# City Council Committee Meeting Agenda

## Community Development Committee

Stanwood City Hall
Conference Room
10220 270th Street NW, Stanwood

Meeting information is posted online at
https://stanwoodwa.org/.

## Thursday June 1, 2023, at 5:00 PM

- HASCO Interlocal Agreement
- Storefront Improvement Program Amendments
- 2023 Washington State Legislative Summary
- Comprehensives Plan Cover Page Review

**CITY OF STANWOOD**
**COMMUNITY DEVELOPMENT COMMITTEE**
**AGENDA STAFF REPORT**

**DATE:** June 1, 2023

**SUBJECT:** June CDC Agenda Topics

**FROM:** Patricia Love, Community Development Director

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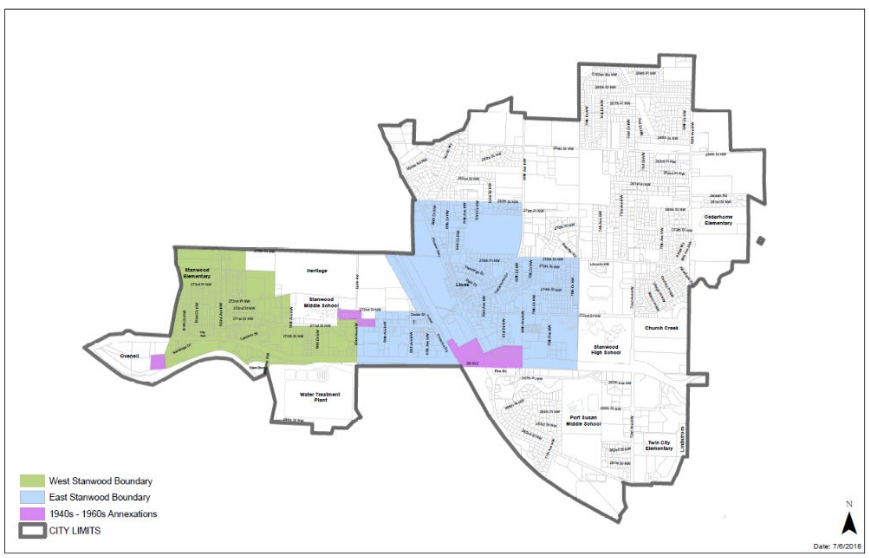
***HASCO ILA***

The Housing Authority of Snohomish County (HASCO) and City staff are working on an ILA that would allow HASCO to purchase, build and manage affordable housing projects in the City of Stanwood. Currently they have legal authority to do this on all property that was in the County at the time of their incorporation which was in May of 1971. This means they have authority to operate in a portion of the city, but not all of the city.

By state law, HASCO can currently operate in the non-colored areas of the City. Note the Kottsick annexation area is not shown on the map. To operate in the colored areas, HASCO needs specific permission from the City Council to purchase property which causes delays and uncertainty in the purchase and financing of projects.




Staff sees the ILA as a good opportunity to partner with HASCO to provide well managed affordable housing projects in the City. This partnership also supports the following Comprehensive Plans affordable housing goals and policies.

## 2015 Comprehensive Plan: Housing Element Goal and Policies

**Goal HG-1** To provide fair and equal access to housing for all persons regardless of race, color, religion, gender, sexual orientation, age, national origin, family status, source of income or disability.

**Policies:**

**HP-1.1** Encourage the use of affordable housing techniques and incentives to assure housing opportunities for people of all incomes, ages, and assistance needs.

**HP-1.2** Encourage housing opportunities for those with housing assistance needs through the use of available regional and federal funding programs.

**HP-1.3** Disperse small scale special needs housing throughout the residential neighborhoods. Special needs housing provides living arrangements for those with physical, mental, or emotional disabilities where appropriate.

**HP-1.5** Encourage and assist in rehabilitating and preserving existing affordable housing.

**HP-1.6** Accept and plan for Stanwood's "fair share" of the County's affordable housing needs as determined by the Snohomish County Tomorrow planning process.

HASCO currently owns and manages 2 properties in the City: Hilltop 1 & 2 located at 8001 – 272nd Street NW. The two buildings have a total of 30 units and were purchased in April of 1996 as part of a 5-property package from one owner. These units are subsidized by US Department of Agriculture Rural Housing Services, and they serve low-income seniors or disabled persons.

