



Wednesday, February 5, 2025 @ 6:30 PM

HOW TO ATTEND

- **In-person:** Council Chambers, Lakewood City Hall, 6000 Main St SW., Lakewood, WA 98499
- **Virtually:** Online or by phone.
Online: <https://cityoflakewood-us.zoom.us/j/89827406560>
Phone: (253) 215-8782 and enter meeting ID: 898 2740 6560
- **Livestream:** <https://YouTube.com/CityofLakewoodWA>

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

PUBLIC COMMENT

Public comments or testimony on public hearings are 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

Each person has 3 minutes. Attendees are allowed to speak during public comment or public hearings only. 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, and then provide your testimony.

WELCOME/CALL TO ORDER

ROLL CALL

APPROVAL OF MEETING MINUTES dated January 15, 2025

AGENDA UPDATES

PUBLIC COMMENT

PUBLIC HEARINGS

- None

UNFINISHED BUSINESS

- Multifamily Tax Exemption (MFTE) Residential Target Area (RTA) Boundary Review Changes – Continued Discussion

NEW BUSINESS

- Proposed Natural Environment and Climate Change (NECC) Program

NEXT STEPS

- REPORTS FROM CITY COUNCIL LIAISON, CITY STAFF, PLANNING COMMISSION MEMBERS
- NEXT MEETINGS: FEBRUARY 19, MARCH 5, MARCH 19, APRIL 2

Attachments

- Staff Report: Multifamily Tax Exemption (MFTE) Residential Target Area (RTA) Boundary Review



Lakewood Planning Commission January 15, 2025 Meeting Minutes

WELCOME/CALL TO ORDER

Robert Estrada, 2024 Chair, called the meeting to order at 6:30 p.m.

ROLL CALL

Planning Commission Members Present Robert Estrada, Chair; Phillip Combs, Vice Chair, Mark Herr, Sharon Wallace, Philip Lindholm, Ellen Talbo, and Linn Larsen (arrived after roll call.)

Planning Commission Members Absent None

Staff Tiffany Speir, Planning Division Manager, PPW Department; Becky Newton, Economic Development Manager, PPW; and Karen Devereaux, Administrative Assistant, PPW

Council Liaison Councilmember Paul Bocchi (not present)

ELECTION OF 2025 CHAIR AND VICE-CHAIR

Chair Estrada opened the floor for nominations for Chair.

- Sharon Wallace nominated Ellen Talbo
- Philip Lindholm nominated Mark Herr
- Robert Estrada nominated Phillip Combs

VOTE: By a vote of 5 (Combs)- 2 (Herr) – 0 (Talbo), Phillip Combs was elected 2025 Planning Commission Chair.

Chair Estrada opened the floor for nominations for Vice-Chair.

- Mark Herr nominated Philip Lindholm
- Sharon Wallace nominated Ellen Talbo

VOTE: By a vote of 4 (Talbo) – 2 (Herr), Ellen Talbo was elected 2025 Planning Commission Vice-Chair.

APPROVAL OF MINUTES

MOTION: Approval of December 4, 2024, meeting minutes as written.

SECONDED. PASSED 7-0.

AGENDA UPDATES

Members agreed with a staff request that the MFTE RTA Boundary Review Intro discussion take place before the review of Planning Commission 2025 Work Plan.

PUBLIC COMMENT

James Dunlop, resident, spoke via Zoom in opposition of the Multifamily Tax Exemption program and questioned if the city and its residents really benefit if given to the developers.

Walter Neary, resident, former City Council member, spoke via Zoom to encourage the commissioners to bring their unique views and specific opinions to the deliberations

and rise to the challenge of listening to the feedback from citizens.

Christina Klas, resident and business owner, spoke in opposition to the Multifamily Family Tax Exemption program. She suggested to give the incentive to business owners instead of developers, noting if more residents live in the Central Business District, business services are needed by the community.

PUBLIC HEARINGS None

UNFINISHED BUSINESS None

NEW BUSINESS

Multifamily Tax Exemption (MFTE) Residential Target Area (RTA) Boundary Review Introduction

Ms. Becky Newton provided a presentation regarding proposed amendments to the MFTE program and to the City’s RTA boundaries. She noted that on October 21, 2024, the City Council adopted a motion directing the consideration of RTA expansions in the Central Business District/Downtown Subarea and Springbrook, as well as the consideration to add RTAs in the Oakbrook and Tillicum areas. She also shared the City Council’s expressed interest in amending LMC 3.64.020(G) to allow for a 12-year MFTE property tax exemption extension in the Central Business District outside of the Tax Increment Finance (TIF) area. Ms. Newton presented one additional code amendment for MFTE program process improvement.

A discussion of the MFTE program, RTA expansion potential, and code amendments followed. The Commission requested additional discussions prior to holding a public hearing; Tiffany Speir stated that the schedule at Planning Commission would be adjusted to allow for two more study sessions prior to the hearing.

