



CITY OF
BAINBRIDGE ISLAND

**PLANNING COMMISSION SPECIAL MEETING
THURSDAY, JANUARY 28, 2021**

THE PLANNING COMMISSION WILL HOLD THIS MEETING USING A VIRTUAL, ZOOM WEBINAR PLATFORM, PER GOVERNOR INSLEE'S "STAY HOME, STAY HEALTHY" ORDERS. MEMBERS OF THE PUBLIC WHO DO NOT WISH TO VIEW THE MEETING VIA THE BKAT BROADCAST OR THE CITY'S WEBSITE STREAMING WILL BE ABLE TO CALL IN TO THE ZOOM MEETING.

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AGENDA

1. **CALL TO ORDER/ROLL CALL/AGENDA REVIEW - 6:00 PM**
2. **PLANNING COMMISSION MEETING MINUTES - 6:05 PM**
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** 30 Minutes
[Transmittal Message, MFTE to Council from PC](#)
[Background Multifamily Tax Exemption PSRC](#)
[Excerpt Use Table 18.09.020](#)
[MUTC HS Rd Undeveloped Parcels](#)
[Greater Winslow Area Undevelopd Parcels](#)
[Lynwood Center Area Undeveloped Parcels](#)
 - 4.b **(7:00 PM) - SMP Periodic Review - Briefing** 15 Minutes

5. PLANNING COMMISSION SUB-COMMITTEE UPDATES - 7:15 PM
6. PLANNING DIRECTOR'S REPORT - 7:25 PM
7. ADJOURNMENT - 7:35 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 28, 2021

ESTIMATED TIME: 30 Minutes

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

AGENDA CATEGORY: Review and
Recommendation

PROPOSED BY: Jennifer Sutton

PREVIOUS PLANNING COMMISSION

REVIEW DATE(S): December 17, 2020
January 14, 2021

PREVIOUS COUCIL REVIEW DATE(S): October 13, 2020
January 5, 2021

RECOMMENDED MOTION:

Planning Commission would confirm and make policy recommendations to the City Council.

I move to forward the following policy recommendations to the City Council related to adopting a Multifamily Property Tax Exemption program:

1. That the following areas be considered for the MFTE designation/eligibility areas: All properties within the Winslow Master Plan Study Area, the Winslow Sewer System Service Area, and within the Lynwood Center area, properties zoned NC, NC/R-12 and R-5.
2. That the project eligibility threshold be four multifamily residences, and not raised from the state minimum threshold.

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.

At the January 14, 2021 meeting, the Planning Commission discussed potential MFTE designation areas and MFTE project threshold- what minimum number of multifamily units will be required in order to enroll in a future MFTE program. At that meeting, the commission came to the following preliminary recommendations, that will be discussed and confirmed at the January 28, 2021 meeting.

1. That the following areas be considered for the MFTE designation/eligibility areas: All properties within the Winslow Master Plan Study Area, the Winslow Sewer System Service Area, and within the Lynwood Center area, properties zoned NC, NC/R-12 and R-5.
2. That the project eligibility threshold be four multifamily residences, and not raised from the state minimum threshold.

At the January 14, 2021 meeting, the Planning Commission did not come to a preliminary recommendation on whether or not to limit the program to either rental or homeownership. The Commission could elect to make a recommendation to the City Council on this topic as well.

The Affordable Housing subcommittee has drafted the attached memo (Transmittal Message, MFTE to Council) to forward to the City Council along with the policy recommendations.

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:

DRAFT of A Multifamily Property Tax Exemption Program for Bainbridge Island

By Jon Quitslund, on behalf of the Planning Commission

The members of the Planning Commission, taking action on {date}, are pleased to forward to the City Council an almost-complete DRAFT of BIMC 3.36, a *MULTIFAMILY TAX EXEMPTION PROGRAM*, for the Council's review and further action. This transmittal message contains, along with an account of the measure's development and its scope and purpose, the Commission's recommendations in response to policy questions posed by Planning Department staff.