Hilltop Apartments

Their business model typically includes purchasing older multifamily buildings, fixing them up and then, depending on financing requirements, rent them out at a mix of market and below market rate prices.  The attached draft ILA provides:

- Authorizes HASCO to fully operate within the City of Stanwood;
- HASCO will remain an independent housing authority;
- All HASCO projects within city limits are subject to city planning, zoning, sanitary and building regulations;
- HASCO is responsible for all costs, include insurance, associated with their purchase, construction, and management of affordable housing projects;
- HASCO will keep the City informed on the status of development and operations of projects located within the City;
- HASCO and the City will cooperatively assist each other in the collection of housing data and statistics, coordinate on regional partnerships, and maintain regular communications to provide information on housing programs to city residents; and
- The ILA may be canceled with 60 days written notice by either party.

The City Attorney and HASCO's Attorney have reviewed and agreed upon the legal terms set forth in the ILA.

The Community Development Committee is being asked:

1. If the Committee supports entering into an ILA with HASCO giving them the authority to purchase and operate other affordable housing facilities within the historic boundaries the City of Stanwood prior to 1971; and
2. If the Committee has any comments or concerns with the ILA prior to forwarding the document to the full Council for review.

***Storefront Improvement Program Amendments***

The first five applicants for the Storefront Improvement Program (SIP) were approved at the May 11, 2023 City Council meeting. Throughout the application process, several questions were brought to staff, including:

1. Should the school district be allowed to apply?
2. What should the labor match be capped at?
3. Can security cameras be an allowed use for the program?

City Council also provided feedback about the SIP, including:

1. What qualifies as maintenance vs improvement? Should doors not be included as an allowed use?
2. Should the downtown revitalization improvement district map be more restrictive?
3. Should we emphasize and prioritize main street?
4. Should we limit applicants from reapplying next year or future years?

The current program guidelines allow the following:

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| **Grant Amount:** | Up to $20,000 |
| **Matching Funds** | 1:1 match, up to the maximum grant amount of $20,000 |
| **Allowed Matching Funds:** | ▪ **Cash:** Must be paid up front to all parties involved with the project<br>▪ **Loan:** Evidence of the loan must be provided to the City<br>▪ **In-kind contributions:** Labor/materials that are contributed by the business owner, property owner, or an agent of either party may be proposed and are subject to review from the City. These contributions should correspond to an item on the quote/budget and must not require professional-level skill or expertise. Under no circumstances will a property or business owner be paid directly for labor costs<br>▪ **Architectural design costs:** Evidence of payment made toward design costs must be provided to the City |
| **Eligible Applicants:** | ▪ Business/building must be located in the Downtown Revitalization Improvement District (refer to map)<br>▪ Allowed business types: Office, retail, mixed use, commercial service<br>▪ Business must have continuous pedestrian activity and mixed-use buildings with retail must have street frontage<br>▪ Business owner(s) and property owner(s) (if different individuals) must agree in writing to the project and improvements<br>▪ Business owner(s) and property owner(s) (if different individuals) shall agree to maintain the improvements to the property for a minimum of a five-year period |
| **Eligible Uses:** | Eligible façade expenses may include but are not limited to rehabilitation, reconstruction, or restoration to existing commercial building facades, including:<br>**1.** Signage<br>▪ Main frontage signs<br>▪ Pedestrian signs<br>**2.** Paint (color palette provided)<br>**3.** Streetscapes<br>▪ Seating<br>▪ Lighting<br>▪ Tables and chairs<br>▪ Landscaping<br>▪ Other: public art, signs, etc.<br>**4.** Awnings<br>▪ Vinyl, metal, synthetic, acrylic<br>**5.** Doors and windows<br>**6.** Creative and imagintative exterior elements<br>▪ Murals<br>▪ Historic building features<br>▪ Maintenance of historic features<br><br>Façade improvements must be adjacent from the right-of-way, priority will be given to 270th, 271st, Camano Street, 102nd, 88th, 92nd, 99th and SR 532. If your business or building has rear public access, projects may be considered.<br><br>*Certain restrictions may apply on eligible uses based on business and/or building type. Any deviations from the eligible uses are subject to approval from the City. |