Review of Planning Commission 2025 Work Plan

Ms. Tiffany Speir reviewed the 2025 Planning Commission work plan segmented into quarters and the projects identified to be completed within each quarter.

REPORTS

Council Liaison Comments

It was noted that on January 13, Councilmember Paul Bocchi was appointed as the Council Liaison to the Planning Commission.

City Staff Comments

Ms. Tiffany Speir shared the next regular meeting dates would be February 19, March 5, and March 19

NEXT MEETING February 19, 2025.

ADJOURNMENT Meeting adjourned at 8:12 p.m.

Phillip Combs, Chair

Karen Devereaux, Clerk



TO: Lakewood Planning Commission

FROM: Jeff Rimack, Director, Planning and Public Works, and
Becky Newton, Economic Development Manager

DATE: FEBRUARY 5, 2025

SUBJECT: Multifamily Tax Exemption Program
Residential Target Area Review and Code Amendments

Meeting Purpose

City Council directed the Planning Commission to review four potential areas for expansion of the Residential Target Areas. Expansion has been considered as the MFTE program provides a significant incentive to meet citywide housing goals, particularly in high density target areas such as the Downtown subarea where growth is planned, zoning was established, and a regional growth center exists. Two code amendments are also being proposed.

Staff provided an overview of the Multifamily Tax Exemption Program to Planning Commission on January 15, 2025. There were several questions about the program and requests for additional detail. Many of the questions are addressed in this document.

Multifamily Tax Exemption (MFTE) Program Overview

Establishing Residential Target Areas (RTAs)

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.

Purpose and Intent

- A significant economic development tool to promote investment, recovery, and create family-wage jobs.
- Achieve development densities that are more conducive to transit use, and to meet specific density targets within the urban growth area.
- Encourage additional housing of all types, including permanently affordable housing and market-rate housing.
- Stimulate new construction or rehabilitation of vacant and underutilized buildings for multifamily housing.

Incentives

While MFTE provides an exemption for market rate new or rehabilitated housing it provides additional incentives for Affordability.

Exemption from Property tax (new or rehabilitated housing only)

- 8 years – market rate
- 12 years – if 20% affordable
- 12-year extension if 20% affordable units included

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 does affordable mean?

The City of Lakewood program allows for a 12-year exemption if the projects includes 20% affordable units at 80% Area Median Income (AMI).

Why not require a higher level of affordability?

Lakewood's program is focused on economic development and all current projects are market rate. Developers have expressed difficulty in reaching 20% affordability for every project.

Because of this, requiring greater affordability % would be a barrier to development economic growth which is the focus of the program. The affordability is instead incentivized to encourage developers to provide affordable housing. Note that Lakewood development code does allow for increased density if a project includes low and very low-income units.

MFTE Program Income Eligibility			
Family Size	Extremely-low Income (30 % income limit)	Low-Income (50% income limit)	Moderate-Income (80% income limit)
1	\$24,350	\$40,550	\$64,900
2	\$27,800	\$46,350	\$74,150
3	\$31,300	\$52,150	\$83,400
4	\$34,750	\$57,900	\$92,650
5	\$37,550	\$62,550	\$100,100
6	\$41,960	\$67,200	\$107,500
7	\$47,340	\$71,800	\$114,900
8	\$52,720	\$76,450	\$122,300
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, 2024.			

MFTE Projects Approved - updated				
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 Lake Grove	8	2017	30
112th Street Townhouses	4812 112th Street SW	8	2021	15
Bristol Apartments	9615 Bristol Ave SW (under construction)	8	2022	7
Kendrick Apartments	1110 Kline Street SW (under construction)	8	2024	44
Subtotal				608
Pending				
Alliance Residential	5731 Main St SW	Unknown	TBD	309
Springbrook II	12527 Bridgeport	8	TBD	76
Subtotal				385
Grand total				993

What are the economic benefits to the program?

- Increased Housing Supply
- Attracting investment and development sooner rather than later
- Job creation and growth
- Affordable housing options
- Significant increase in property taxes after the exemption period
- Incentive for property owner to contribute to community needs

The MFTE program does not:

- Change zoning
- Existing code authorized land uses
- Design standards

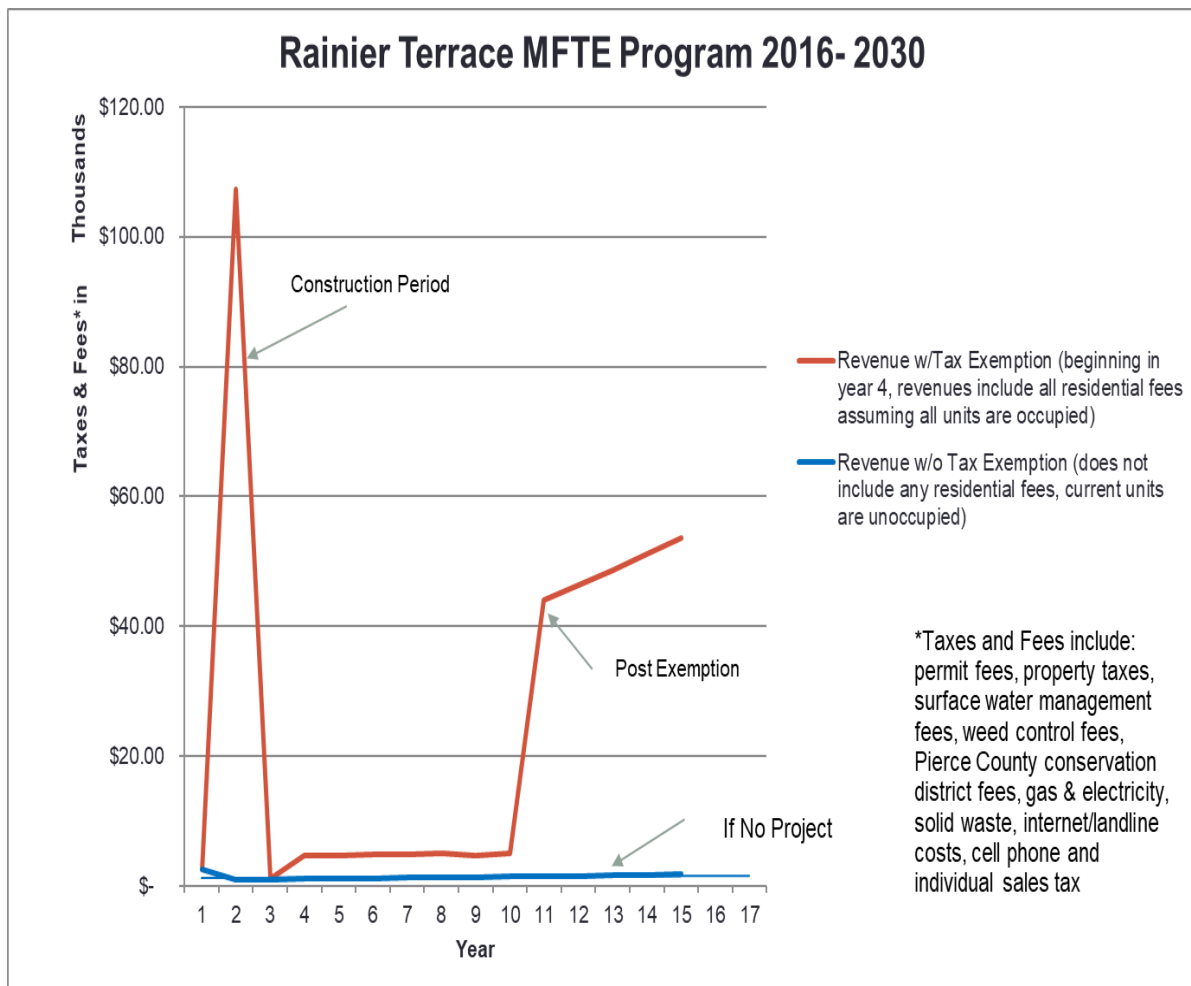
The above are not in front of the Planning Commission for consideration.

The goal of the MFTE program is to incentivize property owners/developers to choose Lakewood