



**MINUTES** (Approved on 8-5-15)

**TIME:** Wednesday, July 8, 2015, 4:00 p.m. (Special Meeting)

**PLACE:** Room 335, Tacoma Municipal Building  
747 Market Street, Tacoma, WA 98402

**PRESENT:** Chris Beale (Chair), Stephen Wamback (Vice-Chair), Donald Erickson, Meredith Neal, Erle Thompson, Scott Winship

**ABSENT (EXCUSED):** Anna Petersen

**A. CALL TO ORDER AND QUORUM CALL**

Chair Beale called the special meeting (an additional meeting to the regularly scheduled ones) to order at 4:00 p.m. A quorum was declared.

**B. APPROVAL OF AGENDA**

Lihuang Wung, Planning Services Division, proposed revising the agenda by adding Affordable Housing Regulations as Item D1 of the agenda. The agenda was approved as modified.

**C. APPROVAL OF MINUTES**

n/a

**D. DISCUSSION ITEMS**

**1. Affordable Housing Regulations**

Elliott Barnett, Planning Services Division, facilitated a discussion to address issues raised at the Commission's meeting on July 1, 2015 during the discussion of proposals in the Affordable Housing Planning Work Program. He noted that the Affordable Housing Policy Advisory Group (AHPAG) still had questions and a number of items to work on, but supported putting the proposal out for public comments. Mr. Barnett introduced Carey Jenkins, Community and Economic Development Department, who would be addressing the issues raised at the previous meeting.

The fee in-lieu concept was discussed. Mr. Jenkins reviewed that most of the initial options considered had been too complex and they ultimately arrived at a concept where the calculation was based on the land value. The concept was in essence that the City was giving the developer more land, which they valued at \$10,000 of extra value per dwelling unit. The reason for the number was that the AHPAG wanted to be able to incentivize development while increasing the dollar amount on an annual basis by a known inflation factor. Commissioners commented that some kind of data was needed to justify the number should it be challenged legally. Commissioners also expressed concern that the number was too low to generate much affordable housing. Mr. Jenkins commented that while the numbers may seem relatively small, when leveraged with other resources they can make a positive difference relative to affordable housing. He added that \$300,000 had leveraged 150 affordable units in the past. Commissioner Erickson commented that if the pay in-lieu would not be affected by the size of units then that the market would encourage large units with multiple bedrooms. Mr. Jenkins responded that the priority was to incentivize affordable housing in general and they would look at augmenting it for specific unit sizes later.

Vice-Chair Wamback asked if the bonuses incorporated into the mixed-use centers (MUCs) feasibility analysis were a separate bonus scenario or if the proposed affordable housing bonus was also included. Brian Boudet, Planning Services Division Manager, commented that while the affordable housing

component was one of multiple options considered, modifying the in-lieu fee would not have a dramatic effect on the economic analysis. Vice-Chair Wambach recommended that they could consider blending the two studies to measure the impact of the bonus options.

Mr. Jenkins discussed whether the program would be attractive to developers and how they could refine it over time. He commented that how developers would react to the program would fall into three options: they would continue to build and never touch the density bonus concept; they would pay the in-lieu fee; or they would build the units. If they found that over time they were not getting the units they would like they would augment the program to shift towards the creation of more affordable housing.

How monitoring and tracking over 50 years would work was discussed. Mr. Jenkins noted that they are already monitoring 1,400 units for affordability and habitability. They were also in the process of creating a monitoring structure for their 12-year property tax exemption program. For monitoring income eligibility the owners would provide data to the City for approval during a monitoring visit. Households would be required to self-certify and an affordability covenant would be recorded on the property that requires the set number of units to be available to households at 50% AMI. Commissioners asked about the enforcement process and expressed concern that scenarios exist that would result in hardship for people moving past the income threshold. Discussion ensued. Mr. Jenkins clarified that they normally have an analysis of the income prior to the renewal of the lease.

Mr. Jenkins continued through the issues raised during the previous discussion. He commented that the administrative burden on the owner would be non-significant provided that there was nothing outside of the ordinary. For income limits, Mr. Jenkins reported that they would use the Home Program Income Limits and the Tacoma Housing Authority Utility Allowance inputs to determine annually how much a property owner could charge for a unit.

