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Anacortes Planning Commission
Municipal Building - Council Chambers
904 6th Street

January 24, 2024
6:00 PM

PRELIMINARY AGENDA
[Packet Materials](#) / [Watch Meeting](#)

1. **Roll Call**
2. **Minutes**
 - a. Minutes of December 13, 2023 and January 10, 2024.
3. **Public Comment**
4. **Public Hearings**
5. **Other Business**
 - a. Planning Commission roles and responsibilities discussion.
 - b. Discussion: Draft Regulations for Short-Term Rentals in the Commercial (C), Central Business District (CBD), Marine Mixed Use (MMU), and Commercial Marine (CM) zones
6. **Planning Department Update**
7. **Adjournment**

**Citizens wishing to comment on items not on the agenda may do so under Public Comment. Citizens wishing to comment during a public hearing may do so as those items are considered by the Planning Commission during the course of the meeting.*

The City of Anacortes is committed to making public meetings available and accessible to all members of the community. For assistance with special needs, please contact the City Clerk at 360-299-1960 in advance of the meeting.

Libby Grage stated that there are 3 proposed amendments to Title 19 of the Anacortes Municipal Code that are on the agenda this evening for Public Hearing. She reviewed the background for the proposed amendments. The City followed AMC for legislative actions (AMC 19.16) and the GMA requirements for development regulation amendments. She reviewed these steps. The written comment period ended on December 6, 2023. Staff included all written comments in the Planning Commission packet for tonight's meeting.

a) LEG-2023-02: The proposal is to change the code to allow for non-conforming historic structures to be rebuilt or restored to their pre-existing non-conforming configuration. It also provides flexibility to add on or alter the existing non-conforming historic structure to promote investment and adaptive reuse while maintaining their historic character. She reviewed the definition of non-conforming structures. Typically routine maintenance, restoration or replacement, if the building comes into conformance are allowed, but this may conflict with the city's historic preservation goals. Ms. Grage gave the example of the Olson building. This building is in the MS zone which has 10-foot setbacks from the street. If this building needed to be rebuilt, it would not be able to be rebuilt with today's conformance standards. We received a few comments regarding this proposal. There was one in support and one from DAHP, who suggested proposed changes to the language. Their proposed language adds additional terms to clarify what could apply to historic buildings. This new language works better with the International Building Code and the standards that are in place for restoration of historic structures.

Linda Martin asked if the public comments that were added today speak to this proposed amendment.

Libby clarified that there were two. One comment from a citizen in support of this proposal and the other from DAHP.

Ward MacKenzie asked if the City has been looking at other incentives for assisting with the redevelopment of historic buildings. He gave examples of tax breaks or other development options. The intent is to keep these historic buildings.

John Coleman stated that HACS comes up with ideas to address affordable housing, so there are lots of ideas in those meetings. The city is always looking at ways to make buildings more affordable, but no proposed changes are coming forth at this time.

Opened Public Hearing - no comment received.

Linda Martin asked if the language regarding additions is new. She wonders how that might play out; to add to the height of a historic building.

Libby said that the DAHP language encourages additions if it results in the adaptive re-use of the building. The goal is preservation of the building. Sometimes the addition will make the project pencil out so that the building can be maintained.

Linda Martin referenced the Olson building, asking if that building could add a story.

Libby agreed.

Paul Ryan asked if residential rehabilitation of a historic building occurs, do these alterations keep the historic nature of the building.

Ms. Grage pointed out that it is typically the exterior of the building that contributes to the historic designation.

Commissioner Ryan asked if the Planning Commission would review proposals to alter the exterior of those buildings.

Libby clarified that a building permit would be needed under these regulations. It's an administrative decision by the Director. They would need to submit plans delineating the proposed changes, which

will be reviewed.

Ward MacKenzie asked if the staff could think of any other impacts that this will allow in these buildings.

Libby commented that this encompasses everything that could be proposed. It talks about any sort of change not resulting in the structure not being eligible for the Historic Register. The building still needs to maintain the characteristics that make it historic. There are standards and guidelines from DAHP to design the new elements so that they fit in with the historic portions of the building or are setback and delineated from the historic structure. .

Paul Ryan asked if Anacortes has a historic building code.

Mr. Coleman clarified that aside from the historic building list, we don't have historical building code. We follow the DAHP design standards for historic buildings. He reference section D2 regarding additions. We are saying that additions or alterations that do not increase the non-conformity or disrupt the eligibility of a structure to be on the historic registry. We are stating that DAHP standards to maintain the historic listing.

Motion: Commissioner Stoneman moved to accept the new section including the changes based on the DAHP changes as presented by staff. Commissioner Martin seconded.

All ayes.

b) LEG-2023-04: This amendment would change duplexes from a conditional use to permitted outright in R2 zone and change triplex, townhomes and Multi-Family (up to 4 units) from a conditional use to permitted outright in the R3 zone. Libby reviewed the proposed changes to table 19.41.040. She clarified that this does not add new uses that were not already allowed for these zones, The proposal just removes the process for the conditional use process for these specific housing types in these zones. Applicants would still have to meet all the other applicable building and development regulations. She presented another change that would be needed in 19.43.010 to make the text compliant with the changes in the table. Libby presented the zoning map with the areas that would be affected by this change. There are several areas in R2 that have their own restrictive covenants that would continue to be applicable. There are also a few developments in R3 that have covenants as well.

Ms. Grage reviewed the background for this change, which is recommended in the Housing Action Plan that was adopted in January 2023. Some of these are to encourage affordable & market rate housing and housing variety. There was extensive public outreach and review process. The HAP findings reviewed Anacortes's housing needs analysis (October 2022) which looked at the community profile, housing inventory and production trends, cost trends, housing and service needs, housing funding and policies, and land capacity. Some of the findings include: supply is not keeping up with demand as there is a need for an additional 3,019 units by 2045, and that the supply of housing is closely related to the price of housing. We also looked at racially disparate impacts per HB 1220. There are disproportionate impacts on people of color and there is a need for addressing easing regulations and streamlining standards to build middle housing in more locations throughout the city. She reviewed the HAP strategy 2.1. Changing from conditional to permitted outright, will streamline permitting and decrease uncertainty. The CUP is a long process. Staff feels that CUP's are no longer needed to address compatibility issues due to changes in the development regulations. If this change were made, the process would be cut in half and take much less time. The current process has 12 steps for review and can take up to 6 months. The new proposal would have 5-6 steps and take approximately 2 months. She reviewed the existing CUP criteria and pointed out that these concerns are addressed in the existing development standards.

Libby said we received a few comments that suggested postponing this until the 2025 periodic update to allow for more community dialogue and analysis of impacts. Another suggested keeping the current process for getting input from neighbors through the CUP, perhaps by streamlining this and changing it to an administrative CUP. This would still require public notice, but not a public hearing.

Commissioner Graf asked what the impetus is for doing this. He wondered if this is required by State law or if the City is looking to streamline the process.

Libby clarified this is streamlining our process. We are looking at the HAP and marking off some of the strategies that were highlighted as a priority. Some of this, such as HB 1220, will need to be reviewed in the Comprehensive Plan update process.

Paul Ryan asked if there is a current requirement for off-street parking per unit.

Libby agreed. It's based on the number of bedrooms per unit. These middle housing types have fewer parking requirements as compared to single-family residence.

John pointed out that is a perfect example of the codes we already have in place to address the impacts. He referenced Commissioner Graf's comment about where this was coming from. There has been a lot of talk about affordability. The City is trying to achieve our housing goals.

Commissioner Ryan asked how the infrastructure is able to handle these changes in density in the proposed zones.

Libby clarified this does not propose increasing the existing density. It only proposes to remove the CUP process for these types of housing units in these zones. For all building permits, the city has a concurrency review process, where water, sewer, stormwater, transportation, etc is reviewed to determine if there is adequate capacity to ensure that the levels of services will not decline due to the proposed development.

Commissioner McCombs referenced Skyline. He asked if the HOA has covenants, which takes precedent, city regulations or the private covenant.

Libby said that typically the more restrictive takes precedent. She pointed out that the City cannot enforce the private covenants. That would be between the property owner and the HOA.

Opened Public Hearing

Jim S. said his comments are about the Comprehensive Plan amendments. He gave his personal history living in other communities. This is an amazing place. He asked the Planning Commission to plan accordingly for development. He expressed his concern that VRBO drives affordable housing out of the reach of many citizens. He asks the Commissioners to consider the negative impacts to the community.

Mary Jo McCarty said there have been discussions about large housing developments. She wonders why we haven't talked about this type of change in other zones such as R1 and Old Town. Libby stated that the HAP recommends looking at those areas during the Comprehensive Plan update. This is something that the community will be having soon.

Commissioner Graf said he is not a big fan of removing public comment from this process. He recognizes that the current CUP process is slow. He doesn't think eliminating public comment is a good idea. Neighbors need to be given the opportunity to be a part of the process. We are kidding ourselves if we think this change, allowing these types of homes in these zones, will get to the additional homes we need by 2045. If the state is not mandating this, the City Council owes it to the community to keep the public comment in a more streamlined CUP process.

Frank Jeretzky asked if the public comment period has killed any projects.

Libby Grage pointed out that she looked at this today. She found that there's been one duplex

permitted in the R2 zone over the last 10 years. The conditions of approval were in line with the development regulations. The people that applied, got the permit in the end.

John Coleman asked the Commissioners if the question is how many people just didn't apply due to the process.

Jeff Graf commented that is the City's fault. If the City is going to spend the time to put together a Housing Action Plan, then the City owes developers and citizens a process that helps incentivize this. Removing the public process is not right. He said that the R2 and R3 zones are so different. Affordability is not feasible in Skyline (R2). The R3 zone should be the focus for these types of housing.

Paul Ryan said that as far as building affordable housing, the energy codes and building costs are so high that it's hard to achieve. He's not sure how this will make things more affordable.

Libby stated there is not one thing to fix the affordability issue. The HAP gives multiple ideas that, in concert together, may help to achieve that goal. It is a longer view. This is one step that the City has control over to make it a little bit easier to build those middle housing types.

Commissioner Graf said that from a developers' perspective, they will love this, but what about the neighbors in that area. We are removing them from the entire process, until the appeal process. He expressed concern that neighbors are being removed from weighing in on their own neighborhood.

Paul Ryan said many citizens fell in love with Anacortes because it's a small, friendly community where people know each other. Taking the neighbors voice away is not what we as a community want.

Linda Martin asked staff to clarify if the CUP process was being eliminated completely if the Planning Commission recommends that the City Council adopt these changes.

Libby clarified that the CUP process is not being eliminated. The CUP process still exists and is applicable to other uses. This proposal is to remove the CUP process for these specific housing types in these zones.

Commissioner Martin asked if there was an in-between solution.

Ms. Grage pointed out that there is the option of creating an administrative CUP which has a public comment period. We would need to amend portions of code to make this an option.

Ward MacKenzie said he's reluctant to make these changes because (1) it's holiday season, the public is not as active in the process during this time and (2) this feels like the state coming in and taking authority and responsibility away from the City. We need to thoroughly review these changes during the Comprehensive Plan update. We may want to seek an exemption from the State for some of these changes.

Mr. Coleman clarified that we are not under State mandate to make changes to 19.41.040 due to our population.

Jeff Graf stated he looked up HB1110. He read it to mean that anyone under the Urban Growth Act is required to act on this. He's hoping that we are exempt from this change. He suggested tabling this in an effort to get more public input.

John Coleman said this was not required by the State. The City found these issues and brought them forward. He pointed out that this can be continued.

Motion: Commissioner Graf moved to recommend to City Council that we defer implementing this item until further review during the Comprehensive Plan update process. Commissioner Martin seconded.

Paul Ryan recommended that staff provide more definition on this amendment when it's brought back.

All Ayes

c) LEG-2023-05: Accessory Dwelling Units: the proposal is to remove the requirement of owner

occupancy for ADU. She reviewed the background. HB1337 amended the RCW to make changes in local governments' role in regulating ADU's. Staff will bring forth more amendments for the other items in HB1337. The proposed removal of owner occupancy is recommended by the HAP. The HAP identified that this requirement is discriminatory against renters and perpetuates economic exclusion; it raises the financial risk to owners by constraining choice of where they can live; and reduces the chances of receiving bank financing. The current requirement is difficult to enforce. She reviewed the revisions. Staff received comments where some were in support, and some requests to defer consideration until the Comprehensive Plan update to encourage public participation and additional analysis. There were comments about renters and their behaviors and the negative impacts to neighborhoods. There were quite a few comments around the relationship of these proposed changes and private CC&R's.

William McCombs asked if there are known impacts if this is deferred.

Ms. Grage commented that the impacts would likely be fewer ADU's being built during that time. This needs to be implemented by December 2025.

Commissioner Ryan asked if the Planning Commission would have time to work more on definitions and the specific requirements if deferred. He expressed concerns that many of the existing (unpermitted) ADU's are old and unsafe. The only time owners are concerned about the safety issue is when they are living on site. He's concerned that without the owner on property, we need a rental ordinance.

Jeff Graf pointed out that this is State law. We can't make the owner live there.

John Coleman addressed Commissioner Ryan's concerns stating this is for the issuance of permits. This does not give people the opportunity to rent out a space and call it an ADU. He clarified that all ADU's need to be permitted and meet the building code. Therefore, we are reviewing the life safety issues in the permit process. This is not permitting illegal or unsafe ADU's.

Commissioner Graf asked if the current code says anything about only having one ADU on the property. He also asked, when there is an HOA, do their covenants take precedence over the City. Libby agreed that the current code allows for only one ADU on the property. She pointed out that the HOA would take precedence.

John Coleman clarified this does not allow for 2 ADU's on a lot. This is just to eliminate the owner occupancy requirement. The other portions of the State mandate will be brought forth at a later date.

Opened Public Hearing

Mary Jo McCarty pointed out this takes the requirement of owner occupancy away so that both units can be rented.

John Coleman agreed.

Mary Jo McCarty said she's hearing that there still needs to be a primary unit on the lot, but there can be 2 ADU's.

Ward MacKenzie clarified that the new state law requires us at some point to allow 2 ADU's, but that is not being discussed tonight. We are addressing the owner occupancy tonight.

Jim Stoneman stated that the primary residence can be rented out along with the ADU.

Mary Jo McCarty said this whole issue is about providing affordable housing in Anacortes. Taking away the requirement for owner occupancy, make this a rental community. History shows that renters typically don't take care of the property as the owner would. She expressed concern for the rest of the property owners in the neighborhood. This still doesn't address affordability. There isn't anything in the proposed language to address housing affordability.

Paul Ryan asked if we can add any conditions to this; such as requiring the owner live somewhere in

Anacortes.

John Coleman said he did not know if that's possible. Staff will need to look at that option.

Ward McKenzie said he wants to be mindful of the public comments that talked about the deterioration of the neighborhoods when they are rentals. He asked why this needs to be brought forward right now.

Ms. Grage said this follows the HAP recommendations. Staff felt this was a straight forward change that could be made now and address the other parts later. Addressing it now, provides additional opportunities for development of more ADU's.

Paul Ryan said he would like staff to explore if we have additional options.

Mr. Coleman read the regulations regarding owner occupancy. We could pursue a condition that the owner live in the city, but that will be difficult to enforce.

Jeff Graf stated that if the owner isn't there, who will ensure that the property is taken care of. He agrees that there is no easy way to enforce that the owner lives in town. He wants to ensure that the property is maintained. He asked if there are ordinances that require maintenance of the property. He wants to ensure that the neighbor concerns are addressed.

Commissioner Ryan pointed out that Anacortes doesn't have a rental ordinance. If we did, those minimum health and safety issues would be addressed on a regular basis.

Jeff Graf said that if the City feels it's important to regulate short-term rentals, then the City needs to ensure that the surrounding neighbors are taken care of as well.

Libby Grage commented that the Municipal Code adopted the International Property Maintenance code. This allows the City to enforce health hazard related issues.

Ward MacKenzie said he doesn't feel any rush to piecemeal a change to code. He recommends this be included in Comprehensive Plan update.

Commissioner Martin said there are several public comments that ask what's the rush. This request is to remove the owner occupancy language. The benefit to this change is that maybe housing is easier to find. She understands that there are concerns about the neighborhood. Unfortunately, we cannot regulate that. We already have laws on upkeep of property. She suggests that the Planning Commission move this forward.

William McCombs agrees that we are moving quickly on this. He understands the state mandate, but we have 2 years to address this. He doesn't see a huge difference in renting a SFR versus having 2 ADU's available for renting. If you look at the advantages of ADU's for a community, almost all of those apply to owner-occupied homes with ADU's.

Jeff Graf commented that there is not a lot of wiggle room here. This is a new state law that we need to implement. There are other things that need to be addressed; they are outside of this particular item.

Frank Jeretzky expressed concern regarding the public comments received that these properties will become rundown if there is no requirement for owner occupancy. He pointed out that owners of rental properties want to maintain them for future rentals. We can't assume that 2 units rented on the same property will result in an eye-sore or nuisance. Generally speaking, an ADU is smaller than a SFR, so it is usually a more affordable rental option.

Commissioner Ryan asked if the current requirements allow for a developer to place 2 ADU's onto one parcel.

Libby Grage clarified that currently there has to be a primary dwelling unit (usually a SFR), then you can build an ADU. Currently, the owner is required to live on site.

Closed all Public Hearings

Motion: Commissioner Jeretzky moved to approve the recommendation for removal of the owner occupancy for properties having an ADU. Commissioner Graf seconded.

Ayes: Graf, Stoneman, Jeretzky and Martin; Nay: Ryan, McCombs, and MacKenzie. The motion passes.

Adjourned: 7:52 pm

John Coleman introduced the 2 new Planning Commissioners. He reminded all Commissioners to use their microphone and point their voice to the microphone, so that those attending in person and online are able to hear you.

Mike Mills said he's lived in town for 8 years. He's on the board of his HOA and has years of experience in other states. He was born in Burlington and raised in Sedro Woolley. He's looking forward to working on the Comprehensive Plan update.

Luke Currier stated he's been a resident since 2020. He grew up on Whidbey Island, has a degree from Western Washington University and loves this city. He's a CEO in Land Title and excited to support Anacortes.

Mr. Coleman commented that tonight he's going to talk about what the Planning Commission does - Planning Under the Growth Management Act (GMA). Our department is the Planning, Community and Economic Development Department. He reviewed staff and their duties. The Planning Department handles front line customer service with permitting and land use. We also have Economic Development that works with the Chamber of Commerce and the Port of Anacortes, promoting tourism. We support the City Council and the associated planning related committees. We administer the CDBG grant. We prepare, administer, and implement land use plans, policies, and codes that guide and regulate the physical development of the City, including long range planning, which will be under the Planning Commission purview.

He referenced RCW 36.70A, which adopted the GMA. This is a living document that is updated yearly. It includes the Comprehensive Plan, UGA boundaries and Critical Areas Ordinances. All cities and counties are required to have all 3 of these. The Anacortes Comprehensive Plan elements include land use, housing, economic development, environment & conservation, parks, recreation & open space, transportation, capital facilities and utilities. Land use includes the guiding goals & policies on how land is developed and an inventory of what we have and how we are going to get there. The Comprehensive Plan looks at 20 years worth of growth with the current plan spanning 2016-2036. The Comprehensive Plan must also comply with development regulations (zoning); comply with countywide planning policies and the County Comprehensive Plan; the county officially designates the UGA; and periodic updates (next due in 2025). The GMA review is required every 10 years. We will examine 20 years worth of population and employment growth starting in 2025. There is a framework agreement between the county and all the cities on how this will be reviewed and addressed. It is a recorded document that we follow to update the planning policies. We are updating the UGA based on population & employment figures for all of Skagit County, then an analysis is done to see historical growth figures and model growth rates for each city. The Planning Commission will discuss those numbers in future meetings. Another component is to divvy up the population and jobs for each jurisdiction. This estimates the future growth for our town.

The cities then study how they will accommodate the projected growth. We look at each and every parcel in a land capacity analysis to determine if there are opportunities for growth. Once we know that, we can start the process of determining where that growth will go. Some options are zoning changes, expanding the UGA's, or a combination thereof. All of this will be reviewed by the Planning Commission. You'll need to look at the infrastructure capacity, critical areas, utilities, connectivity, etc. We need to determine how to best accommodate the projected growth. We will study all the utilities and how we will accommodate the growth. Police and Fire are also taken into account. What was just described is the concept of concurrency, which means you cannot put development in the area unless you can show that the necessary infrastructure will be provided as development happens. We are also required to update the Critical Areas Ordinance. Fortunately, we recently completed the

update to this ordinance, so we will review that and determine if there are necessary changes. We also have to make sure the development regulations are in line with the Comprehensive Plan.

Land use regulations and zoning are in Title 19 of the AMC. In that chapter, you'll see what's allowed in each zone. The uses for each zone are defined and determined if they are outright allowed, conditionally allowed or not allowed. All those details can be found in this title. If it is a conditional use, it will either come to Planning Commission or Hearing Examiner. The building code is also in Title 19, but the Planning Commission does not review that. We adopted the Washington State building codes. Included are the specific energy code requirements for structures.

There are other plans that come before the Planning Commission for recommendation. The Planning Commission largely does legislative changes that affect things city-wide, such as the Shoreline Master Program, the Housing Action Plan, the Design Standards and Guidelines and the Zoning Map. Commissioners can talk to anyone at anytime about these legislative items; but for quasi-judicial decisions, you are not allowed to speak with the other Commissioners, family, public, applicants, etc. There will be additional training on these quasi-judicial decisions. He reviewed the zoning map. He pointed out that within each of these zoning designations, you can visit Title 19 and see what's allowed in each zone. Building requirements and design standards are also listed. The Planning Commission will review those and make recommendations to the City Council to update them. For Legislative Amendments, the Planning Commission will hold a public hearing and make a recommendation to City Council. These are legislative actions that affect the entire community, not just an individual property owner or single piece of land. These include the Comprehensive Plan, Development Regulations, Shoreline Master Program, and other planning documents (ie HAP). For quasi-judicial hearings (see AMC 19.20), the Planning Commission will make recommendations to City Council or make final decisions on the application.

Regarding long range planning, John reviewed the items that have already been taken care of by the Planning Commission and moved to City Council. These include the R4 bonus height; SMP periodic update; HAP (we are in the process of implementing this); parklets (will be addressed in 2024); short-term rentals (will be coming to Planning Commission likely at next meeting); tree preservation (will start in 2024); the 2025 Comprehensive Plan periodic update, which will be coming soon to the Planning Commission. The 2025 update will include amendments based on the growth figures. He pointed out that cities now need to plan for climate change, so that will be brought forward as well. We intend to do a greenhouse gas emission study and determine how they will be managed. We are required to study vehicle trips, so the Transportation Plan will look at this. Since we are adding a climate element to the Comprehensive Plan, we will look at resiliency and how to plan our infrastructure to withstand the changing weather regimes. For example, if there is flooding, how does that affect the waste water treatment plant which is close to sea-level. Another major component that we will be looking at is the housing element. We intend to use the Housing Action Plan in conjunction with the land use documents, to determine how to accommodate the future population. For example, if we are going to grow by 5000 people over the next 20 years, we need to determine how to accommodate that amount. The population projections now include a requirement to provide for specific income bands based on Area Median Income (AMI) of \$96,200 for a 2-person household. We have to analyze how to accommodate new housing for those income bands. We have to look at the real world costs today to determine the types of housing that will fit the needs of those in these income bands. Generally speaking, the housing types for income brackets below 120%AMI, will likely be multi-family, town-homes, and ADU's. He pointed out that the 0-30% AMI will be supported housing through other agencies; such as, the Anacortes Family Center, etc. Regarding the term missing middle, this references small apartment buildings, duplexes, townhomes, and smaller multi-

family developments. The legislature passed a bill to make sure cities accommodate middle-housing. This doesn't apply to Anacortes, as we don't meet the minimum population of 25,000. In order to do our long-range planning, we anticipate having to make policy to address the missing middle. The good news is Anacortes is ahead of this because we already have regulations in place for many of these housing types to make this possible. He reviewed the changes brought before the Planning Commission recently to make these types of housing units allowed outright instead of requiring a public hearing and the CUP process. These types of changes make it easier to build the missing middle type housing in Anacortes. We need to determine how we can provide more affordable housing in Anacortes. The 2025 update process will have some contentious portions. We will have discussions about this and the public will have the opportunity to speak. The Planning Commission is the sounding board for all of these issues. Staff are here to support Commissioners during this process. He wants it to be very clear that any changes will come to Planning Commission for review, then to City Council for their decision.

Linda Martin asked where the population figures come from for the UGA and cities in Skagit County. John Coleman clarified that he prefers the term "projections", in place of target because it implies we need to get there. The projections come from the Office of Financial Management. They do several studies and make a high, medium and low projection for each city. In 2016, Skagit County used the median numbers and we are using the median population projections this time as well. That goes to the county, then through the Skagit Council of Governments (SCOG), which includes all jurisdictions mayors and the 3 County Commissioners. They divvy out the numbers for the Comprehensive Plan process. We are on target for what was planned for in the 2016 update. SCOG makes recommendations for population and job growth for each city. Twenty percent population growth is anticipated in the County (excluding City limits and UGA's).

Commissioner Martin asked if there is an opportunity to negotiate the projected growth figure we are given.

Mr. Coleman clarified that if Anacortes doesn't want to accept the projected growth, those figures would have to be reallocated to other areas in the county and surrounding cities. Alternatively, if we don't plan for it, but we continue to grow, we run the risk of having to say people cannot build here or we run the risk of not having the infrastructure in place to handle growth. He pointed out that providing infrastructure is expensive. Under the GMA, cities are the place for population to grow. We are trying to avoid leap-frog development and sprawl, which have huge costs to infrastructure. We want to maintain farms, forests, etc. We recognize that there needs to be balance. Providing more services in denser areas is more efficient.

Paul Ryan asked if there are projections to annex property.

John Coleman clarified that is solely driven by the property owners. They can also petition to be annexed. Often it's police, fire and sewer services that drives the homeowners to want to annex.

Luke Currier asked what the advantages or disadvantages, from a city perspective, to annexation.

John Coleman said the advantages are that we achieve our goals of providing growth per GMA. There's a myth that it's driven by cities wanting to annex to get the property tax, but taxes on new residential annexations don't pay for the impact on providing services.

Mike Mills asked if there was a timeline for the Comprehensive Plan update since this will be a complex issue.

Mr. Coleman stated we hope to have that available in the next 1-2 months. The Planning Commission will be the sounding board. We are creating a public participation plan. That will identify how people will be able to participate in this process. They will know how the process will work. The public will have the opportunity to comment on the public participation portion.

Adjourned 7:17p.m.



Planning Commission Agenda Bill

Meeting Date: January 24, 2024

Agenda Item: 5.b.

Subject: Discussion: Draft Regulations for Short-Term Rentals in the Commercial (C), Central Business District (CBD), Marine Mixed Use (MMU), and Commercial Marine (CM) zones

Staff Contact: LIBBY GRAGE

Approved for Submittal to Commission by

LIBBY GRAGE

John Coleman

Action Type

Discussion

Summary Statement: On March 27, 2023, the Anacortes City Council adopted Ordinance 4046, enacting a moratorium on the acceptance of any land use, building permit, or business license application for any use constituting rental of lodging for a period of less than 30 days, or establishment of any such use, within a residential dwelling unit within the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones. Ordinance 4052, adopted on May 22, 2023, extended the moratorium through March 27, 2024, and adopted a work plan for the development of permanent regulations.

The PCED Department has developed initial draft regulations addressing short-term rentals in C, CBD, MMU and CM zones. The draft regulations will be introduced at the 1/24/24 Planning Commission meeting work session for review, feedback, and discussion.

Background: Some concerns that have been identified with short-term rentals in the C, CBD, MMU, and CM zones include:

- Short-term rental of dwelling units reduces the housing stock available to people who want to live and work in Anacortes and may increase housing costs overall.
- In 2016 and 2019, the City Council adopted comprehensive plan policies and implementing development regulations aimed at increasing Anacortes's housing supply and variety, including easing barriers to construction of single-purpose residential buildings in mixed-use zones. Allowing residential units constructed under these provisions to be used for short-term rentals is contrary to the City's housing goals.
- A neighborhood's sense of community may be negatively impacted when multiple short-term rental units remain empty during non-peak times.

The City Council Planning Committee discussed the topic at several committee meetings and provided guidance on the development of new legislation:

- Stop housing from being taken off the long-term housing market.
- Ensure clear regulations for short-term rentals are in place prior to development of new residential buildings.
- Address only the zones covered by the moratorium first. In a separate, future public process, consider the concept of allowing resident owners or long-term tenants to supplement income by short-term renting out several rooms within their residence through a simplified permit/license process. This could include potential changes to bed & breakfast regulations.

Previous Action: N/A

Competing Viewpoints Considered: A written public comment period and public hearing will be scheduled and publicized in the coming weeks.

Recommended Motion: None. Discussion only.

Alternative Actions: N/A

Attachments (listed in order presented):

1. Draft Text Amendments - 20240117
2. Ordinance 4052: An Interim Ordinance Adopting a Work Plan and Extending the Moratorium Adopted by Ord. 4046
3. Ordinance 4046: An Interim Ordinance Declaring an Emergency and Adopting a Moratorium...

LEG-2023-03: DRAFT amendments addressing short-term rentals in the CBD, C, MMU, and CM zones

1/17/24 Draft

Proposed amendments to the existing code are shown below in ~~strikeout~~/underline track changes format.

1. Prohibit new short-term rentals in the CBD, C, MMU, and CM zones

Amend AMC Ch. 19.41 Allowed Uses as follows:

Table 19.41.050

Principal uses permitted in mixed-use and industrial zones.

Principal Use	CBD	C	MMU	CM	CM2	LM	MS	I	HM	P	AZ	Reference
.....												
Overnight Lodging, <u>except as listed below</u>	P	P	P	P		C						AMC 19.44.050(A)
<u>Short-Term Rental</u>												<u>AMC 19.44.050(D)</u>

2. Add Short Term Rentals definition to Commercial Use standards

Amend AMC Ch. 19.44 Commercial Uses as follows:

19.44.050 Overnight lodging.

A. *Overnight Lodging Category*. Accommodations arranged for short-term stays (less than 30 days). Overnight lodging includes, but is not limited to:

1. Bed and breakfast.

2. Hotel/motel.

3. Short-term rentals.

3-4. Youth hostel.

B. *Bed and Breakfast*.

1. *Definition.* A single-family residential unit which provides transient lodging, for compensation, by renting up to six sleeping room accommodations.
2. *Purpose.* This section is intended to ensure parking, impact on surrounding neighbors, health and safety, and other considerations limit any adverse impacts of bed and breakfasts on the surrounding neighborhood.
3. *Requirements.*
 - a. The owner must be the operator of the facility and must reside on the premises.
 - b. The owner's quarters and guest rooms must all be in the main building.
 - c. If located in a residential zone, the facility must be operated in such a manner as not to give the outward appearance of a business in the ordinary meaning of the term.
 - d. The use must provide off-street parking, including parking for the primary residence per AMC Chapter 19.64 in addition to one parking space per guest room.

C. *Hotel/Motel.*

1. *Definition.* A building or portion thereof designed or used for short-term rental of units for sleeping purposes, with or without cooking facilities, and which may include related accessory uses such as shared dining facilities, recreation facilities, and meeting facilities.

D. Short-Term Rental

1. *Definition.* "Short-Term Rental" means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.
2. C, CBD, MMU and CM Zone standards.
 - a. Short-term rentals in the C, CBD, MMU and CM zones that were lawfully established and obtained a city business license prior to the date of adoption of Ordinance 4046 (May 22, 2023) may continue to operate so long as the short-term rental maintains a current city business license and complies with all applicable local and state regulations.

E. Youth Hostel.

1. *Definition.* Relatively affordable overnight lodging with shared dormitory-style facilities.

Ordinance No. 4052

An Interim Ordinance Adopting a Work Plan and Extending the Moratorium Adopted by Ordinance 4046 on the Acceptance of Certain Land Use, Building Permit, and Business License Applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use Zones Regarding Short Term Rentals in Residential Dwelling Units

Whereas on March 27, 2023 the City of Anacortes City Council adopted Ordinance 4046, declaring a moratorium on the acceptance of any land use, building permit, or business license application for any use constituting rental of lodging for a period of less than 30 days, or establishment of any such use, within a residential dwelling unit, within the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones;

Whereas RCW 36.70A.390 and RCW 35A.63.220 requires the city to hold a public hearing within 60 days of the adoption of the moratorium and a public hearing was held on May 22, 2023;

Whereas a moratorium adopted under RCW 36.70A.390 may be effective for not longer than six months, but may be effective for up to one year if a work plan is developed for related studies providing for such a longer period;

Whereas a work plan has been developed providing for a period longer than six months;

Whereas, as an interim ordinance, pursuant to WAC 197-11-880, the adoption of this ordinance is not subject to review under the State Environmental Act;

Now, therefore, the City Council of the City of Anacortes does ordain as follows and adopts the following as findings of fact:

- Section 1. The above recitals are incorporated by reference as findings of fact.
- Section 2. The City Council finds that an emergency exists under RCW 35A.12.130 and this ordinance is necessary for the protection of public health, public safety, public property, or the public peace, and with adoption by a majority plus one of the entire membership of the City Council (i.e., 5 members) is effective immediately.
- Section 3. The moratorium declared by Ordinance 4046 is hereby extended for an additional 6 months.
- Section 4. The moratorium is effective through March 27, 2024, but may be renewed for an additional six-month period if a subsequent public hearing is held and findings of fact are made prior to renewal.
- Section 5. The attached Work Plan (Exhibit A) is hereby adopted.

PASSED and APPROVED this 22nd day of May 2023.

APPROVED:



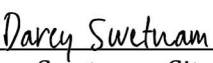
Matt Miller, Mayor

Attest:



Steven D. Hoglund, City Clerk-Treasurer

Approved as to Form:



Darcy Swetnam, City Attorney

Work Plan Regulating short term rental of dwelling units in Commercial, Commercial Business District, Commercial Marine and Marine Mixed Use zones	
Date	Actions
March 27, 2023	City Council adopted Ordinance 4046, a moratorium on the acceptance of certain land use, building permit, and business licenses applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use zones for short term rentals in residential dwelling units
May 22, 2023	- City Council hold a public hearing on Ord. 4046 - Adopt Ord. 4052, reaffirming Ord. 4046, adopting a work plan, and extending the moratorium for one year from the effective date of Or. 4046
May – August 2023	- Research ways to implement Council’s intended outcomes - Draft a preliminary code amendment proposal
September 2023	- Brief City Council and the public on the preliminary draft proposal - Incorporate preliminary feedback into the draft amendment proposal - Submit 60-day notice of intent to adopt regulations to WA Dept. of Commerce
October 2023 – January 2024	- Planning Commission work session; incorporate PC recommendations into the draft code amendments - Written public comment period and SEPA determination - Planning Commission public hearing, deliberations, and recommendation
February 2024 – March 2024	- City Council consider Planning Commission’s recommendation, deliberation on the proposed code amendments - Council Adoption by ordinance

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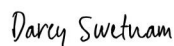
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Darcy Swetnam

darcys@cityofanacortes.org

City Attorney

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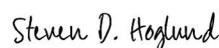
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Steven D. Hoglund

steveh@cityofanacortes.org

City Clerk/Treasurer

City of Anacortes

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Matt Miller

mattm@cityofanacortes.org

Mayor

City of Anacortes

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Ordinance No. 4046

An Interim Ordinance Declaring an Emergency and Adopting a Moratorium on the Acceptance of Certain Land Use, Building Permit, and Business License Applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use Zones Regarding Short Term Rentals in Residential Dwelling Units

Whereas the City of Anacortes adopted new development regulations in 2019 (Ordinance 3040) that, among other things, created new regulations governing permitted uses in the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones;

Whereas AMC 19.44.050 defines “overnight lodging” as rental of lodging for a period less than 30 days;

Whereas the Commercial Use, Central Business District, Marine Mixed Use and Commercial Marine Use zones allow both residential development and overnight lodging;

Whereas use of residential dwelling units as overnight lodging in residential zones is already prohibited by AMC 19.41.040;

Whereas use of residential dwelling units as overnight lodging in these commercial zones has been the subject of community concern and is contrary to the City’s goals of promoting housing development for people who live and work in Anacortes;

Whereas development of residential dwelling units entitles the developer to lower impact and connection and utility fees than required for commercial development due to the expected lower impacts from bona fide residential occupancy;

Whereas the City Council desires to review the permitted uses in the Commercial , Central Business District, Marine Mixed Use, and Commercial Marine zones;

Whereas RCW 36.70A.390 and AMC 19.16.110 authorize the City Council to adopt moratoriums, interim zoning ordinances and interim official controls;

Whereas a moratorium is a recognized technique to preserve the status quo while new plans and regulations are developed and avoid a rush for permits when a community desires to change its planning ordinances;

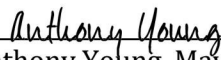
Whereas, as an interim ordinance, pursuant to WAC 197-11-880, the adoption of this ordinance is not subject to review under the State Environmental Act;

Now, therefore, the City Council of the City of Anacortes does ordain as follows and adopts the following as findings of fact:

- Section 1. The above recitals are incorporated by reference as findings of fact.
- Section 2. A moratorium is hereby declared on the acceptance of any land use, building permit, or business license application for any use constituting rental of lodging for a period less than 30 days, or establishment of any such use, within a residential dwelling unit within the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones.
- Section 3. The City Council finds that an emergency exists under RCW 35A.12.130 and this ordinance is necessary for the protection of public health, public safety, public property, or the public peace, and with adoption by a majority plus one of the entire membership of the City Council is effective immediately.
- Section 4. Pursuant to RCW 36.70A.390, the City Council will hold a public hearing on this interim ordinance within 60 days of adoption and adopt findings of fact immediately after that public hearing.
- Section 5. Pursuant to 36.70A.390 this moratorium is effective for six months and may be renewed for one or more six-month periods if a subsequent public hearing is held and findings of fact are made prior to each renewal.

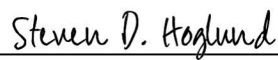
PASSED and APPROVED this 27th day of March 2023.

APPROVED:



Anthony Young, Mayor Pro Tempore

Attest:



Steven D. Hoglund, City Clerk-Treasurer

Approved as to Form:



Darcy Swetnam, City Attorney

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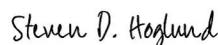
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Steven D. Hoglund

steveh@cityofanacortes.org

City Clerk/Treasurer

City of Anacortes

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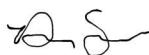
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Darcy Swetnam

darcys@cityofanacortes.org

City Attorney

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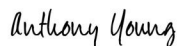
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Anthony Young

anthony@cityofanacortes.org

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