for their project sooner rather than later, and to encourage contribution to Lakewood's planned growth targets.

What are the potential negative effects?

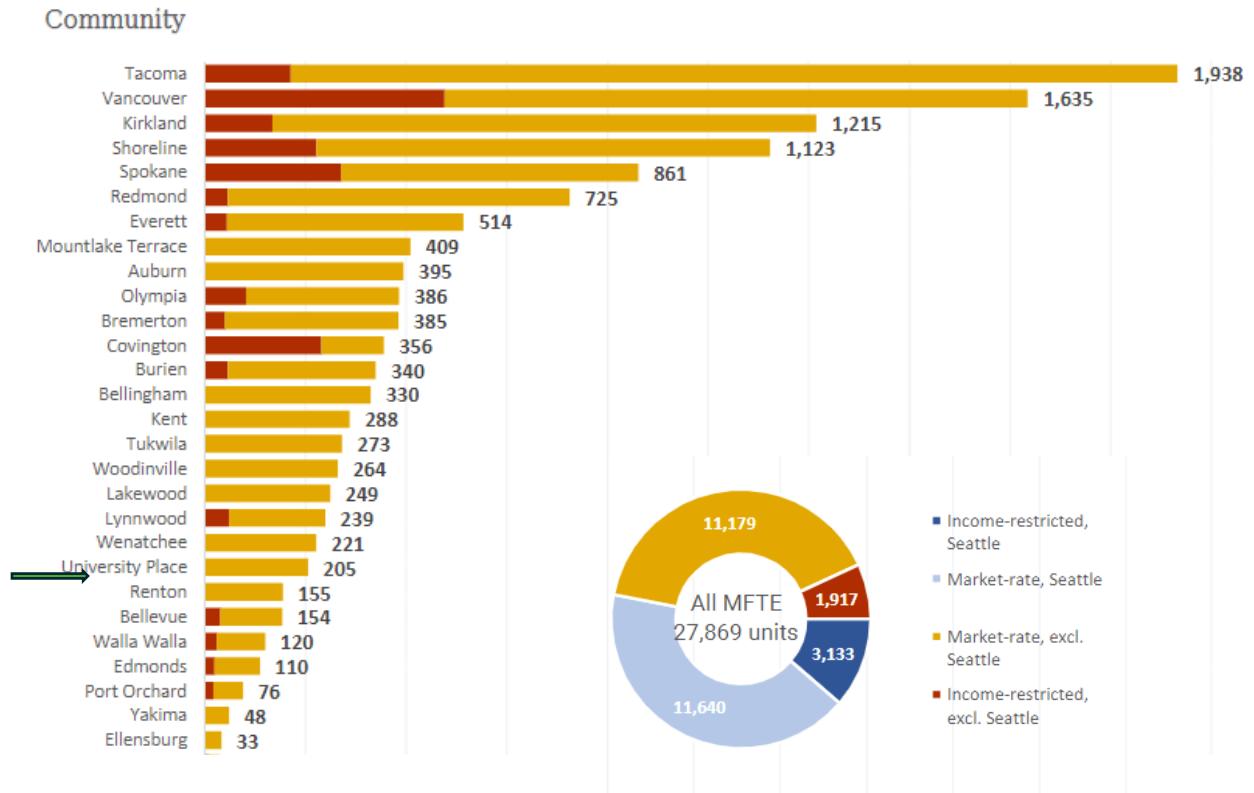
- Gentrification
- Less design control if an MFTE is executed outside of a subarea.

Property Tax Exemption Project Example: Represents an actual project



City Comparisons

Of the 102 cities eligible, 55 have adopted an MFTE program. The following is a chart of top performing cities. Seattle has been responsible for 53% of the total units in the state supported by a local MFTE program. This is shifting, however, and other cities have increased units due to the MFTE program.



Tacoma Project Example:



More than 350 apartments planned for Tacoma, adding to development surge - Puge...

Lynnwood Trent Project:



Links to [project site](#) and [PSRC Award](#)

Zones Eligible for Designation in Lakewood

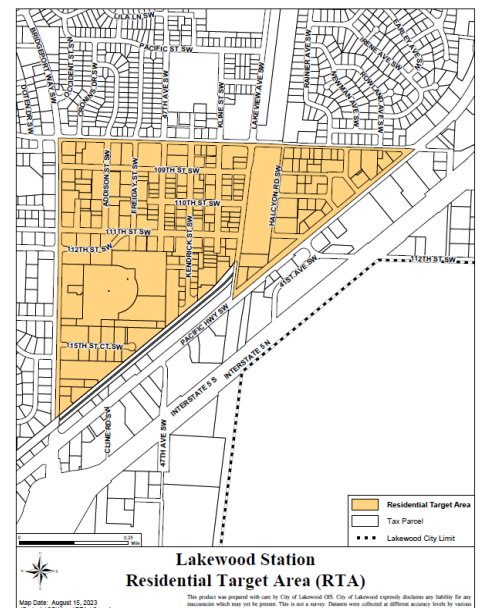
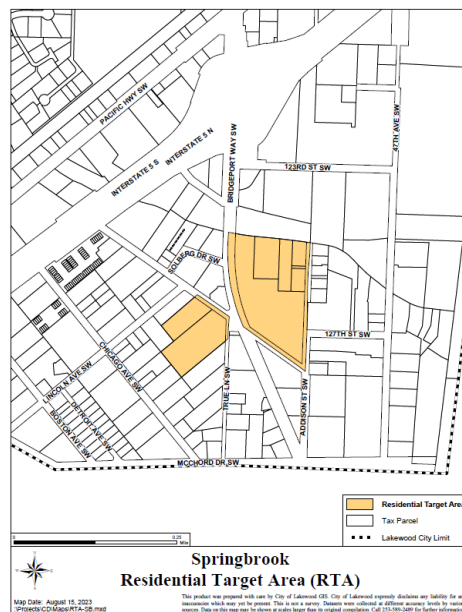
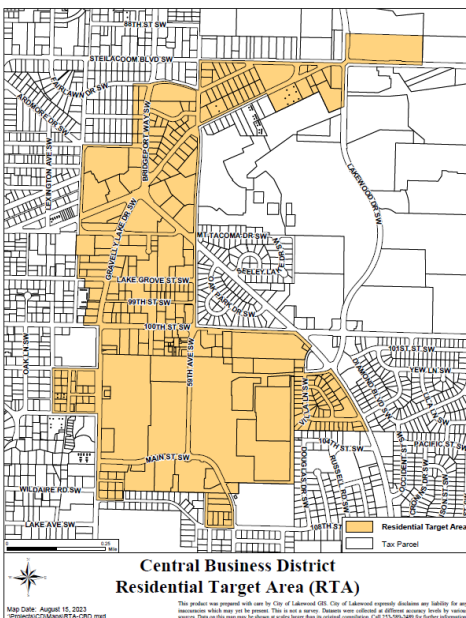
RTA Eligible Zones	Dwelling Units Per Acre	Maximum Height
ARC	15	40 feet
CBD	100	90 feet
MF1	22	45 feet
MF2	35	50 feet
MF3	54	80 feet
NC1	22	50 feet
NC2	35	60 feet
TOC	54	90 feet

City of Lakewood Growth Targets

	2044 Citywide Growth Targets	2035 Targets for Downtown Subarea	2035 Targets for Station District Subarea	2044 Targets for outside subareas	2044 Citywide Emergency Housing Unit Target
Housing Units	9,378 net new units	2,257 net new units (~24% of '44 target)	1,772 net new units (~19% of '44 target)	5,349 (~57% of '44 target)	574
Jobs	9,863 net new jobs	7,317 net new jobs (~74% of '44 target)	1,276 net new jobs (~13% of '44 target)	1,270 (~13% of '44 target)	-

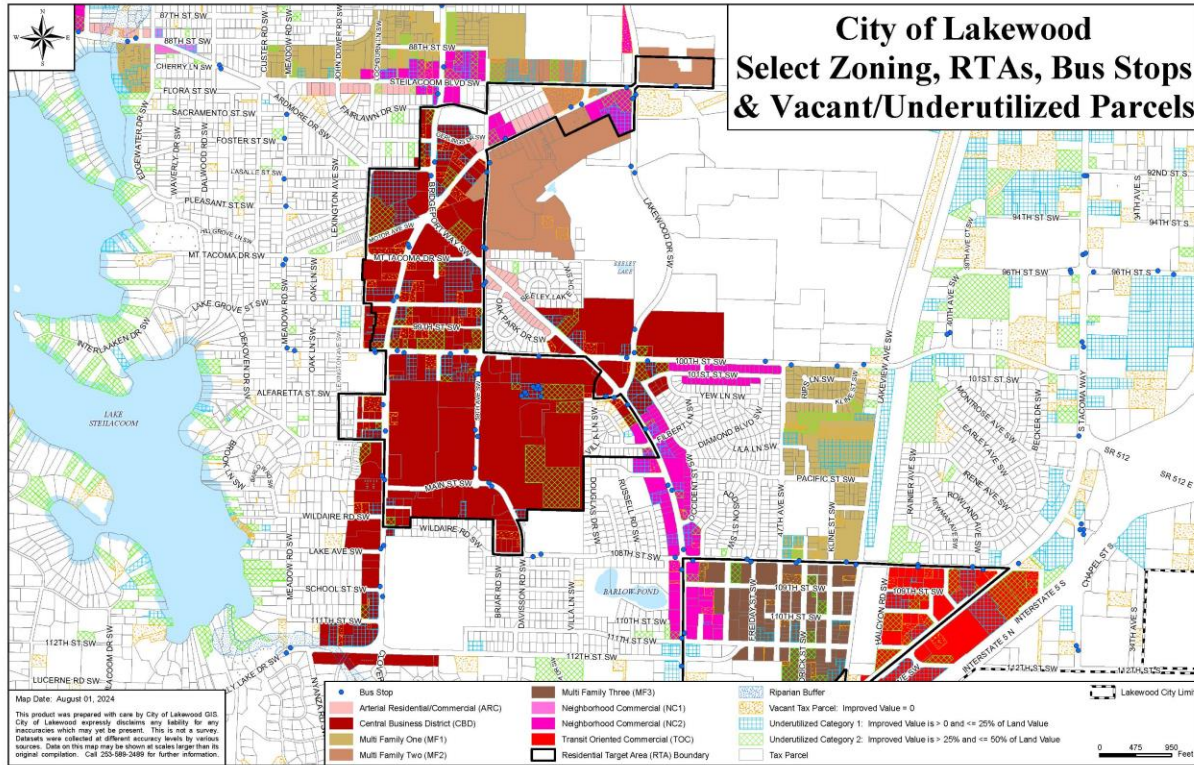
Residential Target Areas to Consider

Current RTAs

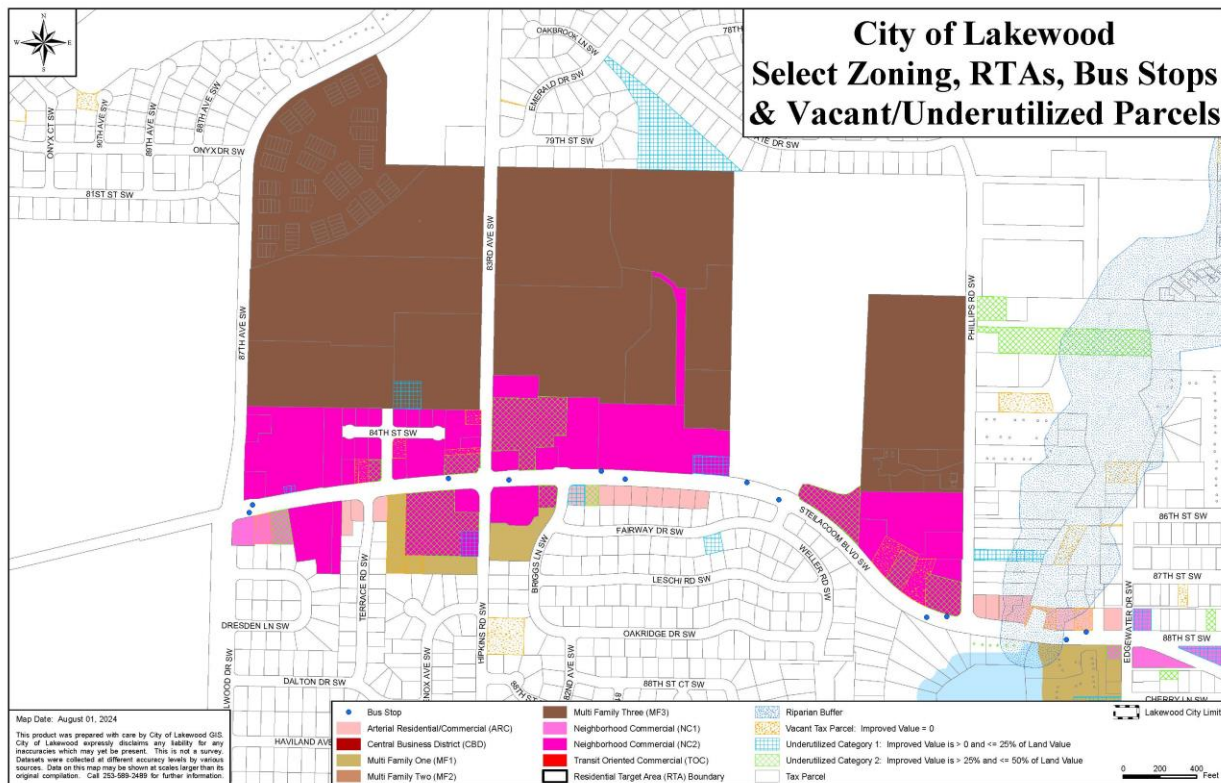


The following maps represent areas for consideration that meet all minimum qualifications to be considered for a residential target area or expansion of an existing RTA. They meet the intent and standards, and have underutilized properties. Large printed maps will be available at the meeting.

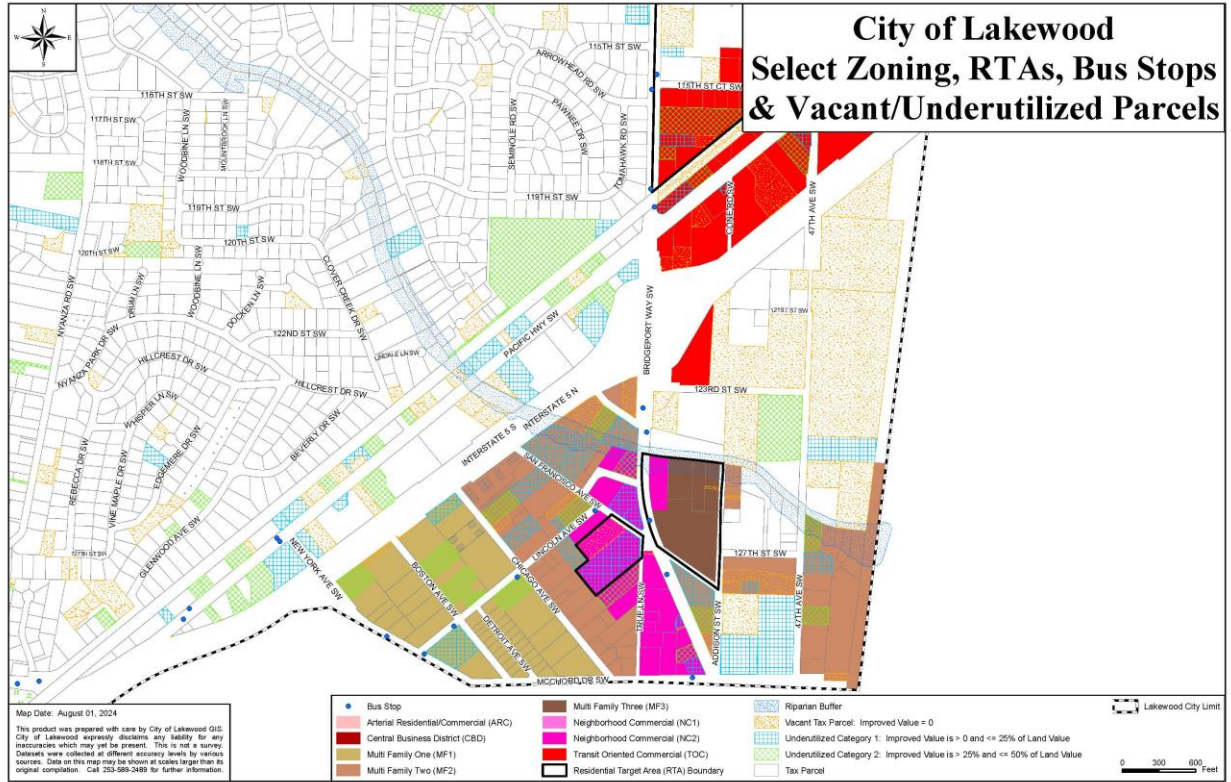
Central Business District



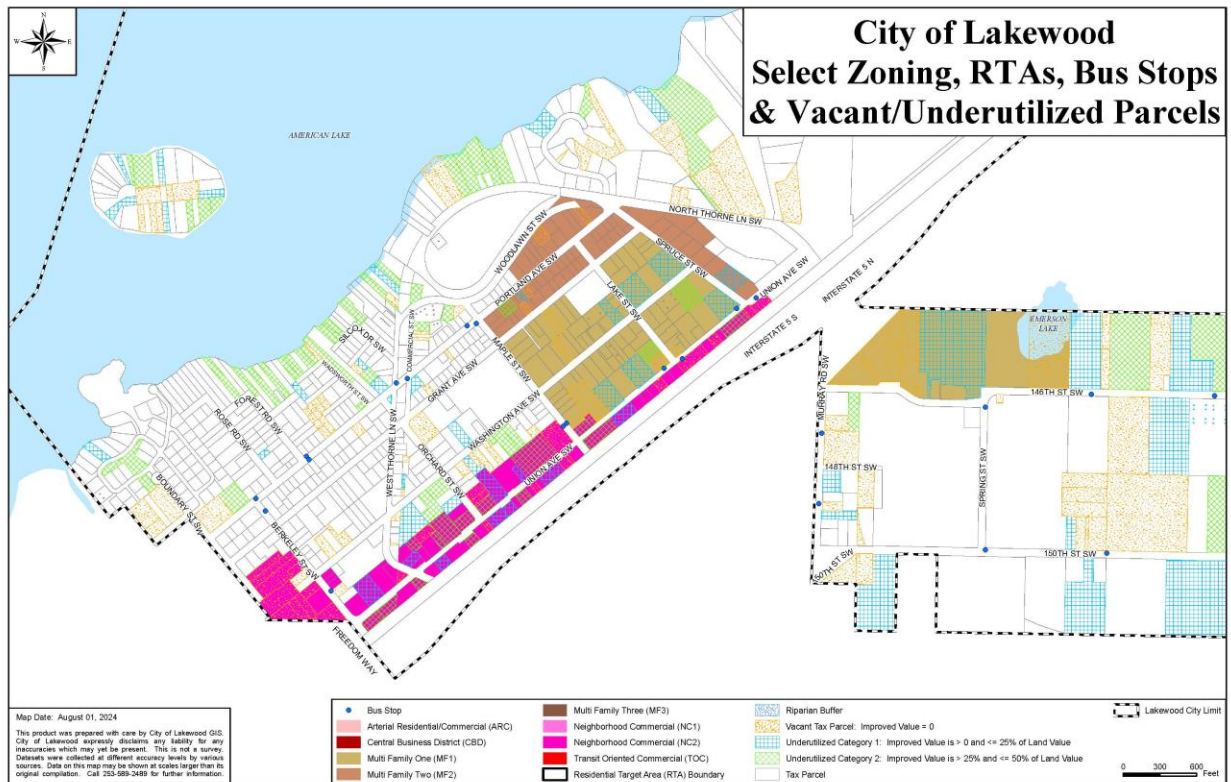
Oakbrook



Springbrook

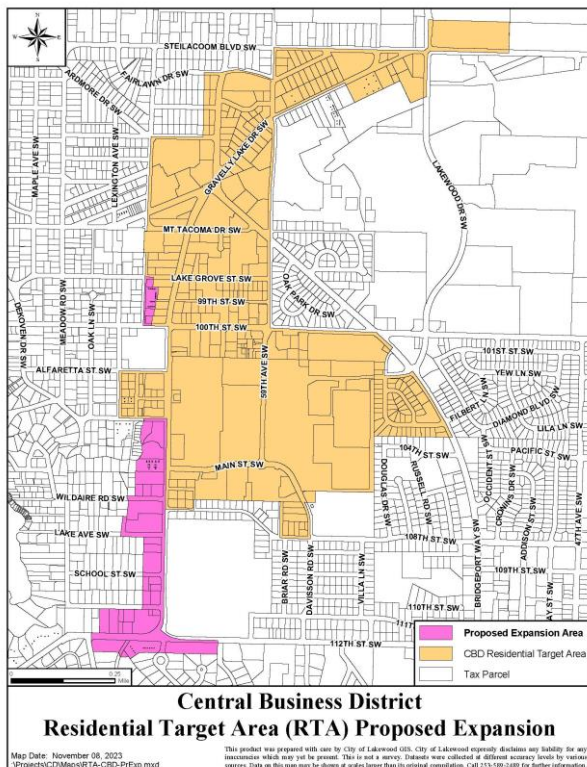


Tillicum



Recommendations and Considerations

Area	Positive	Neutral	Caution	Recommended Consideration
CBD	-Primary Density Area -Regional Growth Center -Comp Plan Priority -Control of design standards		-Resident concern regarding development along Gravelly Lake Drive	RECOMMEND: Expand along Gravelly Lake Drive; CONSIDER: NC2 & MF2 expansion along Steilacoom and NC2 along Bridgeport
Oakbrook	-Ripe for Redevelopment -UU NC2 Potential		-Potential commercial displacement -No design standard	CONSIDER: NC2 RTA
Springbrook	Small NC2 expansion area possible	Walkshed	-Displacement -Flood Plain -No design standard	CONSIDER: NC2 RTA Expansion between Bridgeport & San Francisco & West of True Ln
Tillicum	High potential for vibrant village	Sewer extension will be required w/in MF area	Displacement/MHP -40% poverty/low HH income -No design standard	CONSIDER: RTA NC2 NW of Union and MF areas



Why expand on Gravelly Lake Drive?

- Two projects pending MFTE
- Highest RTA density potential
- Regional Center priority

Why is the Regional Center important?

- Economic Growth
- Efficient Land Use
- Enhanced Transportation
- Community Development
- Environmental Benefits
- Public Investment: These centers often receive prioritized funding for infrastructure and services, maximizing the benefits of public investment.

Questions and Answers

How much vacant and underutilized property is in the current CBD RTA? [Approximately 69 acres of which just under 7 acres are vacant.](#)

What will be the cost for sewer extension in Tillicum? [\\$6.085 Million](#)

Why was the CBD RTA Gravelly Lake Drive extension not included in the original Residential Target Area designation? [Planning for the CBD determined the likelihood of residential redevelopment in the area at that time based anticipated development in the area and developer and property owner input.](#)

How much has been built without MFTE? [151 units since 2000. 718 total units with final occupancy of which 567 have received the MFTE. 51 MFTE units are currently under construction.](#)

Could Lakewood increase affordability requirements to 30%? [Yes, but it's not feasible to require this due to the market. This limits property owner options. Note: Lakewood offers a density bonus for low and very low income \(see LMC 18A.90.050\).](#)

Why give incentives to developers?

- Developers represent property owners in Lakewood who are members of our community. Often they are one in the same.
- Many of the Central Business District property owners and developers are also Lakewood residents
- Developers and property owners are those that contribute to the growth of the economy and provide much needed housing

Multifamily Development Impacts

