



Land Use & Environment Committee

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

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Title

Review of City Regulations and Fees to Reduce Effects on Housing Costs 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 receive briefing on work program items 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:

Leonard Bauer, Director, Community Planning & Development, 360.753.8206

Presenter(s):

Tim Smith, Deputy Director, Community Planning & Development

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); zoning changes expanding housing options; pre-approved plans for accessory dwelling units (ADUs); 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. The matrix also shows whether these actions were included in the City's Housing Action Plan (HAP) adopted in 2021. The HAP includes six regional strategies that are jointly adopted with the Cities of Lacey and Tumwater. Two of these strategies are consistent with and broaden the intent of this review of City regulations and fees to reduce effects on housing costs:

- Expand the overall housing supply by making it easier to build all types of housing projects.
- Increase the variety of housing choices.

There are numerous actions in the HAP to carry out all six regional strategies. A few examples of these actions include:

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

Because the work program items included in this review have been included in the HAP, along with new actions to accomplish the intent of this review, staff recommend that future reports focus on progress toward achieving the HAP strategies and actions.

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

Housing Action Plan