



**PLANNING COMMISSION SPECIAL MEETING
THURSDAY, JANUARY 14, 2021**

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AGENDA

1. **CALL TO ORDER/ROLL CALL/CONFLICT DISCLOSURE - 6:00 PM**
2. **PLANNING COMMISSION MEETING MINUTES - 6:05 PM**
 - 2.a **Review and Approve Meeting Minutes from:**
October 8, 2020
October 29, 2020
November 12, 2020 10 Minutes
[Planning Commission Meeting Minutes DRAFT 100820.pdf](#)
[Planning Commission Meeting Minutes DRAFT 102920.pdf](#)
[Planning Commission Meeting Minutes DRAFT 111220.pdf](#)
3. **PUBLIC COMMENT - 6:15 PM**
Public comment on off agenda items.
4. **UNFINISHED BUSINESS - 6:30 PM**
 - 4.a **(6:30 PM) - Policy Recommendations for Future Multifamily Property Tax Exemption Program** 60 Minutes
[20201210 Quitslund MFTE memo to PC.docx](#)

[Background Multifamily Tax Exemption PSRC
Excerpt Use Table 18.09.020.pdf](#)
[MUTC HS Rd Undeveloped Parcels.pdf](#)
[Greater Winslow Area Undevelopd Parcels.pdf](#)
[Lynwood Center Area Undeveloped Parcels.pdf](#)

5. NEW BUSINESS - 7:30 PM

5.a (7:30 PM) - Election of the 2021 Planning Commission Chair and Vice Chair. 10 Minutes

6. PLANNING DIRECTOR'S REPORT - 7:40 PM

7. ADJOURNMENT - 7:50 PM

GUIDING PRINCIPLES

Guiding Principle #1 - Preserve the special character of the Island, which includes downtown Winslow's small town atmosphere and function, historic buildings, extensive forested areas, meadows, farms, marine views and access, and scenic and winding roads supporting all forms of transportation.

Guiding Principle #2 - Manage the water resources of the Island to protect, restore and maintain their ecological and hydrological functions and to ensure clean and sufficient groundwater for future generations.

Guiding Principle #3 - Foster diversity with a holistic approach to meeting the needs of the Island and the human needs of its residents consistent with the stewardship of our finite environmental resources.

Guiding Principle #4 - Consider the costs and benefits to Island residents and property owners in making land use decisions.

Guiding Principle #5 - The use of land on the Island should be based on the principle that the Island's environmental resources are finite and must be maintained at a sustainable level.

Guiding Principle #6 - Nurture Bainbridge Island as a sustainable community by meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Guiding Principle #7 - Reduce greenhouse gas emissions and increase the Island's climate resilience.

Guiding Principle #8 - Support the Island's Guiding Principles and Policies through the City's organizational and operating budget decisions.



Planning Commission meetings are wheelchair accessible. Assisted listening devices are available in Council Chambers. If you require additional ADA accommodations, please contact the Planning & Community Development Department at (206) 780-3750 or pcd@bainbridgewa.gov by noon on the day preceding the meeting.

Public comment may be limited to allow time for the Commissioners to deliberate. To provide additional public comment, email your comment to pcd@bainbridgewa.gov or mail it to Planning and Community Development, 280 Madison Avenue North, Bainbridge Island, WA 98110.



CITY OF
BAINBRIDGE ISLAND

Planning Commission Special Meeting Agenda Bill

MEETING DATE: January 14, 2021

ESTIMATED TIME: 10 Minutes

AGENDA ITEM: Review and Approve Meeting Minutes from:
October 8, 2020
October 29, 2020
November 12, 2020

SUMMARY: Review and approve meeting minutes.

AGENDA CATEGORY: Minutes

PROPOSED BY: Planning & Community Development

RECOMMENDED MOTION: I move to approve the minutes for October 8, October 29 and November 12, 2020.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

[Planning Commission Meeting Minutes DRAFT 100820.pdf](#)

[Planning Commission Meeting Minutes DRAFT 102920.pdf](#)

[Planning Commission Meeting Minutes DRAFT 111220.pdf](#)

FISCAL DETAILS:

Fund Name(s):

Coding:



Planning Commission Special Meeting October 8, 2020

Meeting Minutes

1) CALL TO ORDER/ROLL CALL/CONFLICT DISCLOSURE

Chair William Chester called the meeting to order at 6:01 PM. Planning Commissioners in attendance were Vice-chair Kimberly McCormick Osmond, Jon Quitslund, Lisa Macchio, Joe Paar and Sarah Blossom. City Staff present were Planning & Community Development Director Heather Wright, Senior Planner Jennifer Sutton, Development Engineer Paul Nylund, Associate Planner Ellen Fairleigh, Arborist Nick Snyder and Administrative Specialist Jane Rasely who monitored recording and prepared minutes.

Commissioner Blossom disclosed she owned a share in the Islander Residents' Association and would recuse herself from any FAR Bonus Density discussion involving them.

The agenda was reviewed.

2) PLANNING COMMISSION MEETING MINUTES

2.a Review and Approve Planning Commission Meeting Minutes

Cover Page

[Planning Commission Meeting Minutes DRAFT 082720.pdf](#)

[Planning Commission Meeting Minutes DRAFT 091020.pdf](#)

[Planning Commission Meeting Minutes DRAFT 092420.pdf](#)

Motion: I move approval of the meeting minutes for August 27, 2020 as distributed in the agenda packet.

Quitslund/McCormick Osmond: Passed Unanimously

Motion: I move approval of the meeting minutes for September 10, 2020 as distributed in the agenda packet.

Quitslund/Paar: Passed Unanimously

Commissioner Quitslund asked that Senior Planner Jennifer Sutton's last name be included at the bottom of page 1.

Motion: With those amendments, I recommend approval of the minutes from September 24, 2020.

Quitslund/Paar: Passed Unanimously

3) PUBLIC COMMENT

No off-agenda public comment was made.

4) NEW BUSINESS

4.a Public Participation Meeting Fort Ward Stables Renovation PLN51760 PRE

[Cover Page](#)

[51760 PRE Site plan and floor plan.pdf](#)

[51770 Illustrated Site Plan.pdf](#)

Planning & Community Development Director Heather Wright updated the Planning Commission on the delay of postcards noticing the project to the surrounding neighbors. The City was informed by its third-party mailing vendor the delay is the result of wildfires.

Associate Planner Ellen Fairleigh provided an introduction to Applicant/Architect Jason McLennan.

Public Comment

Kathy Hansen – Was excited the buildings would be developed but wanted to know how a public café would work in an area that is not a neighborhood center and would the parking be sufficient for a cafe, offices, and school. She asked if a traffic analysis would take place.

Tom Hansen - Stated parking was at an absolute premium and he was concerned about that, but also very excited about development of the rundown buildings occurring.

