



**LACEY CITY COUNCIL
WORKSESSION
THURSDAY, SEPTEMBER 9, 2021
4:00 – 5:30 P.M.
REMOTE ATTENDANCE**

The Lacey City Council Worksession will be conducted remotely, not in-person. The public may view the meeting by watching live through Zoom:

Link: <https://us02web.zoom.us/j/85165891859>

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(888) 788-0099 or (877) 853-5247 - when prompted enter Webinar ID **851 6589 1859**

AGENDA

4:00 2021 COMPREHENSIVE PLAN AMENDMENTS

- [HOUSING ACTION PLAN](#)
- [URBAN FOREST MANAGEMENT PLAN](#)

RYAN ANDREWS, PLANNING MANAGER

JESSICA BRANDT, ASSOCIATE PLANNER

(STAFF REPORT)

5:00 [HB 1590 OVERVIEW](#)

SHANNON KELLEY-FONG, ASSISTANT CITY MANAGER

(STAFF REPORT)

5:30 ADJOURN



LACEY CITY COUNCIL WORKSESSION September 9, 2021

SUBJECT: Housing Action Plan

RECOMMENDATION: Discuss options and priorities for implementation of the Housing Action Plan after Council action on the Plan.

STAFF CONTACT: Scott Spence, City Manager *SS*
Rick Walk, Community and Economic Development Director *RW*
Ryan Andrews, Planning Manager *RA*

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS:

1. [Affordable Housing Continuum Graphic](#)
2. [Housing Action Plan Draft](#)
3. [Housing Needs Assessment](#)
4. [Landlord Survey Summary](#)

FISCAL NOTE: None, however implementation of the Housing Action Plan will require staff resources to complete.

PRIOR REVIEW: City Council Worksession, June 10, 2021
Land Use & Environment Committee, May 25, 2021

BACKGROUND:

In November 2019, the City of Lacey, in partnership with the Cities of Olympia and Tumwater, received a grant award from the Department of Commerce to develop a Housing Action Plan to meet the goals of HB 1923. The intent of HB 1923 is to encourage the construction of additional affordable and market-rate housing in a greater variety of housing types, and at prices that are accessible to a greater variety of incomes. Lacey Community and Economic Development staff have been coordinating with staff from Olympia and Tumwater to develop a draft Housing Action Plan that is now being finalized through our local processes.

To support the effort, the Cities of Lacey, Olympia, and Tumwater contracted with Thurston Regional Planning Council to develop:

- A Housing Needs Assessment, including a 25-year projection of housing affordable at different income levels;
- A Rental Survey to better understand what residents are paying for rent and how rents are changing; and

- A draft Housing Action plan that can be tailored for use by each city that contains specific actions that can increase the stock of affordable housing.

The draft Housing Action Plan is scheduled for Council action on the September 16, 2021 public meeting as part of the City of Lacey 2021 Comprehensive Plan Amendment. If adopted by the City Council, the final Housing Action Plan will be incorporated into the Housing Element of the Comprehensive Plan as an appendix to support housing policies and actions and to compliment the Lacey's existing Affordable Housing Strategy.

At a Worksession on June 10, the City Council was briefed on the Lacey Housing Action Plan where actions were reviewed to increase the amount of affordable housing in the community with the primary goal of increasing the supply of permanent affordable housing for households that make 80 percent or less of the area median income. Based on the Council worksession discussion, staff has developed additional information to highlight how the plan relates to levels of household incomes and identify early implementation steps.

To better understand how household income levels are affected by the housing market, staff developed a one page graphic titled "Affordable Housing Continuum" (attached). This will help convey how the housing action plan strategies relate to the various income levels of Lacey households. The graphic also identifies the types of funders, partners and builders focusing on housing production that is targeted to specific household income levels.

After the City Council acts on the draft Housing Action Plan, staff will begin implementing the policies and actions within the final plan. As a starting point, staff has identified the following actions that can be accomplished in the short term with the most amount of impact to address affordable housing issues. The following are actions that are pending Council approval:

1. Adopt zoning changes to single-family residential zones to permit duplexes and triplexes. The Planning Commission has recommended the approval of the Low Density zone consolidation which will provide more housing opportunities in Low Density Residential zones which is Lacey's largest zoning district.
2. Adopt zoning changes for emergency housing facilities. The Planning Commission has recommended the approval of zoning amendments to LMC 16.64
3. Reduce fees for private sector development of affordable units. Extend the fee waiver currently granted to community-based housing development organizations to the private sector building affordable units.
4. Reauthorize the multifamily tax exemption program for the Woodland District zone which is currently set to expire at the end of 2024. This is an action that is also recommended by the Lacey Midtown Housing Strategy.

5. Identify and/or consider additional funding sources as they become available for creating low-income housing. As an example, consider utilizing the authority granted by the State Legislature with the passing of HB 1590 allowing local jurisdictions to use councilmatic authority to increase local sales and use tax to fund affordable housing projects (*note: Council will be briefed in detail on the affordable housing tax option authorized by HB 1590 under a separate agenda item at this Worksession*).

The Housing Action Plan identifies actions that require legislative support that would be best achieved if we worked cooperatively between jurisdictions to address. Many of the actions in this plan require funding — especially actions to create affordable housing for the lowest income households and people moving out of emergency and temporary housing situations. Therefore, an important part of the legislative agenda is to continue to inform the legislature of the funding need for the construction and maintenance of low-income housing and permanent supportive housing.

Staff has also identified the actions within the Housing Action Plan below that would support climate mitigation goals. These actions have the benefit of not only supporting affordable housing but also reducing greenhouse gas emissions consistent with the Thurston Climate Mitigation Plan. The actions identified include:

1. Provide funding for renovating and maintaining existing housing that serves low-income households or residents with disabilities.
2. Establish a program to preserve and maintain healthy and viable manufactured home parks.
3. Partner with local trade schools to provide renovation and retrofit services for low-income households as part of on-the-job-training.
4. Identify and develop partnerships with organizations that provide or support low-income, workforce, and senior housing as well as other populations with unique housing needs.

Since adoption of the 2016 Comprehensive Plan, the City Council has focused on implementation of policies to support affordable housing. These action items are longer-term programs that would be implemented at the staff level.

ADVANTAGES:

1. The Housing Action Plan identifies actions the City of Lacey can take to encourage the construction of additional affordable and market-rate housing in a greater variety of housing types, and at prices that are accessible to a greater variety of incomes.

DISADVANTAGES:

1. None identified.



AFFORDABLE HOUSING CONTINUUM

August 2021



HOUSING TYPE	Unsheltered Shelters Supportive Housing				High-Market Rental Homeownership		
	Public Housing Section 8 Vouchers		Homeownership Assistance				
	Low-Market Rental Naturally Occuring Affordable Housing Workforce Housing						
			Community Land Trusts Resident Ownership Cooperative Ownership				
HOUSEHOLD INCOME (Lacey specific)	Less than \$35,000 2,452 total households People: - Experiencing Homelessness - with Disabilities - with Service Needs - Exiting Incarceration	\$35,000 – \$74,999 3,816 total households - Working Poor - People with Episodic Housing Crisis and Service Needs	\$75,000 – \$99,999 1,184 total households - Working Poor - People with Episodic Housing Crisis and Service Needs	\$100,000 + 1,160 total households People who are Accessing Housing Market but Are Limited by Locational Choice			
HOUSING COST BURDEN* (Thurston County)	<= 30% AMI 75% Cost burdened 65% Severe cost burdened		> 30% to <= 50% AMI 73% Cost burdened 35% Severe cost burdened		> 50% to <= 80% AMI 52% Cost burdened 12% Severe cost burdened		> 80% to <= 100% AMI 27% Cost burdened 3% Severe cost burdened
STRATEGIES	Harm Reduction Housing First Permanent Supportive Housing Transitional Housing Rapid Rehousing Rental Subsidies Needed Reduce Cost Burdens Production, e.g. Low-Income Housing Tax Credit Inclusionary Housing Tenant Protections Preservation Zoning Community Land Trusts, Residential Ownership, Cooperative Ownership						
FUNDERS	Capital Funders: Cities, counties, Housing Trust Fund, Department of Commerce, U.S. Department of Housing & Urban Development (HUD), Community Development Block Grants (CDBG), Community Investment Partnership (CIP), low-income housing tax credits, equity investors, Federal Home Loan Bank SERVICE Funders: Counties, Department of Health and Human Services (DSHS), foundations Rental Assistance and Operating Funders: Public Housing Authorities, Department of Health and Human Services (DSHS), counties					Capital Funders: Developers, private banking systems, equity investors	
PARTNERS	Service Providers Nonprofit Developers and Community Land Trusts		Landlord Owners For-Profit, Affordable-Housing Developers For-Profit Developers				

*Cost burdened households pay > 30% of income on housing. Severely cost burdened household pay > 50% of income on housing.
Data source: Thurston Regional Planning Council, Housing Needs Assessment report January 2021, bit.ly/2021HNA

HOUSING ACTION PLAN

for the
City of Lacey

April 1, 2021 Draft



City of Lacey Staff

Rick Walk	Community & Econ. Development Director
Ryan Andrews	Planning Manager
Jessica Brandt	Associate Planner

Thurston Regional Planning Council Staff

Katrina Van Every	Project Manager, Senior Planner
Michael Ambrogi	Project Manager, Senior GIS Analyst
Karen Parkhurst	Planning and Policy Director
Lester Tobias	Planning Technician
Sarah Selstrom	Communications and Outreach Specialist II
Burlina Lucas	Administrative Assistant
Dorinda O'Sullivan	Office Specialist III
Veena Tabbutt	Deputy Director
Marc Daily	Executive Director

This plan was funded by the cities of Lacey, Olympia, and Tumwater through grants from the Washington State Department of Commerce.

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Executive Summary

This Housing Action Plan is a collaborative effort between the Cities of Lacey, Olympia, and Tumwater. It is intended to inform local comprehensive plan policies and guide implementation strategies to help each city meet its housing needs and strategic objectives.

What's in the Housing Gap?

Seven housing gaps were identified through the Housing Needs Assessment, including the need to:

1. Reduce housing costs for low-income and cost-burdened households.
2. Increase the overall housing supply.
3. Increase the variety of housing sizes and types.
4. Increase senior housing options.
5. Maintain in good condition and improve the existing housing stock.
6. Provide safe, stable options for both renters and homeowners.
7. Increase permanent housing options for people with disabilities and those at risk of or experiencing homelessness.

COVID-19 Pandemic and the Housing Action Plan

In response to the outbreak of the COVID-19 pandemic, Governor Inslee issued a series of proclamations and declarations aimed at reducing the spread of the virus in Washington state, including requiring all non-essential workers to stay home and stay healthy and extending a moratorium on evictions to protect renters. As a result, significant changes in the Lacey, Olympia, and Tumwater area occurred, affecting businesses and residents alike.

The cities will continue to monitor the impact of the pandemic on housing in the coming months and develop plans for implementing appropriate actions whether included in this plan or not.

How to Create an Equitable Housing Market?

About one in four Thurston County residents is a person of color – those who are Hispanic or Latino of any race and those who are any race other than white alone. People of color generally have more people in their household, are less likely to own their own home, have a smaller household income, and are more likely to experience homelessness than their white, non-Hispanic counterparts. Increasing housing equity is not a single action but an overarching theme in this plan. Affordable housing opportunities cannot be created without also reducing housing-related inequities faced by people of color. Each strategy in this report includes a discussion of how it — and the actions associated with it — will reduce inequity in our community.

Taking Action Locally

The City of Lacey is actively implementing actions that remove barriers and encourage appropriate housing development. Of the actions considered in developing this plan, Lacey has already implemented many actions, including making strategic investments in infrastructure, reducing setback requirements, relaxing ground floor retail requirements, and simplifying requirements for accessory dwelling units. The City adopted an Affordable Housing Strategy into its Comprehensive Plan in 2019 which is also being implemented.

In addition to the work the city has already accomplished, this plan identifies a menu of actions Lacey can take to address housing gaps, needs, and equity:

- Actions that help increase the supply of permanent, income-restricted affordable housing.
- Actions that make it easier for households to access housing and stay housed.
- Actions that help expand the overall housing supply.
- Actions that help increase housing variety.
- Actions that help maintain forward momentum in implementing housing strategies.
- Actions that help establish a permanent source of funding for low-income housing.

The menu of options is intended to provide the city flexibility as implementing the specific actions to address specific housing needs.

Setting a Legislative Agenda

While this plan outlines actions Lacey can take to address housing gaps, needs, and equity, barriers also exist at the state and federal levels. By far, the largest barrier is a lack of funding for low-income and income-restricted housing – whether it is construction, improvement, rehabilitation, or rental subsidies. Other barriers include condominium liabilities for builders, tariffs on construction materials imported to the United States, and the impact of prevailing wage requirements tied to federal funding for small, non-profit housing developers.

Chapter 1.

Introduction

Thurston County is one of the fastest growing counties in Washington State. The pressure to ensure all households have affordable access to housing is also growing and represents a significant challenge for all stakeholders. The challenge to provide sufficient affordable housing is complicated by rising construction costs, insufficient inventory, and a greater need for coordinated responses between jurisdictions.

In 2019, the Washington State Legislature passed HB 1923 encouraging cities planning under the state Growth Management Act to take actions to increase residential building capacity. These actions include developing a housing action plan *“...to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes, including strategies aimed at the for-profit single-family home market”* (RCW 36.70A.600).

In recognition of the cross-jurisdiction need for affordable housing, the Cities of Lacey, Olympia, and Tumwater chose to collaborate with Thurston Regional Planning Council to develop housing action plans. Funding was provided by the Washington State Department of Commerce. The project includes four components:

- A regional housing needs assessment.
- A household income forecast to identify future housing needs.
- A survey of landlords and rental property owners to better understand housing costs.
- A housing action plan – to be adopted by the cities – identifying a menu of options for the cities to implement to encourage development of a housing stock adequate and affordable for current and future residents.

The Housing Action Plan is intended to identify a menu of actions for the City of Lacey to implement. Such actions should encourage development of a housing stock adequate and affordable for current and

future residents of all income levels. This information will be to update the Housing Elements of the Comprehensive Plan and joint plans covering the urban growth areas (in collaboration with Thurston County).

Appendix A provides more detailed information on each action while Appendix B lists all actions considered through the development of this plan. Where appropriate, explanations as to why an action was not included is provided.

Sources of Actions

This plan combines data and action ideas from a range of sources. Key sources include:

- **Washington State Department of Commerce.** Actions identified in Commerce’s “Guidance for Developing a Housing Action Plan (public review draft)” were used as a starting point for the action list.
- **Comprehensive Plans.** Project staff reviewed housing elements in the cities’ comprehensive plans for actions to include.
- **Stakeholder Committee.** A stakeholder committee that included the Housing Authority of Thurston County, other low-income housing providers, real estate professionals, housing developers (low-income and market rate), and representatives of the Thurston Thrives Housing Action Team added to, and reviewed, the action list.
- **Staff from the Cities of Lacey, Olympia, and Tumwater.** City staff provided feedback on actions that have already been completed or are underway, added actions that were local priorities, and removed actions that were outside of the cities’ authority.
- **Other Sources.** Outreach was done to additional stakeholders as needed, including Habitat for Humanity, the Low-Income Housing Institute, Northwest Cooperative Development Center, and the Thurston Housing Land Trust.

Addressing Housing Gaps and Needs

This Housing Action Plan was preceded by a Housing Needs Assessment. The Housing Needs Assessment reviewed data available on the region’s housing needs and the available housing stock to identify gaps. The most pressing needs identified were:



Affordability. Reduce the cost of housing for low-income and cost-burdened households.



Supply. Increase the inventory of housing for all households.



Variety. Increase the variety of housing sizes and types



Seniors. Increase the stock of housing options needed for aging seniors.



Improvements. Maintain the existing housing stock, including improving energy efficiency and air quality.



Stability. Increase household wealth by providing safe, stable options for rental housing and pathways to homeownership.



Supportive Housing. Increase permanent housing options for people with disabilities and those at risk of or experiencing homelessness.

Many actions included in this plan address multiple housing gaps/needs, and each action in this plan identifies which area of need it addresses.

Equity in Housing Affordability

Not all households have access to affordable housing. Across Thurston County, people of color — those identifying as Hispanic or a race other than white alone — have lower incomes, are less likely to own their own home, are more likely to be housing cost-burdened, and are more likely to be homeless (Table 1-1).

Table 1-1. Metrics for equity in housing

Metric	Person of Color	White, Non-Hispanic
Cost Burdened Households	37%	31%
Homeowners	52%	66%
People Experiencing Homelessness	~ 4.4 per 1,000	~2.4 per 1,000
Household with an Income Less than \$50,000	41%	33%

Across the United States — including Thurston County and its communities — policies have led to and reinforce housing inequities faced by people of color:

- **Redlining.** Neighborhoods with a large number of people of color were denied access to financing for home improvement and construction. This made it harder for people of color to build financial equity and stay or move out of poverty. While redlining is now illegal, people of color are still more likely to have mortgage applications denied or pay higher interest rates.
- **Zoning.** Zoning regulations explicitly barred racial and ethnic minorities. While this, too, is illegal, zoning regulations today may implicitly bar people of color by placing restrictions on the sizes and types of housing that are affordable and accessible to disadvantaged populations. Zoning that exclusively allows single-family neighborhoods — an estimated 75 percent of all residential-

zoned land across major U.S. cities — perpetuates this legacy of barring racial and ethnic minorities.

- **Covenants.** Privately enforced housing covenants used to exclude racial and ethnic minorities from predominantly white neighborhoods. Racial covenants became more common after racial zoning ordinances were deemed unconstitutional by the U.S. Supreme Court.

Cities can help reverse the disparities caused by these problems by creating more opportunities for affordable housing. Cities are also responsible for ensuring new policies — not just around housing — do not exacerbate inequities. Resources like the Government Alliance on Race and Equity’s “Racial Equity Toolkit” can help cities incorporate equity considerations in policy making.

How is Equity Addressed in the Plan?

Because creating affordable housing opportunities goes hand-in-hand with reducing housing-related inequities faced by people of color, increasing equity is not a single action but an overarching theme in this plan. Each strategy in this plan includes a discussion of how it — and the actions associated with it — work to reduce inequity in our community.

An action that promotes affordable housing — especially for the most vulnerable in our community — is an action that will promote equity.

Defining Terms Used

The following terms are used in this plan.

Affordable Housing. Housing for which the household pays no more than 30 percent of its gross income for housing costs, including utilities.

Income Restricted Housing. Housing for which the occupancy of the units is restricted to households making 80 percent or less of the area median family income, as defined by the U.S. Department of Housing and Urban Development.

Low-Income Housing. Housing that is affordable for households making 80 percent or less of the area median family income, as defined by the U.S. Department of Housing and Urban Development. Low-income housing can take the form of income-restricted housing units or subsidized housing — whether the unit itself is subsidized or the household receives a housing voucher to subsidize market-rate rent conditions.

Manufactured Home Park. A site under single ownership where ground space is made available for mobile homes, manufactured homes, or a combination of the two. Mobile homes and manufactured homes are both factory-built and considered dwellings for habitation rather than vehicles (such as an

RV). Mobile homes refer to those units factory-constructed prior to June 15, 1976, while manufactured homes are units factory-constructed after that date.

Permanent Supportive Housing. Permanent housing intended specifically for chronically homeless and permanently disabled individuals and families. Supportive services (medical, mental health, enrichment programs, etc.) and case management are available on site or closely coordinated to reduce barriers the inhibit households from accessing such services.

Assumptions

Four primary assumptions guided development of this plan:

Menu of options. This plan is intended as a menu of options for the City of Lacey to consider implementing. Not all actions will be utilized. Actions that can only be taken by other entities are not included in this plan.

Analysis before implementation. The City of Lacey is a unique communities with different priorities, development patterns, and resources than neighboring communities. This plan cannot respond to every issue and need, but it can provide a framework for the community to consider how best to act. Further analysis on an action should be undertaken to determine how well it will respond to the specific need or gap the city attempts to fill.

People experiencing homelessness. This action plan addresses permanent housing solutions. The Thurston County Homeless Crisis Response Plan guides the region's emergency response to homelessness. Although there will be some overlap, this plan is limited to actions that result in or support the creation/preservation of affordable and low-income housing, including permanent supportive housing. Permanent housing is a fundamental part of solving the homelessness crisis our region is experiencing. Despite having a coordinated entry system designed to quickly connect people experiencing homelessness to housing, being responsive to needs is hampered by high housing costs and a lack of housing units.

The City of Lacey also participates in the newly formed Regional Housing Council, created to leverage resources and partnerships to promote equitable access to safe and affordable housing in Thurston County. The Regional Housing Council looks at funding issues for responding to homelessness and housing affordability in the region.

Addressing household income. This plan does not address the income side of the housing equation. Attracting living wage jobs, increasing the minimum wage, and other actions impacting a household's income could help make housing more affordable. Lacey's Economic Development Element of the Comprehensive Plan and associated Economic Development Strategy with assistance from the Thurston Economic Development Council guide the region's response to economic development, which has a

direct impact on household incomes. Although there will be some overlap, this plan is limited to actions that result in or support the creation/preservation of affordable and low-income housing units.

Chapter 2.

Actions Already Implemented

As of January 31, 2021, the following actions have been implemented by the City of Lacey as well as the Cities of Olympia and Tumwater. This list comprises only those actions implemented by all three cities.

- **Adopt design standards that assist new forms of high-density housing and promote infill.**
- **Allow accessory dwelling units in all residential zones.**
- **Simplify requirements for accessory dwelling units (ex: title notification, owner living on site, etc.).**
- **Allow group homes in all residential zones and commercial zones that allow residential uses.** Group homes are a source of housing for people with disabilities, seniors, those undergoing treatment for a variety of medical concerns, children in foster care, etc.
- **Establish a multifamily tax exemption (MFTE).** The Multifamily Tax Exemption (MFTE) Program is intended to encourage the construction of new, rehabilitated, or converted multifamily housing within designated areas. MFTE is limited to multifamily units with four or more units. Eligible projects typically receive an eight-year tax break or twelve years if the property owner/developer commits to renting or selling at least 20 percent of the units to households with an income at or below 115 percent of the median family income during the same period of time. Once the period lapses, the owner/developer is free to rent or sell units at market rate.
- **Make strategic investments in infrastructure expansion to reduce development costs.** Each city makes a concerted effort to invest in infrastructure expansion where it makes the most sense, thereby reducing development costs and spurring needed development in the right locations. Although each community makes such strategic investments, new development constructs the majority of infrastructure, impacting the overall cost of housing in that development.

- **Process short plat applications administratively.** Short platting is the division of land into a limited number of lots. Typically, approving land divisions is a legislative function of the city council. However, state law requires cities to have a short plat process and approve such requests administratively. As of 2020, the Cities of Lacey, Olympia, and Tumwater all allow administrative short plats for land divisions of nine or fewer lots, the state’s current limit for short platting.
- **Recognize modular/manufactured housing as a viable form of housing construction.** Since 2004, state law has recognized the value manufactured housing has on housing affordability. Cities must treat manufactured housing the same as it does traditionally built housing and must also allow mobile and manufactured homes to locate in existing manufactured home parks.
- **Reduce setbacks and increase lot coverage/impervious area standards.**
- **Relax ground floor retail requirements to allow residential units.** In commercial zones, retail uses are often required on the ground floor for mixed-use developments. The Cities of Lacey and Olympia have relaxed their requirements, while the City of Tumwater has never established a requirement for ground floor retail in a mixed-use development.
- **Require minimum residential densities.**
- **With major comprehensive plan updates, confirm land is suitably zoned for development of all housing types.** Cities and counties are required to include housing elements in their comprehensive plans. The Growth Management Act requires housing elements to include information on the types of housing available in the community and to confirm there is enough land available for such uses. As part of these updates, the Cities of Lacey, Olympia, and Tumwater confirm whether the land itself is zoned properly to sufficiently allow the types of units envisioned in the community in the quantities necessary to meet housing needs.

In addition to these actions, the Cities of Lacey, Olympia, and Tumwater are also taking advantage of a local revenue-sharing program established by [HB 1406](#), which allows the cities to receive a portion of the State’s existing sales and use tax to fund affordable housing programs and services. The three cities plan to pool their resources with guidance from the Regional Housing Council.

Chapter 3.

Actions

This chapter identifies six strategies for addressing housing needs in the City of Lacey:

1. Increase the supply of permanent, income-restricted affordable housing.
2. Make it easier for households to access housing and stay housed.
3. Expand the overall housing supply by making it easier to build all types of housing projects.
4. Increase the variety of housing choices.
5. Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.
6. Establish a permanent source of funding for low-income housing.

All of the actions are associated with one of the six strategies, and each action fills one or more of the seven gaps identified in the Housing Needs Assessment:



Affordability. Reduce the cost of housing for low-income and cost-burdened households.



Supply. Increase the inventory of housing for all households.



Variety. Increase the variety of housing sizes and types



Seniors. Increase the stock of housing options needed for aging seniors.



Improvements. Maintain the existing housing stock, including improving energy efficiency and air quality.



Stability. Increase household wealth by providing safe, stable options for rental housing and pathways to homeownership.



Supportive Housing. Increase permanent housing options for people with disabilities and those at risk of or experiencing homelessness.

The table of actions associated with each strategy includes key information to know:

- Gaps or needs addressed by the action (as indicated by the above icons).
- Implementation status for each city, as represented by the following symbols:



The action is pending. The city has begun the work necessary to implement the action, but it is not yet fully implemented.



The action is implemented. The city has completed the work necessary to implement the action.

More detailed information on each action is provided in Appendix A. For a complete list of actions considered as part of the development of this plan, see Appendix B.

Neither the strategies nor the actions associated with them are in priority order. Not all actions will be utilized by the city, and actions that can only be taken by other entities are not included in this plan.

Strategy 1: Increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.

Strategy 1 includes actions that increase the supply of permanently affordable housing for low-income households (those making 80 percent or less of the area median family income) and actions that support the providers of low-income housing.

Why is this strategy important?

Demand for housing is straining the limited supply of affordable options. For households with the lowest incomes – such as those headed by a retail clerk, a home health aide, or a childcare provider – market rate housing is unlikely to be an affordable option. For these households, even home maintenance costs – let alone rent or mortgage payment costs – can be unaffordable.

How do these actions reduce housing costs?

These actions increase the supply of housing where costs are kept permanently affordable to those earning the lowest incomes in our community. The need is great: according to the Housing Needs Assessment, about 20,200 households in Lacey, Olympia, and Tumwater have an income of 80 percent or less of the median family income (Table 3-1). Another 13,800 households in the same category are anticipated over the next 25 years.

Table 3-1. Households making 80 percent or less of the area median income by jurisdiction, 2012-2016 estimate and 2045 projection

Projection

	Households with an Income* of:			TOTAL HOUSEHOLDS
	<= 30% of area median	30% to 50% of area median	50% to 80% of area median	
2012-2016 Estimate				
Lacey	1,800	1,900	3,600	7,200
Olympia	3,300	2,700	3,500	9,500
Tumwater	1,200	900	1,400	3,500
Cities Combined	6,200	5,500	8,500	20,200
2045 Projection				
Lacey	2,200	3,000	5,500	10,700
Olympia	5,200	5,200	6,500	16,900
Tumwater	1,900	1,700	2,800	6,400
Cities Combined	9,300	9,900	14,800	34,000

*Household income as a percent of the area median family income. Excludes people experiencing homelessness and other group quarters populations. Estimates are only for current city limits and do not include unincorporated UGAs.

Source: Thurston Regional Planning Council

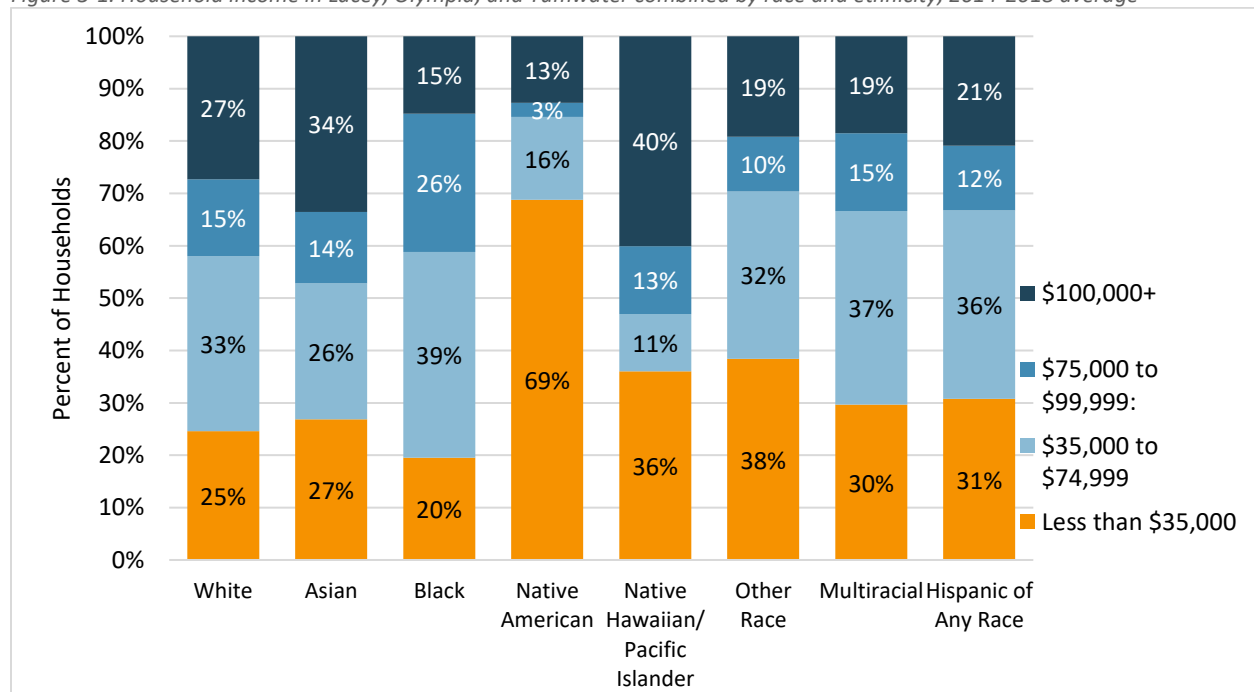
Reducing the cost of renting and owning a home are both part of the solution. For households looking toward homeownership, the up-front costs associated with purchasing a home can put this option out of reach. Low-income households, however, can benefit from the stabilization in housing costs owning a home offers – in general, monthly mortgage payments stay the same over 30 years while monthly rent payments increase.

