Mountlake Terrace Planning Commission
Meeting Agenda
Monday, November 10, 2025, 7:00 PM
Mountlake Terrace City Hall, and via Telephone or Teleconference

AGENDA

1. Call to Order

2. Attendance Roll Call

3. Approval of the10/27/25 Meeting Minutes

4. Public Comment (No person shall make personal attacks, or threatening remarks while addressing the Planning Commission, which disrupts, disturbs, or otherwise impedes the orderly conduct of the meeting. Any person who is engaging in conduct that disturbs, disrupts, or impedes the business of the Planning Commission or whose comments have been ruled out of order by the presiding officer, shall immediately cease and refrain from further improper comments or inappropriate conduct. All hate speech will be construed as threatening remarks.)

5. **Public Hearing** - Review and Recommendation on Draft Housing Action Plan

6. Director's Report

7. Miscellaneous Business by Call of Planning Commissioners

8. Adjournment

If the public would like to listen via telephone, call 1-253-215-8782. To watch the meeting online: 1) Go to https://zoom.us/join; 2) Enter meeting ID 832 0588 1330 and click “join” (you will be prompted to install the Zoom application if you do not already have it).

The City of Mountlake Terrace strives to provide access and services to all members of the public. Please notify the City at least one week prior to the event if reasonable accommodations are needed.

City of Mountlake Terrace
Guidelines on Addressing the Planning Commission

The Planning Commission welcomes public input at the appropriate time during a public meeting. If you wish to address the Commission, you will be called on when your hand is raised and recognized by the Planning Commission Secretary.

Anyone who is addressing the Planning Commission will need to state their name and address at the beginning of their testimony, or comments.

To comment on an item not listed on the agenda, please address the Planning Commission at the time listed on the agenda as public comment.

To comment on an item listed on the agenda, please do so when the Chair calls for public comment during that particular agenda item.

Unless the Planning Commission Chair directs otherwise, comments on any item should not exceed five minutes per person.

To give public hearing testimony remotely (via Zoom), complete the Request Form for Remote Public Comment on the city's Planning Commission web page, at least 24 hours before the meeting. You will then be contacted via email to confirm your participation. Your reply to the confirmation email must be received by 4 p.m. on the day of meeting to be acknowledged that same evening. To give public hearing testimony at a meeting in-person, sign up at the meeting (no 24-hour notice required).

To submit written public hearing testimony, mail to/drop off at City Hall (23204 58th Avenue W., Mountlake Terrace, WA 98043) or email remarks to Shannon Olsen, solsen@mltwa.gov, no later than 4 p.m. on the public hearing date.

Purpose of Work Sessions

Occasionally the Planning Commission will discuss City topics in the form of a Work Session. The purpose of Work Sessions is for the Commission to collectively discuss ideas with each other, as well as observe staff presentations on selected topics. While the Planning Commission cannot take any official actions during a Work Session, the public is welcome to speak regarding an item before the Work Session begins. The public is always welcome to attend and monitor Planning Commission Work Sessions.

MOUNTLAKE TERRACE PLANNING COMMISSION
MEETING MINUTES

OCTOBER 27, 2025

1. Call to Order

   Chair Bautista called the meeting to order at 7:06 pm.

2. Attendance Roll Call

   Commissioners Present
   Chair Bautista
   Commissioner Stenson (via Zoom)
   Commissioner Thompson (via Zoom)
   Commissioner Wu (via Zoom)
   Commissioner Morgan (via Zoom)

   Commissioners Absent
   Vice Chair Bettcher

   Consulting Staff
   ECOnorthwest consultant Mackenzie Visser

   City Staff Present
   Senior Planner Sara Pizzo
   Planning Commission Secretary Shannon Olsen

   Vice Chair Bettcher requested to be excused from the meeting. A **motion** was made by Thompson and seconded by Wu. **Motion** passed 5-0.

3. Approval of the October 13, 2025 Meeting Minutes

   The 10/13/25 meeting minutes were accepted as presented.

4. Public Comment (No person shall make personal attacks, or threatening remarks while addressing the Planning Commission, which disrupts, disturbs, or otherwise impedes the orderly conduct of the meeting. Any person who is engaging in conduct that disturbs, disrupts, or impedes the business of the Planning Commission or whose comments have been ruled out of order by the presiding officer, shall immediately cease and refrain from

further improper comments or inappropriate conduct. All hate speech will be construed as threatening remarks.)

None.

5. **Public Hearing** on Draft Critical Area Ordinance (Ch. 16.15) Update

Senior Planner Sara Pizzo presented on this topic to include summary of critical areas and the Critical Area Ordinance (CAO), an overview of the critical area and land use maps, responses to questions from the last Planning Commission meeting, general provision updates, (check recording), proposed updates to the chapter for each critical area type, and the Department of Commerce 60 day review and SEPA, and next steps.

Pizzo responded to questions and comments from the Planning Commission.

Commissioner Thompson and Commissioner Morgan made a **motion** to open the public hearing. Approved 5-0.

Public Comment: None.

Commissioner Thompson and Commissioner Stenson made a **motion** to close the public hearing. Approved 5-0.

A recommendation was made to approve the proposals with any technical corrections put forth by city staff.

Commissioner Wu and Commissioner Stenson made a **motion** to recommend these to City Council. Approved 5-0.

6. **Public Hearing** on Draft Floodplain Management Ordinance (Ch. 16.18) Update

Senior Planner Sara Pizzo presented on this topic to include summary of what floodplain management is and the Floodplain Management Ordinance, answering questions from previous Planning Commission meeting, overview of the floodplain map, overview of proposed updates, and next steps.

Pizzo responded to questions and comments from the Planning Commission.

Commissioner Thompson and Commissioner Wu made a **motion** to open the public hearing. Approved 5-0.

Public Comment: None.

Commissioner Wu and Commissioner Thompson made a **motion** to close the public hearing. Approved 5-0.

A recommendation was made to approve the proposals with any technical corrections put forth by city staff.

Commissioner Wu and Commissioner Stenson made a **motion** to recommend these to City Council. Approved 5-0.

7. Review Draft Housing Action Plan

   ECOnorthwest consultant Mackenzie Visser presented on this topic to include Housing Action Plan (HAP) overview, an overview of the HAP action plans and any updates since last presentation on 9/22/25, and next steps.

   Visser responded to questions and comments from the Planning Commission.

8. Director's Report

   No director's report given as director was absent.

9. Miscellaneous Business by Call of Planning Commissioners

   Commissioner Landess has formally resigned from the Planning Commission.

10. Adjournment

   Meeting adjourned at 8:44 pm.

These minutes are subject to approval at the next Mountlake Terrace Planning Commission meeting.

MOUNTLAKE TERRACE PLANNING COMMISSION
MEETING MINUTES

OCTOBER 13, 2025

1. Call to Order

   Chair Bautista called the meeting to order at 7:02 pm.

2. Attendance Roll Call

   Commissioners Present -
   Chair Bautista
   Vice Chair Bettcher (arrived at 7:05 pm)
   Commissioner Stenson (via Zoom)
   Commissioner Thompson (via Zoom)
   Commissioner Landess (via Zoom)
   Commissioner Wu (via Zoom)

   Commissioners Absent
   Commissioner Morgan

   Consulting Staff

   City Staff Present
   Senior Planner Sara Pizzo
   Planning Commission Secretary Shannon Olsen

3. Approval of the 09/22/2025 Meeting Minutes

   The 09/22/25 meeting minutes were accepted as presented.

4. Public Comment (No person shall make personal attacks, or threatening remarks while addressing the Planning Commission, which disrupts, disturbs, or otherwise impedes the orderly conduct of the meeting. Any person who is engaging in conduct that disturbs, disrupts, or impedes the business of the Planning Commission or whose comments have been ruled out of order by the presiding officer, shall immediately cease and refrain from further improper comments or inappropriate conduct. All hate speech will be construed as threatening remarks.)

   No comments.

5. Presentation on Draft Critical Area Ordinance (Ch. 16.15) Update

   Senior Planner Sara Pizzo presented on this topic to include council goals and how it relates to the draft Critical Areas Ordinance (CAO), general provision updates about current code and what is proposed and why, in-depth information about current and proposed changes to the CAO for each type of critical area.

   Pizzo responded to questions and comments from the Planning Commission.

6. Presentation on Draft Floodplain Management Ordinance (Ch. 16.18) Update

   Senior Planner Sara Pizzo presented on this topic to include council goals and how it relates to the draft Floodplain Management Ordinance (FMO), information about Flood Insurance Rate Maps, proposed updates to definitions, administration, and construction provisions for flood hazard reduction, and update on Department of Commerce review and SEPA.

   Pizzo responded to questions and comments from the Planning Commission.

7. Director's Report

   No director's report given as director was absent.

8. Miscellaneous Business by Call of Planning Commissioners

   None presented.

9. Adjournment

   Meeting adjourned at 8:16 pm

These minutes are subject to approval at the next Mountlake Terrace Planning Commission meeting.

November 2025

DRAFT Mountlake Terrace Housing Action Plan

Prepared for: The City of Mountlake Terrace

ECOnorthwest

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Table of Contents

Executive Summary

The City's updated Comprehensive Plan, adopted in 2024, sets goals and policies for several key areas, including housing, to guide future growth and development over the next two decades. In particular, the City's Housing Element includes 27 housing policies that together support five overarching goals: expanding housing diversity, supporting regional collaboration, addressing special needs housing, preventing displacement, and focusing growth near services and transit. **This Housing Action Plan (HAP) translates the Housing Element into a set of concrete actions, providing staff and elected officials with a clear roadmap for implementation.** In total, this HAP consists of 42 actions. Some actions may support multiple Housing Element policies, while multiple actions might be needed to address certain policies.

HOUSING ELEMENT GOALS

- » Promote **diverse and innovative housing types** to create more housing opportunities that are affordable to residents.
- » Be an **active regional partner** in the education and collaboration of housing production.
- » Support housing options for **special needs** populations.
- » Protect the **stability of existing residents**.
- » Promote housing development **near Town Center, mixed-use, and neighborhood centers**.

In addition to the policy direction from the Housing Element, additional engagement and analysis conducted as part of developing this HAP have helped inform the recommended actions and priorities. **Across these sources, a few clear priorities emerged:**

- ♦ **Supporting housing production:** By 2044, Mountlake Terrace will need to accommodate an additional 13,424 residents and 7,683 housing units.
- ♦ **Incentivizing affordable units:** While Mountlake Terrace will need housing units across the income spectrum to support its 2044 population, roughly one-third of new housing units will need to be affordable to households earning less than 50% of the area median income.
- ♦ **Increasing housing diversity:** Community members expressed strong interest in smaller and alternative housing types, such as accessory dwelling units and other forms of middle housing, which can be more attainable than traditional single-family homes. Residents also shared a need for housing types that can support the housing needs of different household types, including seniors and residents with disabilities.
- ♦ **Investing in centers:** As the City grows, continuing to focus growth in Town Center and other mixed-use areas can support walkability, amenity access, and efficient infrastructure use.
- ♦ **Preventing displacement:** As the City grows and continues to attract development, both homeowners and renters shared concerns about rising housing costs in the City.

The following pages contain the full list of HAP actions organized by implementation timeframe. The list includes recently completed and in-progress efforts to show the City's progress since adopting the Comprehensive Plan, as well as near-term, mid-term, long-term, and ongoing actions that outline the next steps Mountlake Terrace can take to meet its housing goals. Each action also indicates the primary housing priority it supports, demonstrating how the actions collectively advance the City's overall housing strategy. For more details, each action number links to the corresponding action sheet with full information.

Exhibit 1: Mountlake Terrace Housing Action Plan Actions

	#	Action	Goal
Completed	0.1	Update zoning and design standards in residential zones to promote **middle housing per House Bill 1110.**	Housing diversity
	0.2	Offer density bonuses for **environmentally sustainable** building practices.	Housing diversity
	0.3	Review and update land use regulations to **provide increased residential capacity** to accommodate the City's 2044 housing targets.	Housing production
In-Progress	1.1	Update **permitting forms** to reflect recently updated allowances for middle housing types to clarify permitting procedures and better track development patterns.	Housing diversity
	1.2	Simplify **ADU permitting requirements** by updating to a building-permit-only process (similar to single-family and duplex requirements) to make ADU development more accessible and reduce time and costs.	Housing diversity
	1.3	**Update impact fee assessments** to a per-square-foot calculation to be proportional to unit sizes in alignment with state legislation and encourage smaller housing production.	Housing diversity
	1.4	Update development regulations for zones in the **Gateway and Neighborhood Mixed Use** land use areas to promote residential and mixed-use development affordable at all income levels.	Investing in centers
	1.5	Provide **educational materials on the development process**, including permits, building considerations, and financing to give residents and developers clearer guidance on how to navigate the City's requirements.	Housing production
Near-Term	2.1	Review and update **subarea plans** to reflect the Vision 2044 designations and support the City's housing goals.	Investing in centers
	2.2	Review **Town Center zoning and design standards** and adjust as needed to support residential development.	Investing in centers
	2.3	Review and **update Mobile Home Park standards** to remove barriers to replacing and updating aging units.	Anti-displacement
	2.4	Update permitted use tables for **permanent supportive housing** and **emergency housing** to expand where these uses are allowed, in alignment with state legislation.	Housing diversity
	2.5	Clarify **regulations and definitions for small and alternative housing types**, such as tiny homes, modular units, and ADUs.	Housing diversity
	2.6	Adopt **building code amendments** to reduce barriers to home repair and rehabilitation.	Anti-displacement
	2.7	Monitor, support, and adopt future **Washington building code amendments** that could support more effective building practices, including the upcoming 2026 updates for multifamily housing.	Housing production

	#	Action	Goal
Near-Term	2.8	Simplify the **permitting process for middle housing** to be more intuitive for homeowners and reduce development time and costs.	Housing diversity
	2.9	Simplify the **permit review process** for projects with **income-restricted housing units** to help expedite affordable housing production.	Affordable units
	2.10	Offer a **property tax exemption for ADUs** rented to low-income households (below 60% AMI) to offer an incentive for ADU production and expand the supply of affordable rental options.	Affordable units
Mid-Term	3.1	Waive or reduce **impact fees for affordable housing.**	Affordable units
	3.2	Adopt **density bonuses for income-restricted** housing in the Gateway and Neighborhood Mixed Use zones to encourage affordable housing development near amenities and centers.	Investing in centers
	3.3	Expand **tenant protection strategies** or providing information or resources (such as the Rental Safety Inspection Program) to support lower-income renters to reduce the risk of displacement and housing instability.	Anti-displacement
	3.4	Adopt a **12-year MFTE program in R-2** for projects in alignment with the middle housing affordable housing density bonus requirements for projects building five or six units to incentivize mixed-income development.	Affordable units
	3.5	Adopt an **8-year MFTE program in R-3** for stacked housing development with at least ten units to incentivize accessible units.	Housing diversity
	3.6	Adopt a **12-year MFTE program in R-3** in alignment with the middle housing affordable housing density bonus requirements to incentivize mixed-income development.	Affordable units
	3.7	Expand the 12-year Town Center MFTE program to the **Gateway and Neighborhood Mixed Use** zones.	Investing in centers
	3.8	Continue offering MFTE in Town Center, but **consider phasing out the 8-year option**.	Affordable units
Long-Term	4.1	Encourage any **affordable homeownership units** developed through the middle housing density bonus option or MFTE to be **stewarded by a CLT** to encourage long-term affordability.	Affordable units
	4.2	Survey the City's existing real estate holdings and consider **transferring property or providing a long-term lease** to a mission-driven developer to support project feasibility and competitiveness for public funding.	Affordable units
	4.3	**Strategically target public investments** to add amenities (such as sidewalks or parks) and improve infrastructure to incentivize development near transit and amenities and in priority growth areas.	Investing in centers

	#	Action	Goal
	4.4	Pursue funding for infrastructure improvements, such as utility upgrades, that could improve feasibility for mission-driven organizations to **acquire and preserve at-risk affordable housing.**	Anti-displacement
Ongoing	5.1	Continue participating in **regional housing efforts**, including the Affordable Housing Alliance, Housing Consortium, and Snohomish County Tomorrow, and increase coordination between representatives of different groups.	Housing production
Ongoing	5.2	Proactively engage Snohomish County to **clarify plans for distributing affordable housing funding** (such as HOME funds or local sales tax revenues) and encourage investment in Mountlake Terrace to support housing development and related needs, such as infrastructure.	Affordable units
Ongoing	5.3	Support **applications for public affordable housing funds** (such as HOME or LIHTC) for projects that align with City priorities.	Affordable units
Ongoing	5.4	Pursue opportunities to support development on properties owned by **religious organizations**, which are eligible for density bonuses for affordable housing per state legislation.	Affordable units
Ongoing	5.5	Establish relationships with **community land trusts (CLTs)** or other organizations that support alternative homeownership models.	Affordable units
Ongoing	5.6	Host **educational community workshops** (such as information on permits, building requirements, or financing) to provide space for participants to ask questions and receive direct support, helping property owners and small developers feel more confident in pursuing housing projects.	Housing production
Ongoing	5.7	Provide **assistance for navigating permitting procedures and requirements** to make permitting more efficient and reduce barriers to development, especially for those less familiar with the development process.	Housing production
Ongoing	5.8	Support **opportunities to purchase manufactured home communities** by facilitating access to technical assistance, outreach, or partnerships, to help support community stability and reduce the risk of displacement.	Anti-displacement
Ongoing	5.9	Enforce maintenance of investment properties to **disincentivize vacant and/or deteriorating buildings** in the Town Center and encourage housing occupation.	Investing in centers
Ongoing	5.10	When the City is providing public comment on proposed legislation, advocate for the state legislature to **expand opportunities for home ownership of different housing types** through condominiums.	Housing diversity
Ongoing	5.11	Monitor **land capacity and development trends**, and update development regulations if needed.	Housing production
Ongoing	5.12	Monitor both **regulated and naturally occurring affordable housing** units that are at risk of redevelopment.	Housing production

1. Housing Action Plan Context

Housing Action Plan Purpose

The City's updated Comprehensive Plan, adopted in 2024, sets goals and policies for several key areas, including housing, to guide future growth and development over the next two decades. In particular, the City's Housing Element includes 27 housing policies that together support five overarching goals: expanding housing diversity, supporting regional collaboration, addressing special needs housing, preventing displacement, and focusing growth near services and transit. **This Housing Action Plan (HAP) translates the Housing Element into a set of concrete actions to provide staff and elected officials with a clear roadmap for implementation.**

MOUNTLAKE TERRACE HOUSING ELEMENT GOALS

- Promote **diverse and innovative housing types** to create more ownership and rental housing opportunities that are affordable to current and future residents.
- Be an **active regional partner** in the education and collaboration of housing production.
- Support housing options for **special needs** populations.
- Protect the stability of existing residents through **anti-displacement** measures.
- Promote housing development **near Town Center, mixed-use, and neighborhood centers** to increase access to jobs, goods, and services.

Specifically, this HAP is intended to:

- Identify actionable steps the City can take to increase housing options and affordability.
- Build on recent zoning updates and ongoing work to ensure consistency between policy direction and implementation.
- Identify programs, partnerships, and strategies that go beyond land use regulations to support housing stability and choice.
- Help the City make informed decisions about what to implement first, based on feasibility, capacity, and community priorities.

In total, this HAP consists of 42 actions the City can take to implement its Housing Element. Each action identifies the primary Housing Element policies it supports. Some actions may support multiple policies, and multiple actions may be needed to address a given policy. The HAP actions are organized by implementation timeframe and include descriptions of the current policy or practice, supporting analysis findings, and implementation considerations.

» **For a full crosswalk of policies and actions, see Appendix D: Policies and Actions Crosswalk.**

Developing the Housing Action Plan

This Housing Action Plan was developed through a structured process that connects engagement, analysis, policy priorities, and implementation.

Comprehensive Plan Review → Engagement & Analysis → Identify Policy Priorities → Developing & Refining HAP Actions

This process included:

Comprehensive Plan Review: The project team began by thoroughly reviewing Mountlake Terrace's Comprehensive Plan and supporting materials, including the Housing Element Background Analysis.

» **For a full description of Comprehensive Plan sources, see Appendix A: Comprehensive Plan Sources.**

Engagement and Analysis: The project team conducted a mix of qualitative and quantitative analyses, engaging with development professionals and the broader community, and performing a feasibility analysis to test the impact of certain incentives on development outcomes.

» **For a full summary of engagement and analysis findings, see Appendix B: Community Engagement Summary and Appendix C: Development Feasibility Analysis Findings.**

Identifying Policy Priorities: Findings from the Comprehensive Plan review, community engagement, and feasibility analysis informed the identification of Mountlake Terrace's key housing needs and opportunities. The project team used these findings to determine which Comprehensive Plan housing policies offered the greatest potential for near-term implementation and used these priorities to help organize the Housing Action Plan actions by implementation timeframe.

» **For a summary of policy priorities and key findings, see Section 2. Housing Needs & Opportunities.**

Developing and Refining HAP Actions: The project team identified specific actions the City can take to implement the Housing Element and organized them into a preliminary sequence for implementation, including in-progress, near-term, mid-term, long-term, and ongoing actions. Through discussions with City staff, the Planning Commission, and the City Council, the project team refined the draft actions and their implementation timeframes to align with available resources within the context of the broader HAP and other ongoing projects.

» **For the full list of actions, see Section 3. Housing Action Plan Actions.**

2. Housing Needs & Opportunities

Housing Priorities

While the Housing Element is the basis for the HAP, several inputs, including community engagement, feasibility analysis, and prior City analyses and planning documents, also helped to inform, develop, and prioritize the HAP actions. **Across these sources, a few clear priorities emerged: supporting housing production, investing in centers, incentivizing affordable units, increasing housing diversity, and preventing displacement.** Each of these themes is discussed in greater detail below, including any relevant Housing Element policies.

Supporting Housing Production

- **HO-1.1 Encourage opportunities to accommodate a population of at least 34,710 by 2044 and meet the housing needs of all income levels.**
- **HO-2.5 Plan for and monitor housing needs at all income levels.**

As part of updating its Comprehensive Plan, Mountlake Terrace must plan to accommodate its 2044 growth targets, assigned by Snohomish County. By 2044, the City will need to plan for:

- An additional 7,683 housing units, for a total of 16,816 units.
- An additional 13,424 residents, for a total of 34,710 residents.

To support this growth, the City updated its land use designations in the Comprehensive Plan to allow for higher densities and greater housing capacity in appropriate areas. However, the City will likely need to take additional steps to encourage the development of various housing types and scales to ensure that the updated density allowances result in additional units.

Exhibit 2: Mountlake Terrace 2044 Housing Targets

HOUSING TYPE OR INCOME LEVEL SERVED	ADDITIONAL UNITS NEEDED
Emergency Housing	475
Permanent Supportive Housing	764
0% to 30% AMI	1,224
30% to 50% AMI	1,265
50% to 80% AMI	375
80% to 100% AMI	226
100% to 120% AMI	1,171
Over 120% AMI	2,657
Total	**7,682**

Source: Mountlake Terrace Comprehensive Plan

Exhibit 2 shows the City's 2044 housing targets by income level served. While the City will need to plan for units across the income spectrum, roughly a third, or approximately 2,500 units, will need to be affordable to households earning below 50% of the area median income (AMI).

Investing in Centers

- **HO-5.1 Explore strategies to increase the ability of all residents to live in varied neighborhoods to reduce disparities in access to transit, open space, schools, jobs, and other amenities.**
- **HO-5.4 Facilitate housing opportunities in high amenity areas.**

As the City expands, focusing on growth in the Town Center and other mixed-use areas can promote walkability, access to amenities, and efficient infrastructure use. During community engagement, residents supported concentrating density near transit and amenities, and the Comprehensive Plan identifies centers as priority areas for new housing and investment, where infrastructure and services can most effectively support additional growth.

Incentivizing Affordable Units

There is a lack of affordable housing for lower-income households.

- **HO-2.3 Pursue opportunities for partnerships to develop affordable housing.**

As of 2023, roughly a third (34%) of Mountlake Terrace renters were earning below 50% of the AMI. However, only 16% of the City's housing units are affordable to households at this income level. As a result, nearly half (43%) of Mountlake Terrace renters were cost-burdened, spending more than 30% of their gross income on housing costs. This is exacerbated for lower-income households: over three-quarters (77%) of households earning under 30% are cost-burdened, and roughly 65% are severely cost-burdened, spending over 50% of their gross incomes on housing costs. During community engagement, residents raised concerns about housing affordability and the need for income-restricted housing units.

Housing choices are limited for many Mountlake Terrace employees.

- **HO-5.2 Promote workforce housing for people who live and work in the community.**

Many Mountlake Terrace employees, particularly those working in retail or service industries, may not be able to afford to live in the City. Workers in these sectors in Mountlake Terrace earn an annual wage equivalent to roughly 30% of the AMI. There are very few units available at this price, resulting in many employees commuting in from lower-cost areas outside the City.

Additional incentives may be needed to make affordable housing feasible.

- **HO-1.5 Implement creative solutions to encourage housing production at all income levels.**

For projects considering the Residential Affordability Program density bonus, feasibility analysis indicates that the additional units may not outweigh the cost of providing the units to households earning 60% of the AMI or below. For projects serving households earning below 30% of the AMI, traditional subsidies alone are often not enough to make housing financially feasible. Local governments can help close this gap through strategies like providing publicly owned or discounted land, offering long-term ground leases, and reducing or waiving development fees. Additional tools, like expedited permitting, utility connection discounts, infrastructure support, and partnerships with nonprofit or faith-based housing developers, can further lower costs and improve project viability.

Increasing Housing Diversity

Homeownership is increasingly out of reach for residents, but certain housing types can be more attainable.

- **HO-2.4 Advocate for the state legislature to expand opportunities for home ownership of different housing types through the condominium process.**

The median home sales price in Mountlake Terrace more than tripled from $185,000 in 2012 to $595,000 in 2023. As of 2023, a household would need to earn slightly above the area median income ($146,500) to afford the median home price, qualifying less than 20% of Mountlake Terrace households.[1] Even fewer households would be able to afford a newly constructed home, which typically sells above the median home sales price.

However, while the median single-family home sales price was close to the overall median in 2023, condominiums (condos) and townhomes were less expensive. While single-family home prices in 2023 ranged from roughly $400,000 to over $1,000,000, townhome sale prices ranged from roughly $500,000 to $800,000, and condo sale prices ranged from approximately $300,000 to $500,000. Of the homes sold for less than $300,000 in 2023, the majority were mobile or manufactured homes, and the remainder were condos.[2]

Residents advocated for a broader range of housing types in Mountlake Terrace.

- **HO-1.2 Update zoning and design standards to accommodate a diverse range of housing types.**
- **HO-1.3 Encourage innovative housing types to provide more housing variety.**
- **HO-5.3 Provide opportunities for diverse housing types to be integrated into existing neighborhoods.**

During community engagement, residents expressed strong support for increasing housing diversity in Mountlake Terrace. Many noted that the current housing stock is dominated by single-family homes, leaving few options for seniors, young adults, or families seeking smaller

[1] Mountlake Terrace Vision 2044 Comprehensive Plan, page 392.
[2] Mountlake Terrace Vision 2044 Comprehensive Plan, page 389.

or more affordable homes. Participants emphasized that offering a wider range of housing types could allow residents to stay in the community as their needs and incomes change.

Many residents are interested in adding an accessory dwelling unit (ADU) to their home.

- **HO-1.6 Implement processes to assist with the conversion of existing homes to middle housing.**

Residents are enthusiastic about ADUs, both as a tool to increase revenue for homeowners and as an opportunity to add more affordable housing in the City. They also identified ADUs as a good option for seniors wanting to downsize or move into a single-story home. Many residents shared that they were interested in adding at least one ADU to their properties and were excited about the updates to the middle housing code updates intended to reduce barriers to ADU development. However, since many interested residents did not have development experience, they indicated that additional guidance or resources would be helpful.

There is community interest in alternative homeownership models.

- **HO-1.7 Support alternative access to homeownership opportunities.**

Residents are interested in models that ensure long-term affordability through community ownership. Participants supported tools such as community land trusts, housing cooperatives, lease-purchase models, and affordability covenants that can offer more attainable, long-term opportunities for homeownership.

There is an increasing need for accessible housing and special housing types.

- **HO-3.4 Provide opportunities for a range of special housing types at various income levels.**
- **HO-3.5 Consider incentives for new developments to create accessible housing units.**

A quarter (26%) of Mountlake Terrace households include someone with a disability. The share of seniors in the community is also increasing, with roughly one in ten households being a senior living alone.[3] Both residents and development professionals noted the need for increased housing options to support older residents as the community ages, including special housing types like assisted living and opportunities for aging in place.

Certain middle housing types are likely infeasible without additional incentives under current market conditions.

- **HO-1.5 Implement creative solutions to encourage housing production at all income levels.**

Feasibility analysis indicates that for-sale, fee-simple development types, such as duplexes or townhomes, are the most likely middle housing types to be developed in residential zones.

[3] Mountlake Terrace Vision 2044 Comprehensive Plan, page 381.

Without additional incentives, stacked products like fourplexes, sixplexes, and small apartments or condos are likely infeasible under current market conditions.

Preventing Displacement

Residents are concerned about rising housing costs and displacement risk.

- **HO-4.1 Implement strategies to mitigate displacement risks.**
- **HO-4.4 Support efforts to retain residents during redevelopment.**

As the City grows and continues to attract new development, both homeowners and renters expressed concerns about rising housing costs. Residents noted that increasing demand, driven in part by regional growth and new amenities such as the Light Rail station, has made it more difficult for many households to afford to live in Mountlake Terrace. Participants emphasized the need for strategies that preserve affordability, support cost-burdened households, and provide a range of housing options to keep the community accessible to people of all income levels.

Home repairs and rehabilitation may be needed to preserve the City's older housing stock.

- **Explore strategies to preserve existing housing that is affordable to low- and moderate-income households.**

Just under three-quarters (69%) of Mountlake Terrace's housing stock was built prior to 1980, with over half (52%) of units built prior to 1970. In comparison, less than a quarter (22%) of the housing in Snohomish County overall was built during the same period.[4] As the City's housing stock ages, it will likely need more frequent repairs to remain safe and habitable.

Connecting Needs to Implementation

The above priorities informed how the City organized and sequenced the HAP actions. Building on the needs and opportunities identified, the project team worked closely with City staff to evaluate how each action could address those priorities in practice. The team also collaborated with staff to assess the effort and resources required, including staff time, funding, and coordination requirements, and weighed these factors against each action's potential impact. Incorporating feedback from the Planning Commission and City Council, this process helped the City balance practicality with ambition, focusing first on actions that could be implemented relatively efficiently while laying the groundwork for larger, more complex initiatives. Near-term actions are intended to maintain momentum and deliver visible progress, while mid- and long-term actions address broader challenges that require additional planning or capacity. Mid-term actions generally represent strategies that can be advanced once current work is complete or additional capacity is available, whereas long-term actions are larger undertakings that will depend on new funding sources, partnerships, or policy

[4] Mountlake Terrace Vision 2044 Comprehensive Plan, page 366.

development. For these longer-term efforts, the HAP also identifies initial steps the City can begin now to build momentum and position itself for successful implementation in the years ahead.

The following section presents the full list of actions, organized by timeframe, to guide Mountlake Terrace's phased and coordinated implementation of its Vision 2044 housing goals. This list includes recently completed and in-progress efforts to demonstrate the City's progress since adopting the Comprehensive Plan, as well as near-term, mid-term, long-term, and ongoing actions that outline the next steps the City can take to meet its housing goals.

3. Housing Action Plan Actions

Overview of Actions

Overall, the Housing Action Plan includes 42 actions that the City can take over the next decade to achieve its housing goals, varying in scale, complexity, and resource requirements. Because City staff, funding, and capacity are limited, actions are organized by implementation timeframe to help decision-makers focus on what can be achieved first and plan for future efforts. Using the policy priorities identified in the previous section, we organized the actions into implementation timeframes:

1. **Completed Actions:** Actions taken since the 2024 Comprehensive Plan adoption.
2. **In-Progress Actions:** Efforts the City is currently undertaking.
3. **Near-Term Actions (1–3 years):** High-priority actions that can be implemented relatively quickly and leverage recent code updates and policy momentum.
4. **Mid-Term Actions (3–5 years):** More complex actions that require additional study or coordination.
5. **Long-Term Actions (5–10 years):** Forward-looking efforts that depend on additional resources or partnerships,
6. **Ongoing Actions:** Partnerships, monitoring, and advocacy activities that the City will continue regularly.

HOUSING ACTION PLAN NAVIGATION

Below, Exhibit 3 provides a brief description of each action and the primary housing priority it supports. **The corresponding action number links to the action's page with complete details, including:**

- **Action type:** The action's implementation category (e.g., "regulatory change").
- **Staff capacity:** A relative estimate of the staff time needed to implement and maintain the action.
- **Action rationale:** Why the action is important and how it advances the City's goals.
- **Supporting Housing Element policies:** The primary policies the action is implementing.
- **Current policy:** A summary of the City's current approach to provide context for how the action modifies or builds on current efforts.
- **Implementation considerations:** Recommended next steps for implementation. For mid-term, long-term, and ongoing actions, only immediate next steps are provided to account for changing conditions prior to full implementation.
- **Additional context:** Where applicable, relevant data, legislation, engagement themes, or analysis findings to support the action.

Exhibit 3: Mountlake Terrace Housing Action Plan Actions

	#	Action	Goal
Completed	0.1	Update zoning and design standards in residential zones to promote **middle housing per House Bill 1110.**	Housing diversity
	0.2	Offer density bonuses for **environmentally sustainable** building practices.	Housing diversity
	0.3	Review and update land use regulations to **provide increased residential capacity** to accommodate the City's 2044 housing targets.	Housing production
In-Progress	1.1	Update **permitting forms** to reflect recently updated allowances for middle housing types to clarify permitting procedures and better track development patterns.	Housing diversity
	1.2	Simplify **ADU permitting requirements** by updating to a building-permit-only process (similar to single-family and duplex requirements) to make ADU development more accessible and reduce time and costs.	Housing diversity
	1.3	**Update impact fee assessments** to a per-square-foot calculation to be proportional to unit sizes in alignment with state legislation and encourage smaller housing production.	Housing diversity
	1.4	Update development regulations for zones in the **Gateway and Neighborhood Mixed Use** land use areas to promote residential and mixed-use development affordable at all income levels.	Investing in centers
	1.5	Provide **educational materials on the development process**, including permits, building considerations, and financing to give residents and developers clearer guidance on how to navigate the City's requirements.	Housing production
Near-Term	2.1	Review and update **subarea plans** to reflect the Vision 2044 designations and support the City's housing goals.	Investing in centers
	2.2	Review **Town Center zoning and design standards** and adjust as needed to support residential development.	Investing in centers
	2.3	Review and **update Mobile Home Park standards** to remove barriers to replacing and updating aging units.	Anti-displacement
	2.4	Update permitted use tables for **permanent supportive housing** and **emergency housing** to expand where these uses are allowed, in alignment with state legislation.	Housing diversity
	2.5	Clarify **regulations and definitions for small and alternative housing types**, such as tiny homes, modular units, and ADUs.	Housing diversity
	2.6	Adopt **building code amendments** to reduce barriers to home repair and rehabilitation.	Anti-displacement
	2.7	Monitor, support, and adopt future **Washington building code amendments** that could support more effective building practices, including the upcoming 2026 updates for multifamily housing.	Housing production

	#	Action	Goal
Near-Term	2.8	Simplify the **permitting process for middle housing** to be more intuitive for homeowners and reduce development time and costs.	Housing diversity
Near-Term	2.9	Simplify the **permit review process** for projects with **income-restricted housing units** to help expedite affordable housing production.	Affordable units
Near-Term	2.10	Offer a **property tax exemption for ADUs** rented to low-income households (below 60% AMI) to offer an incentive for ADU production and expand the supply of affordable rental options.	Affordable units
Mid-Term	3.1	Waive or reduce **impact fees for affordable housing.**	Affordable units
Mid-Term	3.2	Adopt **density bonuses for income-restricted** housing in the Gateway and Neighborhood Mixed Use zones to encourage affordable housing development near amenities and centers.	Investing in centers
Mid-Term	3.3	Expand **tenant protection strategies** or providing information or resources (such as the Rental Safety Inspection Program) to support lower-income renters to reduce the risk of displacement and housing instability.	Anti-displacement
Mid-Term	3.4	Adopt a **12-year MFTE program in R-2** for projects in alignment with the middle housing affordable housing density bonus requirements for projects building five or six units to incentivize mixed-income development.	Affordable units
Mid-Term	3.5	Adopt an **8-year MFTE program in R-3** for stacked housing development with at least ten units to incentivize accessible units.	Housing diversity
Mid-Term	3.6	Adopt a **12-year MFTE program in R-3** in alignment with the middle housing affordable housing density bonus requirements to incentivize mixed-income development.	Affordable units
Mid-Term	3.7	Expand the 12-year Town Center MFTE program to the **Gateway and Neighborhood Mixed Use** zones.	Investing in centers
Mid-Term	3.8	Continue offering MFTE in Town Center, but **consider phasing out the 8-year option**.	Affordable units
Long-Term	4.1	Encourage any **affordable homeownership units** developed through the middle housing density bonus option or MFTE to be **stewarded by a CLT** to encourage long-term affordability.	Affordable units
Long-Term	4.2	Survey the City's existing real estate holdings and consider **transferring property or providing a long-term lease** to a mission-driven developer to support project feasibility and competitiveness for public funding.	Affordable units
Long-Term	4.3	**Strategically target public investments** to add amenities (such as sidewalks or parks) and improve infrastructure to incentivize development near transit and amenities and in priority growth areas.	Investing in centers

	#	Action	Goal
	4.4	Pursue funding for infrastructure improvements, such as utility upgrades, that could improve feasibility for mission-driven organizations to **acquire and preserve at-risk affordable housing.**	Anti-displacement
Ongoing	5.1	Continue participating in **regional housing efforts**, including the Affordable Housing Alliance, Housing Consortium, and Snohomish County Tomorrow, and increase coordination between representatives of different groups.	Housing production
	5.2	Proactively engage Snohomish County to **clarify plans for distributing affordable housing funding** (such as HOME funds or local sales tax revenues) and encourage investment in Mountlake Terrace to support housing development and related needs, such as infrastructure.	Affordable units
	5.3	Support **applications for public affordable housing funds** (such as HOME or LIHTC) for projects that align with City priorities.	Affordable units
	5.4	Pursue opportunities to support development on properties owned by **religious organizations**, which are eligible for density bonuses for affordable housing per state legislation.	Affordable units
	5.5	Establish relationships with **community land trusts (CLTs)** or other organizations that support alternative homeownership models.	Affordable units
	5.6	Host **educational community workshops** (such as information on permits, building requirements, or financing) to provide space for participants to ask questions and receive direct support, helping property owners and small developers feel more confident in pursuing housing projects.	Housing production
	5.7	Provide **assistance for navigating permitting procedures and requirements** to make permitting more efficient and reduce barriers to development, especially for those less familiar with the development process.	Housing production
	5.8	Support **opportunities to purchase manufactured home communities** by facilitating access to technical assistance, outreach, or partnerships, to help support community stability and reduce the risk of displacement.	Anti-displacement
	5.9	Enforce maintenance of investment properties to **disincentivize vacant and/or deteriorating buildings** in the Town Center and encourage housing occupation.	Investing in centers
	5.10	When the City is providing public comment on proposed legislation, advocate for the state legislature to **expand opportunities for home ownership of different housing types** through condominiums.	Housing diversity
	5.11	Monitor **land capacity and development trends**, and update development regulations if needed.	Housing production
	5.12	Monitor both **regulated and naturally occurring affordable housing** units that are at risk of redevelopment.	Housing production

0. Completed Actions

0.1 UPDATE ZONING AND DESIGN STANDARDS IN RESIDENTIAL ZONES TO PROMOTE MIDDLE HOUSING.

Action Type: Regulatory change **Goal:** Housing diversity **Staff Capacity:** High

CURRENT POLICY

The 2025 residential code update supports a range of diverse housing types, with an emphasis on supporting middle housing, in alignment with House Bill 1110.

COMP PLAN POLICIES

- **HO-1.2:** Updating zoning standards to support diverse housing types
- **HO-1.3:** Encouraging innovative housing types
- **HO-1.5:** Implementing incentives for housing production at all income levels
- **HO-1.6:** Supporting conversion of homes to middle housing

0.2 OFFER DENSITY BONUSES FOR ENVIRONMENTALLY SUSTAINABLE BUILDING PRACTICES.

Action Type: Regulatory change **Goal:** Housing diversity **Staff Capacity:** Low

CURRENT POLICY

The 2025 residential code update provides increased lot coverage, FAR, and height, as well as setback reductions, in exchange for sustainability certification and on-site tree retention.

COMP PLAN POLICIES

- **HO-1.4:** Encouraging innovative materials and environmentally sustainable building practices

0.3 REVIEW AND UPDATE LAND USE REGULATIONS TO INCREASE RESIDENTIAL CAPACITY TO ACCOMMODATE THE CITY'S 2044 HOUSING TARGETS.

Action Type: Regulatory change **Goal:** Housing diversity **Staff Capacity:** High

CURRENT POLICY

The 2024 Comprehensive Plan land use map updates increased allowed residential densities to provide enough development capacity to meet its 2044 housing allocation targets.

COMP PLAN POLICIES

- **HO-1.1:** Accommodating population target
- **HO-2.5:** Planning for housing needs at all income levels

1. In-Progress Actions

1.1 UPDATE PERMITTING PROCEDURES TO REFLECT UPDATED HOUSING TYPES IN RESIDENTIAL ZONES.

Action Type: Regulatory change **Goal:** Housing diversity **Staff Capacity:** Medium

Updating the permitting forms to include the newly allowed housing types will both help clarify permitting procedures and allow the City to better track development patterns.

COMP PLAN POLICIES

- **HO-1.3:** Encouraging innovative housing types
- **HO-2.1:** Providing resources on regulations and permitting

CURRENT POLICY & IMMEDIATE NEXT STEPS

The 2025 middle housing code amendment (see Action 0.1) allowed new housing types in its residential zones. The City is currently updating its permit types and forms to reflect these changes to clarify permit requirements and better track development patterns.

1.2 SIMPLIFY ADU PERMITTING REQUIREMENTS.

Action Type: Regulatory change **Goal:** Housing diversity **Staff Capacity:** Low

Simplifying ADU permitting requirements would make it easier for homeowners to add an accessory dwelling unit by reducing confusion, lowering costs, and shortening review timelines. A clearer, more straightforward process would lower barriers for residents and support ADU production.

COMP PLAN POLICIES

- **HO-1.3:** Encouraging innovative housing types
- **HO-1.6:** Supporting conversion of homes to middle housing
- **HO-2.1:** Providing resources on regulations and permitting

CURRENT POLICY & IMMEDIATE NEXT STEPS

Previously, ADU permitting was a Type B Administrative decision made by the Director, which required providing notice to nearby properties and could be appealed to the Hearing Examiner. The City is currently in the process of updating ADU permitting requirements to a building-permit-only process with no separate land use action, the same as SDUs and duplexes.

ADDITIONAL CONTEXT

Community engagement: Many residents and development professionals were interested in building ADUs, but shared that permitting processes could be a barrier to development. In general, development professionals emphasized the importance of fast and predictable permitting for development feasibility.

1.3 UPDATE IMPACT FEE ASSESSMENTS TO A PER-SQUARE-FOOT OR PER-BEDROOM CALCULATION.

Action Type: Regulatory change | **Goal:** Housing diversity | **Staff Capacity:** Low

Updating impact fee assessments to a per-square-foot or per-bedroom calculation could create a fairer system that better reflects the size and impact of different housing types. This impact fee update would comply with state legislation that requires local impact fees to reflect the proportionate impact of new units.

COMP PLAN POLICIES

- **HO-1.3:** Encouraging innovative housing types
- **HO-1.6:** Supporting conversion of homes to middle housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City currently imposes impact fees for parks and transportation. The City is currently updating its impact fee structure to a per-square-foot or per-bedroom model, to be completed by 2026.

ADDITIONAL CONTEXT

Relevant legislation: RCW 82.02.060 allows local governments to exempt or reduce impact fees for low-income housing (under 80% AMI). This statute also requires that local impact fee schedules reflect the proportionate impact of new housing units, including multifamily and condo units. This impact is based on the square footage, number of bedrooms, or trips generated by the housing unit, allowing for a proportionally lower impact fee for smaller units.

1.4 UPDATE DEVELOPMENT REGULATIONS IN THE GATEWAY AND NEIGHBORHOOD MIXED USE LAND USE AREAS.

Action Type: Regulatory change | **Goal:** Investing in centers | **Staff Capacity:** Medium

The Comprehensive Plan identifies these areas as important locations for accommodating future residential growth. Amending these regulations to better support a range of housing types and affordability levels would expand housing options near transit and amenities, advancing the City's long-term strategy of focusing density in mixed-use centers.

COMP PLAN POLICIES

- **HO-1.2:** Updating zoning standards to support diverse housing types
- **HO-5.1:** Supporting equitable access to varied neighborhoods

CURRENT POLICY & IMMEDIATE NEXT STEPS

The 2024 Comprehensive Plan established these new mixed-use land designations: the Gateway land use area is currently the Freeway/ Tourist zone, and the Neighborhood Mixed Use land use areas are primarily zoned as Commercial Business. The City is currently updating the zoning in these areas, with plans for adoption by 2026.

1.5 PROVIDE EDUCATIONAL MATERIALS ON THE DEVELOPMENT PROCESS AND REQUIREMENTS.

Action Type: Technical assistance **Goal:** Housing production **Staff Capacity:** Medium

Providing educational materials on the development process would give residents and developers clearer guidance on how to navigate the City's development requirements. Accessible information could help homeowners and small-scale developers understand requirements upfront, reduce uncertainty, and avoid delays or added costs during permitting and construction, supporting more successful housing projects in the community.

COMP PLAN POLICIES

- **HO-1.6:** Supporting conversion of homes to middle housing
- **HO-2.1:** Providing resources on regulations and permitting
- **HO-2.2:** Coordinating with regional partners on informational materials

CURRENT POLICY & IMMEDIATE NEXT STEPS

Submittal checklists for different types of land use and building permits are available but are not yet updated to reflect the 2025 residential code updates (see Action 0.3). The City is currently updating these checklists and creating additional guidance for development.

ADDITIONAL CONTEXT

Community engagement: Both development professionals and residents, particularly those without much development experience, shared that additional guidance or resources would be helpful for navigating City requirements. As the City updates its code, developers shared that continuing to provide clear explanations and requirements would help save time and money in permitting, increasing development feasibility.

2. Near-Term Actions

2.1 REVIEW AND UPDATE SUBAREA PLANS TO ALIGN WITH AND SUPPORT THE CITY'S HOUSING GOALS.

Action Type: Planning | **Goal:** Invest in centers | **Staff Capacity:** Medium

Establishing or updating subarea plans in alignment with the Comprehensive Plan would ensure they align with the City's housing goals and provide guidance for future zoning updates and investments. Without specific subarea plans, implementation of the Comprehensive Plan land use vision is limited to citywide policies and zoning, which may not capture the unique opportunities or challenges of each neighborhood.

COMP PLAN POLICIES

- **HO-1.1:** Accommodate 2044 population target
- **HO-5.4:** Facilitating housing opportunities near amenities

CURRENT POLICY

The 2024 Comprehensive Plan identified six subareas, establishing boundaries and intended land uses for each. Currently, the Gateway, Cascade View, Cedar Terrace, and Lake Ballinger subareas do not yet have specific subarea plans. Previous subarea plans for the Town Center (2019) and Melody Hill (2006) subareas may also need updates to reflect the new framework.

IMPLEMENTATION CONSIDERATIONS

The City is currently planning to begin reviewing individual subarea plans in 2026.

2.2 REVIEW TOWN CENTER ZONING AND DESIGN STANDARDS AND MAKE ADJUSTMENTS AS NEEDED TO SUPPORT DEVELOPMENT.

Action Type: Regulatory change | **Goal:** Invest in centers | **Staff Capacity:** Medium

Reviewing Town Center zoning and design standards alongside development outcomes can help the City evaluate how well existing policies support the desired outcomes and make adjustments that reflect new opportunities created by Light Rail service, changing community needs, and ongoing investment.

COMP PLAN POLICIES

- **HO-5.4:** Facilitating housing opportunities near amenities

CURRENT POLICY

The Town Center subarea plan and regulations were last updated in 2019 to prepare for the Light Rail station, focusing on encouraging transit-oriented development, updating dimensional standards, and improving pedestrian connections in the station area.

IMPLEMENTATION CONSIDERATIONS

The City is currently planning to update the Town Center development regulations in 2026.

2.3 UPDATE MOBILE HOME PARK REGULATIONS.

Action Type: Regulatory change **Goal:** Anti-displacement **Staff Capacity:** Low

Modernizing the City's regulations for manufactured home parks would help ensure they reflect current housing types and community needs. Current dimensional standards were written for smaller homes, making it difficult to replace older units with modern manufactured homes. Additionally, repair provisions and broader building code requirements can create added hurdles for substantial upgrades. Revising these standards could help preserve manufactured home parks as a source of affordable housing.

COMP PLAN POLICIES

- **HO-1.7:** Supporting alternative access to homeownership
- **HO-4.1:** Mitigating displacement risk
- **HO-4.2:** Preserving affordable housing

CURRENT POLICY

Standards for Mountlake Terrace's mobile home parks are primarily regulated by Chapter 15.30 in the City's building code. These regulations, last updated in 1994, include dimensional standards that do not align well with modern manufactured housing. For example, lot size, setback, and spacing requirements were designed for smaller homes, making it difficult to replace older units with modern, HUD-certified models. In the same chapter, repair provisions require homes to be maintained in a safe condition (§15.30.170). However, building code section §15.05.070 requires full compliance with new construction standards if repairs exceed 50 percent of a unit's assessed value. Because manufactured homes can have a relatively low assessed value, even minor repairs can exceed this threshold and require full compliance.

IMPLEMENTATION CONSIDERATIONS

Review the current code and draft revisions that balance reinvestment feasibility with health and safety protections, including:

- **Dimensional standards:** Reevaluate lot size, setback, spacing, and coverage requirements (§15.30.050) to ensure they accommodate modern HUD-certified manufactured homes. Consider providing flexibility if dimensional standards cannot be met, provided health and safety requirements are satisfied.
- **Building code requirements:** Examine how the "50 percent rule" in §15.05.070(C) affects manufactured home rehabilitation and consider amendments or exceptions for manufactured and mobile homes to reduce unintended barriers.

ADDITIONAL CONTEXT

Local data: Manufactured homes can be an opportunity for homeownership for lower-income households. In 2023, the majority of homes sold for less than $300,000 in Mountlake Terrace in 2023 were mobile or manufactured homes, while single-family home sales prices ranged from roughly $400,000 to over $1,000,000, with a median sales price of just under $600,000.[5]

[5] Mountlake Terrace Vision 2044 Comprehensive Plan, page 389.

2.4 UPDATE PERMITTED USE TABLES TO ALLOW PERMANENT SUPPORTIVE HOUSING AND EMERGENCY HOUSING TO COMPLY WITH STATE LEGISLATIVE REQUIREMENTS.

Action Type: Regulatory change | **Goal:** Housing diversity | **Staff Capacity:** Low

The Growth Management Act requires cities to plan for permanent supportive housing and emergency housing targets, in part by allowing these housing types in designated zones. However, Mountlake Terrace's code does not currently list permanent supportive housing, transitional housing, or most forms of emergency housing in its permitted use tables.

COMP PLAN POLICIES

- **HO-3.1:** Supporting permanent supportive housing
- **HO-3.3:** Reducing barriers to emergency housing and shelters
- **HO-3.4**: Providing opportunities for special housing types

CURRENT POLICY

According to the Comprehensive Plan, Mountlake Terrace currently has no permanent supportive housing units or emergency housing units. To meet its 2044 housing targets, the City will need to plan for 764 permanent supportive housing units and 475 emergency housing units.[6]

Permanent supportive housing is not currently listed in the City's permitted uses tables; the closest equivalents are residential care facilities, group home institutions, and youth shelters. Emergency housing and shelters are also not listed in the City's permitted use tables, except for youth shelters, which are listed as conditional uses in residential zones.

IMPLEMENTATION CONSIDERATIONS

Update the City's permitted use tables to comply with state legislation by explicitly allowing emergency housing, emergency shelter, permanent supportive housing, and transitional housing in any zones where hotels are permitted, and by also allowing permanent supportive housing and transitional housing in any zones where residential dwelling units are permitted.

ADDITIONAL CONTEXT

Relevant legislation: Per RCW 35.21.683 and RCW 35A.21.430, city code must allow permanent supportive and transitional housing in any zones in which residential dwelling units or hotels are allowed, including traditional single-family detached housing zones. Cities may also not prohibit indoor emergency shelters and indoor emergency housing in any zones where hotels are permitted. Even if a jurisdiction does not permit hotels in any zone, it must still allow the siting of a sufficient number of indoor emergency shelter beds and/or emergency housing units to meet its 2044 housing targets.

[6] Mountlake Terrace Vision 2044 Comprehensive Plan, page 395.

2.5 CLARIFY APPLICABLE REGULATIONS AND ENSURE CONSISTENT DEFINITIONS FOR SMALL AND ALTERNATIVE HOUSING TYPES.

Action Type: Regulatory change | **Goal:** Housing diversity | **Staff Capacity:** Low

Clear and consistent definitions for small and alternative housing types, such as tiny homes, modular units, manufactured homes, and ADUs, will help residents, builders, and staff understand what is permitted and under what conditions. Clarifying requirements can encourage innovation in small-scale housing by supporting the development of creative, lower-cost housing options, which is especially important as new construction methods and housing models emerge that may not fit neatly into existing zoning or building code categories.

COMP PLAN POLICIES

- **HO-1.3:** Encourage innovative housing types
- **HO-1.6:** Support conversion of homes to middle housing
- **HO-1.7:** Support alternative access to homeownership

CURRENT POLICY

Tiny homes, modular housing, manufactured homes, and mobile homes fall under different state and federal regulatory frameworks depending on how they are constructed and placed. Currently, Mountlake Terrace code Chapter 19.15 Definitions defines "manufactured home", "factory-built/modular housing" and "accessory structure", and Chapter 15.30 Mobile Homes defines "mobile home". However, definitions could be updated to align zoning and building regulations, clearly distinguish between types, and ensure these definitions are reflected in the permitted use tables.

IMPLEMENTATION CONSIDERATIONS

Review zoning and building code provisions for tiny homes, modular housing, manufactured homes, and ADUs to identify gaps and inconsistencies. Following review, update code definitions to align with zoning and building regulations, clearly distinguish between movable units, modular homes on permanent foundations, and recreational vehicles, and ensure these definitions are reflected in the permitted use tables.

2.6 ADOPT BUILDING CODE AMENDMENTS TO REDUCE BARRIERS TO HOME REPAIR AND REHABILITATION.

Action Type: Regulatory change **Goal:** Anti-displacement **Staff Capacity:** Low

Many buildings in Mountlake Terrace, particularly those that are older and in the most need of repair, have relatively low assessed values. Because the building code requires full compliance with modern standards when repairs exceed 50 percent of a building's assessed value, even modest projects can cross the threshold. This can make essential repairs financially infeasible for property owners, discouraging reinvestment and leaving older homes vulnerable to continued deterioration or loss.

COMP PLAN POLICIES

- **HO-4.1:** Mitigating displacement risk
- **HO-4.2:** Preserving low-income housing

CURRENT POLICY

Per the City's building code section §15.05.070(C), any building that has additions, alterations, or repairs that exceed 50 percent of the assessed building value over a certain time period must be fully updated to comply with the life safety requirements of new buildings.

IMPLEMENTATION CONSIDERATIONS

Review the current code and draft revisions to balance the feasibility of repairs with health and safety protections. This could include developing alternatives to the current 50 percent rule, such as raising the threshold or capping required life-safety upgrades at no more than 10 percent of the total project costs. The City could also consider exempting certain project types from full code compliance, such as repairs to manufactured or mobile homes, energy-efficiency upgrades, accessibility improvements, weatherization projects, or health and safety repairs that do not involve expanding building size or changing occupancy.

ADDITIONAL CONTEXT

Local data: According to the Comprehensive Plan, just over half (52%) of Mountlake Terrace's housing was built before 1970, compared to less than a quarter (22%) of the housing in Snohomish County overall.[7] As the City's housing stock ages, it will likely need more frequent repairs to remain safe and habitable.

[7] Mountlake Terrace Vision 2044 Comprehensive Plan, page 366.

EXAMPLE

» **Seattle, WA:** In September 2025, Seattle updated its building code to help reactivate vacant storefronts by amending its substantial alterations threshold, which requires full building upgrades to meet current fire or life safety standards. These updates include exempting buildings of less than 7,000 square feet from these requirements.

2.7 MONITOR, SUPPORT, AND ADOPT FUTURE WASHINGTON BUILDING CODE AMENDMENTS THAT COULD SUPPORT MORE EFFECTIVE BUILDING PRACTICES.

Action Type: Regulatory change **Goal:** Housing production **Staff Capacity:** Low

Monitoring and considering the adoption of future state building code amendments passed by the State Building Code Council (SBCC) can help ensure that local building regulations support innovation, reduce unnecessary barriers, and align with the City's land use regulations. In particular, the SBCC is currently considering updates that could increase the feasibility of middle housing, which could pair with the City's recent land use and permitting updates to support its housing diversity goals.

COMP PLAN POLICIES

- **HO-1.3:** Encouraging innovative housing types
- **HO-1.5:** Implementing incentives for housing production at all income levels.
- **HO-5.3:** Supporting diverse infill housing

CURRENT POLICY

In Washington, the SBCC updates and modifies the State Building Code, which is based on international building codes. The code is revised every three years, and the legislature can direct the SBCC to add additional amendments. After the SBCC adopts a new code provision or optional amendment, local jurisdictions must adopt it through an ordinance for it to be effective locally. If local jurisdictions adopt alternatives to the state code, the local building codes must meet or exceed state code requirements.

IMPLEMENTATION CONSIDERATIONS

Monitor updates from the SBCC and proactively align local ordinances with new state code provisions, including the upcoming code adoptions in July and November 2026. Once the SBCC formally adopts these new code provisions, review the adopted text and draft an ordinance for City Council public hearing and adoption.

The City should continue tracking future SBCC amendments that support innovative, cost-effective, and efficient building practices, and revise local regulations as needed to meet or exceed state standards.

ADDITIONAL CONTEXT

Relevant legislation: Currently, the SBCC is considering updated building code amendments that could improve the feasibility of middle housing. In 2023, Senate Bill 5491 directed the SBCC to convene a technical advisory group (TAG) to recommend amendments to the Washington building code. These amendments would allow multifamily structures up to six stories to be served by a single exit stairway, with the goal of adoption by the SBCC by July 2026. In 2024, House Bill 2071 also directed the SBCC to form a TAG to recommend how to apply the Washington State Residential Code to multiplex housing up to six units, with the goal of adoption by November 2026.

2.8 SIMPLIFY THE PERMITTING PROCESS FOR MIDDLE HOUSING TO BE MORE INTUITIVE FOR HOMEOWNERS.

Action Type: Regulatory change | **Goal:** Housing diversity | **Staff Capacity:** Medium

Homeowners and small-scale builders can encounter barriers when navigating the permitting process for middle housing. Simplifying review procedures and providing clearer guidance can reduce costs, shorten timelines, and make it easier for residents to build small-scale housing types.

COMP PLAN POLICIES

- **HO-1.5:** Implementing incentives for housing production at all income levels.
- **HO-2.1:** Providing resources on regulations and permitting

CURRENT POLICY

Currently, certain housing types, including single detached units (SDUs), duplexes, and ADUs, are reviewed through a building-permit-only process. Other small residential projects with fewer than 10 units require a Type A Ministerial land use permit procedure, and projects with at least 10 units require a Type C Quasi-judicial land use permit procedure.

IMPLEMENTATION CONSIDERATIONS

The City could evaluate opportunities to simplify middle housing permitting by expanding the use of a building-permit-only process for small-scale projects, similar to what is currently used for SDUs, duplexes, and ADUs (see Action 1.2). This could include consolidating review steps, limiting land use procedures, and clarifying which middle housing types qualify for ministerial review.

ADDITIONAL CONTEXT

Community engagement: Developers emphasized the importance of fast and predictable permitting for development feasibility.

EXAMPLES

» **Seattle, WA**: Launched citywide permitting reform via the introduction of PACT (a Permitting and Customer Trust Team). This team ensures that permits are completed within no more than two review cycles, provided basic safety/zoning conditions are met. They also make sure that there are no new corrections or interpretations post-initial approval, unless they involve life-safety concerns. This initiative aims to cut housing review times by approximately 50%.

2.9 SIMPLIFY THE PERMIT REVIEW PROCESS FOR PROJECTS WITH INCOME-RESTRICTED HOUSING UNITS.

Action Type: Regulatory change **Goal:** Affordable units **Staff Capacity:** Low

By streamlining the permit review process, the City can make approvals for income-restricted housing more efficient and predictable. This could help developers stay on schedule, meet funding and construction deadlines, and deliver affordable housing more quickly.

COMP PLAN POLICIES

- **HO-1.5:** Implementing incentives for housing production at all income levels.
- **HO-4.1:** Mitigating displacement risk

CURRENT POLICY

Permitting procedure types are defined in Chapter 18.05. Currently, there is no difference in permitting procedures between income-restricted and market-rate housing. Development projects under ten units must follow a Type A ministerial procedure, while projects with ten units or more must follow a Type C quasi-judicial procedure, including a public hearing.

IMPLEMENTATION CONSIDERATIONS

The City could revise Chapter 18.05 to allow projects that include a qualifying share of income-restricted housing units to follow a simpler permitting process. For example, projects that reserve a certain portion of units for very low-income households (earning 50% or less of the area median income) could be eligible for a Type A land use decision, regardless of the total number of units.

ANALYSIS FINDINGS

Local data: During community engagement, residents emphasized the need for more affordable housing in the City. Nearly half of Mountlake Terrace renters (43%) are cost-burdened, and roughly a third (34%) are very low-income. To support its projected 2044 population, the City will need to add approximately 2,500 units affordable at 50% of the AMI and below.

EXAMPLES

- **Tacoma Affordable Housing Permit Program:** Projects that provide 10 or more total housing units with 20% of the units reserved as affordable can join the program to receive priority review. Eligible projects are fast-tracked for site development and building permits, with a designated Affordable Housing Project Coordinator who helps coordinate review. Fee waivers are also available for nonprofit-led affordable housing projects.
- **Kenmore Affordable Housing Special Permit Review Process:** Offers a special review process for developments including low-income or very-low-income housing. Developments of any size providing this type of housing will be eligible for expedited review. Development standards, for the most part, should not be waived with the special review process.

2.10 OFFER A PROPERTY TAX EXEMPTION FOR ADUS RENTED TO LOW-INCOME HOUSEHOLDS.

Action Type: Financial Incentive | **Goal:** Affordable units | **Staff Capacity:** High

Even when homeowners are interested in offering affordable rentals, development costs can make projects financially challenging and discourage the creation of ADUs that serve lower-income residents. A property tax exemption for ADUs rented to low-income households could both reduce barriers for homeowners and increase the availability of affordable ADUs.

COMP PLAN POLICIES

- **HO-1.5:** Implementing incentives for housing production at all income levels.
- **HO-1.6:** Develop process to convert homes to middle housing.

CURRENT POLICY

The City does not currently have any property tax incentive options associated with ADUs.

IMPLEMENTATION CONSIDERATIONS

To implement the ADU property tax exemption under SB 5529, the City would need to adopt an ordinance opting into the program, including defining local standards such as rent limits and minimum lease terms. The City would also need to coordinate with the Snohomish County Assessor to manage applications and reporting. Additionally, it would need to set up an approach for managing program compliance, such as working with a partner organization or establishing relationships with property management companies to screen and income-qualify applicants. To encourage participation, the City could provide educational materials to help homeowners understand program requirements and criteria.

ADDITIONAL CONTEXT

Community engagement: Residents shared enthusiasm for ADUs both as a tool for increasing revenue for homeowners and as an opportunity to add more attainable housing in the City.

Relevant legislation: Senate Bill 5529 (2025) created an optional exemption that allows cities to waive property taxes on the assessed value of detached ADU improvements when they are rented at or below 60% of AMI.

EXAMPLES

» **King County and Pierce County, WA:** Both counties offer ADU property tax exemptions for ADUs that rent to low-income households.

3. Mid-Term Actions

3.1 WAIVE OR REDUCE IMPACT FEES FOR AFFORDABLE HOUSING.

Action Type: Financial incentive **Goal:** Affordable units **Staff Capacity:** Low

Reducing or eliminating impact fees can supplement the funding gap needed for developers to produce affordable housing.

COMP PLAN POLICIES

- **HO-4.1:** Mitigating displacement risk

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City does not currently offer impact fee exemptions or reductions for any type of residential development, but does offer them for low-income childcare facilities. The City could start by reviewing its existing residential impact fee structure and assessing the fiscal implications of providing full or partial waivers for affordable housing developments, coordinating with relevant departments to evaluate potential revenue impacts.

ADDITIONAL CONTEXT

Relevant legislation: RCW 82.02.060 allows local governments to reduce or waive impact fees for affordable housing.

3.2 OFFER DENSITY BONUSES FOR INCOME-RESTRICTED HOUSING IN THE GATEWAY AND NEIGHBORHOOD MIXED USE ZONES.

Action Type: Regulatory change **Goal:** Invest in centers **Staff Capacity:** Low

In Gateway and Neighborhood Mixed Use zones, where the Comprehensive Plan envisions new housing and mixed-use development near transit and services, density bonuses could help encourage affordable housing production in high-amenity areas. By increasing affordable units, the City can support more equitable access to these amenities.

COMP PLAN POLICIES

- **HO-1.5:** Implementing incentives for housing production at all incomes
- **HO-5.1:** Supporting equitable access to varied neighborhoods
- **HO-5.4:** Facilitating housing opportunities near amenities

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City currently does not offer density bonuses tied to affordable housing in Gateway or Neighborhood Mixed Use zones. Following the completion of the zoning update in these zones (see Action 1.4), staff should monitor development patterns and any feedback from developers interested in developing affordable units. Building on this information, staff should work with the Planning Commission and the City Council to calibrate a potential bonus with City goals and current market conditions. If the City is interested in offering MFTE in these zones, aligning this bonus with MFTE program requirements could create an additional incentive to participate.

3.3 EXPAND TENANT PROTECTION STRATEGIES TO REDUCE THE RISK OF DISPLACEMENT AND HOUSING INSTABILITY FOR RENTERS.

Action Type: Technical Assistance **Goal:** Anti-displacement **Staff Capacity:** Medium

Mountlake Terrace renters can face pressures from rising costs, limited affordable options, and the risk of displacement due to redevelopment or rent increases. While state law provides baseline protections like just cause eviction and relocation assistance for manufactured home park closures, cities can also adopt local strategies to address community needs.

COMP PLAN POLICIES

- **HO-4.1:** Mitigating displacement risk
- **HO-4.3:** Promoting the Rental Housing Safety Inspection Program
- **HO-4.4:** Retaining existing residents

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City currently offers the Rental Housing Safety Inspection program. For additional tenant protections, the City could pursue a phased approach, beginning with more accessible steps and building toward stronger protections over time. These protections could include:

- **Tenant information and outreach:** Advertising existing City, County, and state tenant resources on the City's website, including the Rental Safety Inspection Program.
- **Relocation assistance**: Adopting a relocation assistance ordinance for tenants displaced by redevelopment or substantial rehabilitation.
- **Tenant organizing protections:** Adopting a local ordinance protecting tenant organizing to ensure renters can advocate for their rights without retaliation.
- **Phasing development**: Exploring opportunities for development agreements that phase development to minimize resident displacement.

ADDITIONAL CONTEXT

Community engagement: At the Community Workshop, there was broad support for anti-displacement strategies, including enhanced tenant protections, rental assistance, relocation support, and public acquisition of naturally occurring affordable housing.

EXAMPLES

» **Notice Period:** The City of Woodinville extended the notice period to 120 days for rent increases greater than 3% and 180 days for increases greater than 10%.

» **Relocation Assistance:** The City of Olympia passed a set of renter protections that includes a requirement for landlords to provide relocation assistance equal to two and a half months' rent if they are facing a rent increase of more than 7% within a 12-month period or if they must move due to habitability concerns.

» **Late Fee Caps:** The City of Tacoma also passed a ballot initiative that lowers the cap on late fees from $75 to $10 and prohibits move-in fees that exceed the first month's rent.

3.4 ADOPT A 12-YEAR MFTE PROGRAM IN R-2 FOR PROJECTS USING THE RESIDENTIAL AFFORDABILITY PROGRAM DENSITY BONUS.

Action Type: Financial incentive | **Goal:** Affordable units | **Staff Capacity:** Medium

Under current market conditions, six-unit projects using the Residential Affordability Program density bonus are less financially viable than four-unit projects permitted by right. Combining this density bonus with a Multifamily Tax Exemption (MFTE) program could make these six-unit projects more feasible than four-unit projects. While townhomes and duplexes are still likely to be the most common middle housing types in R-2, MFTE could encourage developers to participate in the program.

COMP PLAN POLICIES

- **HO-1.5:** Implementing incentives for housing production at all incomes
- **HO-5.1:** Supporting equitable access to varied neighborhoods
- **HO-5.2:** Promoting workforce housing
- **HO-5.3:** Supporting diverse infill housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

Mountlake Terrace currently offers an MFTE program only in the Town Center, where rental units must be affordable at 80% AMI or below. In the R-2 zone, property owners may build up to four units by right, or up to six units if they provide affordable housing through the City's Residential Affordability Program, which requires income-restricted rental units to be affordable to households earning 60% of the AMI.

The City should consider eligibility criteria for the program, and align requirements with the Residential Affordability Program, including depth of affordability (60% AMI for rentals) and number of required units (five or six, with one or two being affordable).

ADDITIONAL CONTEXT

Feasibility and fiscal analysis results:

- **Tax exemption impact on development feasibility:** Under current market conditions, for-sale middle housing, such as duplexes or townhomes, is more likely to be developed than fourplexes or sixplexes in the R-2 zone. Additionally, under current market conditions, sixplexes with two bonus affordable units are less financially feasible than fourplexes (allowed by right in R-2). While still less feasible than duplexes or townhomes, sixplexes using the 12-year MFTE program (with 20% of units at 60% of the AMI) are more feasible than fourplexes, creating an incentive to add units.
- **Tax exemption impact on City revenues:** Among the housing types allowed in R-2, a sixplex not using MFTE would generate the highest revenue from property taxes and sales tax on construction over 20 years. However, after accounting for utility and sales tax revenues associated with additional households, sixplexes built with MFTE could still produce more revenue than other middle housing options, even with the tax exemption.

» **For full analysis results, see Appendix C: Development Feasibility Analysis Findings.**

3.5 ADOPT AN 8-YEAR MFTE PROGRAM IN R-3 FOR STACKS WITH AT LEAST TEN UNITS TO INCENTIVIZE ACCESSIBLE UNITS.

Action Type: Financial incentive **Goal:** Special needs housing **Staff Capacity:** Medium

Stacked multiplex developments are required to set aside a certain share of units as accessible under the building code. However, without additional incentives, side-by-side development (such as townhomes) will generally be more feasible than stacked units. While townhomes would likely be more feasible than stacks, MFTE would still increase stacks' feasibility and offer an incentive.

COMP PLAN POLICIES

- **HO-1.5:** Implementing incentives for housing production at all incomes
- **HO-3.5:** Incentivizing accessible housing units
- **HO-5.1:** Supporting equitable access to varied neighborhoods

CURRENT POLICY & IMMEDIATE NEXT STEPS

For multifamily buildings with elevators, the Washington State Building Code requires 5% of units to be Type A accessible in buildings with more than ten dwellings and all units to be Type B accessible in buildings with more than four dwellings. For multifamily buildings without elevators, these requirements apply only to ground-floor units. These requirements do not apply to multistory units like townhomes.

The City should consider eligibility criteria for the program and set requirements to maximize accessible units in participating buildings. To ensure buildings include Type A accessible units, the City could limit eligibility to buildings with more than ten units or set a program requirement that all participating buildings must include a certain share of Type A units.

ADDITIONAL CONTEXT

Local data: There is likely demand for accessible units in the City: a quarter (26 percent) of Mountlake Terrace households include someone with a disability. The share of seniors in the community is also increasing, with roughly one in ten households being a senior living alone.

Feasibility and fiscal analysis results:

- **Tax exemption impact on development feasibility:** Townhomes are the most likely middle housing type to be developed in the R-3 zone, especially if MFTE is not offered.
- **Tax exemption impact on City revenues:** As previously noted, townhomes would likely generate the highest revenue over 20 years. Comparing a 12-unit townhome prototype to a 12-unit multiplex prototype (without MFTE), the multiplex prototype would generate roughly $47,000 less revenue for the City over 20 years. If the same multiplex prototype uses the 8-year MFTE program, it will generate roughly $73,000 less than the townhome prototype over the 20 years, or $12,200 per accessible unit.

» **For full analysis results, see Appendix C: Development Feasibility Analysis Findings.**

3.6 ADOPT A 12-YEAR MFTE PROGRAM IN R-3 IN ALIGNMENT WITH THE RESIDENTIAL AFFORDABILITY PROGRAM.

Action Type: Financial incentive **Goal:** Affordable units **Staff Capacity:** Medium

While townhomes would likely still be more feasible than stacked development, offering MFTE would increase the feasibility of stacks. In addition to the income-restricted units required for the 12-year program, stacks also tend to have smaller units than other forms of middle housing, often resulting in lower overall prices.

COMP PLAN POLICIES

- **HO-1.5:** Implementing incentives for housing production at all incomes
- **HO-5.1:** Supporting equitable access to varied neighborhoods
- **HO-5.2:** Promoting workforce housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

In the R-3 zone, the number of units allowed by right is primarily determined by floor area ratio (FAR). All buildings with at least six units are limited to an FAR of 1.4, with a bonus FAR of 0.5 for stacks. For projects opting into the Residential Affordability Program, buildings may have an FAR of 2.4 if at least 20% of units are affordable at 60% AMI (for rentals) for 50 years.

The City should consider eligibility criteria for the program and align requirements with the Residential Affordability program. The City could also consider combining this 12-year program with additional accessibility requirements (see Action 3.5).

ANALYSIS FINDINGS

Feasibility and fiscal analysis results:

- **Tax exemption impact on development feasibility:** Townhomes are the most likely middle housing type to be developed in the R-3 zone, especially if MFTE is not offered. However, both the 8-year and the 12-year program (with 20% of units affordable at 60% AMI) would improve development feasibility for stacked development, with a greater increase from the 12-year program.
- **Tax exemption impact on City revenues:** If stacked development used the Residential Affordability Program density bonus to include additional units, these units could potentially offset the costs of the tax exemption after accounting for other revenues linked to additional households (such as household sales and utility taxes). In the fiscal analysis, the multiplex prototype using the 12-year program would generate roughly $23,000 less in revenue over a 20-year period, or $7,700 per affordable unit, when compared to the 12-unit townhome prototype.

» **For full analysis results, see Appendix C: Development Feasibility Analysis Findings.**

3.7 EXPAND THE 12-YEAR TOWN CENTER MFTE PROGRAM TO THE GATEWAY AND NEIGHBORHOOD MIXED USE ZONES.

Action Type: Financial incentive | **Goal:** Invest in centers | **Staff Capacity:** Medium

The updated mixed-use land use areas will provide more opportunities for residential development at higher densities. However, feasibility analysis suggests that under current market conditions, multifamily and mixed-use development may be infeasible in these areas without additional incentives.

COMP PLAN POLICIES

- **HO-5.1:** Support equitable access to varied neighborhoods
- **HO-5.2:** Promoting workforce housing
- **HO-5.4:** Facilitate housing opportunities in high amenity areas

CURRENT POLICY & IMMEDIATE NEXT STEPS

In 2022, the City Council re-established the City's MFTE program, adopting both an 8-year and a 12-year program (20% of units at 80% AMI) in the Town Center subarea. To date, five projects have used the 8-year program, and one is currently applying for the 12-year program, with potential interest from up to three other projects. In 2024, the Council authorized an optional 12-year extension for projects using the 12-year program.

The City should consider eligibility criteria for the potential program expansion, including the expanded target area, number and depth of affordable units, and any additional requirements for public benefits or considerations for development in these zones.

ADDITIONAL CONTEXT

Feasibility and fiscal analysis results:

- **Tax exemption impact on development feasibility:** Market-rate podium development is likely infeasible under current market conditions. However, development could be feasible with an 8-year or 12-year MFTE program, assuming the 12-year program required 20% of units to be affordable to households earning 80% of the AMI or below. For podium development, which typically has higher market rents per square foot than smaller middle housing development, a 60% AMI requirement for the 12-year program is likely too low to make development pencil. A 70% AMI requirement for the program could be enough to make development feasible under certain circumstances (e.g., if land could be acquired at a lower price), but would likely be less of an incentive than the 8-year program.
- **Tax exemption impact on City revenues:** If the podium development were feasible today, the City would earn the highest revenue by not offering a tax exemption. However, a 5-year delay in construction could cost the City more than an MFTE incentive over 20 years, after accounting for additional revenues such as construction and resident sales taxes, utility taxes, and shared state revenues. Because the Gateway and Neighborhood Mixed Use zones currently have fewer amenities than the Town Center zone, additional incentives may be needed in these zones to catalyze development.

» **For full analysis results, see Appendix C: Development Feasibility Analysis Findings.**

3.8 CONTINUE OFFERING MFTE IN TOWN CENTER, BUT CONSIDER PHASING OUT THE 8-YEAR OPTION.

Action Type: Financial incentive | **Goal:** Affordable units | **Staff Capacity:** Medium

Feasibility analysis suggests that the 8-year and 12-year program (at 80% AMI) have an equivalent effect on feasibility, and focusing incentives on the 12-year program could help the City strengthen the incentive for affordable housing in Town Center. However, there are tradeoffs for both programs that the City should consider.

COMP PLAN POLICIES

- **HO-5.1:** Support equitable access to varied neighborhoods
- **HO-5.2:** Promoting workforce housing
- **HO-5.4:** Facilitate housing opportunities in high amenity areas

CURRENT POLICY & IMMEDIATE NEXT STEPS

In Town Center to date, five projects have used the 8-year program, and one is currently applying for the 12-year program, with potential interest from up to three other projects.

The City should consider the tradeoffs of both the 8-year and the 12-year program in the context of its policy goals. While the 8-year and 12-year programs have a similar impact on project feasibility, the 12-year program would generate less revenue for the City than the 8-year program. However, the 12-year program would include 20% affordable units. Current affordable units (at 80% AMI) are similar to current market rate rents but could limit rent increases for those units as market rents rise.

ADDITIONAL CONTEXT

Feasibility and fiscal analysis results:

- **Affordable and market-rate rents:** For podium development, rents affordable at 80% AMI are roughly 96% of current market-rate rents. Rents affordable at 70% AMI are roughly 84% of current market rates, while those at 60% AMI are about 71%.
- **Tax exemption impact on development feasibility:** Market-rate podium development is likely infeasible under current market conditions. However, the 8-year and 12-year MFTE programs have a similar positive impact on feasibility, assuming the 12-year program required 20% of units to be affordable to households earning 80% of the AMI or below. For podium development, which typically has higher market rents per square foot than smaller middle housing development, a 60% AMI requirement for the 12-year program is likely too low to make development pencil. A 70% AMI requirement for the program could be enough to make development feasible under certain circumstances (e.g., if land could be acquired at a lower price), but would likely be less of an incentive than the 8-year program.
- **Tax exemption impact on City revenues:** In the fiscal analysis, the City's revenue with the 12-year program would decrease by roughly $13,500 total per affordable unit over the

program's duration, compared to development without MFTE (built in 2025), or $4,700 per affordable unit compared to the 8-year program.

» **For full analysis results, see Appendix C: Development Feasibility Analysis Findings.**

4. Long-Term Actions

4.1 ENCOURAGE ANY AFFORDABLE HOMEOWNERSHIP UNITS TO BE STEWARDED BY A COMMUNITY LAND TRUST (CLT).

Action Type: Partnership **Goal:** Affordable units **Staff Capacity:** Medium

Market-rate developers are generally not structured to manage the long-term administrative requirements of income-restricted homeownership. Partnering with a Community Land Trust (CLT) ensures these homes remain affordable for future buyers by providing ongoing stewardship, compliance monitoring, and homeowner support.

COMP PLAN POLICIES

- **HO-1.7:** Supporting alternative access to homeownership
- **HO-2.3:** Pursuing partnerships to support affordable housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

There are not currently any income-restricted homeownership units in the City. Additionally, administering income-restricted homeownership programs requires long-term monitoring, compliance, and stewardship to ensure that affordability is maintained across resales. Developers are unlikely to take this on once they sell the unit, and this administration can take significant City staff time. However, if the units are not managed correctly, they can risk losing their affordability covenant.

The City could reach out to CLTs in the broader region to explore opportunities for developing or acquiring housing units in Mountlake Terrace (see Action 5.5). The City could also connect developers open to developing affordable homeownership units with any interested CLTs.

ANALYSIS FINDINGS

Local data: Homeownership is increasingly out of reach for many residents. The median home sales price in Mountlake Terrace more than tripled from 2012 to 2023. As of 2023, a household would need to earn slightly above the area median income ($146,500) to afford the median home price, qualifying less than 20% of Mountlake Terrace households.[8]

Community engagement: Market-rate developers shared that they are unlikely to develop income-restricted homeownership units, even with incentives like MFTE, due to the additional complexity of financing and administering the units.

[8] Mountlake Terrace Vision 2044 Comprehensive Plan, page 392.

4.2 TRANSFER OR LONG-TERM LEASE CITY REAL-ESTATE HOLDINGS TO A MISSION-DRIVEN DEVELOPER.

Action Type: Partnership | **Goal:** Affordable units | **Staff Capacity:** High

Removing the cost of land acquisition can make affordable housing significantly more feasible and strengthen mission-driven developers' competitiveness for public funding, since many state and federal programs prioritize applications with local contributions.

COMP PLAN POLICIES

- **HO-2.3:** Pursuing partnerships to support affordable housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City has not previously contributed land to a development project and does not currently have a process for evaluating properties or making land use decisions for them. To begin, the City could prepare a baseline inventory of City-owned parcels, including zoning, size, and existing uses, and consider if any parcels could be appropriate for future use.

ANALYSIS FINDINGS

Community engagement: Mission-driven developers shared that providing land or publicly owned property can be an effective non-subsidy incentive, especially for producing deeply affordable housing. Because land costs are often one of the largest expenses in development, offering discounted or no-cost land can significantly reduce the total project cost to help make housing affordable for households earning below 30% AMI financially feasible.

4.3 STRATEGICALLY TARGET PUBLIC INVESTMENTS TO ADD AMENITIES AND ATTRACT DEVELOPMENT.

Action Type: Financial incentive | **Goal:** Invest in centers | **Staff Capacity:** High

Public investments in amenities and infrastructure, such as sidewalks, parks, and utility upgrades, can reduce development barriers and make key areas more attractive for housing. By focusing these investments in the priority growth areas identified in Vision 2044, the City can maximize the impact of its resources and help attract housing development near transit and amenities.

COMP PLAN POLICIES

- **HO-5.1:** Supporting equitable access to varied neighborhoods
- **HO-5.4:** Facilitating housing opportunities near amenities

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City invests in infrastructure and amenities primarily through its Capital Improvement Program (CIP) and transportation plans, which prioritize projects based on safety, capacity, and maintenance needs. While priority projects support health and safety, the City could add scoring criteria to consider the project's potential impact on development in Gateway, Neighborhood Mixed Use, or other planned growth areas. The City could begin this process during its upcoming Water, Sewer, Stormwater, and Transportation Plan updates.

4.4 PURSUE FUNDING FOR INFRASTRUCTURE IMPROVEMENTS THAT COULD ENABLE AT-RISK AFFORDABLE HOUSING PRESERVATION.

Action Type: Partnership | **Goal:** Anti-displacement | **Staff Capacity:** High

Many of Mountlake Terrace's affordable homes are in older buildings or manufactured home communities with aging public infrastructure (such as sewer lines), and the investment needed to update these properties can make it financially infeasible for the Housing Authority of Snohomish County (HASCO) or other mission-driven organizations to acquire and preserve these properties.

COMP PLAN POLICIES

- **HO-4.1:** Mitigating displacement risk
- **HO-4.2:** Preserving affordable housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

Snohomish County distributes funding to cities that could potentially cover infrastructure upgrades or repairs, such as Community Development Block Grants (CDBG); however, Mountlake Terrace has not previously received this funding for a project of this type.

The City could coordinate with HASCO to create a shared list of older affordable properties and manufactured home communities where infrastructure upgrades are major barriers to reinvestment and preservation (see Action 5.12). For selected sites, the City could pursue funding for infrastructure improvements from County-managed funding streams, like CDBG or HB 1509 sales tax revenues, while HASCO pursues acquisition financing (see Action 5.2).

ANALYSIS FINDINGS

Community engagement: Mission-driven developers shared that aging infrastructure, including outdated sewer, water, and utility systems, can be a major barrier to preserving existing affordable housing in Mountlake Terrace. Many older multifamily and manufactured housing communities require substantial infrastructure investment before rehabilitation or acquisition can occur, making preservation projects financially infeasible without public support.

5. Ongoing Actions

5.1 CONTINUE PARTICIPATING IN REGIONAL HOUSING EFFORTS.

Action Type: Partnership **Goal:** Housing production **Staff Capacity:** Low

Participating in regional housing efforts, including the Affordable Housing Alliance, Housing Consortium, and Snohomish County Tomorrow, can strengthen Mountlake Terrace's role in shaping housing policy and accessing shared resources. These forums provide opportunities to collaborate with neighboring jurisdictions, align on regional strategies, and advocate for local priorities. Active participation would also help the City stay informed about funding opportunities, legislative changes, and best practices.

COMP PLAN POLICIES

- **HO-2.2:** Coordinating with regional partners on informational materials
- **HO-2.3:** Pursuing partnerships to support affordable housing
- **HO-4.5:** Building relationships for community development

CURRENT POLICY & IMMEDIATE NEXT STEPS

Mayor Matsumoto-Wright currently represents the City at the Affordable Housing Alliance, and the City has representatives at Snohomish County Tomorrow. However, coordination could be improved to maximize advocacy potential by sharing information and upcoming opportunities with other representatives and relevant City department heads.

5.2 PROACTIVELY ENGAGE SNOHOMISH COUNTY TO CLARIFY PLANS FOR DISTRIBUTING AFFORDABLE HOUSING FUNDING SOURCES.

Action Type: Partnership **Goal:** Affordable units **Staff Capacity:** Medium

Snohomish County distributes a variety of funding sources to cities, including Mountlake Terrace. Proactively coordinating with the County to understand funding priorities and highlight local opportunities could help the City access resources that support both housing development and other needs, like infrastructure.

COMP PLAN POLICIES

- **HO-2.3:** Pursuing partnerships to support affordable housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

Snohomish County Housing and Community Services Division collects and distributes funding to local cities, including Mountlake Terrace, through an interlocal agreement (the Snohomish County Consortia), including CDBG, CoC, ESG, HOME, NSP, CHG, AHTF, and EHP funds. The County also has two affordable housing funding sources from sales taxes: HB1509 and HB1406. In 2024, 12 jurisdictions in Snohomish County collected $2.18 million through HB1406 sales tax credits, and Snohomish County collected $22 million through HB1509 sales tax. Since its adoption in 2021, the County has not yet begun to distribute the HB1509 funds, which totaled over $60 million as of 2025. City staff or elected officials could initiate coordination with Snohomish County Housing and Community Services staff to clarify timelines, eligibility criteria, and priorities for distributing available housing and infrastructure funds.

5.3 SUPPORT PUBLIC FUNDING APPLICATIONS FOR AFFORDABLE HOUSING PROJECTS THAT ALIGN WITH CITY PRIORITIES.

Action Type: Partnership	Goal: Affordable units	Staff Capacity: Low

Many public funding programs for affordable housing consider local government support as part of their evaluation criteria. Providing a letter of support and committing to helping remove local development barriers can signal project readiness and improve the competitiveness of funding applications.

COMP PLAN POLICIES

- **HO-2.3:** Pursuing partnerships to support affordable housing.

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City does not currently have a formal policy or mechanism for supporting publicly funded projects, though it has relationships with affordable housing developers. The City could begin by establishing and maintaining regular communication with mission-driven housing developers to anticipate upcoming funding applications and support needs.

ADDITIONAL CONTEXT

Community engagement: Mission-driven developers shared that demonstrating City support can be a significant asset for funding applications.

5.4 SUPPORT AFFORDABLE HOUSING DEVELOPMENT ON PROPERTIES OWNED BY RELIGIOUS ORGANIZATIONS.

Action Type: Partnership	Goal: Affordable units	Staff Capacity: Low

Religious organizations are eligible for affordable housing density bonuses under state legislation and often own well-located properties with existing infrastructure that can support affordable housing development.

COMP PLAN POLICIES

- **HO-2.3:** Pursuing partnerships to support affordable housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

There has been some development interest by religious organizations in Mountlake Terrace, but no projects have been completed to date. To begin, the City could reach out to faith-based organizations to gauge interest in affordable housing development and share relevant development incentives that might apply.

ADDITIONAL CONTEXT

Relevant legislation: Under RCW 36.70A.545, cities must allow density bonuses for affordable housing developments by religious organizations.

5.5 PARTNER WITH COMMUNITY LAND TRUSTS (CLTS) OR OTHER ORGANIZATIONS THAT SUPPORT ALTERNATIVE HOMEOWNERSHIP MODELS.

Action Type: Partnership | **Goal:** Affordable units | **Staff Capacity:** Low

A community land trust (CLT) is a nonprofit organization that acquires and holds land for the long term to ensure that housing built on it remains permanently affordable, typically by separating ownership of the land from ownership of the home and limiting resale prices to keep units accessible for future income-qualified buyers. Building partnerships with CLTs could expand long-term affordable homeownership opportunities in the City while market home sales prices rise.

COMP PLAN POLICIES

- **HO-1.7:** Supporting alternative access to homeownership
- **HO-2.2:** Coordinating with regional partners on informational materials
- **HO-2.3:** Pursuing partnerships to support affordable housing.

CURRENT POLICY & IMMEDIATE NEXT STEPS

Currently, one CLT (Homes and Home Community Land Trust) is active in Snohomish County, but Mountlake Terrace does not currently have any projects engaged with a CLT.

The City could start by identifying active CLTs in the region and reaching out to explore opportunities and interest in expansion into Mountlake Terrace. The City could also explore whether there are federal resources (such as the HUD Self-Help Homeownership Opportunity Program) or local funding sources, such as an affordable housing fund, that the City could support the CLT in applying for (see Action 5.3). Barring funding availability, the City could consider selling or donating surplus or unused land to the CLT (see Action 4.2).

ANALYSIS FINDINGS

Community engagement: In community workshops, there was significant interest in models that ensure long-term affordability through community ownership. Residents referenced tools such as community land trusts, housing cooperatives, lease-purchase models, affordability covenants, and inclusionary zoning.

EXAMPLES

» The City of Chelan and Chelan County built a collaborative relationship with the Chelan Valley Housing Trust and provide $20,000 yearly to fund the CVHT's operations.

» The Olympic Housing Trust, located in Port Angeles, formed in 2008 in response to Port Angeles' need to revive and dispose of four vacant homes. OHT now partners with the City of Port Townsend and is building the Dundee Hill and Chimacum Commons projects.

» The Methow Valley Housing Trust in Winthrop partnered with the Housing Authority of Okanogan County to create new permanent affordable development containing 40 homes and 22 rental units.

5.6 HOST REGULAR EDUCATIONAL COMMUNITY WORKSHOPS ABOUT DEVELOPMENT TO SHARE INFORMATION AND PROVIDE ASSISTANCE.

Action Type: Assistance **Goal:** Housing production **Staff Capacity:** Medium

Specific workshops could provide information on the development process, such as permit processes, building requirements, and financing. They could also offer space for participants to ask questions and receive direct support, helping property owners and small developers feel more confident in pursuing housing projects.

COMP PLAN POLICIES

- **HO-2.1:** Providing resources on regulations and permitting
- **HO-2.2:** Coordinating with regional partners on informational materials

CURRENT POLICY & IMPLEMENTATION STEPS

The City already regularly hosts community events on a variety of issues. The City could plan to focus a certain number of these meetings on the development process and reach out to City staff and professionals with a range of expertise to present on specific topics.

ANALYSIS FINDINGS

Community engagement: Both development professionals and residents, particularly those with limited development experience, shared that additional resources or information on topics across the development process would be helpful.

5.7 PROVIDE TECHNICAL ASSISTANCE FOR NAVIGATING PERMITTING PROCEDURES AND REQUIREMENTS.

Action Type: Assistance **Goal:** Housing production **Staff Capacity:** High

Permitting can be especially challenging for homeowners, small-scale builders, and nonprofit housing providers who may not be familiar with the City's processes. Offering guidance can make permitting more efficient and reduce barriers to development.

COMP PLAN POLICIES

- **HO-2.1:** Providing resources on regulations and permitting

CURRENT POLICY & IMMEDIATE NEXT STEPS

Currently, residents can schedule a 30-minute in-person or virtual meeting with a City planner. As the City updates its development code, processes, and informational materials, it should continue to allocate staff time for training on current requirements and resources.

ANALYSIS FINDINGS

Community engagement: Both development professionals and residents, particularly those with limited development experience, shared that assistance from City staff would help navigate City requirements. As the City updates its code, developers shared that staff availability could help save time and money in permitting, increasing development feasibility.

5.8 SUPPORT OPPORTUNITIES TO PURCHASE MANUFACTURED HOME COMMUNITIES.

Action Type: Assistance **Goal:** Anti-displacement **Staff Capacity:** Low

Helping residents and partners take advantage of purchase opportunities could help preserve an important source of naturally occurring affordable housing. Facilitating access to technical assistance, outreach, or partnerships would support community stability and reduce the risk of displacement when manufactured home parks are put up for sale.

COMP PLAN POLICIES

- **HO-2.2:** Coordinating with regional partners on informational materials
- **HO-2.3:** Pursuing partnerships to support affordable housing.
- **HO-4.2:** Preserving affordable housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

Recent state legislation requires owners to give notice of the opportunity to compete to purchase when selling a manufactured/mobile home community. Notice needs to be provided to each tenant, tenant organizations, the Department of Commerce, the City, HASCO, and the Washington State Housing Finance Commission. Following notice, tenants have 70 days to form a qualified tenant organization to purchase the community.

The City could plan to provide letters of support, connecting residents with nonprofit housing organizations such as ROC Northwest, or offering technical guidance. The City could also consider adopting stronger protections, like tenant opportunity to purchase or right of first refusal policies (see Action 3.3).

ANALYSIS FINDINGS

Local data: Manufactured homes can be an opportunity for homeownership for lower-income households. In 2023, the majority of homes sold for less than $300,000 in Mountlake Terrace in 2023 were mobile or manufactured homes, while single-family home sales prices ranged from roughly $400,000 to over $1,000,000, with a median sales price of just under $600,000.[9]

EXAMPLES

» **Snohomish County**: In June 2024, 200 residents gathered for a forum to discuss rising rent, new rules and managerial conduct amidst the corporate acquisition of their mobile home parks. At this forum, several resource groups for manufactured-home owners were present to describe their work and the viability or non-viability of forming collective purchasing groups. For example, the Washington State Housing Finance Commission program and partnership with ROC (Resident Owned Community) Northwest and ROC USA offers financial tools and guidance for manufactured-housing communities to become self-owned cooperatives.

[9] Mountlake Terrace Vision 2044 Comprehensive Plan, page 389.

5.9 ENFORCE MAINTENANCE OF INVESTMENT PROPERTIES TO DISINCENTIVIZE VACANT AND DETERIORATING BUILDINGS.

Action Type: Increase enforcement **Goal:** Invest in centers **Staff Capacity:** High

Some investors are purchasing older homes, delaying maintenance, and holding the properties in deteriorating condition while waiting for redevelopment value to increase, particularly in Town Center. When buildings fall into disrepair, it can discourage investment in nearby properties and lead to the loss of habitable housing. Strengthening code enforcement could discourage speculative disinvestment.

COMP PLAN POLICIES

- **HO-4.4** Retaining existing residents
- **HO-5.1:** Supporting equitable access to varied neighborhoods
- **HO-5.4:** Facilitating housing opportunities near amenities

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City has a property maintenance code that levies fees on deteriorating properties. To date, the City has only enforced this code for deteriorating commercial buildings in Town Center. The City should continue to facilitate code enforcement for vacant and deteriorating buildings, including residential development, that do not have active permits. The City should also ensure staff have the capacity and support to implement these efforts.

5.10 ADVOCATE FOR THE STATE LEGISLATURE TO EXPAND OPPORTUNITIES FOR HOME OWNERSHIP OF DIFFERENT HOUSING TYPES THROUGH THE CONDOMINIUM (CONDO) PROCESS.

Action Type: Advocacy **Goal:** Housing diversity **Staff Capacity:** Low

Condos can be one of the more attainable forms of homeownership for moderate-income households. However, Washington state legislative requirements for condos defect liability often impose barriers to their development. While the City cannot directly impact state legislators, it can provide public support for legislation addressing these barriers.

COMP PLAN POLICIES

- **HO-1.7:** Supporting alternative access to homeownership
- **HO-2.4:** Advocating for expanded homeownership opportunities

CURRENT POLICY & IMMEDIATE NEXT STEPS

The City currently provides public comment on proposed legislation annually. During future legislative cycles, relevant staff or representatives should coordinate with regional advocates or organizations to monitor for and formally support legislation that could reduce barriers to condominium development.

ADDITIONAL CONTEXT

Local data: Condos can be a more attainable form of homeownership. While single-family home prices in 2023 ranged from roughly $400,000 to over $1,000,000, condo sales prices ranged from approximately $300,000 to $500,000.

5.11 MONITOR LAND CAPACITY AND DEVELOPMENT TRENDS, AND UPDATE DEVELOPMENT REGULATIONS IF NEEDED.

Action Type: Advocacy | **Goal:** Housing production | **Staff Capacity:** Low

Monitoring land capacity and development trends will ensure the City is on track to meet Vision 2044 housing targets. Tracking outcomes of recent and future code changes will also allow the City to be responsive in making any changes needed to support development goals.

COMP PLAN POLICIES

- **HO-2.5:** Planning for housing needs at all income levels
- **HO-2.6:** Monitoring and reporting on housing supply

CURRENT POLICY & IMMEDIATE NEXT STEPS

As a component of the Growth Management Act, the Buildable Lands program under RCW 36.70A.215 already requires Snohomish County and the cities within it to submit a report reviewing actual development and to determine that they have designated adequate amounts of residential, commercial, and industrial lands to meet the growth needs incorporated in their comprehensive plans.

5.12 MONITOR BOTH REGULATED AND NATURALLY OCCURRING AFFORDABLE HOUSING UNITS AT RISK FOR REDEVELOPMENT.

Identifying and monitoring both regulated and naturally occurring affordable housing units that are at risk of redevelopment could help the City take proactive steps to preserve these housing options. Tracking both regulated and unregulated units would allow the City to coordinate with property owners and housing partners and take actions for preservation and/or tenant support.

COMP PLAN POLICIES

- **HO-2.5:** Planning for housing needs at all income levels
- **HO-2.6:** Monitoring and reporting on housing supply
- **HO-4.2:** Preserving affordable housing

CURRENT POLICY & IMMEDIATE NEXT STEPS

PSRC maintains a database of income-restricted affordable housing; the City does not currently have a process for tracking regulated or unsubsidized affordable housing. To begin, the City could coordinate with HASCO and PSRC to create a shared list of older affordable properties and manufactured home communities where infrastructure upgrades are major barriers to reinvestment and preservation (see Action 4.4).

EXAMPLES

- **Brooklyn Park, Minnesota:** In 2017, the City established the NOAH Preservation Program in 2017 to monitor older rental buildings that are still affordable but vulnerable. Working with data partners, the city regularly identifies aging buildings with below-market rents, tracks ownership changes, and proactively invests in preservation strategies.
- **Bellevue:** The City provides an Affordable Housing Inventory map that identifies NOAH properties for prospective residents.

4. Appendix A: Comprehensive Plan Sources

This HAP is intended to implement the Comprehensive Plan's Housing Element. In addition to the goals and policies, the project team also reviewed:

Housing Element Implementation Strategies: As part of the Housing Element, the City Council selected several priority policies to identify potential implementation steps for. In addition to considering these Council priorities, the project team evaluated and incorporated many of these implementation steps into HAP actions.

Comprehensive Plan Land Use Element: While the HAP focuses on implementing the Housing Element policies, it is also closely linked to the Land Use Element, which establishes where and how future growth can occur by designating densities and development patterns.

Comprehensive Plan Community Engagement: The vision outlined in the Comprehensive Plan reflects the community's priorities, gathered through extensive engagement and analysis throughout the comprehensive planning process. The Comprehensive Plan project team used various methods to engage the community, including open houses, public meetings, surveys, interviews, and targeted outreach to groups that may not have been fully represented in previous planning efforts. These groups included people of color impacted by discriminatory housing practices, individuals with disabilities, those experiencing cost burdens, and people with lived experience of homelessness. The Comprehensive Plan also incorporated input from the City Council, the Planning Commission, a Comprehensive Plan Advisory Group, city staff, and other community partners to create a shared vision and build consensus around the Plan's goals and policies.

» **For a full description of community engagement in the comprehensive planning process, see Appendix A in the Mountlake Terrace Comprehensive Plan.**

Housing Element Background Analysis: In addition to community engagement, the Comprehensive Plan's Housing Element goals and policies are informed by supplemental analyses, including a housing needs assessment, a residential land capacity analysis, and a policy analysis of potentially racially disparate impacts.

» **For the full Housing Element Background Analysis, see Appendix C in the Mountlake Terrace Comprehensive Plan.**

5. Appendix B: Community Engagement Summary

Approach

The approach to developing the Mountlake Terrace Housing Action Plan (HAP) combined broad-based community engagement with targeted stakeholder interviews to ensure that recommendations are both equitable and implementable. Together, these activities provided a multidimensional understanding of local housing needs, development challenges, and community priorities.

Key Themes from Community Workshop

The in-person community workshop, held at Mountlake Terrace City Hall from 6–8 PM, was designed as an open house to:

1) Introduce the Housing Action Plan (HAP) and its objectives.
2) Present alternative zoning amendment scenarios and assumptions.
3) Collect community feedback on housing needs, challenges, and priorities.
4) Ensure transparency in the code amendment and policy development process.

The event featured informational boards and visual displays, sticky-note comment activities, and provided free food, drinks, and childcare to encourage broader participation. Feedback themes from residents, developers, and advocates included:

High Interest in ADUs	Anti-Displacement	Equity in Design Standards	Infrastructure Limitations	Walkability and Amenities
Residents shared enthusiasm for ADUs as affordable and income-generating options, but noted that regulations are confusing and overly restrictive.	Attendees voiced support for strategies such as tenant protections, rental assistance, and acquisition of naturally occurring affordable housing.	Some highlighted that design requirements for ADUs often do not reflect the existing housing variety in MLT.	Concerns were raised about whether aging roads and schools could support population growth.	Participants emphasized the need for walkable neighborhoods connected to libraries, groceries, and transit.

High Interest in ADUs: Community members expressed strong support for allowing more accessory dwelling units (ADUs), including the possibility of permitting two ADUs per lot. Residents see ADUs as both a tool for expanding affordable housing options and a means of generating household income. However, participants shared frustrations about existing regulations being overly complex and restrictive, particularly aesthetic design requirements that are difficult to meet given Mountlake Terrace's diverse housing stock. Several attendees brought their own ADU design plans to the workshop, emphasizing the depth of local interest and readiness.

Anti-Displacement Concerns: Many attendees raised concerns about rising housing costs and the potential for displacement of renters and low-income residents. There was broad support for anti-displacement strategies, including enhanced tenant protections, rental assistance, relocation support, and public acquisition of naturally occurring affordable housing. Participants also emphasized the importance of equitable development and ensuring that housing policies protect the most vulnerable members of the community.

Equity in Design Standards: There was significant interest in models that ensure long-term affordability through community ownership. Participants supported tools such as community land trusts, housing cooperatives, lease-purchase models, affordability covenants, and inclusionary zoning. These strategies were seen as essential for keeping housing affordable and preventing speculation, with many attendees also calling for policies to limit investor ownership in residential neighborhoods.

Infrastructure Limitations: Participants questioned whether Mountlake Terrace's existing infrastructure could support additional housing development. Concerns were raised about the condition and capacity of older roads, stormwater systems, and public schools. While some welcomed growth, others expressed unease about the potential strain on local services and the risk of declining home values due to increased density.

Walkability and Amenities: Attendees shared a strong desire for neighborhoods that are walkable and close to key amenities such as grocery stores, libraries, parks, and transit. This feedback reflects a preference for compact, mixed-use development that supports everyday needs within walking distance. Walkability was viewed not only as a matter of convenience but also as a way to enhance livability and reduce reliance on cars.

Clarity and Transparency: Residents asked for clearer and more user-friendly development regulations, noting that current rules can be difficult to navigate. There was also a desire for greater transparency in how community input will shape zoning amendments and housing policy decisions. Some attendees expressed interest in learning from other jurisdictions that have successfully implemented similar housing strategies, suggesting that comparative examples could help build public understanding and trust.

Key Themes from Interviews

To complement community feedback with technical and implementation-oriented insight, the City and consultant team conducted a series of interviews with local developers, builders, and other real estate professionals. These conversations focused on zoning flexibility, design standards, financing barriers, and opportunities for regional coordination.

Zoning and Design Updates	Incentives	Partnerships	Advocacy
Developers emphasized the need for flexible zoning, clear design standards, and a streamlined, transparent permitting process.	Interviews brought to light a variety of potential incentives to produce more diverse and affordable housing, including MFTE and density bonuses.	Interviewees suggested different partnership pathways with regional and county organizations to support housing action.	Developers also suggested that the City engage in state and county-level advocacy for policy change and financial investments.

Zoning and Design Updates: Developers emphasized the need for flexible zoning, clear design standards, and a streamlined, transparent permitting process. Suggestions included higher lot coverage, expanded height flexibility, reduced setbacks, more allowances (garages, parking reductions, commercial space flexibility, ground floor human/community services), and optional tree preservation. Developers also called for form-based codes and clearer language on yards, setbacks, and roof pitch.

Incentives: Developers recommended a variety of incentives to produce more diverse and affordable housing, including using Multifamily Tax Exemption tools, providing density bonuses, supporting condo conversions, offering pre-approved ADU plans, and providing letters of support for housing project grant applications with City commitments toward land use flexibility and fast-track permitting. Developers pointed to policies in Edmonds and Everett as models for implementing these recommendations.

Partnerships: Developers discussed potential partnership pathways for the City to support housing production. One interviewee suggested a countywide partnership to lobby for a ballot measure and share revenues regionally. Others mentioned joining regional organizations like the Alliance for Housing Affordability, which convenes all Snohomish County cities to provide research, technical assistance, and political space to support local housing action. Snohomish County Tomorrow also provides a formal venue to coordinate on housing targets and land use.

Advocacy: Developers also suggested that the City engage in state and county-level advocacy. For example, the City could lobby for policy changes such as condominium reform to enable small ownership models. At the county level, the City could monitor Snohomish County's allocation of $20 million in HB 1590 funding and advocate for the county to invest some of those dollars into activities that are aligned with the City's goals.

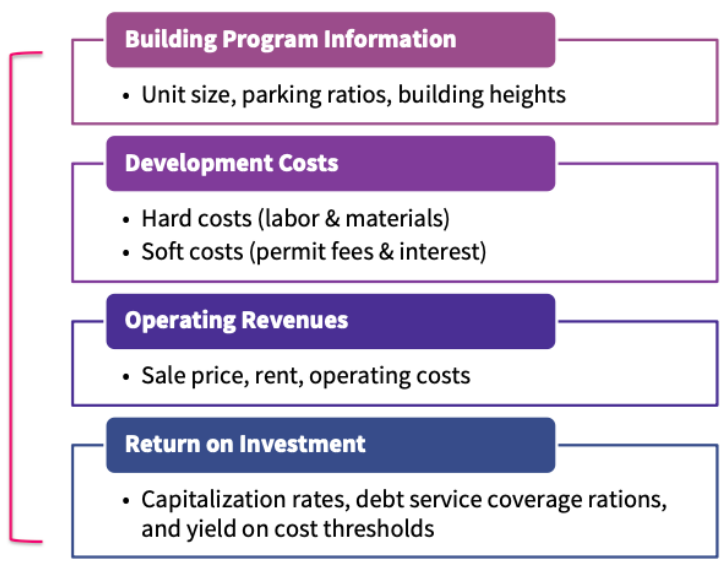
6. Appendix C: Development Feasibility Analysis Findings

The project team tested the impact of the 8-year and 12-year MFTE program in three scenarios:

1. **Middle housing development in the R-2 zone,** including duplexes, townhomes, fourplexes, and sixplexes.
2. **Middle housing development in the R-3 zone,** including townhomes and multiplexes.
3. **Podium development in mixed-use zones**.

This analysis has two components: an assessment of the program's impact on development feasibility and the impact on City revenues.

Feasibility Analysis



To evaluate the financial viability of the proposed development prototypes, we used a range of inputs necessary for financial pro forma modeling (displayed on the right) to calculate the residual land value for each prototype.

Residual Land Value (RLV) is a strong indicator metric of the relative likelihood that development will occur for both rental and ownership products, demonstrating whether a developer can purchase land and whether there is a market incentive for investment. RLV is calculated as the remainder between a development's value and the cost it takes for development, as shown in the graphic below.

The value of a development project is projected somewhat differently for rental or ownership products. For rental properties, the value is reflected in its Net Operating Income (NOI), which is the property's annual rental income (from residential or commercial tenants), and any additional revenue after accounting for vacancy rates and operating costs (such as property management and maintenance). For ownership products, the value is the Net Sales Proceeds after broker fees.

Development costs are a combination of hard costs (like construction and labor for new construction) and soft costs (including impact fees, design, overhead expenses, and more). If the value of a development is higher than the total costs, this remainder is the RLV.

Feasibility Analysis Assumptions

ECO tested the impact of various MFTE program options across eight prototypical development types. A summary of development specifications for each prototype is shown in the table below.

Exhibit 4: Prototype Building Program Specifications

	Duplex	Town-homes (4)	Fourplex	Town-homes (6)	Sixplex	Market-rate stack	Stack w/ affordable units[10]	Podium
Tenure	For-sale	For-sale	Rental	For-sale	Rental	Rental	Rental	Rental
Lot size (sf)	7,200	7,200	7,200	7,200	7,200	14,400	14,400	48,720
Units	2	4	4	6	6	12	15	240
Density (units/acre)	12	24	24	36	36	36	45	215
Floors	2	3	2	3	3	3	3	6
Parking ratio	2.0	1.0	1.0	1.0	1.0	1.0	0.8	0.8
Average net unit size (sf)	1,900	1,550	975	1,150	900	900	700	1,000
Unit mix	100% 3-bedroom	100% 3-bedroom	100% 2-bedroom	100% 2-bedroom	100% 2-bedroom	100% 2-bedroom	60% 1-bedrooms, 40% 2-bedrooms	10% studios, 30% 1-bedrooms, 50% 2-bedrooms, 10% 3-bedrooms

Source: ECOnorthwest

Cost and revenue assumptions for each prototype are shown below.

Exhibit 5: Development Cost and Operating Revenue Assumptions

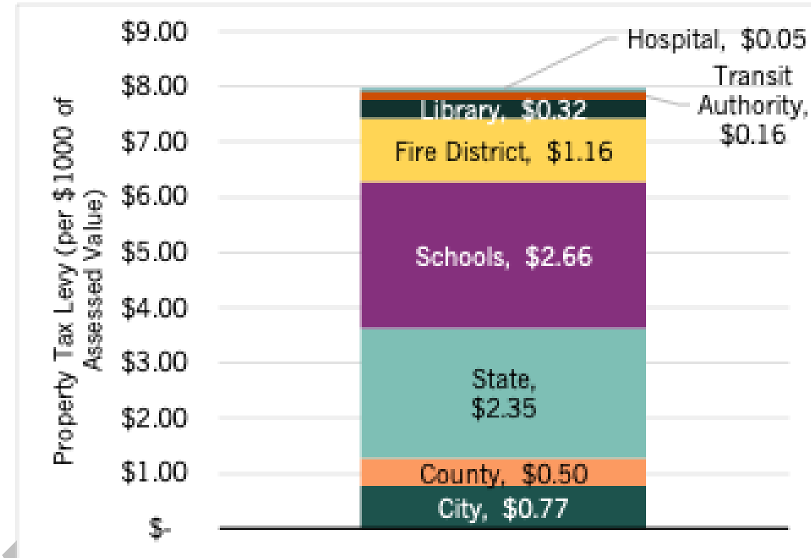
	Duplex	Townhomes (4)	Fourplex	Townhomes (6)	Sixplex	Market-rate stack	Stack w/ affordable units	Podium
Construction costs psf	$189	$255	$251	$255	$252	$242	$234	$251
Total costs psf	$265	$360	$375	$349	$376	$361	$345	$383
Annual rents psf	--	--	$18	--	$18	$20	$20	$22
Sales price	$837,000	$748,000	--	$616,000	--	--	--	--

[10] For the site and prototype modeled, the limiting factor for the number of units was the number of parking stalls that could fit on the site. While the site could fit a building with higher floor area ratio (which increases with the affordable housing density bonus), it could not accommodate additional parking stalls at the required 1:1 parking ratio for market-rate units. However, because there is no required parking for affordable units, a developer could theoretically add additional units with no dedicated off-street parking stalls. However, this would likely depend on the site's proximity to transit or on-street parking opportunities.

Source: National Building Cost Manual (2025), CoStar, Redfin

Fiscal Analysis Assumptions

Exhibit 6: Tax Districts in Mountlake Terrace



Source: Snohomish County Assessor's Office

In addition to understanding the feasibility of an MFTE program, the City is concerned with the fiscal impacts of offering a tax exemption. MFTE exempts the residential portion of the project's assessed value from property taxation for a period of eight or twelve years. At the end of the exemption period, the project's residential value returns to the tax rolls. When property taxes are paid, Mountlake Terrace retains only a portion (roughly 9.7%, or $0.77 per $1,000 of assessed property value) of property taxes paid, with the rest going to other overlapping taxing districts (shown in Exhibit 6 to the right). Additionally, the exemption interacts with the levy calculation process and there are two key issues that we highlight in the callout box on the next page.

We also accounted for other revenues generated for the City by development and additional households:

- **Sales tax on construction:** 1% of sales revenue goes to the City.[11]
- **Utility taxes on additional customers:** Includes water, electric, gas, sewer, stormwater, solid waste, cable, and telephone. Estimated at roughly $1,850 total per resident annually based on the Mountlake Terrace 2025-2026 municipal budget.[12]
- **Sales taxes on resident purchases:** 1% of sales revenue goes to the City.[13]
- **Shared state revenues based on total residents:** Estimated at ~$35 per resident annually based on 2025-2026 municipal budget

These revenue sources come from the additional residents, not just additional units; MFTE will not change the City's growth projections, but it could make development more feasible or

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[11] The project generates sales tax from one-time spending from the construction of the project (which is taxable as a retail event in Washington) and

[12] Utility taxes are technically a business and occupation tax paid by the utility provider, however, all providers collect the tax as part of utility bills to consumers.

[13] This includes sales tax from e-commerce deliveries to households (since the retail event is recorded at the place of delivery).

allow different types or locations of development to occur earlier than the market might currently support.

PROPERTY TAX EXEMPTION INTERACTION WITH LEVY CALCULATIONS

Due to the exemption process interacting with the levy calculation process, there are two issues that should be highlighted.

Assessed Value Tax Exemption and Property Tax Burden Shift

The first is a well-known issue: the MFTE programs function like any other exemption or special valuation program in the state. Since the property tax is "budget-based" in Washington, the application of the MFTE shifts the property tax burden to other taxpayers. This is due to the budget-based property tax for regular levies being fixed by statute, specifically, the levy amount (i.e., the amount collected) being restrained by what is commonly known as the limit factor. The limit factor limits levy collection to the lesser of 1% or the implicit price deflator (which is almost always 1%), plus the addition of certain add-ons (the most prominent being the addition of the amount of new construction value times the levy rate in the preceding year). The result means that this "fixed" amount of the levy collection is distributed to a relatively smaller assessed value base because of the exempt MFTE valuation, resulting in a fractionally higher levy rate being applied to all other properties with non-exempt valuations.

New Construction Valuation and Maximum Allowable Levy

The second issue is less understood but also revolves around the state's budget-based system for regular levies. As stated above, regular levies are governed by the limit factor of 1%. In practice, this means that almost all regular levies are growing at this 1% limit plus an amount of the new construction add-on value, as long as a jurisdiction is not bumping up against its statutory rate limit, something that rarely occurs.

The specific issue relates to the timing of when a county assessor assesses a project during construction to when a project is certified for MFTE exemption. Because the MFTE is recorded at the certificate of occupancy (when the project is complete), a county assessor will assess a project during construction based on a percent complete basis, resulting in a portion of a project's new construction value making it onto the tax rolls, resulting in some impact to the city's levy.

Some jurisdictions have elected not to take the limit factor-derived maximum allowable levy and have chosen to "bank" that capacity against their highest lawful levy. In these cases, the MFTE will not have an immediate impact on property tax collections since the jurisdiction has chosen not to include this amount in its annual budget. However, the long-term effect is a fractionally lower amount of banked capacity.

Analysis Findings

Findings for both feasibility and fiscal analyses are discussed by scenario below.

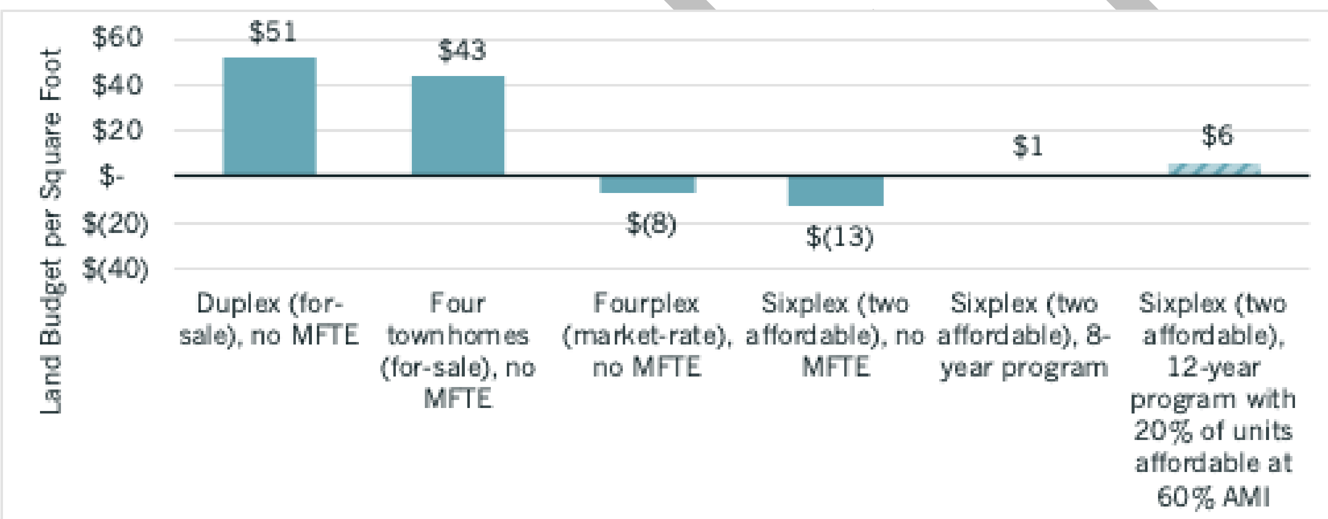
Middle Housing in R-2

FEASIBILITY ANALYSIS

For-sale middle housing, such as duplexes or townhomes, is more likely to be developed than fourplexes or sixplexes in R-2.

- Sixplexes (including two affordable units) are less feasible than fourplexes (allowed by right).
- With the 12-year MFTE program (with 20% of units at 60% of the AMI), sixplexes are more feasible than fourplexes, though still much less feasible than duplexes or townhomes.

Exhibit 7: Feasibility Results for Middle Housing in R-2, 2025



Source: ECOnorthwest

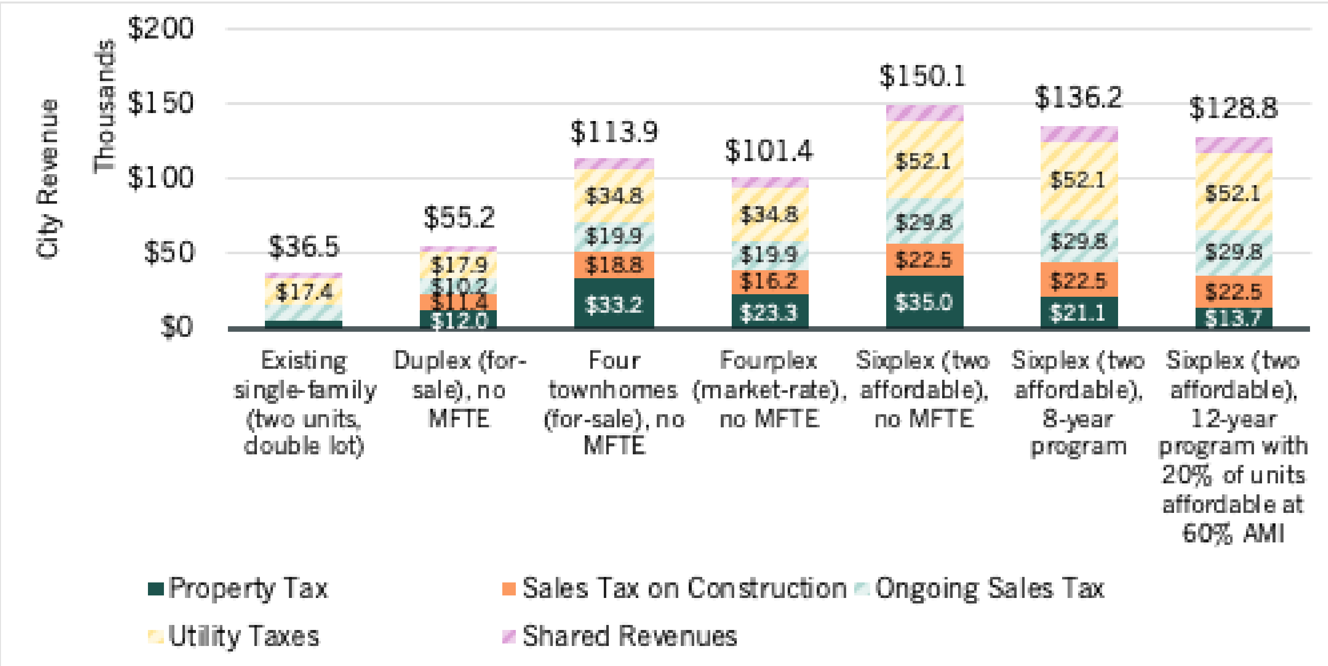
FISCAL ANALYSIS

Over a 20-year period, a sixplex not using MFTE would result in the highest revenue from property taxes and sales tax on construction.

- When other revenues linked to households are accounted for, sixplexes could still produce more revenue than other middle housing options (even with MFTE) because they accommodate more households.
- Compared to a sixplex not using MFTE, a sixplex using the 12-year program would generate approximately $21,300 less revenue over a 20-year period, or $10,150 per affordable unit.
- If other revenues are not accounted for, a sixplex not using MFTE would still generate the highest revenues of the prototypes below, but a four-pack of townhomes would generate more revenue than a sixplex using either the 8-year or 12-year MFTE program.

- New middle housing construction would generate more revenue for the City than existing single-family dwellings.

Exhibit 8: 20-Year City Revenues for Middle Housing in R-2 by Source, 2025 to 2044



Source: ECOnorthwest

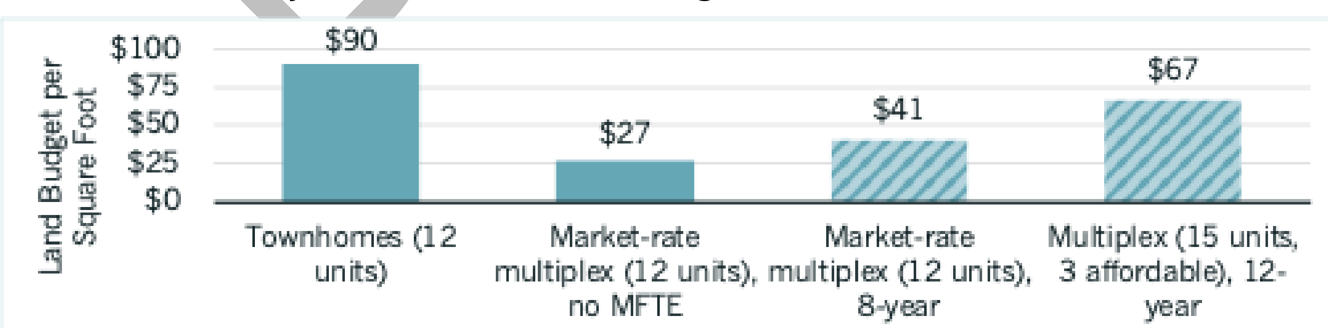
Middle Housing in R-3

FEASIBILITY ANALYSIS

Townhomes are the most likely middle housing type to be developed in the R-3 zone, especially if MFTE is not offered.

- Under current market conditions, the townhome prototype is much more feasible than the multiplex prototype.
- Both the 8-year and the 12-year program (with 20% of units affordable at 60% AMI) improve development feasibility, with a greater increase from the 12-year program including three additional affordable units.

Exhibit 9: Feasibility Results for Middle Housing in R-2, 2025



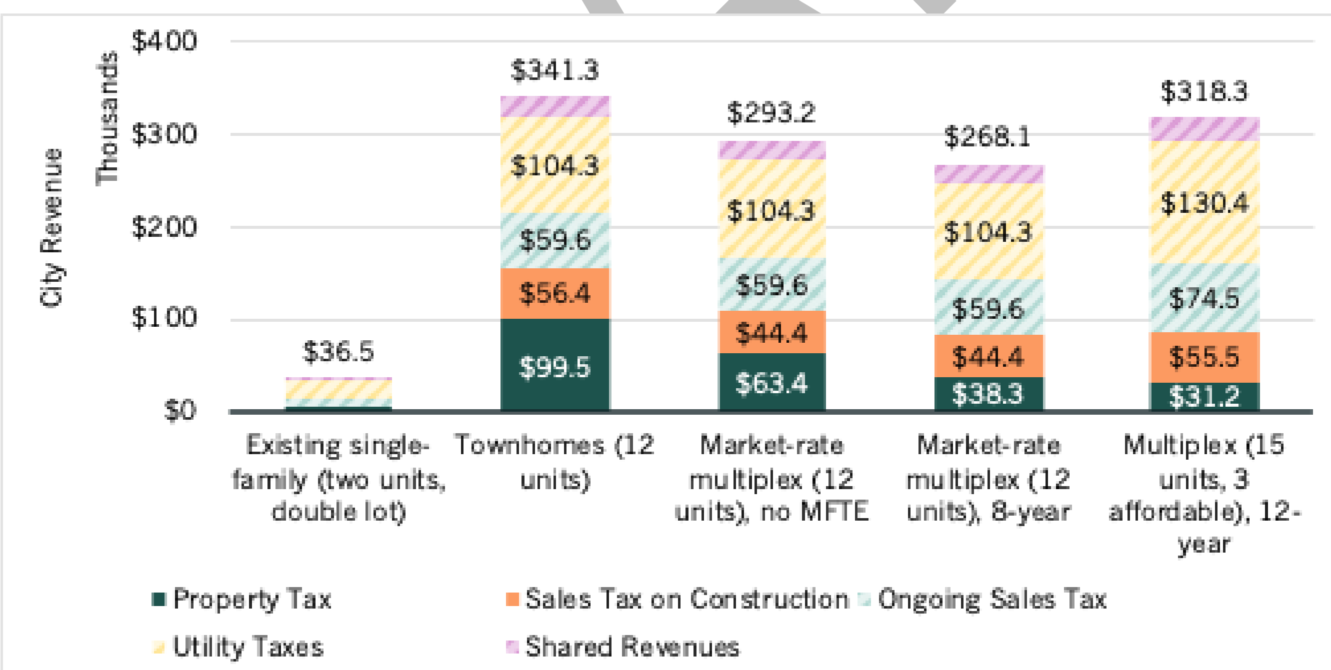
Source: ECOnorthwest

FISCAL ANALYSIS

Over a 20-year period, townhomes will likely produce the most revenue for the City on a per-unit basis compared to other housing types. However, either the 8-year or the 12-year program could have other associated public benefits (such as affordability or accessibility).

- Of the housing types allowed in R-3, townhomes will likely produce the highest revenue over a 20-year period due to generally having a higher per-unit assessed value than multiplexes.
- Comparing a 12-unit townhome prototype to a 12-unit multiplex prototype (without MFTE), the multiplex prototype would each generate roughly $48,100 less revenue for the City than the townhome prototype over a 20-year period. If the multiplex prototype uses the 8-year MFTE program, it would generate roughly $73,200 less than the townhome prototype over the 20-year period, or $12,200 per accessible unit.
- If the multiplex prototype used the Residential Affordability Program density bonus to include three additional units, these units could potentially offset the costs of the tax exemption after accounting for other revenues linked to additional households (such as household sales and utility taxes). Compared to the 12-unit townhome prototype, the 15-unit multiplex prototype using the 12-year program would generate roughly $23,000 less in revenue over a 20-year period, or $7,700 per affordable unit.

Exhibit 10: 20-Year City Revenues for Middle Housing in R-3 by Source, 2025 to 2044



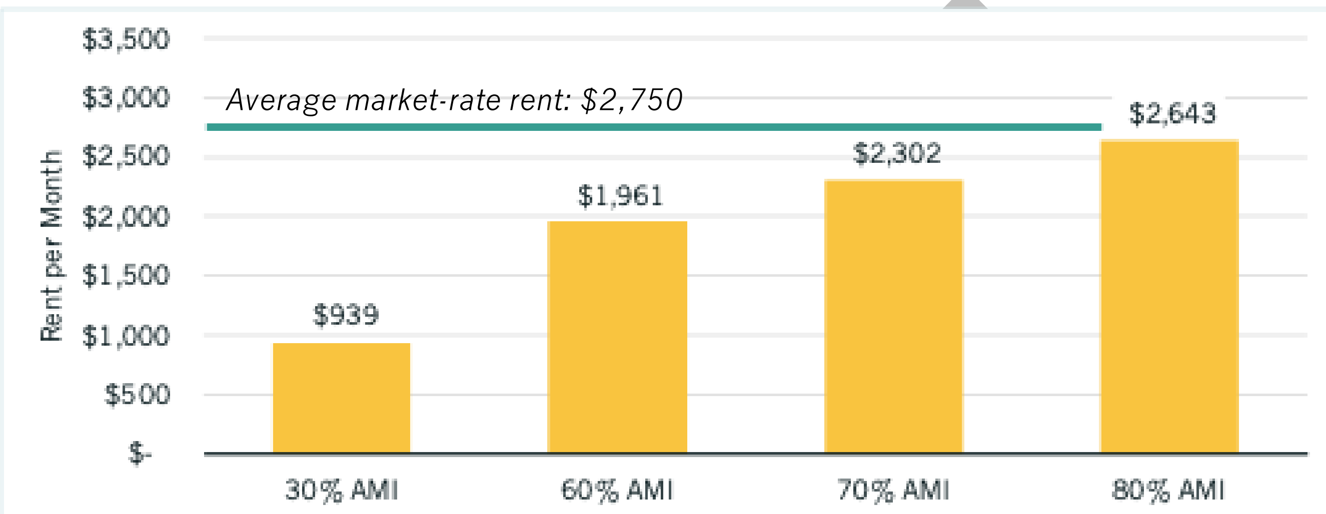
Source: ECOnorthwest

Podium Development in Mixed Use Zones

Affordable rents at 80% AMI are similar to current market-rate rents.

- For podium development, rents affordable at 80% AMI are roughly 96% of current market-rate rents. Rents affordable at 70% AMI are roughly 84% of current market rates, while those at 60% AMI are about 71%.

Exhibit 11: Affordable and Market-Rate Rents, Mountlake Terrace, 2025



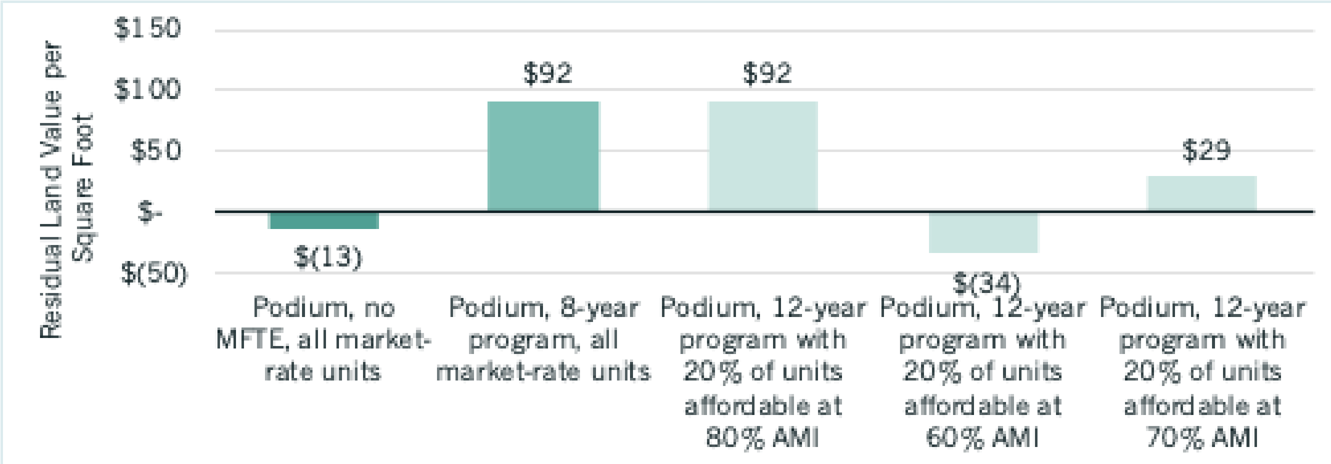
Source: Department of Housing and Urban Development (HUD), Seattle-Bellevue Metropolitan Area (includes MLT). Rents shown as a blended average of unit sizes consistent with recent Town Center developments: 10% studios, 30% 1-bedrooms, 50% 2-bedrooms, 10% 3-bedrooms.

FEASIBILITY ANALYSIS

Without the MFTE program, larger podium development is likely not feasible under current market conditions.

- While the 240-unit podium prototype is likely infeasible under current market conditions, it likely would be with either the 8-year or 12-year MFTE program. The 8-year and 12-year MFTE programs have a similar impact on prototype feasibility.
- For podium development, which typically has higher market rents per square foot than smaller middle housing development, a 60% AMI requirement for the 12-year program is likely too low to make development pencil. A 70% AMI requirement for the program could be feasible under certain circumstances (e.g., if land could be acquired at a lower price), but would likely be less of an incentive than the 8-year program.

Exhibit 12: Feasibility Results for Podium Development Prototype, 2025



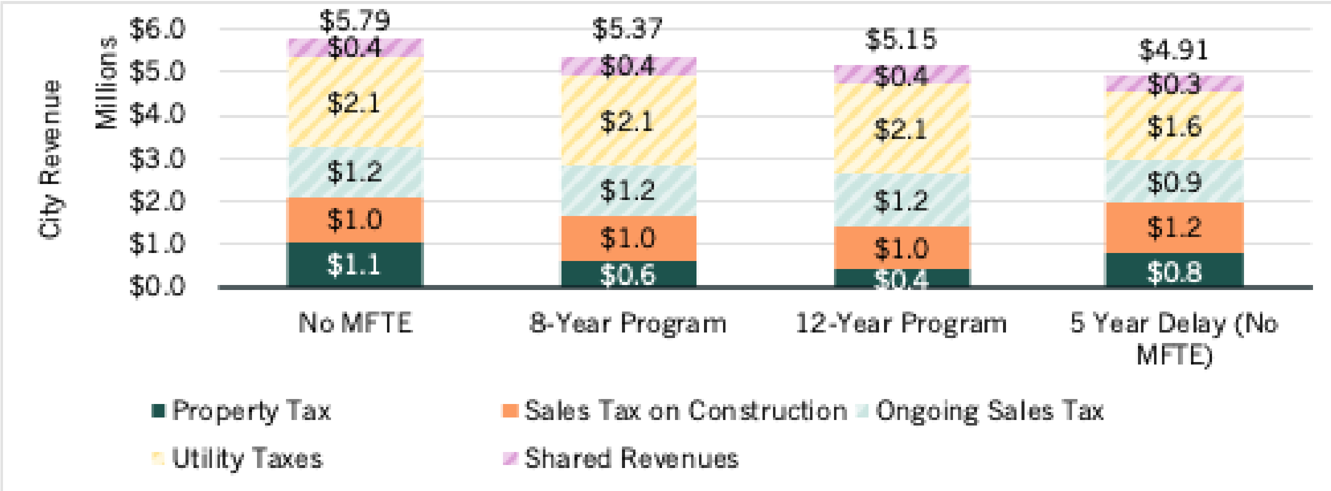
Source: ECOnorthwest

FISCAL ANALYSIS

If the development were feasible today, the City would earn the highest revenue by not offering a tax exemption. However, a 5-year delay in construction could cost the City more than an MFTE incentive over a 20-year period when all potential revenues are accounted for.

- Taking into account resident sales taxes, utility taxes, and shared revenues, a 5-year delay in construction could cost the City more than the 8-year or 12-year MFTE program over a 20-year period. Over a 20-year period, the 240-unit podium prototype with a 2030 start date would produce roughly $88,000 less revenue than the prototype with a 2025 start date. The prototype with the 8-year program would generate $42,000 less revenue, while the 12-year program would generate $64,000 less revenue compared to the market-rate prototype with the 2025 start date.
- The 12-year program would result in 20% affordable units in the development. Compared to the prototype with the 8-year program, the City's revenue with the 12-year program would decrease by roughly $13,500 total per affordable unit over the program's duration, compared to development without MFTE (built in 2025), or $4,700 per affordable unit compared to the 8-year program.

Exhibit 13: 20-Year City Revenues for Middle Housing in R-3 by Source, 2025 to 2044



Source: ECOnorthwest

7. Appendix D: Policies and Actions Crosswalk

	Completed			In-Progress					Mid-Term										Long-Term								Ongoing															
--	0.1	0.2	0.3	1.1	1.2	1.3	1.4	1.5	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	2.10	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	4.1	4.2	4.3	4.4	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9	5.10	5.11	5.12
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* Darker colors denote primary policies supported; lighter colors denote secondary policies supported.

Mountlake Terrace **Draft Housing Action Plan**

Planning Commission

Public Hearing

November 10, 2025

ECO northwest

Meeting Agenda

- HAP updates since 10/27 meeting
- Next steps
- Discussion & public hearing

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What's Changed Since 10/27 Meeting

- **Added information** about how actions were prioritized in the Housing Needs & Opportunities section
  - **Near-term actions** are generally actions that can be implemented relatively quickly to maintain momentum and deliver visible progress
  - **Mid-term actions** are generally strategies that could be advanced once current work is completed or additional capacity is available
    - Generally build on existing programs (such as MFTE program)
  - **Long-term actions** are larger undertakings that will likely require new funding sources, partnerships, or programs

Next Steps

- PC public hearing - **today**
- CC work session on HAP draft - 11/13
- CC public hearing - 12/4

Questions or comments?

Request: Recommendation for adoption of the Housing Action Plan at the 12/4 City Council meeting

Prior Slides

10/27/25 Deck

Housing Action Plan Overview

- Housing Action Plan Context
- Housing Needs And Opportunities
- Housing Action Plan Actions
- Appendices:
  - Comprehensive Plan Information Sources
  - Community Engagement Summary
  - Development Feasibility Analysis Findings
  - Policies And Actions Crosswalk

Translates the Housing Element into a set of concrete actions, including:

- Identifying steps the City can take to increase **housing options and affordability**.
- Building on recent zoning updates and ongoing work for **consistency between policy direction and implementation**.
- Identifying **programs, partnerships, and strategies** to support housing stability and choice.
- Helping the City make informed decisions about **what to implement first**, based on feasibility, capacity, and community priorities.

MOUNTLAKE TERRACE HOUSING ELEMENT GOALS

- » Promote **diverse and innovative housing types** to create more ownership and rental housing opportunities that are affordable to current and future residents.
- » Be an **active regional partner** in the education and collaboration of housing production.
- » Support housing options for **special needs** populations.
- » Protect the stability of existing residents through **anti-displacement** measures.
- » Promote housing development **near Town Center, mixed-use, and neighborhood centers** to increase access to jobs, goods, and services.

Several inputs, including community engagement, feasibility analysis, and prior City analyses and planning documents, helped inform the HAP.

Across these sources, a few policy priorities emerged:

- **Supporting housing production**
- **Investing in centers**
- **Incentivizing affordable units**
- **Increasing housing diversity**
- **Preventing displacement**

These priorities helped to organize the actions into **implementation timeframes**, including which Housing Element policies offered the greatest potential for near-term implementation.

In the HAP, action sheets include:

- Implementation timeframe
- Action type
- Staff capacity needed for implementation and maintenance
- Rationale
- Supporting Housing Element policies
- Current policy or process
- Implementation considerations
- Additional context: relevant data, legislation, engagement themes, or analysis findings

2.3 UPDATE MOBILE HOME PARK REGULATIONS.

Action Type: Regulatory change **Goal:** Anti-displacement **Staff Capacity:** Low

Modernizing the City's regulations for manufactured home parks would help ensure they reflect current housing types and community needs. Current dimensional standards were written for smaller homes, making it difficult to replace older units with modern manufactured homes. Additionally, repair provisions and broader building code requirements can create added hurdles for substantial upgrades. Revising these standards could help preserve manufactured home parks as a source of affordable housing.

COMP PLAN POLICIES

- **HO-1.7:** Supporting alternative access to homeownership
- **HO-4.1:** Mitigating displacement risk
- **HO-4.2:** Preserving affordable housing

CURRENT POLICY

Standards for Mountlake Terrace's mobile home parks are primarily regulated by Chapter 15.30 in the City's building code. These regulations, last updated in 1994, include dimensional standards that do not align well with modern manufactured housing. For example, lot size, setback, and spacing requirements were designed for smaller homes, making it difficult to replace older units with modern, HUD-certified models. In the same chapter, repair provisions require homes to be maintained in a safe condition (§15.30.170). However, building code section §15.05.070 requires full compliance with new construction standards if repairs exceed 50 percent of a unit's assessed value. Because manufactured homes can have a relatively low assessed value, even minor repairs can exceed this threshold and require full compliance.

IMPLEMENTATION CONSIDERATIONS

Review the current code and draft revisions that balance reinvestment feasibility with health and safety protections, including:

- **Dimensional standards:** Reevaluate lot size, setback, spacing, and coverage requirements (§15.30.050) to ensure they accommodate modern HUD-certified manufactured homes. Consider providing flexibility if dimensional standards cannot be met, provided health and safety requirements are satisfied.
- **Building code requirements:** Examine how the "50 percent rule" in §15.05.070(C) affects manufactured home rehabilitation and consider amendments or exceptions for manufactured and mobile homes to reduce unintended barriers.

ADDITIONAL CONTEXT

Local data: Manufactured homes can be an opportunity for homeownership for lower-income households. In 2023, the majority of homes sold for less than $300,000 in Mountlake Terrace in 2023 were mobile or manufactured homes, while single-family home sales prices ranged from roughly $400,000 to over $1,000,000, with a median sales price of just under $600,000.[5]

[5] Mountlake Terrace Vision 2044 Comprehensive Plan, page 389.

Near-Term Actions 20

Overview of HAP Actions by Implementation Timeframe

Completed Actions

- 0.1 Update residential zones to support middle housing
- 0.2 Offer density bonuses for sustainability
- 0.3 Update land uses to plan for 2044 targets.

In-Progress Actions

- 1.1 Update permitting forms for middle housing
- 1.2 Simplify ADU permitting requirements
- 1.3 Update impact fees to per-square-foot
- 1.4 Update Gateway and Neighborhood Mixed Use zones
- 1.5 Provide materials on the development process

Near-Term Actions

- 2.1 Update subarea plans
- 2.2 Review Town Center standards
- 2.3 Update the Mobile Home Park code
- 2.4 Update PSH and emergency housing allowances
- 2.5 Clarify definitions for alternative housing types
- 2.6 Amend building code to reduce barriers to home repairs
- 2.7 Adopt future state building code amendments
- 2.8 Update middle housing permitting processes
- 2.9 Amend affordable housing permit processes
- 2.10 Offer a property tax exemption for affordable ADUs

Mid-Term Actions

- 3.1 Waive or reduce impact fee for affordable housing
- 3.2 Offer density bonuses for affordable housing in Gateway and Neighborhood Mixed Use
- 3.3 Expand tenant protection strategies and resources
- 3.4 Adopt a 12-year MFTE program in R-2
- 3.5 Adopt an 8-year MFTE program in R-3
- 3.6 Adopt a 12-year MFTE program in R-3
- 3.7 Expand the 12-year Town Center MFTE program to Gateway and Neighborhood Mixed Use
- 3.8 Consider phasing out the 8-year MFTE program in Town Center

Long-Term Actions

- 4.1 Encourage affordable homeownership units to be stewarded by a CLT
- 4.2 Consider transferring or leasing City-owned property to a mission-driven developer
- 4.3 Target public investments to attract development
- 4.4 Pursue funding for infrastructure improvements for at-risk affordable housing

Ongoing Actions

- 5.1 Participate in regional housing efforts
- 5.2 Engage the County on affordable housing funding
- 5.3 Support applications for public affordable housing funds
- 5.4 Support development on religious properties
- 5.5 Establish relationships with CLTs
- 5.6 Host educational community workshops
- 5.7 Provide permitting assistance
- 5.8 Support opportunities to purchase manufactured home communities
- 5.9 Enforce maintenance of investment properties
- 5.10 Legislature advocacy
- 5.11 Monitor development trends
- 5.12 Monitor at-risk affordable housing units

Completed Actions

#	Action	Goal
0.1	**Update zoning** and design standards in residential zones to promote middle housing in alignment with **House Bill 1110**.	Housing diversity
0.2	Offer **density bonuses for environmentally sustainable** building practices.	Housing diversity
0.3	Review and update land use regulations to **provide increased residential capacity** to accommodate the City's 2044 housing targets.	Housing production

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In-Progress Actions

#	Action	Goal
1.1	**Update permitting forms** to reflect recently updated allowances for middle housing types to clarify permitting procedures and better track development patterns.	Housing diversity
1.2	**Simplify ADU permitting requirements** by updating to a building-permit-only process (similar to single-family and duplex requirements) to make ADU development more accessible and reduce time and costs.	Housing diversity
1.3	**Update impact fee assessments** to a per-square-foot calculation to be proportional to unit sizes in alignment with state legislation and encourage smaller housing production.	Housing diversity
1.4	Update development regulations for zones in the **Gateway and Neighborhood Mixed Use** land use areas to promote residential and mixed-use development affordable at all income levels.	Investing in centers
1.5	Provide **educational materials on the development process**, including permits, building considerations, and financing to give residents and developers clearer guidance on how to navigate the City's requirements.	Housing production

Near-Term Actions

#	Action	Goal
2.1	Review and update **subarea plans** to reflect the Comprehensive Plan designations and support the City's housing goals.	Investing in centers
2.2	Review **Town Center zoning and design standards** and consider adjustments as needed to support residential development.	Investing in centers
2.3	Review and **update Mobile Home Park standards** to remove barriers to replacing and updating aging units.	Anti-displacement
2.4	Update permitted use tables for **permanent supportive housing** and **emergency housing** to expand where these uses are allowed, in alignment with state legislation.	Housing diversity
2.5	Clarify **regulations and definitions for small and alternative housing types**, such as tiny homes, modular units, and ADUs.	Housing diversity
2.6	Adopt **building code amendments** to reduce barriers to home repair and rehabilitation.	Anti-displacement
2.7	Monitor, support, and adopt future **Washington building code amendments** that could support more effective building practices, including the upcoming 2026 updates for multifamily housing.	Housing production
2.8	Simplify the **permit review process for middle housing** to be more intuitive for homeowners and reduce development time and costs.	Housing diversity
2.9	**Amend the permit review process** for projects with income-restricted affordable housing units to help expedite affordable housing production.	Affordable units
2.10	Offer a **property tax exemption for ADUs** rented to low-income households (below 60% AMI) to offer an incentive for ADU production and expand the supply of affordable rental options.	Affordable units

Mid-Term **Regulatory Changes**

#	Action	Goal
3.1	Waive or reduce **impact fees for affordable housing.**	Affordable units
3.2	Adopt **density bonuses for income-restricted** housing in the Gateway and Neighborhood Mixed Use zones to encourage affordable housing development near amenities and centers.	Investing in centers
3.3	**Expand tenant protection strategies** or provide information or resources (such as the Rental Safety Inspection Program) to support lower-income renters to reduce displacement risk and housing instability.	Anti-displacement
3.4	Adopt a **12-year MFTE program in R-2** for projects in alignment with the middle housing affordable housing density bonus requirements for projects building five or six units.	Affordable units
3.5	Adopt an **8-year MFTE program in R-3** for stacked housing development with at least ten units to incentivize accessible units.	Housing diversity
3.6	Adopt a **12-year MFTE program in R-3** in the middle housing affordable housing density bonus requirements to incentivize participation.	Affordable units
3.7	Expand the 12-year Town Center MFTE program to the **Gateway and Neighborhood Mixed Use** zones.	Investing in centers
3.8	Continue offering MFTE in Town Center, but **consider phasing out the 8-year option** to only offer the 12-year program.	Affordable units

Long-Term Actions

#	Action	Goal
4.1	Encourage any affordable homeownership units developed through the middle housing density bonus option or MFTE to be **stewarded by a CLT** to encourage long-term affordability.	Affordable units
4.2	Survey the City's existing real estate holdings and consider **transferring property or providing a long-term lease** to a mission-driven developer to support project feasibility and competitiveness for public funding.	Affordable units
4.3	**Strategically target public investments** to add amenities (such as sidewalks or parks) and improve infrastructure to incentivize development near transit and amenities and in the priority growth areas identified in the Comprehensive Plan.	Investing in centers
4.4	Pursue funding for infrastructure improvements, such as utility upgrades, that could improve feasibility for mission-driven organizations to **acquire and preserve at-risk affordable housing.**	Anti-displacement

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Ongoing Partnerships

#	Action	Goal
5.1	Continue participating in **regional housing efforts**, including the Affordable Housing Alliance, Housing Consortium, and Snohomish County Tomorrow, and increase coordination between representatives.	Housing production
5.2	Proactively engage Snohomish County to **clarify plans for distributing affordable housing funding** (such as HOME funds or local sales tax revenues) and encourage investment in Mountlake Terrace to support housing development and related needs, such as infrastructure.	Affordable units
5.3	Support **applications for public affordable housing funds** (such as HOME or LIHTC) for projects that align with City priorities.	Affordable units
5.4	Pursue opportunities to support development on properties owned by **religious organizations**, which are eligible for density bonuses for affordable housing per state legislation.	Affordable units
5.5	Establish relationships with **community land trusts (CLTs)** or other organizations that support alternative homeownership models.	Affordable units
5.6	Host **educational community workshops** (such as information on permits, building requirements, or financing) to provide space for participants to ask questions and receive direct support, helping property owners and small developers feel more confident in pursuing housing projects.	Housing production
5.7	Provide **assistance for navigating permitting procedures and requirements** to make permitting more efficient and reduce barriers to development, especially for those less familiar with the process.	Housing production
5.8	Support **opportunities to purchase manufactured home communities** by facilitating access to technical assistance, outreach, or partnerships, to help support community stability and reduce displacement.	Anti-displacement
5.9	Enforce maintenance of investment properties to **disincentivize vacant and/or deteriorating buildings** in the Town Center and encourage housing occupation.	Invest in centers
5.10	When the City is providing public comment on proposed legislation, advocate for the state legislature to **expand opportunities for home ownership of different housing types** through condominiums.	Housing diversity
5.11	Monitor **land capacity and development trends**, and update development regulations if needed.	Housing production
5.12	Monitor **regulated and naturally occurring affordable housing** units that are at risk of redevelopment.	Housing production