John Wiens - Stated concerns about the parking requirements and was concerned waivers allowed to Historic Register development would result in a lack of necessary parking.

Laura and Tim Hemphill - Were happy about the development, playground, and opportunities for the community to come together.

Sally and Dan Hewett - Excited about what this development would do for the health of the community to have a gathering place. She felt there could be a traffic calming effect due to a focal point being there.

Bonnie Harris - Was concerned about the casual attitude about having a traffic study prepared and the divorcing of traffic speed from the amount of traffic. She was concerned about the safety of children in the area as well as other pedestrians.

Corey Berse - Was extremely excited about having something next door that would be an asset to the community but was also worried about traffic and parking. He felt there could be some opportunity for traffic calming along with the project.

Jordan and Frances Tappero - Were worried about traffic and increasing volume of traffic to the coffee shop. He felt sidewalks needed to be installed as part of the project to make it safe. He wanted to know what would happen if the proposed school did not succeed.

Aaron Levine - Spoke about the quality of the neighborhood and questioned whether the cafe was necessary. He appreciated the thoughtfulness of both the applicant and the neighbors.

Catherine Grant - Mentioned the new community center that was just developed in the old bakery as a gathering place. She mentioned parking problems that have occurred in the neighborhood and felt there was a real need for some signage to delineate the walking space from the road. She felt it was naive to believe it would not be a busy property due to all the people who already came to the area.

Andy Wynne – Wanted to know what was in the future as far as development around the property.
(Mr. Wynne was cut off from the meeting in the middle of his comment.)

Joyce Mycka-Stettler – Supported the idea of the café as another gathering place and asked for sidewalks down to the beach stairs at South Beach.

Steve and Gretchen Brown - Voiced support for project saying almost anything would be better than it was now and supported anything that would save this structure from the fate the Moran School on Manitou Park Blvd experienced.

5) UNFINISHED BUSINESS

5.a [Ordinance 2020-16 Amending Bonus Floor Area Ratio \(FAR\) Options, BIMC 18.12.030.E Cover Page](#)

[DRAFT Ordinance No. 2020-16.docx](#)

[Exhibit A Option 2 Excerpt BIMC Table 18.12.020-3 REV MU Bonus](#)

[20201008 DRAFT PC Cover Letter to CC on Bonus FAR Revisions.pdf](#)

[Planning Commission Rationale on Revised Recommendations on FAR Bonus Density Provisions.pdf](#)

[MUTC Zoning Districts Map.pdf](#)

Senior Planner Jennifer Sutton provided a brief overview of actions at the last meeting before discussion began.

Motion: I move that we charge Jennifer Sutton with the amendment of the memorandum with revision of the memorandum and where necessary the body of the ordinance on the basis of our discussion in the meeting tonight for the purpose of preparing our package for delivery to the Council in a timely fashion.

Quitslund/No second

Motion died.

Motion: I move that we adopt Ordinance No. 2020-16 with the following amendments: we add in a whereas section indicating that the ordinance is intended to be of a temporary nature, and we include a sunset clause that would sunset the Ordinance 30 months after approval and that we also undelete and include Section 2, Number 7.

Paar/Quitslund

I would like to make an amendment to the motion to add back in the strikeout of 7.E.

Macchio/McCormick Osmond

I would also like to suggest that we amend Exhibit A, Table 18.12.020-3 to add back in Footnote 3.

McCormick Osmond/No second

Motions all died.

Motion: I move to recommend amendment of our draft Ordinance Number 2020-16 as follows:

First, I move that we add a “Whereas” provision that states as follows, “The Planning Commission recommends adoption of Ordinance 2020-16 as an interim measure while the City Council and the Planning Commission address broader revisions to the zoning code including Base FAR and whether to replace it with other means such as form-based zoning. Once that broader work is completed, it is likely that Ordinance 2020-16 will need to be revised.

Second, adding a second “Whereas” provision that says, “Therefore, Planning Commission recommends Ordinance Number 2020-16 will sunset 30 months after enactment of the Ordinance.

Third, reinstatement of Section 18.12.030.E.7.

Fourth, reinstatement of Footnote 3 in Exhibit A, Table 18.12.020-3.

McCormick Osmond/Quitslund: Passed 4-1-1

Ayes: Chester, McCormick Osmond, Quitslund, Paar

Noes: Macchio

Abstain: Blossom

Motion to Amend: I move to amend the motion to strike out 7.E from the draft Ordinance.

Macchio/

Motion fails without a second.

[5.b Ordinance 2020-34 Self-service Storage Facilities Amendment](#)

[Cover Page](#)

[20201008 PC Memo.docx](#)

[Exhibit A to Ordinance 2020-34.docx](#)

[Self Storage Potential Map in Bus Ind.pdf](#)

[Self Storage Potential in NC.pdf](#)

[Regulations from Other Communities.pdf](#)

[Reliable Storage Email with Information and Public comment.pdf](#)

[Ordinance No. 2020-12 Extending Moratorium on Self-Service Storage Facilities](#)

[Approved_051220.pdf](#)

[Ordinance_No._2020-34_Self-Service_Storage_Facilities.docx](#)

Senior Planner Jennifer Sutton provided an overview of work completed previously. The Planning Commission asked for a public hearing at the October 29, 2020 special meeting.

5.c Draft Ordinance 2020-28: Updates and Revisions to Tree and Vegetation Regulations
Cover Page
Ordinance No. 2020-28_DRAFT 10022020.docx
ORD_2020-28_Staff_Memo
ORD_2020-28_Exhibit_A-
Chapter_16.18_BIMC_Tree_Removal_Forest_Stewardship_and_Vegetation_Maintenance
ORD 2020-28 Exhibit B-Chapter 16.32 BIMC (Protection of Landmark Trees)_DRAFT.docx
ORD 2020-28 Exhibit C-Section 18.15.010 BIMC (Landscaping, screening, and tree retention,
protection and replacement.)_DRAFT.docx
ORD 2020-28 Exhibit D-Section 16.20.100 BIMC (Aquifer recharge areas)_DRAFT.docx
ORD 2020-28 Exhibit E-Community Forest Best Management Practices Manual (rev.
2020)_DRAFT.docx

This item was moved to the next Planning Commission meeting.

6) SUBCOMMITTEE UPDATES

Commissioner Quitslund provided an update on a Design Review Board meeting he attended. He also mentioned the Affordable Housing Subcommittee wanted to go ahead with planning for a Multi-family Tax Exemption ordinance. Commissioner Blossom stated they wanted to provide the City Council/Planning Commission Joint Subcommittee with sample ordinances from surrounding jurisdictions.

Chair William Chester provided an update on the work of the Joint Land Use Subcommittee listing land use code they felt would be simple to update sooner.