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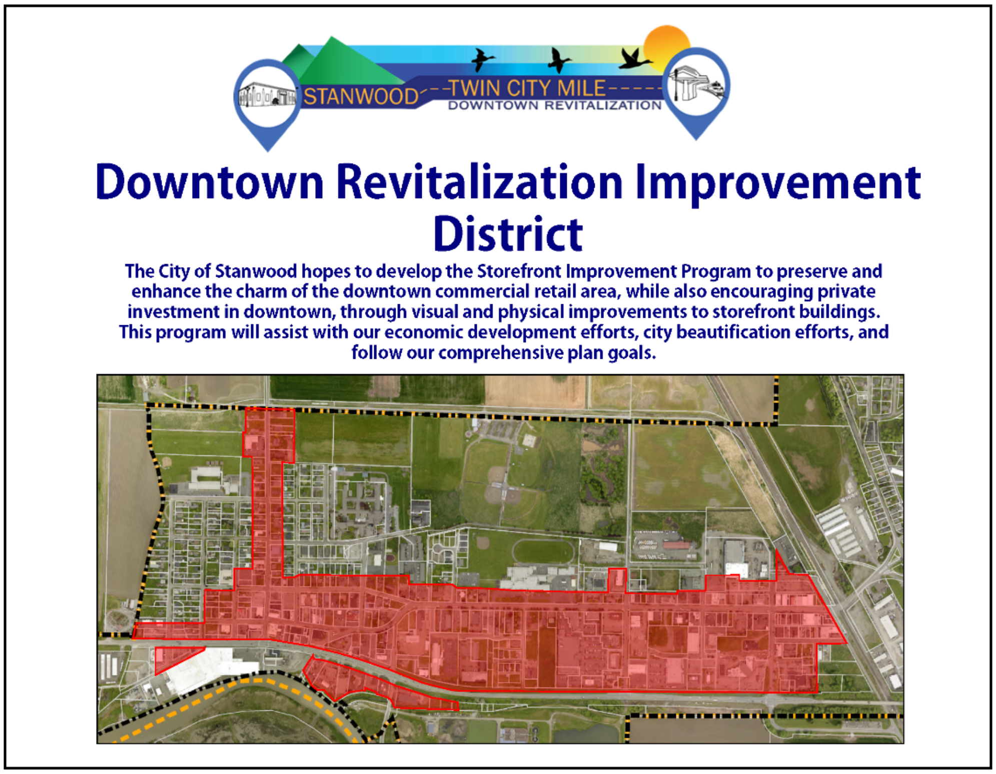
| **Non-Eligible Applicants/Uses:** | ▪ National franchises<br>▪ Residential/Multifamily buildings<br>▪ Government occupied space<br>▪ Businesses with more than 25 full time employees | ▪ Roof repair/restoration/replacement<br>▪ Foundation repair/restoration/replacement<br>▪ Sidewalk repair/restoration/replacement<br>▪ Interior improvements<br>▪ Non-street facing entrances<br>▪ Temporary or non-permanent structures or signage |

When staff initially proposed the SIP back in 2022, the Downtown Revitalization Improvement District focused on 271st ST NW and 270th ST NW.


Based on feedback from City Council, business and property owners, staff extended the boundaries of the improvement district to include all of downtown. This is the current map that was approved by City Council and is currently being used for the SIP.




Staff is currently working with several potential applicants for the SIP. As we are currently in the middle of the first application year, staff recommends that any changes or amendments to the SIP be applied for 2024 to avoid any delays to applicants this year. If the Community Development Committee recommends restricting the improvement district, this would impact several businesses that are interested in applying, including Just James Boutique, Sollid Real Estate and Coastal Vie Espresso.

The Community Development Committee is being asked:

1. Should the school district be allowed to apply?
2. What should the labor match be capped at?
3. Can security cameras be an allowed use for the program?
4. What qualifies as maintenance vs improvement? Should doors not be included as an allowed use?
5. Should the downtown revitalization improvement district map be more restrictive?
6. Should we emphasize and prioritize main street?
7. Should we limit applicants from reapplying next year or future years?
8. Are there any other amendments that should be included in the SIP?

Staff will share comments and recommendations from the Community Development Committee to the Economic Development Board. Final comments and recommendations will then be presented to City Council for approval.

***2023 WA State Legislative Summary***

This last legislative session ended with several bills that affect planning and zoning. Below is a summary of the bills that will affect the drafting of the Comprehensive Plan and Municipal Code.

