

AGENDA
LACEY PLANNING COMMISSION MEETING
Tuesday, January 15, 2019 – 7:00 p.m.
Lacey City Hall Council Chambers, 420 College Street SE

Call to Order: 7:00 p.m.

- A. Roll Call
- B. Approval of Agenda & Consent Agenda Items*
Approval of the December 18, 2018, Planning Commission Meeting Minutes

Public Comments: 7:01 p.m.

Commission Members Reports: 7:03 p.m.

Director's Report: 7:05 p.m.

New Business: 7:10 p.m.

Nomination and Election of Officers for 2019. The Planning Commission will nominate and elect members to serve as chair and vice-chair for 2019.

2019 Work Program: Ryan Andrews, Planning Manager. Staff will present the 2019 Planning Commission Work Program for review in preparation for the joint meeting with the City Council on February 7.

Old Business: 7:40 p.m.

Housing Strategy Development Code Implementation: Ryan Andrews, Planning Manager; Jessica Brandt, Associate Planner. The Planning Commission will review and help prioritize development code amendments identified in the Housing Strategy.

Wireless Code Update: Jessica Brandt, Associate Planner. Staff will brief the Planning Commission on the interim small cell regulations adopted by the City Council at their January 10 meeting. Staff will also give an update on the development of permanent regulations for small cell facilities.

Communications and Announcements: 8:55 p.m.

Next Meeting: February 19, 2019.

Adjournment: 9:00 p.m.

CITY OF LACEY PLANNING COMMISSION WORK SCHEDULE

**Planning Commission Meeting
January 15, 2019**

Packets due: January 10th

1. **Election of Officers**
2. **Work Session:** Update on Wireless Communications Facilities
3. **Work Session:** Work Program Review
4. **Work Session:** Housing Strategy: Development Code Implementation

**Planning Commission Meeting
February 5, 2019**

Packets due: January 31st

Canceled

**Joint Work Session
February 7, 2019**

Packets due: January 30th

1. **Work Session:** Work Program Review
2. **Work Session:** Housing Strategy
3. **Work Session:** Gateway(tentative)

**Planning Commission Meeting
February 19, 2019**

Packets due: February 14th

1. **Work Session:** Housing Strategy Development Code Implementation

**Planning Commission Meeting
March 5, 2019**

Packets due: February 28th

MINUTES

Lacey Planning Commission Meeting
Tuesday, December 18, 2018 – 7:00 p.m.
Lacey City Hall Council Chambers, 420 College Street SE

Meeting was called to order at 7:00 p.m. by Sharon Kophs.

Planning Commission members present: Sharon Kophs, Peg Evans-Brown, Mark Mininger, Eddie Bishop, David Wasson, and David Lousteau. Staff present: Jessica Brandt, Ryan Andrews, Rick Walk, Scott Egger, and Leah Bender.

Sharon Kophs noted a quorum present.

Peg Evans-Brown made a motion, seconded by Mark Mininger, to approve the agenda for tonight's meeting. All were in favor, the motion carried. David Lousteau made a motion, seconded by Mark Mininger, to approve the December 4, 2018, minutes. All were in favor, the motion carried.

1. **Public Comments:** None.

2. **Commission Member's Report:** None.

3. **Director's Report:**

- Rick Walk announced that Planning Commission election of officers will be held at the January 19 meeting. Rick also noted that Eddie Bishop's unexpired term is ending, and Cathy Murcia's and Michael Goff's first terms are expiring in January. Appointments will be held at the first January Council meeting.
- Rick said that on January 3 Ryan Andrews will attend the Mason County housing summit.
- Rick updated Planning Commission on the Woodland District branding project.
- There was a discussion regarding the recent article in The Olympian regarding homelessness.

4. **Old Business:**

Wireless Code Update:

- Jessica Brandt informed Planning Commission that in order to comply with the FCC deadline of January 14, the draft ordinance will be adopted at the first Council meeting in January as an interim ordinance. A public hearing will be held within 60 days of the interim adoption. The final ordinance will then be adopted within six months.
- Jessica went over the changes that have been made to the draft since the last meeting.
- Jessica noted that the term "master permit" will most likely be replaced with "telecommunication franchise."
- There was a discussion regarding FCC requirements vs. City requirements.
- Strand mounting was discussed.
- Jessica noted that the ordinance can be amended over time as needed.