7) PLANNING DIRECTOR'S REPORT

Director Heather Wright provided an overview of City Council actions of interest to the Planning Commission.

Commissioner McCormick Osmond was nominated to participate in the interviews for the vacant Planning Commission position.

8) ADJOURNMENT

The meeting was adjourned at 9:11 PM.

William Chester, Chair

Jane Rasely, Administrative Specialist



Planning Commission Special Meeting October 29, 2020

Meeting Minutes

1) CALL TO ORDER/ROLL CALL/AGENDA REVIEW

Chair William Chester called the meeting to order at 6:00 PM. Commissioners in attendance were Vice-chair Kimberly McCormick Osmond, Jon Quitslund, Lisa Macchio, Joe Paar and Sarah Blossom. City Staff present were Planning & Community Development Director Heather Wright, Senior Planner Jennifer Sutton, City Arborist Nick Snyder and Administrative Specialist Jane Rasely who monitored recording and prepared minutes.

The agenda was reviewed. Commissioner Blossom disclosed that she had property interests in a neighborhood center.

2) PUBLIC COMMENT

None.

3) PUBLIC HEARING

3.a Self-service Storage Facilities Prohibition and Limited Expansion, Ordinance 2020-34
Cover Page
[20201029 Public Hearing DRAFT Ordinance No. 2020-34 Self-Service Storage Facilities.docx](#)
[Exhibit A to Ordinance 2020-34.pdf](#)
[Self Storage Potential Map in Bus Ind.pdf](#)
[Self Storage Potential in NC.pdf](#)
[Regulations from Other Communities.pdf](#)
[Reliable Storage Email with Information and Public comment.pdf](#)
[20200924 PC Memo.pdf](#)
[20201008 PC Memo.pdf](#)
[Ordinance No. 2020-12 Extending Moratorium on Self-Service Storage Facilities Approved_051220.pdf](#)

Senior Planner Jennifer Sutton provided an overview of the proposed ordinance.

The public hearing was opened at 6:08 PM.

Beth Morgan - Spoke in favor of self-storage.

The public hearing was closed at 6:13 PM.

See attached Recorded Motion for recommendation.

4) UNFINISHED BUSINESS

4.a Draft Ordinance 2020-28: Updates and Revisions to Tree and Vegetation Regulations - Cover Page

[ORD 2020-28 Staff Memo_DRAFT 10232020.docx](#)

[Ordinance No. 2020-28 DRAFT 10232020.docx](#)

[ORD 2020-28 Exhibit A-Chapter 16.18 BIMC \(Tree Removal, Forest Stewardship, and Vegetation Maintenance\) DRAFT 10232020.docx](#)

[ORD 2020-28 Exhibit B-Chapter 16.32 BIMC \(Protection of Landmark Trees\)_DRAFT.docx](#)

[ORD 2020-28 Exhibit C-Section 18.15.010 BIMC \(Landscaping, screening, and tree retention, protection and replacement\) DRAFT 10232020.docx](#)

[ORD 2020-28 Exhibit D-Section 16.20.100 BIMC \(Aquifer recharge areas\)_DRAFT.docx](#)

[ORD 2020-28 Exhibit E-Community Forest Best Management Practices Manual \(rev. 2020\)_DRAFT.docx](#)

City Arborist Nick Snyder provided an overview of staff identified issues that had arisen since the last discussion. Planning Commissioners decided to hold a special meeting on November 19, 2020 and stated they would hold a public hearing for this draft ordinance on that date.

5) NEW BUSINESS

5.a Joint City Council/Planning Commission Land Use Subcommittee Recommendations and Timeline, Phase I

[Cover Page](#)

[Joint_Land_Use_Subcommittee_Memorandum_Attachment_A_Table](#)

[Joint_Land_Use_Subcommittee_Memorandum_Initial_Recommendations](#)

Vice-chair McCormick Osmond provided an overview of the Joint Subcommittee's initial recommendations.

6) SUB-COMMITTEE REPORTS

7) PLANNING DIRECTOR'S REPORT

Planning & Community Development Director Heather Wright provided an update on Council actions of interest to the Planning Commission.

8) ADJOURNMENT

Meeting adjourned at 8:45 PM.

William Chester, Chair

Jane Rasely, Administrative Specialist

PLANNING COMMISSION RECORDED MOTION

Planning Commission Meeting Date:	October 29, 2020
Project Proposal Name and Number:	Ordinance 2020-34
Decision Maker:	City Council

Planning Commission Role and Responsibility: Pursuant to [BIMC 2.16.180](#), Planning commission review and recommendation is required for amendments to BIMC Chapter 2.16, and BIMC Titles [16](#), [17](#), and [18](#), area-wide rezones initiated by the city, or area-wide rezones associated with a privately initiated amendment to the comprehensive plan.

Planning Commission Action:

1. In making a recommendation, the planning commission shall consider applicable decision criteria of this chapter, all applicable law, the comprehensive plan, public comment, and any necessary documents and approvals.
2. The planning commission shall issue a written recommendation that contains (a) a statement recommending that the proposed amendment be approved, approved as amended, or denied, and (b) a statement of facts upon which the recommendation is based and the conclusions derived from those facts.
3. The planning commission's written recommendation and other documents upon which its decision is based shall be immediately transmitted to the city council and department director.

Findings of Fact and Reasons for Action

We find that Ordinance No. 2020-34 supports Policy 1.5 of the Economic Element of the Comprehensive Plan particularly given the limited amount of land within business industrial and neighborhood centers. We further recommend the following revised language to Section 3 of the Ordinance revising Section 18.30.020.A: "...except self-service storage facilities in existence prior to the effective date of Ordinance No. 2020-34 may expand up to the current allowed lot coverage..."

Recommendation:

The Planning Commission recommends the City Council:

- ☐ Approve the ordinance.
☒ Approve the ordinance as amended.
☐ Deny the ordinance.



Planning Commission Special Meeting November 12, 2020

Meeting Minutes

1) CALL TO ORDER/ROLL CALL/AGENDA REVIEW

Chair William Chester called the meeting to order at 6:00 PM. Commissioners in attendance were Vice-chair Kimberly McCormick Osmond, Jon Quitslund, Lisa Macchio, Joe Paar and Sarah Blossom. City Staff present were Planning Manager David Greetham, Senior Planner Jennifer Sutton, City Arborist Nick Snyder and Administrative Specialist Jane Rasely who monitored recording and prepared minutes.

The agenda was reviewed. There were not any conflicts disclosed.

2) PUBLIC COMMENT

None.

3) UNFINISHED BUSINESS

3.a Joint City Council/Planning Commission Land Use Subcommittee Phase I "Triage" Code Changes Cover Page

20201029 Planning Commission Workplan for Joint Land Use Subcommittee
Recommendations.docx

DRAFT "Triage" Code Chages.docx

Joint_Land_Use_Subcommittee_Memorandum_Initial_Recommendations

Joint_Land_Use_Subcommittee_Memorandum_Attachment_A_Table

Senior Planner Jennifer Sutton provided an overview of the documents provided within the agenda.