Ordinarily, the Planning Commission does not have jurisdiction in matters covered by Title 3 in the Municipal Code. For this reason, and because the City Council is responsible for holding a public hearing and deciding upon the specific areas where provisions of this program are applicable, the Commission leaves several details to be determined by the Council, in consultation with Planning Department staff and the City Attorney.

Background

Development of a Multifamily Tax Exemption Program was among the measures recommended by the Affordable Housing Tax Force in their *Final Report*, dated July 11, 2018, and it has been an item on the City Council's Workplan for some time. Within the Planning Commission, the Affordable Housing subcommittee (Quitslund, Blossom, and Paar) discussed this task as something eminently do-able, at a time when there was no clear authorization or direction from the Council to undertake such an ambitious project as Inclusionary Housing regulations.

Commissioner Paar, as a developer of multifamily housing in Seattle, was familiar with the effectiveness of MFTE regulations; Commissioner Blossom had served on the AHTF and was impatient to see the Council's long-term interest in this measure acted upon. Commissioner Quitslund studied the enabling legislation (Chapter 84.14 RCW) and looked into the regulations governing programs in Bremerton, Lacey, Shoreline, and Bellingham. At the end of October, he sent a brief account of his findings to members of the Planning Commission and the Joint Subcommittee of the Council and P C. Further work was greenlighted, and Councilmember Carr, Chair of the Joint Subcommittee, proposed that the Planning Commission, rather than the Joint Subcommittee, should take responsibility for drafting a program and initiating the discussion of any policy questions it would entail.

The provisions in RCW 84.14 are clear, detailed, and prescriptive. In the programs developed in other jurisdictions there are some variations, but all closely follow the RCW requirements. Drafting the program for Bainbridge involved choosing a prototype to follow and then "coloring within the lines," one section and one sentence after another. The City of Lacey's program was the principal model for our program, subject to some streamlining and with nuances lifted from other programs.

Discussion in a meeting of the Affordable Housing subcommittee on November 18 made it possible to complete a DRAFT of the proposed BIMC 3.36. It was discussed with Planning Director Heather Wright and Senior Planner Jennifer Sutton on December 3. The MFTE program was discussed by the Planning Commission on December 17, 2020; the agenda packet for that meeting included the proposed chapter, a memo directing attention to several decision points, and an explanatory document from the Puget Sound Regional Council explaining the Multifamily Tax Exemption policies. The Agenda Bill identified several policy questions that were left open in the draft, and the P C began discussion of matters on which they would offer recommendations to the Council. During discussion of areas on the Island where multifamily projects could be eligible for the tax exemption, Senior Planner Sutton had maps available to share on the screen.

In the Planning Commission meeting on January 14, 2021, the MFTE Program was the principal item of business. The agenda packet included maps that showed district boundaries and vacant parcels, and an excerpt from the Use Table in BIMC 18.09.020 showed the zoning designations where multifamily dwellings are either a Permitted or a Conditional use. In approximately an hour of discussion, the Commission arrived at consensus on policy recommendations, responding to the three topics presented to us by Planning staff in the Agenda Bill.

Policy Questions to Answer

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 for a public hearing on the designated area(s).
2. Project threshold: Under state law (RCW 84.14.030), a project must be creating at least 4 multifamily units in order to apply for the MFTE program. Other jurisdictions have raised this eligibility threshold in their local regulations; for instance, Bremerton's threshold is 10 units.
3. State law allows MFTE programs to accept projects for developing either rental or home ownership units, or a mix of the two. The affordable housing subcommittee has asked whether the program should be limited to rental projects.

Recommendations

In discussion, the P C considered the first and second topics together, looking at maps showing vacant parcels in (1) the MUTC and High School Road districts, and in (2) the larger area defined by two partially overlapping boundaries: the Winslow Master Plan Study Area and the Sewer Service Area. It was noted that some parcels in these areas might be developed (or redeveloped) with 10 or more units of multifamily housing, but there may be more opportunities for infill development on a smaller scale, providing some housing in mixed-use development, with commercial space and/or space for a service provider on the ground floor.

