	Community Development Committee and Planning Commission Special Joint Meeting Meeting Minutes September 19, 2022

5:04 pm – 6:30 pm

Commissioners Present:
Eric Warnat, Commissioner
Monae Birkhofer, Commissioner
Melissa Toner, Commissioner
Patrick Hosterman, Commission Chair
Cody Davis, Commissioner
Justin Burns, Vice Commission Chair (online)

Staff Present:
Patricia Love, Community Development Director
Audrey Rotrock, Associate Planner
Tansy Schroeder, City Planner

Councilmembers Present:
Dani Gaumond, Council Position 1
Marcus Metz, Council Position 2
Steve Shepro, Council Position 5

Absent: Jeff Wheatley, Commissioner

Also known to be present: Todd Chase (FCS), Matt Covert (FCS), Caitlin Hepworth (Blueline), Clay White (LDC), Peter Kamb.

Public Requests and Comments:
None

New Business:
Economic Analysis of Land Use Options

Stanwood's Comprehensive Plan consultants, FCS Group, presented their Stanwood Economic Analysis of Land Use Options. They have identified market trends that are shaping future development opportunities within the City of Stanwood's municipal boundaries. The findings are intended to inform the 2024 update of the Stanwood Comprehensive Plan by conducting an Economic Analysis of Land Use Options.

An important element of this work is to identify and evaluate potential land us/zoning options that the City should consider as it prepares a new Comprehensive Plan and development code. Potential changes to the official zoning map and land use designations may be required to fulfill state and regional requirements for "providing sufficient land capacity suitable for development." The FCS/Blueline/LDC consultant team conducted the following activities:

1. Reviewed background planning documents and current City zoning/development code regulations.
2. Summarized current community demographic and socio-economic conditions using the most recent available Census data.
3. Analyzed buildable lands and current major developments that are now in the planning "pipeline" as part of a periodic review of the City's ability to meet land capacity requirements for housing and jobs.

4. Identified land use and zoning alternatives that could enhance the consistency between land capacity and growth allocations.
5. Evaluated three land use/zoning alternatives in terms of housing/employment capacity, impacts on the City's general fund, and the potential value of new private investment.

The land use/zoning alternatives will also be evaluated with respect to their transportation and infrastructure capacity impacts in separate studies.

Community Overview

As part of this economic and land use analysis, current demographic and socio-economic data trends were compiled. Key findings are summarized below:

Population and Income

- Stanwood has an area of approximately 2.8 square miles.
- The current population of Stanwood is 8,405, which is it's peak population.
- The population of Stanwood has grown 135% over the past 12 years.
- According to current Census statistics, 12.7% of the residents of Stanwood are 65 or older, and the City has a relatively large share of residents under age 24.
- The racial demographics of Stanwood are 93.5% white, 4.3% two or more races, 1.6% Asian, 0.4% American Indian, and 0.2% black. Additionally, 4.4% of the population identifies as Hispanic.
- The median household income in Stanwood is $75,767.
- In Stanwood, 7.5% of residents have an income below the poverty line, and the child poverty rate is 8.0%. On a per-household basis, 5.6% of families are below the poverty line in Stanwood.

Employment

- The unemployment rate in Stanwood is 2.1% which is calculated among residents aged 16 or older who are in the labor market.
- Within the City, 73% of the jobs are in the service sector, 14% are in the industrial sector, 10% are in the retail sector and 3% are in the government sector. Virtually all new job growth over the past 10 years has occurred in the service and government sectors.

Housing

- In Stanwood, 70.4% of housing units are occupied by their owners. Renters occupy 29.6% of housing units.
- An influx of relatively younger households with children is starting to drive up the average household size.
- The 2022 *Stanwood Housing Needs Assessment* forecasts a need for 1,522 net new dwelling units by 2044. This forecast is comprised of 1,017 single family dwellings and 505 multifamily dwelling units.

Housing Market

- New housing construction has been robust. The City added 649 new dwelling units between 2017 and 2020; plus, there are now over 1,120 housing units in the development pipeline. Prior to 2020, nearly 2/3 of the new construction permits were issued for single family homes and 1/3 were for multifamily. In more recent years, the share of multifamily permitting activity has exceeded the single-family share.

- Median home sales prices in Stanwood increased 24.6% (year to date) to $573,000 in July 2022.
- Rental market activity has been brisk and vacancy rates are vey low with only 17 vacant units listed on Apartmentfinder.com.

Commercial and Industrial

- Overall retail vacancy rates in Snohomish County were 2.6% (2nd Q 2022) and have been decreasing year over year as rents have increased 5% or more.
- The office market is rebounding more slowly than the retail and industrial market since the pandemic.
- Industrial market growth in the Region has been mostly concentrated in transportation and warehousing. Manufacturing activity has been relatively stable with moderate job growth overall.
- Since overall local industrial job growth declined between 1999 and 2019, it is recommended that the City of Stanwood consider changes to its Zoning Map and development code to provide added flexibility in the types of uses that can occur on industrial-zoned properties.

Pipeline Projects and Related Buildable Land Capacity Update

- The February 23, 2022, adopted Buildable Lands Report (BLR) indicated that the City of Stanwood is expected to have a zoned-land use capacity shortfall of 251 jobs. However, the adjacent unincorporated area within the Stanwood Urban Growth Area (UGA) was found to have a capacity surplus of 756 jobs.
- The analysis of pipeline developments indicates that the current projects in the development pipeline are expected to *overachieve* their housing capacity forecast by 165 dwelling units. In other words, the parcels identified in the BLR for housing growth are currently planned to be developed at a higher density than was assumed by the February 2022 BLR. Conversely, this pipeline project analysis indicates that the pipeline projects are expected to *underachieve* their employment capacity by 22 jobs.
- The current development pipeline in the Downtown area includes seven significant private developments that will add housing, office/warehousing and mini-storage developments. These projects are expected to create 106 townhomes and nearly 106,000 SF of improved non-residential building floor area that would likely support 77 jobs on site.
- Outside of the Downtown area, there are 14 projects in the planning pipeline, three of which include an employment component. These three developments combined are expected to support a total of 100 jobs on site.
- The combination of capacity findings from the prior BLR and the current analysis of pipeline projects indicates that the City is likely to have a capacity surplus for meeting its 2044 targets for population and housing, but a shortfall in job capacity based on current zoning. The combination of the projected shortfall in employment growth determined by the BLR (251 jobs) along with the employment shortfall created from the current pipeline projects (22 jobs) indicates that there would likely be an overall 2033 employment capacity shortfall of 273 jobs based on current zoning and development assumptions.
- As part of identifying new land use and zoning alternatives for providing sufficient land capacity that's suitable for development, the consultant team (from FCS, LDC, and Blueline) worked with City staff to prepare and evaluate three land use alternatives designed to enhance growth potential within City limits by at least another 273 jobs.

Land Use Alternatives Analysis
The land use alternatives identified below are intended to enable the City of Stanwood to provide sufficient land capacity for new development over the next 20+ years (by year 2044).

Alternative 1 – Combine LI and GI Zones into a Planned Industrial (PI) Zone

- This land use alternative is intended to protect existing industrial operations while encouraging redevelopment of underutilized industrial buildings/sites. The PI zone would replace the LI and GI zones in most locations with a single PI (Planned Industrial Zone) category that permits most industrial activities to occur as well as commercial (retail and office) uses. The PI zone would remove the current 2,000 SF maximum for ancillary retail and allow industrial operations to include retail/wholesale showrooms and uses such as commercial kitchens, brewpubs, meetings/event space, offices, and entertainment/recreation.
- An analysis was conducted of selected remaining GI and LI tax lots in the City that have a projected baseline job capacity of 10 or more net new jobs. The capacity analysis excluded the pipeline projects and identified nine (9) areas with a total of 41 acres of gross buildable land area. The BLR assumes that these parcels/sites will increase in job capacity from 38 currently to 573 over the next 20 years.
- The capacity analysis indicates that the overall amount of job capacity increase supported by a new user within the Twin City Foods site and changes in LI/GI to PI would result in an increase in the overall employment capacity by 513 jobs.

Commissioner & Council Member Comments and Questions:

- The PI zone would be more like a business park zone where the work is done on the inside of buildings as opposed to the outside.
- No heavy industrial uses near the Twin City Mile and downtown.
- Re-zone along Main Street to allow more commercial.
- Promote uses that will increase jobs.
- Examples of Planned Industrial zones nearby would be the East Arlington Airport Industrial Parks.
- More restrictive zoning is prohibitive. Explore all options for this zone.
- Encourage heavier industrial uses to develop in unincorporated areas.
- More senior housing could bring jobs to the City.
- The market will determine uses.
- Some uses might discourage others. The Municipal Code will need to specify conflicting adjacent uses.
- Overall, the Commissioners and Council members are supportive of Land Use Alternative 1.

Alternative 2 – New Downtown Mixed-Use Zone

- The City is aiming to revitalize its downtown through visual and physical improvements to storefront buildings with stronger pedestrian linkages to surrounding neighborhoods. The Twin City Mile Project focuses on creating well-designed storefronts and pedestrian facilities.
- Currently, there are approximately 59 tax lots with underutilized buildings and redevelopment potential within the Downtown area with a mix of MB1, MB2, and MR zone designations. According to the Snohomish County BLR, the remaining buildable lands in the Downtown areas have the capacity to accommodate another 37 households and 324 jobs. However, recent

Downtown development activity in the pipeline is likely to displace businesses with new townhome construction and not result in any net new job growth.

- A new Downtown Mixed Use Zone designation can be created to allow and encourage a mix of housing and employment as buildings are rehabilitated and sites are redeveloped. The new zone would retain the historic overlay designation for significant buildings and encourage façade and building revitalization with bonus density allowances allowing some additional building height for mixed-use developments.
- With the Mixed-Use Zone designation and the related development incentives, the Downtown area would accommodate a mix of 2-3 story structures with ground floor commercial, upper-level offices and apartments and live/work buildings in mixed-use developments.
- The overall impact on development capacity attributed to the new Mixed-Use zoning is expected to result in a net increase in housing from 53 existing dwellings to 291 dwellings, which is above the BLR assumptions by 254 dwellings.
- The new Mixed-Use zone designation is expected to result in an increase of 287 net new jobs in Downtown, which is 37 fewer jobs than what the February 2022 BLR capacity had assumed for the remaining vacant, part vacant, and redevelopment tax lots in Downtown.

Commissioner & Council Member Questions & Comments:

- There is a gap of no businesses between East and West downtown, this alternative could help close this gap.
- Mixed-use historically doesn't work, but this alternative would bring the residential element to support the commercial element.
- Both groups support Land Use Alternative 2.

Alternative 3 – New GC Zone for Neighborhood Center

- This alternative would address the current projected employment shortfall through a specific land use action to redesignate approximately 4 acres of buildable land within a TN zone to a GC zone designation within the City. This additional consumer buying power would increase potential sales for existing and future retail and service businesses.
- An analysis of retail sales and supportable commercial development was conducted to ascertain the amount of growth necessary to support a small neighborhood center with a small grocery store (such as a Trader Joes or Whole Foods 365), coffee shop, day care center and 1-2 restaurants. The results indicate that if 1,600 households are added to the City and surrounding communities over the next 20-25 years, it would create approximately $136.9 million in net new annual income and support $70.6 million in net new annual in-store sales. That level of demand would likely generate demand for approximately 148,600 SF of new development or redevelopment.
- While the market support for a new neighborhood shopping center would not occur for 15+ years, it will likely occur within the 15-20 year time frame based on the pace of housing development underway. Other factors such as transportation access, visibility and walkability are important considerations in the location of any development.
- The project consultant team identified a central location for the new neighborhood center. The capacity analysis identified two remaining large vacant TN-zoned sites in the City that are not currently in the development pipeline. These two sites include 32.8 buildable acres with current capacity of 323 dwelling units per BLR assumptions (west side of 80th Avenue, just north of 276th

Street NW, and the East side of 68th Avenue NW, just north of 284th Street NW). The GC designation on 4 acres of land is expected to result in a net decrease in housing capacity by 22 units and a corresponding increase in employment capacity by 202 jobs.

Commissioner & Council Member Questions & Comments:

- These types of zones are typically on high traffic streets. The proposed locations may not attract enough business.
- There is nothing else in these areas to attract people to these locations.
- 64th Avenue NW and SR 532 would be a better location for this as an entryway to the City.
- GC development in these areas may take away from the "Vision" of Stanwood.
- Both groups support Alternatives 1 & 2 over Alternative 3.

Stanwood Municipal Code Titles Memorandum

As part of the Stanwood Municipal Code ("SMC") Update Project, consultants BHC, reviewed existing SMC Title 1 and Title 2, as well as staff memos on these titles, to develop a proposed scope for the update of these first two titles. BHC also proposes a new Title 4, Administration, to logically segregate some material into its own title.

BHC proposes to correct existing code text in all cases to plain language principles as described in the SMC Style Guide (draft July 13, 2022), e.g., "shall" to "must" or "may." BHC expects that repealed and reserved sections and chapters throughout the code will be repealed by the code reviser through the conversion of the code-to-Code Publishing Company's new municipal codes platform; if not, BHC will propose to remove those labels through the update.

Title 1 General Provisions

Consistent with the SMC Style Guide (draft July 13, 2022), BHC recommends no high-level reorganizational changes to Title 1 other than those minor adjustments mentioned in the paragraphs above.

Title 2 Administration and Personnel

While it is very common for cities and counties to have an "Administration and Personnel" title, after discussion with staff, BHC recommends renaming this title to "Personnel" to make its content consistent with the SMC Style Guide (draft July 13, 2022) which recommends use of this title for the creation and regulation of all city offices, boards, commissions, and committees. BHC also recommends some reorganization and consolidation of its chapters. These recommendations generally attempt to avoid unnecessary chapter renumbering.

NEW Title 4 Administration

BHC proposes this new title to logically segregate material about government administration into its own title, separate from the Personnel title and the Revenue and Finance titles.

The Commissioners and Council members unanimously support these changes.

Ordinance Prohibiting Mini-Warehouse/Storage Facilities as an Allowed Use in All Zoning Districts within the City

WHEREAS, Mini-Warehouse/Storage Facilities are now allowed in the City in the Light Industrial (LI) and General Industrial (GI) Zoning Districts; and

WHEREAS, the City wishes to ensure land uses enable diverse economic development opportunities; and

WHEREAS, the City has sufficient Mini-Warehouse/Storage Facilities to accommodate existing needs; and

WHEREAS, Mini-Warehouse/Storage Facilities are passive uses rather than uses that encourage an activated, thriving business environment for the City; and

Commissioner & Council Member Questions and Comments

- Create a tax for storage units to generate more revenue.
- The majority of Commissioners and Council members support the prohibition. Some suggest allowing the use in locations other than downtown Stanwood.

Adjourn: 6:30 pm