**HB 1042** – Conversion of existing commercial, mixed-use, and multifamily buildings for residences. Within existing buildings, cities:

- Allow an increase of the allowed density by 50%
- Cannot require additional parking; may retain existing parking
- Cannot require any new permitting requirements
- Apply existing zoning standards: building bulk standards, setbacks, lot coverage
- Cannot apply architectural design standards to existing buildings
- May not regulate location of units except to preserve ground floor commercial space of mixed-use buildings
- Energy code upgrades only apply to portion of the building being remodeled
- Projects cannot be denied due to non-conforming status of building or lots
- Projects are exempt from transportation concurrency requirements

Must incorporate requirements within six months of next comprehensive plan update, and these changes are categorically exempt from SEPA.

**HB 1110** – Middle housing & density mandate – Does not apply to Stanwood

**HB 1181 – 2023-24 –** Response to Climate Change. Adds A Climate Change and Resiliency element to the Comprehensive Plan. Applies to GMA cities over 6,000 population and requires funding by the Legislature

**HB 1293** – Streamlining Development Regulations with Design Review. City may only:

- Adopt “Clear and Objective” development regulation governing exterior design standards
- Standards may not materially result in a reduction in density, height, bulk or scale of buildings
- Design review must be consolidated with permit review
- Only one public meeting can be required

**HB 1326** –Waiver of utility connection fees.

- Cities may waive utility connection fees for: non-profits; public development authorities; housing authorities; emergency shelter projects; transitional housing projects; permanent supportive housing projects; and/or affordable housing projects
- Fees must be paid out of the general fund, by grants, or other revenue sources
- A waiver program must be adopted by ordinance
- Applies to water, sewer, stormwater, power, gas, or other means of power/heat

**HB 1337** – Accessory Dwelling Unit Regulations.

*Use and Location*

- Up to 2 ADU's are allowed per lot in all residential zones; units may be attached, detached, or a combination of both
- On lots less than 2,000 square feet: cities may only allow 1 ADU along with the principal use
- ADU's can be located on lots with single family residences, duplexes, triplexes, townhomes or other housing units
- Must allow ADU's on any lot that meets the minimum lot size requirement for the principal use
- Existing buildings and accessory structures may be converted to an ADU even if they are non-conforming
- Critical area and buffer regulations apply; may restrict ADU's in floodplain and geologically sensitive areas
- May restrict ADU from being used as a "short term rental" i.e.: AirB&B rental

*Size and Development Standards*

- May not restrict ADU's to less than 1,000 gross floor area; the 1,000 square feet does not include garages or accessory structures (Stanwood's current code is 900 sf)
- May require ADU's to be connected to sewer
- May not require an owner occupancy requirement in either unit
- Buildings may be up to 24 feet in height
- Setbacks, lot coverage, tree retention, aesthetics cannot be greater than that of the principal unit
- ADU's may be allowed along a lot line adjacent to an alley
- Street improvements may not be required
- Limitations on the number of parking stalls that can be required

*Other*

- Regulations may not be appealed
- Permitting process must be the same as for single family residences
- Impact fees can only be equal to half of the principal use
- ADU's may be converted to condominiums on existing property
- Cities are not liable for ADU's permitted in conflict with existing CCR's
- After the affective date of the state legislation, CCR's may not restrict ADU's

**HB 1695** – Property Surplus. Cities may surplus property at no cost for affordable rental or homeownership projects.

**ESSB 5258** – Impact Fee Formula and Short Plat Regulations.

- Impact fee formulas must be amended to reflect a proportionate share for multifamily and condominium units based on square footage, number of bedrooms, or trips generated to produce a proportionally lower impact fee for smaller unit types.
- Short plat regulations must be amended to allow "unit lot" subdivisions allowing the division of a principal lot into separately owned unit lots (smaller lots for townhouses or ADU's) and creation of a homeowners association.