Regarding the minimum *Size* of an MFTE project (see subsection 3.36.050.B), the Planning Commission endorses the subcommittee's recommendation, allowing MFTE for four or more housing units.

Regarding section 3.36.030 (Designation of residential target areas), the Planning Commission decided, first, to recommend designating the target area in and around Winslow by two established boundaries, to include parcels that are within either the Winslow Master Plan Study Area or the Winslow Sewer Service Area (or both). The effect of this recommendation is to include some parcels for which multifamily development is a Conditional use. The Planning Commission finds this recommendation to be consistent with the Zoning Code and the goals and policies of the Comprehensive Plan, in both the Land Use and Housing elements.

The Planning Commission considered the map showing zoning designations in the Lynwood Center area, and recommends designation of the NC area and those parcels zoned either R-5 or NC/R-12 as a target area for MFTE-eligible development.

Regarding the third topic, whether the MFTE program should be restricted to projects producing rental units, the affordable housing subcommittee raised the question without taking a position. Commissioner Paar has said that he is not familiar with any MFTE projects that have produced units

for owner occupancy. It is the case, however, that all of the programs in other jurisdictions that were studied provide for both possibilities.

There is an acute shortage of housing on Bainbridge Island that is available for rental at affordable rates, and the MFTE program will offer an attractive incentive to developers who provide multifamily rental units. Multifamily projects that provide for owner occupancy in all or a portion of the development may be few and far between, but the Planning Commission did not see a reason for excluding such projects from consideration. The Planning Commission recommends providing for both rental projects and ownership projects, as in the DRAFT Chapter (subsections 3.36.040.A.1 & 2). The Council may wish to consider accepting only ownership projects that involve participation in the Community Land Trust and administration by Housing Resources Bainbridge. (The Planning Commission did not explore this option.)

Other Matters to be Determined

RCW 84.14.040 provides guidance on designation of a targeted area or areas, the required public notice of a hearing, and subsequent action to be taken by the Council.

As defined in RCW 84.14.010.(11), "Multiple-unit housing" (also "multifamily housing") is inconsistent with "Multifamily development" as defined in BIMC 18.36, #170.

Several details in the provisions for application, fees, review, certification, appeal procedures, contractual commitments, and reporting remain to be given final form. (Presumably, the hearing on designation of the targeted area(s) can be scheduled, noticed, and conducted before these details are finalized.)

What the MFTE Program Does and Does Not Do

This program makes no changes in the current Municipal Code's zoning designations and density provisions. It does take steps toward implementation of goals and policies in the Housing Element of the Comprehensive Plan. Effective use of the MFTE Program will depend on revision of BIMC 18.12 (Dimensional Standards) and 18.21 (Affordable Housing), presumably to include inclusionary housing provisions.

Adoption of the MFTE Program will have no immediate impact on revenues from residential taxes. To the extent that the program incentivizes development and some net increase in population, revenues will be increased, but there will be a twelve-year lag in ad valorem property taxation.

As a condition of participation in the program, at least 20% of the housing units being provided must be affordable by income-qualified households. This has the effect of setting a high standard for an Inclusionary Housing program, which has yet to be designed. However, the requirement of such affordability lapses at the end of twelve years. Longer-term affordability will depend upon regulations in the Inclusionary Housing chapter or elsewhere in the Code.

In 84.14 RCW and in this program, the definitions of Low-income and Moderate-income households are simpler than the categories found in BIMC 18.21, and this is a good thing, because it defines somewhat more broadly the population eligible for affordable housing.

If the MFTE program is effective over the next ten to twenty years, it will incentivize development and redevelopment within the Winslow area that is zoned for urban density, and it will also make possible (subject to a CUP) some multifamily development where it is appropriate on the periphery of Winslow.



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>

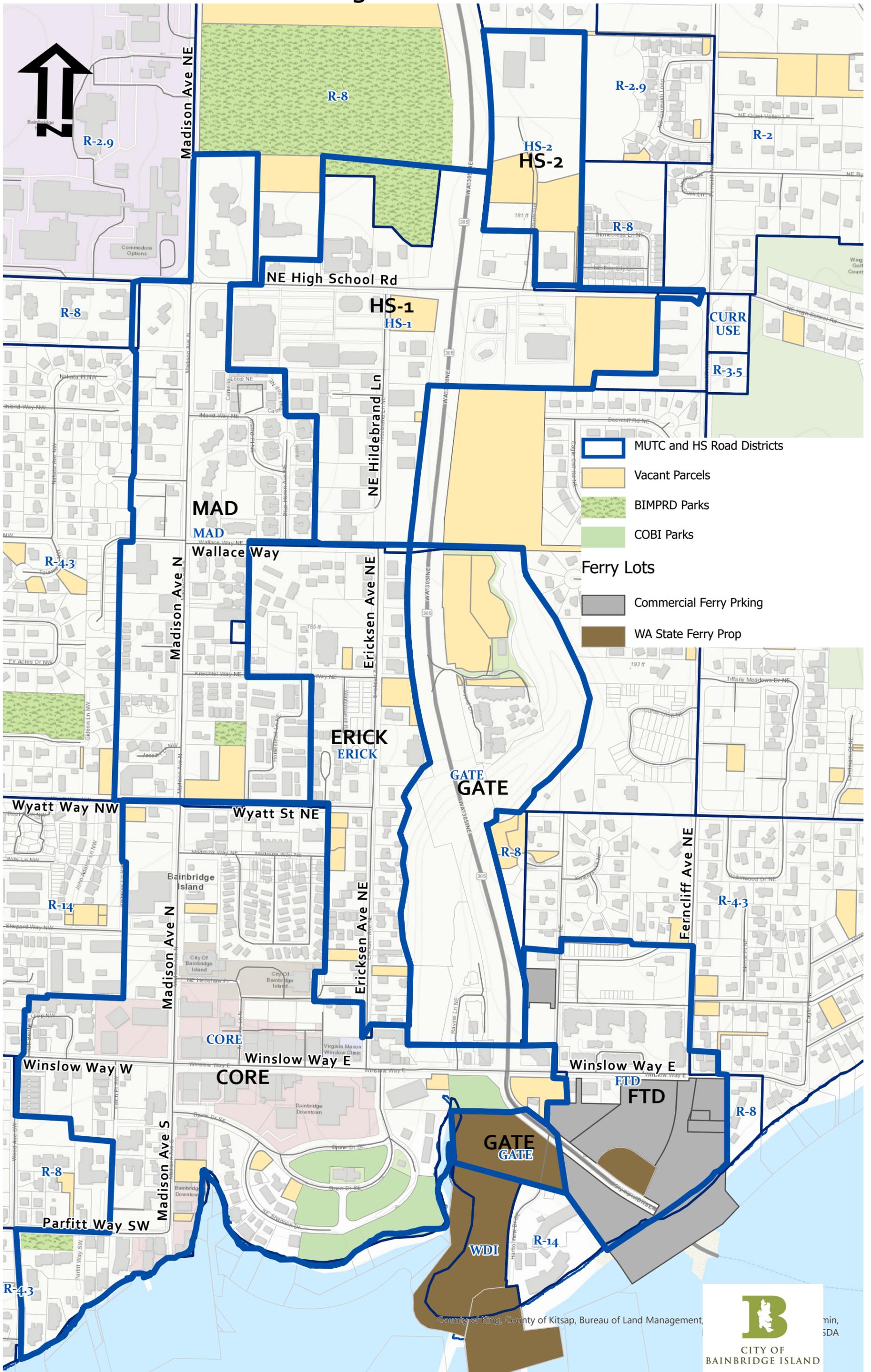
- Bremerton: Downtown Core and Multiple Residential Zones
- Burien: Downtown Commercial Zone
- Everett: Downtown and vicinity
- Kirkland: Central Kirkland/Houghton; Totem Lake and North Rose Hill; Juanita; and NE 85th Street
- Lynwood: City Center
- Puyallup: central business district (CBD) and certain 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		R- 0.4	R-1	R-2	R- 2.9	R- 3.5	R- 4.3	R-5	R-6	R-8	R-14	Winslow Mixed Use Town Center					HSR I and II	NC	B/I	WD-I	Use-Specific Standards BIMC 18.09.030
USE CATEGORY/TYPE												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	P	C	P	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

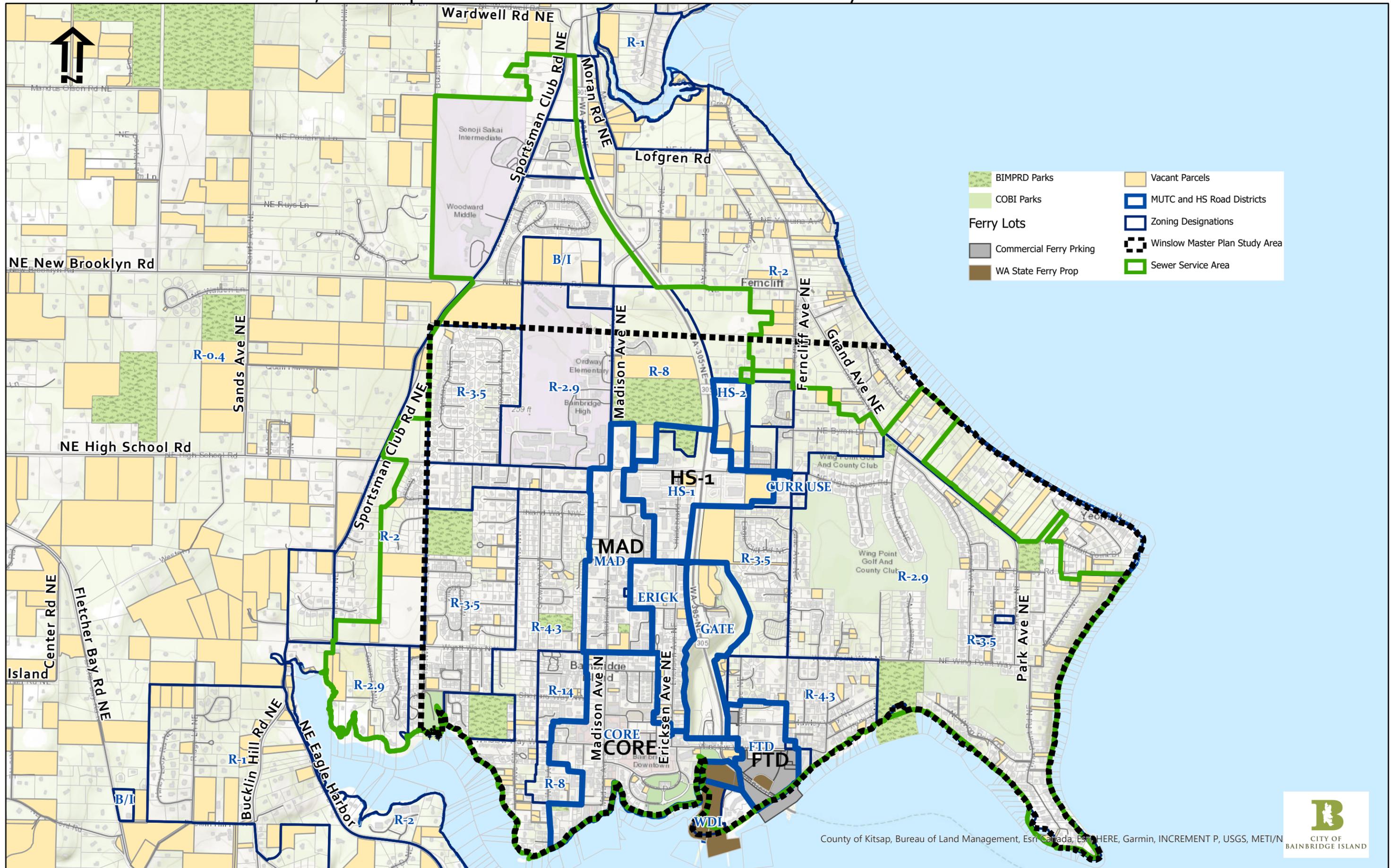


County of King, County of Kitsap, Bureau of Land Management



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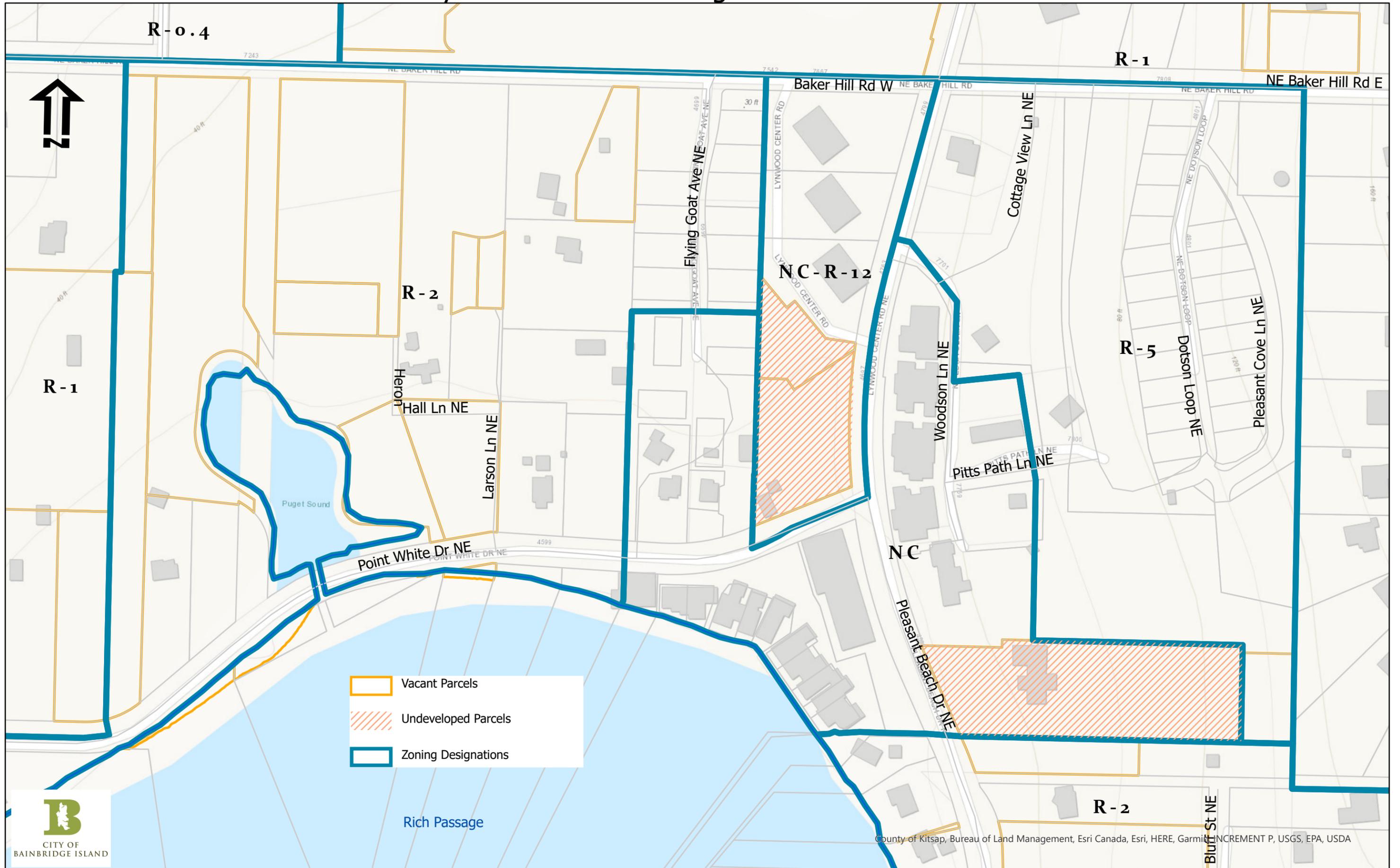
Vacant/Undeveloped Lands within the Winslow Master Plan Study Area & Sewer Service Area



County of Kitsap, Bureau of Land Management, Esri, Canada, Esri, HERE, Garmin, INCREMENT P, USGS, METI/N



Lynwood Center Zoning & Vacant Lands





CITY OF
BAINBRIDGE ISLAND

Planning Commission Special Meeting Agenda Bill

MEETING DATE: January 28, 2021

ESTIMATED TIME: 15 Minutes

AGENDA ITEM: (7:00 PM) - SMP Periodic Review - Briefing

AGENDA CATEGORY: Presentation

PROPOSED BY: Peter Best

PREVIOUS PLANNING COMMISSION

REVIEW DATE(S): Planning Commission conducted meetings under the previous Public Participation Program/Work Plan in 2019 on 5/23, 6/27, and 7/11.

PREVIOUS COUCIL REVIEW DATE(S): Council first approved a Public Participation Program/Work Plan on 3/12/2019 and adopted the attached update on 9/1/2020.

RECOMMENDED MOTION:

No action - briefing only

SUMMARY:

On September 1, 2020, the City Council adopted an updated PPP/WP (attached) which carried forward the same overall goals as the prior PPP/WP and includes three key updates:

1. Public participation has been adapted to the COVID pandemic, including the use of two focus groups (see page 5) and a new online engagement platform that will be launched in the coming weeks.
2. SMP revisions will fall into three categories (see pages 8-9 for details):
 - o Non-substantive clarifying edits and reorganization intended to make existing SMP requirements easier to understand and implement.
 - o Substantive revisions required for consistency with existing policy or law, such as the 2016 Comprehensive Plan update and SMA amendments.
 - o New substantive policy initiatives, including aquaculture and flooding risk due to sea level rise.
3. The format for draft revisions has changed (page 3):
 - o Staff will prepare a Baseline Draft SMP, which will include all clarifying edits and substantive revisions required for consistency with existing policy or law, so the process starts with a well organized and clean version of the SMP.
 - o The new substantive policy initiatives will be presented as an amendment to the Baseline Draft SMP and will be accompanied by a white paper.

The department is currently updating the project schedule (Note: the timeline on page 5 is outdated) and specific dates are not yet available, however the Planning Commission can anticipate the following:

- o A workshop in February or March 2021;
- o 2-3 formal study sessions; and
- o One joint public hearing and comment period with the City Council and the Department of Ecology.

BACKGROUND: The City is required by the Shoreline Management Act (SMA) to complete a periodic review of the Shoreline Master Program (SMP) every eight years. The City's periodic review is expected to result in amendments to the SMP, however it is not a cover-to-cover substantive comprehensive update like that completed by the City in 2014. Therefore, the process will be significantly more focused.

The SMA requires the City to publish a Public Participation Program for the periodic review. On March 12, 2019, the City Council approved a Public Participation Program and Work Plan (PPP/WP). The Department began working on the periodic review with the Planning Commission in June and July, 2019. The project has experienced delays due to:

- o A state deadline extension to June 30, 2021 (from June 30, 2020) because of the delayed availability of required grant funding;
- o Staffing vacancies; and
- o The COVID-19 pandemic.

