



August X, 2025

Joyce Phillips, Principal Planner  
City of Olympia  
jphillip@ci.olympia.wa.us

RE: Comments regarding Proposed Changes to the Middle Housing Code

Dear Ms. Phillips and City of Olympia staff:

On behalf of the South Capitol Neighborhood Association (SCNA) Board, we would like to offer some comments on the latest proposed changes to the Middle Housing Code draft, dated June 5, 2025.

As you are aware, the South Capitol neighborhood is listed in the National Register of Historic Places. <https://www.nps.gov/subjects/nationalregister/database-research.htm>. Most of our comments are related to preserving the historic character of our neighborhood while allowing some proportional increased residential density. We are supportive of increased housing in the South Capitol neighborhood – which is, in fact, already zoned for multiple units per lot – rather than simply single-family houses. We are eager to see the City implement the Middle Housing Code in a way that maintains the charm of the South Capitol neighborhood while increasing the ability for people from all walks of life to afford to live in it.

#### *Tier 1 Versus Tier 2 City Designation*

We have a diversity of views in our neighborhood about the City's decision to draft amendments for a Tier 1 city when Olympia is currently Tier 2. Many residents in the South Capitol neighborhood have lived here for 30+ years and have seen population projections come and go and never materialize. There is no guarantee that Olympia will actually become a Tier 1 city by 2030. Defining Olympia as a Tier 1 city means the base unit density increases from two units to as high as six units near frequent transit routes. This is a major leap in lot densities.

Some of our neighbors would like to see how the Middle Housing Code for a Tier 2 city works before jumping into Tier 1 requirements from the state. Many regulations benefit from adjustments in a five-year timeframe, which should not be overly onerous on staff time.

Other South Capitol residents support planning for a future, more urban Olympia, knowing that development to increase density takes time and will benefit from an earlier planning

horizon. These neighbors also support planning cooperatively with a wider area, which means taking the urban growth area (UGA) into consideration.

These divergent views are part of the reason that we request the City maintain the existing design review requirements for projects proposing to add five or more units per lot through 2030, assuming the city allows the density in our neighborhood to increase to six units per lot as proposed. In 2030, the required public meeting requirement could be lifted for projects proposing up to six units on a lot if the population estimates are realized and/or if Olympia annexes the UGA. The City should revisit the Middle Housing Code in 2030 to assess whether these conditions have materialized and adjust accordingly, if they have not. <sup>1</sup>Given the varied opinions on this, we request more time and public involvement to figure out the tier.<sup>2</sup>

*Thank you, Nora, for sharing your perspective on the Tier 1 / Tier 2 options. I read the letter with your comments in mind. I find that section of the letter pretty well balanced in describing the options of to do or not to do Tier 1. I support keeping it as is since it provides both rationales for either option and describes the pro and con of both. It also emphasizes that the City has shown it is NOT ready to implement such a complicated and major change to new housing. (Gordon comments)*

*For the same reason I also suggest using different terminology in paragraph 7 about the issue of lobbyists converting homes to businesses. The issue is home conversions to businesses regardless of occupation. That is how we are framing the issue in the SCNA Board workgroup named "Home Conversions to Businesses." (Gordon comment)*

One housing issue on which our neighborhood is united is our shared concern about the increase of ~~lobbyists purchasing and renting homes in our neighborhood, most of which are then used only during the legislative session and sit vacant for the rest of the year.~~ businesses purchasing and renting homes in our neighborhood, most of which are then used only a few months of the year and sit vacant for the rest of the year. This is anti-housing, undermines the stated purpose of Middle Housing, and is ~~destroying our~~ detrimental to the<sup>3</sup> neighborhood. (Gordon) With an increase of allowable units per lot, we do not want to see further establishment of residences for business purposes without rigorous code enforcement by the City. (Eric)

City staff have said they are unable to enforce existing municipal code Chapter 18.04.060 L. Home Occupations, which states:

- a. Home occupations must be conducted within the principal residence of the

<sup>1</sup> Nora motion to accept black text of Page 1 and Page 2 before Gordon's comments, Kelley second

<sup>2</sup> Lorie amendment to add a sentence. Motion as amended passed unanimously.

<sup>3</sup> Lorie motion to make a slight change to Gordon's edits. Scott second. Motion passed unanimously.

permit holder, or within an accessory structure on the same property . . .

c. No person(s) other than the family member(s) who resides in the residence shall participate in the home occupation. . . . Furthermore, the residence shall not be used as a place of congregation for work that occurs off the premises.

This lack of enforcement is despite the fact that Chapter 18.04.060 L. states:

b. Home occupations are subject to inspections by City staff insofar as permitted by law. Permit holders shall execute a notarized affidavit agreeing to allow appropriate City staff the ability to conduct an inspection of the residence, after reasonable notice is given, to determine compliance with the home occupation permit.

In light of this ongoing, non-compliant use of housing in our neighborhood – and potentially more units per lot under Middle Housing amendments – we request that the City ~~consider an amendment to City code to add lobbying to the prohibited uses of home occupations under 18.04.060(L)(2)(h).~~ identify steps necessary to enable it to enforce existing city code.<sup>4</sup> (Nora)

We also encourage the city to create a task force to identify ways to incentivize ~~lobbyists~~ **businesses** to purchase or rent smaller, multi-unit properties, including accessory dwelling units (ADUs). This could help preserve existing single-family homes for full-time neighborhood residents.

*I recommend taking out the bit about removing Lobbyists as one of the allowable Home Based businesses. I don't think the city can be so selective in picking which professional home based businesses are allowed. There are several SCN homeowners who are full time residents, raising families and contributing to the community. And they work out of their home as lobbyists.*  
(Gordon comment)

While not currently raised in the Middle Housing Code amendments, this issue is germane to this topic as our goal is to maintain existing housing in our neighborhood, particularly single-family homes, for families and full-time residents. Without immediate action by the City, our neighborhood is extremely concerned that current practices will erode any effort to increase residential housing stock through densification.

#### *Major Transit Stop*

Olympia has flexibility in this area of state requirements since we do not have any major transit stops. Yet the draft amendments appear to suspend some design requirements for projects within the chosen proximity of transit stops. It is of vital importance to our neighborhood that design requirements be maintained to allow for increased density in a way

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<sup>4</sup> Kelley motion to adopt edits in red. Lorie second. Motion passed unanimously.

that supports the character of the South Capitol neighborhood as a National Register Historic District. See <https://www.thurstontalk.com/2018/09/11/neighborhood-notes-historic-south-capitol-neighborhood-maintains-its-charm/>.

If the City creates “frequent transit routes” and allows increased unit lot density to six units instead of two or four – no matter whether it’s a quarter or half mile from the transit route – this will encompass our entire neighborhood. We are concerned that fitting more than four units on many of our neighborhood lots will not allow for design standards that respect the historic nature of our streets and houses.

Before finalizing its plans, the City should provide a map of any lots that would be permitted to subdivide into six units that could be sold off separately. Given that the South Capitol Neighborhood is a historic district – similar to our request above – we request the design review requirements remain for projects proposing five or more units on a lot until 2030. This represents a compromise that allows for increased density while allowing members of the community to engage in a public design review process.

Our neighborhood is also concerned about existing parking issues on some heavily parked streets, particularly during legislative sessions. The option to require off-street parking should not be precluded by these amendments.

#### *Current Residential Design Requirements*

Already the design review process for the South Capitol neighborhood seems to be fairly non-functional. Residents have repeatedly commented on the recent ongoing construction of a huge residence and garage on 17th Ave SW that covers virtually an entire lot with no room for trees, which seems inconsistent with Olympia’s tree ordinance. Has the ordinance changed such that trees are no longer required? The residence is also not set back consistent with the historic homes on the street. If design review did occur, where is the enforcement of those standards?

Unfortunately, this is not the first time that developers or ~~lobbyists~~ businesses buying properties in the South Capitol neighborhood have ignored design standards with no apparent accountability by the City of Olympia. If only administrative design review is required for all of these middle housing units, we are concerned that this will further weaken current requirements that preserve the historic character of the South Capitol neighborhood.

Are lot coverages/permeability, appropriate setbacks, and minimum tree density still part of administrative design review? If this is part of a separate site plan review, the two reviews need to be conducted together with public review and meeting requirements intact.

We request that Olympia dedicate city resources for stringent enforcement of residential design standards on these new units.

#### *Selling Individual Units on a Lot to Other Owners*

If a development is approved on a parent lot, these amendments allow for individual units to be sold independently of each other. What provisions are in place to ensure that each of these units isn't bought and used primarily for business purposes? As noted above, unfortunately, when this happens, properties often are left vacant, except during legislative sessions. And when owners are present and properties are used for business purposes, parking can become an issue on congested neighborhood streets.

#### *ADUs and Unit Lot Density*

The proposal includes accessory dwelling units (ADUs) in counting towards the maximum number of units allowed on a lot. Please keep this as written.

#### *Impact of Increased Density on Current Residents' Solar Panels*

South Capitol residents previously raised concerns during the adoption of the Missing Middle regulations about structures potentially obstructing the many solar panels now in our neighborhood. These new middle housing amendments compound the potential for solar panel problems. More density creates a greater chance of units being close to property lines. We urge the City to adopt protections for not obscuring current residents' solar panels on roofs close to the property line. A 24-foot or 35-foot-tall unit will easily obscure solar panels. On at least one street, several residences have panels on carports near property lines. Any structure built close to them will render them non-functional! ~~Could be an unnecessary add on, but we could reference how such an~~ This outcome would be at odds with the City's commitment to ~~taking take~~ action on climate change and numerous programs ~~they the~~ City provides to encourage ~~ing~~ solar installations.

[https://www.olympiawa.gov/community/climate\\_change\\_response/index.php](https://www.olympiawa.gov/community/climate_change_response/index.php) (Tyler comment)<sup>5</sup>

#### *New Allowance for Three Stories in 35-foot High Units*

It sounds like this would allow additional apartments within the same building envelope of allowable units. Further increasing the density on a lot in this manner could lead to problematic parking congestion. How will the City address this potential issue?

#### *Affordable Housing comment*

We do not believe that these amendments ~~sufficiently~~ address Olympia's need for affordable housing. Rentals in the South Capitol Neighborhood typically are not affordable for lower-income residents. It's most likely the City's hope that rents for smaller units in the South

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<sup>5</sup> Lorie motion to add Tyler's edited comment. Morgan second. Motion passed unanimously.

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Capitol will be affordable. We understand that Middle Housing amendments are focused on allowing for more housing stock and choice outside of apartments and single-family houses. ~~But we don't see much here~~ However, we would like to see more that incentivizes affordable units.<sup>6</sup>

*I thought that there was a requirement in the amendments that a certain number of units (if built) had to be a considered affordable based on the average median income/or different affordability metric.*

*I also think there can always be more affordable housing, but that the middle housing amendments are not just addressing affordable housing concerns, but more broadly, allowing for more housing stock and choice outside of apartments and single-family houses. (Kelley comments)*

### *Conclusion*

The South Capitol neighborhood is eager to support Middle Housing densification. We hope that the City of Olympia hears our neighborhood's concerns on the importance of careful implementation of these new policies. Implementation should be transparent, compliant, and historically sensitive. The implementation process should also provide opportunities for monitoring, feedback, and compliance enforcement. We believe that if implementation is conducted in this way, it can successfully accomplish housing density goals while further engendering trust between the City of Olympia and its neighborhoods.

Thank you for your work and your public outreach on these amendments. We look forward to your response to these questions and comments.

Sincerely,

Name, Title  
South Capitol Neighborhood Association

cc: Olympia Planning Commission  
~~Olympia City Council?~~<sup>7</sup>

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<sup>6</sup> Nora motion to amend Affordable Housing comment paragraph. Lorie second. Motion passed unanimously.

<sup>7</sup> Lorie motion to cc Olympia City Council. Tyler second. Motion passed unanimously.