**SB 5290** – Local Project Permit Review Process and Timelines.

*Building Permits*

- Interior remodels, with not expansion of the footprint, shall not be classified as a project permit and no site plan may be required

*Commerce Grants*

- Provides a grant program to consolidate local permit processes, including switching to online
- Provides a grant program to cover the cost to review and process permits
- Establishes a working group to review options for licensing and permitting software

*Permit Review Process*

- Outlines permit completeness, notice, and timelines process, and allowable exemptions and alternative compliance
- Permitting timelines have been established: 65 days for administrative decisions, 100 days for projects with public notice, and 170 days for projects with public hearings
- Exclusions from the timeline includes time for permit corrections by the applicant, temporary suspensions, mutually agreed upon extension, and time to address appeals
- New permitting penalties for not meeting timeframe: refund 10%-20% of permit fee
- After January 1, 2026 cities must adopt additional measures to address permitting procedures such as: expedited review processes; adopt ILA with other jurisdictions to share permitting staff; budget consultant support to help with permit review; hire additional permit staff covered by permit revenues; limit the types of permits that require a public hearing; or other processes to improve permit review times

*Other*

- Commerce to provide guidance on how to prepare a reasonable fee structure
- Commerce to provide a reporting template

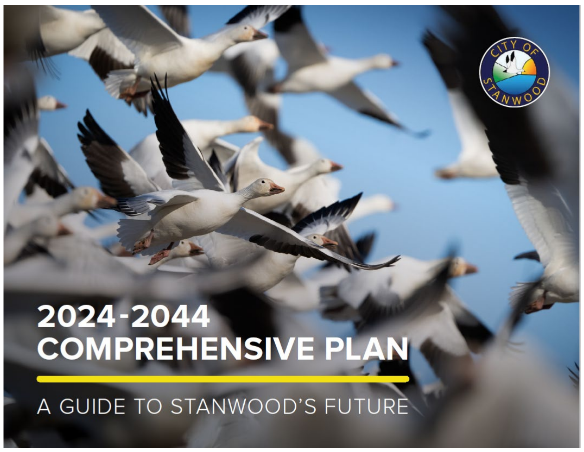
**SB 5412** – SEPA Categorical Exemptions. Allows cities to exempt projects from SEPA if a development is equal or lower in density and intensity as allowed by the comprehensive Plan goals and policies. An environmental impact statement may be required on the Comprehensive Plan update.

**ESSB 5452** – Use of Impact Fees. Transportation impact fees can be used for public street, roads, and “bicycles and pedestrian facilities” that were designated with multimodal commuting as an intended use.

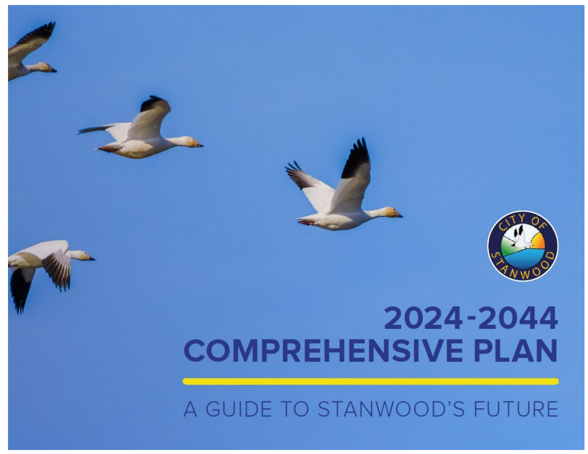
**SB 5536** – Essential Public Facilities. Opioid treatment programs and facilities are considered Essential Public Facilities and may not be prohibited by cities. These include both mobile and fixed-site medication units, recovery residences, harm reduction programs and use disorder treatment facilities. Safe injection sites are not included.

**SB 5553** – Temporary Emergency Shelter. Temporary emergency shelters are exempt from building code requirements.

***2024 comprehensive Plan Cover Page***
The cover page of the comprehensive Plan sets the tone and first impression for what's include within the pages of the Plan. It should provide a visual representation of the City and its values. Attached for your review are the proposed cover pages for your consideration.

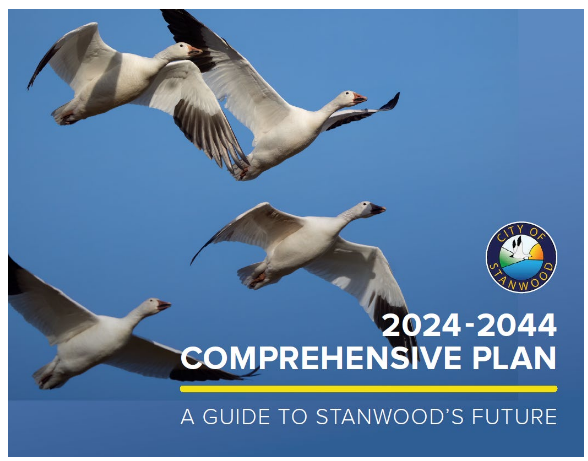


Option 1



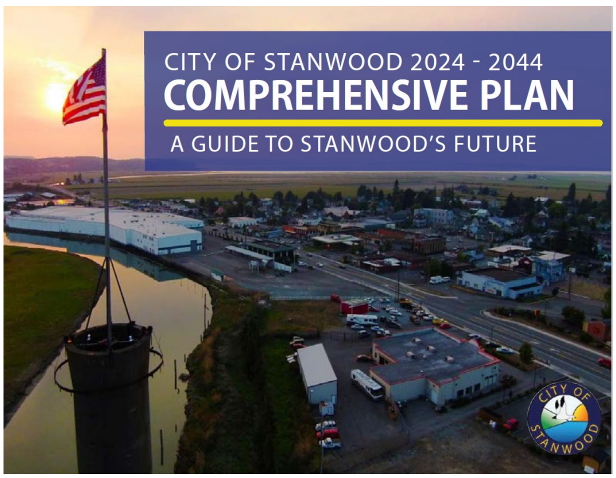
Option 2

Option 3



Option 4



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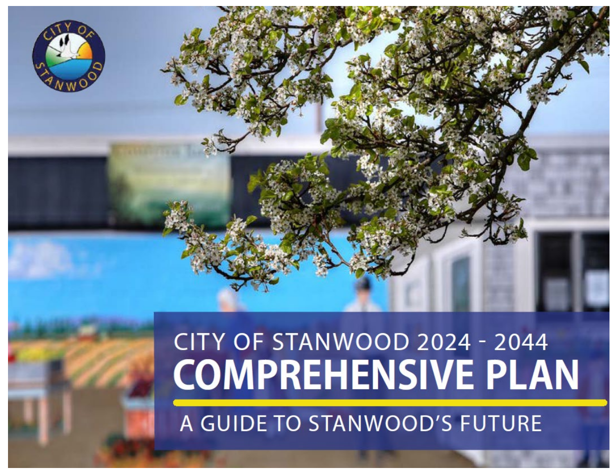
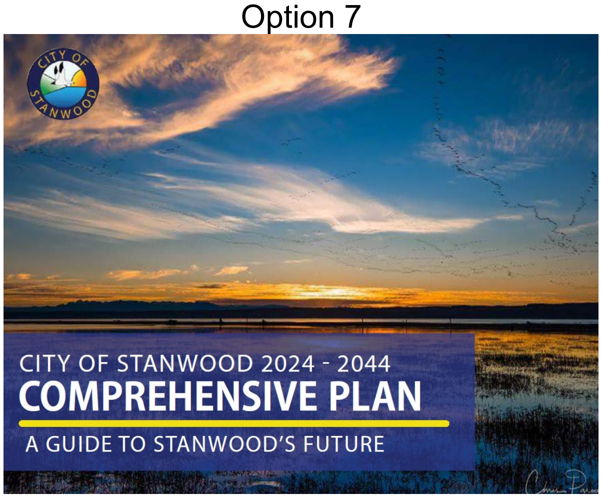



Option 8




Option 9

INTERLOCAL AGREEMENT AUTHORIZING THE
HOUSING AUTHORITY OF SNOHOMISH COUNTY TO FUNCTION
WITHIN THE CITY OF STANWOOD

This Interlocal Agreement ("Agreement") is made and entered into effective on the ________ day of ________________, between the HOUSING AUTHORITY OF SNOHOMISH COUNTY, hereinafter referred to as "HASCO", and the City of Stanwood, hereinafter referred to as "the City", upon the following terms and conditions:

The City recognizes the need for a housing authority to function within the City and provides for an Interlocal Agreement for such services with HASCO pursuant to RCW 35A.11.040.

HASCO currently operates multiple properties within the City and is willing to, and is desirous of, furthering this work and functioning within the boundaries of the City consistent with RCW 35.82.070(13).

Pursuant to RCW 39.34, the Interlocal Cooperation Act, the City and HASCO may enter into an Interlocal Agreement.

In consideration of the foregoing and the mutual promises set forth below, the parties hereby agree as follows:

1. Authority to Function. Upon passage of a resolution of the City Council declaring the need for HASCO to operate within City boundaries, HASCO is authorized to function within the geographic boundaries of the City as if created pursuant to RCW 35.82 .030 and may exercise all powers set forth in RCW 35.82.070.

2. Purpose of Agreement. The purpose and intent of this Agreement is to define the responsibilities of HASCO and the City as they relate to housing authority projects within City boundaries.

3. Effective Date. This Agreement shall not take effect unless and until it has been duly executed by both parties and either filed with the County Auditor or posted on the County's Interlocal Agreements website. This Agreement shall remain in effect until terminated pursuant to its terms.

4. Independent Contractor. HASCO shall perform all obligations of a housing authority as an independent contractor and not as an agent, employee, or servant of the City. HASCO shall be solely responsible for control, supervision, direction, and discipline of its personnel, who are employees and agents of HASCO, and not the City.

5. Planning. Zoning and Building Ordinances. All housing projects of HASCO shall be subject to all planning, zoning, sanitary and building laws, ordinances and regulations of the City unless otherwise waived in whole or part by the City.

6. Coordination. HASCO shall keep the City informed as to contemplated projects and as to the status of development and operations of projects located within the City. In the planning and location of any housing project, HASCO shall take into consideration the relationship of such project to the comprehensive plan and long-range planning programs enacted by the City. Nothing herein shall be construed as authorizing the City to become involved in the operation of housing projects by HASCO or determination of rentals and tenant selection.

To further HASCO's mission and the City's housing goals, both HASCO and the City shall endeavor to:

a. Assist in data requests and research on housing statistics relevant to the City and Snohomish County, as well as information on best practices in affordable housing development.
b. Coordinate on other possible regional partnerships with neighboring jurisdictions, non-profit organizations, or other groups, as the parties mutually deem appropriate.
c. Maintain regular communications between appropriate HASCO and City staff to provide information on existing housing programs available to City residents.

7. Contract Administration. This Interlocal Agreement shall be administered by the representative of each party specified below who is designated as that party's Administrator. Any written notice required by terms of this Agreement shall be served or mailed as follows:

If to the City:
City Manager/Mayor
City of Stanwood
10220 270th Street NW
Stanwood, WA 98292

If to the Authority:
Executive Director
Housing Authority of Snohomish County
12711 4th Avenue W
Everett, WA 98204

Either party may change its Administrator at any time by delivering written notice of such party's new Administrator to the other party.

8. Financing. HASCO is solely responsible for the financing of the housing authority projects authorized by this Agreement. The City provides no financial support to HASCO and is not involved in any way in the financing or ownership of such projects unless it specifically provides for such financial support or participation by separate agreement.

9. Insurance. During such time as HASCO purchases, develops and owns a housing authority property within the City boundaries, HASCO shall procure and maintain customary insurance against claims for injuries to persons or damages to property within the City boundaries which may arise from, or in connection with, the exercise of the rights and privileges granted by this Agreement by HASCO, its agents, representatives, employees, and subcontractors. The cost of such insurance shall be paid by HASCO.

a. Notice of Cancellation. In the event that HASCO receives notice (written, electronic or otherwise) that any of the above required insurance coverage is being cancelled and/or terminated, HASCO shall immediately (within forty-eight (48) hours) provide written notification of such cancellation/termination to the City.

b. Verification of Coverage. If requested by the City, HASCO shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of HASCO.

10. Indemnification. HASCO shall indemnify and hold harmless the City and its officers, agents, and employees or any of them from any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any nature whatsoever, by any reason of or arising out of any act, negligent act, or omission of HASCO, its officers, agents and employees, or any of them relating to or arising out of the performance of this Interlocal Agreement, except to the extent such damages are caused by the negligence or willful misconduct of the City or its officers, agents and employees; and if final judgment be rendered against the City, and its officers, agents, and employees, or any of them, or jointly against HASCO and the City and their respective officers, agents, and employees, or any of them, the City shall satisfy the same to the extent that such judgment was due to the City's negligent acts or omlsslons.

11. Dispute Resolution. In the event differences between the parties should arise over the terms and conditions or the performance of this Agreement, the parties shall use their best efforts to resolve those differences on an informal basis. If those differences cannot be resolved informally, the matter may be referred for mediation to a mediator mutually selected by the parties. The costs of mediation shall be split equally between the parties. If mediation is not successful or if a party waives mediation, either of the parties may institute legal action for specific performance of this Agreement or for damages. In the event that a lawsuit is instituted to enforce any provision of this Agreement, the substantially prevailing party shall be entitled to recover all costs of such lawsuit, including reasonable attorneys' fees from the other party.

12. Termination of Contract. This Agreement, and performance hereunder, may be terminated by either party by the service or mailing of written notice of such termination, specifying the extent and effective date thereof, but not sooner than sixty (60) days from date of such notice. Notwithstanding the foregoing, however, termination of this Agreement shall not terminate the power of HASCO to continue to operate existing housing projects and to complete new projects under development.

13. Notices. All notices required to be given by any party to the other party under this Agreement shall be in writing and shall be delivered either in person, by United States mail, or by electronic mail (email) to the applicable Administrator or the Administrator's designee. Notice delivered in person shall be deemed given when accepted by the recipient. Notice by United States mail shall be deemed given as of the date the same is deposited in the United States mail, postage prepaid, and addressed to the Administrator, or their designee, at the addresses set forth in Section

7 of this Agreement. Notice delivered by email shall be deemed given as of the date and time received by the recipient.

14. Miscellaneous.

a. Compliance with Laws. In the performance of its obligations under this Agreement, each party shall comply with all applicable federal, state and local laws, rules, and regulations.

b. Construction and Venue. This Interlocal Agreement shall be construed in accordance with the laws of the State of Washington. In the event of any litigation regarding the construction or effect of this Interlocal Agreement, or the rights of the parties pursuant to this Agreement, it is agreed that venue shall be Snohomish County, Washington.

c. Merger and Amendment. This Agreement contains the entire understanding of the parties with respect to the matters set forth herein and any prior or contemporaneous understandings are merged herein. This Agreement shall not be modified except by written instrument executed by all parties hereto with the same formal ties as required for this Agreement.

d. Public Records Act. This Agreement and all public records associated with this Agreement shall be available from HASCO for inspection and copying by the public where required by the Public Records Act, Chapter 42.56 RCW (the "Act"). To the extent that public records then in the custody of the City are needed for HASCO to respond to a request under the Act, the City agrees to make them promptly available to the HASCO. If the City considers any portion of any record provided to HASCO under this Agreement, whether in electronic or hard copy form, to be protected from disclosure under law, the City shall clearly identify any specific information that it claims to be confidential or proprietary._

e. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall, for any reason and to any extent, be found invalid or unenforceable, the remainder of this Agreement and the application of that provision to other persons or circumstances shall not be affected thereby, but shall instead continue in full force and effect, to the extent permitted by law.

f. No Waiver. A party's forbearance or delay in exercising any right or remedy with respect to a default by the other party under this Agreement shall not constitute a waiver of the default at issue. Nor shall a waiver by either party of any default constitute a waiver of any other default or any similar future default.

g. No Assignment. This Agreement shall not be assigned, either in whole or in part, by either party without the express written consent of the other party, which may be granted or withheld in such party's sole discretion. Any attempt to assign this Agreement in violation of the preceding sentence shall be null and void and shall constitute a default under this Agreement.

h. Warranty of Authority. Each of the signatories here to warrants and represents that he or she is competent and authorized to enter into this Agreement on behalf of the party for whom he or she purports to sign this Agreement.

i. No Joint Venture. Nothing contained in this Agreement shall be construed as creating any type or manner of partnership, joint venture, or other joint enterprise between the parties.

i. No Separate Entity Necessary. The parties agree that no separate legal or administrative entities are necessary to carry out this Agreement.

J. Ownership of Property. Except as expressly provided to the contrary in this Agreement, any real or personal property used or acquired by either party in connection with its performance under this Agreement will remain the sole property of such party, and the other party shall have no interest therein.

k. No Third-Party Beneficiaries. This Agreement and every provision hereof are for the sole benefit of HASCO and the City. No other persons or parties shall be deemed to have any rights in, under, or to this Agreement.

1. Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

m. Filing. As provided by RCW 39.34.040, this Agreement shall be filed with the Snohomish County Auditor, or, alternatively, posted on the website of each party.

Executed on the dates written below.

HOUSING AUTHORITY OF SNOHOMISH COUNTY

By:____________________

12711 4th Ave W
Everett, WA 98204

Date____________________

CITY OF STANWOOD

By:______________________
Sid Roberts
Mayor
10220 270th Street NW
Stanwood, WA 98292

Date: ____________________