3.b Draft Ordinance 2020-28: Updates and Revisions to Tree and Vegetation Regulations

Cover Page

ORD_2020-28_Staff_Memo

Ordinance No. 2020-28 DRAFT 11052020.docx

ORD 2020-28 Exhibit A-Chapter 16.18 BIMC (Tree Removal and Vegetation Maintenance, and
Forest Stewardship) DRAFT 11052020.docx

ORD 2020-28 Exhibit B-Chapter 16.32 BIMC (Protection of Landmark Trees)_DRAFT.docx

ORD 2020-28 Exhibit C-Section 18.15.010 BIMC (Landscaping, screening, and tree retention,
protection and replacement) DRAFT 11052020.docx

ORD 2020-28 Exhibit D-Section 16.20.100 BIMC (Aquifer recharge areas)_DRAFT.docx

ORD 2020-28 Exhibit E-Community Forest Best Management Practices Manual (rev.
2020)_DRAFT.docx

City Arborist Nick Snyder facilitated discussion and introduced Chief Hank Teran and Deputy Chief
Jared Moravec from Bainbridge Island Fire Department who provided comments.

4) SUB-COMMITTEE UPDATES

Commissioner Quitslund provided an update of conversations had about Multi-Family Tax Exemptions and the measure he was drafting.

5) PLANNING DIRECTOR'S REPORT

Planning Manager David Greetham provided an update on City Council actions of interest to the Planning Commission.

6) ADJOURNMENT

Meeting adjourned at 759 PM.

William Chester, Chair

Jane Rasely, Administrative Specialist



CITY OF
BAINBRIDGE ISLAND

Planning Commission Special Meeting Agenda Bill

MEETING DATE: January 14, 2021

ESTIMATED TIME: 60 Minutes

AGENDA ITEM: (6:30 PM) - Policy Recommendations for Future Multifamily Property Tax Exemption Program

AGENDA CATEGORY: Discussion

PROPOSED BY: Jennifer Sutton

PREVIOUS PLANNING COMMISSION

REVIEW DATE(S): December 17, 2020

PREVIOUS COUCIL REVIEW DATE(S):

October 13, 2020
January 5, 2021

RECOMMENDED MOTION:

Planning Commission would discuss the policy questions, and when discussion is completed, make policy recommendations to the City Council.

SUMMARY:

Washington State provides for a MFTE program in RCW 84.14. In order to adopt a MFTE, there are policy questions that need to be answered, and some specific steps that are required by RCW 84.14, in addition to the standard ordinance process.

Policy questions to answer include:

1. Staff recommendation to City Council and/or Planning Commission re: MFTE designated areas: Consider all zones where multifamily housing is a permitted use- MUTC (all zones), High School Road 1 & 2, R-8, R-14 and Lynwood Center NC area (as only NC area currently served by sewer). Potential MFTE designated areas would then be put forward as for a public hearing on the designated area(s). At the December 17, 2020 meeting, the Planning Commission requested staff produce maps of these areas to support their continued discussion. See attached maps and table showing split between multifamily development as a permitted or conditional use.
2. Project threshold: Under state law (RCW 84.14.030), a project must be creating at least 4 multifamily units in order to qualify for applying for the MFTE program. Other jurisdictions have raised this threshold in their local regulations, for instance, Bremerton's threshold is 10 units.
3. The state regulations that regulate MFTE programs (RCW 84.14) provide for a MFTE being used for either rental or homeownership development projects. The Planning Commission affordable housing subcommittee has raised the question about whether a City MFTE program should apply to both rental and homeownership projects, or be limited to one or the other (such as limited to just rental projects).

Additional information on the Washington MFTE program is provided for background.

BACKGROUND: The Joint City Council/Planning Commission land use subcommittee presented a list of recommended priority code changes to the Council on October 13, 2020. The Council approved the list and recommended it be forwarded to the Commission for immediate legislative work. The subcommittee requested, with Council's approval, that the Planning Commission complete its piece of the required legislative work as follows:

1. Miscellaneous code revisions December 31, 2020
2. Major projects decision criteria January 31, 2021
3. Multifamily Property Tax Exemption (MFTE) program December 31, 2020

NOTE: #1 work is underway with work on Ordinance 2020-40 (Planning Commission recommended approval of ordinance on December 10) and ongoing Planning Commission/Design Review Board collaboration on modifications to the early phases of the land use permit process, to be integrated into a future ordinance.

The Planning Commission's Affordable Housing Subcommittee (Commissioner's Quitslund, Blossom and Paar) has been meeting and discussing how the City could adopt a MFTE program. See attached memo from Commissioner Quitslund. At their meeting on January 5, 2021, the City Council confirmed that they would welcome Planning Commission recommendations on the MFTE policy questions prior to Council development of the program, including holding a public hearing of the MFTE designation area.

ATTACHMENTS:

MEMORANDUM

Date: December 8, 2020

To: Planning Commission
Planning & Community Development Director Heather Wright
Senior Planner Jennifer Sutton

From: Planning Commissioner Jon Quitslund

Subject: DRAFT Proposed Multifamily Tax Exemption Program Code

This memo will introduce the proposed DRAFT of a Municipal Code chapter that would authorize a Multifamily Tax Exemption (MFTE) Program. The creation of such a program was recommended by the Affordable Housing Task Force, and it has had a prominent place on the City Council's work plan. Some time ago, it was suggested that the Planning Commission's Affordable Housing subcommittee (myself, Sarah Blossom, and Joe Paar) could initiate work on this project. We discussed the project on October 28, and on October 30, I sent "Elements of an MFTE Program" to the Planning Commission, summarizing my first steps in studying the RCW and programs on the books in other jurisdictions (the cities of Bremerton, Bellingham, Shoreline, and Lacey).

Initially, I was thinking in terms of roughing out some policies, discussing them in the subcommittee, and sending recommendations to the Joint Council/PC subcommittee. When I described my intentions to Christy Carr, however, she said that I should work within the Planning Commission. That motivated me to complete a DRAFT of a Municipal Code chapter. The A H subcommittee met to discuss my draft on November 18, and that led to some revisions. I sent the revised text to Heather Wright, because I had learned that she and others in Planning had begun discussing MFTE policies. Subsequently, I met on November 23 to discuss the draft with Phedra Elliott and Anthony Oddo at the Housing Resources Board; at Phedra's suggestion, Charlie Wenzlau was also involved in that meeting. On December 3, I discussed the draft with Heather Wright and Jennifer Sutton.

As drafted and discussed with the A H subcommittee, the proposed MFTE Program document leaves a number of policy matters to be determined, as you will see. The discussions mentioned above raised several questions, and I expect that Planning Commissioners will have questions and ideas of their own. In what follows, my comments will address questions that have been raised and choices that need to be made at the Planning Commission level in preparation for a DRAFT Ordinance and a Public Hearing.

3.36.020.A. At this point and elsewhere, "Affordable housing" is defined with reference to housing for both rental and owner occupancy. It has been suggested that our MFTE program should be limited to rental projects. In other jurisdictions, as in the RCW, both possibilities are provided for. We might consider only supporting owner occupancy with a tax exemption when the project will involve Community Land Trust properties administered by HRB.

3.36.020.D & E. In RCW 84.14.010, "low-income household" and "moderate-income household" are defined somewhat differently from the categories referenced in BIMC 18.21.020, where "low income" means between 51 and 80% of AMI and "moderate income" means between 81 and 95% of AMI. The RCW also says that in a "high cost area," "low income" is at

or below 100% of AMI and “moderate income” is between 100 and 150% of AMI. (If Bainbridge Island were a part of King County rather than Kitsap, we could qualify as a high cost area.)

3.36.020.F. In RCW 84.14, the terms “multiple-unit” and “multifamily” are used interchangeably. In BIMC 18.36.030, “multifamily development” is defined differently, to include as few as two units on a single parcel.

3.36.020.J and **3.36.030.** It has been pointed out that pursuant to RCW 84.14, the public hearing on designation of target areas will require extensive noticing to a variety of interested parties. It seems appropriate, if not necessary, to decide first the minimum size of a project: i. e., as few as four units? at least ten? Some discussion of administrative costs would be relevant to this discussion. This might call for discussion and a decision by the City Council prior to completion of the Planning Commission’s work on a Code chapter, since the Council decides what area(s) shall be designated. See also **3.36.050.B.**

3.36.040. It should be noted that the duration of the tax exemption is addressed in this section, and not the duration of affordability. In the absence of inclusionary housing provisions elsewhere in the Code, there is no guarantee that the units provided for income-qualified residents will remain affordable beyond twelve years.

3.36.040.A. In accordance with RCW 84.14, at least 20% of the housing units in a multifamily project are to be rented or sold to income-qualified households. This sets a standard that is more ambitious (and arguably more appropriate) than the 10% requirement that is sometimes taken to be the norm for inclusionary housing policies. Since the other 80% of units enjoy the same tax exemption, the whole project becomes more affordable for at least twelve years.

3.36.050. Performance standards in this section must be consistent with provisions elsewhere in the Code (e. g., in BIMC 18.12 & 21) that apply to affordable housing.

3.36.050.H. Some jurisdictions call for approval of the contract by the city council, and others by the city manager.

3.36.090. The city might contract with HRB for some administrative and reporting responsibilities, and if so, language in this section could indicate the fact.

While an MFTE Program cannot be fully functional without the completion of inclusionary housing policies in BIMC 18.12 and 18.21, adoption of BIMC 3.36 can be seen as an appropriate next objective. It may serve to speed up completion of our long-delayed work on housing policies.

cc: Council Member Kirsten Hytopoulos



Multifamily Tax Exemption

Under state law, cities may exempt multifamily housing from property taxes in urban centers with insufficient residential opportunities. The city defines a residential target area or areas within an urban center; approved project sites are exempt from *ad valorem* property taxation on the residential improvement value for a period of eight or 12 years.

The 12-year exemption requires a minimum level of affordable housing to be included in the development (at least 20% of the units or 100% if the building is solely owner-occupied). The eight-year exemption leaves the public benefit requirement—in both type and size—to the jurisdiction’s discretion. The eight-year exemption carries no affordable housing requirement. Cities must pass an enabling ordinance to enact the MFTE and to allow applications for the exemption.

WHAT ISSUES DOES A MULTIFAMILY TAX EXEMPTION (MFTE) ADDRESS?

This tool encourages multifamily development and redevelopment in compact mixed-use districts (urban centers) where housing and affordable housing options are in short supply. Through the multifamily tax exemption, a jurisdiction can incentivize dense and diverse housing options in urban centers lacking in housing choices or affordable units. MFTE can also apply to rehabilitating existing properties and redeveloping vacant or underused properties.

TOOL PROFILE

Objectives

[Housing in Centers and Near Transit](#)

[Housing Options in Expensive Markets](#)

[Mitigate Residential Displacement](#)

Type of Tool

Incentives

Project Type

Multifamily

Rental

Affordability Level

Market-rate incentives and tools

Most effective for units <80% AMI

WHERE IS THE MULTIFAMILY TAX EXEMPTION MOST APPLICABLE?

Cities planning under the Growth Management Act ([RCW 36.70a](#)) that have designated urban centers with a deficiency of housing opportunities are eligible to implement this tool. In King, Pierce, Snohomish and Kitsap counties, cities must have at least 5,000 in population. Cities must designate eligible areas that contain urban centers.

Urban centers—in the context of the MFTE-enabling legislation—have a specific meaning:

- “...a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:
- a) Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies;
 - b) Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and
 - c) A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both, use.” (RCW 84.14.010)

Based on the state law, designated districts are commercial or business districts with some mix of uses. Such areas may exist in downtowns, commercial corridors, or other intensively developed neighborhoods. Examples of designated districts throughout the central Puget Sound region are listed in the model policies, regulations, and other information section.

MFTEs have been effective in producing multifamily units in the region’s larger cities. Since its inception, the MFTE law has been expanded to include smaller cities. PSRC’s [2019 Housing Incentives Survey](#) found that MFTE produced the greatest number of new units of the tools surveyed. [State legislative review](#) similarly found that the tool was widely used in the central Puget Sound region, but that some changes may be needed to ensure effectiveness of the program. The success of this tool in larger jurisdictions could make it an attractive tool for smaller and moderate-sized cities that meet the population threshold.

Multifamily tax exemptions can encourage relatively dense attached flats or townhomes in mixed-use projects or residential complexes, which makes this tool particularly useful in urban centers and transit-oriented developments. Dense development is also economically efficient in expensive housing markets and can reduce housing costs.

WHAT DO I NEED TO KNOW ABOUT USING OR DEVELOPING A MULTIFAMILY TAX EXEMPTION?

The MFTE implementation process is guided by state law in [RCW 84.14](#). In general, the process includes preparing a resolution of intent to adopt a designated area, holding a public hearing, and adopting and implementing standards and guidelines to be utilized in considering applications for the MFTE. Among other criteria, the designated area must lack “sufficient available, desirable, and convenient residential housing, including affordable housing, to meet the needs of the public who would be likely to live in the urban center, if the affordable, desirable, attractive, and livable places to live were available” (RCW 84.14.040).



