



SOUTH CAPITOL Neighborhood Association

August 14, 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, I 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. Given the varied opinions on this, we request more time and public involvement to figure out the tier.

One housing issue on which our neighborhood is united is our shared concern about the increase of 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 detrimental to the neighborhood. 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.

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 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 identify

steps necessary to enable it to enforce existing city code. We also encourage the city to create a task force to identify ways to incentivize 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.

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 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 a 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 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

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street, several residences have panels on carports near property lines. Any structure built close to them will render them non-functional! This outcome would be at odds with the City's commitment to take action on climate change, and numerous programs the City provides to encourage solar installations.

https://www.olympiawa.gov/community/climate_change_response/index.php

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

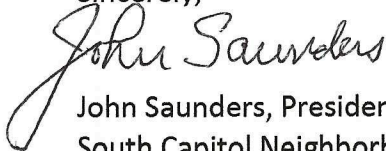
We do not believe that these amendments sufficiently address Olympia's need for affordable housing. Rentals in the South Capitol Neighborhood typically are not affordable for lower-income residents. It's most likely the City's hope that rents for smaller units in the South Capitol will be affordable. We understand that Middle Housing amendments are focused on allowing for more housing stock and choice outside of apartments and single-family houses. However, we would like to see more that incentivizes affordable units.

Conclusion

The South Capitol neighborhood is eager to support Middle Housing densification. We hope that the City of Olympia hears our neighborhood's concerns about 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,



John Saunders, President
South Capitol Neighborhood Association

cc: Olympia Planning Commission
Olympia City Council