The following is an expansion of positive and negative effects of multifamily and large building construction. **(NOTE: MFTE does not change what is allowed in the zone)**

POSITIVE

- Diverse and inclusive communities
- Walkability and improved connections/Improved quality of life
- Encourages sustainable development, energy, and water efficiencies
- Higher density in urban areas reduce environmental impacts
- Enhanced green spaces and amenities

- Proximity to public transit, bike lanes, and amenities can reduce the dependency on cars, leading to lower overall carbon emissions

NEGATIVE

- Large-scale construction projects generate waste, a portion of which may end up in landfills.
- The construction of new buildings requires the extraction of natural resources, including timber, concrete, steel, and other raw materials
- The construction process itself can be energy-intensive
- Large buildings can contribute to increase in local temperatures and increased cooling energy demands (Lakewood includes limits to reduce this potential)
- Construction phase itself can cause air and noise pollution

The environmental impact of new multifamily development depends largely on how it is planned, constructed, and operated. With proper attention to sustainable design practices and materials, the impact can be minimized, and the project can offer environmental benefits, especially in urban areas where density can help reduce overall ecological footprints. Existing conditions such as older inefficient buildings, parking lots, and unpaved areas do not provide for environmental protection or efficient use of energy.

Code Amendments

1. 12-year extension added for CBD (City Council Recommendation)

3.64.020(G) *Extension for Projects Receiving an Initial Eight-Year or 12-Year Exemption.* Any project in the **Central Business District outside of the Tax Increment Area**, Lakewood Station District and Springbrook Residential Target Areas receiving an eight- or 12-year extension may apply for a subsequent 12-year extension in exchange for continued or increased income restrictions on affordable units.

2. Application Procedure (Staff Recommendation)

H. *Application Procedure.* A property owner who wishes to propose a project for a tax exemption shall complete the following procedures:

1. File with the Department of Planning and Public Works (PPW) the required application along with the required fees as set in the Lakewood Master Fee Schedule (adopted annually by resolution). **The application shall be filed after land use permitting is complete or prior to building permit issuance if no land use action is required. Conditional agreements shall be fully executed prior to issuance of building final certificate of occupancy.** If the application shall result in a denial by the City, the City will retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant.