



City of Tacoma
Planning and Development Services

**Agenda Item
D-1**

To: Planning Commission
From: Elliott Barnett, Planning Services Division
Subject: **Affordable Housing Planning Work Program (Phase 3)**
Meeting Date: October 1, 2014
Memo Date: September 25, 2014

At the next meeting on October 1st, the Planning Commission will review the proposed scope of work and preliminary staff analysis of a package of planning proposals intended to promote affordable housing goals. This discussion fits within a multi-year, interdepartmental effort incorporating a broad range of recommendations made by the Affordable Housing Policy Advisory Group (AHPAG), through their 2010 report to the City Council. The Council has divided these recommendations into categories, one of which is planning actions which they referred to the Planning Commission for analysis. Those planning recommendations were further divided into several categories, and have been reviewed in phases in the 2012 and 2014 Annual Amendment cycles.

This year the Commission will consider the third and final phase, as part of the 2015 Annual Amendments. The proposals fall generally into two categories. One category is residential infill/affordable building recommendations. These approaches seek to promote affordability by allowing a broader range of housing types and higher densities in residential areas, and by streamlining permit review for housing development. The second category includes proposals to incentivize the inclusion of affordable housing in developments through offering height, density and/or other bonuses, as well as a proposal to require the inclusion of affordable units in order to obtain approval of residential upzone requests.

Attached is an overview of the proposals, including preliminary staff analysis. The AHPAG's 2010 report and other background information is available on the project webpage: www.cityoftacoma.org/planning, select **Current Initiatives**, *Affordable Housing*. Additional information is readily available on these policy tools—one good resource is the Puget Sound Regional Council's **Housing Innovations Program**, which is linked to our project webpage.

The Affordable Housing Policy Advisory Group (AHPAG) has continued to collaborate on this effort. We have asked Michael Mirra and Gary Pederson, Co-chairs of the AHPAG, to introduce the subject to the Commission.

If you have any questions, please contact me at 591-5389 or elliott.barnett@cityoftacoma.org.

Attachment – Project Overview and staff analysis

c: Peter Huffman, Interim Director

Affordable Housing Planning Work Program (Phase 3) Project Overview– October 1, 2014

Scope of Work

Consider planning approaches intended to increase the range of housing affordability and mix in all neighborhoods, including residential infill/affordable building options, streamlining and reducing cost of permits for housing development, and affordable housing incentive and inclusionary proposals.

Context, Council policy statements

Over the past several years, the City Council has strengthened Tacoma's affordable housing policies, including appointing the Affordable Housing Policy Advisory Group (AHPAG) to provide leadership and recommendations. Key actions:

- 2010 – Creation of AHPAG
- May 2011 – Acceptance of Affordable Housing Policy Principles
 - Primary goal is Mixed-Income Housing City-wide
- November 2011 – County-wide Planning Policies (25% City-wide goal)
- June 2012 – Affordable Housing Policy Principles into Comprehensive Plan
- December 2013 – Similar goal in South Downtown Subarea Plan (25%)
- May 2014 – Similar goal in Hilltop Subarea Plan (25%)
- July 2014 – Affordable housing incentives policies into Comprehensive Plan
- **2015 – related projects underway:**
 - 2015 Comprehensive Plan review (potential Housing Element updates)
 - Tacoma's Consolidated Plan update
 - Multifamily Tax Exemption Program review

Affordable Housing Planning Work Program

Progress to date on reviewing the AHPAG 2010 planning recommendations:

- 2010 – the AHPAG presented its report to the City Council.
- Council direction to analyze the recommendations; divided into Planning/non-planning tasks.
- 2012-2013 – Planning Phase 1:
 - Affordable Housing “Principles and Acknowledgements” added to the Comprehensive Plan Housing Element
 - Subarea plans/EIS efforts, State Environmental Policy Act (SEPA) and Short Plat thresholds increased
- 2014 – Planning Phase 2: Updated Housing Element policies and Zoning Code to promote infill. Key changes:
 - Small multifamily units (mini-flats): Parking requirements reduced
 - Accessory Dwelling Units (ADUs): Additional flexibility and reduced requirements (not including detached ADUs in single-family areas)
 - Small lots: Additional flexibility (minimum average lot width reduced)
 - Multifamily development: Parking requirements reduced
- 2015 – Planning Phase 3 (now underway). The proposals include:
 - Residential Infill/Affordable Building tools to broaden the range of permitted housing types and densities
 - Streamlining review and reducing the cost of permits
 - Incentive and inclusionary approaches to promote inclusion of affordable housing in development

Part of a broader housing affordability strategy

These planning proposals are one of several City strategies to address housing affordability, including:

- AHPAG recommendations on non-planning strategies (evaluated by other City departments and the City Council)
- Public/non-profit affordable housing development
- More broadly, strategies to address the mismatch between Tacoma income levels and housing costs include:
 - Economic development/job creation
 - Education/job training
 - Enhanced transportation options

POLICY CONSIDERATIONS:

Housing affordability – key issues

- The Housing Element, the Countywide Planning Policies and VISION 2040 call for steps to increase housing affordability and choice, fair housing, jobs/housing balance, housing with access to transit.
- The AHPAG’s 2010 report identifies a growing affordability challenge based in large part on a growing gap between Tacoma residents’ average incomes and the cost of housing.
- Affordable Housing Planning Work Program:
 - Proposals generally target housing affordable to households earning moderately low incomes (50 to 80% of Area Median Income (AMI)).
 - Infill strategies are not guaranteed to produce affordable housing: The assumption is that features like smaller unit size, more efficient use of land, and reduced dependency on cars will reduce the cost of development and of housing cost per unit.
 - Incentive and inclusionary strategies would directly target creating affordable housing units as part of housing developments. This would occur in association with creating an Affordable Housing Incentives Administrative Code.

Infill, growth management and economic development

- Many communities frame these policy tools under the banner of accommodating growth, promoting economic development, and efficient use of existing infrastructure.
- Infill would have a positive effect on economic development. Housing starts support the economy. Providing a range of housing affordability and choice helps attract residents and businesses.
- Infill is a fundamental growth management strategy. Providing housing options within the city, served by existing infrastructure, services and multi-modal transportation options, supports regional conservation efforts.

Considering Tacoma’s market conditions

- AHPAG recommendations represent agreement between affordable housing and for profit housing developers.
- Tacoma’s market is not as strong as other cities where incentive and inclusionary approaches are in use. Existing height and density bonuses have rarely been used.
- In these proposals, incentive and inclusionary approaches would be tailored to market conditions. The principle would be to provide bonuses that offset the cost of providing affordable units.

Sustainability and health

- Infill/affordable housing in walkable and transit oriented neighborhoods can reduce car dependency.
- Since infill promotes walking, biking and transit, these strategies also promote active lifestyles and aging in place.
- The same characteristics that may make housing affordable, including smaller unit size or footprint, more efficient use of land, and reduced dependency on cars, can also reduce environmental impacts.

Livability and Neighborhood Compatibility

- Compact, walkable, transit-oriented, mixed-use development is linked to creating vibrant neighborhoods built for greater convenience and social interaction.
- What's the right density in Tacoma's residential areas?
 - 5,000 sf lots are a long-established pattern.
 - The Comprehensive Plan indicates a maximum of 8 dwellings per net acre in single-family areas.
 - The Plan emphasizes protecting residential character and single-family neighborhoods in particular.
- Ensuring "community fit" through appropriate design standards/review is essential. If pursued, standards should seek to ensure that new housing is attractive, in scale and in character with neighborhoods.
 - Some discussions identify design criteria as an affordable housing/infill strategy. One resource is <http://www.designadvisor.org/>.

OVERVIEW OF PROPOSALS:

1. RESIDENTIAL INFILL/AFFORDABLE HOUSING TYPES

- Consider new residential infill options. Key strategies:
 - Detached ADUs in single-family areas
 - Small lots flexibility
 - Broaden range of housing types in single-family areas
 - Cottage housing
 - Planned Residential Districts
- Process/timeline enhancements
 - Permit ready houses
 - Fee reductions, expedited process

2. AFFORDABLE HOUSING INCENTIVES AND INCLUSIONARY APPROACHES

- Affordable Housing Incentives. Key Strategies:
 - Create Affordable Housing Incentives code
 - Integrate affordability into existing bonus frameworks (MUC and Downtown height/density bonus options)
 - Consider a new density bonus for Planned Residential Districts
- Inclusionary requirement with Residential Upzones
 - Proponents of residential upzones would be required to commit to provide some amount of affordable housing units when development occurs

Fitting proposals into Tacoma's zoning scheme

- Tacoma's Residential Zoning Districts range from R-1 (single-family, lower density, minimum lot size 7,500 sf) to R-5 (high-density multi-family); Mixed-use, Downtown and Commercial zones allow residential with no minimum lot sizes.
- The proposed housing types are already permitted in higher Residential districts and other high intensity zones.
- New housing types could be added in a subset of Residential districts.
- Design and other development standards can be developed.
- Different review processes (by right, Conditional Use Permits, others) could provide varying levels of oversight, and could vary by zoning district.
- Some approaches could be rolled out initially under a pilot program with special review and/or limits on the number approved.
- Ultimately, rezones are another option to increase housing options in a given location.

Proposed evaluation framework

This process will present policy options and analysis for consideration by the Planning Commission and Council. Staff suggest the following considerations for use in evaluating each proposal:

- Consistency with City policy and vision
- Consistency with legal and regulatory framework
- Past community discussions
- Effectiveness in promoting infill and increasing housing affordability and choice
- Consistency with residential neighborhood character
- Potential Impact on City finances/staffing resources or public infrastructure
- Responsiveness to market demand (is there demand for these options?)
- Integrating affordable housing with other public benefits
- Impact on development feasibility/cost

Project Approach:

- Consultation with the AHPAG
- Outreach to neighborhood interests
- Consultation with city departments
- Benchmarking
- Tacoma code, feasibility and market analysis
- Vet recommendations through Planning Commission and Council
- Coordinate with Strategic Plan and 2015 Annual Amendments

Residential Infill/Affordable Building Strategies

Increasing Site Size

	Accessory Dwelling Units	Small Lots	Duplex, townhouses and Great Houses in Single Family Areas	Cottage Housing	Planned Residential Districts
Description	An accessory dwelling unit (ADU) is a small, self-contained residential unit built on the same lot as an existing single family home. ADU's can be attached to the main house, or Detached structures.	Small lot development allows single family homes to be built on lots that are smaller than typically allowed in single family zoning districts.	Duplexes and townhouses are separate but attached dwellings for occupancy by two (or more) families living independently. Great houses are buildings with two or more units designed to resemble a single-family house.	Cottage housing developments are groupings of small, attached or detached single family dwelling units, often oriented around a common open space area, and developed with a coherent plan for the entire site.	Planned Unit Developments (PRD's are a type of PUD) allow developers flexibility to depart from existing zoning requirements in exchange for fulfilling an established set of planning criteria.
Minimum Site Size	Any residential parcel.	Residential parcel meeting standards (i.e., 4,500 sf).	Residential parcels (typically allowed in multifamily zones).	6,400 sf - one acre (or larger).	1-2 acres or larger.
Key Permitting Considerations	-Design standards to ensure ADU fits in with main house (i.e., features, materials and finishes). -To promote privacy (i.e., setbacks, screening for neighboring yards). -For neighborhood fit (i.e., only one door per frontage). -Limit on number of residents and unit size. -Owner must live there.	-Design standards to ensure neighborhood compatibility (i. e., street orientation, transparency, clear front entrances, height restrictions).	Where permitted in single-family zones: -Design standards to ensure neighborhood compatibility and the appearance of a single-family home (i.e., one entrance per frontage). -Could be limited to larger/unique sites (i.e., only on corner lots, each frontage designed to look like a single-family residence).	-Design standards to reduce height, bulk and provide open space. -Limit number of units (ranges from 4-24 units). -Designed around a common open space. -Units are smaller, generally around 1,000 sf. -Community buildings. -Separated parking area.	- Flexible development standards. - Design standards to promote compatibility with surrounding area. - Broader range of land uses (single, multi-family, commercial). - Density bonuses are common in exchange for amenities such as affordable housing, open space, quality design.
Where is Tacoma at currently?	- Tacoma's ADU code is fairly permissive in terms of design standards and review process - Detached ADU's are not permitted in single-family areas.	-Tacoma's 5000 sf minimum lot size (in R-2) is typical of established urban areas. -Small Lots flexibilities (4500 sf minimum) allowed with design standards. -Smaller lot sizes are allowed in higher density zones.	-Tacoma does not allow duplexes, triplexes or multifamily development in single-family areas. -These uses are allowed in higher density zones and through PRD's.	-Tacoma does not currently allow cottage housing in single-family zones. -Cottage housing could be allowed through PRD's or in multifamily or mixed-use districts.	-Tacoma's PRD code offers standards and land use flexibilities, but not density bonuses. -PRD code requires large sites and setting aside substantial open space.
	 Detached ADU	 Small lot homes in Kirkland, WA	 Craftsman-Style Duplex on a Corner lot, Bend, OR	 Greenwood Avenue Cottages Shoreline, WA	 Example site plan showing clustering, mix of land uses.

Source: Primarily based on PSRC's Housing Toolkit

Accessory Dwelling Units

Recommendation:

The City should broaden its rules governing Accessory Dwelling Units. The rules presently permit ADUs if the unit is attached to the main house. The City should allow ADUs in detached structures as well, such as converted garages. – *AHPAG 2010 (Recommendation 3.5.1)*



Tacoma vs. other jurisdictions:

Several rounds of recent code updates have made Tacoma’s ADU code flexible and permissive as compared to other jurisdictions. Like many jurisdictions, Tacoma does not allow Detached ADUs in single-family zoning districts. Some jurisdictions (e.g., Portland and Seattle) do allow Detached ADU’s in single-family residential zones. Others are more restrictive (e.g., Everett only allows attached ADUs). *In 2008 Tacoma began allowing Detached ADU’s in R-3 and above. In 2014 the City Council adopted the following updates to increase flexibility and reduce process:*

- Allow Detached ADUs, where permitted, to 25 feet with design standards (previously required a Conditional Use Permit)
- Remove ADU parking requirement
- Reduce minimum ADU size to 200 sf (previously 300 sf)
- Allow ADUs on Small Lots meeting design standards (4,500-5,000 sf in R-2 Districts)
- Allow Attached ADUs on substandard lots (with no increase to building footprint)
- Allow Home Occupations (businesses) in both the main dwelling and ADU
- Provide flexibility for pedestrian walkways
- Relax design requirements for Detached ADUs (allow them to “complement” rather than “match” the main building)
- Remove the current 10 percent limit on Detached ADU building footprints (rely instead on Accessory structure limits already in place)
- Streamline the application process

Potential changes:

- Should Detached ADUs be allowed in Single-family Zoning Districts?
 - Could be allowed in a subset of single-family districts (R-1, R-2, R-2SRD, HMR-SRD)
 - Could be allowed outright or require a Conditional Use Permit
 - Are there design standards needed?
 - Other considerations?

AHPAG #3.5.1 Accessory Dwelling Units (ADUs)

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]				Owner/Renter	Priority
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
*	**	**	**	Renter** Owner**	Medium

Small Lots

Recommendation:

The City should allow smaller lot sizes in its neighborhoods to permit a greater diversity of housing types and sizes. Smaller lot sizes are necessary to take advantage of higher densities and to allow more creativity with lot arrangements. – AHPAG 2010 (Recommendation 3.8.1)



Tacoma vs. other jurisdictions:

Recent code updates mean that Tacoma's code is in the mid-range in terms of minimum lot dimensions and requirements. Typical minimum lot sizes for the most dense residential zones in Washington cities range between 7000 sf and 4000 sf, with 5000 sf a common minimum. Some jurisdictions do allow smaller lot sizes in single-family zones (for example, Portland, Oregon allows 2,500 sf in some zones). Some jurisdictions permit smaller lot sizes as you reach higher density zones. Tacoma uses this approach, allowing a sliding scale of lot sizes that decreases as you move up the scale from R-1 to R-5. Tacoma's X and Commercial zoning districts have no minimum lot sizes.

In 2008 the City created the Small Lots Design standards providing a 10 percent reduction in lot area and width, provided design standards are met. In 2014 the City Council adopted updates to encourage infill development and promote housing affordability and choice, while adding design criteria to promote neighborhood compatibility. Key changes included:

- Added flexibility and enhanced design standards for Single-family Small Lot Residential Development:
 - Sliding scale for minimum average lot width from 35 feet in R-2 to 25 in R-5
 - Sliding scale for minimum lot size: 6,750 sf in R-1; 4,500 sf in R-2; down to 2,500 in R-5
 - Additional design standards for Small Lot development
- Added flexibility and enhance design standards for Two-family and Three-family Dwellings in multi-family districts:
 - Two- and three-family development more consistent with approach to townhouses
 - Sliding scale for minimum lot size for two-family and three-family in multi-family zones (from 6,000 sf to 3,500 sf)
 - Two-family and three-family development subject to standards currently applicable in MUC Districts

Potential changes:

- Should Tacoma further reduce minimum lot dimensions or provide additional flexibility in some circumstances?
 - Current zoning allowances already at the upper density limit indicated by the Comprehensive Plan for single-family areas.
 - Consider additional flexibility without increasing density (such as lot size averaging).
 - Other proposals, including cottage housing and PRD's, provide an avenue to increased densities.
 - Consider rezones in areas where higher densities are desired.

AHPAG #3.8.1 Exception to Standard Lot Sizes for Specific Projects

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]				Owner/Renter	Priority
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
*	*	**	**	Renter** Owner**	Medium

Summary of Benchmarking:

	Other Codes ⁱ	Tacoma
Minimum Site Size	2,500-5,000 sf 1,800 sf in some infill housing codes, not in single family areas.	5,000 sf 4,500 sf or legally non-conforming with standards Sliding scale down to 2,500 sf in multifamily districts
Unit Size	N/A	N/A
Maximum Height	Typically 25-35 ft	35 ft (25 in View areas)
Density	1 dwelling unit per lot	Controlled by lot size, height, and setbacks.
Parking	1-2 off-street parking stalls per unit.	2 off-street stalls per house
Setbacks	Front: 10-20' Rear: 10-20' Side: 3-5'	Front: 20 Rear: 25 Side: 5
Open Space	N/A	N/A
Design Standards	-Small lot units must have doors and windows which face the street, a distinct entry features such as a covered front porch, use context sensitive site design to ensure infill development fits in with existing neighborhood.	-All lots: Functional yard space; -Small lot development must meet design standards: street orientation, garages/vehicular access from rear, driveway max size, roof pitch, façade transparency, visible entrance, style variety, materials, street tree.
Land Uses	Single-family	Single-family
Other		
Bonuses	N/A	N/A
Where Permitted	Residential districts	All districts allowing residential development (must comply with minimum densities in some zones)

ⁱ Sources: Bellingham, Everett, Portland, Seattle, Marysville, PSRC Housing Innovation Toolkit

New Housing Options in Single Family Districts

Recommendation:

The City should allow “great houses” – multi-family units, such as four-plexes, designed to appear as large single family homes, in single-family zones with design standards.

– AHPAG 2010 (Recommendation 3.5.4)

Further discussions have broadened this to include duplexes in single-family areas, following the same principle of design standards to ensure compatibility with single-family neighborhoods.



Tacoma vs. other jurisdictions:

Permitting two-family or higher density development in Single-Family Zoning Districts is uncommon. Most jurisdictions limit land uses to Single-family, and others considered compatible (such as churches, schools, parks, in home daycares, etc.). There are exceptions—some jurisdictions allow more dense housing types in single-family areas in limited instances (e.g., Eugene and Portland, Oregon allow duplexes on corner lots).



Tacoma follows the general approach limiting land uses to single-family and compatible associated uses. One exception is that in the R-2 Special Review District, duplexes are permitted with a Conditional Use Permit. Tacoma also allows a broader range of uses of historic structures through a Conditional Use Permit process. Tacoma’s Comprehensive Plan contains strong policy direction calling for protecting single family neighborhoods.

Potential changes:

- Should Tacoma allow more dense housing types in single-family zones?
 - Design standards needed to ensure compatibility with neighborhood
 - Limited to larger sites, corner lots, arterial streets, other special circumstances?
 - Review process options: by right, Conditional Use Permit
 - There may also be opportunities to become more permissive or provide increased density in multi-family zones in exchange for design standards

AHPAG #3.5.4 Great House Design

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]				Owner/Renter	Priority
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
*	*	*	*	Renter*	Medium

Summary of Benchmarking:

	Other Codesⁱ	Tacoma
<i>Minimum Site Size</i>	Same as base zone.	N/A
<i>Unit Size</i>	Same as base zone.	N/A
<i>Maximum Height</i>	Same as base zone.	N/A
<i>Density</i>	One extra unit, up to two units	N/A
<i>Parking</i>		N/A
<i>Setbacks</i>	Same as base zone.	N/A
<i>Open Space</i>		N/A
<i>Design Standards</i>	-Entrances face separate streets -Exterior finishes must be the same or visually match in type, size, and placement -Windows must match in proportion and orientation -Trim must be the same size, type, and location	-All lots: Functional yard space
<i>Land Uses</i>	2-family	Considered 2-family, 3-family or multi-family
<i>Other</i>		
<i>Bonuses</i>		N/A
<i>Where Permitted</i>	Single-family zones and above	Permitted in R-3 and above, as well as other districts allowing residential development

ⁱ Sources: Bellingham, Everett, Portland, Seattle, PSRC Housing Innovation Toolkit

Cottage/Cluster Housing

Recommendation:

The City should further encourage the development of cottage or clustered housing. Cottage housing should be allowed in single family zones. A percentage should be made affordable to low income families. – *AHPAG 2010 (Recommendation 3.5.2)*



Tacoma vs. other jurisdictions:

Tacoma currently allows clustered housing in Mixed-Use Districts and through Planned Residential Developments (PRD's), but does not otherwise allow clustering in single-family districts. Tacoma does not treat cottage/clustered housing as a separate land use. Many jurisdictions, such as, Kirkland and Redmond have cottage housing ordinances with specific standards and flexibilities.

“Although cottage homes are smaller units, they may not necessarily be less expensive for the developer to construct. Common ownership of open space or single ownership of smaller lots may make the units more affordable in markets with high land values. Combining incentives like density bonuses may help make the homes affordable to lower income households.” Puget Sound Regional Council - HIP Website.

Potential changes:

- Should Tacoma allow (Cottage/cluster housing) and offer a density increase for developments meeting standards?
 - Design standards needed to ensure compatibility with neighborhood
 - Minimum site size, unit size, number of residents per unit
 - Exterior site setbacks, lot coverage?
 - Allowed in some or all residential zones?
 - Review process options: by right, Conditional Use Permit, through Planned Residential Districts
 - How much density bonus is appropriate?
 - Should cottage housing be linked to providing affordable units?
 - Other considerations?

AHPAG #3.5.2 Cottage/Cluster Housing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]				Owner/Renter	Priority
Population Served By Income Tier					
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
		**	**	Renter* Owner**	Medium

Summary of Benchmarking:

	Other Codesⁱ
<i>Minimum Site Size</i>	6,400 sq. ft.- one-half acre minimum site size
<i>Unit Size</i>	1,000-1,500 sq. ft.
<i>Maximum Height</i>	18'-up to 25' with a 6:12 pitched roof.
<i>Density</i>	1.24-2 times the max number of dwelling units allowed in the underlying zone.
<i>Parking</i>	1-2 spaces per unit.
<i>Setbacks</i>	5-10' side setbacks. 10' front and rear setbacks. 6-10' minimum separation between buildings.
<i>Open Space</i>	Private: 200-300 sq. ft. per unit. Common: 150-400 sq. ft. per unit.
<i>Design Standards</i>	<ul style="list-style-type: none"> -Maximum lot coverage is 40% for buildings and 50-60% for impervious surfaces. -Must have covered front porch entry of at least 60 sq. ft. -All units must be oriented around and have main entry toward common open space.
<i>Land Uses</i>	Single-family
<i>Other</i>	<ul style="list-style-type: none"> -No future additions allowed. Note on title. -Development size is 4-24 units with a maximum of 12 units in one cluster.
<i>Bonuses</i>	-Include density bonuses in exchange for providing affordable housing units.
<i>Where Permitted</i>	Residential districts

ⁱ Sources: Kirkland, Spokane, Redmond, Seattle, Marysville, PSRC Housing Innovation Toolkit

Planned Residential Districts (PRDs)

Recommendation:

The City should update its PRD code to include density bonuses for affordable housing and other project amenities. The City should also create a smaller version of PRD's (Planned Affordable Residential Districts or PARDs) for sites between 1 and 5 acres in size. – AHPAG 2010 (recommendation 3.2.5).



Tacoma vs. other jurisdictions:

Many jurisdictions use Planned Unit Development (PUD) codes to allow flexibility on lot dimensions, standards and permitted land uses, in exchange for preservation of natural features and provision of open space. In some cases PUDs also offer density bonuses in exchange for desired features such as affordable housing. For example, Bellingham offers up to a 50 percent density bonus in exchange for affordable housing and up to 25 percent for the development of a neighborhood park. Everett allows density bonuses of up to 15 percent in exchange for project amenities.

In Tacoma, PRDs are considered a rezone that overlays the underlying zoning. PRD's get flexibility on lot standards and allowed land uses (e.g., multi-family in some zones, daycares, recreation facilities). However, Tacoma's PRDs do not offer density bonuses. PRD's are also rarely used in recent years. Potential reasons for this include: The flexibilities offered are not attractive enough; PRD's require large sites (5 acres minimum in R-2 zones); PRD's have substantial open space requirements (one-third of gross site area). In reviewing the PRD code, another issue will likely be how to modify existing PRD's. This has been a concern for PRD residents in past policy discussions.

Potential changes:

- Should Tacoma reevaluate the PRD code to make it a more functional/attractive option and/or to include density bonuses?
 - How much density bonus should be available?
 - Are there other potential bonuses available?
 - What features should be exchanged for density bonuses (e.g., affordable housing)?
 - Should PRD's be allowed on smaller sites?
 - Is the existing open space requirement appropriate in all cases?
 - What is the best process for allowing modifications to existing PRDs?
 - Other considerations?

*AHPAG #3.2.5 Planned Residential Development Districts (PRDs)
Planned Affordable Residential Districts (PARDs)*

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]				Owner/Renter	Priority
Population Served By Income Tier					
<i>Tacoma Area Median Income (AMI) = \$48,966</i>					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
**	**	**	**	Renter*** Owner***	High

Summary of Benchmarking:

	Other Codesⁱ	Tacoma
<i>Minimum Site Size</i>	1-2 acres or larger	2-10 acres (varies by underlying zone)
<i>Unit Size</i>	N/A	N/A
<i>Maximum Height</i>		Residential district standards
<i>Density</i>	Methods include: Getting an increase if using a density bonus by providing project amenities; dividing the PRD lot area by the minimum lot size permitted in that area.	1,500-7,500 sq. ft. of gross site area per dwelling unit (varies by underlying zone).
<i>Parking</i>	Same as the underlying zone	1 to 2 stalls per dwelling (varies by underlying zoning).
<i>Setbacks</i>	5-10' side setbacks. 20-50' front (50' from centerline of street ROW). 10-25' rear.	20' building setback from the district property line on the perimeter of the PRD district; setbacks from arterial streets; twice the standard side yard setbacks between detached buildings.
<i>Open Space</i>	Required open space ranges from 10% to 25% of total site area shall be left as open space, with some potential reductions; open space shall be configured to protect natural features; some portion must be designated for active use.	One-third of the gross site area shall be provided as common open space; one-third of this one-third, shall be for recreational activities.
<i>Design Standards</i>	<ul style="list-style-type: none"> -Residential buildings main entrances oriented to street. -Landscaping may be required along exterior lot lines. -Design standards may be related to density bonuses and may include landscaping, project siting, and project design features. -Walls shall not be less than 10 ft. apart at any point. -A principal entrance to a structure shall be at least 15 ft. from the nearest interior facade which contains no principal structure. 20 ft. which contains a principal structure. -Detached garages. -Must provide "superior" landscaping, site and building design. 	-PRD's must meet the intent of health and safety, neighborhood compatibility, circulation, access, design and other policies. The Code is flexible on how that will be accomplished.
<i>Land Uses</i>	-Single-family-multi-family, attached duplexes, row houses, cottage housing developments, co-housing, public or private parks, community public facilities, some commercial uses.	-Single-family, townhouses, multifamily in R-3 and up, indoor and outdoor recreational facilities for use of PRD residents, Daycare centers with enrollment of 50 or fewer children or adults, special needs housing.
<i>Other</i>		-Buildings and structures shall not occupy more than one-third of the gross area of the PRD district.
<i>Bonuses</i>	-Density bonuses are common in exchange for project amenities such as affordable housing, public open space, quality design, redevelopment of areas considered in need of revitalization, restoring a degraded natural area, and others.	N/A
<i>Where Permitted</i>	Residential zones	Residential zones

ⁱ Sources: Bellingham, Everett, Portland, Seattle, PSRC Housing Innovation Toolkit, MRSC webpage

Affordable Housing Incentives

Recommendations:

The City should offer incentives to for-profit developers of new construction and rehabilitation of pre-existing housing so they include units affordable to a range of incomes. A developer may choose to participate.

– AHPAG 2010 (recommendation 3.2.1).

Non-profit developers of dedicated affordable housing should also receive similar options. – AHPAG 2010 (Recommendation 3.3).

Tacoma vs. other jurisdictions:

Many jurisdictions offer a range of development bonuses as incentives for the incorporation of desired features, including affordable housing. Cities including Seattle, Federal Way, Kirkland, Marysville, Poulsbo, and Redmond offer some version of affordable housing incentives. The same is true for counties, including Pierce County. RCW 36.70A.540 provides the legal authority and framework for establishing an affordable housing incentives and bonus program.

Tacoma currently offers a height bonus for provision of affordable housing, as one option in the Mixed-Use Centers height bonus palette. Downtown's Floor Area Ratio bonus options currently do not include an affordable housing option. The Multifamily Tax Exemption program 12-year option is also available downtown and in Mixed-Use Centers, but to date has not been used in Tacoma.

Potential changes:

Creating an affordable housing incentives program - Key Considerations:

- Affordable Housing Incentives code would function as the framework
- Integrate new approaches with Tacoma's existing bonus programs
- Crafting the approach:
 - Market-driven: Incentive-based planning tools seek to harness the market to produce public benefits (AHPAG recommendation).
 - Cost neutral: There is a cost associated with providing affordable housing units. The AHPAG recommends that the benefit available through bonus options or upzones should at least offset this cost.
 - Allocating a scarce resource: The amount of public benefit that can be captured in this manner is a finite, market-dependent resource. Desired public benefits are in competition with each other—the bonus system must be crafted to reflect the community's priorities

Potential bonus options:

- Evaluate potential bonus options
 - Density bonuses
 - Reduced lot sizes
 - Height or bulk bonuses
 - Fee waivers
 - Permitting priority
 - Reduced parking requirements
 - Others?
- Integrate affordability into existing bonus frameworks, including:
 - Height/Floor Area Ratio in X Districts and Downtown
 - Affordable housing Transfer of Development Rights option
- Update Planned Residential Districts code to incorporate density bonuses for affordable housing

Creating an Affordable Housing Incentives Code:

RCW 36.70A.540 provides the legal authority and framework for establishing an affordable housing incentives and bonus program.

Key considerations include:

- Threshold size
- Number of affordable units
- Size, placement and quality of units
- Income targets
- Definition of affordability
- Duration of affordability
- Financial feasibility
- Cash out option

For more information, the AHPAG's report provides an overview of the key considerations in developing a program (pages 16 to 19). In addition, a guidance document titled [The Ins and Outs of Affordable Housing](#) is linked to the project webpage.

APHAG #3.2.1 Voluntary Housing Incentive Program

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					Priority
Population Served By Income Tier				Owner/Renter	
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
**	**	***	***	Renter*** Owner***	High

AHPAG # 3.3 Regulatory Assistance to Developers of Affordable Housing

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					Priority
Population Served By Income Tier				Owner/Renter	
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
***	***	***		Renter*** Owner*	High

Inclusionary Requirement with Residential Upzones

Recommendation:

When a developer seeks an upzone of a property that would permit a higher residential density, the City should condition its grant of the upzone upon the developer's agreement to include at least 10% affordable units in the project, with the option to secure density bonuses. – AHPAG 2010 (recommendation 3.2.2)

Similarly, when the City initiates an upzone, it should require developers of market rate housing to include at least 10% of the units as affordable. – AHPAG 2010 (recommendation 3.2.3)

Tacoma vs. other jurisdictions:

Some cities, including Seattle, require an agreement to include affordable housing units in order for a residential upzone to be approved. Tacoma currently does not employ this approach. However, over the past few years the City has begun to incorporate affordability goals in geographically specific planning processes, in particular the subarea plans.

Staff have identified potential challenges in requiring all City-initiated rezones to meet this provision. In some cases, City initiated rezones are intended to make zoning and the Comprehensive Plan more consistent. In these cases, rezones may create an illogical or fragmented pattern of parcels with an affordability requirement. Tacoma's approach to Comprehensive Plan land use designations and its consistency with zoning is a subject for review as part of the 2015 Annual Amendments.

Potential changes:

- Should Tacoma require the provision of affordable housing for approval of residential upzones?
 - In which zoning districts?
 - Should this apply throughout the City?
 - For privately initiated upzones?
 - For City-initiated upzones? If so, more clarity is needed to define when this is appropriate.
 - Alternatively, should the City's rezone criteria call for an evaluation of affordability in the given area?

AHPAG #3.2.2 Inclusionary Requirements for Voluntary Residential Upzones

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					Priority
Population Served By Income Tier				Owner/Renter	
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
**	**	***	***	Renter*** Owner***	High

AHPAG #3.2.3 Limited Mandatory Affordable Housing Bonus Program for City Initiated Upzones

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					Priority
Population Served By Income Tier				Owner/Renter	
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
**	**	***	***	Renter*** Owner***	High

Permit Process Enhancements (Permit Ready Housing Design, Fee Reductions, Permit Streamlining)

Recommendations:

The City should offer incentives to promote construction and rehabilitation of housing, to include fee waivers and permitting priority. – AHPAG 2010 (Recommendation 3.2.1)

The City should have pre-approved designs “on the shelf” for developers to use, especially for in-fill housing and cottage housing. These should be tied to a minimum number of affordable units. Designs should be attractive, economical and sustainable. – AHPAG 2010 (Recommendation 3.5.3)

Staff propose to group consideration of these recommendations. The common theme is reducing the cost and time demands of the City’s review of permit applications for affordable housing development (or housing generally). Through reducing the cost of development, the eventual price of housing could also be reduced.

Tacoma vs. other jurisdictions:

Many jurisdictions provide permit streamlining, fee reductions, and/or a library of pre-approved building plans for certain types of housing. These benefits are sometimes tied to the provision of affordable housing. On the other hand, some communities target these tools to other policy goals, such as infill or green building, or make them available more broadly as a way to spur development.

These tools require staff resources and funding to implement. Per PSRC, one good example is San Diego—they cut average permitting time in half, but hired 4 staff to run the program (<http://www.sandiego.gov/development-services/pdf/industry/infobulletin/ib538.pdf>). Portland, Oregon provides a library of small lot infill house plans for general use (<https://www.portlandoregon.gov/bps/34024>).

Tacoma currently participates with Pierce County in a cooperative program to pre-approve single family plans. Review is limited to building code only. Tacoma also has the ability to provide fee reductions or waivers for affordable housing development. However, Tacoma’s permit review function is set up as an enterprise fund, with requirements that all permit review activities collect fees. Under this system, offering fee reductions to affordable housing developers would require that revenues be identified.

Opportunities:

- Evaluate opportunities for fee reduction, pre-approved plans, and/or expedited permit review
 - Consider program goals - could target affordable housing and other types of housing (e.g., green, pedestrian-oriented, small lot)
 - Should these benefits be tied to projects including affordable housing only, or more broadly available?
 - Consider expanding Tacoma/Pierce County’s existing program beyond Building Code
 - Evaluate funding and staffing demands of potential approaches

3.2.1 Voluntary Housing Incentive Program

Population Served By Income Tier				Owner/Renter	Priority
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
**	**	***	***	Renter*** Owner***	High

AHPAG #3.5.3 Permit Ready Housing Designs

Potential for Creating/Preserving Affordable Units [* low, ** medium, *** high]					Priority
Population Served By Income Tier				Owner/Renter	
Tacoma Area Median Income (AMI) = \$48,966					
Extremely Low <30% AMI \$14,698	Very Low <50% AMI \$24,498	Low <80% AMI \$39,197	Mod. <100% AMI \$48,966		
	*	**	**	Renter* Owner**	Medium