional study or consideration at this time.

It should also be noted that as a parcel currently zoned LDR, this property's permitted housing density allowance will increase as part of City-wide legislatively mandated changes regarding middle housing by mid-2025.

- PC Action: Recommended review during the Council process.

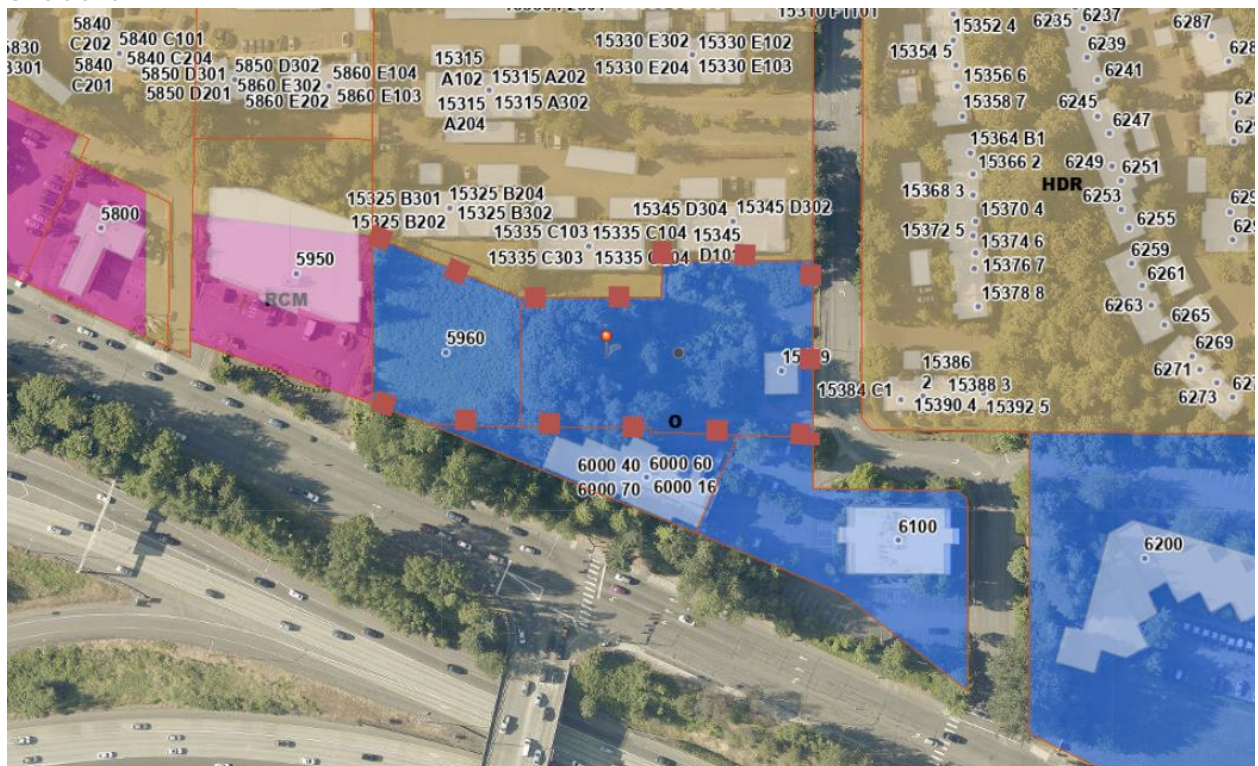
2. Alan Kato (Rezone Office parcels to HDR off Southcenter Blvd)

- Summary of Comments:
 - A request to reclassify two parcels located in the Tukwila Hill neighborhood near Southcenter Boulevard and 62nd Ave S (#s 3597000209 & 3597000201) from Office (O) to High Density Residential (HDR).
 - The commenter reasons that the properties are currently under-utilized and will continue to be so given the current allowed uses and development standards. The commenter asserts that allowing residential developments at densities permitted in HDR would be consistent with the goals and policies of the Comprehensive Plan and help the City meet climate, housing, affordability, and sustainability goals.

Addresses: 5900 Southcenter Boulevard and 15419 62nd Ave S

Parcels: 3597000209 and 3597000201 (shown bounded by red blocks on map)

Site aerial:



- **Staff Response:**
 - Staff agrees that the office market has changed significantly post-pandemic and changes to uses and development standards may be warranted to allow land to be used in efficient and cost-effective ways. As some of this change is driven by legislative mandates with specific deadlines, the work of identifying impediments to development is ongoing and will include multiple zoning districts, including Office.
 - However, based on the existing conditions, staff does not support the suggested change. The current Office district serves as a commercial buffer between residential areas on Tukwila Hill and major regional traffic routes like Southcenter

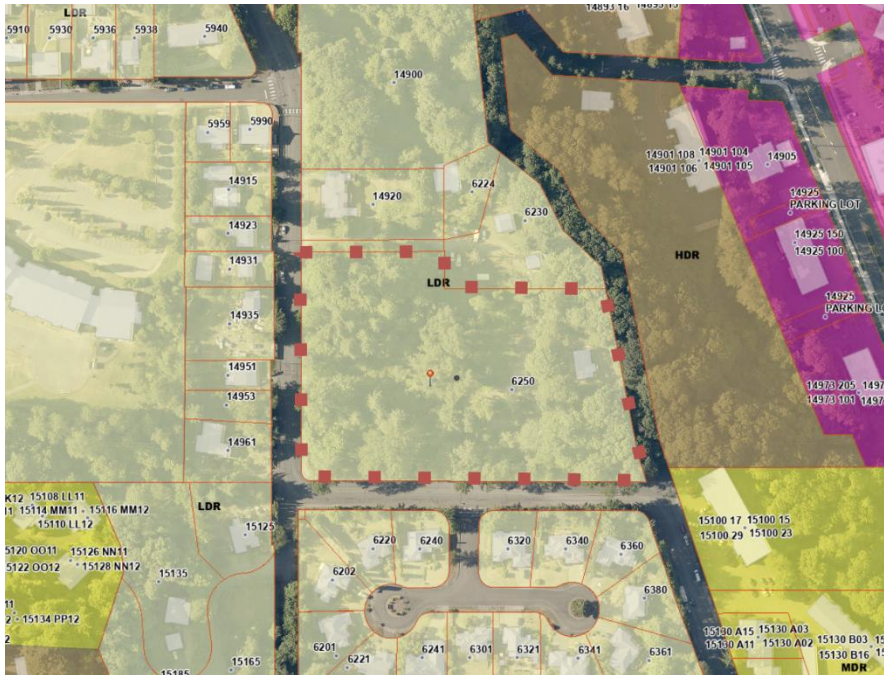
Boulevard and Interstate 405. Office allows a range of uses including bike repair, brewpubs, single family dwellings, a range of office types, restaurants, etc. A zoning designation of High-Density Residential on these parcels would allow as many as 32 new homes to be constructed in an area that is known to feature poor air quality, high noise, and high-speed traffic. The City has little ability to mitigate those impacts, and currently the Office district is our best tool to preserve that health and safety buffer.

- PC Action: Recommended review during the Council process.

3. David Toyer, Toyer Strategic Advisors (Schneider)

- *Summary of Comments:*
 - A request to reclassify a parcel located in the Tukwila Hill Neighborhood, at 6250 S 151st Street (#3597000400) from Low-Density Residential to Medium-Density Residential.
 - The commentor also suggested goal and policy amendments, including additions to the Land Use and Housing elements that encourage timely rezone review by the City, and wording changes to other policies that the commentor reasons will support increased residential density in low-density zones.
 - Additionally, the commentor requested more information regarding Policy 3.4.9, and provided a perspective on any potential future limits on residential rents that the City may consider.

Site aerial:



- *Staff Response:*
 - Staff is supportive and recommends adoption of the suggestion to amend the Land Use Goal on page 24 to remove the word 'Preserve' and replace it with 'Promote', in order to avoid the appearance of status quo bias in the plan. The remainder of the request is not supported by staff. Other suggestions are minor wording changes that

do not result in substantive changes or respond to the context of the goals and policies that are being requested for change.

- A rezone application for the same proposed change to this parcel was previously submitted via the privately initiated rezone request process permitted at TMC 18.22, under permit number L19-0123. In November 2023 the City Council denied the request. As this rezone proposal was recently denied by City Council, staff suggests not moving the proposed rezone forward for further consideration. Further questions, comments, and concerns about this request should be directed to the City Attorney's Office.
- It should be noted that development and Use standards in Tukwila's residential zones are scheduled for comprehensive changes as part of the City's implementation of middle-housing reform, with an effective date of, at the latest, mid 2025.
- PC Action: Adopted edits supported by staff and recommended review during the Council process

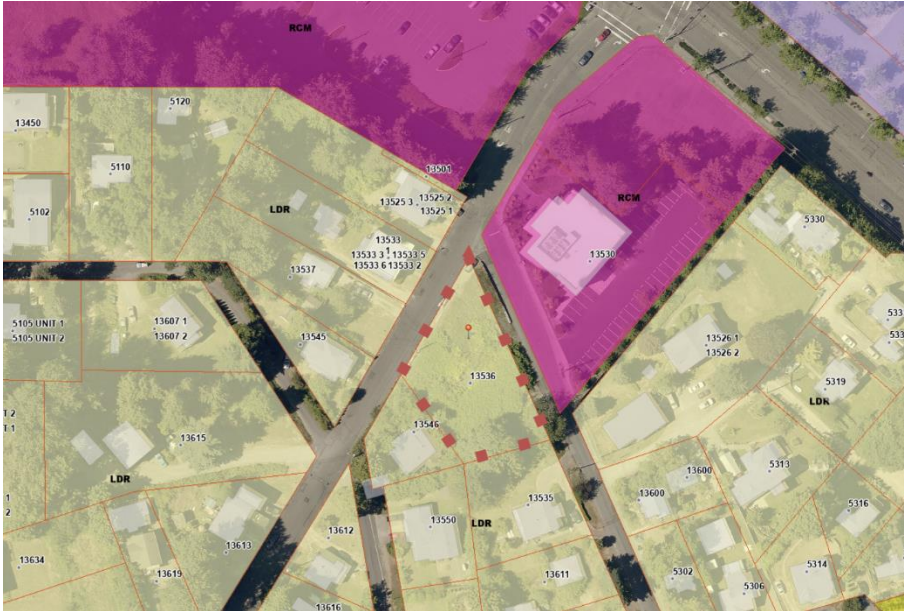
4. Andrew Kovach, Kovach Architects (Upzone LDR to HDR off 52nd Ave & Interurban)

- Summary of Comments:
 - Mr. Kovach provided a request to reclassify a property in the Tukwila Hill neighborhood, near Interurban Ave and 52nd Ave South (Parcel #0003000005) from Low-Density Residential to High-Density Residential. The commenter reasons the change is warranted due to the parcel's proximity to parking, transit, offices, and multifamily uses. Additionally, they cite Tukwila's housing shortage.

Address: 13536 52nd Ave S

Parcel: 0003000005 (shown bounded by red blocks on map)

Site aerial:



- Staff Response:
 - Two rezone requests were previously submitted for this property via the privately initiated rezone request process permitted at TMC 18.22. The City Council denied both requests, most recently in November of 2023. As this rezone proposal was recently denied by City Council, staff suggests not moving the proposed rezone forward for further consideration. It should be noted that development and Use standards in Tukwila's residential zones are scheduled for comprehensive changes as part of the City's implementation of middle-housing reform, with an effective date of, at the latest, mid 2025.
- PC Action: Recommended review during the Council process.

General Comments

In addition to requests from property owners to change the comprehensive plan designations and zoning for their properties, the PC received public input and comments regarding proposed comprehensive plan policies or topics.

- **Raheem Parpia, Himalaya Homes (Araucaria)**
 - Summary of Comments:
 - Mr. Parpia appreciated the City's adoption of HB 1337 (ADU) allowances faster than mandated. Restriction on the number of curb cuts allowed per lot is not desirable as a developer.

- Staff Response:
 - The change proposed is a development standard and does not relate to any goals or policies of the Comprehensive Plan. Staff disagrees with the assertions made by the commenter regarding the benefits of additional curb cuts, and do not support this change. Tukwila's allowance of a single curb cut per property in residential zones preserves sidewalks, limits the number of vehicle/pedestrian conflicts, and reduces the number of potential collision points.
 - PC Action: None

- **Amy Tousley, PSE**
 - Summary of Comments:
 - General support of goals and policies within the Utilities and Natural Environment Elements, and the transition to electrification from fossil fuels.
 - Staff Response:
 - Staff appreciates the positive comments and looks forward to continued coordination with utility providers.
 - PC Action: None

- **John C. McCullough, McCullough Hill PLLC (SRO)**
 - Summary of Comments:
 - Mr. McCullough provided suggestions for subarea criteria specific to a site for potential redevelopment south of the Tukwila International Boulevard Light Rail Station.
 - Staff Response:
 - Many of the themes of transit-oriented development (TOD) are captured for this area in the TIB section of the proposed Land Use element. At this time, expansion of an additional node within the TIB related sections of the comprehensive plan appears premature. Additionally, many of the suggested policies appear to be implementation strategies or changes in development regulations specific to this site that would typically be brought through a dedicated subarea planning process.
 - PC Action: None

- **Mike Pruett, Segale Properties**
 - Summary of Comments:
 - Mr. Pruett provided written comments regarding modifying the language for the goal and associated policies for the Tukwila South section of the Land Use Element, need for expansion of tax incentives in the housing element and need to include tax increment financing (TIF) and modifications to other phrasing in the Economic Development Element.
 - Staff Response:
 - Staff agrees that updating language around the Tukwila South Goal and policies to better reflect desires and development realities for the area is a good step and has incorporated these suggestions into updates to the Land Use Element. Staff also agrees that an additional policy around exploring tax incentives for housing development would be beneficial and will propose an additional policy within the housing element consistent with Planning Commission direction.

However, staff supports retaining broader language around tax incentives and suggests that any geographic application of tax policies to certain sections of the city should be analyzed first. Staff would also note that 8- and 12-year MFTEs already exist in the Tukwila South geography.

- PC Action: Adopted edits supported by staff.
- **Phil Combs, Segale Properties**
 - Summary of Comments:
 - Mr. Combs provided verbal comments as well as written comments provided after the written comment deadline. His main comments regarded expanding the Multifamily Tax Exemptions (MFTE) to include the 12-year exemption, in addition to the 8-year exemption and, in addition to offering tax-increment financing.
 - Staff Response:
 - Staff agrees that an additional policy addressing consideration of tax incentives for housing development would be beneficial and will propose an additional policy within the housing element consistent with Planning Commission direction.
 - However, staff supports retaining broader language around tax incentives and suggests that any geographic application of tax policies to certain sections of the city should be analyzed first. Staff would also note that 8- and 12-year MFTEs already exist in the Tukwila South geography.
 - PC Action: Adopted edits supported by staff.
- **Nancy Sackman, Duwamish Tribe**
 - Summary of Comments:
 - Ms. Sackman provided extensive feedback on areas of comprehensive plan update that are currently aligned with the goals of the Duwamish Tribe, and others that lack clarity in alignment or may not be addressed in the proposed update. Comments are generally focused on the Land Use, Shoreline and Natural Environment elements.
 - Staff Response:
 - Staff appreciates the analysis of proposed policies and identification of existing areas of alignment. Staff is open to further communication and clarification of policies that may be ambiguous. Staff is open to collaborating with the Duwamish Tribe on any interpretative signage as referenced in policy 3.7.
 - However, the request to reestablish the original flow of the Black River to its original course and flow is not within the direct control of the City of Tukwila. While staff is open to exploring this in collaboration with other entities, it is not something the City can commit to at this time. In addition, at this time, the City is not scheduled to amend the Shoreline Element as that update is associated with the update of the City's Shoreline Master Program and shoreline regulations both overseen by the Washington Department of Ecology. That update is not scheduled to occur for several more years.
 - PC Action: None
- **Stacy Hansen, City of Tukwila Human Services**
 - Summary of Comments:
 - Human Services Manager Stacy Hansen provided suggested edits to the language of a proposed policy to better reflect their role in a more descriptive manner.

- Staff Response:
 - Staff agrees that policy language should be amended to that suggested and will provide suggested changes during City Council review.
- PC Action: None

Attachment C

Housing and Legislative Update

Areas of Significant Updates

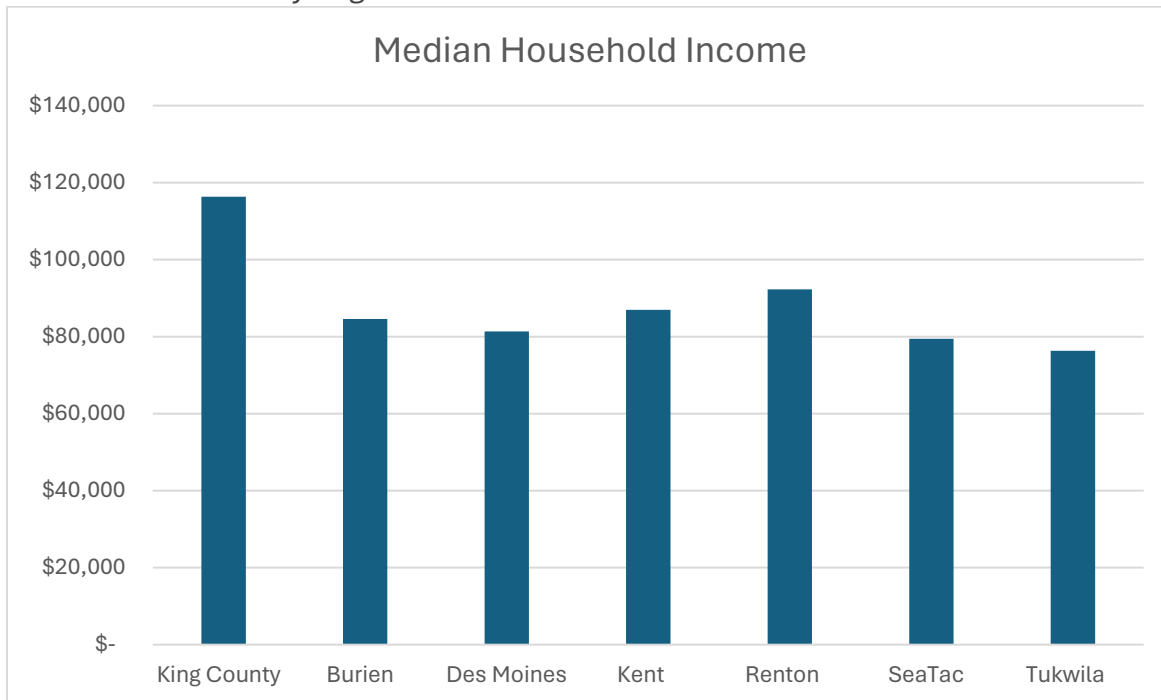
Periodic updates of the comprehensive plan require incorporation of updates in state law, and emphasis on priority topics, as expressed through policy requirements from the state, regional and county level. The 2024 periodic update has significant emphasis on the topics of climate change, housing, and equity. Staff will provide further detail on changes to these topics and associated background information.

Housing and Equity

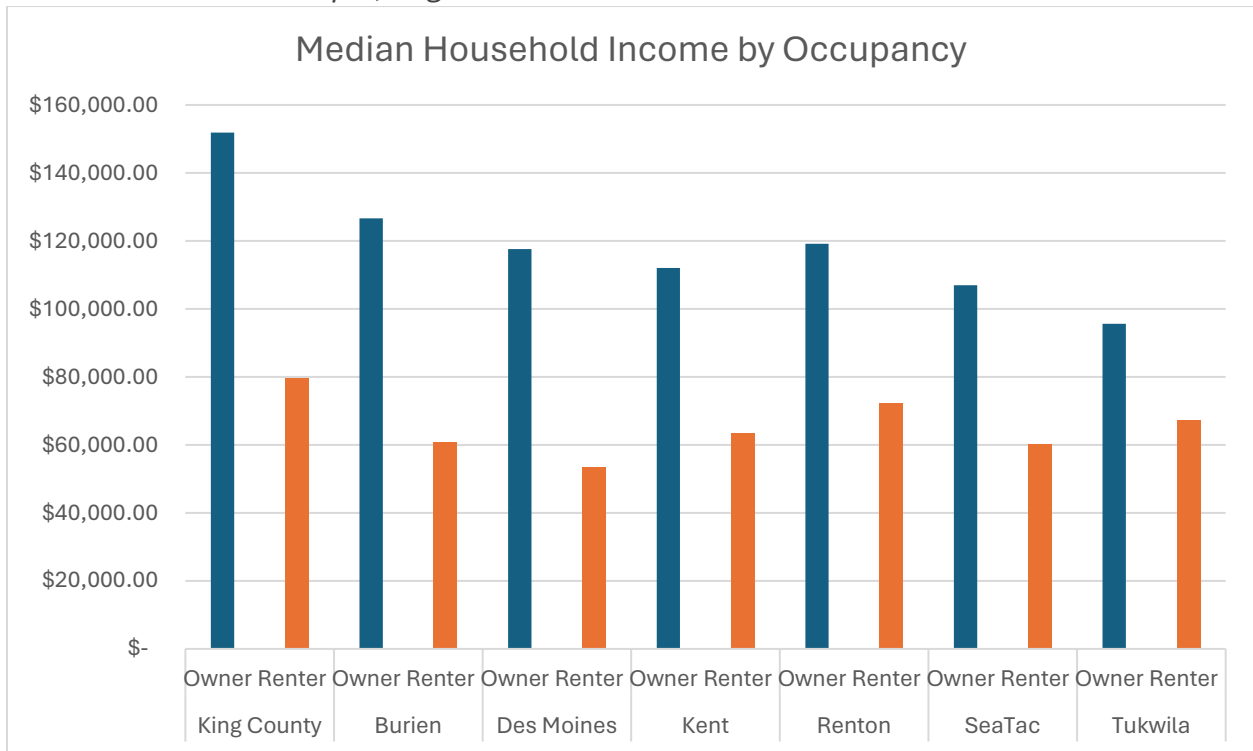
Background

In order to contextualize the current state of housing in the City, staff has included select background information on community demographics and housing costs. The following charts compare household incomes against peer cities and by race and ethnicity within the City.

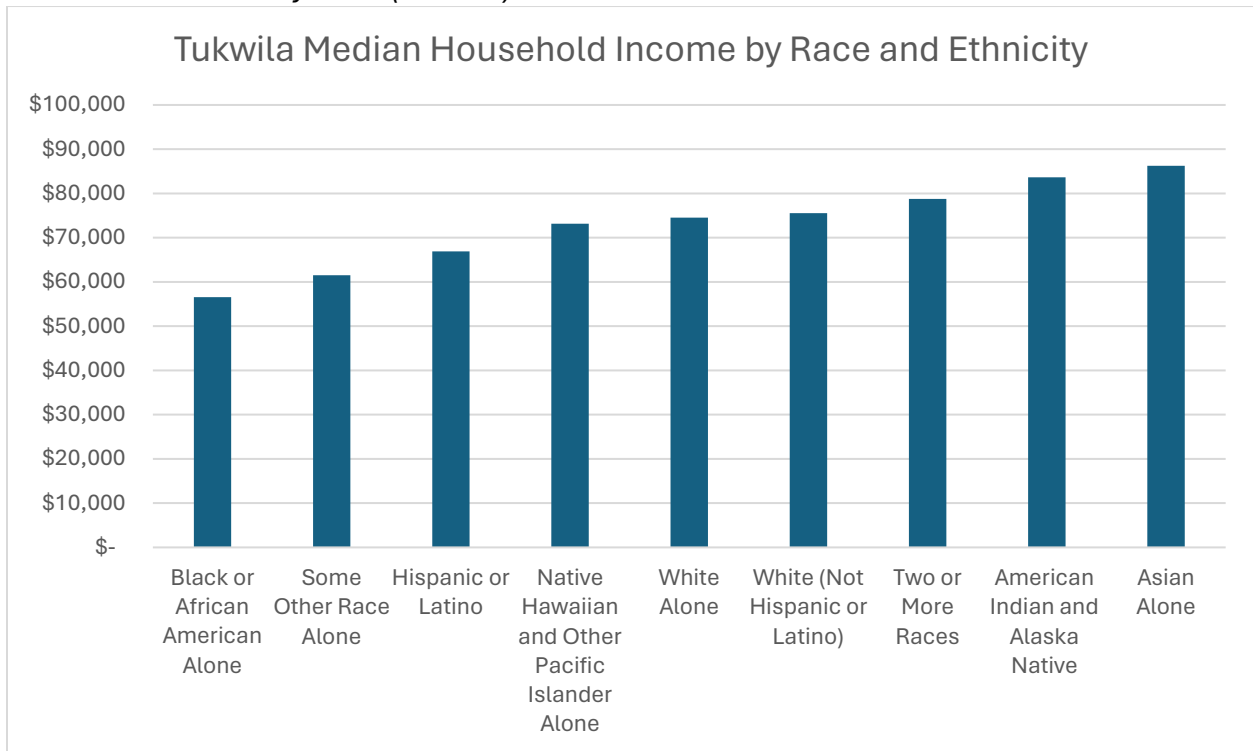
Household Income by Region



Owner Renter Income Split, Region



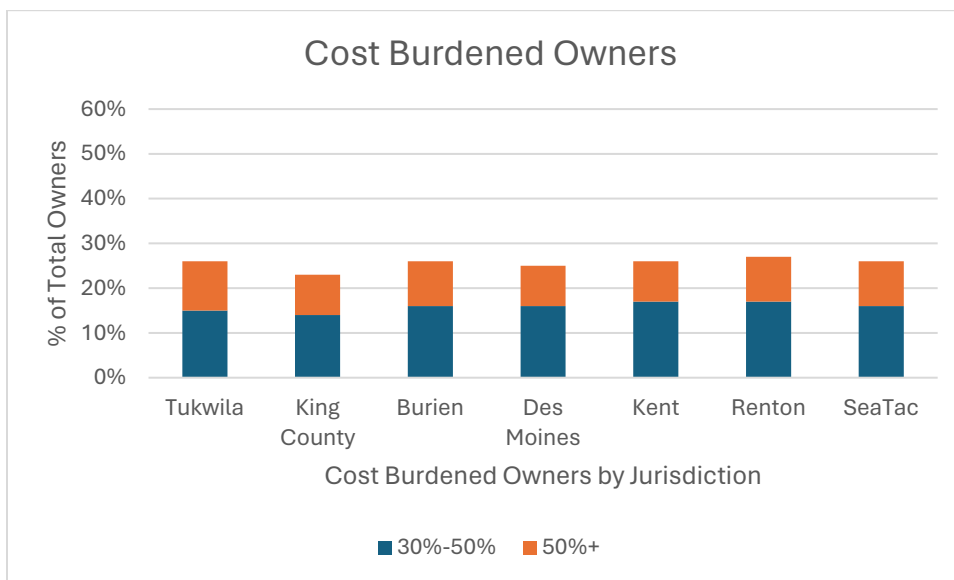
Household Income by Race (Tukwila)

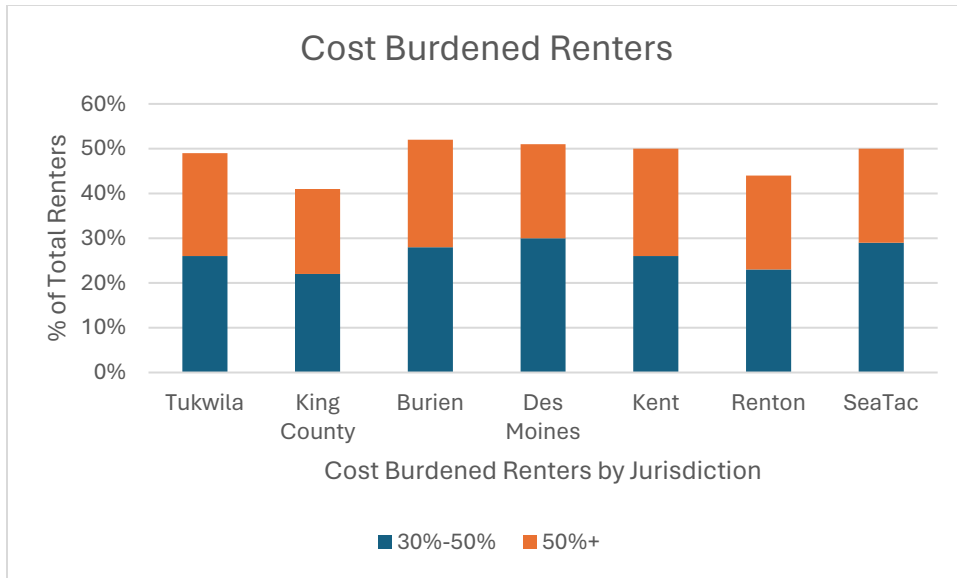


Housing Cost

The relative cost to buy or rent housing in Tukwila has risen considerably in the last few decades, with homeownership becoming less and less attainable for the median Tukwila household.

One of the metrics for measuring the impacts of housing costs on household budgets is “cost burdened” status. Being considered cost burdened indicates that the household is contributing at least 30% of monthly income toward housing costs (rent/mortgage, utilities, maintenance, etc.). Households contributing 50% or more of their income on housing are considered severely cost burdened. Cost burdened status affects renter households at almost twice the rate of owner-occupied households, with about a quarter of Tukwila renter households being considered severely cost burdened. While not unique to Tukwila within the region, the relationship of high housing costs to overall income in renter households further strains the ability of these households to ensure stable housing as rents continue to increase, and it becomes increasingly more difficult to save remaining funds for potential future homeownership. The charts below illustrate the cost burden rates of both home owners and renters in Tukwila, compared to King County and other South King County jurisdictions.





AMI Examples

Area Median Income (AMI) represents the median household income across the county. AMI is important for determining the maximum rent that can be charged for income-restricted units, as well as determining if a household may qualify for an income-restricted housing unit based on household income.

The tables below indicate the maximum household income thresholds represented at the various percentages of area median income compared to the maximum rental thresholds (rent + utilities) considered to be affordable at those different levels of area median income percentages.

Family Size	Percentage of AMI by Household Size			
	30%	50%	60%	80%
1 Person	\$ 27,200	\$ 45,300	\$ 54,360	\$ 66,750
2 Persons	\$ 31,050	\$ 51,800	\$ 62,160	\$ 76,250
3 Persons	\$ 34,950	\$ 58,250	\$ 69,900	\$ 85,800
4 Persons	\$ 38,800	\$ 64,700	\$ 77,640	\$ 95,300
5 Persons	\$ 41,950	\$ 69,900	\$ 83,880	\$ 102,950
6 Persons	\$ 45,050	\$ 75,100	\$ 90,120	\$ 110,550
7 Persons	\$ 48,150	\$ 80,250	\$ 96,300	\$ 118,200
8 Persons	\$ 51,250	\$ 85,450	\$ 102,540	\$ 125,800

Unit Size	Maximum Rents by AMI Level			
	30%	50%	60%	80%
Studio	\$ 680	\$ 1,132	\$ 1,359	\$ 1,668
1 Bedroom	\$ 728	\$ 1,213	\$ 1,456	\$ 1,787
2 Bedrooms	\$ 873	\$ 1,456	\$ 1,747	\$ 2,145
3 Bedrooms	\$ 1,009	\$ 1,682	\$ 2,019	\$ 2,478
4 Bedrooms	\$ 1,126	\$ 1,877	\$ 2,253	\$ 2,763
5 Bedrooms	\$ 1,242	\$ 2,071	\$ 2,485	\$ 3,050

To put the significance of the above information into community context, the table below shows the household types and occupations that may be listed at various AMI levels (Bureau of Labor Statistics).

Household Size	Occupation	Household Income	Household AMI
5-person household, with one working parent	Preschool Teacher	\$39,645*	Just under 30%
1-person household	Customer Service Representative	\$45,710	Just over 50% AMI
2-person household, one parent one dependent	Physical Therapist Assistant	\$62,050	Just under 60% AMI
4-person household, one working parent	Registered Nurse	\$99,310	Just over 80% AMI
*This is equivalent to the income of a person working full-time at Tukwila's minimum wage.			

Key Legislation and Required Changes to Regulations

During the 2023-2024 legislative session, legislators passed a number of bills that require jurisdictions to amend regulations to adhere to new requirements. A summary of relevant legislation, and areas of incorporation into the comprehensive plan update and development regulations are noted below. The deadline for incorporation of new requirements into development regulations is six months after the required adoption of the periodic update of the comprehensive plan, or mid-2025, unless otherwise specified.

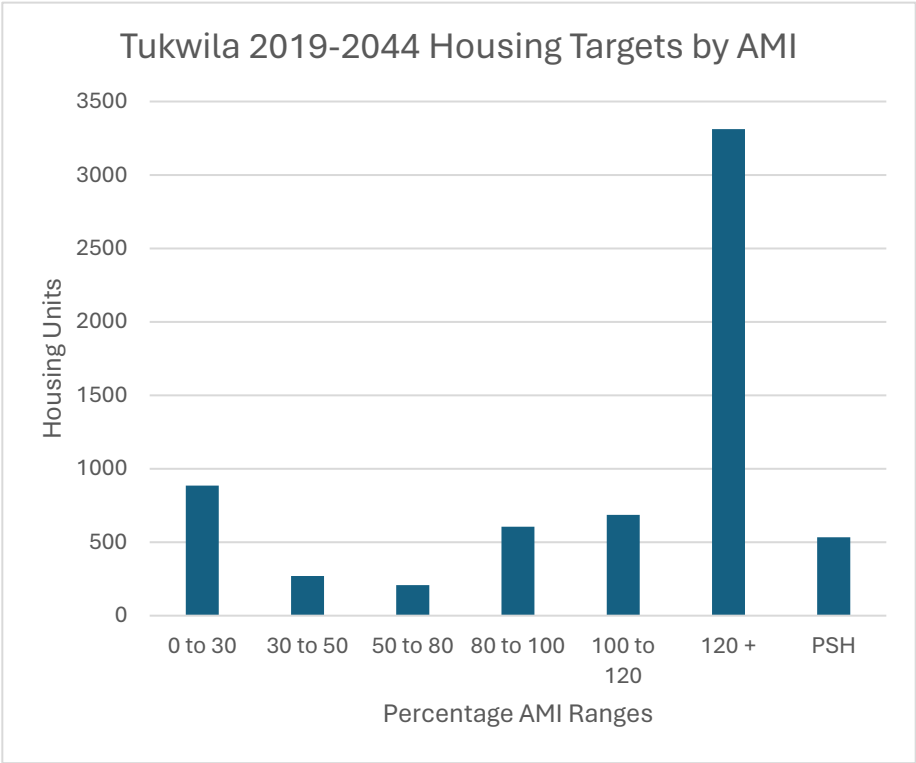
- **HB 1337** expands the allowances that cities must permit for accessory dwelling units (ADUs). Some of these allowances include permitting up to two units on a primarily residential parcel, allowing units up to 1,000 square feet in size, allowing units as rentals, amending parking requirements for these units, and allowing units to be sold as condominiums. Tukwila adopted almost all of the required allowances in November 2023, and will be integrating some of the final requirements throughout the rest of 2024.
- **HB 1110** expands allowances that cities must permit for providing middle housing within zoning districts that currently allow only single-family, or predominantly residential land uses. Some of these allowances include permitting certain middle housing forms, reducing the amount of parking that can be required, limiting design review to administrative only, and reducing standards to be no more restrictive than those for single-family structures.

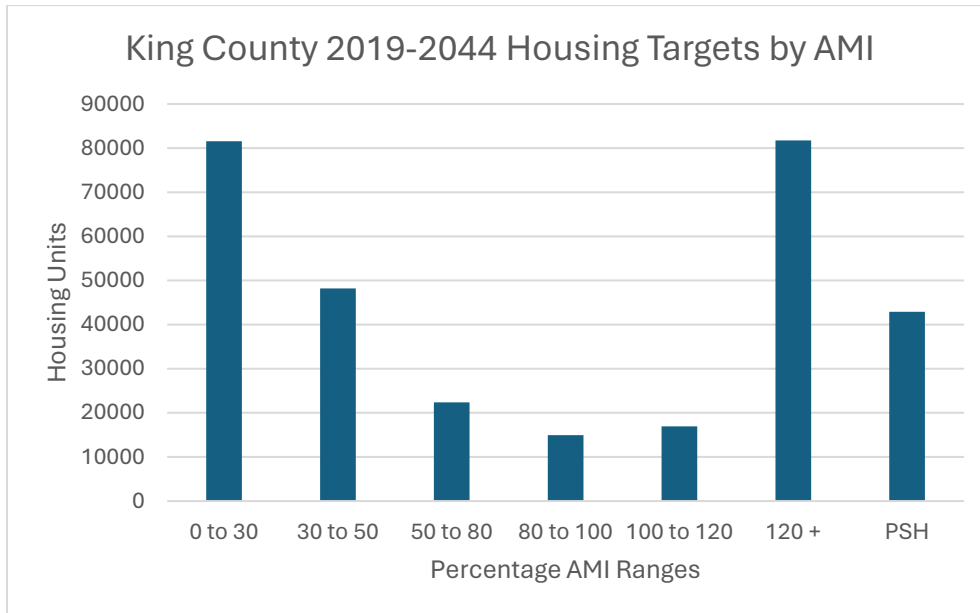
Staff is proposing to modify comprehensive plan designations for properties currently designated Low Density Residential (LDR) and Medium Density Residential (MDR) by designating them with a new “Community Residential (CR)” designation. This designation is in preparation for a rezoning into a new Community Residential (CR) zone in 2025. Staff will be working to develop middle housing standards for adoption by the middle of 2025.

- **HB 1474** created a covenant homeownership account to assist persons or descendants of Washington residents affected by housing discrimination with homeownership. This is a first of its kind program in Washington and will raise significant funds toward generating reparative justice in housing. This legislation does not require any direct responsibilities for implementation at the jurisdictional level, but it would behoove the City to consider how Tukwila can support new homeownership opportunities for households affected by housing discrimination. As a member of the Black Home Initiative (BHI), Tukwila has signed on to support the mission to create 1,500 new low- and moderate-income Black-owned homes in South Seattle, South King County and North Pierce County by 2027. Further details can be found in **Attachment G**.
- **HB 5290** sets review timelines for cities to adhere to speedy and predictable development review. Unlike many other recent pieces of legislation, these measures must be adopted by the end of 2024. Staff will soon be working with the Planning Commission and City Council to integrate these changes into development regulations.
- **HB 1293** requires jurisdictions to adopt clear and objective design standards that cannot result in a reduction in density, height, bulk, or scale below the general allowances in the applicable zone. In the near future, staff will be working with the Planning Commission and City Council to amend design standards, with the intent to ensure the standards comply by mid-2025.

- HB 1220** (2021-2022 session) added nuance to housing targets that jurisdictions must plan for by adding a requirement that they plan for housing to serve all area median income (AMI) levels. In addition, jurisdictions must plan for permanent supportive, transitional, and emergency housing, as well as emergency shelters, often referred to as STEP Housing. The comprehensive plan update will need to demonstrate planned capacity for these targets.

The allocations of the City’s and County’s overall housing targets, divided by AMI, can be seen in the charts below. Based on housing growth experienced in Tukwila between 2019 and the present, the City would need a growth of approximately 250 new housing units develop per year to meet its 2044 housing target. In order to incentivize housing production, including housing in AMI ranges below what the market typically produces, staff will continue to work with Planning Commission and City Council to explore areas of development regulations that could be amended, including within required Middle Housing changes. BHI has produced a policy brief of some items for jurisdictions to consider, included in the packet as **Attachment F**. Additionally, the City worked with the Leland Consulting Group to assess market viability of select zoning districts and potential development regulation amendments areas. An executive summary of their findings can be found as **Attachment E**. Please note that some recommendations, such as the adoption of a multifamily tax exemption (MFTE) program, have already been completed since the production of this report.





In addition, HB 1220 directed jurisdictions to address racially disparate impacts (RDI), displacement and exclusion in housing, including identification of areas with a higher displacement risk from planning decisions, and establish anti-displacement and policies to begin to undo racially disparate impacts. Areas with the highest displacement risk are based on criteria including *English proficiency, vehicular access, percentage of poverty, educational attainment, foreign born status, and race and ethnicity*, and can be seen in the areas highlighted in the map below.





2024-2044 Comprehensive Plan Update

City Council Work Session Briefing

May 20, 2024



Overview

- Outreach
- Key Areas of the Updates
 - Climate Change
 - Housing and Equity
 - Background
 - Legislation
- Discussion



Public Outreach

- GMA: requires “early and continuous” outreach for Comprehensive Plans
- Tukwila Outreach Strategy –
 - Main focus was 2022-2024
 - Broad spectrum, used wide range of mechanisms to reach community + focused outreach to key stakeholders
 - Feedback topics:
 - Housing: affordability and type available
 - Climate Change / Environment
 - Transit / Transportation / Parking
 - Social and Racial Considerations
 - Utility of the Plan



Written Comments to Planning Commission

- Many comments received during Community Outreach phase
- Four requests for comprehensive plan designations and zoning changes
- General Comments regarding proposed goals and policies of general topics



Climate Change

- Tukwila’s historic support
 - King County-Cities Climate Collaboration (K4C)
 - Policies in 2015 Comprehensive Plan
- New Mandated Requirements:
 - HB 1181 mandated Climate Element (by 2029)
 - Puget Sound Regional Council and King County Countywide Planning Policies
- 2024 Comprehensive Plan has Climate Change policies throughout

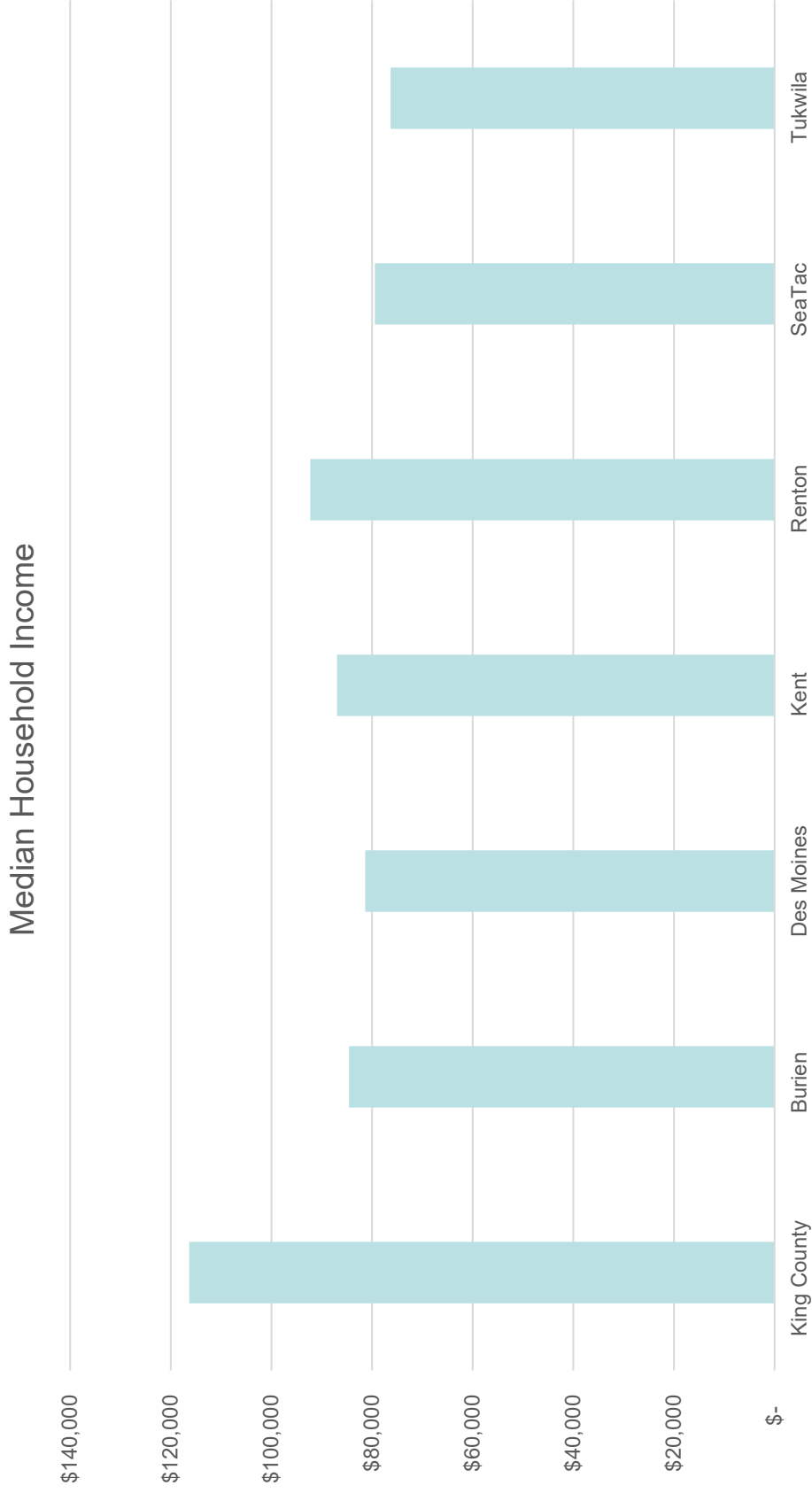


Housing Background

- In order to provide context for policy decisions staff will walkthrough key housing data points and legislation related to housing.



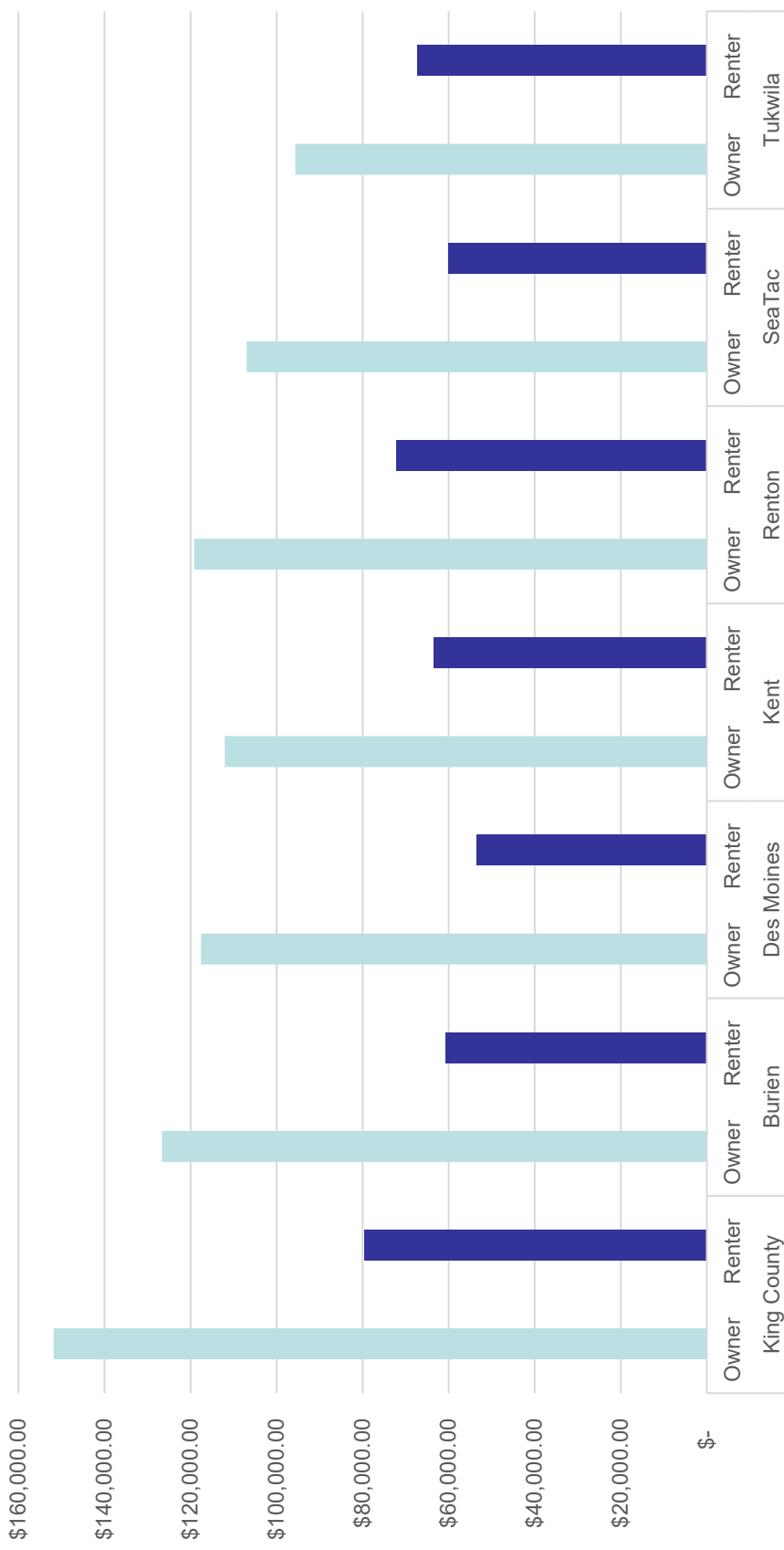
Household Income (Region)





Household Income (Region)

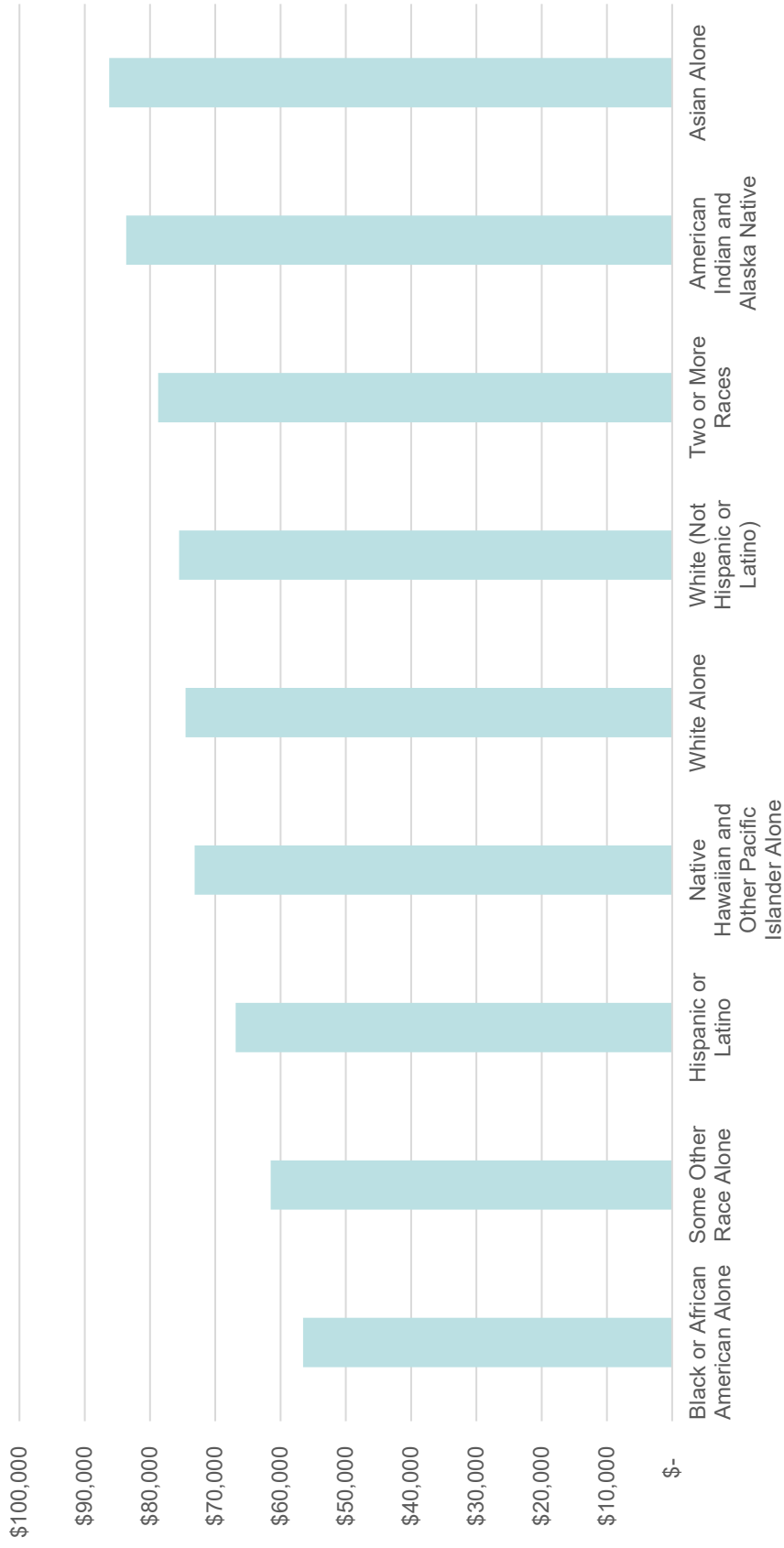
Median Household Income by Occupancy





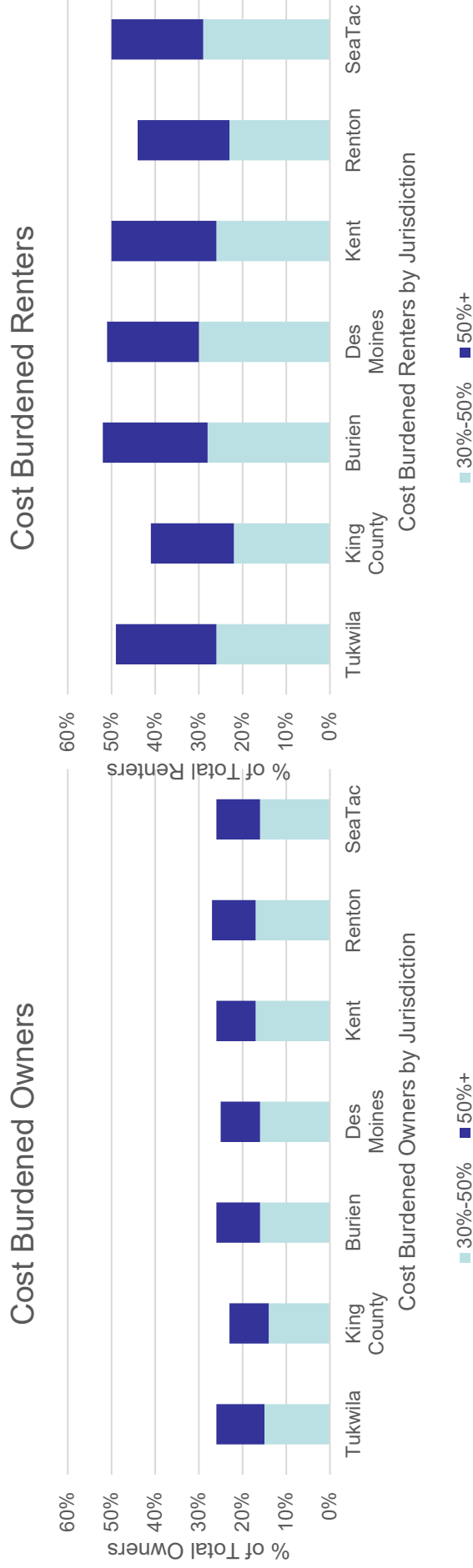
Household Income by Race

Tukwila Median Household Income by Race and Ethnicity





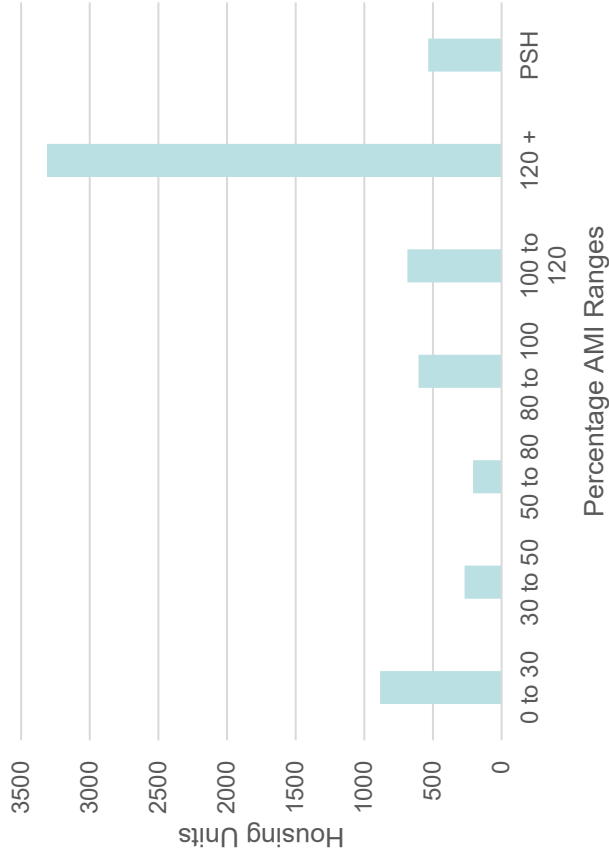
Cost Burdened Status



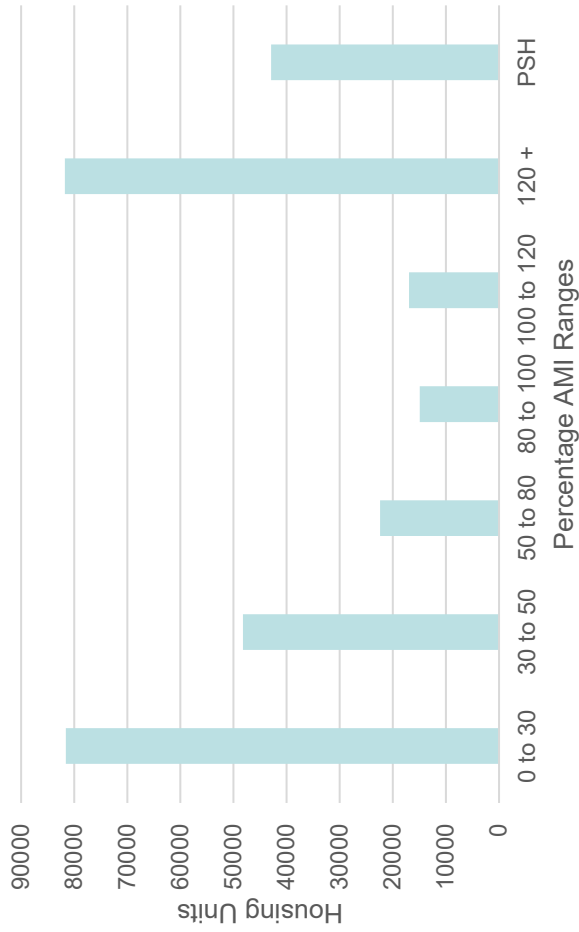


Housing Targets

Tukwila 2019-2044 Housing Targets by AMI

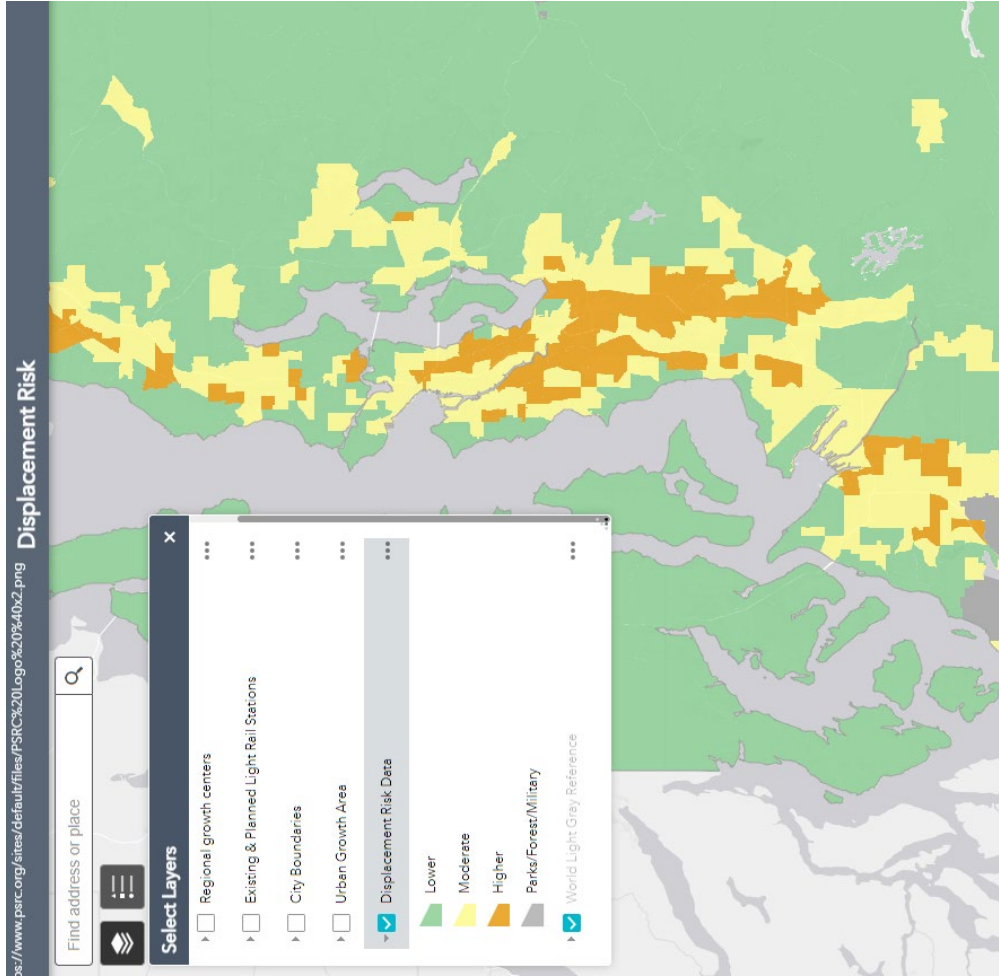
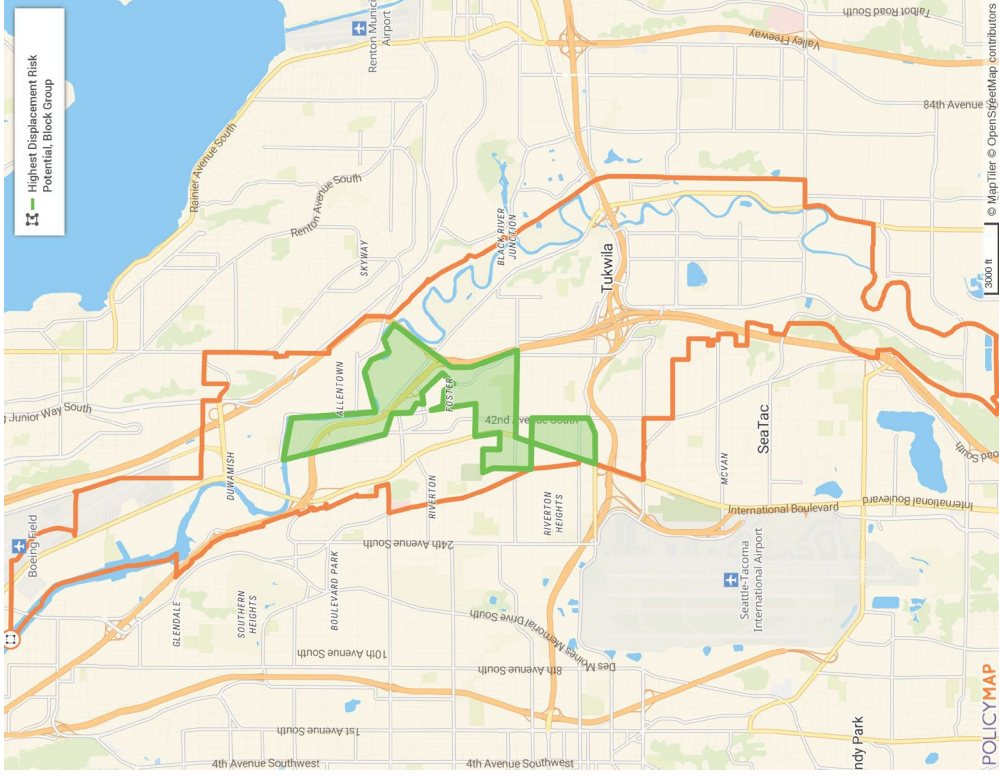


King County 2019-2044 Housing Targets by AMI





Displacement Risk





Key Legislation

- HB 1110 Middle Housing
- HB 1337 Accessory Dwelling Units
- HB 1293 Design Standards
- HB 5290 Permit Review Timelines



Key Legislation

- HB 1220 STEP Housing, Reparative Actions and Housing by AMI
- HB 1474 Covenant Homeownership Program



Questions & Discussion

Zoning & Feasibility Analysis, MDR & HDR Zones

Date November 3, 2023
To City of Tukwila
From Jennifer Shuch & Chris Zahas, Leland Consulting Group
CC Ian Crozier, MAKERS Architecture & Urban Design

Executive Summary

Leland Consulting Group, Inc. (LCG) was engaged by the City of Tukwila as part of a multidisciplinary team led by MAKERS Architecture and Urban Design LLP to evaluate and analyze the demand for medium- and high-density residential and mixed-use development in Tukwila (MDR and HDR zones), identify barriers to development, and suggest policies, development code updates, or other changes to remove these barriers. The table below summarizes LCG’s key findings:

Topic	Findings
Zoning	The main zoning challenges impacting feasibility in Tukwila’s MDR and HDR zones relate to density restrictions, height limits, maximum lot coverage requirements, upper floor step-backs, required recreation space per unit, and parking . Similar requirements also present challenges in the RCC and NCC zones. Separate standards for senior housing are also unnecessary. There may be an opportunity to extend the HDR zone along S 144 th Street
Multifamily Tax Exemption (MFTE)	Tukwila is the only city in south King County that does not currently have an MFTE program. This program helps developers build new housing in areas where the rents are not always sufficient to offset rising construction and labor costs. The lack of an MFTE program, especially when combined with zoning challenges, makes Tukwila less competitive compared to neighboring cities.
Process	Design review is required for all housing in the MDR and HDR zones, adding time and expense to conforming development projects that could instead be approved by administrative review.
Demand	There is relatively strong demand for medium- and high-density multifamily units in South King County , particularly in Tukwila. While in other cities the vacancy rates for these building types are expected to increase slightly by 2028, the lack of building in Tukwila compared with other South King County cities is likely to result in even tighter vacancy rates in the future.
Recent Development	There has been no recent development in the MDR or HDR zones in Tukwila , and two out of three developments in the pipeline have utilized development or master plan agreements to bypass zoning. Recent developments in South King County have primarily included garden, urban garden, and podium construction. These housing types are not feasible in MDR or HDR zones under Tukwila’s current zoning code.

Novel Housing Types	New middle housing types and point access blocks have been legalized in cities like Seattle and Portland. Tukwila should make sure that its zoning and building codes allow for the construction of these types of housing.
---------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Analysis

Over the past several years, the cities in the southern portion of King County have been attracting significant multifamily development. While much of this has been concentrated in larger cities such as Renton and Kent, smaller cities like SeaTac, Burien, and Des Moines are seeing increased interest from developers as rents and home prices increase. Despite its geographic and demographic similarities with these small cities, Tukwila has not attracted the same degree of consistent development interest. In addition, the development that has occurred in Tukwila has largely utilized development agreements to bypass zoning requirements that limit feasibility.

The two biggest barriers to housing construction in Tukwila are its zoning code and lack of an MFTE program. **Tukwila is the only South King County city without an 8- or 12-year MFTE program**, which gives developers tax incentives for providing multifamily housing that meets criteria set by each city. Developers familiar with the South King County market are more likely to build where there are financial incentives. The rent, land costs, and construction costs in Tukwila are similar to those in neighboring cities. Given a choice between Tukwila and a city with an MFTE program, developers will choose the city with the MFTE program. Reopening its dormant MFTE program would help Tukwila compete more successfully for investment.

Tukwila’s zoning code also has some unique elements that make development difficult and negatively impact feasibility. Its upper floor stepbacks, for instance, are highly unusual and prevent the types of development that are most common in South King County. While stepbacks are required in cities such as SeaTac, they are typically required only for the rear side of buildings on lots that abut a low-density residential zone. Tukwila, by contrast, requires stepbacks on all sides of buildings throughout its MDR and HDR zones. In addition, Tukwila calculates maximum lot coverage based on net rather than gross lot area. This is highly unusual and when combined with the stepbacks makes development of any kind extremely difficult. Tukwila’s relatively low maximum density for non-senior housing and some of its parking requirements are also barriers to the types of development that the City wants to attract.

Recommendations

As Tukwila works to address housing gaps related to PSRC, GMA, and Countywide Planning Policy requirements, the City should consider the following actions. Additional details can be found in LCG’s full report on MDR and HDR zones.

- **Zoning.** Modify the provisions within the MDR and HDR zones that negatively impact feasibility, including density, maximum lot coverage, upper-floor stepbacks, structured parking, and recreation space requirements.
- **MFTE.** Re-open the city’s dormant Multifamily Tax Exemption program to better compete with neighboring cities for investment and development.
- **Process.** Allow administrative review rather than design review for housing in residential zones.
- **Innovation.** Ensure that the city’s building code and residential zones allow for innovative housing types such as point-access blocks/single staircase buildings, side-by-side sixplexes, cottage clusters, and other types of housing that can help the City meet its goals.



Local Regulatory Reform for Affordable Homeownership

Policy Brief for Local Elected Officials

Rising housing costs increasingly put homeownership out of reach for low- and moderate-income households. Fortunately, city leaders can support simple reforms to help increase affordable homeownership options in their communities. Each strategy below can help, but combined they will be even more effective.

Seven strategies to create more **affordable ownership housing** in your city:

- 1** Reduce Minimum Lot Sizes
- 2** Middle Housing Code Audit
- 3** Embrace Unit Lot Subdivision
- 4** Invest in Permit Desk Staffing
- 5** Adjust Parking Requirements
- 6** Go Easy on Impact Fees
- 7** Allow Clusters



Duplex



Cottages



Townhomes

Middle housing: modern starter homes

Housing costs are high for two key reasons:

- 1) there aren't enough homes, so the price of those on the market becomes inflated, and
- 2) the homes that are built tend to be oriented towards the wealthiest customers.

It's hard for a city to address #1 on its own because scarcity is a statewide problem. But cities do get to influence #2 by choosing what types of homes to allow and encourage in their city limits: high-cost housing aimed at wealthy households, or more economical housing aimed at the working and middle class.

Around the country cities are looking to **middle housing** — buildings like townhouses, cottages, duplexes, and small-lot houses — to create modern starter homes for a new generation of first-time home buyers. These types of homes have been illegal in most neighborhoods for decades, as housing costs have spiraled upwards. Middle housing spreads costs out over multiple units, creating more affordable ownership and rental options in a variety of formats that can be well-suited to parents with kids, single adults, couples, or multi-generational families.

Why support homeownership?

Homeownership offers a few unique advantages to middle and working-class households that are not available through the rental market.

Stability. A mortgage payment is a consistent cost that a household can plan around. While rents can be more affordable in the short-term, they rise unpredictably with inflation and changes in the housing market.

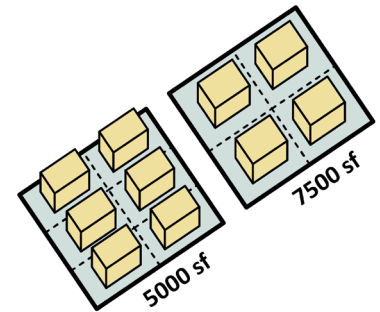
Wealth building. The opportunity to invest housing payments into a long-term investment is the most feasible way for many working and middle-class households to build wealth. Household wealth creates a safety net that can blunt the impact of emergencies and provide the foundation for retirement.

Anti-displacement. Too often, when communities invest in urban amenities like high-capacity transit or parks, vulnerable populations that would benefit the most are displaced by rising rents. Homeownership enables community members to remain in place and enjoy the benefits of improvements they helped to bring about.

Seven strategies to create more affordable ownership housing

1 Reduce Minimum Lot Sizes

One zoning rule that can significantly increase the cost of owning a home is minimum lot size. Since land makes up a big part of the cost of any home, requiring a large amount of land with the purchase can only inflate that cost. Reducing the required minimum lot size in low-intensity (i.e. single-family) zones creates flexibility for lower cost homes.



2 Middle Housing Code Audit

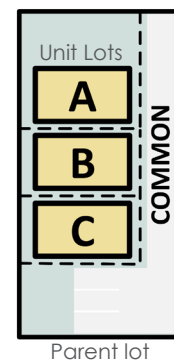
There are often unseen barriers that make it difficult or impossible to build middle housing, even if it is technically allowed under your city's zoning. Talk with local builders and planning staff about barriers your code creates like extra fees, complex public works standards, burdensome permitting requirements, or other potential barriers that could stymie middle housing construction in your city.



Zoning is just the tip of the regulatory iceberg.

3 Embrace Unit-Lot Subdivision

“Unit lot subdivision” allows a household to buy one of several homes that share a “parent lot”. This lot must be developed under normal development regulations like setbacks and minimum lot size, but these rules don't apply to the subsidiary “unit lots”. Because unit lot subdivision helps reduce the land costs for each home, it is an excellent tool to support affordable homeownership. It works well for townhouses and cottages and offers an alternative to condominiums, which have become less popular with builders due to lawsuit risk.



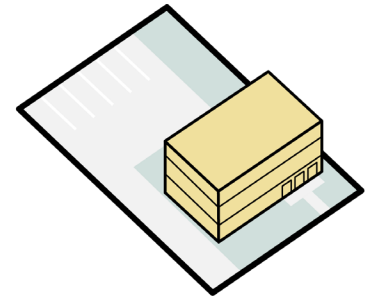
4 Invest in Permit Desk Staffing

Before building a home a developer must get planning, public works, fire, and utilities permits. This process is essential to ensure the project is safe, but it can be slow, and it often prioritizes single-unit projects at the expense of more affordable multi-unit projects. Cities should make sure permit desks are well staffed to avoid expensive delays, consider lower permitting fees for more affordable projects, and review processes for undue preference given to higher-cost housing types.

5

Adjust Parking Requirements

There isn't anything wrong with wanting it to be easy to park. But parking is expensive, so it helps home buyers to have the choice between convenient parking and a more affordable mortgage. When a city requires a set number of parking spaces with new housing it sends a message that parking is as important as the housing itself, while making it difficult to accommodate other amenities like trees or open space.



With two parking spaces per unit this triplex has almost no room left for open space.

6

Go Easy on Impact Fees

Impact fees seek to make new development pay for the costs of expanded infrastructure and services. When impact fees are overused they have the effect of encouraging construction of high-priced homes, because the developer is more likely to be able to pay the fee and still make a profit. Cities should identify the types of housing that best help achieve housing goals and waive or reduce fees for those types. This can be a win-win, since affordable ownership housing, especially infill housing like townhouses, often helps reduce infrastructure costs in the long-term. It doesn't make sense to penalize the types of housing we most want to be built.

7

Allow Clusters

On lots where four or more units are allowed, allowing multiple buildings will enable use of the residential (rather than the commercial) building code, which tends support more affordable construction. Allowing multiple buildings also makes it easier to add homes on a lot without tearing down an existing house. Clusters of buildings should generally not have open space requirements more stringent than the same number of units in a single building.



"Detached duplex" with a new home built in the original home's backyard.

About Black Home Initiative

Black Home Initiative (BHI) is a multi-year, regional effort from Civic Commons that targets the racial inequities at the core of the housing ecosystem to increase home-ownership among BIPOC (Black, Indigenous, and People of Color) households. BHI's initial emphasis is to create opportunity for 1,500 new low- and moderate-income Black households to own a home in South Seattle, South King County, and North Pierce County within the next five years.

The initiative convenes cross-sector partners who collaboratively act on local priorities ranging from homebuyer preparation to construction financing to policy reform. By centering those most affected by the work, BHI is creating a foundation for long-term systems change. The ultimate impact we seek is racial equity for everyone and an increase in intergenerational household wealth.

Affiliate Organization

Tacoma - Pierce County
Affordable Housing Consortium
www.tpcahc.org
info@tpcahc.org
253-627-0949
PO Box 8070, Tacoma, WA 98419



Scan this code to explore BHI resources

Black Home Initiative

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WASHINGTON STATE COVENANT HOMEOWNERSHIP PROGRAM STUDY

March 22, 2024



STUDY PRESENTED BY:



EXECUTIVE SUMMARY

In spring 2023, the Washington State Legislature passed the Covenant Homeownership Act (House Bill 1474, codified at Chapter 43.181 RCW) with bipartisan support. The Covenant Homeownership Act acknowledges the State government's role as both an active and passive participant in generations of discriminatory policies and practices that created barriers to credit and homeownership for historically marginalized communities in Washington and that these discriminatory actions continue to impact these communities today.

The Covenant Homeownership Act requires the Washington State Housing Finance Commission (WSHFC) to complete or commission a study to inform the development of a new special purpose credit program (SPCP) that will remedy racial disparities in homeownership and access to credit left by the State's long history of discrimination. This study fulfills the requirements of the Covenant Homeownership Act to document historical discrimination in housing and its impacts on current homeownership opportunities in Washington, to analyze the effectiveness of current programs and policies, and to recommend an approach to remedy lingering inequities.

The Covenant Homeownership Act creates a new source of funding for homebuyer assistance and mandates that the SPCP provide loans for down payment and closing cost assistance to program participants. The Act also mandates that program participants meet the following eligibility requirements:

- A household income at or below 100 percent of the Area Median Income (AMI),
- A first-time homebuyer, and
- A Washington resident who: (i) was a resident of Washington before the enactment of the Federal Fair Housing Act on April 11, 1968, and was, or would have been, excluded from homeownership in Washington by a racially restrictive covenant on or before that date; or (ii) is a descendant of a resident described in (i).

Special Purpose Credit Programs

Congress authorized SPCPs in a 1976 amendment to the Equal Credit Opportunity Act of 1974 (ECOA) as a tool to counteract centuries of unfair laws and policies that deprived millions of consumers of the right and opportunity to access fair mortgages and credit.¹ SPCPs are targeted lending programs designed specifically to help an economically disadvantaged group of people who, under customary standards of creditworthiness, probably would not receive credit or would receive it on less favorable terms than are ordinarily available to other consumers applying for a similar type and amount of credit. Congress ensured that these programs serving an economically disadvantaged group may consider race or ethnicity without violating ECOA's prohibition on discrimination in order to "increase access to the credit market by persons

¹ 1. "SPCP Toolkit for Mortgage Lenders," SPCP Toolkit, accessed March 19, 2024, <https://spcptoolkit.com/>.

previously foreclosed from it.”² In their design and implementation, SPCPs remediate the present-day impacts of historic and/or ongoing discrimination in the credit market.

This study provides the basis for developing Washington’s Covenant Homeownership Program as an SPCP. The study uses a mixed methods approach involving analyses of historical records, legislation, census data, home lending records, housing market trends, zoning policies, a community survey, and stakeholder interviews.

Over a Century of Housing Discrimination in Washington

Chapter 1 provides a historical overview of how discriminatory federal, state, and local policies systematically denied communities of color and other marginalized groups in Washington equal access to housing and credit opportunities for over a century. Key findings include:

- Washington residents of color and other marginalized groups faced widespread discriminatory barriers to equal housing opportunities from the 19th century onward, implemented through state and local governmental policies and practices.
- These discriminatory actions included land seizures, forced removal, over 50,000 racially restrictive covenants barring people of color and other marginalized groups from purchasing homes and living in specific neighborhoods, exclusionary zoning practices, and racist practices in the state-licensed real estate industry. State courts reinforced many of these practices.
- As a direct result, people of color and other marginalized groups in Washington were prevented from buying homes, accessing credit, and building wealth. These groups experienced widespread segregation and confinement to areas deemed least desirable by public officials and private actors. Residential segregation patterns established at this time persist to varying degrees today.

Impacts of Discrimination Continue Today

Chapter 2 documents the ongoing, lingering impacts of this history of discrimination. The chapter analyzes present-day data on homeownership, wealth, housing cost burden, homelessness, access to mortgage lending, and appraisal disparities. Findings include:

- In Washington today, there are significant disparities between the White homeownership rate and the homeownership rates of Blacks, Latinos, Native Americans, Alaska Natives, Native Hawaiians and other Pacific Islanders (NHPI), and two Asian subgroups (Koreans and Asian Indians).³

² 15 U.S.C. § 1691(c)(1); Senate Report 94-589, 1976 U.S.C.C.A.N. at 409.

³ For purposes of this study, we utilize the following language to refer to racial and ethnic groups: Black, Latino, Asian, Native American, Alaska Natives, Native Hawaiians and other Pacific Islanders, and White. However, when a dataset, case, historical document, or quotation uses alternate terminology, we often retain the original source’s terminology to ensure that we convey the information shared accurately. For example, when including U.S. Census data for “American Indian/Alaska Natives,” we use the

Washington Homeownership Rates by Race or Ethnicity

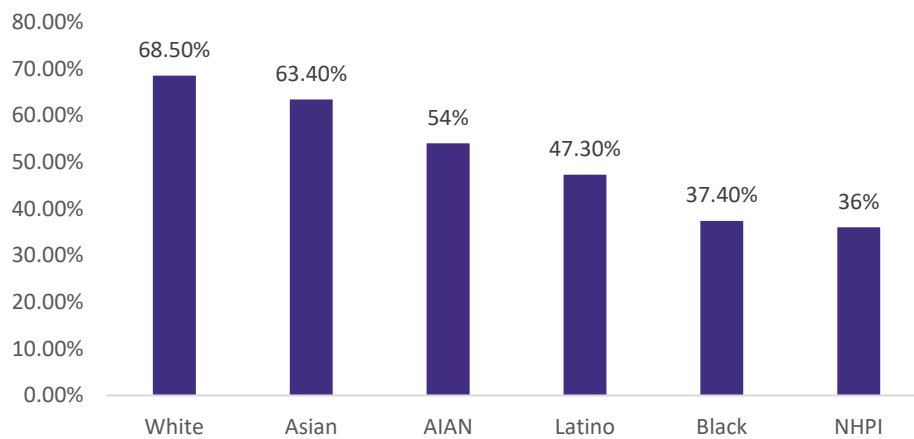


Figure 1 - Washington Homeownership Rates by Race and Ethnicity. Source: U.S. Census Bureau, 2021 American Community Survey.

- Because the racial homeownership rates are significantly lower for Blacks, Latinos, Native Americans, Alaska Natives, Native Hawaiians and other Pacific Islanders, and two Asian subgroups (Koreans and Asian Indians), for the purposes of this study, renters from these racial and ethnic groups are considered “impacted residents” who should be assisted by the Covenant Homeownership Program.
- Racial wealth disparities have grown, limiting the ability of impacted households to access affordable home mortgages or qualify for lending. In Washington, White households have a net worth of \$286,200 per household, while households of color have an estimated net worth one-quarter of that, or \$67,600.
- The lack of access to credit and unfair treatment in the appraisal and lending processes continues to disadvantage impacted residents. For example, Blacks and Latinos in Washington are denied mortgage loans at a rate of 11.9 and 12 percent, respectively, compared to a 6.6 percent denial rate for Whites and 7.9 percent for Asians.

Race-Neutral Approaches Are Not Effective

Chapter 3 evaluates different policy approaches for expanding ownership opportunities to impacted residents. Key findings from this analysis conclude that a race-neutral approach is unlikely to be effective or efficient in addressing past discrimination and ongoing disparities. The chapter establishes the following:

acronym “AIAN” to reflect the exact grouping of data that is being shared. The study also includes many unedited quotes that use discriminatory language, not to condone the use of this derogatory language but to present quotes in the context of how they were spoken or written.

- Existing homeownership programs in Washington primarily aid non-impacted residents rather than directly remedying past harm through a targeted approach.
- Modeling of five potential policy scenarios—(1) a no assistance scenario, (2) a baseline scenario that assumes \$10,000 in down payment assistance (DPA) is available from existing sources, (3) a DPA scenario that adds \$50,000 for income-eligible first-time buyers in low-cost counties and \$120,000 in high-cost counties, (4) an interest-rate reduction scenario, and (5) a credit-counseling scenario—shows that additional DPA assistance is the most effective scenario to aid impacted residents.
- Modeling also shows that a specially designed race-conscious SPCP focused on impacted residents could substantially remedy the wealth and credit access gaps left by historical discrimination with significantly less funding than a race-neutral program. With the \$75-\$100 million per year in anticipated fee revenue⁴ under the Covenant Homeownership Act, a race-conscious approach to DPA would reach four times the number of Black, Latino, Native American, Alaska Natives, Native Hawaiian and other Pacific Islanders, Korean and Asian Indian beneficiaries than a race-neutral approach. With an estimated \$6 billion cost to reach all impacted residents through a race-neutral approach, it would take decades to serve them all based on the expected annual fee revenue for the program.

A Race-Conscious Approach is Needed

Based on these findings, Chapter 4 recommends implementing a race-conscious SPCP to remedy the ongoing harms of discrimination by the State. It models several options for structuring a DPA program that could be incorporated into an SPCP. These include both fixed down payment assistance models, which provide the same amount regardless of where someone lives in the state and customized down payment assistance models, in which the amount each household receives varies based on housing prices in their county and their income. The modeling finds that:

- While a program that provided a fixed down payment assistance amount between \$25,000 and \$100,000 could serve a relatively large number of households – between 1,000 and 4,000 households with \$100 million – the number of impacted residents with incomes between 80-100% AMI who would be able to purchase a home with these levels of assistance is relatively small. This suggests that these assistance levels are not large enough to be effective in an SPCP.
- A customized DPA program, on the other hand, could enable all eligible renters with incomes between 80-100% AMI to purchase a home in their county. A customized approach, which varies the amount of DPA based on the eligible homebuyer's income and location, is effective and efficient in reaching impacted residents and allows for a reasonable degree of housing choice.
- Additionally, a large number of impacted residents in the 100-140% AMI range have a substantial need for down payment assistance in excess of the level of assistance typically available from existing DPA programs in Washington (about \$10,000-15,000).

⁴ The current revenue forecast for FY 2025 as of the publication date is \$61.8 million.

Assisting this group of residents would cost far less, on average, than it would cost to assist households with lower incomes.

The chapter also identifies administrative challenges WSHFC may need to consider and identifies additional policies and programs that would complement a DPA program by addressing other housing challenges that limit homeownership opportunities in the state, such as policies that expand the supply of lower-cost homes for purchase.

Program Recommendations

Recommendations for a new SPCP, consistent with the restrictions in the Covenant Homeownership Act, include:

- Implement the SPCP as outlined in RCW 43.181.040 for economically disadvantaged households with Black, Latino, Native American, Alaska Native, Native Hawaiian, Other Pacific Islander, Korean, or Asian Indian borrowers.
- Provide customized amounts of down payment assistance that enable households with incomes between 80-100% AMI to afford a modest-cost home in their county. Consider one of two models that effectively balance program cost and housing choice.
- Provide down payment assistance as a zero-interest loan.

The recommendations also encourage the consideration of new state legislation to allow for different types of assistance and eligibility criteria:

- Consider expanding eligibility for the SPCP to impacted residents with incomes up to 140% AMI, as the analysis identifies a large number of households within racial and ethnic groups impacted by the discrimination documented in Chapters 1 and 2, with incomes between 100-140% AMI, who need assistance to afford a modest-cost home and who could be served cost-effectively.
- To avoid trapping households in their homes and encourage wealth building, consider allowing them to re-use some or all of their assistance to apply to the purchase of a subsequent home and/or alternative repayment options.
- Given the widespread discrimination documented in Chapters 1 and 2, commission an additional study to consider the scope and feasibility of an SPCP that would support other economically disadvantaged households adversely impacted by the State's unlawful discrimination who are not eligible under the current legislation (for example, residents who do not meet the Act's pre-1968 residency requirement and residents who experienced adverse impacts from the State's discrimination but are not in an impacted group).

Evaluating the Program

Chapter 5 discusses potential approaches for evaluating a Covenant Homeownership Program in Washington. It presents a logic model outlining the program's inputs, activities, outputs, and short-

and long-term outcomes. It then describes how different types of evaluations, such as output evaluation, outcomes evaluation, impact evaluation, and qualitative evaluation, could be used to evaluate different aspects of the program and answer specific research questions. Key areas of focus for future evaluation include the number of homeowners assisted, their demographics and locations of homes purchased, the amount of wealth built over time, and changes in homeownership rates by race.

Chapter 5 also proposes two potential targets for the program that could be used to monitor the continued need for the program. The first suggested target is based on application volume, and the second target is based on the size of the reduction in racial disparities in homeownership.

Conclusion

This study completes the important first step in implementing the Covenant Homeownership Act to address the lasting impact of housing discrimination in Washington. By documenting the history of housing and lending discrimination against marginalized communities in Washington, outlining the significant role of the State in this discrimination, defining the impacts of that discrimination, and identifying approaches to remedy these impacts, the study provides an evidence-based framework for a remedial SPCP under the Act. Building on this framework, the Covenant Homeownership Program will bring critical assistance to members of historically marginalized groups and help them begin to build wealth through homeownership.