A property owner applying for an MFTE must meet the criteria (per RCW 84.14.030) summarized here:

- The new or rehabilitated multiple-unit housing must be located in city-designated residential target areas within the urban center.
- The project must meet local government requirements for height, density, public benefit features, number and size of proposed development, parking, income limits for occupancy, limits on rents or sale prices, and other adopted requirements.
- At least 50% of the space in the new, converted, or rehabilitated multiple-unit housing must be for permanent residential occupancy. Existing occupied multifamily developments must also provide a minimum of four additional multifamily units.
- New construction of multifamily housing and rehabilitation improvements must be completed within three years from approval.
- The applicant must enter into a contract with the city containing terms and conditions satisfactory to the local government.

The exemption is recorded with the County Assessor. Developments that violate the terms of the exemption are required to pay back the exempted tax amounts, plus interest, and a penalty fee.

Cities considering the program need to weigh the temporary (8-12 years) loss of tax revenue against the potential attraction of new investment to targeted areas. MFTE projects could be catalysts for other private investment if they help prove an area is desirable.

Pairing the MFTE with other tools that affect density and cost reductions may help the city achieve higher density and affordable housing in designated mixed-use and commercial areas. These tools include [density bonuses](#), [TOD overlays](#), [parking reductions](#), [mixed-use development](#), and a [planned action EIS](#).

CREATING A MULTIFAMILY TAX EXEMPTION PROGRAM

A typical planning process (gathering information, conducting public outreach, and considering ordinances), together with the specific requirements of state law, will guide the development of an MFTE program:

Determine Residential Target Areas

Cities will need to consider the state law's "urban center" definition which addresses existing commercial businesses, mixed uses, and infrastructure.

Analysis

To support the urban center and residential target area designations, a jurisdiction should map or collect data on current uses, services, and capital facilities. The data and analysis should demonstrate that the area lacks sufficient residential housing, including affordable housing.

Estimating the tax revenue and other cost-benefit implications of the MFTE program can help to determine whether the program would help achieve housing goals. In terms of other cost-benefits, jurisdictions can calculate the short-term construction and sales tax revenues and employment gains that stem from the development.



Conduct Public Outreach

The MFTE statute suggests that a jurisdiction considering an MFTE program issue a resolution of intention to designate an urban center and residential target area(s). The resolution should also identify the time and place of a hearing. Cities must hold a public hearing on the proposed MFTE ordinance and follow notification schedules listed in the statute. While crafting the ordinance, cities will also want to involve stakeholders, including developers of multifamily and condominium housing, affordable housing developers and advocacy groups, and major landowners and businesses in the residential target areas. See [Build Community Support](#) for strategies to involve the public and stakeholders.

Determine Standards

The state affords jurisdictions wide latitude to design their MFTE laws to meet local planning goals. Proposals must meet local zoning and development standards and any affordability and occupancy criteria the jurisdiction sets. Based on the intent of the MFTE, key decisions to shape the ordinance include:

- **Encouraging more versus less participation from developers**

The threshold number of units to qualify for the exemption and public benefit requirements could influence the level of participation by developers. A low threshold and limited public benefit requirements, for example, might make the program more accessible to developers, but yield a smaller return in public benefit for foregone revenue. A high threshold and demanding public benefit requirement, however, might make the program unattractive to developers. Striking a balance between requirements, goals and attractiveness is essential to a successful MFTE program.

- **Encouraging affordable housing versus market-rate housing**

RCW 84.14 allows cities to provide a bonus for affordable housing provision by allowing 12 years of tax exemption, versus the eight years offered for market-rate developments. Cities could further encourage developers to opt for the 12-year exemption by setting a threshold number of units or public benefit to attract development. Offering other incentives, such as [density bonuses](#) and [flexible development regulations](#), along with the MFTE can strengthen interest in affordable development in the city.

- **Ensuring that affordability endures**

Affordable units are at risk of losing their affordable status both at the end of the MFTE time period and during its existence if a developer decides to opt out of the program. Requiring [affordability covenants](#) for these units is one method for preserving affordability.

Implementation

State law requires an application process and procedures. Cities will need to allocate staff and resources to reviewing applications. A fee may be charged for the request. The agency has 90 days to approve or deny the application.



Monitoring

The law requires regular reporting by applicants and by cities. Upon construction and annually thereafter, the property owner must file reports containing information such as occupancy, vacancy, and other items required by the city.

Cities will also want to make sure that these requirements are not too onerous. In some cases, partnerships between non-profits and for-profits to ensure secure income certifications and monitoring may be helpful.

Cities must annually report to the Washington State Department of Commerce the number of certificates granted, unit types, monthly rent and sales costs, and other information. Cities can use these regular reports to monitor the success of the program and build supporting data for future program goals. Some cities adopt a sunset clause by which time the city may re-adopt or let expire the tax exemption program.

MODEL POLICIES, MODEL REGULATIONS, OTHER INFORMATION

State of Washington: [RCW 84.14](#)

See adopted ordinances of the following cities at: <http://www.mrsc.org/codes.aspx>

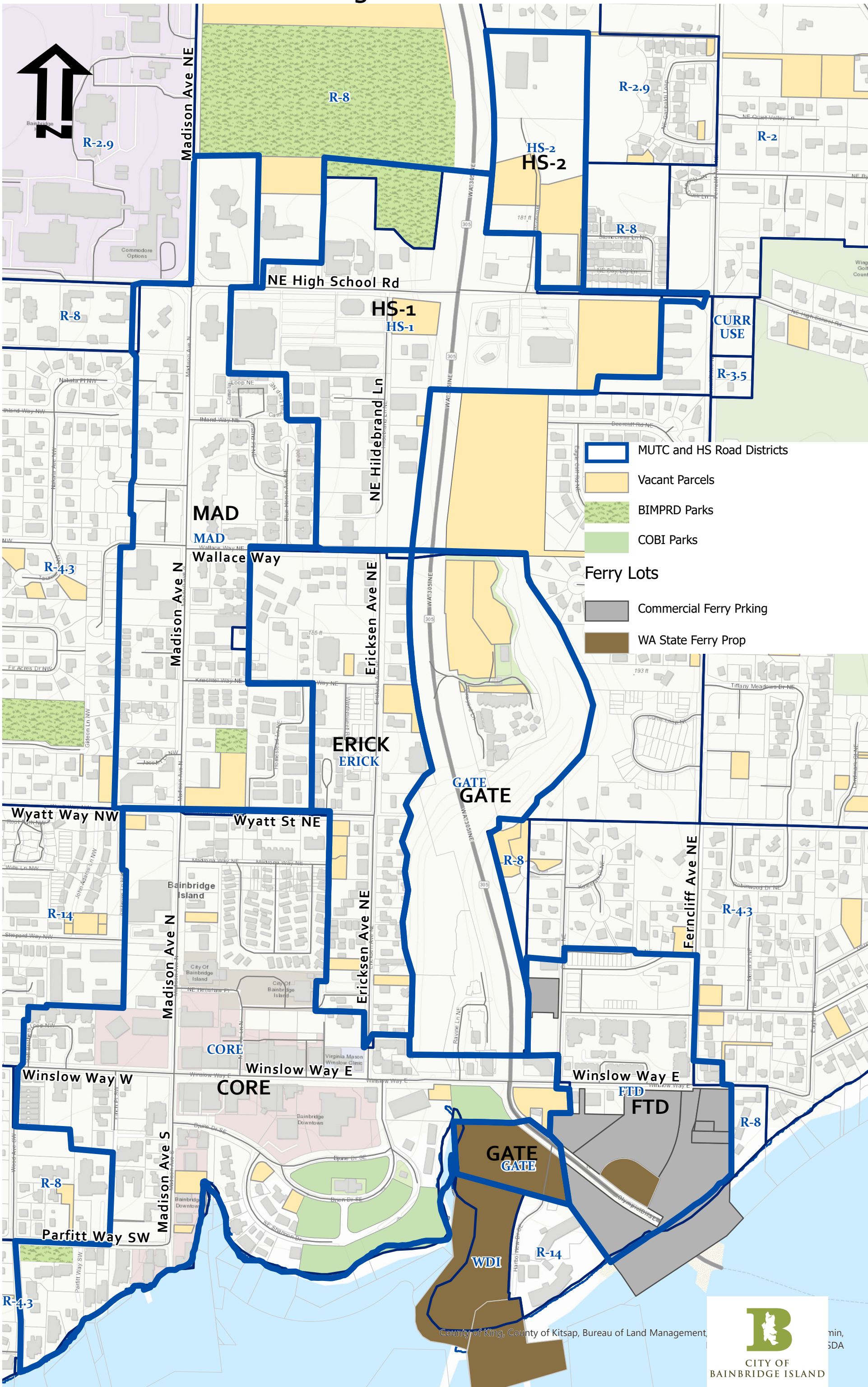
- Bremerton: Downtown Core and Multiple Residential Zones
- Burien: Downtown Commercial Zone
- Everett: Downtown and vicinity
- Kirkland: Central Kirkland/Houghton; Totem Lake and North Rose Hill; Juanita; and NE 85th Street
- Lynwood: City Center
- Puyallup: central business district (CBD) and certain areas south of the CBD
- SeaTac: 154th Street and SeaTac/Airport Station Areas
- Seattle: 39 neighborhoods or districts
- Shoreline: Ridgecrest District
- Tacoma: 17 mixed-use centers designated on the Generalized Land Use Plan and in the Comprehensive Plan



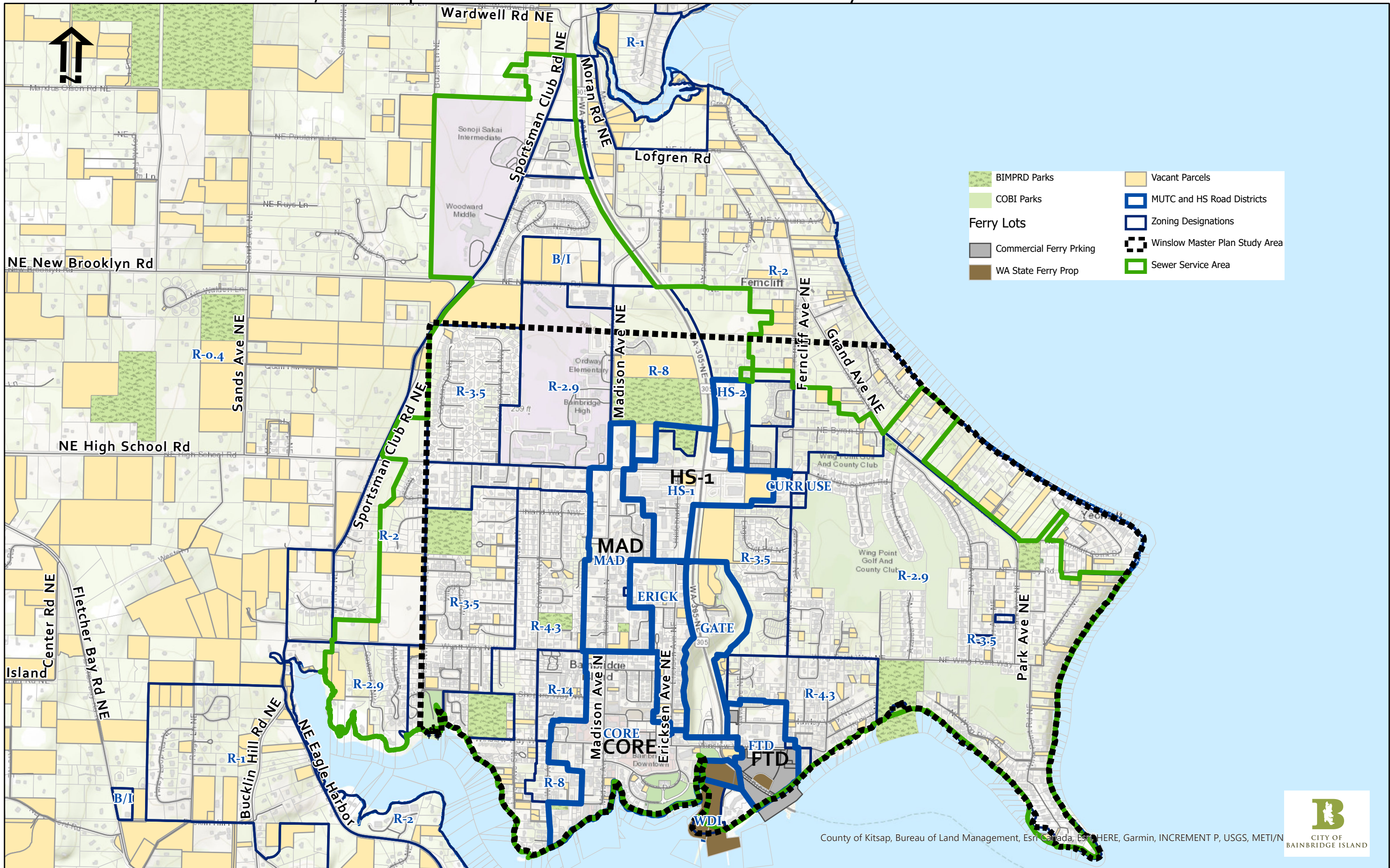
Excerpt Table 18.09.020 Use Table

“P” = Permitted Use		“A” = Accessory Use									Additional use restrictions for Chapters 16.12 and 16.20 BIMC may apply to shoreline or critical area properties									
“C” = Conditional Use		“CA” = Conditional Accessory Use																		
Blank = Prohibited Use		“T” = Temporary Use																		
ZONING DISTRICT											Winslow Mixed Use Town Center					HSR I and II	NC	B/I	WD-I	Use-Specific Standards BIMC 18.09.030
USE CATEGORY/TYPE	R- 0.4	R-1	R-2	R- 2.9	R- 3.5	R- 4.3	R-5	R-6	R-8	R-14	CC	MA	EA	Gate	Ferry [1]					
RESIDENTIAL																				
Single-Family Dwelling	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P			B-1
Multifamily Dwellings	C	C	C	C	C	C	P	C	P	P	P	P	P	P	P	P	P			B-2
Commercial/Residential Mixed Use Developments									P	P	P	P	P	P	P	P	P			B-3

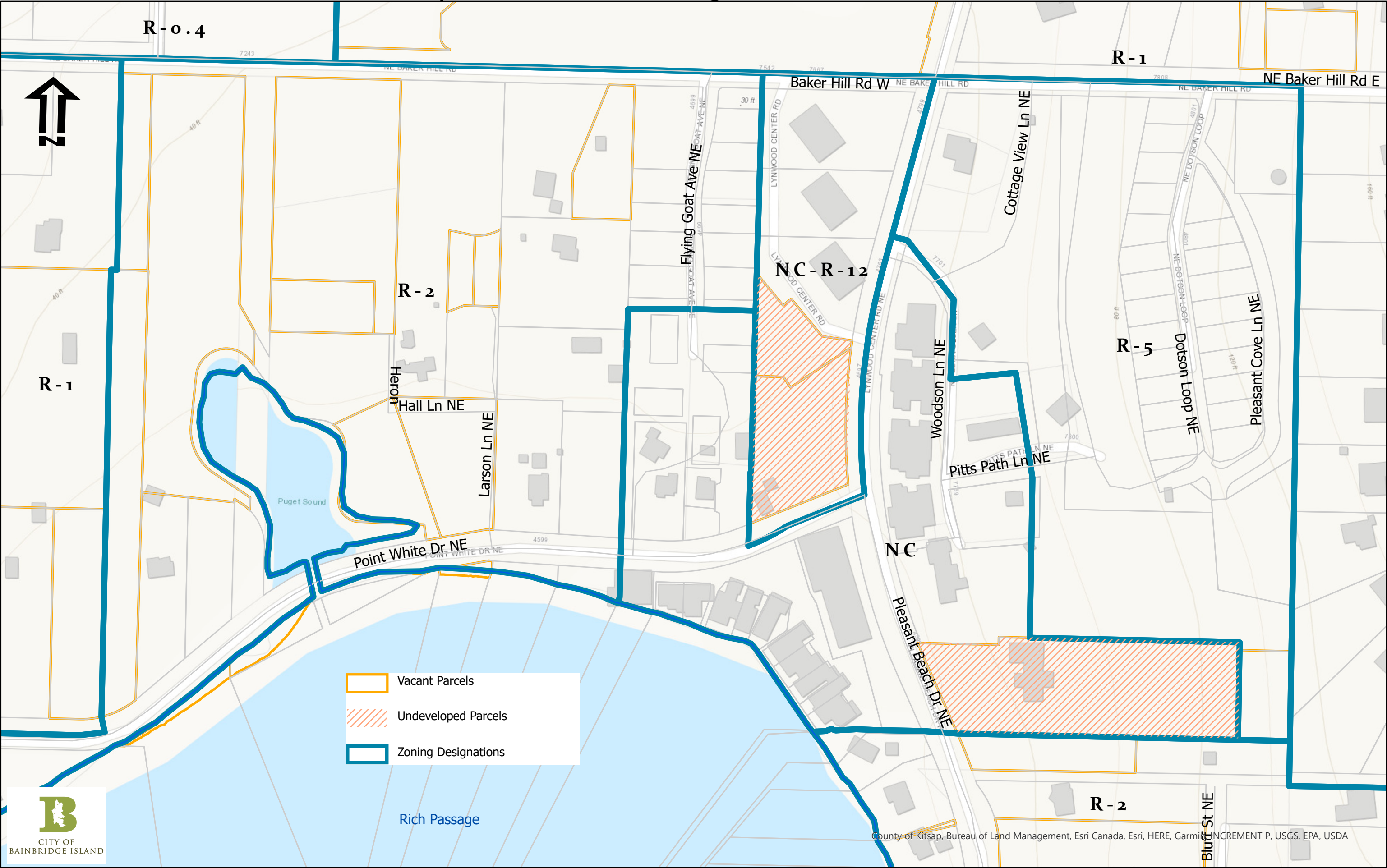
MUTC & High School Road Districts



Vacant/Undeveloped Lands within the Winslow Master Plan Study Area & Sewer Service Area



Lynwood Center Zoning & Vacant Lands





CITY OF
BAINBRIDGE ISLAND

Planning Commission Special Meeting Agenda Bill

MEETING DATE: January 14, 2021

ESTIMATED TIME: 10 Minutes

AGENDA ITEM: (7:30 PM) - Election of the 2021 Planning Commission Chair and Vice Chair.

AGENDA CATEGORY: Appointment

PROPOSED BY: Heather Wright

**PREVIOUS PLANNING COMMISSION
REVIEW DATE(S):**

PREVIOUS COUCIL REVIEW DATE(S):

RECOMMENDED MOTION:

I move to elect X as the Chairperson and Y as the Vice Chairperson of the Planning Commission for 2021.

SUMMARY:

Pursuant to the BIMC, the Planning Commission shall elect a chairperson and vice chairperson at their first meeting of the year. See more info about the duties of these positions in the Background above.

BACKGROUND: Pursuant to BIMC 2.14.020.C.3, 3. the officers of the commission shall consist of a chairperson and a vice chairperson elected by the members of the commission for a one-year term. The election of officers shall take place at the first meeting of the year. In the event of the vacancy of the chair, the chairperson would be replaced by the vice chairperson, and the vice chairperson would be replaced by a vote of the members of the commission.

The chairperson shall preside over meetings of the commission and may exercise all the powers usually incident to the office. Duties of the chairperson shall include, but not be limited to, committees of the whole, handling meeting items and discussion, conflict of interest, suspension of meetings, timing or discussion of issues, and clarification of issues and questions. The chairperson shall sign all approved commission minutes, reports or other official documents.

In the absence of the chairperson, the vice chairperson shall perform all the duties incumbent upon the chairperson. The chairperson and the vice chairperson both being absent, the members present may elect for the meeting a temporary chairperson who shall have the full powers of the chairperson during the absence of the chairperson and the vice chairperson.

The chair shall have full power to create subcommittees that would include up to three commissioners.

ATTACHMENTS: