

ANACORTES PLANNING COMMISSION

Special Meeting



NOVEMBER 29, 2017

Municipal Building Council Chambers

6th Street and "Q" Avenue

AGENDA

6 p.m.

1. **Roll Call**
2. **Minutes of October 11, 2017**
3. **Correspondence**
4. **Old Business**
No Old Business
5. **New Business**
Affordable Housing Demonstration Program Discussion



Planning Commission Meeting Minutes for – October 11, 2017

Chair Laumbattus called the meeting of October 11, 2017 to order at approximately 6 p.m.

Roll Call

Members Present: Commissioners Laumbattus, Mount, Cleland-McGrath, Oppel, Moffitt, & Doll
Members Absent: Commissioner McNett

Minutes

Minutes of September 27, 2017 approved as read.

Correspondence

None

New Business

Draft Affordable Housing Strategic Plan

Don Measamer, Planning Director, provided a background on the strategic plan. Joann Stewart, Planning Administrative Assistant, and Liz Lovelett, City Council member, provided a presentation on how the strategic plan was created using the goals and policies of the 2016 Comprehensive Plan.

Commissioners questioned the potential for using city land, the relationship between the housing need and available jobs, and Home Trust. Mr. Measamer stated the city owns property by Sharpes Corner, which is being evaluated for suitability of affordable housing, and other city owned lots are further from high density areas, providing the potential to sell. Ms. Lovelett stated that an approach that includes workforce housing and child care could contribute to the live/work balance. Ms. Lovelett clarified Home Trust provides down payment assistance in order to buy a house, while the trust owns the land.

Vernon Lauridsen, 2219 32nd St. Mr. Lauridsen spoke in favor of the plan as Vice Chair of the Anacortes Housing Authority, and a member of the community advisor committee who contributed towards the 2016 Comprehensive Plan.

Commissioner Oppel made a motion to recommend approval to City Council. Commissioner Cleland-McGrath seconded. The motion passed unanimously.

Chair Laumbattus called the meeting to a close at approximately 7:00 p.m.



Planning Commission Agenda Bill

Meeting Date: 11/29/2017 **Agenda Item:**

Subject: Draft Affordable Housing Demonstration Program code amendment

Staff Contact: Libby Grage, Planning Manager

Approved for Submittal to Council by	
	Laurie Gere, Mayor
x	Don Measamer, PCED Director

Action Type	
	Ordinance No.
	Resolution No.
	Public Hearing
	Staff Report
x	Discussion

Summary Statement: Attached is a proposal for an amendment to the Anacortes Municipal Code to establish an Affordable Housing Demonstration Program. The purpose of the 11/29 Planning Commission meeting is for staff to introduce the proposal and for Planning Commission discussion and feedback. No action will be taken.

Background: See the attached Staff Report, dated November 22, 2017.

Previous PC Action: None.

Competing Viewpoints Considered: Public input is welcomed and will be accepted in writing or verbally at relevant meetings. A public hearing will be held at a future date.

Recommended Motion: None. This is a discussion item only.

Attachments (listed in order presented):

Staff Report

Draft Ordinance 3017

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City of Anacortes

Planning, Community & Economic Development Department

Don Measamer, *Director*

Staff Report

To: Planning Commission

From: Planning, Community & Economic Development Department
Libby Grage, Planning Manager

Subject: DRAFT Affordable Housing Demonstration Program proposed code amendment

Date: November 22, 2017

Background

At their September 18, 2017 meeting, the Anacortes City Council directed Planning, Community & Economic Development (PCED) staff to develop a proposal for amendments to the Anacortes Municipal Code to facilitate development of affordable rental housing units. The City is currently processing an extensive update of its development regulations, including proposed height and density bonus incentives in exchange for provision of affordable housing; however, this larger update is not anticipated to be completed until Spring 2018, and there is an urgent need for additional affordable rental units in the community right now. The proposed amendments are intended to provide incentives and flexibility for the development of affordable rental units in the interim period.

Consistency with AMC 19.16 Legislative Actions

AMC 19.16 outlines procedures for amendments to the development regulations, and specifies elements to be addressed within a proposal for an amendment. Each element is listed below with staff analysis following.

1. *What is proposed to be changed and why:*

A new Chapter, AMC 19.46 Affordable Housing Demonstration Program, is proposed to be added to the Anacortes Municipal Code. The chapter would provide relief for some development standards in the R4A/R4¹ zone that have been identified as potential regulatory barriers to development of affordable rental housing, such as density maximums, lot size minimums, parking requirements, and building height limitations.