Housing Strategy Outreach:

- Ryan informed Planning Commission that he has received some feedback from outreach efforts that have been made so far. More follow up will take place with Olympia Master Builders, Homes First, and Housing Action Team/Thurston Thrives.
- Ryan noted that there will be further discussions regarding the use of a portion of recording fees for homeless services.
- Ryan said he will be heading a round table discussion at the Mason County housing summit on January 3 at the Alderbrook Resort in Shelton. Staff will send details to Commissioners if they would like to attend.

- Further outreach will include an article on ThurstonTalk.com and further development of a YouTube video.
- Ryan asked Commissioners for feedback and noted that they can send an email with any suggestions, etc.
- There was a discussion regarding condo liability reform.
- Sharon shared some information from a recent NPR program.

5. **Communications and Announcements:**

- Peg Evans-Brown noted that the “no littering” sign she requested has been installed in her neighborhood and she has already noticed less litter.
- Sharon noted that an ADA ramp had recently been installed on Rainier Loop behind QFC.

6. **Next meeting:** January 15, 2019.

7. **Adjournment:** 8:33 p.m.



PLANNING COMMISSION STAFF REPORT

January 15, 2019

SUBJECT: 2019 Planning Commission Work Program

RECOMMENDATION: Review the draft 2019 work program in preparation for the joint meeting with the City Council in February and provide staff with any suggested changes.

TO: Lacey Planning Commission

STAFF CONTACTS: Rick Walk, Community and Economic Development Director *RW*
Ryan Andrews, Planning Manager *RA*

ATTACHMENT(S): 2019 Planning Commission Draft Work Program

**PRIOR COUNCIL/
COMMISSION/
COMMITTEE REVIEW:** None.

BACKGROUND:

Each year the City Council and the Planning Commission hold a joint work session to review a docket of work program items for the following year. The joint work session has been scheduled for Thursday, February 7th. Prior to the joint work session, the docket needs to be finalized in preparation for presentation and adoption at the February 7th meeting.

The attached document contains the final draft work program which lists tasks that the City expects to complete within the next year. The tasks are organized by the type of amendment that they are considered (plan update, joint planning requirement, or code update) with each item prioritized. The purpose of this work session is to review the final draft work program list and provide staff with any suggested changes prior to the joint work session with the City Council.

Comprehensive Plan Amendments

The Comprehensive Plan Amendments identified are those that are currently underway to implement a portion of the Comprehensive Plan, required by state law, or are funding dependent. These items include development of a housing strategy that will be adopted as part of the Housing Element of the Comprehensive Plan, Regional Climate Action Plan, Martin Way Corridor Study, updates to the Water Comprehensive Plan and new utility plan for reclaimed water, and annual required updates to our Capital Facilities Plan and Six Year Transportation Improvement Program. The Shoreline Master Program is required to be

updated by June 30, 2020 with initial work for the revised document beginning in the second half of 2019. No private applicant amendments were submitted for rezones and comprehensive plan amendments to be processed in 2019.

Code Revisions

The high priority code revisions associated with the 2016 Comprehensive Plan have been completed. Those identified for the 2019 work program include the mandated requirements for small cell wireless facilities and those identified in the Housing Strategy. The Housing Strategy identified three topics that the Community and Economic Development Department will lead. These include developing alternative housing regulations to allow nonprofits or faith-based organizations to provide temporary housing; consolidation of the low density residential zones to reduce lot size standards to encourage infill development in central neighborhoods; and explore using fee waivers combined with inclusionary zoning requirements.

Joint Planning

One long term item related to the 2016 Comprehensive Plan is completing the joint planning effort with Thurston County to adopt the Comprehensive Plan for the Lacey UGA. This will include addressing issues specific to the UGA including requiring sewer for all new development, increasing minimum density requirements for the Moderate and High Density Residential zones, reviewing agricultural designations within the UGA and identifying “urban holding areas” in the Pleasant Glade and McAllister Geologically Sensitive Areas.

RECOMMENDATION:

The Planning Commission will be briefed on the various items that make up the 2019 work program and will provide staff with any suggested changes in preparation for the joint meeting with the City Council on February 7th.

2019 PLANNING COMMISSION WORK PROGRAM

1-7-2019

Plan Amendments		Proposed By:	Description	Anticipated Start - Completion Date	Staff Lead
Priority	2019 Plan Updates				
High	Housing Strategy	Land Use/Housing Element	Identify the factors that go into affordable housing and offer tools that the City of Lacey can use to address the issue. The Planning Commission has held a series of worksessions in 2018 studying the issues around housing. Worksession topics included: demographics, housing costs, wages, models for tiny houses and encampments, and tour of Quixote Village and the social, economical and health issues around homelessness. Staff has developed a draft housing strategy document that outlines potential strategies the City could consider to address housing issues for the full spectrum from market rate supply, low income affordable and homelessness.	Housing Strategy to be adopted into Housing Element with 2019 Comp Plan Updates	Ryan Andrews
High	Regional Climate Action Plan	TRPC	In December 2017, discussions occurred between the Cities of Olympia, Tumwater, and Lacey about participating in the development of a regional climate action plan. The Cities and Thurston County entered into an interlocal agreement to fund phase 1 of the coordinated effort. Phase 1 documents the baseline activities each jurisdiction has taken to date related to climate action measures, identifies a baseline emission year, target reduction year and outlines a scope of work for Phase 2. Phase 2 is the development of the regional climate action plan. Phase 2 is anticipated to take a year to develop with staff resources dedicated to participate in the regional technical committee and public participation efforts. The four jurisdictions will contract with TRPC to facilitate the planning process and managed the consultant contract.	Start: Fall 2018 Complete: Fall 2019	Jessica Brandt
High	Martin Way Corridor Study	TRPC	TRPC on behalf of Thurston County, Intercity Transit, the City of Olympia and City of Lacey was awarded a Federal Surface Transportation Block Grant in the amount of \$452,750. Combined with the local match of \$70,660, the total project amount will total \$523,410. The purpose of the grant is to fund an interjurisdictional study of the Martin Way Corridor from Pacific Avenue in Olympia to Marvin Road in Lacey. The purpose of the study is to address bicycle and pedestrian improvements (building off Lacey's Plan), corridor safety, transit facilities, access management, neighborhood connectivity and land use. City of Lacey's match is in kind staff resources as a member of the steering committee and providing baseline information.	Start: January 2019	Ryan Andrews
High	Utility Comprehensive Plans	Public Works	Complete an update to the Water Comprehensive Plan and a new utility plan for reclaimed water.	Start: Underway Complete: Summer 2019	Brandon McAllister
Medium	Capital Facilities Plan	Annual Requirement	Complete the annual update to the Capital Facilities Plan to coordinate and schedule utility, transportation, and other capital improvements.	Start: Spring 2019 Complete: Summer 2019	Jessica Brandt
Medium	Annual Six Year Transportation Improvement Program Amendment	Annual Requirement	Review and hold a hearing on the 6-year Transportation Improvement Plan (TIP). This is a required item that will be scheduled for Council's action by July of each year.	Start: Spring 2019 Complete: July 2019	Martin Hoppe
Medium	Parks and Recreation Plan - Recreation Component	Parks Element	Update the Parks Plan to include a recreational program component.	Status: Underway Complete: August 2019	Jen Burbidge
Medium	Land Capacity Analysis - 8 Year Update	GMA, Land Use and Housing Elements	1) Evaluate existing commercial and industrial land use designations and provide additional areas to meet the land demand projections for the planning period. 2) Review and update the development standards to include strategies and provisions that encourage affordable housing and provide housing for special needs populations such as mixed-use development, congregate care facilities, retirement homes, accessory dwellings, and inclusionary zoning. 3) Review land designations to provide for an adequate supply of mixed-use and higher density development patterns.	Status: Underway Complete: 2020	Ryan Andrews
Medium	Shoreline Master Program Update	Shoreline Management Act	Update the shoreline master program by June 30, 2020 statutory deadline. Initial efforts to collect information on deadline requirements, collection of baseline information, and formulate process.	Start: July 2019 Complete: June 2020	Ryan Andrews

