Land Use & Environment Committee

Review of City Regulations and Fees to Reduce Effects on Housing Costs Review Update

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Title
Review of City Regulations and Fees to Reduce Effects on Housing Costs Review Update

Recommended Action
Committee Recommendation:
At its January 2020 meeting, the Land Use and Environment Committee affirmed a scope of review of City regulations and fees that effect housing costs. This is a briefing on the status of that review.

City Manager Recommendation:
Receive an update on the review of specific City regulations and fees for their effects on housing costs.

Report
Issue:
Whether to conduct a review intended to identify ways the City of Olympia can encourage additional housing development by addressing costs of construction and rehabilitation, particularly 'workforce' housing. For purposes of this discussion workforce housing is considered to be households at approximately 80-120 percent of Area Median Income (AMI).

Staff Contact:
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Presenter(s):
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Background and Analysis:
The City of Olympia has adopted a variety of tools, incentives and programs designed to support a variety of housing production at a broad range of income levels. These include lower transportation impact fees downtown and for smaller housing types; 80% exemption from impact fees for development of low-income housing; property tax exemption for new multifamily housing (MFTE); housing options zoning changes; and residential parking exemptions downtown.

In 2019, the Committee held two study sessions with local producers of housing to better understand potential City actions that might effectively stimulate additional housing construction. The two study

sessions focused on low-income housing (below 80 percent AMI) and moderate-income housing (80-120 percent AMI), respectively. Following the study sessions, the Committee affirmed a recommended scope of review of regulations and fees that have the highest potential to address housing production for low to moderate-income households.

The attached matrix provides a summary of progress on this review. Additional actions are proposed in the draft Housing Action Plan (HAP) to address workforce housing production. Some of these actions include:

- Adaptive reuse standards for conversions of commercial/office space to residential (HAP Item 3.s)
- Planned action for west-side high-density neighborhood (3.q, 3.r)
- Use Community Development Block Grant funds for a rental rehab loan program for older affordable housing (and/or provide low-interest loan program)
- Reduce off-street parking requirements for low and moderate density housing
- Expanding City role in partnerships, providing funding and incentives for low-income housing development (1.a, 1.b, 1.g, 1.h, 1.i)
- Expand and modify the MFTE, especially in the high-density neighborhoods (3.j)
- Explore allowing medium density housing in and near neighborhood centers (3.m)
- Make it easier to do tenant improvements without triggering land use requirements (3.t)
- Strategic infrastructure investments (3.u)
- Regional partnership with local trade schools to provide renovation and retrofit services for low -income households as part of on-the-job training (2.e)

Neighborhood/Community Interests (if known):
Housing costs are of significant concern throughout the community. New housing development is concerning to some residents.

Options:
1. Receive update and direct staff to continue the review.
2. Receive update and direct staff to discontinue the review.
3. Receive update and discuss specific revisions to the scope of the review.

Financial Impact:
None at this time. Staff review is being conducted within existing City budget. Future actions implemented as a result of the review may have financial impacts.

Attachments:
Summary Matrix