These actions also address the need for permanent supportive housing. For people moving out of emergency housing situations – such as a homeless shelter – permanent supportive housing provides not only affordable housing but also access to health and social services. These services build stability and decrease the likelihood residents will experience homelessness again.

How do these actions address equity?

The lowest income households in Thurston County are disproportionately headed by people of color (Figure 3-1). The same is true for people experiencing homelessness. Permanently affordable housing for households that make 80 percent or less of the area median income directly benefits both these populations by providing affordable, stable housing options. Housing affordable to households with the lowest incomes can be rental or owner units, both of which help stabilize households. Programs that expand homeownership opportunities can significantly improve a household's wealth; this is especially important to addressing inequities for households of color stemming from historical policies like redlining and exclusionary zoning.

Figure 3-1. Household income in Lacey, Olympia, and Tumwater combined by race and ethnicity, 2014-2018 average



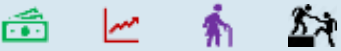
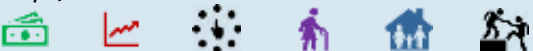
Note: In the figure above, householders who are Latino or Hispanic are only represented in "Hispanic of Any Race."

Source: U.S. Census Bureau American Community Survey.

Table 3-2. Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.

Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.	Implementation Status
1.a. Donate or lease surplus or underutilized jurisdiction-owned land to developers that provide low-income housing. <i>Gaps/Needs Addressed:</i>  	
1.b. Require Planned Residential Developments (PRDs)/Planned Unit Developments (PUDs) for low-density development and include standards for including low-income housing. <i>Gaps/Needs Addressed:</i>     	
1.c. Adopt a “Notice of Intent to Sell” ordinance for multifamily developments. <i>Gaps/Needs Addressed:</i> 	
1.d. Provide funding for the Housing Authority of Thurston County and other non-profit organizations to buy income-restricted units proposed to be converted to market rate housing. <i>Gaps/Needs Addressed:</i>  	
Key Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	
Implementation Status  Action Pending  Action Implemented	

Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.	Implementation Status
1.e. As part of comprehensive plan and development code changes, include an evaluation of the impact such changes will have on housing affordability, especially for low-income households. <i>Gaps/Needs Addressed:</i> 	
1.f. Provide funding for renovating and maintaining existing housing that serves low-income households or residents with disabilities. <i>Gaps/Needs Addressed:</i> 	
1.g. Allow manufactured home parks in multifamily and commercial areas. <i>Gaps/Needs Addressed:</i> 	
1.h. Provide funding for low-income and special needs residents to purchase housing through community land trusts. <i>Gaps/Needs Addressed:</i> 	
1.i. Offer density bonuses for low-income housing. <i>Gaps/Needs Addressed:</i> 	
Key Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	
Implementation Status  Action Pending  Action Implemented	

Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.	Implementation Status
1.j. Define income-restricted housing as a different use from other forms of housing in the zoning code. <i>Gaps/Needs Addressed:</i> 	
1.k. Offer and/or expand fee waivers for low-income housing developments. <i>Gaps/Needs Addressed:</i> 	
1.l. Require low-income housing units as part of new developments. <i>Gaps/Needs Addressed:</i> 	
1.m. Fund development projects that increase low-income housing through grants or loans. <i>Gaps/Needs Addressed:</i> 	
1.n. Establish a program to preserve and maintain healthy and viable manufactured home parks. <i>Gaps/Needs Addressed:</i> 	
1.o. Enhance enforcement of property maintenance codes to keep housing in good repair. <i>Gaps/Needs Addressed:</i> 	
Key	
Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	Implementation Status  Action Pending  Action Implemented

Actions that increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.	Implementation Status
1.p. Partner with low-income housing developers (such as Habitat for Humanity) to expand homeownership opportunities. <i>Gaps/Needs Addressed:</i>  	
Key	
Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	Implementation Status  Action Pending  Action Implemented

Strategy 2: Make it easier for households to access housing and stay housed.

Strategy 2 actions address housing stability by preventing evictions and displacement and creating opportunities to build financial equity through homeownership.

Why is this important?

Housing stability is an important component of housing affordability. When households face housing insecurity due to income or other issues, there can be a fine line between being housed and being homeless. Evictions and foreclosures are both destabilizing and can lead to long-term poverty. These events also make it more likely a household will experience homelessness.

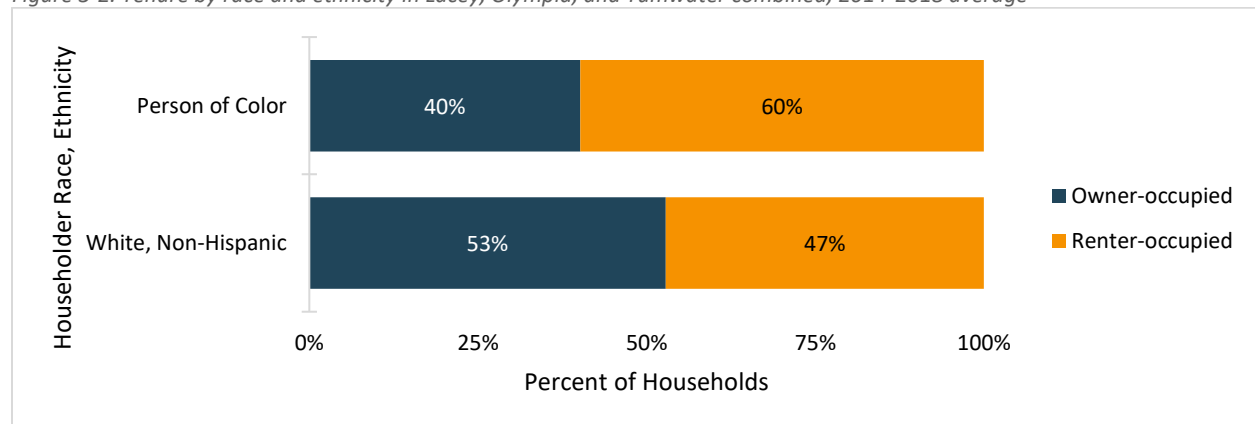
How do these actions reduce housing costs?

Preventing homelessness in the first place is more cost-effective than housing someone already experiencing homelessness. Households that can avoid evictions and foreclosures also avoid likely increases in their monthly housing costs – if they are even able to find a new home to live in. For renters, the cost of finding new housing can also include application fees, deposits, and other charges that create additional financial hurdles.

How do these actions address equity?

People of color are more likely to rent (Figure 3-2) and more likely to have a lower income than their white, non-Hispanic counterparts. This makes them particularly vulnerable to eviction when rent increases exceed their ability to pay. This concern is reflected in the population experiencing homelessness, which is also disproportionately people of color.

Figure 3-2. Tenure by race and ethnicity in Lacey, Olympia, and Tumwater combined, 2014-2018 average



Source: U.S. Census Bureau American Community Survey.

Homeownership is an important way for a household to build financial equity, move people out of poverty, and create generational wealth. Creating these opportunities for people of color – who were historically denied access to mortgages and loans – is particularly important.

Table 3-3. Actions that make it easier for households to access housing and stay housed.

Actions that make it easier for households to access housing and stay housed.	Implementation Status
2.a. Provide displaced tenants with relocation assistance. <i>Gaps/Needs Addressed:</i>  	
2.b. Partner with local trade schools to provide renovation and retrofit services for low-income households as part of on-the-job-training. <i>Gaps/Needs Addressed:</i>    	
2.c. Rezone manufactured home parks to a manufactured home park zone to promote their preservation. <i>Gaps/Needs Addressed:</i>  	
2.d. Adopt a “right to return” policy. <i>Gaps/Needs Addressed:</i>  	
2.e. Adopt short-term rental regulations to minimize impacts on long-term housing availability. <i>Gaps/Needs Addressed:</i>  	
Key	
Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	
Implementation Status  Action Pending  Action Implemented	

Actions that make it easier for households to access housing and stay housed.	Implementation Status
2.f. Establish a down payment assistance program. <i>Gaps/Needs Addressed:</i>  	
2.g. Identify and implement appropriate tenant protections that improve household stability. <i>Gaps/Needs Addressed:</i>   	
Key	
Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	Implementation Status  Action Pending  Action Implemented

Strategy 3: Expand the overall housing supply by making it easier to build all types of housing projects.

Strategy 3 includes actions that streamline the development and construction of market rate housing — both owner and renter-occupied homes.

Why is this important?

Between 2020 and 2045, the population of Lacey, Olympia, and Tumwater and their urban growth areas is projected to increase by over 60,000 people. This growth will require nearly 30,000 new housing units. When demand for housing is high — as it is now — but supply remains low, housing costs increase, reducing affordability. The increase in costs affects both renters and potential buyers.

How do these actions reduce housing costs?

The Housing Needs Assessment showed that we will likely see a growth of households in all income categories, from the lowest earning ones to those earning well above the median income. This will require the construction of housing affordable to a wide range of incomes.

Expanding the housing supply also means people can find housing better suited their needs. For example: high prices for condos and rentals means empty nesters who want to downsize are more likely to stay in their single-family home. A young family looking to buy their first home may continue to rent or pay more than 30 percent of their household income on a mortgage if home sale prices are too high.

How do these actions address equity?

When housing costs rise, those with the lowest incomes — who are disproportionately people of color — are most affected. Rising rents are correlated with increased evictions and homelessness. Rising home prices mean homeownership — a way for disadvantaged households to build equity — becomes more difficult. Increasing costs can also lead to cultural displacement as people move to new neighborhoods that lack the businesses and institutions important to their community. While this process may be voluntary, it can be destabilizing for communities of color. When higher income households — those that can afford to rent or purchase at market rates — find housing that better meets their needs and budgets, more units are freed up that lower income households can afford. Expanding the overall housing stock also slows the rent/housing price increases that disproportionately affect people of color.

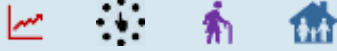
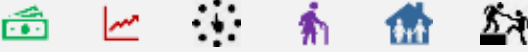
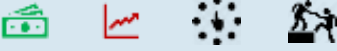
Market rate housing alone will not address the needs of the most disadvantaged populations, and pressure to develop market rate housing in communities of color can cause displacement. Strategy 1 includes actions to increase the supply of housing for the lowest-income households while Strategy 2 includes actions to make it easier for households to access housing and stay housed.

Table 3-4. Actions that expand the overall housing supply by making it easier to build all types of housing projects.

Actions that expand the overall housing supply by making it easier to build all types of housing projects.		Implementation Status
3.a	Offer developers density and/or height incentives for desired unit types. Gaps/Needs Addressed: 	
3.b	Allow third-party review of building permits for development projects. Gaps/Needs Addressed: 	
3.c	Develop a plan for adapting vacant commercial space into housing. Gaps/Needs Addressed: 	
3.d	Expand allowance of residential tenant improvements without triggering land use requirements. Gaps/Needs Addressed: 	
3.e	Reduce parking requirements for residential uses, including for multifamily developments near frequent transit routes. Gaps/Needs Addressed: 	
Key Gaps and Needs  = Affordability = Supply = Variety = Seniors = Improvements = Stability = Supportive Housing Implementation Status  Action Pending Action Implemented		

Actions that expand the overall housing supply by making it easier to build all types of housing projects.	Implementation Status
3.f Identify strategically placed but underdeveloped properties and determine what barriers exist to developing desired housing types. <i>Gaps/Needs Addressed:</i> 	
3.g Increase minimum residential densities. <i>Gaps/Needs Addressed:</i> 	
3.h Reduce minimum lot sizes. <i>Gaps/Needs Addressed:</i> 	
3.i Lower transportation impact fees for multifamily developments near frequent transit service routes. <i>Gaps/Needs Addressed:</i> 	
3.j Expand the multifamily tax exemption to make it available in all transit corridors. <i>Gaps/Needs Addressed:</i> 	
3.k Allow deferral of impact fee payments for desired unit types. <i>Gaps/Needs Addressed:</i> 	

Key		Implementation Status
Gaps and Needs		
 = Affordability	 = Supply	 Action Pending
 = Improvements	 = Stability	 Action Implemented
	 = Variety	
	 = Seniors	
	 = Supportive Housing	

Actions that expand the overall housing supply by making it easier to build all types of housing projects.	Implementation Status
3.l Simplify land use designation maps in the comprehensive plan to help streamline the permitting process. <i>Gaps/Needs Addressed:</i> 	
3.m Integrate or adjust floor area ratio standards. <i>Gaps/Needs Addressed:</i> 	
3.n Maximize use of SEPA threshold exemptions for residential and infill development. <i>Gaps/Needs Addressed:</i> 	
3.o Consult with Washington State Department of Transportation as part of the SEPA review process to reduce appeals based on impacts to the transportation element for residential, multifamily, or mixed-use projects. <i>Gaps/Needs Addressed:</i> 	
Key	
Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	Implementation Status  Action Pending  Action Implemented

Strategy 4: Increase the variety of housing choices.

Strategy 4 actions address ways to increase the variety of housing options, including duplexes, triplexes, accessory dwellings, and other housing forms that are not as common in the Lacey area.

Why is this important?

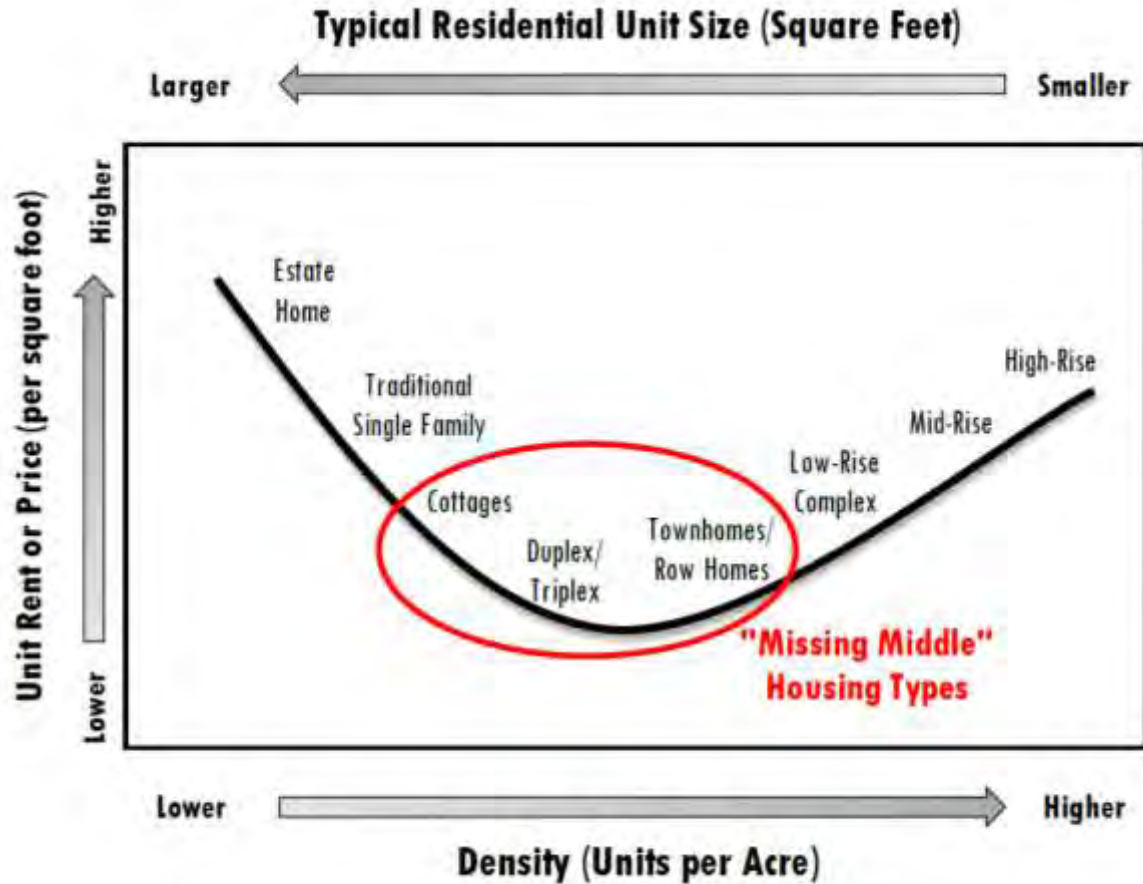
Household sizes in Thurston County have gotten smaller – reaching an average of 2.5 people per household today. There are more single-parent families and householders living alone. As household formation and composition have changed over time, so have housing needs. Increasing the variety of housing types allows more choices for households and creates a dynamic housing market better able to meet the needs of people living in Lacey.

How do these actions reduce housing costs?

“Middle density” housing – a small part of Lacey’s current housing stock – is an important part of an affordable housing strategy. Middle density housing includes small multifamily housing (duplexes and triplexes), attached townhomes, cottage housing, and accessory dwellings. Per-unit costs tend to be lower than single family homes because the homes are smaller, and developers can benefit from economies of scale. Per-unit costs are also less than high-density multifamily because they are stick built (they don’t require structured parking or other concrete and steel structures) and are typically in neighborhoods with existing infrastructure. This leads to lower costs both for homeowners and renters (Figure 3-3).

Diversifying the housing stock also recognizes that households are unique and have a wide range of housing needs. This is particularly true as our population ages. Middle density housing provides seniors a way to downsize while remaining in the neighborhoods they love.

Figure 3-3. Relationship between Housing Types, Price and Rent, Unit Size, and Residential Density



Source: Washington State Department of Commerce, *Housing Memorandum: Issues Affecting Housing Availability and Affordability* (2019), p. 85. <https://deptofcommerce.app.box.com/s/npwem3s3rvcsya15nylbroj18e794yk7>.

How do these actions address equity?

Increasing the variety of housing options provides more affordable housing options for low-income households, who are disproportionately people of color. Middle density housing can be both rental and owner-occupied. Affordable owner-occupied units would be a potential way to build financial equity.

Middle density housing also expands the housing options available in predominantly single-family neighborhoods, leading to a mix of household incomes. This allows low-income households to access some of the resources – such as better school districts or healthier neighborhoods – available to higher-income households.

Table 3-5. Actions that increase the variety of housing choices

Actions that increase the variety of housing choices		Implementation Status
4.a.	Increase the types of housing allowed in low-density residential zones (duplexes, triplexes, etc.). Gaps/Needs Addressed:      	
4.b.	Allow more housing types in commercial zones. Gaps/Needs Addressed:  	
4.c.	Adopt a form-based code for mixed-use zones to allow more housing types and protect the integrity of existing residential neighborhoods. Gaps/Needs Addressed:   	
4.d.	Allow single-room occupancy (SRO) housing in all multifamily zones. Gaps/Needs Addressed:  	
4.e.	Strategically allow live/work units in nonresidential zones. Gaps/Needs Addressed:   	
Key Gaps and Needs  = Affordability  = Supply  = Improvements  = Stability  = Variety  = Seniors  = Supportive Housing Implementation Status  Action Pending  Action Implemented		

Strategy 5: Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.

Strategy 5 actions recognize the need for the City of Lacey to engage with the community and establish strong partnerships with affordable housing providers to address housing affordability.

Why is this important?

While the City of Lacey does not build or manage low-income housing, the policies the City enacts can affect how much housing can be built and at what cost.

How do these actions reduce housing costs?

By establishing partnerships and collaborations with organizations who serve low-income households, the cities can ensure that they are directing their resources and enacting policies that best serve low-income households.

For some, changes brought on by growth and new development in their established neighborhoods can be threatening. As a result, residents may support more affordable housing while at the same time seek to prevent actions needed to increase affordable options. By engaging with the community, the cities can also build a shared understanding of the challenges faced by low-income households and develop informed consent around the strategies needed to increase housing affordability.

How do these actions address equity?

Building public understanding around the challenges faced by low-income households includes recognizing the historical reasons why they are disproportionately people of color.

The people who typically engage in public review processes – especially land use processes – are often white and of higher income. Developing relationships with people of color as well as organizations that work with or represent communities of color and disadvantaged groups can help the Cities of Lacey, Olympia, and Tumwater better:

- Identify who benefits or is burdened by an action.
- Examine potential unintended consequences of taking an action.
- Mitigate unintended negative consequences of taking an action.
- Build in strategies to advance racial equity.

Proactive efforts to ensure engagement in decision-making processes are broadly inclusive and grounded in achieving equity are necessary. With broader input representative of the whole community, decisions are better balanced and actions the cities take can be more successfully implemented in an equitable fashion.

Inviting and bringing in people of all walks of life into the community conversation provides the most direct way to get feedback. Collaborating with community leaders and trusted representatives among disadvantaged populations can help make this happen and ensure government action does not increase inequities faced by people of color.

Table 3-6. Actions that improve implementation of housing strategies through collaboration, public understanding, and continually building on resources

Actions that improve implementation of housing strategies through collaboration, public understanding, and continually building on resources		Implementation Status
5.a	Conduct education and outreach around city programs that support affordable housing. <i>Gaps/Needs Addressed:</i>   	
5.b.	Fund Housing Navigators to assist households, renters, homeowners, and landlords with housing issues. <i>Gaps/Needs Addressed:</i>   	
5.c.	Identify and develop partnerships with organizations that provide or support low-income, workforce, and senior housing as well as other populations with unique housing needs. <i>Gaps/Needs Addressed:</i>       	
5.d.	Establish a rental registration program to improve access to data and share information with landlords.	
Key		
Gaps and Needs  = Affordability  = Supply  = Improvements  = Stability		Implementation Status  Action Pending  Action Implemented
 = Variety  = Seniors  = Supportive Housing		

Strategy 6: Establish a permanent source of funding for low-income housing.

Strategy 6 actions address the need to increase funding for low-income housing and to provide a regional strategy for distributing funds.

Why is this important?

While the private sector will build most of the housing needed to meet demand in the Lacey, Olympia, and Tumwater area, a significant portion of households earn less than 80 percent of the median area income. Paying market rate rents or mortgages may not be affordable for them (Table 3-7).

Table 3-7. Maximum affordable housing costs at various income levels, 2020

HUD Income Limit* for a:	Yearly Income	Hourly Wage (Full Time)**	Maximum Monthly Affordable Rent or Mortgage Payment
2-Person Family			
Extremely Low Income (30%)	\$20,800	\$10.00	\$500
Very Low Income (50%)	\$34,700	\$16.70	\$900
Low Income (80%)	\$55,500	\$26.70	\$1,400
4-Person Family			
Extremely Low Income (30%)	\$26,200	\$12.60	\$700
Very Low Income (50%)	\$43,350	\$20.80	\$1,100
Low Income (80%)	\$69,350	\$33.30	\$1,700

*For 2020, Housing and Economic Development (HUD) income limits are based on a median family income of \$86,700 for Thurston County.

**Assumes one household member works full time at 40 hours per week.

Source: Thurston Regional Planning Council.

Whether developer is a nonprofit or a for-profit organization, there are real costs to consider in making a development project feasible. Table 3-8 provides an example of the monthly costs associated with developing a 100-unit apartment complex. This example is intended to give readers an idea of the costs associated with multifamily development; actual numbers for a real project will vary based on a variety of factors.

In this example, each apartment unit costs \$250,000 to develop, a total that includes acquiring land, engineering and architectural fees, environmental review, appraisals, city fees, construction costs, etc. Most developers do not have the cash to develop a project without financing. Some may not have funds for even a down payment to qualify for a development loan. Developers must also consider the ongoing costs once the development is up and running – such as costs for managing the property, taxes and insurance, and reserving funds for basic and more extensive repairs. In this example, monthly costs per unit would need to be \$1,695 just to cover the financing and ongoing operating costs; this does not take into account any profit – only the cost to break even on the project and ensure the developer does not lose any money.

Table 3-8. Example of costs associated with developing an apartment complex

	Per Unit Cost – Not Grant Funded	Per Unit Cost – 25% Grant Funded	Per Unit Cost – 100% Grant Funded
Total Cost of Development <i>Covers the total cost of development including land acquisition, engineering and architectural fees, environmental reports, appraisals, city fees, construction, etc.</i>	\$250,000	\$250,000	\$250,000
Monthly Cost for Down Payment Financing <i>approximately 25% of overall development cost. Assumes 5.8% return on investment.</i>	\$300	\$0	\$0
Monthly Cost for Loan Payment <i>approximately 75% of overall development cost. Assumes 4% interest rate.</i>	\$895	\$895	\$0
Monthly Cost for Ongoing Operating Costs and Reserves* <i>Covers property taxes and insurance; utilities; landscaping and general maintenance; basic repairs; property management; and maintenance reserves for painting, new roofs, appliance replacements, etc.</i>	\$500	\$500	\$500
TOTAL Cost per month over 30-year loan term	\$1,695	\$1,395	\$500

*Per the Housing Authority of Thurston County, \$500 per unit is likely a modest amount for well-maintained properties.

Note: This example is intended to give readers an idea of the costs associated with development; actual numbers for a real project will vary.

Source: Housing Authority of Thurston County.

If a non-profit developer has the down payment covered through grant funding (about 25 percent of the total project cost), the cost per unit can be reduced to \$1,395 per month. If the non-profit developer is able to obtain grant funding for the total cost of development, the developer would still need about \$500 per unit per month to cover maintenance and operation costs. For households with extremely low incomes - making less than \$21,000 per year – this may still be a hard ask.

How do these actions reduce housing costs?

Providing affordable housing for the lowest income households and those experiencing homelessness requires significant resources. Right now, those resources are scarce, leaving many households unable to afford a decent and affordable place to live. Many of the actions identified in this plan will not be possible without more funding. The City of Lacey can play a significant role in leveraging local, state, and federal dollars for low-income housing. The City also recognizes the need to collaborate regionally on a funding strategy so that funds are used efficiently and distributed to the areas of greatest need. With

more funding, housing units become more affordable for households when costs for developing and maintaining units are reduced.

While the City has some capacity to increase funding, Chapter 4 recognizes the need for action at the state and federal level to increase funding for affordable housing.

How do these actions address equity?

People of color are disproportionately low-income, at risk of experiencing homelessness, or homeless. However, many of the actions in this plan to address these issues will be impossible to implement without additional funding.

Table 3-9. Actions that establish a permanent source of funding for low-income housing

Actions that establish a permanent source of funding for low-income housing		Implementation Status
6.a.	Develop a comprehensive funding strategy for affordable housing that addresses both sources of funding and how the funds should be spent. Gaps/Needs Addressed: 	
6.b.	Establish an affordable housing property tax levy to finance affordable housing for very low-income households. Gaps/Needs Addressed: 	
6.c.	Establish an affordable housing sales tax. Gaps/Needs Addressed: 	
6.d.	Establish a regional housing trust fund to provide dedicated funding for low-income housing. Gaps/Needs Addressed: 	
Key		
Gaps and Needs  = Affordability = Supply = Variety = Seniors = Improvements = Stability = Supportive Housing		Implementation Status  Action Pending Action Implemented

Actions that establish a permanent source of funding for low-income housing	Implementation Status
6.e. Capture the value of city investments (utilities, roads, etc.) that increase private investments in neighborhoods, especially in areas with planned or existing transit. <i>Gaps/Needs Addressed:</i>  	
Key	
Gaps and Needs  = Affordability  = Supply  = Variety  = Seniors  = Improvements  = Stability  = Supportive Housing	Implementation Status  Action Pending  Action Implemented

Chapter 4.

Legislative Needs

The Housing Action Plan identified a number of barriers to affordable housing that need to be addressed at the state or federal level. Cities the size of Lacey, Olympia, and Tumwater are not the best suited to leverage sufficient funding to meet the needs identified in this plan. They need state and federal government relief to fill the gap. Loss of funding at either the state or federal level can have severe impacts at the local level. A joint legislative agenda developed by the Cities of Lacey, Olympia, and Tumwater will be necessary to address these issues.

Many of the actions in this plan require funding — especially actions to create affordable housing for the lowest income households and people moving out of emergency and temporary housing situations. Therefore, an important part of this legislative agenda is the need for funding for the construction and maintenance of low-income housing and permanent supportive housing.

