



**Wednesday, February 7, 2024
6:30 PM**

HOW TO ATTEND

- **In-person:** Council Chambers, Lakewood City Hall, 6000 Main St SW.
- **Virtually:** Online or by phone. Online: <https://us06web.zoom.us/j/86428836136>.
Phone: (253) 215- 8782 and enter participant ID: 864 2883 6136.
- **Livestream:** YouTube.com/CityofLakewoodWA

Persons requesting special accommodations or language interpreters should call 253-983-7767, as soon as possible in advance of the meeting so that an attempt to provide special accommodations can be made.

PUBLIC COMMENT

Public comments or testimony on public hearings is accepted by mail, email, or by in-person or virtual attendance. Mail comments to Karen Devereaux, Planning Commission Clerk, 6000 Main Street SW Lakewood, WA 98499 or email kdevereaux@cityoflakewood.us. Comments received by noon the day of the meeting will be provided to the commission electronically.

IN-PERSON/VIRTUAL COMMENTS

Those attending in person will be called on by the Chair. Those attending via Zoom should use the “raise hand” function to indicate they wish to speak. Once the Chair calls your name, you will be unmuted. First state your name and city of residence. Each person has 3 minutes. Attendees are allowed to speak during public comment or public hearings only.

WELCOME/CALL TO ORDER

ROLL CALL

APPROVAL OF MEETING MINUTES dated January 17, 2024

AGENDA UPDATES

PUBLIC COMMENT

PUBLIC HEARING

- None

UNFINISHED BUSINESS

- None

NEW BUSINESS

- Introduction to Lakewood Multifamily Tax Exemption (MFTE) Program
- Review of Proposed Expansion of Downtown Residential Target Area for MFTE Program (Becky Newton, Economic Development Manager)

NEXT STEPS

REPORTS FROM COUNCIL LIAISON, CITY STAFF, COMMISSION MEMBERS

Attachments

- Staff Report: Review of Proposed Expansion of Downtown Residential Target Area for MFTE Program



**Lakewood Planning Commission
January 17, 2024
Meeting Minutes**

MEETING PLACE/DATE

Lakewood City Hall (6000 Main St SW, Lakewood, WA) on 1/17/24

WELCOME/CALL TO ORDER

Mr. Robert Estrada, Presiding Chair called the meeting to order at 6:30 p.m.

ROLL CALL

Planning Commission Members Present Robert Estrada, Chair; Philip Combs, Vice Chair; Sharon Wallace, Mark Herr, Ellen Talbo, and Philip Lindholm.

Planning Commission Members Excused Linn Larsen

Staff Tiffany Speir, Long Range & Strategic Planning Manager; and Karen Devereaux, Administrative Assistant

Youth Council Liaison None in attendance

Council Liaison Councilmember Paul Bocchi

APPROVAL OF MINUTES

The minutes of the meeting held on January 3, 2024, were approved by voice vote 6-0 as written. M/S/C Herr/Wallace.

AGENDA UPDATES None.

PUBLIC COMMENT

No public attended the meeting, and no online participants were present to comment.

UNFINISHED BUSINESS None.

NEW BUSINESS

Overview of 2024 Comprehensive Plan Periodic Review

Ms. Tiffany Speir reviewed the processes for review explaining that it must be completed and submitted by December 31, 2024; future periodic reviews will be conducted every 10 years starting in 2034. In addition, Lakewood will be required to submit an "implementation progress report" on key outcomes five (5) years after each period review and revision of the Comprehensive Plan (i.e., the first implementation progress report is due December 31, 2029, 5 years after the 24CPPR is complete.)

Ms. Speir explained the legislative schedule for the Planning Commission as follows:

January – April 2024: Technical review and drafting new policies and regulations; Open Houses; Steering Committee Work; Focus Topic Discussions at Planning Commission and City Council meetings.

May 1, 2024: Introduction of Official 24CPPR Package to Planning Commission

June 5, 2024: Planning Commission Public Hearing

June 26, 2024: Planning Commission Action on Recommendation to City Council

REPORTS

Council Liaison Comments

Councilmember Bocchi updated commissioners on the following topics:

Introductions were made and Councilmember Bocchi thanked commissioners for taking on the responsibility of their appointed position. Mr. Bocchi explained that the City Council is dependent on their work, and it is appreciated.

Commissioners were invited to attend the Ft. Steilacoom Welcome Walk around Waughop Lake on Saturday, January 20, 2024, from 11 a.m. to 2:00 p.m.

City Staff Comments

Ms. Speir reviewed the upcoming meeting schedule with the Planning Commission:

- January 23: 24CPPR Steering Committee Meeting at the Lakewood Ft. Steilacoom Pavilion 5:30 – 7:00 PM
- February 7: MFTE Program and Downtown RTA Map update introduction
- February 21: Public Hearing re MFTE Downtown RTA Map; 24CPPR TWSP status, subarea biennial reviews

Commission Members Comments None.

NEXT MEETING The Planning Commission would next meet on February 7, 2024.

ADJOURNMENT Meeting adjourned at 7:39 p.m.

Robert Estrada, Chair 02/07/2024

Karen Devereaux, Clerk 02/07/2024



TO: Lakewood Planning Commission

FROM: Becky Newton, Economic Development Manager

DATE: February 7, 2024

SUBJECT: Multifamily Tax Exemption (MFTE) Program:
Central Business District (Downtown) Residential Target
Area (RTA) Expansion

Summary:

The purpose of this discussion is to provide an overview of the Multifamily Tax Exemption (MFTE) Program and to review the Central Business District (Downtown) Residential Target Area (RTA) for expansion.

Background:

What is the Multifamily Tax Exemption (MFTE) Program? The MFTE program provides opportunities for cities and counties to encourage the development of multifamily housing in certain areas. Originally, the program was focused on economic development and the creation of new multifamily housing. Over time, MFTE has also become an important tool to support the development of affordable housing and implement the goals of the Growth Management Act ([Chapter 36.70A RCW](#)).

Under state law, communities may choose to offer an eight-year property tax exemption for qualifying residential improvements that add new housing units in a "residential targeted area" designated by a local council. They may also offer 12- and 20-year exemptions for developments that include income-restricted units. If a property owner chooses to participate, they still pay property taxes on the value of the land and non-residential improvements.

The Washington State Legislature first codified the program in Chapter [84.14 RCW](#) in 1995, authorizing larger cities to adopt their own MFTE programs. Since then, the statute has been expanded to incorporate a greater focus on affordable housing and allow more jurisdictions to offer the program.

In 2021, [E2SSB 5287](#) amended several elements of the statute, including:

- Allowing a wider number of cities and counties to develop 12-year MFTE programs;
- Permitting 12-year extensions to existing tax exemptions in exchange

for the provisions of income and rent-restricted housing units;

- Supplying tenant relocation assistance at the end of the MFTE period for tenants of rent-restricted units in projects approved after July 25, 2021, and projects receiving a 12-year extension;
- Requiring an evaluation of the risk of physical and economic displacement as the result of the program;
- Providing new reporting requirements for communities participating in the program.
- Allowing for a 20-year exemption in exchange for permanently affordable rental and owner-occupied housing;
- Requiring more comprehensive reporting and auditing processes.

What does Lakewood’s program offer? Lakewood offers an eight-year program if the project is market rate, and a 12-year program if the project includes at least 20% affordable units.

Project owners may apply for a 12-year extension if the project includes a minimum of 20% affordable units, and the project is located within the Lakewood Station District or Springbrook areas.

What does “affordable” mean? For Lakewood it is 80% of area median income.

MFTE Program Income Eligibility			
Family Size	Extremely-low Income (30 % income limit)	Low-Income (50% income limit)	Moderate-Income (80% income limit)
1	\$22,600	\$37,650	\$60,200
2	\$25,800	\$43,000	\$68,800
3	\$29,050	\$48,400	\$77,400
4	\$32,250	\$53,750	\$86,000
5	\$34,850	\$58,050	\$92,900
6	\$37,450	\$62,350	\$99,800
7	\$40,000	\$66,650	\$106,650
8	\$42,600	\$70,950	\$113,550
Under state law, MFTE does not require the construction of extremely-low income housing units, only low-income and moderate-income. Extremely-low income data is shown for comparative purposes only.			
Income limits effective June 15, 2023.			

What is the intent of the program?

- Encourage additional housing, all types, including permanently affordable housing, and market rate housing within areas of the City designated by the City Council as residential target areas;

- Achieve development densities which are more conducive to transit use;
- Promote economic investment and recovery and create family-wage jobs;
- Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing.

What are the minimum requirements?

- Location: Must be located within a residential target area;
- Size: The project must include a minimum of 15 units of multifamily housing;
- Permanent Residential Occupancy: At least 50 percent of the space designated for multifamily housing must be provided for permanent residential occupancy;
- Proposed Completion Date: New construction multifamily housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application;
- Compliance: The project must comply with the City's comprehensive plan, building, housing, and zoning codes;

What is a Residential Target Area? Following a public hearing, the City Council may, in its sole discretion, designate one or more residential target areas (RTAs). Each designated RTA must meet the following criteria, as determined by the City Council:

1. The target area lacks sufficient available, desirable, and convenient residential housing to meet the needs of the public who would likely live in the residential target area, if desirable, attractive, and livable places were available; and
2. The providing of additional housing opportunity in the target area will assist in achieving the following purposes:
 - a. Encourage increased residential opportunities within the target area; or
 - b. Stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing.

What is the application process?

File with the Community and Economic Development Department the required application to include:

1. Preliminary floor and site plans;
2. A statement acknowledging the potential tax liability when the

project ceases to be eligible;

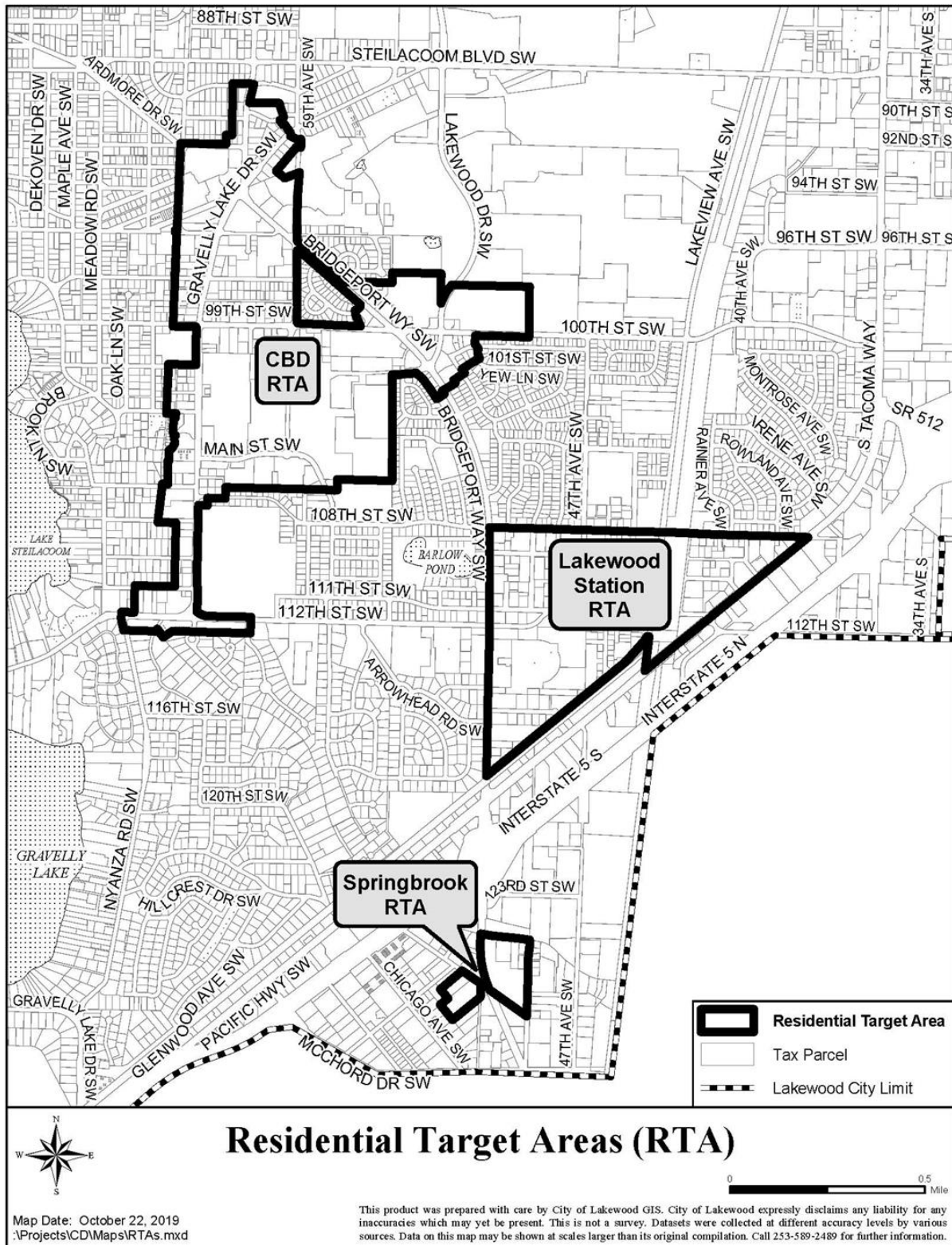
3. For rehabilitation projects, an affidavit stating was sent a 120 calendar day notice and that each household was provided housing of comparable size, quality, and price; Also, secure from the City verification of the property's noncompliance with Chapter 15.05 LMC;
4. Verification by oath or affirmation of the information submitted;

What is the process for approval? The application must be reviewed and either approved or denied by the Community and Economic Development Director with 90 days. If the project is denied, the Director shall provide in writing the reasons for the denial. If approved, a Conditional Certificate and Agreement are signed by the City and applicant. A Final Certificate is issued upon certificate of occupancy, and compliance with the Agreement. The City then provides required documentation, along with a check for the fee to Pierce County. Property tax exemption begin the following year.

What are the current and proposed Lakewood projects?

Approved				
Project Name	Location	Exemption, no. of years	CC approval year	Units
Oak Grove Village	4724 Steilacoom	10	2006	254
Gravelly Townhomes	8911 & 8919 Gravelly	10	2006	28
Springbrook Apartments	12632 Bridgeport Way SW	8	2016	219
Rainier Terrace	4108 and 4110 108th St SW	8	2016	11
Town View Apartments	5915, 5909 & 5903 Lake Grove	8	2017	30
Lake Grove Apartments (60-units)	5944 Lake Grove St SW	12	Not approved	0
Toto Townhomes	4606 108th St SW	12	2021	50
112th Street Townhouses	4812 112th Street SW	8	2021	15
Bristol Apartments	9615 Bristol Ave SW	8	2022	7
Subtotal				614
Pending				
Alliance Residential	5731 Main St SW	Unknown	TBD	390
Springbrook II	12527 Bridgeport	8	TBD	67
Subtotal				457
Grand total				1,072

Lakewood RTAs



Central Business District Expansion

In 2023, the City Council adopted [Ordinance 792](#) in order to comply with new state law. At that time it was decided not to expand existing, or add new, RTAs.

During the November 6, 2023 City Council Public Hearing on MFTE public comment was received in support of expansion the Central Business District (CBD) RTA along Gravelly Lake Drive SW.

City staff carefully reviewed the CBD RTA map and proposed an expansion area that could be reasonably included within the CBD RTA only, and to encourage additional residential development.

The new map was included under City Council consent agenda for inclusion in adoption of Ordinance 792.

City Council adopted the ordinance after removing the updated map as they felt more review and discussion was needed.

City Council brought the ordinance back for reconsideration on December 4, 2023, particularly to include the newly proposed map. The reconsideration did not pass.

City Council requested that this be addressed Q1 2024.

Why are we reviewing this map only?

1. Per City Council request;
2. High potential to attract one or more projects within the designated expansion area;
3. CBD has the highest need for residential and commercial development per subarea plan;
4. Other areas to be considered once the Comprehensive Plan, and Tillicum plans have been updated.

The map for your consideration is included on the following page.

