



Affordable Housing Strategy
"Menu of Options"

ID	Strategy	Description	Possible Action/Policy Question	Potential for addressing housing affordability	Analysis
Incentive-based tools for affordable and infill housing					
1	Multi-Family Tax Exemption (MFTE)	Provides for time limited tax abatement for multi-family housing, including affordable housing, in residentially deficient urban centers located within the city of Puyallup.	Possible expansion of the Multi-Family Tax Exemption program outside of downtown core; possible study areas include South Hill Regional Growth Center and River Road Mixed Use Center	Medium/High	The MFTE provides and eight (8) year, limited tax abatement for multi-family units in areas designated and a 12 year tax abatement for projects wherein designated affordable units are established. This could have a high potential for creating more market rate units at a lower rent cost (8 year) and has a high potential for creating designated, set aside affordable units if a developer utilized the 12 year exemption
2	Height/density bonuses	Provide building height and/or residential dwelling unit bonuses for mixed use commercial buildings where affordable units are created	Height bonuses/density bonuses in C, RM and MX zone districts wherein residential uses are created.	High	Since these bonus incentives would only apply to projects where set aside affordable units are created, this would be considered an incentive with a high potential for creating affordable units given that the incentive is directly tied to the creation of new units that are set-aside as affordable.
3	Flexibility in lot sizes	Provide additional flexibility in lot sizes or possibly de-regulate lot dimensions and sizes for infill lots	Examine possible changes to lot dimension standards for infill lots (i.e. new lots created through short plats in existing residential areas).	Low	This tool could result in smaller lot sizes with resulting smaller units; this does not guarantee the unit(s) created would be affordable, so the probability for 'truly-affordable' units as a result of this approach is lower than other incentive strategies. Smaller buildings reduce construction costs and could create market rate units that are comparably less expensive to rent or purchase than larger units.
4	Fee reductions or waivers	Possible elimination or reduction in fees assessed during building permitting	Possible fee waivers for Impact Fees (Parks, Schools, Traffic) and Systems Development Charges (utility hook up fees) for projects that create affordable units	High	This incentive has a high potential to affect the creation of set-aside affordable units by reducing the cost of new construction related to new affordable units. Careful policy consideration of the public benefits of a new affordable unit with the loss of road and utility impact fee revenue meant to offset new impacts. City may be required to cover portions of exemption with other public funds, per RCW.
5	Expedited permitting	Provide expedited permit review process of affordable unit projects	Provide an alternative permitting 'pathway' that places projects proposing set-aside affordable housing ahead other applications.	Medium	This is a supportive incentive that could work with other incentives to affect the creation of affordable units. This incentive may not actually create affordable units, but may assist developers of affordable units to permit and construct units more rapidly.
6	Parking requirements reductions	Reduce or eliminate off-street parking requirements for affordable units	Modification of the off-street parking ordinance to reduce or eliminate	High	Off-street parking is a major expense to development; this incentive could reduce the cost of developing affordable units. Given that affordable units have a lower rate of return for a market rate housing developer, this could help to offset the cost of developing affordable unit(s) and should be considered a valuable tool to incentivize affordable housing. Careful policy consideration should be undertaken to determine possible impacts to surrounding streets and parking facilities by off-setting off-street parking requirements.
7	Duplex/triplex permitting requirements	Examine permitting process for new duplex and triplexes units	Possible changes to Conditional Use Permit requirements and lot size requirements for permitting of duplexes in limited scenarios; examine possible expanded scenarios for duplexes in RS zones	Low	This incentive is meant to create more infill units, which may increase available supply and reduce market rate unit rents only.



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Mandatory affordable housing					
8	Development Agreements	Possible policy regarding affordable housing for projects which receive a DA where housing units are created	Create a city policy that development agreements (DA) involving residential projects create affordable units as a condition of DA approval	High	This strategy could have a high potential for affecting affordable housing creation. The City Council would have discretion to require the provision of affordable housing through a policy set up in the city's Development Agreement ordinance.
9	Voluntary residential upzones	State law authorizes the city to possibly require affordable housing set asides when an 'upzone' is requested by private party related to a zone which allows residential uses	Create an ordinance that requires a land-owner to provide a portion of a development as affordable when they receive a rezone that increases the dwelling unit development capacity	High	Since this would be a mandatory requirement for the creation of affordable units, this strategy should be considered a high potential to create new set aside units. Careful policy consideration should be made regarding this strategy's impact on proposed upzones and redevelopment, more generally.
10	City-initiated upzones	Require analysis and mandatory affordable unit provisions for areas where city-initiated upzones allow for additional units	The city may examine the city's multi-family housing density allowances in the Comprehensive Plan	High	This strategy is similar to the voluntary upzones (above) strategy; this process would require the city to conduct a housing affordability study when the city proposes an area-wide rezone that would result in additional residential development capacity. This would require all development within an area of city-initiated upzoning to provide affordable set aside units.
11	Transfer of Development Rights (TDRs)	Possibly require units created out of a future city TDR program to be set aside as affordable	If the city structured a future TDR program to allow height or dwelling unit bonuses for purchase of TDR credits, a policy could be implemented that additional dwelling unit bonuses provide some set aside affordable housing	Medium	This strategy is ranked as a medium potential - despite the fact that this strategy would result in the creation of set aside affordable units. Further analysis may show that it would be difficult to implement this strategy without strong market conditions for development. The purchase of TDR credits would already add to the cost of a possible development and the creation of affordable units would impact the developer's return on investment, making it difficult to implement.



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Other related tools					
12	'Tiny' houses	Creation of a definition of and permitting pathway for tiny houses	Examine current definition of RVs and Accessory Dwelling Units and determine how to handle permitting of single tiny houses on residentially zoned lots, and groups of tiny homes.	Medium	The city zoning code does not currently differentiate tiny houses – most of which are constructed on trailers – from RVs. Tiny houses are very affordable to build and can be considered affordable by most measures.
13	Accessory Dwelling Units – impact fees	Accessory Dwelling Units – impact fees	Examine the current fee structure and cost of permitting an accessory dwelling unit; determine possible reductions in fees to make permitting secondary dwelling units more affordable.	Medium	This incentive has a medium potential to affect the creation of new accessory dwelling units by reducing the cost of new construction related to an accessory unit. Careful policy consideration of the public benefits of a new ADU with the loss of road and utility impact fee revenue meant to offset new impacts. City may be required to cover portions of exemption with other public funds, per RCW.
14	Manufactured homes	Allowances for manufactured home parks	Examine current use allowances and design standards for manufactured home parks and determine possible allowances and design requirements	Medium	Currently, only manufactured home parks that existed prior to July 1, 2005 are 'grandfathered' into the city's RS (Single family) zoning code. No new manufactured home parks may be permitted in the city currently. Parks can be a market rate affordable housing option given the relatively low cost of the unit itself and the location, which would not require land purchase.
15	Cottage housing	Cottage housing ordinance	Examine now 'sunset' demonstration ordinance allowing cottage housing in the city; determine if ordinance should be re-adopted as a demonstration or permanent	Low	Cottage housing is an infill strategy that allows small units to be built in a clustered location, with shared common open space (in lieu of single lot development. The units may offer a diverse housing choice that could be viewed as relatively more affordable than traditional detached single family development on individual lots.
16	Affordable housing bond/trust fund	Affordable housing bond/trust fund	Study a possible (voter-approved) bond measure to provide dedicated funding for the capital cost for development of affordable housing units in the city	High	Given that a dedicated funding source could result in the funding of construction of set aside affordable units, this strategy ranks as a high priority tool. The funding derived from a bond measure could provide a pool of funding for a housing authority or non-profit affordable housing developers to access to construct new, affordable units. However, this would require voter approval and should be considered and studied in depth by the council.
17	Land surplus/public-private land development	City policy regarding development outcomes for property that is deemed surplus by council, or other property where the city partners with a private developer to re-develop	A city policy regarding the creation of affordable units as a result of a development, or re-development, of a city-owned property. If the city surpluses a property or partners with a developer, a condition of the sale or partnership for development could include a mandate to create affordable housing units	High	Given that this policy would result in the creation of set aside units through the sale or a public-private partnership for re-development, this should be considered a high priority tool to consider.