State Legislative Agenda

- Increase funding for low-income housing construction.
- Increase funding for permanent supportive housing for those recently experiencing homelessness and moving out of emergency/transitional housing.
- Increase funding for renovating low-income housing to address accessibility upgrades, energy efficiency retrofits, and indoor health (e.g. lead and mold).
- Reform Washington’s condo liability laws.
- Amend the Manufactured/Mobile Home Landlord-Tenant Act — such as in [HB2610](#) — to provide protections for tenants in the event of a sale.

- Allow tax increment financing.
- Require a portion of the Washington State Housing Trust Fund to be used for affordable homeownership projects.
- Update the multifamily tax exemption program to include projects that support homeownership opportunities.

Federal Legislative Agenda

- Reduce tariffs that raise housing construction costs, making it more expensive to build housing. Example: the cost of softwoods (heavily used in construction) from Canada are up by about 25 percent.
- Increase federal Housing and Urban Development (HUD) funding for affordable housing, including housing vouchers and funding for the Community Development Block Grant (CDBG) program, the Self-Help Homeownership Opportunity Program (SHOP), and the Home Investment Partnerships Program (HOME).
- Examine the effect of Davis-Bacon Act prevailing wage requirements on small, non-profit housing developers.
- Increase funding for down payment assistance. This could include providing tax credits for first-time home buyers with low-income, targeted down payment assistance for disadvantaged populations and communities of color, and increased funding for homeownership savings programs like Assets for Independence and the Family Self-Sufficiency initiative.
- Support the Neighborhood Homes Improvement Act tax credit, which would make it economically feasible to rehabilitate distressed homes for homeownership and expand affordable homeownership opportunities for local residents.

Appendix A.

Action Details

This appendix includes a fuller description of what each action included in this plan entails. Where appropriate, the appendix includes applicable information on what the Cities of Lacey, Olympia, and Tumwater can or have done as well as resources with more information. The actions are grouped into their strategy categories:

1. Increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.
2. Make it easier for households to access housing and stay housed.
3. Expand the overall housing supply by making it easier to build all types of housing projects.
4. Increase the variety of housing choices.
5. Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.
6. Establish a permanent source of funding for low-income housing.

Strategy 1: Increase the supply of permanently affordable housing for households that make 80 percent or less of the area median income.

1.a. Donate or lease surplus or underutilized jurisdiction-owned land to developers that provide low-income housing.

In areas with high land costs, acquiring suitable land can add significant expense to an affordable housing project. Public lands can be donated or leased to affordable housing developers, thereby reducing the cost of development. In this case, affordable housing means housing for households with incomes 80 percent or less of the area median income.

When a jurisdiction does not own land appropriate for housing development, purchasing such land may be an appropriate measure. The land can then be donated or leased to developers that provide low-income housing.

For more information on donating public lands, see [RCW 39.33.015](#).

1.b. Require Planned Residential Developments (PRDs)/Planned Unit Developments (PUDs) for low-density development and include standards for including low-income housing.

Planned Residential Developments (PRDs) and Planned Unit Developments (PUDs) are intended to provide a developer flexibility when designing very large subdivisions. Generally, flexibility is provided in terms of lot size and housing types. Requiring low-income housing as part of low-density PUDs/PRD can introduce a greater variety of housing of low-density housing types (duplexes, small apartment buildings, cottage housing, etc.) into a new neighborhood and ensure the neighborhood is affordable for a wider range of households. This may also encourage the private sector to partner with non-profits such as Habitat for Humanity to develop detached single-family homes for low-income households.

Low-density developments are more likely to consist only of detached single-family homes. Requiring PRDs/PUDs for low-density development can encourage more housing types in such developments. Requiring low-income housing in PRD/PUD proposals is a type of inclusionary zoning (income-restricted affordable housing must be included as part of new developments).

1.c. Adopt a “Notice of Intent to Sell” ordinance for multifamily developments.

Requiring notice to the city, housing officials, and tenants when the owner of a multifamily development intends to sell gives the city the opportunity to preserve low-income units for the same purpose and tenants ample additional time to prepare for a potential move. Not every multifamily development is appropriate for purchase to preserve affordability, but the notice allows jurisdiction staff the time to consider it. Cities may consider developing a list of criteria to determine the types of multifamily developments they want to preserve, including units currently required to be dedicated for low-income households but which may be converted to market-rate units in the future.

Resources

- National Housing Preservation Database. Provides information on developments that have received housing subsidies. As of December 2020, more than 3,000 multifamily units (two or more units in a building) in Thurston County have active subsidies.

1.d. Provide funding for the Housing Authority of Thurston County and other non-profit organizations to buy income-restricted units proposed to be converted to market rate housing. Income-restricted housing units developed or rehabilitated with federal money may in the future be converted to market-rate units. Partnering with HATC and other nonprofit organizations to purchase such units can help preserve housing options for low-income households.

1.e. As part of comprehensive plan and development code changes, include an evaluation of the impact such changes will have on housing affordability, especially for low-income households. Changes to comprehensive plans and development codes should include an evaluation of how they would affect the amount of housing, the types of housing allowed, and the cost to permit, construct, and renovate housing. Evaluating the potential for displacement when affordable units are likely to be lost to redevelopment (such as a mobile home park that is redeveloped) is also appropriate. Particular attention should be given to areas of need identified in the Housing Needs Assessment, including low-income and permanent supportive housing, housing for seniors, and improving and retrofitting existing low-income housing.

1.f. Provide funding for renovating and maintaining existing housing that serves low-income households or residents with disabilities.

Low-income households and landlords that serve such households may not be able to afford costs for improving housing units that require renovation or rehabilitation. Need-based assistance to make home repairs, weatherization improvements, energy efficiency upgrades, and safety upgrades can ensure existing housing affordable to low-income households remains healthy for inhabitants, affordable, and in good repair. Assistance may be in the form of loans, tax reductions, or grants for landlords, homeowners, and tenants.

See also Action 2.b.

1.g. Allow manufactured home parks in multifamily and commercial areas.

Manufactured home parks serve as one of the most affordable housing options for households in the region. If a city has not adopted a dedicated zone for manufactured home parks, it should consider allowing such developments in commercial areas and all multifamily zones.

See also Actions 1.n and 2.c.

This strategy could make it easier to enhance enforcement of property maintenance codes (see Action 1.o.).

1.h. Provide funding for low-income and special needs residents to purchase housing through community land trusts.

Community land trusts provide permanently affordable housing opportunities by holding land on behalf of a place-based community. A non-profit organization, housing land trusts help make homeownership both possible and affordable for low-income households. Locally, the Thurston Housing Land Trust serves all of Thurston County.

1.i. Offer density bonuses for low-income housing.

Density bonuses allow developers to build more housing units than typically allowed if a certain percentage of units are low-income or income restricted. This policy is best implemented in coordination with low-income housing providers. Density bonuses are viable in areas where there is market demand for higher-density housing but do not pencil out where the demand is weak.

1.j. Define income-restricted housing as a different use from other forms of housing in the zoning code.

Defining income-restricted housing as a specific use allows cities to explicitly identify income-restricted housing as a permitted use in residential zones. It also allows cities to establish development regulations specific to low-income housing to streamline its design and permitting, making it a more attractive type of development for developers.

1.k. Offer and/or expand fee waivers for low-income housing developments.

Impact fees, utility connection fees, project review fees, and other fees increase the cost of housing construction. Reducing or waiving fees for low-income housing developments reduces their development costs and acknowledges that providing low-income housing has a positive impact on a community by:

- Ensuring vulnerable households can afford a home.
- Preventing individuals and families from becoming homeless.
- Reducing the cost of providing social services for households in crisis.

The costs for such offsets must be made up elsewhere. According to the Washington State Department of Commerce, reducing or waiving impact fees are most effective when paired with other housing affordability incentives.

See also Action 3.k.

For more information on fee waivers for low-income housing, see:

- [RCW 82.02.060](#) for exempting impact fees for low-income housing.
- [RCW 35.92.380](#) and [RCW 35.92.020](#) for waiving utility connection and other utility fees for low-income persons.
- [RCW 36.70A.540](#) for waiving or exempting fees for affordable housing.

1.l. Require low-income housing units as part of new developments.

Future Thurston County households will have a range of incomes, and a portion of residential development will need to be affordable to low-income households. Requiring low-income housing units – whether for rent or ownership – ensures such units will be built as part of development. Consideration should be given to the number of low-income units required, how they are integrated with market-rate units, and whether thresholds should be enacted that exempt smaller developments from this requirement. This policy is best implemented in coordination with low-income housing providers.

1.m. Fund development projects that increase low-income housing through grants or loans.

Cities can provide funding directly to low-income and permanent supportive housing providers through grants or loans. This recognizes the need for public funding to build low-income housing beyond what market-driven incentives can provide. This action can be best implemented for projects located close to transit and with good access to organizations and agencies that serve low-income households.

1.n. Establish a program to preserve and maintain healthy and viable manufactured home parks.

Manufactured home parks can be prime locations for higher density redevelopment in communities with strong demand for new housing. However, they also serve as one of the most affordable housing options for households in the region. A program that seeks to preserve and maintain healthy and viable manufactured home parks may consider ways to assist:

- Unit owners to purchase the park outright.
- Unit owners to maintain and repair individual manufactured homes.
- Unit owners with funding to replace units that would be better replaced than repaired.
- Unit owners with funding for relocation when a park cannot be preserved.
- Park owners with making service and utility upgrades.
- Park owners with converting from septic to sewer service.

See also Actions 1.g and 2.c.

1.o. Enhance enforcement of property maintenance codes to keep housing in good repair.

Property maintenance codes are intended to ensure the health, safety, and welfare of the public is adequately protected. Improved enforcement can help ensure pest infestations, lack of sanitary conditions, presence of mold, and structural issues are addressed in a timely fashion, thereby protecting homeowners, tenants, and the public at large. Enforcing adopted property maintenance codes is difficult due to the time, staffing, and funding needed to identify and address issues as they arise.

This strategy could have a negative impact on low-income households if resources are not also made available to such households (or their landlords) to make required repairs (see Action 1.f).

1.p. Partner with low-income housing developers (such as Habitat for Humanity) to expand homeownership opportunities.

Affordable homeownership opportunities allow low-income households to build wealth. Local jurisdictions can go beyond their own capabilities to encourage affordable homeownership opportunities by partnering with local housing groups and non-profit developers. This may include providing funding, gifting publicly owned property, supporting grant applications, providing assistance to property owners, and other programs that increase affordable homeownership opportunities. See also Action 1.a.

Strategy 2: Make it easier for households to access housing and stay housed.

2.a. Provide displaced tenants with relocation assistance.

Displacement can happen for a variety of reasons through no fault of the tenant. As redevelopment becomes a more attractive option than keeping a development as is, households – especially low-income households – can be displaced. Moving costs money, and low-income households may not have the funds available for making a required move. State law authorizes local governments to adopt an ordinance requiring developers to provide displaced tenants with relocation assistance to households that have an income of 50 percent or less of the area median income. Cities and counties can also dedicate public funds or use a combination of public and private funds for relocation assistance. When public action results in tenant displacement, relocation assistance is required.

For more information on relocation assistance, see RCW 59.18.440 (developer action) and RCW 8.26 (public action).

2.b. Partner with local trade schools to provide renovation and retrofit services for low-income households as part of on-the-job-training.

According to a 2019 housing memorandum prepared by PNW Economics, LLC and LDC, Inc. for the Washington State Department of Commerce, the majority of general contracting firms struggle to find skilled tradespeople (Issues Affecting Housing Availability and Affordability, p. 71.) Trade schools, apprenticeship programs, and other professionals that provide repair, retrofit, and renovation services to homeowners can scale up training with the help of homeowners who are in need of services at reduced rates.

This action may require additional assistance to the household to accomplish (Action 1.f).

2.c. Rezone manufactured home parks to a manufactured home park zone to promote their preservation.

Manufactured home parks provide some of the most affordable, non-subsidized forms of housing in Thurston County. Occupants of manufactured and mobile homes who own their unit lease the land under the unit. As property values rise, pressure to redevelop manufactured home parks increases, putting unit owners at risk of having to move (which can be costly) and being unable to find a new place to establish their home. Rezoning such developments to a manufactured home park zone can limit the types of development allowed in the zone and result in a more thorough public review process if rezoning is proposed.

See also Actions 1.g and 1.n.

2.d. Adopt a “right to return” policy.

A “right to return” policy prioritizes down payment assistance for first-time home buyers that have been displaced due to direct government action. Establishing a right to return policy should only occur if the city has also established a down payment assistance program (see Action 2.f.).

2.e. Adopt short-term rental regulations to minimize impacts on long-term housing availability.

When a property owner rents out an entire living unit on a short-term basis (generally a period of time less than 30 days), that housing unit cannot be used for the community's long-term housing needs. Regulating short-term rentals can reduce negative impacts to the housing market as well as the neighborhood where the short-term unit is located. While this action is most effective in communities that attract a robust tourism base, establishing regulations/registration for this use ensures the city can track the impact short-term rentals have on long-term rentals.

2.f. Establish a down payment assistance program.

Washington State has a number of programs that provide down payment assistance to first time and low-income home buyers. Establishing a down payment assistance program at the local level can assist more households in the Thurston County community towards the goal of homeownership. Down payment assistance typically takes the form of a low- or no-interest loan to the home buyer, which can be paid back as part of the mortgage or at the time the mortgage is paid off, the home is sold/transferred to a new owner, or the property is refinanced.

For more information on state down payment assistance programs, see the Washington State Housing Finance Commission.

2.g. Identify and implement appropriate tenant protections that improve household stability.

Tenant protections help avoid or slow the process of displacement for households by preserving housing units, a household's tenancy, or access to information and assistance. Examples of tenant protections include but are not limited to:

- Adopting a just cause eviction ordinance that requires landlords to provide tenants with a legally justifiable reason for the eviction.
- Adopting a preservation ordinance, requiring developers to replace affordable housing units demolished as part of redevelopment.
- Adopting an eviction mitigation ordinance to find ways to mutually end a rental agreement rather than evicting tenants.
- Adopting an opportunity to purchase policy that better involves tenants in the decision-making process when a dwelling unit is to be sold.
- Developing a program to incentivize landlords to accept tenants with poor credit or criminal history.
- Improving enforcement of landlord/tenant laws.
- Increasing a tenant's access to legal assistance for landlord/tenant issues.
- Limiting or regulating fees associated with rental housing applications.
- Requiring landlords to establish payment plans for tenants that get behind on rent.

Each tenant protection has positive and negative aspects that should be reviewed and considered before implementing, and both tenants and landlords should be involved in the review process. For

more information on protections offered by the Residential Landlord Tenant Act, see [Chapter 59.18 RCW](#).

Strategy 3: Expand the overall housing supply by making it easier to build all types of housing projects.

3.a. Offer developers density and/or height incentives for desired unit types.

Increasing height limits or the number of dwelling units per acre can provide an incentive for developers to include desired unit types. Desired unit types depend on the neighborhood or policy context and could include defining the type of building (courtyard apartment or manufactured home, for example), the need for income-restricted units, units of a certain size, or units containing a certain number of bedrooms.

3.b. Allow third-party review of building permits for development projects.

While retaining control of issuing building permits, a city may find third-party reviews helpful for maintaining good customer service and ensuring reviews are timely as demand for reviews increase or the permit counter is short-staffed. Third-party reviews may also be employed if expedited review policies are established.

As of January 2021, the Cities of Lacey, Olympia, and Tumwater have each indicated building permit review times are generally within acceptable time frames for review.

3.c. Develop a plan for adapting vacant commercial space into housing.

New technology – and the current COVID-19 pandemic – are changing how people work and shop. The increase in telework decreases the need for office space. More online shopping increases the need for warehouses but decreases the need for brick-and-mortar retail space.

Planning for converting vacant commercial office and retail space with low market value into residential use can meet the needs of property owners losing rents and households needing housing. A streamlined permitting process can help transition vacant commercial space into needed residential units.

3.d. Expand allowance of residential tenant improvements without triggering land use requirements.

For improvement projects that add housing but have minimal neighborhood impacts – such as accessory dwelling units (ADUs) or conversions from single-family to a duplex or triplex, – waiving building, engineering, and land use requirements can reduce the cost to the property owner or developer. Before implementing, cities should consider the impact of waiving requirements for parking, frontage improvements, landscaping improvements, etc. as waving some standards may not be appropriate given the context of the neighborhood.

3.e. Reduce parking requirements for residential uses, including for multifamily developments near frequent transit routes.

Because parking can be expensive to install or take up valuable site area, reducing parking associated with new development or redevelopment can lower overall development costs. Reducing parking requirements can result in increased density and be an appropriate trade-off when the development is near transit routes that receive frequent service. Additionally, fewer residents are likely to own vehicles in areas within walking distance of frequent bus service or neighborhood centers.

3.f. Identify strategically placed but underdeveloped properties and determine what barriers exist to developing desired housing types.

It is not always clear why a property especially suitable for residential development is underutilized. Identifying existing barriers can lead to a better understanding of how existing codes, infrastructure, and market conditions affect the viability of development projects that contain desired unit types. Desired unit types depend on the neighborhood or policy context and could include defining the type of building (four-story building or courtyard apartments, for example), the need for income-restricted units, units of a certain size, or units containing a certain number of bedrooms. Identifying barriers may lead to the city making investments in roads or utilities and present an opportunity to capture the value of city investments that spur private development (see Action 6.e). Barrier identification may also lead to changes to improve/streamline city codes, policies, and processes.

3.g. Increase minimum residential densities.

Increasing minimum residential densities allows more dwelling units to be built per acre of land, can reduce the cost of each housing unit, increases the likelihood of public transit ridership, improves a neighborhood's walkability, and reduces the per housing unit cost of providing urban services (water, sewer, garbage, etc.).

3.h. Reduce minimum lot sizes.

Like increasing minimum residential densities, reducing minimum lot sizes allows more dwelling units to be built per acre of land, can reduce the cost of each housing unit, increases the likelihood of public transit ridership, improves a neighborhood's walkability, and reduces the per housing unit cost of providing urban services (water, sewer, garbage, etc.). For low-density developments like single-family neighborhoods, it also allows for smaller and low-maintenance yards.

3.i. Lower transportation impact fees for multifamily developments near frequent transit service routes.

Transportation impact fees are one-time charges assessed by a local government against a new development project to help pay for establishing new or improving existing public streets and roads. The streets and roads must be included in a community's Comprehensive Plan. The fee must directly address the increased demand on that road created by the development. For multifamily developments near

frequent transit service routes, the idea is that many residents and visitors are able to utilize the public transit system, thereby reducing the impact of the development on public streets and roads.

January 2021 Transportation Impact Fees (rounded to the nearest dollar)

- **Lacey:** \$610-\$3,989 per dwelling unit. Varies according to unit type with detached single-family dwellings having the highest fees.
- **Olympia:** \$728-\$3,219 per dwelling unit. Varies according to unit type with detached single-family dwellings having the highest fees.
- **Tumwater:** \$497-\$3,919 per dwelling unit. Varies according to unit type with detached single-family dwellings having the highest fees. Assisted living facilities have a fee of \$439 per bed.

3.j. Expand the multifamily tax exemption to make it available in all transit corridors.

The Cities of Lacey, Olympia, and Tumwater have each established a multifamily tax exemption (MFTE) program but utilize the program for specific areas of their respective communities where they desire a more urban residential or mixed-use pattern of development. The target areas as of January 2021 are:

- **Lacey:** Applies to the Woodland District.
- **Olympia:** Generally applies to downtown Olympia and portions of Harrison Avenue and State/Fourth Avenues.
- **Tumwater:** Generally applies to the Brewery District, Capitol Boulevard Corridor, Tumwater Town Center, and the Littlerock Road Subarea.

Opening the program to transit corridors can lead to more units being constructed in areas with low transportation costs and more units – at least for a time – affordable to low-income households.

3.k. Allow deferral of impact fee payments for desired unit types.

New development impacts existing municipal and community investments, and impact fees are a way to ensure new development pays their fair share. Impact fees may be delayed, but they must be paid before the impact is realized. Delaying payment of such fees allows a developer building desired unit types to spread the costs of a development over a longer period of time. State law already requires the Cities of Lacey, Olympia, and Tumwater to establish a system for deferring impact fee payments for small, single-family residential developments. This action would expand the deferral program to developments with desired unit types.

Desired unit types depend on the neighborhood or policy context and could include defining the type of building (courtyard apartment or manufactured home, for example), the need for income-restricted units, units of a certain size, or units containing a certain number of bedrooms.

See also Action 1.k.

3.l. Simplify land use designation maps in the comprehensive plan to help streamline the permitting process.

Development must be consistent with a community's comprehensive plan; broad land use categories in the comprehensive plan provide the vision while more precise land use zones provide the implementation framework. Land use designations that are too specific in a comprehensive plan may require a developer to apply for a comprehensive plan amendment in addition to a zone change. Because comprehensive plan amendments are typically considered only once a year, this can slow the permitting process down substantially.

- **Lacey:** 33 land use designations in the Comprehensive Plan implemented by 33 land use zones.
- **Olympia:** 15 future land use designations in the Comprehensive Plan implemented by 33 land use zones.
- **Tumwater:** 19 future land use designations in the Comprehensive Plan implemented by 19 land use zones.

3.m. Integrate or adjust floor area ratio standards.

Floor area ratio (FAR) is the ratio of a building's total floor area to the size of the property it sits on. Using FAR in place of density limits provides flexibility for developers to utilize more units and unit types. FAR can be used in place of density limits and when larger buildings are desired but using both standards (FAR and density limits) can result in limiting the number of units developed as well as the size of buildings constructed. FAR standards can also be paired with design guidelines to ensure the building form is consistent with existing or desired development.

3.n. Maximize use of SEPA threshold exemptions for residential and infill development.

The State Environmental Policy Act (SEPA) review process is intended to ensure government actions have fully taken into consideration the environment before a decision is made. Actions that will likely result in an adverse impact on the environment must go through a more rigorous review (an environmental impact statement or EIS). Some projects are exempt from the SEPA review process because their impact on the environment is generally considered to be minimal and not adverse, but developments must still meet environmental standards. Single-family and multifamily developments with four or fewer units are automatically exempt from review under SEPA, and state law allows cities to adopt more flexible exemptions. The Cities of Lacey, Olympia, and Tumwater may exempt single-family developments with up to 30 units and multifamily developments with up to 60 units from SEPA review.

Table A-1. Adopted SEPA Exemptions as of January 2021

Exemptions	Development Type	
	Single-Family	Multifamily
Allowed per SEPA	30 units	60 units
Lacey	4 units	60 units
Olympia	9 units	No exemption
Tumwater	9 units	60 units

Infill Exemptions

In order to accommodate infill development, the Cities of Lacey, Olympia, and Tumwater may adopt SEPA exemptions for infill development to help fill in urban growth areas.

To qualify for the infill exemption:

- An EIS must already be issued for the comprehensive plan or the city must prepare an EIS that considers the proposal's use or density/intensity in the exempted area.
- The density of the area to be infilled must be roughly equal to or lower than what the adopted comprehensive plan calls for.
- The development must be residential, mixed-use, or non-retail commercial development. Commercial development that exceeds 65,000 square feet does not qualify for the exemption.
- Impacts to the environment from the proposed development must be adequately addressed by existing regulations.

If a city takes action to adopt an infill exemption before April 1, 2023, the city's action cannot be appealed through SEPA or the courts.

Planned Actions

Up front review and analysis of impacts to the environment can help streamline the process for developments. Individual developments projects associated with an adopted plan (subarea plan or master planned development, for example) can be exempted from further SEPA review when a threshold determination or EIS has been issued for the adopted plan. The threshold determination or EIS for the adopted plan must detail the project-level impacts of the proposed development, thereby forgoing the need for review when the specific project applies for permitting.

For more information, see:

- RCW 43.21C.229 (infill exemptions).
- RCW 43.21C.440 (planned actions).

3.o. Consult with Washington State Department of Transportation as part of the SEPA review process to reduce appeals based on impacts to the transportation element for residential, multifamily, or mixed-use projects.

The State Environmental Policy Act (SEPA) provides citizens with a process for challenge decisions made by jurisdictions and government agencies. While an important tool for holding government accountable, SEPA appeals can slow down projects, adding time and costs to the approval process.

HB 1923 – passed into law in 2019 – recognized that SEPA appeals add cost to infill and affordable housing projects while having minimal impact on transportation systems. The law provides cities with an option to protect SEPA decisions from appeal based on impacts to the transportation element of the environment when:

- The approved residential, multifamily, or mixed-use project is consistent with the adopted transportation plan or transportation element of the comprehensive plan.
- The required impact fees and/or traffic and parking impacts are clearly mitigated under another ordinance.

- Washington State Department of Transportation (WSDOT) determines the project would not present significant adverse impacts to the state-owned transportation system.

Consultation with WSDOT as part of the SEPA review process can help streamline the development process. For residential, multifamily, and mixed-use projects that do not meet the criteria above, the right to appeal the SEPA decision is maintained.

For more information, See [RCW 43.21C.500](#).

Strategy 4: Increase the variety of housing choices.

4.a. Increase the types of housing allowed in low-density residential zones (duplexes, triplexes, etc).

As previously discussed, zoning regulations may unintentionally bar disadvantaged populations, including people of color, from neighborhoods due to restrictions on the size and types of housing that are affordable and accessible such to them. When housing in low-density residential zones is generally limited to single-family homes, the zone does not meet community needs for ensuring affordable housing options are available to a wider array of households. Examples of housing types that may be appropriate for low-density zones include but are not limited to:

- Duplexes, triplexes, and quadplexes.
- Townhouses.
- Accessory dwelling units.
- Courtyard apartments.

Not every low-density zone is the same, and some types of housing are more appropriate than others. Cities will need to determine the most appropriate housing types for low-density residential zones.

4.b. Allow more housing types in commercial zones.

Like low-density residential zones, commercial zones may benefit from more diversity in housing types, especially as changes in consumer shopping habits and employer work policies (telework, for example) open opportunities to convert commercial space into housing. Examples of housing types that may be appropriate for commercial zones include but are not limited to:

- Live/work units.
- Multifamily units.
- Townhouses.
- Courtyard apartments.

Not all housing types are appropriate in commercial zones, and analysis will need to be done to determine the most appropriate housing types for a commercial zone.

4.c. Adopt a form-based code to allow more housing types and protect the integrity of existing residential neighborhoods.

A form-based code uses the physical form and design of the public realm (building façade and streetscape) as the framework for regulation rather than the need to separate uses. Because of this, form-based codes are most useful in mixed use zones where the widest variety of uses are already allowed and encouraged. Form-based codes are also useful when the goal is to protect an existing neighborhood character or where developing a cohesive character is desired.

4.d. Allow single-room occupancy (SRO) housing in all multifamily zones.

Single room occupancy housing are rentals units consisting of small rooms intended for a single person to occupy. Kitchen and bathroom facilities are typically shared, as are other amenities offered by the housing facility. SROs and other types of micro housing (dormitories, small efficiency dwelling units, etc.) offer affordable options at both subsidized and market rates. Such uses are appropriate for and can integrate well in multifamily zones.

4.e. Strategically allow live/work units in nonresidential zones.

A live/work unit is a single dwelling unit consisting of both a commercial/office space and a residential component that is occupied by the same resident who has the unit as their primary dwelling. The intent is to provide both affordable living and business space for a resident/business owner. The configuration of the live/work unit can vary:

- Live-within. The workplace and living space completely overlap.
- Live-above. The workplace is below the living space with complete separation between the two.
- Live-behind. The workplace is in front of the living space with complete separation between the two possible.
- Live-in-front. The workplace is behind the living space (typically a single-family dwelling) with some overlap between the two possible.

Although home occupations are a type of live/work unit, the emphasis here is on a more intensive nonresidential component (size, traffic generation, employees on site, etc.) that may not be appropriate to classify as a home occupation. Live/work units may also be appropriate in residential zones. In either case, cities will need to conduct additional analysis to determine the locations and types of uses appropriate for live/work units.

Strategy 5: Continually build on resources, collaboration, and public understanding to improve implementation of housing strategies.

5.a. Conduct education and outreach around city programs that support affordable housing.

Providing the public and developers information about affordable housing programs can help households in need find assistance and developers identify resources for building desired unit types. Desired unit types depend on the neighborhood or policy context and could include defining the type of building (triplex or single-room occupancy building, for example), the need for income-restricted units, units of a certain size, or units containing a certain number of bedrooms. Education and outreach can also invite community dialogue on the need for diverse housing options in the community.

5.b. Fund Housing Navigators to assist households, renters, homeowners, and landlords with housing issues.

Housing issues are complex, and so are the resources available to households and landlords. When problems arise or a party needs to find information, having a designated resource to navigate issues and identify resources (development funding, tax assistance, housing opportunities, legal aid, weatherization programs, etc.) gives people more tools to reach their goals.

5.c. Identify and develop partnerships with organizations that provide or support low-income, workforce, and senior housing as well as other populations with unique housing needs.

Both for-profit and non-profit agencies provide or support low-income, workforce, and senior households. They often have expertise to deliver programs and housing the Cities of Lacey, Olympia, and Tumwater do not have as well as access to funding streams unavailable to the cities. Identifying shared vision and goals can help each organization leverage funding and improve household access to assistance.

5.d. Establish a rental registration program to improve access to data and share information with landlords.

Understanding how many dwelling units are being rented, the types of units being rented, and the cost of rent is important information needed to understand the impacts on landlords and tenants of many of the actions in this plan. It also provides the Cities of Lacey, Olympia, and Tumwater with an easy way to reach out to landlords and tenants, who are both important stakeholders when enacting many of the actions in this plan. This action is particularly suited to being implemented at the regional level and may be appropriate for the cities to develop through the Regional Housing Council. Doing so would ensure the same data is collected across the jurisdictions effectively and economically.

Strategy 6: Establish a permanent source of funding for low-income housing.

6.a. Develop a comprehensive funding strategy for affordable housing that addresses both sources of funding and how the funds should be spent.

Without a comprehensive funding strategy, it will be difficult to ensure dollars earmarked for developing affordable housing in the community are used to their full effect and meet the greatest need. A comprehensive funding strategy takes into consideration how the funds can be used, whether they can be leveraged to obtain other funding (grants, loans, etc.), and the types of projects the funding can support. This action is particularly suited to being implemented at the regional level and may be appropriate for the cities to develop through the Regional Housing Council.

6.b. Establish an affordable housing property tax levy to finance affordable housing for very low-income households.

The Cities of Lacey, Olympia, and Tumwater may impose a property tax levy up to \$0.50 per \$1,000 of a property's assessed value to fund affordable housing. The levy must be used for low-income households.

The levy, which lasts for up to 10 years, can only be enacted if:

- The city declares an emergency exists concerning the availability of affordable housing for households served by the levy.
- A majority of voters approve it.
- The city adopts a financial plan for spending the money.

If a property tax levy were enacted at the maximum rate of \$0.50 per \$1,000 of assessed value, homeowners can expect their property taxes to go up. This amounts to \$175 per year for a home valued at \$350,000 (Table A-2). Households that rent can expect their monthly rent to increase on average between \$6.71 and \$11.91 each month, depending on the type of unit rented.

Table A-2. Additional costs to households with a \$0.50 per \$1,000 property tax levy

Owner-Occupied*		Renter-Occupied	
Assessed Value	Additional Property Taxes (annual)	Building Size	Additional Monthly Rent (average) per unit
\$350,000	\$175	Single-Family Dwelling	\$11.91
\$450,000	\$225	2-, 3-, and 4-plex units	\$9.04
\$550,000	\$275	5+ unit apartments	\$6.71

Note: Rates for owners only apply to detached single-family homes. Costs – which are rounded – are based on the 2017 total assessed value of all taxable non-exempt properties and are adjusted for inflation to 2020 dollars.

Source: Thurston County Assessor.

Thurston County also has the ability to establish a property tax levy. If both cities and Thurston County impose the levy, the last jurisdiction to receive voter approval for the levies must be reduced or eliminated so that the combined rate does not exceed the \$0.50 per \$1,00 of assessed property value.

If the Cities of Lacey, Olympia, and Tumwater each enact the levy, nearly \$9.7 million could be collected for affordable housing in 2021 (Table A-3). If the tax levy were adopted countywide, more than \$30 million would be available to serve low-income households in 2021. This includes developing new housing, enabling affordable homeownership, and making home repairs.

Table A-3. Potential affordable housing funding from maximum property tax levy

Jurisdiction	2020 Assessed Property Values	Potential Affordable Housing Funds
Lacey	\$7.4 billion	\$3.7 million
Olympia	\$8.2 billion	\$4.1 million
Tumwater	\$3.9 billion	\$1.9 million
TOTAL (cities only)	\$19.5 billion	\$9.7 million
TOTAL (Countywide)	\$31.5 billion	\$31.5 million

Note: Values – which are rounded – are based on the 2020 total assessed value of taxable non-exempt properties. Potential affordable housing funds are based on the total assessment of all properties combined.

Source: Thurston County Assessor.

Property Tax Levies

- **Lacey:** has not established a property tax levy.
- **Olympia:** has not established a property tax levy.
- **Tumwater:** has not established a property tax levy.
- **Thurston County:** has not established a property tax levy.

For more information, see [RCW 84.52.105](#).

6.c. Establish an affordable housing sales tax.

Beginning in 2020, cities may establish a 0.1 percent affordable housing sales tax by legislative authority or by voter approval. At least 60 percent of the revenue must be used for one or more of the following:

- Constructing affordable housing (new construction or retrofitting an existing building).
- Constructing facilities providing housing-related services.
- Constructing mental and behavioral health-related facilities.
- Funding the operations and maintenance costs of the above three projects.

Thurston County can also establish the affordable housing sales tax. If it does so before the Cities of Lacey, Olympia, and Tumwater, the cities will not be able to establish their own funds. If the cities and Thurston County impose the sales tax, the County must provide a credit to the cities for the amount they would have collected. If the Cities of Lacey, Olympia, and Tumwater had been able to enact an

affordable housing sales tax in 2019, nearly \$5 million would be available to serve low-income households (Table A-4).

For more information, see [RCW 82.14.530](#).

Table A-4. Potential affordable housing funding from maximum affordable housing sales tax in 2019

Jurisdiction	2019 Taxable Retail Sales	Potential Affordable Housing Funds
Lacey	\$1.5 billion	\$1.5 million
Olympia	\$2.4 billion	\$2.4 million
Tumwater	\$0.9 billion	\$0.9 million
TOTAL (cities only)	\$4.8 billion	\$4.8 million
TOTAL (countywide)	\$6.2 billion	\$6.2 million

Note: Taxable retail sales are rounded.

Source: Washington State Department of Revenue, [Taxable Retail Sales](#).

Affordable Housing Sales Tax

- **Lacey:** has not established an affordable housing sales tax.
- **Olympia:** established an affordable housing sales tax in 2018, referred to as the “Home Fund.” Approximately 65 percent of funds are dedicated to construction projects and 35 percent to housing program operations. Must be re-authorized by voters in 2028.
- **Tumwater:** has not established a sales tax.
- **Thurston County:** has not established an affordable housing sales tax.

6.d. Establish a regional housing trust fund to provide dedicated funding for affordable housing. Housing trust funds are distinct funds established by local governments to receive funding to support housing affordability. It is not an endowment that operates from earnings but acts as a repository, preventing funds from being coopted for other purposes. Establishing a housing trust fund is particularly suited to being implemented at the regional level and may be appropriate for the cities to develop through the Regional Housing Council.

6.e. Use value capture to generate and reinvest in neighborhoods experiencing increased private investment (with a focus on areas with planned or existing transit).

Value capture is a type of public financing that recovers some or all the value public infrastructure generates for private landowners. When roads are improved, water and sewer lines extended, or new parks or public amenities developed, property values tend to increase. Value capture is best planned for from the outset of a project and can include developer contributions and special taxes and fees.

Appendix B.

Considered Actions

In developing this plan, many actions were considered, though not all were included. This appendix provides a full list of the actions considered in the plan's development. Where appropriate, explanations for why an action was excluded are included. Actions were developed and refined over six months and the wording may not match previous versions.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (1.a)	Donate or lease surplus or underutilized jurisdiction-owned land to developers that provide low-income housing.	
Excluded	Create shovel-ready housing developments that can be handed off to a developer to construct.	Action is out of scale with what our region can reasonably accomplish. Cities do not have the budgets or expertise to perform this action.
Excluded	Purchase property with the intent to donate or lease to developers that provide income-restricted affordable housing.	Combined with Action 1.a.
Included (3.a)	Offer developers density and/or height incentives for desired unit types.	

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (1.b)	Require PRDs/PUDs for low-density development and include standards for including low-income housing.	
Excluded	Make regulations and permit processing more predictable, to remove some uncertainty for both builders and lenders.	Action not specific enough. Other actions more specifically address the need to improve predictability of regulations and permit processing.
Excluded	Allow third-party review and approval of development projects (anytime OR when cities are backlogged).	See Action 3.b.
Included (3.b)	Allow third-party review of building permits for development projects.	
Excluded	Adopt a single development code for Lacey, Olympia, Tumwater, and the UGAs to make regulations and permit processing more predictable.	Each community has a different identity with a desire for different standards.
Excluded	Waive reviews for energy code compliance when a project receives a green building certification.	It does not appear that a green building certification actually makes housing more affordable vs. complying with energy code. In the right market conditions, may be an incentive to buy.
Excluded	Require shot clocks for permit processing.	State law already requires timelines for review, and each city is able to accomplish their reviews in a timely manner.
Included (1.c)	Adopt a “Notice of Intent to Sell” ordinance for multifamily developments.	
Included (1.d)	Provide funding for the Housing Authority of Thurston County and other non-profit organizations to income-restricted units proposed to be converted to market rate housing.	
Included (2.a)	Provide displaced tenants with relocation assistance.	
Implemented	With major comprehensive plan updates, confirm land is suitably zoned for development of all housing types.	
Excluded	On a regular basis, hold a series of community meetings to discuss how housing and zoning regulations affect equity goals.	See Action 5.a.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (4.a)	Increase the types of housing allowed in low-density residential zones (duplexes, triplexes, etc).	
Excluded	Allow more housing types in commercial and industrial zones.	See Action 4.c.
Included (4.b)	Allow more housing types in commercial zones.	
Included (4.c)	Adopt a form-based code for mixed-use zones to allow more housing types and protect the integrity of existing residential neighborhoods.	
Included (3.c)	Develop a plan for adapting vacant commercial space into housing.	
Included (3.d)	Expand allowance of residential tenant improvements without triggering land use requirements.	
Excluded	Prior to finalizing a draft for public review, vet comprehensive plans and development code changes with the development community to ensure desired housing types and locations are supported by market conditions.	See Action 1.e.
Included (1.e)	As part of comprehensive plan and development code changes, include an evaluation of the impact such changes will have on housing affordability, especially for low-income households.	
Implemented	Recognize modular/manufactured housing as a viable form of housing construction.	
Excluded	Provide for a dynamic mix of residential land uses and zones in order to create a diverse mix of sites available for different housing types	This action is already implemented. .
Implemented	Simplify requirements for accessory dwelling units (ex: title notification, owner living on site, etc.).	

Action Status (Plan Reference)	Action	Explanation for Exclusion
Implemented	Allow accessory dwelling units in all residential zones.	
Excluded	Allow accessory dwelling units in commercial zones.	Not an issue that's ever been raised to staff; need to focus on actions that have real and lasting impacts.
Included (3.e)	Reduce parking requirements for residential uses, including for multifamily developments near frequent transit routes.	
Included (3.f)	Identify strategically placed but underdeveloped properties and determine what barriers exist to developing desired housing types.	
Excluded	Identify strategically placed properties where up zoning is appropriate.	see Action 3.f.
Implemented	Require minimum residential densities.	
Included (3.g)	Increase minimum residential densities.	
Included (3.h)	Reduce minimum lot sizes.	
Excluded	Support and plan for assisted housing opportunities using federal, state, or local aid.	Action not clear/specific enough
Excluded	Support diverse housing alternatives and ways for older adults and people with disabilities to remain in their homes and community as their housing needs change.	Action not specific enough. Other actions more specifically address the need to support diverse housing alternatives for seniors.
Excluded	Retain existing subsidized housing.	None of the cities have subsidized units at this time, so it is not an action they would pursue. Other actions can support other entities in retaining existing subsidized housing.
Excluded	Encourage new housing on transportation arterials and in areas near public transportation hubs.	Action not specific enough. See Actions 3.i and 3.e for actions that more specifically address the issue of housing near transportation facilities.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (3.i)	Lower transportation impact fees for multifamily developments near frequent transit service routes.	
Excluded	Reduce parking requirements for multifamily developments near frequent transit routes.	Combined with Action 3.e.
Implemented	Allow group homes in all residential zones and commercial zones that allow residential uses.	
Excluded	Limit the density of group homes in residential areas to prevent concentration of such housing in any one area.	May create a hindrance to ensuring there is enough housing opportunities for seniors. There are nearly 150 adult family homes in Thurston County now; their concentration in any one area is not known to be an issue.
Included (1.f)	Provide funding for renovating and maintaining existing housing that serves low-income households or residents with disabilities.	
Excluded	Support programs to improve energy efficiency, health conditions and public recognition of improvements in low-income rental housing	Statewide need - not just a local need. Combined with Action 1.f.
Excluded	Fund programs that improve the energy efficiency and health conditions in low-income rental housing.	Combined with Action 1.f.
Excluded	Encourage self-help housing efforts and promote programs in which people gain home equity in exchange for work performed in renovation or construction.	Action not specific enough. See Action 1.p.
Included (1.p)	Partner with local trade schools to provide renovation and retrofit services for low-income households as part of on-the-job-training.	
Excluded	Establish a manufactured home park zone to promote their preservation.	See Action 2.c.
Included (2.c)	Rezone manufactured home parks to a manufactured home park zone to promote their preservation.	
Included (1.g)	Allow manufactured home parks in multifamily and commercial areas.	

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (1.h)	Provide funding for low-income and special needs residents to purchase housing through community land trusts.	
Excluded	Fund programs that prevent homelessness for persons returning to the community from institutional or other sheltered settings (including foster care).	Action better suited to the Thurston County Homeless Response Plan.
Excluded	Fund self-sufficiency and transitional housing programs that help break the cycle of homelessness.	Deals with a temporary/emergency housing situation better addressed through the Regional Housing Council and other, more targeted efforts to address homelessness.
Excluded	Provide funding to the Regional Housing Council for temporary emergency housing programs.	Deals with a temporary/emergency housing situation better addressed through the Regional Housing Council and other, more targeted efforts to address homelessness.
Implemented	Adopt design standards that assist new forms or high-density housing and promote infill.	
Included (4.d)	Allow single-room occupancy (SRO) housing in all multifamily zones.	
Included (4.e)	Strategically allow live/work units in nonresidential zones.	
Excluded	Promote PUD/PRD and cluster subdivisions.	See Action 5.a.
Implemented	Establish a multifamily tax exemption.	
Included (6.a)	Develop a comprehensive funding strategy for affordable housing that addresses both sources of funding and how the funds should be spent.	
Excluded	On a regular basis, evaluate the effectiveness of how the multifamily tax exemption is being used to further affordable housing goals.	
Included (6.b)	Establish an affordable housing property tax levy to finance affordable housing for very low-income households.	
Included (6.c)	Establish an affordable housing sales tax.	

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (3.j)	Expand the multifamily tax exemption to make it available in all transit corridors.	
Included (1.i)	Offer density bonuses for low-income housing.	
Excluded	Require developers to provide income-restricted units as part of low-density developments.	The Thurston Region does not have the market to implement this action. Requires a market evaluation before implementing.
Excluded	Require property owners to provide an affordable housing fee when building homes over a certain size.	The Thurston Region does not have the market to implement this action. Requires a market evaluation before implementing.
Excluded	Establish alternative development standards for affordable housing. (standards in the zoning code to support affordable housing)	Action not specific enough. See Action 1.j.
Included (1.j)	Define income-restricted housing as a different use from other forms of housing in the zoning code.	
Included (1.k)	Offer and/or expand fee waivers for low-income housing developments.	
Excluded	Expand fee waivers for affordable housing developments.	Combined w/ Action 1.k.
Included (3.k)	Allow deferral of impact fee payments for desired unit types.	
Included (1.l)	Require low-income housing units as part of new developments.	
Included (1.m)	Fund development projects that increase low-income housing through grants or loans.	
Included (6.d)	Establish a regional housing trust fund to provide dedicated funding for affordable housing.	
Excluded	Establish a local housing trust fund to provide dedicated funding for low-income housing.	Coordination at the regional scale will have more of an impact than developing individual plans.
Excluded	Create partnerships with local housing groups to increase affordable housing options for seniors and other populations with unique needs.	Combined w/ Action 5.c.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Implemented	Make strategic investments in infrastructure expansion to reduce development costs.	
Included (3.l)	Simplify land use designation maps in the comprehensive plan to help streamline the permitting process.	
Excluded	Inventory housing units dedicated for seniors, low-income households, and ADA-accessible units.	Data should support the actions that result in change.
Excluded	Inventory substandard housing units (units with poor energy efficiency, indoor air quality/mold issues, etc.).	Data should support the actions that result in change.
Included (5.d)	Establish a rental registration program to improve access to data and share information with landlords.	
Excluded	Require the owners of rental properties to obtain a business license.	Data should support the actions that result in change.
Excluded	On a regular basis, inventory rental housing.	Data should support the actions that result in change.
Included (3.m)	Integrate or adjust floor area ratio standards.	
Implemented	Relax ground floor retail requirements to allow residential units.	
Implemented	Reduce setbacks and increase lot coverage/impervious area standards.	
Excluded	Maximize SEPA threshold exemptions for single-family and multifamily development proposals.	See Action 3.n.
Included (3.n)	Maximize use of SEPA threshold exemptions for residential and infill development.	
Excluded	Utilize SEPA exemptions to encourage infill development in urban growth areas	See Action 3.n.
Excluded	Create subarea plans with non-project environmental impact statements.	See Action 3.n.
Excluded	Develop SEPA-authorized "planned actions" to streamline permitting process in designated areas.	See Action 3.n.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Included (3.o)	Consult with Washington State Department of Transportation as part of the SEPA review process to reduce appeals based on impacts to the transportation element for residential, multifamily, or mixed-use projects.	
Implemented	Process short plat applications administratively.	
Excluded	Process preliminary long plat applications that meet specific requirements administratively.	Can implement this but if even one person requests a public hearing, a public hearing must be held. May not be worth implementing if a public hearing is always anticipated and it has different noticing requirements from the norm (administrative headaches).
Excluded	Market available housing incentives.	See Action 5.a.
Excluded	Establish a foreclosure intervention counseling program.	Already existing programs that fill this need.
Included (1.n)	Establish a program to preserve and maintain healthy and viable manufactured home parks.	
Excluded	Require developers to provide relocation assistance when a manufactured home park cannot be preserved.	
Excluded	Help residents convert manufactured home parks into cooperatives.	See Action #63
Excluded	Adopt a just cause eviction ordinance.	See Action 2.g.
Included (2.d)	Adopt a “right to return” policy.	
Included (2.e)	Adopt short-term rental regulations to minimize impacts on long-term housing availability.	
Included (2.f)	Establish a down payment assistance program.	
Excluded	Establish a property tax assistance program for low-income homeowners.	This may not be in the cities’ purview.
Excluded	Establish a property tax assistance program for homeowners with disabilities.	This may not be in the cities’ purview.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Excluded	Require an impact analysis for new housing and land use proposals.	This action will lead to an increase in housing costs. Transportation impact analyses are already required where needed.
Excluded	Require subsidized housing be integrated with unsubsidized housing.	See Action 1.l.
Excluded	Develop and implement an education and outreach plan for affordable housing options	See Action 5.a.
Included (5.a)	Conduct education and outreach around city programs that support affordable housing.	
Included (5.b)	Fund Housing Navigators to assist households, renters, homeowners, and landlords with housing issues.	
Excluded	Review and, if necessary, update property maintenance codes (including standards for mold/moisture) to keep housing in good repair.	Enforcement of property maintenance codes is really the issue. See Action #76a
Included (1.o.)	Enhance enforcement of property maintenance codes to keep housing in good repair.	
Excluded	Co-locate emergency, transitional, and permanent affordable housing.	This is an action that is taken by the developer; may not be appropriate for the city to require.
Excluded	Working through the Regional Housing Council, identify appropriate locations for emergency housing within each jurisdiction.	This action deals with a temporary/emergency housing situation better addressed through the Regional Housing Council and other, more targeted efforts to address homelessness.
Included (5.c)	Identify and develop partnerships with organizations that provide or support for low-income, workforce, and senior housing as well as other populations with unique housing needs.	
Excluded	Look at options for creating workforce housing.	Action is not specific enough. Need to define what exactly should the cities be doing.

Action Status (Plan Reference)	Action	Explanation for Exclusion
Excluded	Explore creating dormitory-style housing, similar to what colleges have, with common bathrooms and communal kitchens for transitional housing.	See Action 4.d.
Excluded	Identify underutilized properties ripe for redevelopment.	See Action 3.f.
Excluded	Review the recommendations in the Urban Corridors Task Force Report (TRPC, 2012).	Data should support the actions that result in change.
Excluded	Adopt a preservation ordinance.	Combined with Action 2.g.
Included (1.p)	Partner with low-income housing developers (such as Habitat for Humanity) to expand homeownership opportunities.	
Excluded	Identify and remove code and fee impediments/disincentives to affordable housing.	Like equity, need to review all actions through an affordable housing lens. See Action 1.e.
Included (6.e)	Use value capture to generate and reinvest in neighborhoods experiencing increased private investment (with a focus on areas with planned or existing transit).	
Excluded	Limit or regulate fees associated with rental housing applications.	See Action 2.g.
Excluded	Require landlords to establish payment plans for tenants that get behind on rent.	See Action 2.g.
Excluded	Eviction mitigation to find mutual termination of rental agreement instead of evicting tenants.	See Action 2.g.
Excluded	Improve access to enforcement landlord/tenant laws (court enforcement is a barrier).	See Action 2.g.
Excluded	Increase access to legal assistance for landlord/tenant issues (free or sliding scale).	See Action 2.g.
Excluded	Program to incentivize LLs to accept tenants with poor credit or criminal history.	See Action 2.g.
Included (2.g)	Identify and implement appropriate tenant protections that improve household stability.	



LACEY CITY COUNCIL WORKSESSION

September 9, 2021

SUBJECT: Tree Protection Regulations—HOA Amendments

RECOMMENDATION: Receive a staff briefing on proposed revisions to LMC 14.32 for homeowners association open spaces associated with the update to the Urban Forest Management Plan. The regulations will be formally considered by the City Council at a future meeting.

STAFF CONTACT: Scott Spence, City Manager *SS*
Rick Walk, Community and Economic Development Director *RW*
Ryan Andrews, Planning Manager *RA*
Jessica Brandt, Associate Planner *JB*

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS: 1. [Planning Commission Recommendation for amendments to LMC 14.32](#)
2. [Alternative amendments for LMC 14.32](#)

FISCAL NOTE: None.

PRIOR REVIEW: 07/08/21 Council Worksession
06/15/21 Planning Commission
06/01/21 Planning Commission
05/25/21 Land Use Committee
05/18/21 Planning Commission Public Hearing
05/04/21 Planning Commission
07/09/20 Planning Commission
06/23/20 Land Use Committee
02/14/20 Planning Commission
02/04/20 Planning Commission

BACKGROUND:

The Urban Forest Management Plan (UFMP) is the overarching policy document that guides the City's urban forestry vision and efforts. The implementation regulations for tree protection are contained in LMC 14.32 and are being reviewed and amended concurrently with the UFMP review and update. This plan and regulations are reviewed periodically and

amended per stakeholder feedback. Over the past few years a number of tree policy issues were brought to the Council by residents and business owners. One specifically was a review of our tree regulations regarding removing healthy trees in homeowners association open spaces. Currently, a Land Clearing Permit Application may be submitted to remove a healthy tree from an HOA open space, but if the tree is determined to be healthy by the City's Tree Protection Professional (contract forester), then the permit is denied. The regulations do not currently have criteria for allowing removal.

To assist the Planning Commission in developing recommendations for changes to the Urban Forest Management Plan and tree regulations, a tree task force was established. The tree task force represented a broad range of interests including homeowners associations, commercial property owners, residential development, environmental protection, residential property owners, and a representative from the Planning Commission.

The tree task force reviewed proposed amendments on April 22, 2021, and were in general agreement about most of the proposed amendments. The Planning Commission reviewed the proposed amendments May 4, 2021. Both the task force and Planning Commission did not have full consensus on the issue of healthy tree removals in HOA open spaces at that time.

A public hearing was held May 18, 2021. Comments received were not supportive of proposed amendments to the exemptions section of the regulations that would make it easier for healthy trees in HOA open spaces to be removed. The Planning Commission held a worksession June 1, 2021, and made a unanimous recommendation to City Council on proposed amendments. The recommendation did not include any new HOA open space tree removal provisions.

Council reviewed the Planning Commission's recommended amendments at the July 7, 2021, worksession and requested staff to draft a proposed permit process and criteria to remove a healthy tree from an HOA open space, outside of the exemptions section of the regulations.

Staff has prepared draft regulations for review that address criteria on a number of issues related to a potential permit process including:

- Who would make a decision on a permit?
- How would they make that determination? What criteria would they consider?
- What should a replanting standard be?
- How will we ensure proper trees are replanted and remain healthy?

Once the City Council has had the opportunity to review these criteria discuss the issue and provide direction to staff, staff will prepare the final ordinance and schedule it for a future Council meeting for action. The 2021 Comprehensive Plan Amendments are

scheduled for consideration by Council on September 16, 2021. The tree regulations will be adopted separately at a later date.

ADVANTAGES:

1. Periodic updates to long-range plans and implementation regulations provide opportunity for public engagement, inclusion of the most current data, and resolution of issues since the previous update.

DISADVANTAGES:

1. The Urban Forest Management Plan requires strategic investment and long term commitment as well as reprioritization of existing resources to implement a comprehensive urban forestry program.

Chapter 14.32

TREE AND VEGETATION PROTECTION AND PRESERVATION

Sections:

14.32.010	Short title
14.32.020	Purposes and permit criteria
14.32.030	Definitions
14.32.035	The city's tree protection professional
14.32.040	Permits
14.32.045	Class IV forest practice applications
14.32.050	Exemptions
14.32.060	Application for permits
14.32.062	<i>Repealed</i>
14.32.063	Conformance to standards
14.32.064	Tree tract requirements
14.32.065	Tree replacement in tree tracts
14.32.066	Tree replacement and establishment of new trees on lots
14.32.067	Street tree requirements
14.32.068	Solar access considerations
14.32.069	Revegetation option
14.32.070	Additional considerations for commercial developments
14.32.072	Historical tree(s)
14.32.073	Financial security
14.32.080	Appeals
14.32.090	Violations
14.32.095	Requirements for foresters and contractors doing land clearing work in Lacey
14.32.100	Severability

14.32.010 Short title.

This chapter shall be known and may be cited as the Tree and Vegetation Protection /Urban Forest Management regulations of the city of Lacey. (Ord. 1269 §3, 2006; Ord. 904, 1991; Ord. 399 §1 (part), 1975).

14.32.020 Purposes and permit criteria.

These regulations are adopted for the following purposes and these purposes are to be used as criteria for the issuance of land clearing permits under LMC [14.32.040](#):

- A. To implement strategies for the management and protection of Lacey's urban forest resources pursuant to the goals and policies of the Lacey Urban Forest Management Plan;
- B. To implement the purposes of the State Growth Management Act relating to conservation of natural resources, including Lacey's urban forest resources, pursuant to RCW [36.70A.050](#), [36.70A.060](#) and [36.70A.080](#);
- C. To implement the purposes of the State Growth Management Act pursuant to RCW [36.70A.172](#), considering the many environmental benefits of the urban forest as described in Lacey's Urban Forest Management Plan;
- D. To promote the public health, safety, and general welfare of the citizens of Lacey without preventing the reasonable development of land;
- E. To preserve and enhance the city's physical and aesthetic character by preventing indiscriminate removal or destruction of trees and ground cover and to insure the protection of trees chosen to remain during construction;
- F. To minimize surface water and ground water runoff and diversion and to prevent erosion and reduce the risk of slides;
- G. To retain and utilize trees to assist in site planning, considering the abatement of noise, visual screening, protection from wind, and other site design issues;
- H. To acknowledge that trees and ground cover have significant environmental and quality of life benefits as identified in Lacey's Urban Forest Management Plan, such as the production of pure oxygen from carbon dioxide, the reduction of air pollution, help in providing clean water, control of soil erosion, use in design for energy efficiency and temperature control, noise attenuation, and wildlife habitat;
- I. To promote building and site planning practices that are consistent with the city's natural topography, soils, and vegetation features. At the same time certain factors may require the removal of certain trees and ground cover for things such as, but not limited to disease, danger of falling, proximity to existing and proposed structures and improvements, interference with utility services, ~~protection of scenic views~~, protection of solar access and the realization of a reasonable enjoyment of property;
- J. To insure prompt development, restoration, replanting, and effective erosion control of property after land clearing;
- K. To reduce water pollution from siltation in the city's streams and lakes;

- L. To implement the goals and objectives of the Washington State Environmental Policy Act;
- M. To implement and further the City's Comprehensive Land Use Plan and its Environmental Protection and Resource Conservation Element;
- N. To encourage protection of wildlife and/or wildlife habitat whenever possible. (Ord. 1269 §4, 2006; Ord. 904, 1991; Ord. 650 §1, 1982; Ord. 399 §1 (part), 1975).

14.32.030 Definitions.

- A. "Brushing" means the practice of removing ground cover to create better visibility on a property for purposes such as marketing or surveying of said property.
- B. "Caliper" is the standard for trunk measurement of nursery stock. Caliper of the trunk shall be the trunk diameter measured six inches above the ground for up to, and including, four-inch caliper size and twelve inches above the ground for larger sizes.
- C. "City" means the city of Lacey, Washington.
- D. "Class IV forest practice activity" is a timber harvest, thinning or other activity as established in the Washington State Department of Natural Resources Forest Practices Regulations, whereby a property owner is allowed to harvest a limited amount of timber from their property within the city of Lacey, while still maintaining their rights to convert their property to a use inconsistent with growing timber.
- E. "DBH" is the diameter at breast height, measured four and one-half feet above the groundline on the high side of the tree.
- F. "Director" means director of community and economic development or his/her designee.
- G. "Drip line" of a tree is located by the vertical projection of a line at the tips of the outermost branches.
- H. "Ground cover" means grass, forbs, shrubs, and trees less than four inches in diameter measured four and one-half feet above the ground level (DBH).
- I. "Hazard tree" means any tree that is dead, dying, damaged, diseased, or structurally defective, recently exposed by adjacent clearing, or some other factor that will subject the tree to failure, and the tree could reasonably reach a target, as determined by the tree protection professional.
- J. "Historical tree" is a tree or group of trees designated as such by the city because of its historical value to the residents of the city.
- ~~J~~K. "Land clearing" means the direct and indirect removal of trees and/or ground cover from any public or private undeveloped, partially developed, or developed lot, public lands or public right-of-way. This shall also

include any destructive or inappropriate activity applied to a tree that will result in its death or effectively destroy the tree's appearance and/or functionality, such as topping.

~~K. "Historical tree" is a tree or group of trees designated as such by the city because of its historical value to the residents of the city.~~

L. "Root protection zone" is an area around the tree to be saved equal to one foot of radius for each one inch of tree diameter measured four and one-half feet above the ground line (DBH), unless otherwise designated by the city's tree protection professional.

M. "Site disturbance" is any action that requires a city of Lacey building permit.

N. "Specimen tree" is a tree that is unique or rare because of its exceptional size or quality, species, or value in a particular location.

O. "Topping" is the indiscriminate placement of cuts to reduce a tree's size. Topping is not an acceptable pruning practice in the city of Lacey.

P. "Tree" means any living woody plant characterized by one main stem or trunk and many branches, and having a diameter of four inches or more measured at four and one-half feet above the ground level (DBH).

Q. "Tree protection professional" is a certified professional with academic and/or field experience that makes him or her a recognized expert in urban forestry and tree protection during development. A tree protection professional shall be a member of the Society of American Foresters (SAF), the Association of Consulting Foresters of America (ACF), the American Society of Consulting Arborists (ASCA), or the International Society of Arboriculture (ISA), and shall have specific experience with urban tree management in the state of Washington. Additionally the tree protection professional shall be an ISA Certified Arborist or an ASCA Registered Consulting Arborist with the necessary training and experience to use and apply the International Society of Arboriculture's Guide for Plant Appraisal and to professionally provide the necessary expertise relating to management of urban trees specified in this chapter.

R. "Tree tract" is a portion of land designated for the preservation and protection of existing trees or the planting of new trees to maintain tree canopy at a development site. The tree tract shall be a separate designated lot(s) shown on the plat map, binding site plan, or site plan review map, and shall be recorded with appropriate description of purposes and restrictions. Restrictions applied to the tree tract will not allow any use other than the growing of trees in the tract, and will reserve the tract for the protection and preservation of trees in perpetuity. Tree tracts can be used for other open space uses when the uses are compatible with trees and will not impact tree health. The tract will be dedicated to, and owned and maintained by, the homeowners' or lot owners' association, or comparable entity. The tract may be dedicated to the city of Lacey for maintenance if approved by the city. Creation of tree tracts to save the best trees on a site may require modifications to the street locations, lot designs and/or other features of the site plan. (Ord. 1539 §19, 2019; Ord. 1417 §7, 2013; Ord. 1269 §5, 2006).

14.32.035 The city's tree protection professional.

The city shall contract with one or more professionals that qualify as a tree protection professional under the definition of this chapter. Said professional or professionals shall be responsible for providing the information and services required of a tree protection professional described herein.

Individual applicants will be responsible for payment of the costs and fees of the designated tree protection professional for projects necessitating work to be performed by the tree protection professional in accordance with Table [14T-66](#). The city shall be responsible for billing and collecting costs and fees charged to the applicant and transferring said payment to the tree protection professional unless the city has opted for some other mechanism of providing for the costs and fees, such as inclusion of such costs and fees in the schedule of application fees. (Ord. 1417 §8, 2013; Ord. 1269 §6, 2006; Ord. 1219 §2, 2004; Ord. 904, 1991; Ord. 650 §2, 1982; Ord. 399 §1 (part), 1975).

14.32.040 Permits.

No person, corporation, or other legal entity shall engage in timber harvesting or cause land clearing in the city without having complied with one of the following:

- A. Received a land clearing permit from the director;
- B. Having obtained approval of the proposed work under the processes described in LMC [14.32.050\(A\)](#);
- C. Having received an exemption from the director under the provisions of LMC [14.32.050](#). In such cases an exemption notice shall be required for posting at the site. (Ord. 1269 §7, 2006; Ord. 904, 1991; Ord. 545 §1, 1979; Ord. 517 §1, 1979; Ord. 399 §1 (part), 1975).

14.32.045 Class IV forest practice applications.

A. **Urban growth area.** Properties within the urban growth area are anticipated to be available for development with urban uses within the next twenty-year period. Pursuant to RCW [76.09.070](#) lands within the urban growth area are not considered appropriate for long-term timber production and harvesting which takes a full forty-year cycle. Forest management activities shall be consistent with the city's Comprehensive Land Use Plan and implementing regulations for the urban growth area. Forest management activities shall promote the goals and policies of the Lacey Urban Forest Management Plan. Forest practice applications shall meet the requirements specified in subsections [B](#), [C](#), [D](#) and [E](#) of this section.

B. **Conversions and timing.** Because conversion of properties within the urban growth area can reasonably be expected, significant land clearing of such properties shall only take place at the time of a valid land use

application. Tree tracts, open spaces and buffers can then be properly coordinated with the actual development plans.

To further the purposes, goals, and policies of the Urban Forest Management Plan, timber harvesting and conversion of forested lands within the urban growth area shall not be permitted until such time as a valid land use application for development is made; provided, however, requests may be made for maintenance and thinning of existing timber stands to promote the overall health and growth of the stand until said stand is converted and harvested pursuant to plans provided within a valid land use permit.

C. **Maintenance and thinning.** Class IV forest practice applications and applications for maintenance and thinning shall be reviewed by the city's tree protection professional who shall make recommendations on the request to the ~~land-clearing~~[Site Plan Review](#) committee. Recommendations shall ensure that action shall improve the health and growth of the stand and preserve long-term tree protection alternatives to meet the goals of this chapter.

D. **Selective thinning limited.** Thinning activities shall be strictly limited to less than thirty-five percent of the volume every ten years. High grading or top-down thinning shall not be permitted. The remaining stand of trees should be healthy, long-term trees from the dominant and co-dominant crown classes. The stand shall be marked prior to the selective thinning operation, indicating which trees will be removed and saved.

E. **Processing of applications.** Class IV forest practice applications shall be processed concurrently with, and using the same process as, the underlying land use application. Should there be no underlying land use application, the Class IV forest practice application shall be processed in accordance with the full administrative review procedures in Chapter 1 of the City of Lacey Development Guidelines and Public Works Standards. (Ord. 1417 §9, 2013; Ord. 1269 §8, 2006; Ord. 904, 1991).

14.32.050 Exemptions.

The following shall be exempt from land clearing permit requirements of this chapter but shall satisfy all standards and requirements of LMC [14.32.065](#) and other sections as noted below:

A. **Coordination with land use applications.** Projects requiring approval of the city of Lacey site plan review committee under Chapter [16.84](#) LMC, or projects requiring review by the hearings examiner or city council; provided, that land clearing on such projects shall take place only after approval and shall be in accordance with such approval and the standards of this chapter including the information requirements and standards of LMC [14.32.060](#).

B. **Hazard trees.** Removal of hazard trees in emergency situations involving immediate danger to life or property as determined by the city's tree protection professional.

C. **Unhealthy trees and groundcovers.** Removal of obviously dead or diseased trees or ground cover which may be a fire hazard as determined by the city's tree protection professional.

D. **Individual lot exemption.** Removal of trees on individual lots where tree density minimums are maintained per Table 14T-18. ~~of no more than five trees in any thirty-six consecutive months or ground cover for the purposes of solar access, general property and utility maintenance, landscaping or gardening, provided a minimum tree threshold is maintained pursuant to LMC 14.32.066, and provided further this exemption does not apply to historical trees or trees and ground cover in an area designated as environmentally sensitive. For removal requests for more than five trees, review must be completed prior to permit issuance by the City's tree protection professional. The purpose of the tree protection professional review is to evaluate tree health, site conditions and provide technical guidance and education to residents.~~ An exemption must be issued by the city of Lacey prior to the removal of trees under this exemption provision.

E. **Building footprint.** Removal of trees and ground cover within a maximum of ten feet (when required for construction) of the perimeter of the building line and any area proposed to be cleared for driveway, septic, sewer and water purposes, of a single-family or duplex dwelling to be constructed as indicated on the plot plan submitted to the building official with an application for a building permit; provided, however, the director may require minor modifications in siting and placement of driveways, utilities and septic tank drain field systems and sewer and water lines where such modifications will promote the goals of the chapter and still satisfy the need and function of improvements.

F. **Clear vision.** Removal of obstructions required by the vision clearance at intersections regulations of Chapter Four of the Development Guidelines and Public Works Standards. (Ord. 1417 §10, 2013; Ord. 1269 §9, 2006; Ord. 904, 1991; Ord. 650 §4, 1982; Ord. 399 §1 (part), 1975).

G. City owned property. Tree assessment, removal and replacement of trees on city owned property.

14.32.060 Application for permits.

A. *Pre-Submission Conference.* Prior to application for land use permits and actions such as a land division, commercial site plan review (SPR), or a conditional use permit (CUP), a pre-submission conference shall be required consistent with the requirements of chapter one of the Development Guidelines and Public Works Standards. The pre-submission conference is designed to review the proposed action and identify permit requirements and issues an applicant may incur if the project is implemented. As part of this review it should be made clear that the city of Lacey has an Urban Forest Management Plan and tree protection regulations that require early consideration of tree protection options, and that urban forest concepts and strategies shall be part of the early design considerations for new projects. Location and design of major infrastructure, buildings, and planned uses must consider the tree protection opportunities to further the purposes of the Urban Forest Management Plan.

B. *Applicable Requirements.* An application for a land clearing permit or information required by this chapter shall be submitted at the same time as a valid land use application or building permit on a form provided by the city and shall be accompanied by such of the following documents and information as are determined to be necessary by the director:

1. *Site Plan.* Copies of the site plan, pursuant to requirements of chapter one of the Development Guidelines and Public Works Standards, which shall include the following information:

- a. Name, address, and telephone number of the applicant and owner of property;
- b. Legal description of property;
- c. Date, north arrow, and adequate scale, as determined by the director, on the map or plot plan;
- d. Topography map showing contours at not greater than ten-foot intervals of proposed clearing projects within areas of steep slopes, creeks and shorelines;
- e. Location of proposed improvements, including, but not limited to, structures, roads, driveways, utilities, and storm drainage facilities. Said improvement locations shall also be staked on site to enable the city's tree protection professional and other city staff to review improvement locations and their relationship to the site and existing vegetation;
- f. Approximate and general location, type, size and condition of trees and ground cover and a general identification of trees and ground cover which are to be removed.

2. *Tree Protection Professional Report.* On forested property greater in size than one acre or commercial property with one or more trees, or other sites the city deems it necessary because of special circumstances or complexity, the city's tree protection professional shall review the site and provide a report analyzing the site for tree protection consistent with the requirements of this chapter. The report should provide information important to urban forest management and options for consideration when developing preliminary designs. The report should suggest options for design to best achieve the purposes of the Urban Forest Management Plan and this chapter. The report shall include but shall not be limited to:

- a. Information required under subsections [\(B\)\(1\)](#) through [\(7\)](#) of this section;
- b. An analysis of technical information requested by the review body related to trees and forest practices;
- c. Analysis of what portion of the site is best for designation of the tree tract if required, considering the intent of this chapter, soil type, topography, tree species, health of trees and reasonable project design limitations;
- d. Recommendations for saving of individual tree specimens based upon the intent of this chapter, soil type, topography, tree species, health of trees, and reasonable project design limitations;

- e. A plan for protection of trees to be saved during construction including placement of construction fences, monitoring of construction activity and other measures necessary to ensure adequate tree protection;
- f. Consideration of the location of roads, other infrastructure, and buildings and potential options for alternative locations, if applicable, to best satisfy the purposes of the Urban Forest Management Plan;
- g. A timeline for tree protection activity;
- h. The final tree protection plan should be prepared on the site grading plan. All tree protection fences, trees to be saved, and trees to be removed should also be shown on the site demolition plan. Necessary save-tree pruning and selective thinning within tree tracts shall be detailed and trees marked as such. The tree protection plan and demolition plan should be part of the submittal to the city of Lacey and shall be approved by the tree protection professional. The tree protection plan shall be part of the contractor bid package and a copy of the tree protection plan shall be available to the contractors on site at all times during logging, clearing, and construction.

3. *Schedule.* A proposed time schedule for land clearing, land restoration, implementation of erosion control and any excavation or construction of improvements.

4. *Strategy for control.* A statement indicating the method to be followed in erosion control and restoration of land during and immediately following land clearing.

5. *Landscape plan.* Proposed landscape plan or written or graphic description of proposed action.

6. *Areas of saved trees.* Location of tree tracts, proposed buffers, open space, and other areas of the site where stands of trees are to be saved.

7. *Revegetation.* If the option for revegetation of the site or a portion of the site is proposed under LMC [14.32.069](#), information requirements described under LMC [14.32.069](#) shall be required at the time of application.

C. *Review Body.* Review shall take place as part of the underlying permit review process. The review body (site plan review committee, hearing examiner, or city council) shall review the application and make a decision in accordance with review requirements of the underlying permit.

D. *Expiration.* Any permit granted hereunder shall run with the underlying permit or shall expire eighteen months from the date of issuance. Upon a showing of good cause, a permit may be extended by the director for one six-month period. The permit may be suspended or revoked by the director because of incorrect information supplied or any violation of the provisions of this chapter. Minor amendments of a permit may be granted by the director. Major amendments may be accomplished only by making a new application and proceeding through the requirements of this chapter and chapter one of the City of Lacey Development Guidelines and Public Works Standards. Major alterations are changes that alter the intent of the original

decision. What constitutes a minor or major amendment shall be left up to the discretion of the director who may consult the review body for guidance.

E. *Permit Notice Posted.* No work shall commence until a permit notice has been posted on the subject site in a conspicuous location. The notice shall remain posted until the project has been completed.

F. *Preconstruction Conference.* Prior to the start of logging and land clearing activity, a preconstruction conference shall be held with the city tree protection professional to insure the contractors understand the necessary tree protection measures prescribed in the tree protection plan and that all required tree protection fences and other required tree protection activity is completed prior to the start of site work. (Ord. 1539 §20, 2019; Ord. 1269 §10, 2006).

14.32.062 Repealed.

Repealed by [Ord. 1192](#). 14.32.063 Conformance to standards.

All land clearing shall conform to the following standards and provisions unless otherwise recommended in a forest management plan, prepared by the city's tree protection professional and approved by the city, where the alternate procedures will be equal or superior in achieving the policies of this code. In addition, the following minimum standards and provisions shall be the governing criteria for the issuance or denial of land clearing permits under this chapter:

- A. **Tree tract.** Land clearing shall meet requirements for tree tracts as specified in LMC [14.32.064](#).
- B. **Soil stability.** The clearing will not create or contribute to landslides, accelerated soil creep, settlement and subsidence or hazards associated with strong ground motion and soil liquefaction.
- C. **Preservation.** The proposal shall contain reasonable provisions for the preservation of natural topography, water features, vegetation, drainage and other existing natural features on the site.
- D. **Runoff.** The clearing will not create or contribute to flooding, erosion or increased turbidity, siltation or other forms of pollution in a watercourse.
- E. **Sensitive areas.** No ground cover or trees which are within the designated buffer area of creeks, streams, lakes and other shoreline or wetland areas shall be removed, nor shall any mechanical equipment operate in such areas; provided, that conditions deemed by the director to constitute a hazard may be removed; and provided, that a property owner shall not be prohibited from making landscaping improvements where such improvements are consistent with the aims of this chapter. The designated buffer area shall be in accordance with the city's wetland protection ordinance as hereafter amended. Buffer areas shall be consistent with best available science guidelines and recommendations from the Washington State Department of Ecology for classification, protection and designation of wetlands and wetland buffer areas.

F. **Aesthetic character.** The clearing will be undertaken in such a manner as to preserve and enhance the city's aesthetic character. Vegetative screens or buffer strips shall be maintained or be reestablished in a timely manner with approved plantings along public rights-of-way and adjoining property boundaries.

G. **Erosion control.** Clearing operations shall be conducted so as to expose the smallest practical area of soil to erosion for the least possible time, consistent with an anticipated build-out schedule.

H. **Conformance with laws.** Land clearing activities shall be performed in accordance with all applicable laws, rules and regulations pertaining to air and water pollution, the Washington Forest Practices Act, and the Shoreline Master Program.

I. **Protection of roots.** Except for the use of existing roads and constructed pathways, land clearing machinery shall be kept outside of the root protection zone of any trees designated for retention. Damaging of trees designated for retention by making cuts or fills, trenching, compacting of the soil, draining concrete rinsate, attaching wires or other devices to the trees, piling of materials, modification of drainage within the root protection zone, breaking of tree stems or branches, removal of desirable groundcovers from under tree, or otherwise damaging the roots or root zone of the tree shall be considered a violation of this chapter and shall require mitigation pursuant to the requirements of LMC [14.32.090\(C\)](#). All requirements for protection of trees and vegetation detailed in plans prepared by the city's tree protection professional or in land clearing conditions required by staff such as fencing and other protection measures shall be satisfied.

J. **Clearing of individual lots with land division approvals prohibited.** Where a land division of property is concerned, only areas where streets and utilities are to be constructed can be cleared of trees and ground cover. No such rights-of-way clearing of trees or ground cover shall take place until preliminary short plat, preliminary plat or preliminary binding site plan approval has been granted and engineered plans for road construction have been approved by the city and said road areas have been surveyed and staked to enable city staff to confirm road locations. No tree removal or brushing shall take place on lots or in open space areas of a preliminary short plat or preliminary plat except through the provisions of LMC [14.32.069](#). Additionally, no tree removal or brushing shall take place on lots or in open space areas of a final land division except through the provisions of LMC [14.32.069](#), or on a lot by lot basis after individual building permit applications have been made and land clearing activities have been approved for said individual lots pursuant to the requirements of LMC [14.32.050](#) or [14.32.060](#).

K. **Intent.** Land clearing shall meet the intent and requirements of Lacey's Urban Forest Management Plan. (Ord. 1496 §22, 2016; Ord. 1269 §11, 2006).

14.32.064 Tree tract requirements.

Every commercial project over one acre in size, and every land division over two acres in size shall be required to designate a tree tract(s) to further the goals of the Urban Forest Management Plan for maintenance and no net loss of tree canopy in the city of Lacey.

A. **Tree tract basic standard.** The tree tract or tracts shall generally cover five percent or more of the site and shall represent the primary strategy for maintaining the tree canopy. All developing properties shall create a tree tract equal to five percent of the gross site area.

B. **Tree tract credit for required open space area.** Land divisions and most binding site plans require provision of open space as a requirement of the approval process. Up to one hundred percent of the requirement for a tree tract(s) may be satisfied in combination with the open space requirement provided the following conditions apply:

1. The open space area can function for necessary recreation activities, is located in the most strategic location of the site to provide centralized recreation functions or combined with adjacent open space identified for a public park;
2. The open space satisfies open space needs as identified in the City Comprehensive Plan for outdoor recreation;
3. The location is the best site for the tree tract(s) based upon urban forestry principles and intent of the Urban Forest Management Plan.
4. If the open space and tree tract location requirements are not compatible, the requirement for open space may be reduced to provide for the full tree tract requirement provided the following conditions apply:
 - a. There shall be adequate area set aside for tot lot and subdivision park activities to satisfy the expected needs of the subdivision residents, as determined by the city parks and recreation department director;
 - b. In no case shall the combined amount of land in the open space and tree tract(s) be less than the original open space requirement for the development.
5. Cash or like value of land area and improvements may be donated to the city in lieu of a tree tract. Any cash donated to the city shall be deposited in the city tree account. The city shall then utilize those funds for planting trees in other areas of the city. Acceptance of such a donation will be at the discretion of the site plan review committee and consistent with city policies for the provisions of establishing tree tracts.

C. **Ownership.** Tree tracts shall be held in common ownership by the homeowner's or lot owner's association or a comparable entity. Tree tracts may be deeded to the city of Lacey if approved by the city.

D. **Priority of tree types.** Trees to be protected must be healthy, windfirm, and appropriate to the site at their mature size, as identified by a qualified professional forester. In designing a development project's tree tract, the applicant shall protect the following types of trees in designated tract(s) in the following order of priority, unless Endangered Species Act-listed species in accordance with LMC [14.33.117](#) are present:

1. **Historical trees.** Trees designated as historical trees under LMC [14.32.072](#).
2. **Specimen trees.** Unusual, rare, or high quality trees.
3. **Critical area buffer.** Trees located adjacent to critical area buffers.
4. **Significant wildlife habitat.** Trees located within or buffering significant wildlife habitat.
5. **Other high quality.** Individual trees or groves of trees. (Ord. 1496 §23, 2016; Ord. 1417 §11, 2013; Ord. 1269 §12, 2006).

14.32.065 Tree replacement in tree tracts.

Tree replacement is required where no trees exist in the tree tract, where tree canopy coverage in the tree tract is less than one hundred percent, where unhealthy, unsuitable, or hazardous trees occur within the tree tract, where gaps in the stand require replanting, or where underplanting is necessary for future stand replacement. The tree tract shall be replanted to achieve ninety percent canopy coverage within fifteen years. Replacement trees will be a minimum of 1.5 inch caliper for deciduous species and 6-7 foot tall for conifers unless otherwise recommended by the city tree protection professional. Conifers will be native to the Pacific Northwest. Deciduous tree species will be compatible with the other trees in the tract, and will provide wildlife, aesthetic, and other amenities to the tract. (Ord. 1269 §13, 2006).

14.32.066 Tree replacement and establishment of new trees on lots.

Tree planting is required on all newly developed single and multi-family residential, commercial, and industrial lots, and all properties on which a class IV forest practice occurs. A minimum tree threshold, according to the provisions of this section, is required on all developed lots where tree removal or other site disturbance is proposed.

When trees are planted on individual lots the species shall be appropriate for the size of the lot and the space planted pursuant to guidance provided in the Urban Forest Management Plan and, if applicable, as provided on approved revegetation or landscaping plans developed for the land division.

The following table provides a summary of the required minimum tree requirements and replacement for developed and developing properties. (See *Table [14T-18](#)*).

TABLE 14T-18

Type of Development	Lot Size	Required New or Saved Trees	Tree Size **
Developing Single- and Multifamily Lots	Less than 3,500 ft ²	2	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
	3,500 ft ² to 4,999 ft ²	3	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
	5,000 ft ² to 6,499 ft ²	4	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
	6,500 ft ² to 7,499 ft ²	5	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
	7, 500 ft ² or over	4 trees per 5,000 ft ²	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
Developed Single-Family and Multifamily Lots	All***	4 trees per 5,000 ft ² *	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
Developing Commercial or Industrial	All	2 Trees per 10,000 ft ² *	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
Developed Commercial/Industrial/Multifamily Proposing an Addition, Tree Removal, or Other Site Disturbance	All	2 Trees per 10,000 ft ²	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
Class IV Forest Practice Activity	All	Replanting required when average stocking (basal area) falls below 80 ft ² per acre – Tree spacing required is 10 ft on center	Seedlings or transplants 1+1, 2-0, 2-1, P+1, or 1-2

* In addition to all tree tract requirements and landscape ordinance requirements.

** Tree species will be selected from the general tree list in the Lacey Urban Forest Management Plan.

*** Developed single-family lots seven thousand five hundred square feet or larger proposing tree removal in accordance with LMC [14.32.050\(D\)](#), that do not currently meet the required tree density of four trees per five thousand square feet, shall be required to replant the number of trees equal to the number removed.

A. **Replacement tree location.** The applicant's proposed location of transplanted or replacement trees shall be subject to city approval as part of the tree plan. Replacement trees should be planted according to the following priority:

1. **On-Site.**
2. **Off-site.** When space is unavailable for planting the required trees on-site, then they may be planted at another approved location within the city of Lacey or Lacey's growth area.

B. **City tree account.** When on-site and off-site locations are unavailable, the applicant shall pay an amount of money equal to the replacement cost of the replacement trees into the city's tree account. The replacement cost is the retail cost of the tree plus all cost of planting and maintenance for three years.

C. **Tree replacement.** Replacement trees shall meet the required quality and priority. On sites where there are currently inadequate numbers of existing trees, or where the trees are inappropriate for protection as determined by the tree protection professional, then replacement tree planting shall be required. In designing a development project and in meeting the required tree stocking the following trees shall be planted in the following order of priority:

1. **Buffers.** Trees in or adjacent to critical area and/or significant wildlife habitat.
2. **Tree tracts.** Trees to replace unhealthy or unsuitable trees for tree tracts with no trees or inadequate numbers of trees.
3. **Landscaping.** Trees required to be protected or planted as a requirement of this chapter are in addition to any required to be planted by the Landscaping Ordinance Chapter [16.80](#) LMC. Protected trees within any required landscaping area can be used to satisfy the required spacing in the landscaping requirements. For residential subdivisions this may include entrance landscaping, traffic islands, separate deeded tree tracts, and other common areas.

D. **Replacement tree quality.** Replacement trees shall meet the quality, caliper, and root-ball size standards delineated in the Urban Forestry Management Plan and the current edition of the American Standard for Nursery Stock (ANSI Z60.1). Trees shall be healthy and free of damage, insects, and disease, be well-branched and show evidence of cultural care in the nursery to create quality trees.

E. **Replacement tree planting standards.** Trees shall be planted pursuant to the industry planting standards delineated in the Urban Forestry Management Plan. (Ord. 1496 §111 (part), 2016; Ord. 1417 §13 (part), 2013; Ord. 1269 §14, 2006).

14.32.067 Street tree requirements.

Street trees are required on all public streets within all new developments. The species of tree shall be selected from the street tree list or the general tree list in the Lacey Urban Forest Management Plan. The required tree spacing depends on the expected tree size at age thirty. Landscape trees are required in all alleys. Street trees can be counted towards tree replacement requirements for individual lots. (Ord. 1269 §15, 2006).

14.32.068 Solar access considerations.

While trees have long been used to complement solar planning and site design such as providing deciduous trees in strategic locations to cool areas in summer and providing solar access in winter, providing of adequate solar access may sometimes conflict with protection of existing trees, particularly conifers. When established city goals designed for different purposes conflict, balancing of different community and individual needs must be accomplished. In implementing the goals of this chapter, the review body shall give due consideration to valid solar access needs together with any specific solar access policies that may hereafter be adopted. (Ord. 1496 §24, 2016; Ord. 1269 §16, 2006).

14.32.069 Revegetation option.

Based upon recommendations in a report by the city's tree protection professional, removal of areas of vegetation that might normally be saved may be permitted if extensive revegetation is accomplished and standards for tree tract(s) are satisfied pursuant to the requirements of LMC 14.32.064 and 14.32.065. Such alternatives may be desirable for sites with significant physical limitations such as topography, soil type or proposed small lot sizes (less than sixty-five hundred square feet). Additionally, limitations of existing trees such as unsuitable species or poor health of a particular tree stand may make such options desirable.

On a site with documented special circumstances, an alternative allowing removal of vegetation normally saved may be approved with a comprehensive revegetation plan developed by the city's tree protection professional. ~~At a minimum, the plan shall include:~~

~~A. **General information.** Information required under LMC 14.32.060.~~

~~B. **General standards.** Consideration of the standards provided in LMC 14.32.063.~~

~~C. **Justification.** An evaluation of what circumstances are present in specific areas of the site to make incorporation of topography and existing vegetation undesirable and recommendations on what areas if any can be designed to accommodate existing vegetation.~~

~~D.—**Consideration of functions and values.** Consideration of overstory and understory vegetative species to provide wildlife habitat and meet specific purposes important to the neighborhood environment and project design such as buffers, green belts, open spaces, street trees, urban beautification, solar access, and other functions and purposes deemed desirable and appropriate to the anticipated use.~~

~~E.—**Landscape plan map.** A comprehensive map showing location, number, species and size of planned vegetative improvements. The plan shall also consider the particular circumstances of the site and proposed project, and detail species selected based upon the anticipated use of the property consistent with the site's zoning designation, permitted uses, and lot size.~~

~~F.—**Timing.** A time line for completion of improvements.~~

~~G.—**Value of vegetation.** An appraisal of the value of vegetation being removed under this option. Said appraisal must be accomplished pursuant to the most recent guidelines established by the International Society of Arboriculture in its "Guide for Plant Appraisal" and be completed by the city tree protection professional.~~

~~H.—**Commensurate value replaced.** Said plan shall provide for a commensurate value of vegetation to be installed as is to be taken out under this option. Said amount shall be above and beyond what is normally required for landscaping in the projects not utilizing this option. The calculated value of the revegetation shall include only appraised value of the trees and vegetation and shall not include the applicant's administrative or labor costs, or the costs of the city's tree protection professional.~~

~~I.—**Maintenance.** A three year maintenance plan including provision for an irrigation system, weed control and a shrub and tree maintenance program.~~

~~J.—**Protection strategy for vegetation to be saved.** If any existing vegetation is to be saved, a plan shall be provided for the protection of said vegetation during construction activity, including fencing and other protective measures deemed necessary by the city's tree protection professional.~~

~~K.—**Land division elements considered.** If the project involves a land division, the landscaping plan should include a comprehensive treatment of tree tracts, open space areas, green belt areas, buffers, common areas, and street frontages (street trees and parkways). All common improvements shall be completed prior to the final land division, approval or financial security provided to the city in a form acceptable to the city in the amount of one hundred fifty percent of the estimated costs including two years maintenance and twenty percent replacement.~~

~~L.—**Required consideration for clearing individual lots with land division approval.** If a developer desires to clear individual lots within the land division at the same time as road areas, this may be done if it is consistent with the approved plans and the following conditions are satisfied:~~

~~1.—**Valuation of vegetation.** An average valuation of vegetation on individual lots shall be provided with a conceptual plan of typical yard landscaping of equal value. Such conceptual plan shall contain specific guidelines for revegetation of individual lots and said guidelines shall be incorporated into protective covenants and lot owner's association articles of incorporation;~~

~~2. **Financial security.** Financial security is provided to the city in a form acceptable to the city at one hundred fifty percent of the estimated costs of improvements of individual lots based upon the conceptual typical yard-landscaping plan.~~

~~3. **Meets requirements.** A detail of how the revegetation plan satisfies the requirements for tree tract(s) pursuant to this chapter. (Ord. 1269 §17, 2006; Ord. 1208 §56, 2003; Ord. 904, 1991).~~

14.32.070 Additional considerations for commercial developments.

Commercial projects generally have different demands than residential areas. Commercial sites have parking lots to serve the traveling public, they have larger buildings, and they may have need of significant utility infrastructure to service commercial uses. While Lacey has the same goals to maintain our tree canopy and to save significant stands of trees, urban forestry requirements for commercial areas need to be crafted to acknowledge and plan for differences in site design and construction requirements. In addition to other requirements of this ordinance, commercial sites shall have emphasis on the following considerations and requirements:

- A. Early planning prior to project design shall consider the stands of trees on the site. For a land use application to be considered complete a tree inventory with consideration of urban forestry issues shall be required to be submitted with the land use application. The tree inventory and evaluation shall be utilized in the design layout of the site. Existing trees and protection opportunities shall play an important role in site design;
- B. The major strategy for tree protection on commercial sites will be designation of a tree tract(s) pursuant to the requirements of LMC [14.32.068](#). Analysis and recommendations of the tree protection professional will determine if certain individual trees should have special emphasis based upon their health and significance, individual site conditions, and retention opportunities. A review of these recommendations shall be provided in the tree protection professional's report;
- C. The selection of the location of the tree tract(s) and individual trees shall be chosen early on at the pre-submission stage, before design of the site, and it shall consider the best location of the site to address urban forestry issues. The design of the commercial site layout shall work within the framework of tree protection opportunities for designation of the tree tract and individual trees;
- D. Deciduous trees are generally encouraged for parking areas because of advantages for solar access considerations (shading in summer and solar access in winter), temperature and climate control factors (reducing temperature in parking lots in summer), pollution control advantages (broad leaves absorption of gases and removal filtering of particulate matter), and options for providing tree canopy coverage over parking sites and drive lanes. Select deciduous trees can also be chosen for root character that will not damage asphalt and parking lot overlays. For these advantages, planting of select deciduous trees will generally be a good choice to provide canopy coverage in parking lots for commercial sites over the long term. It is also important to restore some native conifers to the project site. This can occur in larger planter islands or as a backdrop to

buildings or as foundation plantings to breakup concrete facades. The tree protection professional's report shall reflect these considerations, shall indicate the best areas for removal of trees to accommodate parking needs (based upon indigenous tree areas with the least protection value) and shall recommend replacement of trees;

E. In some cases commercial sites may require extensive grading because of the nature of the topography and other development requirements. For this reason, and the emphasis on provision of a designated tree tract to achieve canopy goals, some flexibility may be permitted for grading to provide for intensive infrastructure needs of the project design. Provided, the design takes advantage of tree protection opportunities to provide an attractive, functional and unique shopping experience. This flexibility is not intended to limit creative development with the site. Where possible, commercial developments should seek to use variations in terrain to create an interesting development scheme. (Ord. 1269 §18, 2006).

F. Trees planted in planter strips, medians, and tree wells with grates shall follow City of Lacey Development Guidelines and Public Works Standards in Chapter 4B.125, Landscape/Planter Areas for specific site preparation requirements and Drawings 4-17, 4-29, and 4-30.

14.32.072 Historical tree(s).

A. **Purpose.** The purpose of the historical tree designation is to protect trees with a historical significance and to establish a register of these trees. Historical trees require protection due to their special value in that they are irreplaceable. They may be associated with historic figures, events, or properties; or be rare or unusual species; or they may have aesthetic value worthy of protection for the health and general welfare of the residents of this city.

Therefore, the purpose of this section is:

1. **Protection and maintenance.** To provide for the protection and proper maintenance of historical trees, to minimize disturbance to the trees, and to prevent other environmental damage from erosion or destruction of wildlife habitat;
2. **Health, safety, welfare.** To protect the health, safety and general welfare of the public;
3. **Goals and objectives.** To implement the goals and objectives of the city's Urban Forest Management Plan.

B. **Historical Tree Registration.** The city shall prepare and thereafter maintain a list of historical trees within the city limits. The inventory may include a map identifying the location of the trees and a brief narrative description of each historical tree. The historical tree inventory shall be prepared and amended at any time following the procedures established below.

1. **Nomination.** A tree may be nominated for historical tree status by the property owner, a neighborhood organization, or any person by submitting a map, a photograph, and a narrative description including the location, species, approximate age, and the characteristics on which the nomination is based;
 2. **Review.** The director, upon receipt of a nomination, shall review the nomination and confer with the city tree protection professional and other city staff as may be appropriate. Notice of the nomination shall be mailed to the property owner and shall be posted by the city on the subject site for a period of ten days. The director shall inspect the tree, consider public comments, and decide in each case whether or not the tree is to be designated a historical tree. The city shall place each designated historical tree on the historical tree register. In the event the owner of the tree does not approve of its designation as a historical tree, the nomination will be disapproved;
 3. **Notification of the director's decision.** Notice of the director's decision shall be mailed to the property owner and shall be posted by the city on the subject site for a period of ten days;
 4. **Appeal.** Any person may appeal the director's decision to the hearing examiner;
 5. **Hearing examiner.** The hearing examiner shall hold a public meeting on the appeal pursuant to the procedures specified in section 1.C.050 (Quasi-Judicial Review of Applications) of the City of Lacey Development Guidelines and Public Works Standards. The hearing examiner will make a decision which will constitute a recommendation to the city council. All recommendations of the hearing examiner will be considered by the city council at the next available council meeting;
 6. **Notification of registration.** Each property owner who has one or more registered historical trees shall be notified by first class mail of the designation within thirty days of designation;
 7. **Recording of historical tree covenant.** Each property owner who has one or more registered historical trees shall execute a historical tree covenant in a form agreeable to the city. The historical tree covenant shall require that the tree be maintained in a manner which is consistent with the provisions of this chapter. The historical tree covenant shall be recorded by the county auditor. Recording fees shall be paid by the applicant;
 8. **Duration of covenant.** The historical tree covenant shall be effective from the date of recording until such a time that a tree removal permit has been issued by the director pursuant to this section;
 9. **Education benefits.** From time to time the city may prepare public information programs on historical trees and provide qualified professional tree care advice to owners of the historical trees;
- C. **Limitation on removal.** Subject to the exceptions enumerated in subsection D of this section, no person shall remove, or cause to be removed, any historical tree.
- D. **Removal Procedures.** Historical trees shall not be removed except through the procedures established in this section.

1. **Permit Required.** No Historical tree shall be removed without first applying for and receiving a land clearing permit. The applicant for the permit shall be the property owner or the city. An application for a tree removal permit shall be submitted on a form provided by the city. The applicant must state the justification for removal on the tree removal application;

2. **Review.** If justification for removal is based upon health of the tree, and a visual inspection by the director cannot establish that the tree is dead, diseased, or hazardous, the applicant shall pay for the city tree protection professional to make a determination. If it is determined by the tree protection professional that the tree is dead, diseased, or otherwise hazardous and cannot be saved, the director may approve the removal. If the tree is determined to be healthy, or with treatable infestation or infection, the director may deny the permit.

If justification is due to reasons other than health of the tree, the director shall confer with other city personnel as may be appropriate in evaluating the justification and make a decision pursuant to the procedures and requirements of section 1E.030 (Limited Administrative Review of Applications) of the Development Guidelines and Public Works Standards;

3. **Notification.** If the director decides that a permit is justified, notice of the director's decision shall be mailed to the applicant, all parties of record, and posted by the city on the subject site for a period of ten days, during which no work shall commence. No work shall commence during the notice periods or when appeals are pending disposition;

4. **Appeal.** The property owner or any person residing or owning property within three hundred feet of the tree may appeal the director's decision to the hearing examiner, whether that decision is positive or negative. Appeals must be submitted in writing within ten days of the posting of the director's decision;

5. **Hearing examiner.** The hearing examiner shall hold a public meeting on the appeal pursuant to the procedures specified in section 1K.050 (Quasi-Judicial Review of Applications) of the Development Guidelines and Public Works Standards. The hearing examiner will make a decision which will constitute a recommendation to the city council. All recommendations of the hearing examiner will be considered by the city council at the next available council meeting. The city council decision shall be final. No work shall commence during the notice periods or when appeals are pending disposition;

6. **Permit for tree removal timing.** Any tree removal permit granted under this chapter shall be valid for one year. In addition to the permit, the property owner will execute a revocation of covenant in a form agreeable to the city. The revocation of covenant shall be recorded by the county auditor. Recording fees shall be paid by the property owner. (Ord. 1269 §19, 2006).

14.32.073 Financial security.

The review body may require financial security in such form and amounts as may be deemed necessary to assure that the work shall be completed in accordance with the permit. Financial security, if required, shall be furnished by the property owner, or other person or agent in control of the property at one hundred fifty percent of the estimated tree and vegetation replacement costs or appraised value. (Ord. 1269 §20, 2006).

14.32.080 Appeals.

Any decision of the city of Lacey in the administration of this chapter may be appealed in accordance with Chapter 1D of the City of Lacey Development Guidelines and Public Works Standards. (Ord. 1192 §55, 2002; Ord. 904, 1991; Ord. 399 §1 (part), 1975).

14.32.090 Violations.

A. **Violation general.** Violation of the provisions of this chapter or failure to comply with any of the requirements shall constitute a misdemeanor and such violation shall be punished as provided by LMC Title 9 for the commission of a misdemeanor. Each day such violation continues shall be considered a separate, distinct offense. The city's code enforcement officer shall promptly investigate all complaints of illegal tree removals.

B. **Penalties.** Any person who commits, participates in, assists or maintains such violation may be found guilty of a separate offense and suffer the penalties as set forth in subsection A of this section.

C. **Mitigation required.** In addition to the penalties set forth in subsections [A](#) and [B](#) of this section, any violation of the provisions of this chapter shall be mitigated by comprehensive treatment of environmental impacts through revegetation of the affected site. In assessing environmental damage, the city's tree protection professional shall determine the extent and value of vegetation removed or damaged and other environmental damage inconsistent with the intent and requirements of this chapter. In assessing environmental damage, the tree protection professional shall consider what the outcome of the site should have been had the proposed project been designed around existing topography and vegetation and all appropriate vegetation saved. The tree protection professional shall use the methodology in the current edition of the International Society of Arboriculture's "Guide for Plant Appraisal" in determining the value of removed and damaged vegetation.

D. **Environmental damage reviewed.** If the violation is discovered after evidence has been removed, the city tree protection professional shall use whatever resources are immediately available to determine environmental damage which may include aerial photographs, other photographs, interviews with adjacent property owners, receipts of timber sales off the site, and any other records available that have a bearing on the quantity and quality of vegetation removed or environmental damage sustained. The tree protection

professional also may estimate the appraised value of removed vegetation at the site by analyzing the best case growing capability of the site given soil conditions, health of surrounding tree stands and type of species suspected of being removed. The determination of environmental damage made by the tree protection professional shall be given substantial weight in a court of law.

E. **Revegetation.** Once the value of the environmental damage is determined, a comprehensive plan for revegetation of the site shall be prepared by the tree protection professional considering the purposes of this chapter and the specific elements provided in LMC [14.32.069](#). The plan shall provide for a value of new vegetation commensurate with the determined value of environmental damage at the site. The violator shall be fully responsible for implementation of the plan, accomplishment of all improvements and maintenance of said improvements.

F. **City tree account.** If the cost of restoration of the site is less than the true value of environmental damage at the site, the balance shall be paid to the city tree account. The city shall then utilize those funds for planting trees in other areas of the city.

G. **Appeal.** The determination of the city tree protection professional regarding the environmental damage at the site may be appealed to the city hearings examiner pursuant to the requirements of LMC [14.32.080](#).

H. **Hearing examiner review.** In review of the tree protection professional's decision, the hearing examiner shall determine if the tree protection professional's decision accurately reflects the criteria set forth in LMC [14.32.020](#).

I. **Relevant facts.** Additionally, the city hearings examiner may consider any other facts the examiner determines are relevant to the specific situation.

J. **Reduction of monetary value.** In cases where the determined value of environmental damage far exceeds the site restoration requirements, and extenuating circumstances the examiner determines are relevant to the case are present, the hearing examiner may reduce the monetary value assigned to the environmental damage, provided the hearing examiner shall reduce the determined compensation only when all of the following criteria are demonstrated by the applicant:

1. **Professional forester or certified arborist.** A professional forester, certified arborist, or other professional who could have alerted the applicant of tree protection requirements was not involved in the action leading to the violation;
2. **Monetary gain.** The violation action was not associated with a tree harvesting operation for monetary gain;
3. **Previous record.** The applicant has no previous record of tree and vegetation protection and preservation ordinance violations.

K. **Monetary compensation.** If all of the above criteria are demonstrated, the hearing examiner may reduce the monetary compensation required. In determining the monetary compensation reduction, the hearing examiner shall consider the following factors:

1. **Person responded.** Whether the person responded to staff attempts to contact the person and cooperated with efforts to review the site and arrive at an agreement on site restoration;
2. **Due diligence.** Whether the person showed due diligence and/or substantial progress in site restoration;
3. **Code interpretation.** Whether a genuine code interpretation issue exists;
4. **Other factors.** Any other factors considered relevant to the situation by the hearings examiner.

L. **Limitation on reduction.** In fixing the amount of compensation, the hearings examiner shall not reduce the determined compensation by more than thirty percent of the true value of the environmental damage as determined by the tree protection professional; provided further, that no reduction shall be given in cases where the true value of environmental damage does not exceed the cost of restoration determined necessary by the city's tree protection professional; provided further the hearing examiner may double the monetary compensation if the violation is a repeat violation. In determining the amount of increased compensation, the examiner shall also consider the criteria of this section.

M. **Appeal of hearing examiner determination.** Appeals of violation determinations by the city hearing examiner shall be appealed to Superior Court. An appeal of the hearing examiner decision must be filed with Thurston County Superior Court within twenty calendar days from the date the hearing examiner decision was mailed to the person to whom the decision on monetary compensation was made. (Ord. 1269 §21, 2006; Ord. 935 §2 (part), 1992).

14.32.095 Requirements for foresters and contractors doing land clearing work in Lacey.

In order to assure compliance with the standards and requirements of this chapter, "Tree and Vegetation Protection/Urban Forest Management," foresters, arborists, and logging and land clearing contractors or others involved in land clearing operations in the city of Lacey shall be required to sign and submit a "Statement of Tree and Vegetation Protection Acknowledgment" to the city of Lacey. This statement shall attest such forester's or contractor's knowledge of the city of Lacey's tree and vegetation protection requirements. This statement shall be required in conjunction with normal city licensing requirements for persons performing work in the city of Lacey. The required statement shall be in substantially the following form:

“I, _____, a duly licensed professional contractor in the State of Washington, or professional forester, hereby attest that I have read and am knowledgeable of Chapter [14.32](#), “Tree and Vegetation Protection/Urban Forest Management”, of the city of Lacey.

“I further attest that, as a professional doing land clearing work in the city of Lacey, I am accountable for following the city’s tree and vegetation protection and conservation requirements, including obtaining a land clearing permit or exemption prior to performing land clearing work, as defined by Chapter 14.32.030(C) of the Lacey Municipal Code, as well as following all conditions and requirements of said permit or exemption.

“I attest that if I fail to follow tree protection requirements I will be held jointly responsible with the landowner for any restitution required as a result of environmental damage determined by the city tree protection professional to be the result of improper land clearing activities at the site. This may result in claims against my bond pursuant to Section [18.27.040](#) of the Revised Code of Washington and other monetary penalties as allowed by this chapter or State law.”

Private professionals involved in land clearing operations who do not provide the above statement shall be prohibited from performing land clearing services in the city of Lacey. Said professionals who do not provide this statement and perform land clearing services in the city of Lacey shall be considered in violation of this chapter and may be prosecuted under this chapter, the city’s civil penalties ordinance, or as otherwise provided by law. All foresters, arborists, loggers, or other land clearing contractors involved in land clearing operations shall be jointly responsible with the landowner for any land clearing violation and restitution required at a site as a result of improper land clearing activity. (Ord. 1269 §22, 2006; Ord. 935 §2 (part), 1992).

14.32.100 Severability.

If any section, paragraph, subsection, clause or phrase of this chapter is for any reason held to be unconstitutional or invalid such decision shall not affect the validity of the remaining portions of this chapter. (Ord. 904, 1991; Ord. 399 §1 (part), 1975).

The Lacey Municipal Code is current through Ordinance 1568, passed July 9, 2020.

Disclaimer: The city clerk’s office has the official version of the Lacey Municipal Code. Users should contact the city clerk’s office for ordinances passed subsequent to the ordinance cited above.

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Chapter 14.32

TREE AND VEGETATION PROTECTION AND PRESERVATION

Sections:

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14.32.010 Short title.

This chapter shall be known and may be cited as the Tree and Vegetation Protection /Urban Forest Management regulations of the city of Lacey. (Ord. 1269 §3, 2006; Ord. 904, 1991; Ord. 399 §1 (part), 1975).

14.32.020 Purposes and permit criteria.

These regulations are adopted for the following purposes and these purposes are to be used as criteria for the issuance of land clearing permits under LMC [14.32.040](#):

- A. To implement strategies for the management and protection of Lacey's urban forest resources pursuant to the goals and policies of the Lacey Urban Forest Management Plan;
- B. To implement the purposes of the State Growth Management Act relating to conservation of natural resources, including Lacey's urban forest resources, pursuant to RCW [36.70A.050](#), [36.70A.060](#) and [36.70A.080](#);
- C. To implement the purposes of the State Growth Management Act pursuant to RCW [36.70A.172](#), considering the many environmental benefits of the urban forest as described in Lacey's Urban Forest Management Plan;
- D. To promote the public health, safety, and general welfare of the citizens of Lacey without preventing the reasonable development of land;
- E. To preserve and enhance the city's physical and aesthetic character by preventing indiscriminate removal or destruction of trees and ground cover and to insure the protection of trees chosen to remain during construction;
- F. To minimize surface water and ground water runoff and diversion and to prevent erosion and reduce the risk of slides;
- G. To retain and utilize trees to assist in site planning, considering the abatement of noise, visual screening, protection from wind, and other site design issues;
- H. To acknowledge that trees and ground cover have significant environmental and quality of life benefits as identified in Lacey's Urban Forest Management Plan, such as the production of pure oxygen from carbon dioxide, the reduction of air pollution, help in providing clean water, control of soil erosion, use in design for energy efficiency and temperature control, noise attenuation, and wildlife habitat;
- I. To promote building and site planning practices that are consistent with the city's natural topography, soils, and vegetation features. At the same time certain factors may require the removal of certain trees and ground cover for things such as, but not limited to disease, danger of falling, proximity to existing and proposed structures and improvements, interference with utility services, ~~protection of scenic views~~, protection of solar access and the realization of a reasonable enjoyment of property;
- J. To insure prompt development, restoration, replanting, and effective erosion control of property after land clearing;
- K. To reduce water pollution from siltation in the city's streams and lakes;

- L. To implement the goals and objectives of the Washington State Environmental Policy Act;
- M. To implement and further the City's Comprehensive Land Use Plan and its Environmental Protection and Resource Conservation Element;
- N. To encourage protection of wildlife and/or wildlife habitat whenever possible. (Ord. 1269 §4, 2006; Ord. 904, 1991; Ord. 650 §1, 1982; Ord. 399 §1 (part), 1975).

14.32.030 Definitions.

- A. "Brushing" means the practice of removing ground cover to create better visibility on a property for purposes such as marketing or surveying of said property.
- B. "Caliper" is the standard for trunk measurement of nursery stock. Caliper of the trunk shall be the trunk diameter measured six inches above the ground for up to, and including, four-inch caliper size and twelve inches above the ground for larger sizes.
- C. "City" means the city of Lacey, Washington.
- D. "Class IV forest practice activity" is a timber harvest, thinning or other activity as established in the Washington State Department of Natural Resources Forest Practices Regulations, whereby a property owner is allowed to harvest a limited amount of timber from their property within the city of Lacey, while still maintaining their rights to convert their property to a use inconsistent with growing timber.
- E. "DBH" is the diameter at breast height, measured four and one-half feet above the groundline on the high side of the tree.
- F. "Director" means director of community and economic development or his/her designee.
- G. "Drip line" of a tree is located by the vertical projection of a line at the tips of the outermost branches.
- H. "Ground cover" means grass, forbs, shrubs, and trees less than four inches in diameter measured four and one-half feet above the ground level (DBH).
- I. "Hazard tree" means any tree that is dead, dying, damaged, diseased, or structurally defective, recently exposed by adjacent clearing, or some other factor that will subject the tree to failure, and the tree could reasonably reach a target, as determined by the tree protection professional.
- J. "Historical tree" is a tree or group of trees designated as such by the city because of its historical value to the residents of the city.
- ~~J~~K. "Land clearing" means the direct and indirect removal of trees and/or ground cover from any public or private undeveloped, partially developed, or developed lot, public lands or public right-of-way. This shall also

include any destructive or inappropriate activity applied to a tree that will result in its death or effectively destroy the tree's appearance and/or functionality, such as topping.

~~K. "Historical tree" is a tree or group of trees designated as such by the city because of its historical value to the residents of the city.~~

L. "Root protection zone" is an area around the tree to be saved equal to one foot of radius for each one inch of tree diameter measured four and one-half feet above the ground line (DBH), unless otherwise designated by the city's tree protection professional.

M. "Site disturbance" is any action that requires a city of Lacey building permit.

N. "Specimen tree" is a tree that is unique or rare because of its exceptional size or quality, species, or value in a particular location.

O. "Topping" is the indiscriminate placement of cuts to reduce a tree's size. Topping is not an acceptable pruning practice in the city of Lacey.

P. "Tree" means any living woody plant characterized by one main stem or trunk and many branches, and having a diameter of four inches or more measured at four and one-half feet above the ground level (DBH).

Q. "Tree protection professional" is a certified professional with academic and/or field experience that makes him or her a recognized expert in urban forestry and tree protection during development. A tree protection professional shall be a member of the Society of American Foresters (SAF), the Association of Consulting Foresters of America (ACF), the American Society of Consulting Arborists (ASCA), or the International Society of Arboriculture (ISA), and shall have specific experience with urban tree management in the state of Washington. Additionally the tree protection professional shall be an ISA Certified Arborist or an ASCA Registered Consulting Arborist with the necessary training and experience to use and apply the International Society of Arboriculture's Guide for Plant Appraisal and to professionally provide the necessary expertise relating to management of urban trees specified in this chapter.

R. "Tree tract" is a portion of land designated for the preservation and protection of existing trees or the planting of new trees to maintain tree canopy at a development site. The tree tract shall be a separate designated lot(s) shown on the plat map, binding site plan, or site plan review map, and shall be recorded with appropriate description of purposes and restrictions. Restrictions applied to the tree tract will not allow any use other than the growing of trees in the tract, and will reserve the tract for the protection and preservation of trees in perpetuity. Tree tracts can be used for other open space uses when the uses are compatible with trees and will not impact tree health. The tract will be dedicated to, and owned and maintained by, the homeowners' or lot owners' association, or comparable entity. The tract may be dedicated to the city of Lacey for maintenance if approved by the city. Creation of tree tracts to save the best trees on a site may require modifications to the street locations, lot designs and/or other features of the site plan. (Ord. 1539 §19, 2019; Ord. 1417 §7, 2013; Ord. 1269 §5, 2006).

14.32.035 The city's tree protection professional.

The city shall contract with one or more professionals that qualify as a tree protection professional under the definition of this chapter. Said professional or professionals shall be responsible for providing the information and services required of a tree protection professional described herein.

Individual applicants will be responsible for payment of the costs and fees of the designated tree protection professional for projects necessitating work to be performed by the tree protection professional in accordance with Table [14T-66](#). The city shall be responsible for billing and collecting costs and fees charged to the applicant and transferring said payment to the tree protection professional unless the city has opted for some other mechanism of providing for the costs and fees, such as inclusion of such costs and fees in the schedule of application fees. (Ord. 1417 §8, 2013; Ord. 1269 §6, 2006; Ord. 1219 §2, 2004; Ord. 904, 1991; Ord. 650 §2, 1982; Ord. 399 §1 (part), 1975).

14.32.040 Permits.

No person, corporation, or other legal entity shall engage in timber harvesting or cause land clearing in the city without having complied with one of the following:

- A. Received a land clearing permit from the director;
- B. Having obtained approval of the proposed work under the processes described in LMC [14.32.050\(A\)](#);
- C. Having received an exemption from the director under the provisions of LMC [14.32.050](#). In such cases an exemption notice shall be required for posting at the site. (Ord. 1269 §7, 2006; Ord. 904, 1991; Ord. 545 §1, 1979; Ord. 517 §1, 1979; Ord. 399 §1 (part), 1975).

14.32.045 Class IV forest practice applications.

A. **Urban growth area.** Properties within the urban growth area are anticipated to be available for development with urban uses within the next twenty-year period. Pursuant to RCW [76.09.070](#) lands within the urban growth area are not considered appropriate for long-term timber production and harvesting which takes a full forty-year cycle. Forest management activities shall be consistent with the city's Comprehensive Land Use Plan and implementing regulations for the urban growth area. Forest management activities shall promote the goals and policies of the Lacey Urban Forest Management Plan. Forest practice applications shall meet the requirements specified in subsections [B](#), [C](#), [D](#) and [E](#) of this section.

B. **Conversions and timing.** Because conversion of properties within the urban growth area can reasonably be expected, significant land clearing of such properties shall only take place at the time of a valid land use

application. Tree tracts, open spaces and buffers can then be properly coordinated with the actual development plans.

To further the purposes, goals, and policies of the Urban Forest Management Plan, timber harvesting and conversion of forested lands within the urban growth area shall not be permitted until such time as a valid land use application for development is made; provided, however, requests may be made for maintenance and thinning of existing timber stands to promote the overall health and growth of the stand until said stand is converted and harvested pursuant to plans provided within a valid land use permit.

C. **Maintenance and thinning.** Class IV forest practice applications and applications for maintenance and thinning shall be reviewed by the city's tree protection professional who shall make recommendations on the request to the ~~land-clearing~~[Site Plan Review](#) committee. Recommendations shall ensure that action shall improve the health and growth of the stand and preserve long-term tree protection alternatives to meet the goals of this chapter.

D. **Selective thinning limited.** Thinning activities shall be strictly limited to less than thirty-five percent of the volume every ten years. High grading or top-down thinning shall not be permitted. The remaining stand of trees should be healthy, long-term trees from the dominant and co-dominant crown classes. The stand shall be marked prior to the selective thinning operation, indicating which trees will be removed and saved.

E. **Processing of applications.** Class IV forest practice applications shall be processed concurrently with, and using the same process as, the underlying land use application. Should there be no underlying land use application, the Class IV forest practice application shall be processed in accordance with the full administrative review procedures in Chapter 1 of the City of Lacey Development Guidelines and Public Works Standards. (Ord. 1417 §9, 2013; Ord. 1269 §8, 2006; Ord. 904, 1991).

14.32.050 Exemptions.

The following shall be exempt from land clearing permit requirements of this chapter but shall satisfy all standards and requirements of LMC [14.32.065](#) and other sections as noted below:

A. **Coordination with land use applications.** Projects requiring approval of the city of Lacey site plan review committee under Chapter [16.84](#) LMC, or projects requiring review by the hearings examiner or city council; provided, that land clearing on such projects shall take place only after approval and shall be in accordance with such approval and the standards of this chapter including the information requirements and standards of LMC [14.32.060](#).

B. **Hazard trees.** Removal of hazard trees in emergency situations involving immediate danger to life or property as determined by the city's tree protection professional.

C. **Unhealthy trees and groundcovers.** Removal of obviously dead or diseased trees or ground cover which may be a fire hazard as determined by the city's tree protection professional.

D. **Individual lot exemption.** Removal of trees on individual lots where tree density minimums are maintained per Table 14T-18. ~~of no more than five trees in any thirty-six consecutive months or ground cover for the purposes of solar access, general property and utility maintenance, landscaping or gardening, provided a minimum tree threshold is maintained pursuant to LMC 14.32.066, and provided further this exemption does not apply to historical trees or trees and ground cover in an area designated as environmentally sensitive. For removal requests for more than five trees, review must be completed prior to permit issuance by the City's tree protection professional.~~ An exemption must be issued by the city of Lacey prior to the removal of trees under this exemption provision.

E. **Building footprint.** Removal of trees and ground cover within a maximum of ten feet (when required for construction) of the perimeter of the building line and any area proposed to be cleared for driveway, septic, sewer and water purposes, of a single-family or duplex dwelling to be constructed as indicated on the plot plan submitted to the building official with an application for a building permit; provided, however, the director may require minor modifications in siting and placement of driveways, utilities and septic tank drain field systems and sewer and water lines where such modifications will promote the goals of the chapter and still satisfy the need and function of improvements.

F. **Clear vision.** Removal of obstructions required by the vision clearance at intersections regulations of Chapter Four of the Development Guidelines and Public Works Standards. (Ord. 1417 §10, 2013; Ord. 1269 §9, 2006; Ord. 904, 1991; Ord. 650 §4, 1982; Ord. 399 §1 (part), 1975).

G. **City owned property.** Tree assessment, removal and replacement of trees on city owned property.

14.32.060 Application for permits.

A. *Pre-Submission Conference.* Prior to application for land use permits and actions such as a land division, commercial site plan review (SPR), or a conditional use permit (CUP), a pre-submission conference shall be required consistent with the requirements of chapter one of the Development Guidelines and Public Works Standards. The pre-submission conference is designed to review the proposed action and identify permit requirements and issues an applicant may incur if the project is implemented. As part of this review it should be made clear that the city of Lacey has an Urban Forest Management Plan and tree protection regulations that require early consideration of tree protection options, and that urban forest concepts and strategies shall be part of the early design considerations for new projects. Location and design of major infrastructure, buildings, and planned uses must consider the tree protection opportunities to further the purposes of the Urban Forest Management Plan.

B. *Applicable Requirements.* An application for a land clearing permit or information required by this chapter shall be submitted at the same time as a valid land use application or building permit on a form provided by the

city and shall be accompanied by such of the following documents and information as are determined to be necessary by the director:

1. *Site Plan*. Copies of the site plan, pursuant to requirements of chapter one of the Development Guidelines and Public Works Standards, which shall include the following information:
 - a. Name, address, and telephone number of the applicant and owner of property;
 - b. Legal description of property;
 - c. Date, north arrow, and adequate scale, as determined by the director, on the map or plot plan;
 - d. Topography map showing contours at not greater than ten-foot intervals of proposed clearing projects within areas of steep slopes, creeks and shorelines;
 - e. Location of proposed improvements, including, but not limited to, structures, roads, driveways, utilities, and storm drainage facilities. Said improvement locations shall also be staked on site to enable the city's tree protection professional and other city staff to review improvement locations and their relationship to the site and existing vegetation;
 - f. Approximate and general location, type, size and condition of trees and ground cover and a general identification of trees and ground cover which are to be removed.
2. *Tree Protection Professional Report*. On forested property greater in size than one acre or commercial property with one or more trees, or other sites the city deems it necessary because of special circumstances or complexity, the city's tree protection professional shall review the site and provide a report analyzing the site for tree protection consistent with the requirements of this chapter. The report should provide information important to urban forest management and options for consideration when developing preliminary designs. The report should suggest options for design to best achieve the purposes of the Urban Forest Management Plan and this chapter. The report shall include but shall not be limited to:
 - a. Information required under subsections [\(B\)\(1\)](#) through [\(7\)](#) of this section;
 - b. An analysis of technical information requested by the review body related to trees and forest practices;
 - c. Analysis of what portion of the site is best for designation of the tree tract if required, considering the intent of this chapter, soil type, topography, tree species, health of trees and reasonable project design limitations;
 - d. Recommendations for saving of individual tree specimens based upon the intent of this chapter, soil type, topography, tree species, health of trees, and reasonable project design limitations;

- e. A plan for protection of trees to be saved during construction including placement of construction fences, monitoring of construction activity and other measures necessary to ensure adequate tree protection;
- f. Consideration of the location of roads, other infrastructure, and buildings and potential options for alternative locations, if applicable, to best satisfy the purposes of the Urban Forest Management Plan;
- g. A timeline for tree protection activity;
- h. The final tree protection plan should be prepared on the site grading plan. All tree protection fences, trees to be saved, and trees to be removed should also be shown on the site demolition plan. Necessary save-tree pruning and selective thinning within tree tracts shall be detailed and trees marked as such. The tree protection plan and demolition plan should be part of the submittal to the city of Lacey and shall be approved by the tree protection professional. The tree protection plan shall be part of the contractor bid package and a copy of the tree protection plan shall be available to the contractors on site at all times during logging, clearing, and construction.

3. *Schedule.* A proposed time schedule for land clearing, land restoration, implementation of erosion control and any excavation or construction of improvements.

4. *Strategy for control.* A statement indicating the method to be followed in erosion control and restoration of land during and immediately following land clearing.

5. *Landscape plan.* Proposed landscape plan or written or graphic description of proposed action.

6. *Areas of saved trees.* Location of tree tracts, proposed buffers, open space, and other areas of the site where stands of trees are to be saved.

7. *Revegetation.* If the option for revegetation of the site or a portion of the site is proposed under LMC [14.32.069](#), information requirements described under LMC [14.32.069](#) shall be required at the time of application.

C. *Review Body.* Review shall take place as part of the underlying permit review process. The review body (site plan review committee, hearing examiner, or city council) shall review the application and make a decision in accordance with review requirements of the underlying permit.

D. *Expiration.* Any permit granted hereunder shall run with the underlying permit or shall expire eighteen months from the date of issuance. Upon a showing of good cause, a permit may be extended by the director for one six-month period. The permit may be suspended or revoked by the director because of incorrect information supplied or any violation of the provisions of this chapter. Minor amendments of a permit may be granted by the director. Major amendments may be accomplished only by making a new application and proceeding through the requirements of this chapter and chapter one of the City of Lacey Development Guidelines and Public Works Standards. Major alterations are changes that alter the intent of the original

decision. What constitutes a minor or major amendment shall be left up to the discretion of the director who may consult the review body for guidance.

E. *Permit Notice Posted.* No work shall commence until a permit notice has been posted on the subject site in a conspicuous location. The notice shall remain posted until the project has been completed.

F. *Preconstruction Conference.* Prior to the start of logging and land clearing activity, a preconstruction conference shall be held with the city tree protection professional to insure the contractors understand the necessary tree protection measures prescribed in the tree protection plan and that all required tree protection fences and other required tree protection activity is completed prior to the start of site work. (Ord. 1539 §20, 2019; Ord. 1269 §10, 2006).

14.32.062 Repealed.

Repealed by [Ord. 1192](#). 14.32.063 Conformance to standards.

All land clearing shall conform to the following standards and provisions unless otherwise recommended in a forest management plan, prepared by the city's tree protection professional and approved by the city, where the alternate procedures will be equal or superior in achieving the policies of this code. In addition, the following minimum standards and provisions shall be the governing criteria for the issuance or denial of land clearing permits under this chapter:

- A. **Tree tract.** Land clearing shall meet requirements for tree tracts as specified in LMC [14.32.064](#).
- B. **Soil stability.** The clearing will not create or contribute to landslides, accelerated soil creep, settlement and subsidence or hazards associated with strong ground motion and soil liquefaction.
- C. **Preservation.** The proposal shall contain reasonable provisions for the preservation of natural topography, water features, vegetation, drainage and other existing natural features on the site.
- D. **Runoff.** The clearing will not create or contribute to flooding, erosion or increased turbidity, siltation or other forms of pollution in a watercourse.
- E. **Sensitive areas.** No ground cover or trees which are within the designated buffer area of creeks, streams, lakes and other shoreline or wetland areas shall be removed, nor shall any mechanical equipment operate in such areas; provided, that conditions deemed by the director to constitute a hazard may be removed; and provided, that a property owner shall not be prohibited from making landscaping improvements where such improvements are consistent with the aims of this chapter. The designated buffer area shall be in accordance with the city's wetland protection ordinance as hereafter amended. Buffer areas shall be consistent with best available science guidelines and recommendations from the Washington State Department of Ecology for classification, protection and designation of wetlands and wetland buffer areas.

F. **Aesthetic character.** The clearing will be undertaken in such a manner as to preserve and enhance the city's aesthetic character. Vegetative screens or buffer strips shall be maintained or be reestablished in a timely manner with approved plantings along public rights-of-way and adjoining property boundaries.

G. **Erosion control.** Clearing operations shall be conducted so as to expose the smallest practical area of soil to erosion for the least possible time, consistent with an anticipated build-out schedule.

H. **Conformance with laws.** Land clearing activities shall be performed in accordance with all applicable laws, rules and regulations pertaining to air and water pollution, the Washington Forest Practices Act, and the Shoreline Master Program.

I. **Protection of roots.** Except for the use of existing roads and constructed pathways, land clearing machinery shall be kept outside of the root protection zone of any trees designated for retention. Damaging of trees designated for retention by making cuts or fills, trenching, compacting of the soil, draining concrete rinsate, attaching wires or other devices to the trees, piling of materials, modification of drainage within the root protection zone, breaking of tree stems or branches, removal of desirable groundcovers from under tree, or otherwise damaging the roots or root zone of the tree shall be considered a violation of this chapter and shall require mitigation pursuant to the requirements of LMC [14.32.090\(C\)](#). All requirements for protection of trees and vegetation detailed in plans prepared by the city's tree protection professional or in land clearing conditions required by staff such as fencing and other protection measures shall be satisfied.

J. **Clearing of individual lots with land division approvals prohibited.** Where a land division of property is concerned, only areas where streets and utilities are to be constructed can be cleared of trees and ground cover. No such rights-of-way clearing of trees or ground cover shall take place until preliminary short plat, preliminary plat or preliminary binding site plan approval has been granted and engineered plans for road construction have been approved by the city and said road areas have been surveyed and staked to enable city staff to confirm road locations. No tree removal or brushing shall take place on lots or in open space areas of a preliminary short plat or preliminary plat except through the provisions of LMC [14.32.069](#). Additionally, no tree removal or brushing shall take place on lots or in open space areas of a final land division except through the provisions of LMC [14.32.069](#), or on a lot by lot basis after individual building permit applications have been made and land clearing activities have been approved for said individual lots pursuant to the requirements of LMC [14.32.050](#) or [14.32.060](#).

K. **Intent.** Land clearing shall meet the intent and requirements of Lacey's Urban Forest Management Plan. (Ord. 1496 §22, 2016; Ord. 1269 §11, 2006).

14.32.064 Tree tract requirements.

Every commercial project over one acre in size, and every land division over two acres in size shall be required to designate a tree tract(s) to further the goals of the Urban Forest Management Plan for maintenance and no net loss of tree canopy in the city of Lacey.

A. **Tree tract basic standard.** The tree tract or tracts shall generally cover five percent or more of the site and shall represent the primary strategy for maintaining the tree canopy. All developing properties shall create a tree tract equal to five percent of the gross site area.

B. **Tree tract credit for required open space area.** Land divisions and most binding site plans require provision of open space as a requirement of the approval process. Up to one hundred percent of the requirement for a tree tract(s) may be satisfied in combination with the open space requirement provided the following conditions apply:

1. The open space area can function for necessary recreation activities, is located in the most strategic location of the site to provide centralized recreation functions or combined with adjacent open space identified for a public park;
2. The open space satisfies open space needs as identified in the City Comprehensive Plan for outdoor recreation;
3. The location is the best site for the tree tract(s) based upon urban forestry principles and intent of the Urban Forest Management Plan.
4. If the open space and tree tract location requirements are not compatible, the requirement for open space may be reduced to provide for the full tree tract requirement provided the following conditions apply:
 - a. There shall be adequate area set aside for tot lot and subdivision park activities to satisfy the expected needs of the subdivision residents, as determined by the city parks and recreation department director;
 - b. In no case shall the combined amount of land in the open space and tree tract(s) be less than the original open space requirement for the development.
5. Cash or like value of land area and improvements may be donated to the city in lieu of a tree tract. Any cash donated to the city shall be deposited in the city tree account. The city shall then utilize those funds for planting trees in other areas of the city. Acceptance of such a donation will be at the discretion of the site plan review committee and consistent with city policies for the provisions of establishing tree tracts.

C. **Ownership.** Tree tracts shall be held in common ownership by the homeowner's or lot owner's association or a comparable entity. Tree tracts may be deeded to the city of Lacey if approved by the city.

D. **Priority of tree types.** Trees to be protected must be healthy, windfirm, and appropriate to the site at their mature size, as identified by a qualified professional forester. In designing a development project's tree tract, the applicant shall protect the following types of trees in designated tract(s) in the following order of priority, unless Endangered Species Act-listed species in accordance with LMC [14.33.117](#) are present:

1. **Historical trees.** Trees designated as historical trees under LMC [14.32.072](#).
2. **Specimen trees.** Unusual, rare, or high quality trees.
3. **Critical area buffer.** Trees located adjacent to critical area buffers.
4. **Significant wildlife habitat.** Trees located within or buffering significant wildlife habitat.
5. **Other high quality.** Individual trees or groves of trees. (Ord. 1496 §23, 2016; Ord. 1417 §11, 2013; Ord. 1269 §12, 2006).

14.32.065 Tree replacement in tree tracts.

Tree replacement is required where no trees exist in the tree tract, where tree canopy coverage in the tree tract is less than one hundred percent, where unhealthy, unsuitable, or hazardous trees occur within the tree tract, where gaps in the stand require replanting, or where underplanting is necessary for future stand replacement. The tree tract shall be replanted to achieve ninety percent canopy coverage within fifteen years. Replacement trees will be a minimum of 1.5 inch caliper for deciduous species and 6-7 foot tall for conifers unless otherwise recommended by the city tree protection professional. Conifers will be native to the Pacific Northwest. Deciduous tree species will be compatible with the other trees in the tract, and will provide wildlife, aesthetic, and other amenities to the tract. (Ord. 1269 §13, 2006).

14.32.066 Tree replacement and establishment of new trees on lots.

Tree planting is required on all newly developed single and multi-family residential, commercial, and industrial lots, and all properties on which a class IV forest practice occurs. A minimum tree threshold, according to the provisions of this section, is required on all developed lots where tree removal or other site disturbance is proposed.

When trees are planted on individual lots the species shall be appropriate for the size of the lot and the space planted pursuant to guidance provided in the Urban Forest Management Plan and, if applicable, as provided on approved revegetation or landscaping plans developed for the land division.

The following table provides a summary of the required minimum tree requirements and replacement for developed and developing properties. (See *Table [14T-18](#)*).

TABLE 14T-18

Type of Development	Lot Size	Required New or Saved Trees	Tree Size **
Developing Single- and Multifamily Lots	Less than 3,500 ft ²	2	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
	3,500 ft ² to 4,999 ft ²	3	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
	5,000 ft ² to 6,499 ft ²	4	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
	6,500 ft ² to 7,499 ft ²	5	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
	7, 500 ft ² or over	4 trees per 5,000 ft ²	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
Developed Single-Family and Multifamily Lots	All***	4 trees per 5,000 ft ² *	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
Developing Commercial or Industrial	All	2 Trees per 10,000 ft ² *	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
Developed Commercial/Industrial/Multifamily Proposing an Addition, Tree Removal, or Other Site Disturbance	All	2 Trees per 10,000 ft ²	2.0" Caliper measured 6" above the base Deciduous 7' Tall Conifers
Class IV Forest Practice Activity	All	Replanting required when average stocking (basal area) falls below 80 ft ² per acre – Tree spacing required is 10 ft on center	Seedlings or transplants 1+1, 2-0, 2-1, P+1, or 1-2

* In addition to all tree tract requirements and landscape ordinance requirements.

** Tree species will be selected from the general tree list in the Lacey Urban Forest Management Plan.

*** Developed single-family lots seven thousand five hundred square feet or larger proposing tree removal in accordance with LMC [14.32.050\(D\)](#), that do not currently meet the required tree density of four trees per five thousand square feet, shall be required to replant the number of trees equal to the number removed.

A. **Replacement tree location.** The applicant's proposed location of transplanted or replacement trees shall be subject to city approval as part of the tree plan. Replacement trees should be planted according to the following priority:

1. **On-Site.**
2. **Off-site.** When space is unavailable for planting the required trees on-site, then they may be planted at another approved location within the city of Lacey or Lacey's growth area.

B. **City tree account.** When on-site and off-site locations are unavailable, the applicant shall pay an amount of money equal to the replacement cost of the replacement trees into the city's tree account. The replacement cost is the retail cost of the tree plus all cost of planting and maintenance for three years.

C. **Tree replacement.** Replacement trees shall meet the required quality and priority. On sites where there are currently inadequate numbers of existing trees, or where the trees are inappropriate for protection as determined by the tree protection professional, then replacement tree planting shall be required. In designing a development project and in meeting the required tree stocking the following trees shall be planted in the following order of priority:

1. **Buffers.** Trees in or adjacent to critical area and/or significant wildlife habitat.
2. **Tree tracts.** Trees to replace unhealthy or unsuitable trees for tree tracts with no trees or inadequate numbers of trees.
3. **Landscaping.** Trees required to be protected or planted as a requirement of this chapter are in addition to any required to be planted by the Landscaping Ordinance Chapter [16.80](#) LMC. Protected trees within any required landscaping area can be used to satisfy the required spacing in the landscaping requirements. For residential subdivisions this may include entrance landscaping, traffic islands, separate deeded tree tracts, and other common areas.

D. **Replacement tree quality.** Replacement trees shall meet the quality, caliper, and root-ball size standards delineated in the Urban Forestry Management Plan and the current edition of the American Standard for Nursery Stock (ANSI Z60.1). Trees shall be healthy and free of damage, insects, and disease, be well-branched and show evidence of cultural care in the nursery to create quality trees.

E. **Replacement tree planting standards.** Trees shall be planted pursuant to the industry planting standards delineated in the Urban Forestry Management Plan. (Ord. 1496 §111 (part), 2016; Ord. 1417 §13 (part), 2013; Ord. 1269 §14, 2006).

14.32.067 Street tree requirements.

Street trees are required on all public streets within all new developments. The species of tree shall be selected from the street tree list or the general tree list in the Lacey Urban Forest Management Plan. The required tree spacing depends on the expected tree size at age thirty. Landscape trees are required in all alleys. Street trees can be counted towards tree replacement requirements for individual lots. (Ord. 1269 §15, 2006).

14.32.068 Solar access considerations.

While trees have long been used to complement solar planning and site design such as providing deciduous trees in strategic locations to cool areas in summer and providing solar access in winter, providing of adequate solar access may sometimes conflict with protection of existing trees, particularly conifers. When established city goals designed for different purposes conflict, balancing of different community and individual needs must be accomplished. In implementing the goals of this chapter, the review body shall give due consideration to valid solar access needs together with any specific solar access policies that may hereafter be adopted. (Ord. 1496 §24, 2016; Ord. 1269 §16, 2006).

14.32.069 Revegetation option.

Based upon recommendations in a report by the city's tree protection professional, removal of areas of vegetation that might normally be saved may be permitted if extensive revegetation is accomplished and standards for tree tract(s) are satisfied pursuant to the requirements of LMC 14.32.064 and 14.32.065. Such alternatives may be desirable for sites with significant physical limitations such as topography, soil type or proposed small lot sizes (less than sixty-five hundred square feet). Additionally, limitations of existing trees such as unsuitable species or poor health of a particular tree stand may make such options desirable.

On a site with documented special circumstances, an alternative allowing removal of vegetation normally saved may be approved with a comprehensive revegetation plan developed by the city's tree protection professional. ~~At a minimum, the plan shall include:~~

~~A. **General information.** Information required under LMC 14.32.060.~~

~~B. **General standards.** Consideration of the standards provided in LMC 14.32.063.~~

~~C. **Justification.** An evaluation of what circumstances are present in specific areas of the site to make incorporation of topography and existing vegetation undesirable and recommendations on what areas if any can be designed to accommodate existing vegetation.~~

~~D.—**Consideration of functions and values.** Consideration of overstory and understory vegetative species to provide wildlife habitat and meet specific purposes important to the neighborhood environment and project design such as buffers, green belts, open spaces, street trees, urban beautification, solar access, and other functions and purposes deemed desirable and appropriate to the anticipated use.~~

~~E.—**Landscape plan map.** A comprehensive map showing location, number, species and size of planned vegetative improvements. The plan shall also consider the particular circumstances of the site and proposed project, and detail species selected based upon the anticipated use of the property consistent with the site's zoning designation, permitted uses, and lot size.~~

~~F.—**Timing.** A time line for completion of improvements.~~

~~G.—**Value of vegetation.** An appraisal of the value of vegetation being removed under this option. Said appraisal must be accomplished pursuant to the most recent guidelines established by the International Society of Arboriculture in its "Guide for Plant Appraisal" and be completed by the city tree protection professional.~~

~~H.—**Commensurate value replaced.** Said plan shall provide for a commensurate value of vegetation to be installed as is to be taken out under this option. Said amount shall be above and beyond what is normally required for landscaping in the projects not utilizing this option. The calculated value of the revegetation shall include only appraised value of the trees and vegetation and shall not include the applicant's administrative or labor costs, or the costs of the city's tree protection professional.~~

~~I.—**Maintenance.** A three year maintenance plan including provision for an irrigation system, weed control and a shrub and tree maintenance program.~~

~~J.—**Protection strategy for vegetation to be saved.** If any existing vegetation is to be saved, a plan shall be provided for the protection of said vegetation during construction activity, including fencing and other protective measures deemed necessary by the city's tree protection professional.~~

~~K.—**Land division elements considered.** If the project involves a land division, the landscaping plan should include a comprehensive treatment of tree tracts, open space areas, green belt areas, buffers, common areas, and street frontages (street trees and parkways). All common improvements shall be completed prior to the final land division, approval or financial security provided to the city in a form acceptable to the city in the amount of one hundred fifty percent of the estimated costs including two years maintenance and twenty percent replacement.~~

~~L.—**Required consideration for clearing individual lots with land division approval.** If a developer desires to clear individual lots within the land division at the same time as road areas, this may be done if it is consistent with the approved plans and the following conditions are satisfied:~~

~~1.—**Valuation of vegetation.** An average valuation of vegetation on individual lots shall be provided with a conceptual plan of typical yard landscaping of equal value. Such conceptual plan shall contain specific guidelines for revegetation of individual lots and said guidelines shall be incorporated into protective covenants and lot owner's association articles of incorporation;~~

~~2. **Financial security.** Financial security is provided to the city in a form acceptable to the city at one hundred fifty percent of the estimated costs of improvements of individual lots based upon the conceptual typical yard-landscaping plan.~~

~~3. **Meets requirements.** A detail of how the revegetation plan satisfies the requirements for tree tract(s) pursuant to this chapter. (Ord. 1269 §17, 2006; Ord. 1208 §56, 2003; Ord. 904, 1991).~~

14.32.070 Additional considerations for commercial developments.

Commercial projects generally have different demands than residential areas. Commercial sites have parking lots to serve the traveling public, they have larger buildings, and they may have need of significant utility infrastructure to service commercial uses. While Lacey has the same goals to maintain our tree canopy and to save significant stands of trees, urban forestry requirements for commercial areas need to be crafted to acknowledge and plan for differences in site design and construction requirements. In addition to other requirements of this ordinance, commercial sites shall have emphasis on the following considerations and requirements:

- A. Early planning prior to project design shall consider the stands of trees on the site. For a land use application to be considered complete a tree inventory with consideration of urban forestry issues shall be required to be submitted with the land use application. The tree inventory and evaluation shall be utilized in the design layout of the site. Existing trees and protection opportunities shall play an important role in site design;
- B. The major strategy for tree protection on commercial sites will be designation of a tree tract(s) pursuant to the requirements of LMC [14.32.068](#). Analysis and recommendations of the tree protection professional will determine if certain individual trees should have special emphasis based upon their health and significance, individual site conditions, and retention opportunities. A review of these recommendations shall be provided in the tree protection professional's report;
- C. The selection of the location of the tree tract(s) and individual trees shall be chosen early on at the pre-submission stage, before design of the site, and it shall consider the best location of the site to address urban forestry issues. The design of the commercial site layout shall work within the framework of tree protection opportunities for designation of the tree tract and individual trees;
- D. Deciduous trees are generally encouraged for parking areas because of advantages for solar access considerations (shading in summer and solar access in winter), temperature and climate control factors (reducing temperature in parking lots in summer), pollution control advantages (broad leaves absorption of gases and removal filtering of particulate matter), and options for providing tree canopy coverage over parking sites and drive lanes. Select deciduous trees can also be chosen for root character that will not damage asphalt and parking lot overlays. For these advantages, planting of select deciduous trees will generally be a good choice to provide canopy coverage in parking lots for commercial sites over the long term. It is also important to restore some native conifers to the project site. This can occur in larger planter islands or as a backdrop to

buildings or as foundation plantings to breakup concrete facades. The tree protection professional's report shall reflect these considerations, shall indicate the best areas for removal of trees to accommodate parking needs (based upon indigenous tree areas with the least protection value) and shall recommend replacement of trees;

E. In some cases commercial sites may require extensive grading because of the nature of the topography and other development requirements. For this reason, and the emphasis on provision of a designated tree tract to achieve canopy goals, some flexibility may be permitted for grading to provide for intensive infrastructure needs of the project design. Provided, the design takes advantage of tree protection opportunities to provide an attractive, functional and unique shopping experience. This flexibility is not intended to limit creative development with the site. Where possible, commercial developments should seek to use variations in terrain to create an interesting development scheme. (Ord. 1269 §18, 2006).

F. Trees planted in planter strips, medians, and tree wells with grates shall follow City of Lacey Development Guidelines and Public Works Standards in Chapter 4B.125, Landscape/Planter Areas for specific site preparation requirements and Drawings 4-17 and 4-29.

14.32.071 Additional considerations for homeowners association (HOA) open spaces.

AA. —Open Space Tracts may have different demands and issues then individual residential parcels or designated tree tracts. —While open space Tracts are recognized by the Plan as key areas for preserving, maintaining or planting trees to meet the community's tree canopy goal, there are instances when otherwise healthy trees may need to be removed for reasons such as tree species suitability, maintenance, or liability. In cases were otherwise healthy trees are removed, replanting shall occur to maintain the community's tree canopy goal.

B.B. Trees located in open space Tracts shall not be removed, unless approved through the following procedures:

—1. **Permit Required.** No open space tree shall be removed without first applying for and receiving a land clearing permit. The applicant for the permit shall be the property owner. An application for a tree removal permit shall be submitted on a form provided by the city. The applicant must state the justification for removal on the tree removal application;

2. **Review.**—

The director or her/his designee shall review the application for tree removal, the tree protection professional's report and any applicable information. In the review, the following factors will be considered:

1. Documented history of property damage caused by the tree(s).

2. The size and location of the tree(s) causes typical maintenance, pruning and dead branch removal infeasible due to cost or is physically not practicable by tree care professionals.
3. The tree does not meet criteria for a specimen tree
4. Anymore?

3. **Replanting.** Any tree permitted to be removed under this subsection shall be mitigated by planting replacement trees at a ratio of required by the table below:

Table 14-T70

<u>Size of tree to be removed (inches at DBH)</u>	<u>Minimum Number of trees to be replanted</u>
<u>6 and up to 12</u>	<u>2</u>
<u>More than 12 and up to 20</u>	<u>3</u>
<u>More than 20 and up to 25</u>	<u>5</u>
<u>More than 25</u>	<u>7</u>

Replacement trees will be a minimum of 1.5 inch caliper for deciduous species and 6-7 foot tall for conifers unless otherwise recommended by the city tree protection professional. Conifers will be native to the Pacific Northwest. Deciduous tree species will be compatible with the other trees in the open space, and will provide wildlife, aesthetic, and other amenities to the open space. If the site cannot accommodate the amount of replanting required, the City's tree account may be used pursuant to 14.32.066 (B).

4. Tree Protection Professional Report The city's tree protection professional shall review the site and provide a report analyzing the site for tree replacement consistent with the requirements of this chapter. The report should provide information important to urban forest management and options for consideration when developing replanting plans. The report should suggest options for design to best achieve the purposes of the Urban Forest Management Plan and this chapter. The report shall include but shall not be limited to:

- a. Analysis of what portion of the open space is best for replanting, considering the intent of this chapter, soil type, topography, tree species, health of trees and reasonable project design limitations;
- b. Recommendations for replacement tree species based upon the intent of this chapter, soil type, topography, tree species, health of trees, and reasonable project design limitations;

c. Consideration of the location of roads, other infrastructure, and buildings and potential options for alternative locations, if applicable, to best satisfy the purposes of the Urban Forest Management Plan

d. A timeline for tree replacement

e. An irrigation and watering plan to maintain replacement tree health and survival

45. **Decision.** The director or her/his designee shall issue their decision in writing to include rationale supporting the decision pursuant to procedures and requirements of section 1E.030 (Limited Administrative Review of Applications) of the Development Guidelines and Public Works Standards;

14.32.072 Historical tree(s).

A. **Purpose.** The purpose of the historical tree designation is to protect trees with a historical significance and to establish a register of these trees. Historical trees require protection due to their special value in that they are irreplaceable. They may be associated with historic figures, events, or properties; or be rare or unusual species; or they may have aesthetic value worthy of protection for the health and general welfare of the residents of this city.

Therefore, the purpose of this section is:

1. **Protection and maintenance.** To provide for the protection and proper maintenance of historical trees, to minimize disturbance to the trees, and to prevent other environmental damage from erosion or destruction of wildlife habitat;
2. **Health, safety, welfare.** To protect the health, safety and general welfare of the public;
3. **Goals and objectives.** To implement the goals and objectives of the city's Urban Forest Management Plan.

B. **Historical Tree Registration.** The city shall prepare and thereafter maintain a list of historical trees within the city limits. The inventory may include a map identifying the location of the trees and a brief narrative

description of each historical tree. The historical tree inventory shall be prepared and amended at any time following the procedures established below.

1. **Nomination.** A tree may be nominated for historical tree status by the property owner, a neighborhood organization, or any person by submitting a map, a photograph, and a narrative description including the location, species, approximate age, and the characteristics on which the nomination is based;
2. **Review.** The director, upon receipt of a nomination, shall review the nomination and confer with the city tree protection professional and other city staff as may be appropriate. Notice of the nomination shall be mailed to the property owner and shall be posted by the city on the subject site for a period of ten days. The director shall inspect the tree, consider public comments, and decide in each case whether or not the tree is to be designated a historical tree. The city shall place each designated historical tree on the historical tree register. In the event the owner of the tree does not approve of its designation as a historical tree, the nomination will be disapproved;
3. **Notification of the director's decision.** Notice of the director's decision shall be mailed to the property owner and shall be posted by the city on the subject site for a period of ten days;
4. **Appeal.** Any person may appeal the director's decision to the hearing examiner;
5. **Hearing examiner.** The hearing examiner shall hold a public meeting on the appeal pursuant to the procedures specified in section 1.C.050 (Quasi-Judicial Review of Applications) of the City of Lacey Development Guidelines and Public Works Standards. The hearing examiner will make a decision which will constitute a recommendation to the city council. All recommendations of the hearing examiner will be considered by the city council at the next available council meeting;
6. **Notification of registration.** Each property owner who has one or more registered historical trees shall be notified by first class mail of the designation within thirty days of designation;
7. **Recording of historical tree covenant.** Each property owner who has one or more registered historical trees shall execute a historical tree covenant in a form agreeable to the city. The historical tree covenant shall require that the tree be maintained in a manner which is consistent with the provisions of this chapter. The historical tree covenant shall be recorded by the county auditor. Recording fees shall be paid by the applicant;
8. **Duration of covenant.** The historical tree covenant shall be effective from the date of recording until such a time that a tree removal permit has been issued by the director pursuant to this section;
9. **Education benefits.** From time to time the city may prepare public information programs on historical trees and provide qualified professional tree care advice to owners of the historical trees;

C. **Limitation on removal.** Subject to the exceptions enumerated in subsection D of this section, no person shall remove, or cause to be removed, any historical tree.

D. Removal Procedures. Historical trees shall not be removed except through the procedures established in this section.

1. **Permit Required.** No Historical tree shall be removed without first applying for and receiving a land clearing permit. The applicant for the permit shall be the property owner or the city. An application for a tree removal permit shall be submitted on a form provided by the city. The applicant must state the justification for removal on the tree removal application;

2. **Review.** If justification for removal is based upon health of the tree, and a visual inspection by the director cannot establish that the tree is dead, diseased, or hazardous, the applicant shall pay for the city tree protection professional to make a determination. If it is determined by the tree protection professional that the tree is dead, diseased, or otherwise hazardous and cannot be saved, the director may approve the removal. If the tree is determined to be healthy, or with treatable infestation or infection, the director may deny the permit.

If justification is due to reasons other than health of the tree, the director shall confer with other city personnel as may be appropriate in evaluating the justification and make a decision pursuant to the procedures and requirements of section 1E.030 (Limited Administrative Review of Applications) of the Development Guidelines and Public Works Standards;

3. **Notification.** If the director decides that a permit is justified, notice of the director's decision shall be mailed to the applicant, all parties of record, and posted by the city on the subject site for a period of ten days, during which no work shall commence. No work shall commence during the notice periods or when appeals are pending disposition;

4. **Appeal.** The property owner or any person residing or owning property within three hundred feet of the tree may appeal the director's decision to the hearing examiner, whether that decision is positive or negative. Appeals must be submitted in writing within ten days of the posting of the director's decision;

5. **Hearing examiner.** The hearing examiner shall hold a public meeting on the appeal pursuant to the procedures specified in section 1K.050 (Quasi-Judicial Review of Applications) of the Development Guidelines and Public Works Standards. The hearing examiner will make a decision which will constitute a recommendation to the city council. All recommendations of the hearing examiner will be considered by the city council at the next available council meeting. The city council decision shall be final. No work shall commence during the notice periods or when appeals are pending disposition;

6. **Permit for tree removal timing.** Any tree removal permit granted under this chapter shall be valid for one year. In addition to the permit, the property owner will execute a revocation of covenant in a form agreeable to the city. The revocation of covenant shall be recorded by the county auditor. Recording fees shall be paid by the property owner. (Ord. 1269 §19, 2006).

14.32.073 Financial security.

The review body may require financial security in such form and amounts as may be deemed necessary to assure that the work shall be completed in accordance with the permit. Financial security, if required, shall be furnished by the property owner, or other person or agent in control of the property at one hundred fifty percent of the estimated tree and vegetation replacement costs or appraised value. (Ord. 1269 §20, 2006).

14.32.080 Appeals.

Any decision of the city of Lacey in the administration of this chapter may be appealed in accordance with Chapter 1D of the City of Lacey Development Guidelines and Public Works Standards. (Ord. 1192 §55, 2002; Ord. 904, 1991; Ord. 399 §1 (part), 1975).

14.32.090 Violations.

A. **Violation general.** Violation of the provisions of this chapter or failure to comply with any of the requirements shall constitute a misdemeanor and such violation shall be punished as provided by LMC Title 9 for the commission of a misdemeanor. Each day such violation continues shall be considered a separate, distinct offense. The city's code enforcement officer shall promptly investigate all complaints of illegal tree removals.

B. **Penalties.** Any person who commits, participates in, assists or maintains such violation may be found guilty of a separate offense and suffer the penalties as set forth in subsection A of this section.

C. **Mitigation required.** In addition to the penalties set forth in subsections [A](#) and [B](#) of this section, any violation of the provisions of this chapter shall be mitigated by comprehensive treatment of environmental impacts through revegetation of the affected site. In assessing environmental damage, the city's tree protection professional shall determine the extent and value of vegetation removed or damaged and other environmental damage inconsistent with the intent and requirements of this chapter. In assessing environmental damage, the tree protection professional shall consider what the outcome of the site should have been had the proposed project been designed around existing topography and vegetation and all appropriate vegetation saved. The tree protection professional shall use the methodology in the current edition of the International Society of Arboriculture's "Guide for Plant Appraisal" in determining the value of removed and damaged vegetation.

D. **Environmental damage reviewed.** If the violation is discovered after evidence has been removed, the city tree protection professional shall use whatever resources are immediately available to determine environmental damage which may include aerial photographs, other photographs, interviews with adjacent property owners, receipts of timber sales off the site, and any other records available that have a bearing on the quantity and quality of vegetation removed or environmental damage sustained. The tree protection

professional also may estimate the appraised value of removed vegetation at the site by analyzing the best case growing capability of the site given soil conditions, health of surrounding tree stands and type of species suspected of being removed. The determination of environmental damage made by the tree protection professional shall be given substantial weight in a court of law.

E. **Revegetation.** Once the value of the environmental damage is determined, a comprehensive plan for revegetation of the site shall be prepared by the tree protection professional considering the purposes of this chapter and the specific elements provided in LMC [14.32.069](#). The plan shall provide for a value of new vegetation commensurate with the determined value of environmental damage at the site. The violator shall be fully responsible for implementation of the plan, accomplishment of all improvements and maintenance of said improvements.

F. **City tree account.** If the cost of restoration of the site is less than the true value of environmental damage at the site, the balance shall be paid to the city tree account. The city shall then utilize those funds for planting trees in other areas of the city.

G. **Appeal.** The determination of the city tree protection professional regarding the environmental damage at the site may be appealed to the city hearings examiner pursuant to the requirements of LMC [14.32.080](#).

H. **Hearing examiner review.** In review of the tree protection professional's decision, the hearing examiner shall determine if the tree protection professional's decision accurately reflects the criteria set forth in LMC [14.32.020](#).

I. **Relevant facts.** Additionally, the city hearings examiner may consider any other facts the examiner determines are relevant to the specific situation.

J. **Reduction of monetary value.** In cases where the determined value of environmental damage far exceeds the site restoration requirements, and extenuating circumstances the examiner determines are relevant to the case are present, the hearing examiner may reduce the monetary value assigned to the environmental damage, provided the hearing examiner shall reduce the determined compensation only when all of the following criteria are demonstrated by the applicant:

1. **Professional forester or certified arborist.** A professional forester, certified arborist, or other professional who could have alerted the applicant of tree protection requirements was not involved in the action leading to the violation;
2. **Monetary gain.** The violation action was not associated with a tree harvesting operation for monetary gain;
3. **Previous record.** The applicant has no previous record of tree and vegetation protection and preservation ordinance violations.

K. **Monetary compensation.** If all of the above criteria are demonstrated, the hearing examiner may reduce the monetary compensation required. In determining the monetary compensation reduction, the hearing examiner shall consider the following factors:

1. **Person responded.** Whether the person responded to staff attempts to contact the person and cooperated with efforts to review the site and arrive at an agreement on site restoration;
2. **Due diligence.** Whether the person showed due diligence and/or substantial progress in site restoration;
3. **Code interpretation.** Whether a genuine code interpretation issue exists;
4. **Other factors.** Any other factors considered relevant to the situation by the hearings examiner.

L. **Limitation on reduction.** In fixing the amount of compensation, the hearings examiner shall not reduce the determined compensation by more than thirty percent of the true value of the environmental damage as determined by the tree protection professional; provided further, that no reduction shall be given in cases where the true value of environmental damage does not exceed the cost of restoration determined necessary by the city's tree protection professional; provided further the hearing examiner may double the monetary compensation if the violation is a repeat violation. In determining the amount of increased compensation, the examiner shall also consider the criteria of this section.

M. **Appeal of hearing examiner determination.** Appeals of violation determinations by the city hearing examiner shall be appealed to Superior Court. An appeal of the hearing examiner decision must be filed with Thurston County Superior Court within twenty calendar days from the date the hearing examiner decision was mailed to the person to whom the decision on monetary compensation was made. (Ord. 1269 §21, 2006; Ord. 935 §2 (part), 1992).

14.32.095 Requirements for foresters and contractors doing land clearing work in Lacey.

In order to assure compliance with the standards and requirements of this chapter, "Tree and Vegetation Protection/Urban Forest Management," foresters, arborists, and logging and land clearing contractors or others involved in land clearing operations in the city of Lacey shall be required to sign and submit a "Statement of Tree and Vegetation Protection Acknowledgment" to the city of Lacey. This statement shall attest such forester's or contractor's knowledge of the city of Lacey's tree and vegetation protection requirements. This statement shall be required in conjunction with normal city licensing requirements for persons performing work in the city of Lacey. The required statement shall be in substantially the following form:

“I, _____, a duly licensed professional contractor in the State of Washington, or professional forester, hereby attest that I have read and am knowledgeable of Chapter [14.32](#), “Tree and Vegetation Protection/Urban Forest Management”, of the city of Lacey.

“I further attest that, as a professional doing land clearing work in the city of Lacey, I am accountable for following the city’s tree and vegetation protection and conservation requirements, including obtaining a land clearing permit or exemption prior to performing land clearing work, as defined by Chapter 14.32.030(C) of the Lacey Municipal Code, as well as following all conditions and requirements of said permit or exemption.

“I attest that if I fail to follow tree protection requirements I will be held jointly responsible with the landowner for any restitution required as a result of environmental damage determined by the city tree protection professional to be the result of improper land clearing activities at the site. This may result in claims against my bond pursuant to Section [18.27.040](#) of the Revised Code of Washington and other monetary penalties as allowed by this chapter or State law.”

Private professionals involved in land clearing operations who do not provide the above statement shall be prohibited from performing land clearing services in the city of Lacey. Said professionals who do not provide this statement and perform land clearing services in the city of Lacey shall be considered in violation of this chapter and may be prosecuted under this chapter, the city’s civil penalties ordinance, or as otherwise provided by law. All foresters, arborists, loggers, or other land clearing contractors involved in land clearing operations shall be jointly responsible with the landowner for any land clearing violation and restitution required at a site as a result of improper land clearing activity. (Ord. 1269 §22, 2006; Ord. 935 §2 (part), 1992).

14.32.100 Severability.

If any section, paragraph, subsection, clause or phrase of this chapter is for any reason held to be unconstitutional or invalid such decision shall not affect the validity of the remaining portions of this chapter. (Ord. 904, 1991; Ord. 399 §1 (part), 1975).

The Lacey Municipal Code is current through Ordinance 1568, passed July 9, 2020.

Disclaimer: The city clerk’s office has the official version of the Lacey Municipal Code. Users should contact the city clerk’s office for ordinances passed subsequent to the ordinance cited above.

Note: This site does not support Internet Explorer. To view this site, Code Publishing Company recommends using one of the following browsers: Google Chrome, Firefox, or Safari.

[City Website: www.ci.lacey.wa.us](http://www.ci.lacey.wa.us)

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LACEY CITY COUNCIL WORKSESSION

September 9, 2021

SUBJECT: Affordable Housing Sales & Use Tax (HB 1590)

RECOMMENDATION: Informational only. No action recommended at this time.

STAFF CONTACT: Scott Spence, City Manager *SS*
Shannon Kelley-Fong, Assistant City Manager *SKF*

ORIGINATED BY: City Manager's Department

ATTACHMENTS: 1. [RCW 82.14.530](#)

FISCAL NOTE: Approximately \$1.4 million in restricted revenue could be generated annually if the City of Lacey were to adopt the 0.1% affordable sales and use tax. Thurston County would receive these monies if it adopted the 0.1% affordable sales and use tax prior to the City of Lacey. If the City were to adopt this tax, there would be administrative costs associated with programs and projects funded with these monies. Administrative costs are not contemplated in this staff report.

PRIOR REVIEW: None.

BACKGROUND:

In 2015, the Washington state legislature enacted legislation allowing any county, and then city, to levy a sales and use tax up to one-tenth of one percent (0.1%) for affordable housing and related services and mental and behavioral health services ("Affordable Housing Tax"). Initially, the Affordable Housing Tax increase required voter approval. During the 2019 legislative session, the Washington legislature passed HB 1590, which allowed the Affordable Housing Tax to be approved through councilmanic authority. HB 1590 was codified in [RCW 82.14.530](#).

In 2015, when the Affordable Housing Tax was first authorized, counties had a first right of refusal in imposing the tax. If a county chose not to impose the Affordable Housing Tax by

the imposed deadline, any city within that county could in turn choose to impose it. With the passage of HB 1590 allowing for councilmanic implementation of the Affordable Housing Tax, the deadline for counties to impose the tax was extended until Sept. 30, 2020. After this date, any city within that county could impose the tax through a vote of a city council or by ballot measure.

As of October 1, 2020, Thurston County did not impose the Affordable Housing Tax. However, Thurston County is currently contemplating the potential of imposing the Affordable Housing Tax in the near future.

If Thurston County adopts the tax, any city in Thurston County that had the Affordable Housing Tax in place prior to Thurston County's adoption would receive a credit for their share of the tax from Thurston County. To date, only Olympia has adopted the Affordable Housing Tax (in 2018). Cities in Thurston County that have not adopted the Affordable Housing Tax by the time Thurston County adopts the tax will lose the ability to directly receive revenues generated from the tax within its jurisdictional boundaries.

Per the legislation, counties with a population greater than 1,500,000 that impose the Affordable Housing Tax must allocate at least thirty percent (30%) of the revenue collected within a city with a population greater than 60,000 to activities or events in that city. Thurston County with an estimated population of 291,000 (OFM 2020 estimate) would not meet this threshold. Therefore, Thurston County would not be obligated to allocate any level of revenue collected within a city to activities or events in that city. In addition, even if Thurston County met this population threshold, no cities in Thurston County would currently meet the 60,000-population threshold with Olympia and Lacey at 55,010 and 54,780, respectively (OFM 2021 estimate).

The current sales tax rate in the City is 9.4%. Of this, only 0.85% goes to the City as unrestricted sales tax revenue. **Table A** provides a breakdown of the sales tax rate for the City.

TABLE A		
City of Lacey Sales and Use Tax Rates		
Jurisdiction		Sale Tax
State		6.5%
Local	Thurston County	0.15%
	InterCity Transit	1.20%
	Chemical Dependency & Behavioral Health Services	0.10%
	Criminal Justice	0.10%
	Detention Facilities	0.10%
	TCOMM/911 Communications	0.20%
	Lacey	0.85%
	Lacey Transportation Benefit District	0.2%
Total		9.4%

If the Affordable Housing Tax were adopted in Lacey, it would increase the City's sales tax rate by 0.1%, for a total rate of 9.5%. **Table B** lists the City's sales tax rate if the Lacey City Council were to adopt the Affordable Housing Tax.

TABLE B		
City of Lacey Sales and Use Tax Rates with Affordable Housing Tax		
Jurisdiction		Sale Tax
State		6.5%
Local	Thurston County	0.15%
	Intercity Transit	1.20%
	Chemical Dependency & Behavioral Health Services	0.10%
	Criminal Justice	0.10%
	Detention Facilities	0.10%
	TCOMM/911 Communications	0.20%
	Lacey	0.85%
	Lacey Transportation Benefit District	0.2%
	Lacey Affordable Housing Tax	0.1%
Total		9.5%

Based on actual sales tax collection between 2017-2019 it is anticipated that the additional 0.1% tax would generate approximately \$1.4 million in additional sales tax revenue annually for permitted uses identified in [RCW 82.14.530](#), see **Table C**, based on a conservative estimate of total taxable revenues for 2017 to 2019.

TABLE C				
City of Lacey Total Taxable Retail Sales, Current Sales and Use Tax, & Possible HB 1590 Affordable Housing Tax				
Year	Total Taxable (DOR)	Lacey (.85%)	HB 1590 (.1%)	DOR Administrative Fee
2019	\$1,517,071,463	\$12,895,107	\$1,517,071	\$15,171
2018	\$1,464,413,736	\$12,447,517	\$1,464,414	\$14,644
2017	\$1,231,493,527	\$10,467,695	\$1,231,494	\$12,315
Average	\$1,404,326,242	\$11,936,773	\$1,404,326	\$14,043

TABLE D		
City of Lacey Sales and Use Tax Rates with Affordable Housing Tax Average 2017-2019 Total Taxable		
Jurisdiction	Sale Tax	2017-2019 Average Total Taxable (DOR) = \$1,404,326,242
State	6.5%	\$91,281,206
Local	Thurston County	0.15% \$2,106,489
	Intercity Transit	1.20% \$16,851,915
	Chemical Dependency & Behavioral Health Services	0.10% \$1,404,326
	Criminal Justice	0.10% \$1,404,326
	Detention Facilities	0.10% \$1,404,326
	TCOMM/911 Communications	0.20% \$2,808,652
	Lacey	0.85% \$11,936,773
	Lacey Transportation Benefit District	0.2% \$2,808,652
	Lacey Affordable Housing Tax	0.1% \$1,404,326
Total	9.5%	\$133,410,993

Notably, the long-term impact of COVID-19 on sales tax revenues remains unknown. Additionally, as listed in **Table C**, the Department of Revenue charges an administrative fee of 1% of the revenue generated.

Assuming no increases or decreases occur in total taxable retail sales occurs, it is anticipated that over a twenty-year period the Affordable Housing Tax would generate approximately \$28 million in additional revenue within the City of Lacey for affordable housing and related uses.

Currently, the following cities imposed the Affordable Housing Tax: Anacortes, Ellensburg, Olympia, Port Angeles, Covington, Spokane, and Issaquah.

It is important to clarify that the Affordable Housing Tax is distinct from the Lacey City Council's action in 2019 to obtain a credit of the existing State sales tax revenue for investment in affordable housing (Ord. 1561). That action provided the City with a credit for a portion, 0.0073%, of the amount of taxable retail sales within the City and did not impose any new tax on City residents. The City generates approximately \$110,000 per year from this credit.

Affordable Sales Tax Uses

Pursuant to RCW 82.14.530, the revenue generated from the Affordable Housing Tax is restricted to the following:

- A minimum of 60% must be used for:
 - o Constructing affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services; or
 - o Constructing mental and behavioral health-related facilities; or
 - o Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.
- Remaining (<40%) may be used for, "the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services."

RCW 82.14.530 specifies that these funds must only be used for persons within any of the following population groups whose income is at or below 60% area median income (AMI):

- Persons with behavioral health disabilities;
- Veterans;
- Senior citizens;
- Homeless, or at-risk of being homeless, families with children;
- Unaccompanied homeless youth or young adults;
- Persons with disabilities; or
- Domestic violence survivors.

In Lacey, 60% AMI is \$40,612.

Notably, the legislative authority imposing the tax can issue general obligation or revenue bonds and may use up to fifty (50) percent of the money collected by the Affordable Housing Tax for repayment of the bonds to finance the construction of affordable housing, facilities where housing-related programs are provided, or evaluation and treatment centers. The legislative authority imposing the tax can also use ten (10) percent of the moneys collected to supplant local funds.

These additional funds would help advance the City's goals of increasing affordable housing as identified in the Housing Element of the Comprehensive Plan which includes the Affordable Housing Strategy adopted by the Lacey City Council on August 22, 2019. Policy 3 of the Affordable Housing Strategy is to "Create more affordable housing" and that the Affordable Housing Tax should be considered as a source of funding. In addition, the Draft

Housing Action Plan identifies this funding sources as a recommended action. The Lacey City Council received a briefing on the Draft Housing Action Plan on June 10, 2021, and will receive another update on September 9, 2021. The Homeless Workgroup is also examining homeless response needs in Lacey, including actions such as shelter, housing, operational costs, supportive services and potential funding sources. Recommendations from this group are forthcoming and could include implementing funding options like the Affordable Housing Tax.

Potential Outcomes for the City:

If the City does not impose the Affordable Housing Tax and Thurston County does, the County would determine the use of the revenue. No revenue generated from within Lacey is required to be expended on projects in Lacey.

The tax would be implemented across all jurisdictions in the County. The County could not carve out a portion of the County, whether incorporated or unincorporated, where the Affordable Housing Tax would not apply. The city of Olympia's portion of the tax would be remitted from the County to the city of Olympia as Olympia adopted the Affordable Housing Tax prior to the County's adoption.

Table E provides an estimate of the funds Thurston County would accumulate annually if it adopted the Affordable Housing Tax and if Lacey and other jurisdictions, with the exception of Olympia, did not adopt the Affordable Housing Tax.

TABLE E		
Thurston County Jurisdictions Sales and Use Tax Rates with Affordable Housing Tax Average 2017-2019 Total Taxable		
Jurisdiction	2017-2019 Average Total Taxable (DOR)	Affordable Housing Tax
Unincorporated Thurston County	\$930,824,958	\$930,825
Bucoda	\$1,824,774	\$1,825
Lacey	\$1,404,326,242	\$1,404,326
Olympia*	-	\$0
Rainier	\$19,310,602	\$19,311
Tenino	\$28,639,065	\$28,639
Tumwater	\$830,705,802	\$830,706
Yelm	\$225,522,987	\$225,523
Total	\$3,441,154,430	\$3,441,154
*Olympia adopted the Affordable Housing Tax. From 2017-2019, Olympia's average total taxable retail was \$2.24B and received around \$2.24M from the Affordable Housing Tax.		

Table F provides an estimate of the funds Thurston County would accumulate over a twenty-year period if it adopted the Affordable Housing Tax and if Lacey and other jurisdictions, with the exception of Olympia, did not adopt the Affordable Housing Tax.

TABLE F		
Thurston County Jurisdictions Sales and Use Tax Rates with Affordable Housing Tax for Taxable 20 Year Period		
Jurisdiction	Total Taxable 20-Year Period	Affordable Housing Tax
Unincorporated Thurston County	\$18,616,499,167	\$18,616,499
Bucoda	\$36,495,480	\$36,495
Lacey	\$28,086,524,840	\$28,086,525
Olympia*	\$ -	\$ -
Rainier	\$386,212,040	\$386,212
Tenino	\$ 572,781,307	\$572,781
Tumwater	\$16,614,116,040	\$16,614,116
Yelm	\$ 4,510,459,733	\$4,510,460
Total	\$ 68,823,088,607	\$68,823,089
*Olympia has adopted the Affordable Housing Tax. Over a 20-year period, Olympia would have a total taxable retail of \$44.79B received around \$44.79 M from the Affordable Housing Tax.		

Fiscal Impact

As explained in the summary statement, using tax collections between 2017-2019, the City could anticipate generating roughly \$1.4 million per year from the Affordable Housing Tax, if adopted. However, actual collections in the near future may be higher or lower depending on the long-term impact of the COVID-19 pandemic.

If the City were to adopt the Affordable Housing Tax, there would be a financial impact on the City for program planning and administration. This staff report does not contemplate the fiscal impact to the City. Potential fiscal impacts to the City could be calculated in the future.

Recommendation

This staff report serves to provide information on the Affordable Housing Tax. **No action is recommended at this time.**

ATTACHMENT 1

RCW 82.14.530

Sales and use tax for housing and related services.

(1)(a)(i) A county legislative authority may submit an authorizing proposition to the county voters at a special or general election and, if the proposition is approved by a majority of persons voting, impose a sales and use tax in accordance with the terms of this chapter. The title of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used. The rate of tax under this section may not exceed one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(ii) As an alternative to the authority provided in (a)(i) of this subsection, a county legislative authority may impose, without a proposition approved by a majority of persons voting, a sales and use tax in accordance with the terms of this chapter. The rate of tax under this section may not exceed one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(b)(i) If a county does not impose the full tax rate authorized under (a) of this subsection by September 30, 2020, any city legislative authority located in that county may:

(A) Submit an authorizing proposition to the city voters at a special or general election and, if the proposition is approved by a majority of persons voting, impose the whole or remainder of the sales and use tax rate in accordance with the terms of this chapter. The title of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used;

(B) Impose, without a proposition approved by a majority of persons voting, the whole or remainder of the sales and use tax rate in accordance with the terms of this chapter.

(ii) The rate of tax under this section may not exceed one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(iii) A county with a population of greater than one million five hundred thousand may impose the tax authorized under (a)(ii) of this subsection only if the county plans to spend at least thirty percent of the moneys collected under this section that are attributable to taxable activities or events within any city with a population greater than sixty thousand located in that county within that city's boundaries.

(c) If a county imposes a tax authorized under (a) of this subsection after a city located in that county has imposed the tax authorized under (b) of this subsection, the county must provide a credit against its tax for the full amount of tax imposed by a city.

(d) The taxes authorized in this subsection are in addition to any other taxes authorized by law and must be collected from persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county for a county's tax and within a city for a city's tax.

(2)(a) Notwithstanding subsection (4) of this section, a minimum of sixty percent of the moneys collected under this section must be used for the following purposes:

- (i) Constructing affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services; or
- (ii) Constructing mental and behavioral health-related facilities; or

(iii) Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.

(b) The affordable housing and facilities providing housing-related programs in (a)(i) of this subsection may only be provided to persons within any of the following population groups whose income is at or below sixty percent of the median income of the county imposing the tax:

- (i) Persons with behavioral health disabilities;
- (ii) Veterans;
- (iii) Senior citizens;
- (iv) Homeless, or at-risk of being homeless, families with children;
- (v) Unaccompanied homeless youth or young adults;
- (vi) Persons with disabilities; or
- (vii) Domestic violence survivors.

(c) The remainder of the moneys collected under this section must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services.

(3) A county that imposes the tax under this section must consult with a city before the county may construct any of the facilities authorized under subsection (2)(a) of this section within the city limits.

(4) A county that has not imposed the tax authorized under RCW [82.14.460](#) prior to October 9, 2015, but imposes the tax authorized under this section after a city in that county has imposed the tax authorized under RCW [82.14.460](#) prior to October 9, 2015, must enter into an interlocal agreement with that city to determine how the services and provisions described in subsection (2) of this section will be allocated and funded in the city.

(5) To carry out the purposes of subsection (2)(a) and (b) of this section, the legislative authority of the county or city imposing the tax has the authority to issue general obligation or revenue bonds within the limitations now or hereafter prescribed by the laws of this state, and may use, and is authorized to pledge, up to fifty percent of the moneys collected under this section for repayment of such bonds, in order to finance the provision or construction of affordable housing, facilities where housing-related programs are provided, or evaluation and treatment centers described in subsection (2)(a)(iii) of this section.

(6)(a) Moneys collected under this section may be used to offset reductions in state or federal funds for the purposes described in subsection (2) of this section.

(b) No more than ten percent of the moneys collected under this section may be used to supplant existing local funds.

[[2020 c 222 § 1](#); [2015 3rd sp.s. c 24 § 701](#).]

NOTES:

Construction—2015 3rd sp.s. c 24: See note following RCW [36.160.030](#).