Agenda for Gig Harbor Planning Commission
Gig Harbor Civic Center
Thursday, March 21, 2024 5:30 P.M.

This meeting may also be accessed through Zoom at https://zoom.us/j/95353411299 or by calling (253) 215- 8782 and entering Meeting ID 953 5341 1299. Please see the Public Comment & Decorum section at the end of this agenda for information on options to make public comment.

This meeting may also be viewed live in the Council Chambers at the Civic Center.

Call to Order/Roll Call:

Approval of Minutes: March 7, 2024

Public Comment:

Agenda Items:

1. Introduction of new Planning Commissioner Julie Martin
2. Affordable/ Workforce Housing Policy Discussion

Other Business: Next meeting Thursday, April 4, 2024

Adjournment:

PUBLIC COMMENT & DECORUM

The city desires to allow a maximum opportunity for public comment. However, the business of the Planning Commission must proceed in an orderly, timely manner. The purpose of a Planning Commission meeting is to advise on subjects prescribed by the City Council; it is not a public forum.

Public comment may be made in-person from the microphone, remotely via Zoom or by phone during designated portions of the meeting. To speak during the meeting via Zoom, press the Raise Hand button near the bottom of your Zoom window or press *9 on your phone. Please refrain from raising your hand until the Chair has announced that the Commission has opened the public comment portion of the meeting. Your name or the last three digits of your phone number will be called out when it is your turn to speak. When using your phone to call in, you may need to press *6 to unmute yourself. Speakers will be allotted 3 minutes per individual, unless revised by the chair. Comments shall be made, first giving the speaker's name and address. Anyone making "out of order" comments may be subject to removal from the meeting.

Instead of making oral comments, written comments may be submitted to the Planning Commission at MThomas@gigharborwa.gov.

All remarks shall be addressed to the commission as a body and not to any specific commissioner. All speakers shall be courteous in their language and deportment and shall not engage in or discuss or comment on personalities or indulge in derogatory remarks or insinuations with regard to any commissioner, or any member of the staff or the public.

There will be no demonstrations during or at the conclusion of any public comment. These guidelines are intended to promote an orderly system of holding public meetings,
to give every person an opportunity to be heard and to ensure that no individuals are embarrassed by voicing their opinions.

AMERICANS WITH DISABILITIES (ADA) ACCOMMODATIONS

ADA accommodations can be provided upon request. Those requiring special accommodations should contact the city clerk at cityclerk@gjgharborwa.gov or (253) 853-7613 at least 24 hours prior to the meeting.

GIG HARBOR
"THE MARITIME CITY"

Minutes for Gig Harbor Planning Commission
Gig Harbor Civic Center
Thursday, March 7, 2024 5:30 P.M.

Call to Order/Roll Call: Chair Krawczyk called the meeting to order at 5:30 P.M. Commissioner Tessicini, Snodgrass, Jordan (adjourned at 6:20), Burcar were present. Commissioner Bradbury joined at 6:01.
Staff: Principal Planner, Robin Bolster-Grant; Senior Planner, Jeremy Hammar and Planning Technician, Michelle Thomas

Approval of Minutes:
MOTION: Move to approve minutes for February 15, 2024 (Jordan/Burcar)
VOTE: Unanimously approved

Public Comment: No Public Comment

Agenda Items:

1. Accessory Dwelling Unit Code Changes – Staff presentation Jeremy Hammar and Commission discussion

Other Business: Next meeting Thursday, March 21, 2024, introduction of new Planning Commissioner Julie Martin and discussion of the Housing Element of the Comprehensive Plan.

Adjournment: 6:45 P.M.

Michelle Thomas
Michelle Thomas
Planning Technician

Staff Memo

TO: Gig Harbor Planning Commission

FROM: Robin Bolster-Grant, Principal Planner
Planning Division

SUBJECT: Affordable/Workforce Housing Policy Discussion

DATE: March 15, 2024

At the upcoming meeting on **March 21, 2024** staff will review several policy tools that may be implemented to accommodate affordable/workforce housing in Gig Harbor. In 2021 the state legislature passed House Bill 1220, which amended the Growth Management Act (GMA) and instructed local governments to "plan for and accommodate housing affordable to all economic segments of the population." Additionally, the housing allocation calculated by Pierce County indicated that city needs to accommodate 567 new affordable units by 2044.

A Housing Needs Assessment (HNA) was completed by Community Attributes, Inc. in May 2023 to identify gaps in our current housing stock and to provide policy recommendations for how to close those gaps and to comply with new GMA requirements. While not each of the recommendations may be feasible for Gig Harbor – politically or in terms of available resources - it is worth reviewing them, as well as additional policy tools, for possible incorporation into the Comprehensive Plan Update and revised development regulations. It should also be noted that many of the recommendations were drawn from guidance published by the Department of Commerce and, again, may not be a good fit for Gig Harbor.

Housing Needs Assessment Recommendations

The recommendations were broken down into two broad categories: barriers to the provision of affordable housing and the methods of incentivizing the production of new affordable housing.

Barriers to Affordability

- **Development regulations**

  Regulations that are unclear or include restrictive development standards such as large minimum lot sizes, low density or excessive off-street parking requirements create disincentives for construction of affordable housing. The lack of alignment between building codes and development codes can also be a barrier. This may include restrictions on support spaces, such as offices. Other barriers may include ground-floor retail requirements for mixed use development, complex design standards, maximum impervious surface cover, tree retention and historic preservation requirements.

- **Changes to increase the predictability of the regulatory process**

  There is a delicate balance between maintaining flexibility in applying development regulations. An overreliance on discretionary approval process such as conditional use permits and design review, can lead to a reduction in the supply of new housing by deterring development from submitting proposals that may entail significant delays or introduce uncertainty due to the public hearing process. Establishing rules that allow for desired development to occur as of right, without necessarily seeking conditional use permits or variances provide developers with a clear understanding of the information they will need to provide to obtain regulatory approval. Reducing the number of public hearings may also reduce the effect of NIMBYism…

  Community Development may consider reducing the number of development proposals that require discretionary approvals and make “by right” approval process.

  Working more closely with developers by expanding the existing pre-application process or developing other methods of improving communication with developers reduces uncertainty. Publishing a flowchart that better describes the regulatory process for common project types may also assist those seeking to build in Gig Harbor.

- **Gaps in Local Funding**

  Funding for Infrastructure, service costs, capital costs and operational costs for new affordable housing development may be prohibitive. Many of these costs are passed along to developers creating a disincentive. Gig Harbor should seek additional grant opportunities or partnerships to share the cost burden.

New Affordable Unit Production

- **Upzoning**

  The highest density residential zones are anticipated to be the R-3 (multifamily) zone and the RB-2 (residential mixed-use) zone. However, while the RB-2 zone has current capacity for 284 units between 202 to 2044, the R-3 zone only has current capacity for 3 units. The medium density category in Gig Harbor, R-2, has capacity for 707 units and the R-1 zone has capacity for 801 units. Rezoning portions of R-1 and/or R-2 acreage to shift capacity toward higher-density zones that typically produce more affordable multifamily housing types.

- **Inclusionary Zoning**

  Inclusionary zoning policies create dedicated affordable housing units by requiring or encouraging developers to include a specified share of below-market units as part of market-rate rental or homeowner developments.
  IZ policies leverage the private market, generally allowing new affordable units to be creased with little or no public subsidy. IZ can also be an effective way to ensure that affordable units are integrated throughout the community, including in low-poverty neighborhoods and resource-rich areas near public transportation, good schools and employment centers (COLis)

  IZ policies work best when tailored to the development realities of the city in which they are applied and are regularly revisited to ensure they keep pace with changing market circumstances.

  Mandatory or voluntary?

  When mandatory, affordable units must be included in all proposed projects covered by the policy. Most IZ policies also include “offsets” that compensate owners for the lost revenue associated with the affordable units. In situations where IZ is voluntary, such “offsets” function as incentives to encourage participation. Voluntary programs are more likely to be effective when they provide a strong financial incentive for owners and/or developers to include affordable units.

  Some literature suggests that mandatory IZ programs may undermine affordability by creating circumstances that lead to increases in the cost of market-rate homes and reduction in the overall production of market-rate housing. Defenders of IZ counter these arguments by noting that effective IZ policies provide offsetting benefits to landowners and developers – such as increased density – that help to reduce or eliminate the increased costs associated with development subject to an

IZ ordinance.

In general, IZ policies are likely to have less of a negative impact on the overall housing supply when they are tailored to the market realities of a community and include a strong set of offsetting benefits to compensate owners and developers for the lost revenue associated with below-market units.

Most jurisdictions exempt very small developments from mandatory IZ requirements because of the difficulty in ensuring economic feasibility.

- **Multifamily tax exemption (MFTE)**

The MFTE programs allows for an 8, 10, or 12-year tax exemption for the approved value of newly constructed or rehabbed multifamily residential units in cities of 5,000 or more. A 2019 report found that the program has resulted in nearly 35,000 new multifamily units in the region, with 21% of them designated affordable. If enacted in Gig Harbor, the MFTE program could increase the supply of both designated and market rate affordable units over the base level in coming years. To help reduce the added administrative burden of managing an MFTE program, staff has reached out to South Sound Affordable Housing Partners (SSHAP) to seek ways of pooling resources with other small communities.

- **Increased Allowed Housing Types in Existing Zones**

One way to incentivize infill development with more affordable units on lots with existing homes would be to increase the financial feasibility of higher density on already developed lots in lower density and/or less affordable areas of the city. By allowing “by right” permitting additional housing types such as cottages, 2-, 3- and 4-plexes, townhouses and/or micro-housing units within lower and mid-density residential and mixed-use zones where they are currently prohibited, the city could alter the return on infill development and redevelopment.

- **Surplus Land Disposition**

The 2021 Pierce County Buildable Lands Report indicates a total capacity for an additional 1,776 housing unit, between 2020 and 2044, across all zones. One important strategy for the city to produce more new affordable units will include the disposition of both existing public land with development capacity for affordable housing development, and the acquisition and assembly of new land for donation to affordable housing developers.

- **PUD/PRD and Cluster Subdivisions**

Between 2013 and 202, the most development in Gig Harbor has occurred within the so-called "Planned Residential Development" (PRD) zone administered by the city through development applications for a (typically) master-planned community. During this period, 235 net acres were developed resulting in 1,007 new units. Harbor Hill, for example, included hundreds of single-family homes, but only a small proportion of apartments. The desirability of this zoning designation for developers could be further leveraged by the city to encourage greater density and more inclusionary housing.

- **Reduce R-1 Minimums**

The R-1 zone currently restricts density maximums, minimum lots sizes, minimum lot widths and parking requirements which make development of the single-family house less financially feasible by requiring a larger lot than would otherwise be necessary. To make market rate new single-family home development more affordable, in the large swaths of the city that re zoned R-1 in Gig Harbor, the "building envelope" could be re=assessed and minimum lot sizes, widths and parking requirements reduced.

- **Relax Ground Floor Retail Requirements**

A significant amount of new development has occurred in Gig Harbor's mixed-use zones over the last decade, including Residential Business 172 (RB-1 and RB-2) zoned, the Planned Community Development Medium Density Residential (PCD-RMD) zone and the General Business District 2 (B-2) zone. While the commercial component and retail requirements vary in these zones, relaxing ground floor retail requirements in select areas of higher demand could allow for an increased proportion of multifamily housing production in these higher performance zones that would be naturally more affordable than traditional single-family detached unit development, but which could also include designated affordable units.

- **Non-Profit Partnerships**

Private sector developers rarely develop low-income housing without technical or financial assistance from non-profit and government sources. Production of affordable housing is largely done by non-profit agencies and developers with an underlying mission to provide affordable housing, working in partnership with local jurisdictions and state and federal agencies that provide funding and other subsidies or incentives. Gig Harbor should consider establishing cooperative arrangements with public or non-profit housing developers to promote low-income or special needs housing in their communities. The city can also encourage for-profit developers to partner with non-profits to provide affordable units within larger market-rate developers.

- **Expand Accessory Apartments (ADUs) to R-1 by-right**

Was we discussed at the last Planning Commission meeting, the Washington State Legislature recently passed HB 1337 which requires jurisdictions to allow two ADUs, detached or attached, on all residential lots. The units may be up to 2 stories and jurisdictions may not establish a maximum size of less than 1,000 square feet. The legislation requires a reduction in parking requirements, impact fees, residency requirements and other provisions.

In anticipation of the mandate, one strategy to increase both the affordability of existing housing and creating new affordable units would be to voluntarily expand the by-right permitting of Accessory Apartments (Gig Harbor's term for what are typically known as ADUs) in Gig Harbor to the R-1 zone. Currently Accessory Apartment are only conditionally permitted in R-1 zoned, requiring public hearing.

- **Monitor and Review new Short Term Rental Regulations**

The Gig Harbor ordinance regulating short term rentals requires both administrative approval and a business license to permit one short-term rental (STR) unit per lot. STRs are currently permitted in every zone that allows residential dwelling units. Upon a period of monitoring STR applications, the city should consider whether placing limits upon which zones STRs are allowed might significantly impact availability of more affordable long-term rental stock in Gig Harbor. Such limitations may return previously affordable units to availability in the long-term rental housing market.

- **Protect Naturally Occurring Affordable Housing (NOAH)**

The preservation of naturally occurring affordable housing units in Gig Harbor should be a priority; as existing (particularly multifamily) housing stock ages, much of it will become naturally more affordable over time. In some areas of the city, rising rents and home values threaten the affordability of NOAH properties. Keeping this housing stock affordable – and improving its quality – requires thoughtful policies and programs. Gig Harbor should consider ways to stabilize and keep NOAH properties with their current owners. The city could help connect owners with low-interest loans, grants for maintenance and functional upgrade, property management resources and/or could consider the provision of property tax abatements with the goal of stabilizing the property.

- **Training for Permitting Officials**

  The development process and timelines for affordable housing projects can differ from those of typical market rate projects. Building and permitting staff in Gig Harbor could benefit from training that focuses on the unique development conditions for those projects, which, in turn, can lead to a smoother administrative process. Staff also benefit from and are more supportive if they are included in policy development and kept up-to-date on affordable actions in the city. Ensuring an efficient development process for affordable housing will increase the throughput of affordable units into the local market over time and the attractiveness of Gig Harbor to affordable and market multifamily housing developers.

In addition to the policy recommendations outlined above, there are dozens of other widely used measures that may provide incentives and/or funding for the construction of affordable housing. These options include:

- Density bonuses
- Expedited permitting for qualifying projects.
- Reduced/waived fees for qualifying projects.
- Employer-assisted housing programs
- Housing trust funds
- Tax increment financing
- Below-market financing of affordable housing
- Joint development on land owned by transit or other public agencies
- Land banking

Over the next several weeks, staff will present a menu of policy options to the community and city leaders for consideration as we move forward with updating the Housing Element of the Comprehensive Plan.