2019 PLANNING COMMISSION WORK PROGRAM

1-7-2019

Priority		2019 Joint Planning			
High	City of Lacey and Thurston County Joint Land Use Plan for the Lacey Urban Growth Area	GMA/CWPP/MOU	Work with Thurston County staff and Planning Commission to review and adopt the Comprehensive Plan for the Lacey UGA. Address issues specific to the unincorporated UGA that include: require sewer for all new development; increase minimum density requirements for MD and HD zones, reviewing agricultural designations within UGA and identifying "Urban Holding Areas" in the Pleasant Glade and McAllister Geological Sensitive Areas.	Start: To Be Determined Complete:	Ryan Andrews
Priority		2019 Code Updates			
High	LMC 16.68 Wireless Communications	Utilities Element/Federal FCC Regulations	Review and update siting and design standards for wireless communication facilities and permit timing requirements in accordance with recent changes to federal law. Address siting criteria for large and small cell facilities.	Start: January 2018 Complete: Spring 2019	Jessica Brandt
High	Alternative Housing Regulations	Housing Strategy	Implement a recommendation of the Housing Strategy to modify codes to allow nonprofits or faith-based organizations to host small encampments, tiny home villages, or other types of monitored, supportive housing meant for temporary occupancy with social services available.	Start: January 2019 Complete: Summer 2019	Ryan Andrews
High	Low Density Residential Zone Consolidation	Housing Strategy	Implement a recommendation of the Housing Strategy to amend Low Density Residential zones to reduce minimum lot sizes, lot widths, and density minimums will help increase density in older, central neighborhoods, which are near utilities, transit lines, services, and jobs.	Start: January 2019 Complete: Summer 2019	Ryan Andrews
Medium	Inclusionary Zoning	Housing Strategy	Explore extending fee waivers to the private housing sector with the requirement that a certain percent of affordable homes and units be built as part of the project or fees waived only for those units dedicated as low income.	Start: To Be Determined Complete:	
Low	Commercial Zone Consolidation	Land Use Element/ Economic Development Element	Identify and consolidate similar commercial zoning districts with associated update to zoning map, zoning code, and comprehensive plan. Address necessary modifications to Mixed Use High Density Corridor zone based on the findings of the Martin Way Corridor Study.	Start: To Be Determined Complete:	



PLANNING COMMISSION STAFF REPORT

January 15, 2019

SUBJECT: Affordable Housing Strategy

RECOMMENDATION: The Planning Commission will review and help prioritize development code amendments identified in the Housing Strategy.

TO: Lacey Planning Commission

STAFF CONTACTS: Rick Walk, Community and Economic Development Director *RW*
Ryan Andrews, Planning Manager *RA*
Jessica Brandt, Associate Planner *JB*

ATTACHMENT(S): 1. Chart of Implementation Items and Leads
2. Housing Strategy Implementation Items 7, 8, 11

**PRIOR COUNCIL/
COMMISSION/
COMMITTEE REVIEW:**

The Planning Commission received numerous briefings in 2017 and 2018 on housing topics. Development of a housing strategy is a priority work program item for 2018-2019.

BACKGROUND:

Housing affordability is a high priority issue for Lacey and the region. The Planning Commission has been leading the way on the issue with a series of workshops with housing experts in our region over the last two years. These discussions, which have included for-profit and non-profit representatives of the residential construction industry, have led to the development of the draft Affordable Housing Strategy which will be formally presented to the City Council at the joint meeting on February 7th.

The Affordable Housing Strategy is a synthesis of many years of discussions and work. It describes overarching policies and individual actions the City could take to address affordable housing. It does not prioritize policies or actions and should be viewed as the beginning of a concerted and sustained effort by the City. The City Council, Planning Commission and staff, with input from community partners, will determine which actions to pursue and in what time frame.

Attachment 1 is a chart of all 13 implementation actions identified in the Strategy. Most of these items will be City Council lead or lead by the City Manager's Office. There are three major implementation items identified in Attachment 2 identifies the individual pages containing those that are to be completed by the Planning Commission through the Community and Economic Development Department. Staff is requesting that the Planning Commission consider the advantages and disadvantages of each of the three actions and help prioritize the items into the 2019 work program. These items include:

- Action 7, Reduce Minimum Lot Size Requirements and Increase Zoning Density Minimums. This action would amend Low Density Residential zones to reduce minimum lot sizes, lot widths, and density minimums and will help increase density in older, central neighborhoods which are near utilities, transit lines, services, and jobs.
- Action 8, Update Codes to Support Temporary Housing. This action would allow nonprofits or faith-based organization to host small encampments, tiny home villages, or other types of permanent monitored, supportive housing sites meant for temporary occupancy with social services available.
- Action 11, Require Inclusionary Zoning in Designated Areas. This action would extend fee waivers to the private housing sector with the requirement that a certain percent of affordable homes and units be built as part of the project with fees waived only for those units dedicated as low income.

While there are many other action items, these are the ones that are within the control of the Planning Commission and can be prioritized for action in the 2019 work program. These items can also be easily integrated to the public outreach program which is underway.

	City Manager's Office	City Council	CED/Planning Commission	Public Works
Reduce Fees for nonprofits building affordable housing*	X			
Provide city-owned property to nonprofits to build units*		X		
Expand Multi-Family Tax Exemption	X			
Use County recording fees for supporting homeless services		X		
Set aside higher percentage of City's general fund for social services (currently 0.5%)		X		
Reduce Fees for private sector building affordable housing (with inclusionary zoning)	X			
Provide pre-approved ADU design plans	X			
Require low-income housing to stay low income		X		
Zoning Changes - Reduce Minimum lot size, site-design requirements, density			X	
Zoning - Update codes to support temporary housing of many types			X	
Support regional approach to housing levy		X		
Inclusionary Zoning in designated areas (combine with incentives)			X	
City-funded infrastructure investment for infill areas needing upgrades				X

*In progress

Potential Actions - cont'd

ACTION 6. Reduce Fees for Private-Sector Development of Affordable Homes & Units

Just as the City could waive or reduce fees for non-profits, the City could extend this to private sector as well, but with a caveat that a certain percent of affordable homes and units be built as part of the project or fees waived only for those units dedicated as low income. The city could facilitate partnerships with nonprofits to manage and track the affordable units.



RELATED POLICIES:

- Policy 3: Create More Affordable Housing
- Policy 4: Make it Easier to Build All Types of Housing

TABLE 24. Action 6: Reduce Fees for Private-Sector Development of Affordable Homes & Units

Advantages	Disadvantages	Implementation Steps
More, affordable units will be built	Loss of revenue from fees	Determine which fees, taxes, etc, to reduce or waive
Units would be tracked and managed	Administration of units	Text amendment to Lacey Municipal Code
		Facilitate non-profit partners and developers on a project basis

ACTION 7. Reduce Minimum Lot Size Requirements & Increase Zoning-Density Minimums

Reducing minimum lot sizes, lot widths, and density minimums will help increase density in older, central neighborhoods, which are near utilities, transit lines, services, and jobs. Currently the lowest density zoning is 0-4 dwelling units per acre. This is primarily in the older, established neighborhoods, but also in the Urban Growth Area, with very few vacant parcels left.

RELATED POLICIES:

- Policy 2: Create a Variety of Housing Choices
- Policy 4: Make it Easier to Build All Types of Housing

TABLE 25. Action 7: Reduce Minimum Lot Size Requirements & Increase Zoning-Density Minimums

Advantages	Disadvantages	Implementation Steps
More lots available for development	Residents may not support in neighborhoods	Text amendment to Lacey Municipal Code
Encourages redevelopment of low-density areas	Affordable units not guaranteed	Community involvement in affected neighborhoods

Potential Actions - cont'd

ACTION 8. Update Codes to Support Temporary Housing

Current codes will be expanded to allow nonprofits or faith-based organizations to host small encampments, tiny home villages, or other types of monitored, supportive housing meant for temporary occupancy with social services available. There is a high need for supportive housing of all types, where case management and other services are available.

RELATED POLICIES:

- Policy 2: Create a Variety of Housing Choices
- Policy 6: Support Homeless Services Regionally

TABLE 26. Action 8: Update Codes to Support Temporary Housing

Advantages	Disadvantages	Implementation Steps
More, transitional housing will be built	Neighbors may not support	Text amendment to Lacey Municipal Code
Sites will be dispersed and small scale	Infrastructure needed	Community involvement



ACTION 9. Require New Low-Income Rentals to Remain Low Income in Perpetuity

With protective covenants and deed restrictions, homes can stay affordable. This is accomplished when organizations record a deed covenant on the rental property with a long-term affordability period. Some Community Land Trusts protect the ongoing affordability of rental units by also retaining ownership of the land under these rental unit(s). A partnership with a nonprofit to manage would be necessary. Home ownership that stays affordable is possible through numerous mechanisms, but is not being proposed at this time.

RELATED POLICIES:

- Policy 1: Help People Stay in Affordable Housing

TABLE 27. Action 9: Require New Low-Income Rentals to Remain Low Income in Perpetuity

Advantages	Disadvantages	Implementation Steps
A supply of units will be available	Administration requirements	Determine which program(s) to connect to - MFTE, private development with fee waivers
	Would apply to new developments only	

Potential Actions - cont'd

ACTION 11. Require Inclusionary Zoning in Designated Areas

Inclusionary zoning requires a certain percentage of a development, whether multi-family apartments or new subdivision, be set aside for affordable housing. Many issues associated with inclusionary zoning would need to be coordinated with non-profit partners for tracking and managing new affordable units. This voluntary program for set asides will also need to be coupled with incentives such as fee reductions so projects are feasible for developers. State law (RCW 36.70A.540) provides authority for Growth Management Act (GMA) cities and counties to establish mandatory requirements for the inclusion of affordable housing under certain circumstances; see also WAC 365-196-870(2). That statute allows a GMA city or county to require a minimum number of affordable housing units that must be provided by all residential developments in areas where the city or county decides to increase residential capacity (in other words, in areas it decides to upzone).

Before establishing such a requirement, a city or county must determine that a zone change would further local growth management and housing policies.

RELATED POLICIES:

Policy 3: Create More Affordable Housing

TABLE 29. Action 11: Require Inclusionary Zoning in Designated Areas

Advantages	Disadvantages	Implementation Steps
More, affordable units will be built	Administration and oversight of units	Determine minimum percentage of units, targeted income range, time period to remain affordable, and geographic scope
	Lost fee revenue	
	Not well-received by private sector	
	Competes with other priorities for mixed-use and infill housing.	



PLANNING COMMISSION STAFF REPORT

January 15, 2019

SUBJECT: Wireless Communications Facilities - Small Cell Interim Regulations

RECOMMENDATION: Staff will present the adopted interim ordinance that regulates small cell wireless communications facilities. No action needed, for discussion only.

TO: Lacey Planning Commission

STAFF CONTACTS: Rick Walk, Community and Economic Development Director *RW*
Ryan Andrews, Planning Manager *RA*
Jessica Brandt, Associate Planner *JB*

ATTACHMENT(S): 1. Interim Ordinance (to be handed out at meeting)

**PRIOR COUNCIL/
COMMISSION/
COMMITTEE REVIEW:**

01/03/19 City Council Worksession
12/18/18 PC Meeting
11/20/18 PC Meeting
10/23/18 City Council General Government Committee
08/07/18 PC Meeting

BACKGROUND:

A staff committee has been working on draft amendments to the wireless communications facilities code for the past few months with input from the Planning Commission. Staff considered the Planning Commissions comments while drafting regulations on small cell wireless facility siting, aesthetics, permit processes, and franchise agreements. The most recent Planning Commission discussion took place December 18, 2018. Key issues discussed focused on the aesthetics of wireless facilities on existing poles and aerial utility lines in the right-of-way, with the goal of having objective and reasonable standards.

To meet the new FCC rules taking effect on January 14, 2019, staff and the city attorney have been drafting an interim ordinance. The interim ordinance addresses the key issues that the Planning Commission has been considering including aesthetics and establishes a process for permitting. At a January 3, 2019 City Council worksession, staff recommended that the Council adopt an interim ordinance. Adoption of the interim regulations is slated for January 10th. Staff will present the interim ordinance to the Planning Commission at the meeting.

Once the interim regulations are adopted, the schedule is as follows:

- City Council holds public hearing on interim ordinance (within 60 days of adoption)
- Council considers public comments from hearing
- Staff develops draft ordinance
- Planning Commission holds public hearing on draft ordinance
- City Council adopts final ordinance (By June 10, 2019)

Through the 6 month period in which the interim regulations are effective, staff and the Planning Commission will continue to work on the small cell regulations while providing a framework for the City to still process permits. The Planning Commission will continue to evaluate aesthetic requirements and permit process in more detail over the next six months and provide a final ordinance recommendation by June 2019 or earlier.