Under the proposed amendment, qualifying projects within the R4A zone would be exempt from certain R4A/R4 regulations, including the maximum density and minimum lot size requirements, and would be able to increase the maximum building height to 50-feet, adjust minimum setback requirements, and reduce minimum off-street parking requirements. The amendments also provide for a method to request a waiver or reduction in various impact and permit fees. Concurrent amendments to impact fee and other fee provisions in the AMC are proposed to be implemented in coordination with this proposal. Projects would be subject to all other applicable development regulations in effect at the time of complete application.

¹ Per AMC 17.30.010, within the R4A district, all uses and regulations contained in the R4 district shall apply except for the maximum density and height.

The proposed amendments identify applicant/organization qualifications, rental unit income limits, duration of affordability, and a requirement for entering into an affordability agreement with the City outlining provisions for reporting, monitoring, and other topics.

The Affordable Housing Demonstration Program established in the amendment is proposed to expire after one year, at which point it is anticipated that the city-wide development regulations will have been adopted, including incorporation of height and other bonus incentives in exchange for provision of affordable housing, which would apply to a greater range of project applicants and zones.

2. Anticipated impacts to be caused by the change, including geographic area affected and issues presented:

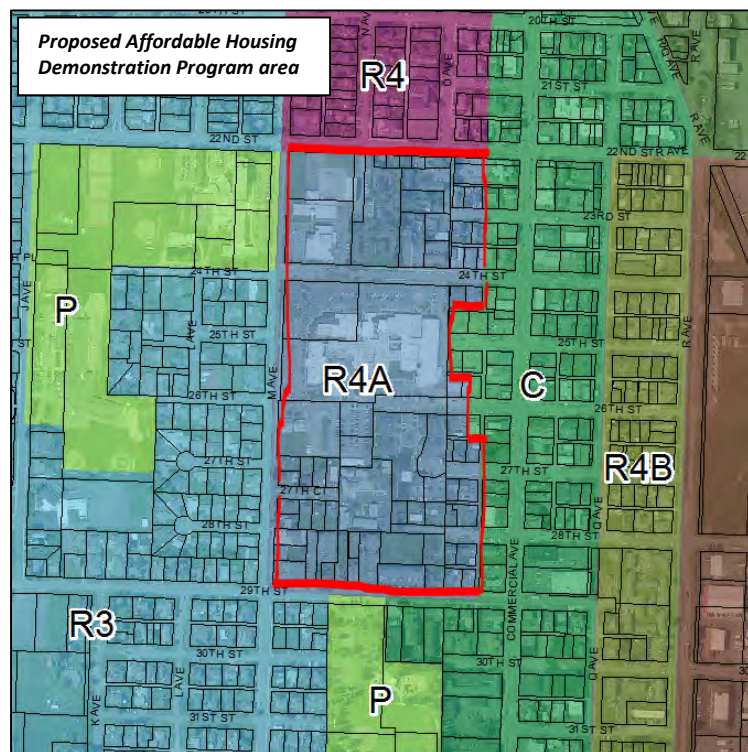
Geographic area

The geographic area affected by the proposed code amendment includes the area currently zoned R4A bounded by Commercial Ave. to the east, 22nd Street to the north, M Ave. to the west, and 29th Street to the south. The area is approximately 43 acres in size, and includes about 75 parcels. Existing land uses within the area include Island Hospital and associated parking areas, various medical and other office buildings, an assisted living and nursing home facility, the Anacortes Family Center offices and transitional housing, governmental buildings, a mixture of single family and multi-family housing, and several vacant properties. The area has good proximity to recreational activities, services, employment opportunities, and is on a bus-line.

Anticipated impacts

Due to the limited timeframe, geographic area, types of eligible organizations, and 100% affordability requirement, it is anticipated that only a very limited number of projects would be constructed under the provisions as currently drafted.

Impacts resulting from the flexibility in form and intensity (height and setbacks) and reduced parking standards are anticipated to be mitigated by new site and building design standards which are intended to enhance livability and achieve development that is compatible with the surrounding area.



3. *A demonstration of why the proposal is needed:*

According to the Draft Anacortes Affordable Housing Strategic Plan, 37% of Anacortes households earn less than half of the area median income (AMI), but only 24% of the existing housing stock is affordable to this group. In order to meet existing needs, an additional 330 rental units affordable to households at less than 50% AMI are needed. The proposed amendment focuses on incentivizing development of rental units for this particular income level.

4. *How the amendment is consistent with the Comprehensive Plan's vision and goals:*

The proposed amendment is consistent with the Comprehensive plan vision and goals of providing for a sufficient quantity and variety of housing to meet needs for all economic segments of the community. Additionally, the proposed amendment is consistent with the following supporting policies:

Policy LU-6.6. Explore the development of zoning incentives to help meet housing diversity and affordability goals.

Examples could include residential density bonuses, variations in allowed housing type, or flexibility in regulations, if a proposal meets community goals for affordable, senior, size limited or other types of innovative housing. If not permitted outright or through discretionary review processes, consider providing for these incentives through pilot programs or other innovative measures.

Policy H-1.6. Evaluate barriers to achieving increased density in multifamily residential and mixed use zones and revise regulations if appropriate.

Policy H-1.9. Encourage demonstration projects of innovative housing types or programs, such as co-housing, tiny houses, or others.

Policy H-3.3. Support non-profit agencies and public/private partnerships to preserve or develop additional housing for very low, low and moderate income households.

Policy H-3.8. Require that affordable housing achieved through public incentives or assistance remains affordable for the longest possible term.

Policy ED-1.10. Support the development of an adequate range of affordable housing opportunities for the local workforce to increase the attractiveness of the city to employers.

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DRAFT

Ordinance No. 3017

An Ordinance Establishing Chapter 19.46, Affordable Housing Demonstration Program and Amending AMC Table 19.20.030-1, Review Classification and Process Matrix.

Whereas, in accordance with the Ch. 36.70A RCW Washington State Growth Management Act, Ch. 43.185b RCW Housing Policy Act, and Ch. 35.83 RCW Housing Cooperation Law, the City Council finds that it is in the public interest to facilitate and aid in the development of affordable housing;

Whereas, the City of Anacortes Comprehensive Plan and Affordable Housing Strategic Plan support the development of zoning incentives, including flexibility in regulations, to help meet housing diversity and affordability goals;

Whereas, according to 2010-2014 HUD data, Anacortes has a mismatch between existing housing supply and the needs of Anacortes households, with 37% of households earning less than half the area median income, but only 24% of the housing stock being affordable to these households;

Whereas, the City is currently in the process of comprehensively updating its development regulations, including establishing residential bonus incentives in residential and mixed use zones on a city-wide basis, but the update is not anticipated to be completed until mid-2018;

Whereas, the City Council desires to establish a program to incentivize and allow construction of affordable rental housing units on an expedited basis, prior to adoption of the city-wide amendments;

Whereas, on _____, the City provided 60-day notice of intent to adopt these development regulations to the Department of Commerce;

Whereas, on _____, the Planning Commission held a public hearing on the proposal;

Whereas, on _____, the City Council deliberated on the proposal;

Now, therefore, the City Council of the City of Anacortes does ordain as follows:

Section 1. The Anacortes Municipal Code is amended as shown in Attachment A.

Section 2. This ordinance takes effect five days after publication.

PASSED and APPROVED this ____ day of _____, 2018.

CITY OF ANACORTES:

Laurie Gere, Mayor

Attest:

Steve Hoglund, City Clerk-Treasurer

Approved as to Form:

Darcy Swetnam, City Attorney

Chapter 19.46

AFFORDABLE HOUSING DEMONSTRATION PROGRAM

Draft November 22, 2017

Sections:

- 19.46.010 Purpose.
- 19.46.020 Applicability.
- 19.46.030 Flexibility to certain zoning, design, and regulatory standards.
- 19.46.040 Design standards.
- 19.46.050 Affordable housing requirements.
- 19.46.060 Review procedures.

19.46.010 Purpose.

The purpose of this chapter is to:

- A. Facilitate, for a specified trial period, the construction of affordable rental housing by organizations that can demonstrate an ability to finance, manage, and monitor affordable renter-occupied housing units to assure permanent affordability, in accordance with the directives of the Growth Management Act, Housing Policy Act, and the city's comprehensive plan.
- B. Promote thoughtful layout of buildings, parking areas, and circulation, service, landscaping and amenity elements that enhance Anacortes's visual character, promote compatibility between developments and uses, and enhances the function of developments.
- C. **Program term.** The program described in this Chapter will be in effect for one year from the effective date of the adopting ordinance.

19.46.020 Applicability

This program applies to development of affordable rental housing units, by an organization meeting the qualifications within this Chapter, on properties located in the R4A zone within the area bounded by 22nd and 29th Streets, and M and Commercial Avenues.

19.46.030 Flexibility in certain zoning, design and regulatory standards.

- A. Project applicants who wish to participate in this program must demonstrate compliance with both the site and building design standards described in Section 19.46.040 below and the affordable housing requirements described in Section 19.46.050 below.
- B. Those projects that comply with Sections 19.46.040 and 19.46.050 are project eligible and qualify for the following zoning and project design standards relief options:
 - 1. Density maximum. Projects are exempt from maximum density standards set forth in AMC 17.30.020.
 - 2. Minimum lot size. Projects are exempt from the minimum lot size set forth in AMC 17.28.050.
 - 3. Minimum setbacks. Projects may reduce the minimum rear setback to 10 feet and minimum interior side setbacks to 5 feet, or 10 feet on a side lot line adjacent to a street.
 - 4. Maximum building height. The maximum building height is increased to 50 feet.

5. Parking requirements. A minimum of one off-street parking space is required per dwelling unit. Alternatively, a study of anticipated parking demand, prepared by a professional engineer with expertise in traffic and parking analysis, or an equally qualified individual authorized by the Director, may be submitted by the applicant and used as the basis for establishing the parking requirement.
6. Exemption from Fees. A project applicant may request a waiver or exemption from the requirement to pay the following fees:
 - a. Impact fees for traffic, parks, and fire services.
 - b. Permit application fees.
 - c. General facilities charges for sewer, water, and stormwater per AMC Title 13.

19.46.040 Site and building design standards.

The following site and building design standards apply to projects developed under these provisions:

- A. Block frontage standards. The following standards apply to the street facing façade and the portion of the lot that fronts onto the street.
 1. Building entries. At least one building entry must be visible and accessible from the sidewalk.
 2. Façade transparency. Transparent window area must be provided along at least 15 percent of the facade of the building.
 3. Weather protection. Weather protection at least five feet deep must be provided over the primary entrance of the building (for common entrances) and at least three feet deep over any private building entries that front onto the street.
 4. Parking location. Off-street parking must be located to the side or rear of buildings. For multi-building developments, no more than 50 percent of the street frontage can be occupied by off-street parking and driveways.
 5. Landscaping. All areas between the sidewalk and the building must be landscaped, except for walkways, porches, decks, and hardscape plazas.
- B. On-site open space.
 1. Developments must provide minimum usable open space equal to 100 square feet per dwelling unit for studio and one-bedroom dwellings and 150 square feet per dwelling unit for dwellings with two or more bedrooms. The required open space may be provided in a combination of ways:
 - a. Shared open space. All of the required open space may be in the form of shared open space available to all residents and meeting the requirements of subsection B.2 below.
 - b. Ground level individual outdoor space. All of the required open space may be provided by ground level outdoor space that is adjacent and directly accessible to the subject unit. Such open spaces must be enclosed by a fence and/or hedge at least 32 inches in height to qualify. Ground level individual outdoor open space in excess of the minimum required area must not be used in the calculations for determining the minimum usable open space requirements for other units in the development.

Commented [LBG1]: Proposed standards here are consistent with the concepts articulated in the Comp. Plan and the draft development regulations update currently underway.

- c. Balconies. Up to 50 percent of the required open space may be provided by private balconies provided they are at least 36 square feet, with no dimension less than six feet. Balconies in excess of the minimum required area must not be used in the calculations for determining the minimum usable open space requirements for other units in the development.
- d. Shared roof decks. Up to 50 percent of the required open space may be provided by shared roof decks located on the top of buildings. Shared roof decks must be available to all residents and meet the following requirements:
 - i. Space must feature hard surfacing, provide amenities such as seating areas, landscaping, and/or other features that encourage use.
 - ii. Space must integrate landscaping elements that enhance the character of the space and encourage its use.
 - iii. Space must incorporate features that provide for the safety of residents, such as enclosures, railings, and appropriate lighting levels.
- 2. Shared open space. Shared open space can include landscaped courtyards or decks, entrance plazas, gardens with pathways, children's play areas, pools, and water features provided they are accessible to all residents of the development. Accessible areas used for storm water retention or other multipurpose recreational and/or green spaces that meet the design criteria herein may qualify as shared open space.
 - a. Shared open space must be located in centralized areas that are accessible to all residents of the development.
 - b. Required setback areas must not count as shared open space unless the design of the space meets the standards herein.
 - c. Shared open space must feature no dimension less than 15 feet in order to provide functional leisure or recreational activity.
 - d. Shared open space must feature paths or walkable lawns, landscaping, seating, lighting, and play structures, sports courts, or other pedestrian amenities to make the area more functional and enjoyable for a range of users.
 - e. Shared open space must be separated from ground level windows, streets, service areas and parking lots with via landscaping, fencing, and/or other acceptable treatments that enhance safety and privacy for both the shared open space and dwelling units.
- C. Service areas and mechanical equipment.
 - 1. Service areas (loading docks, trash dumpsters, compactors, recycling areas, electrical panels, and mechanical equipment areas) must be located for convenient service access while avoiding negative visual, auditory, olfactory, or physical impacts on the streetscape environment and adjacent residentially zoned properties. Service areas must be sited for alley access if available.
 - 2. Service areas must not be visible from the sidewalk and adjacent properties. Where the Director finds that the only option for locating a service area is an area visible from a public right-of-way, internal pathway or pedestrian area, or from an adjacent property, the area must be screened with structural and or landscaping screening measures. Service elements accessible from an alley are exempt from screening requirements.

3. Utility meters, electrical conduit, and other service utility apparatus. These elements must be located and/or designed to minimize their visibility to the public. If such elements are mounted in a location visible from the street, pedestrian pathway, shared open space, or shared auto courtyards, they must be screened with vegetation and/or integrated into the building's architecture.
4. Roof mounted mechanical equipment.
 - a. All rooftop mechanical equipment, including air conditioners, heaters, vents, and similar equipment must be fully screened from public view both at grade and from higher buildings with the exception of solar panels and roof-mounted wind turbines. Screening must be located so as not to interfere with operation of the equipment.
 - b. Locate and/or shield noise producing mechanical equipment such as fans, heat pumps, etc. to minimize sounds and reduce impacts to not at property lines adjacent properties.

D. Façade articulation.

1. Residential buildings must include articulation features at intervals that relate to the location/size of individual units within the building (or no more than every 30 feet) to break up the massing of the building and add visual interest and compatibility to the surrounding context. At least three of the following features must be employed at intervals no greater than the unit interval or 30 feet (whichever is less):
 - a. Use of windows and/or entries.
 - b. Change in roofline.
 - c. Change in building material, siding style, and/or window pattern.
 - d. Providing vertical building modulation of at least 12 inches in depth if tied to a change in roofline modulation or a change in building material, siding style, or color. Balconies may be used to qualify for this option if they are recessed or projected from the façade by at least 18 inches.
 - e. Vertical elements such as a trellis with plants, green wall, art element.
 - f. Other design techniques that effectively break up the massing at no more than 30-foot intervals.

19.46.050 Affordable housing requirements.

A. Projects developed under this chapter must comply with the following requirements:

1. **Income limit.** All rental units developed under this chapter must be affordable to and occupied by households with an income of 50 percent or less of the area median income (determined by HUD) as adjusted by family size for Skagit County.
2. **Affordability.** For purposes of this Chapter, "affordable" means that the total housing costs, including basic utilities as determined by the City, may not exceed 30 percent of the income limit stated in 19.46.050(A)(1) above.
3. **Duration.** Rental units must serve only income-eligible households for a minimum period of 50 years from the date of the certificate of occupancy.
4. **Affordability agreement.** An agreement in form and substance acceptable to the City must be executed providing level and duration of affordability, tenant qualifications, reporting,

Commented [LBG2]: RCW 36.70A.540(2)(b)(i)

Commented [LBG3]: RCW 36.70A.540(2)(d)

Commented [LBG4]: RCW 36.70A.540(2)(e)

Commented [LBG5]: RCW 36.70A.540(2)(e)

monitoring, and other applicable topics. The agreement must be recorded with the Skagit County Auditor's Office in the chain of title for the property. The agreement must be in effect at the time applications for building permits are submitted or as otherwise agreed upon between the City and the applicant.

5. **Monitoring.** The City reserves the right to establish in the affordability agreement referred to in subsection C of this section, a program for monitoring compliance with the requirements of this section and monitoring fees for the affordable housing units, which can be adjusted over time to account for inflation. The purpose of any monitoring fee is for the review and processing of documents to maintain compliance with income and affordability restrictions of the affordability agreement.
6. **Project applicant qualifications.** Applicants must meet the following requirements to qualify under this Chapter:
 - a. The organization is a properly organized nonprofit organized and operating with the charitable purpose of creating and retaining income qualified rental housing, or a housing authority organized under RCW 35.82.
 - b. The organization can demonstrate experience in providing affordable housing. Notwithstanding this requirement, an organization that can demonstrate experience in providing housing and a mission statement of its intent to use that experience toward achieving the goal of providing permanently affordable housing shall be deemed to have met this requirement.
 - c. The organization can demonstrate the ability to employ a mechanism to retain all of the units as affordable for a minimum 50-year period for applicable income levels.
 - d. The organization can demonstrate an ability and commitment to submit an annual report to the city documenting the status of all residential units.

17.76.060 Review Procedures.

Applications under this chapter follow the procedures in **AMC Chapter 19.20.**

Commented [LBG6]: Amend AMC Table 19.20.030-1 to add "Affordable Housing demonstration program applications" (or similar) under Type 2 Administrative Decisions.