




**DATE:** March 13, 2014

**TO:** Olympia Planning Commission

**FROM:** Leonard Bauer, Deputy Director, Community Planning and Development 

**SUBJECT:** Meetings Regarding Perspectives on Development Consistent with Olympia Comprehensive Plan

The public comments included in the March 17, 2014, staff report on a proposed Professional Office/Residential Multifamily (PO/RM) Zone Text Amendment raised questions about a perceived relationship between it and two meetings that were attended by some Planning Commissioners on January 31 and March 3, 2014. This memorandum summarizes information about these meetings. I attended the January 31 meeting, and have spoken to several attendees of the March 3 meeting. The following summary is my understanding of the facts related to these two meetings.

The meetings occurred on January 31 and March 3, 2014, between some members of the Olympia Planning Commission, City Councilmembers, and professionals in the development community. The meetings were originally requested by two members of the Planning Commission, who had discussed the need to gain a better understanding of the perspectives of realtors, developers, and financiers of development. They specifically discussed the need to understand apparent challenges of developing areas of the City of Olympia that are planned to accommodate significant percentages of new growth projected in the City's Comprehensive Plan – such as downtown and designated urban corridors. One Commissioner organized the meetings with local realtors, developers, and representatives of finance institutions. City staff were not involved in organizing the meetings. I attended the January 31 meeting at the invitation of the Commissioner organizing them. Invitations to each meeting were also made to at least some City Councilmembers. Meetings were held in a roundtable format, with no formal agenda.

At the beginning of each meeting, it was clearly stated and agreed that there could be no discussion of any issues that could become the subject of review by either the Planning Commission or City Council, including no discussion of any specific permit or specific site. At no time during either meeting was there any discussion of any potential zoning code or map changes – including no discussion of the PO/RM zone text amendment that is currently under review by the Planning Commission.

The January 31 meeting was attended by four Planning Commissioners, one City Councilmember, a commercial real estate broker, an architect, three property owner/developers, and me. General areas of discussion raised at this meeting from the perspective of the private sector were:

- The cost of construction in downtown Olympia is high, making redevelopment very difficult
- Impact fee costs are high and timing of the payment may be difficult to finance
- Lending practices for construction can make it difficult to re-develop and achieve the Comprehensive Plan's goal of infill

- The City's permitting process has improved but can be unpredictable, especially when appealed, making it difficult to identify total cost of development
- The multifamily housing tax credit program authorized by RCW 84.14 could be a helpful tool to assist redevelopment
- Requirements for constructing street and infrastructure improvements adjacent to development greatly increase its cost
- Out-of-town developers' perceptions of developing in Olympia are generally that the City is a very difficult place to develop property

The March 3 meeting was attended by two Planning Commissioners, two City Councilmembers, an architect, a commercial real estate broker, a bank officer, and three property owner/developers. Five of these attendees had also attended the January 31 meeting; five had not. General areas of discussion raised at this meeting from the perspective of the private sector were:

- Increased homelessness has had negative effects on potential development in downtown Olympia
- There is a perceived lack of a unified vision by the City for development in Olympia
- The cost of construction in downtown Olympia is high, making redevelopment very difficult
- There are now greater restrictions on lending for construction
- The length of time required to complete a development proposal has increased significantly in recent years

As stated above, there was no discussion at these two meetings about the PO/RM zone text amendment that is currently being reviewed by the Planning Commission, which had previously been approved by the City Council as part of the Community Planning and Development Department's work program.