## **2. 2015 Comprehensive Plan Update**

Jennifer Kammerzell, Public Works Department, continued the previous meeting's discussion of the Transportation Master Plan. Ms. Kammerzell briefly discussed the Mobility Master Plan appendix update and noted some of the modifications that had been made. The first sheet of the Project List was distributed and the scoring criteria were discussed. Ms. Kammerzell reported that over 420 projects were ranked across 3 tiers using scoring criteria that were aligned with the implementation strategies and performance measures of the Master Plan. Ms. Kammerzell noted that they anticipated some future updates to the scoring criteria and they would be adding a narrative that would explain the performance measures and terminology. Commissioners suggested language clarifications for the Project List.

Stephen Atkinson, Planning Services Division, introduced a review of the preliminary draft Comprehensive Plan including proposed new elements, with a focus on the goals and policies, formatting and layout, and work products still in progress.

Deborah Munkberg, 3 Square Blocks, provided a high level overview of the Comprehensive Plan noting that the framework includes guidance from the Washington State Growth Management Act (GMA), the Puget Sound Regional Council's Vision 2040, Pierce County's Countywide Planning Policies, Tacoma 2025 – the City of Tacoma's Strategic Plan and Vision, and the City's existing Comprehensive Plan. Demographics were discussed. Ms. Munkberg noted that they were anticipated 59,000 new households in the city; household size was declining; the overall age is increasing; and household income is slightly lower than Pierce County as a whole.

Ms. Munkberg reviewed that the goals in the plan described the desired outcomes and the policies looked and how the goals can be achieved. She noted that they tried to allow for options in future implementation by avoiding regulatory language and providing a framework for decision making. The contents of the proposed plan volumes were also reviewed.

Mr. Atkinson noted that the major themes of the Comprehensive Plan update included the City's commitment to advancing equity and empowerment within the community; anticipating the effects of climate change and directly addressing sustainability; integrating with Tacoma 2025; articulating an urban design vision; and identifying focus areas and priorities in each chapter so that they could achieve more tangible results.

The Introduction and Vision Chapter was discussed. Ms. Munkberg reviewed that the chapter contained the context and the framework that the City is planning within; tables that describe each Element and their content; a summary of Community Involvement; and a focus on the Vision Statement. Mr. Atkinson added that the existing Comprehensive Plan was more focused on the context than the vision and values.

The Design and Development Chapter was Discussed. Mr. Atkinson reviewed the themes and noted that the overall focus of the chapter would be the human experience of the City and quality of life. Mr. Atkinson reported that the next step would be an ongoing conversation on design review. Chair Beale commented that he didn't see anything in the Chapter providing guidance on how design review would be considered. Vice-Chair Wamback recommended including a policy statement on design review in the goals section. Commissioner Erickson commented there was little reference to urban design as it relates to livability at the street level, solar exposure, and views. Discussion ensued on how to address policies related to views and signs within the chapter. Vice-Chair Wamback noted that content-based sign code had been ruled unconstitutional and recommended a more specific sign code policy. Vice-Chair Wamback commented that he would like to see a specific reference to farmer's markets in the Healthy Food section.

The Economic Development Chapter was discussed. Mr. Atkinson reviewed the themes and noted that the overall focus was on living wages, investment in centers, and sectors identified that would be the focus for job growth. The next step would be development of an economic strategy. Mr. Atkinson noted that they had received comments and recommendations internally. Vice-Chair Wamback commented that the Diversifying and Expanding Opportunity goal had over 40 related policies and questioned if they needed a goal for some of the key subsectors. He noted that EC-1.26, limiting conversion of industrial land, might need stronger top level goals. Chair Beale recommended strengthening EC-1.16 to make sure that the policy allows for the retention and improvement of small commercial convenience corners that don't have a zoning designation. Chair Beale commented that he didn't see anything for programs like Space Works that improve streetscape character. Commissioner Thompson suggested that it might be worth highlighting that Tacoma was an employment center in the region.

The Public Facilities and Services Chapter was discussed. Mr. Atkinson reported that they were going through a process to revise how they do capital facilities programming and would be having a conversation with the Commission about the prioritization of projects. They would also seek to update Level of Service (LOS) standards and review the metrics being used during the next round of capital facilities programming. There would be two key focus areas for investment: areas where they are not meeting service standards and areas they are prioritizing for growth. Capital improvements would be prioritized by the following criteria: public health and safety; correction of service deficiencies and provisions for future growth; alignment with City priorities; requirements mandated by law; public support; geographic equity; financial responsibility and sustainability; and environmental responsibility. Commissioner Thompson suggested considering a category for reducing vacant space. Commissioner Erickson recommended giving the numbers in Table 9.1 context by providing the LOS standards of other jurisdictions.

The Engagement, Implementation and Administration Chapter was discussed. Mr. Atkinson noted that the chapter focused on how they interact with the community and how the policies are implemented. The next step would be the creation of engagement tools and strategies for better reaching underrepresented groups in the community. Vice-Chair Wamback recommended a short paragraph or chart with implementation strategies. Chair Beale commented that Table 11-1 provided an opportunity to consider examining the R-2 lot size and increasing the number of units allowed per acre. Commissioners expressed support for increasing the target density for R-2 to 6-12 dwelling units per acre. Commissioner Thompson, noting that the North Slope already has more than the target density, suggested that they consider why they are trying to increase the density in an area that's already above the cap. Mr. Boudet responded that the North Slope is unique in that it does not easily fit into either single or multifamily zoning. Vice-Chair Wamback suggested that HMR-SRD could be moved into the single family group while recognizing that it has a higher density than the target. Commissioner Thompson commented that they may need a designation for areas that transition between different densities.

Mr. Atkinson proposed holding off on the Land Use designation review until a future meeting.

Greg Easton, Property Counselors, facilitated a discussion on the findings of the Mixed-Use Centers Feasibility Analysis. The purpose of the analysis was to look at the types of development, understand what is feasible, and the conditions under which different types of development were feasible.

Mr. Easton reviewed the methods used. They had examined the estimated development cost and compared it to the capitalized value, with the difference being the entrepreneurial return. Mr. Easton noted that entrepreneurial return would ideally be between 10% and 20% of the development cost. Four different development concepts were identified for analysis: 6<sup>th</sup> and Cedar, a site for a larger mixed-use building on a redevelopment site; 38<sup>th</sup> and G, a similar type of mixed-use building on a vacant site; 72<sup>nd</sup> and Pacific, a smaller scale building in a horizontally mixed-use configuration; and a redevelopment of an existing older building on South Tacoma Way. The four scenarios were compared across site area, number of floors, residential area, commercial area, residential units, and parking spaces.

The four scenarios were analyzed across three cases: a base case where the developer builds the project and charges market rate for the development; a case with an 8-year Multifamily Tax Exemption (MFTE); and a case with 20% of the units affordable at 80% AMI and a 12-year MFTE. The 6<sup>th</sup> and Cedar project was found to be feasible so long as the project took advantage of the 8-year MFTE, but would forgo too much income to meet the requirements of the 12-year MFTE. 38<sup>th</sup> and G would similarly be feasible only with the 8-year MFTE, but with a more robust return due to the lower property acquisition cost. 72<sup>nd</sup> and Pacific did not meet the 15% threshold of return in any of the cases due to the cost of providing parking under the building and a lower assumed rent than in the other scenarios. The South Tacoma Way scenario had significant potential returns in every case due largely to the low cost acquiring the existing building. Mr. Easton noted that the renovation of older buildings has a large number of variables and a change of use could trigger a series of expensive upgrades.

Mr. Easton commented that generally the “five-over-one” mixed-use projects were applicable to existing MUCs that had high rents and to a lesser extent in Crossroads MUCs with extensive multifamily development around them. Horizontal mixed-use was close to working in every area. Building reuse mixed-use would be appropriate in any of the older neighborhood MUCs with a commercial core. Mr. Easton reviewed the conclusions of the analysis: results were consistent with the 2007-2008 analysis; “five-over-one” development is feasible in high rent areas with an 8-year MFTE; redevelopment is more challenging than development of vacant site; horizontal mixed-use can be feasible with increasing rents; and opportunities for building renovation are site and building specific.

Chair Beale asked if “five-over-one” development would assume wood construction. Mr. Easton confirmed that it would and added that 12 stories is the minimum level that would be cost effective if concrete and steel were used. Commissioner Thompson asked if the proposed affordable housing density bonus would have any impact on a mixed-use project’s feasibility. Discussion ensued on the bonus palette and how it could potentially be applied to possible mixed-use projects. Vice-Chair Wambach asked if the cost of parking spaces could be spent instead on affordable units. Mr. Easton responded that it could, but noted that parking rent was also factored into the feasibility analysis. Mr. Atkinson commented that tailoring the height bonus palette could be part of the long-term agenda as they monitor the market.

## **E. COMMUNICATION ITEMS & OTHER BUSINESS**

There were no communication items.

## **F. ADJOURNMENT:**

At 7:26 p.m., the special meeting of the Planning Commission was concluded.