ATTACHMENTS:



**Shoreline Master Program Periodic Review
Public Participation Program
and Work Plan**

Updated September 1, 2020



Shoreline Master Program Periodic Review Public Participation Program and Work Plan

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Stay Informed

- **Sign up** on [Notify Me](#): Members of the public can sign up to receive email or text notifications about public meetings and other aspects of the SMP periodic review. Select the “Shoreline Master Program” list.
- **Sign up** for the [City Manager’s Report](#).
- **Website**: The City maintains a [Project Webpage](#) on its website with updates, important dates, background materials, and draft documents. This is where you can review prior activity on this project and find out what to anticipate next.
- **Invite**: Members of the public can request City staff to give a presentation and take Q&A on the SMP periodic review to community groups or any public forum.

Get Engaged

- **Attend** public meetings, including workshops, Planning Commission, and City Council meetings. Planning Commission and City Council meetings are also recorded and available for later viewing on the City website.
- **Comment**: Public comments can be submitted during the public comment period:
 - Online: Check the [Project Webpage](#) during the public comment period
 - By email: pcd@bainbridgewa.gov
 - By mail: Planning & Community Development
Attn: SMP Periodic Review
280 Madison Avenue N
Bainbridge Island, Washington 98110

Questions?

- **Contact**: Peter Best, Senior Planner
(206) 780-3719
pbest@bainbridgewa.gov

Introduction

The City of Bainbridge Island (City) is conducting a periodic review of its Shoreline Master Program (SMP), which is required every eight years by the Washington State Shoreline Management Act (SMA) [RCW 90.58.080(4); WAC 173-26-090(2)]. This document outlines the scope and timing of the amendment process and describes opportunities for public participation throughout.

The following are important notes regarding this periodic review:

- This periodic review is expected to result in amendments to the SMP, however it is not a cover-to-cover substantive comprehensive update like that completed by the City in 2014. Therefore, the process will be significantly more focused.
- The City is required to adopt this SMP periodic review by June 30, 2021. The process also requires initial review and final approval by the Washington State Department of Ecology (Ecology).
- The City and Ecology must “make all reasonable efforts to inform, fully involve and encourage participation of all interested persons and private entities, tribes, and agencies of the federal, state or local government having interests and responsibilities relating to shorelines of the state and the local master program.” [WAC 173-26-090(3)(a)(i)]
- The SMA requires the City to establish and distribute a public participation program with procedures that will “provide for early and continuous public participation through broad dissemination of informative materials, proposals and alternatives, opportunity for written comments, public meetings after effective notice, provision for open discussion, and consideration of and response to public comments.” [WAC 173-26-090(3)(a)(ii)]
- The City has chosen to use the optional joint state/local review process in WAC 173-26-104. This joint review process means that the comment periods held by Ecology and the City will run concurrently and will include at least one joint public hearing.

Goals

Overall goals of this Public Participation Program are to:

- Provide objective information to assist the public in understanding issues and solutions related to the SMP itself and the periodic review process.
- Provide opportunities for interested parties to contribute ideas and provide feedback through the periodic review process.
- Make the periodic review process accessible and engaging to interested parties by using a variety of media, plain language, and easy-to-understand materials.

Scope of Periodic Review

The required minimum scope of the periodic review as established by the SMA [RCW 90.58.080(4)(a)] is:

- To assure the SMP complies with applicable law and guidelines in effect at the time of the review; and
- To assure consistency of the SMP with the City’s comprehensive plan and development regulations adopted under the Washington State Growth Management Act [RCW 36.70A], if applicable, and other local requirements.

The periodic review process provides the method for bringing the SMP into compliance with any requirements of the SMA that have been added or changed since the last SMP review and for responding to changes in guidelines adopted by the state, together with a review for consistency with any amendments to the City’s comprehensive plan and regulations. The periodic review also provides an opportunity to incorporate amendments to reflect changed circumstances, new information, or improved data.

The anticipated revisions to be addressed during the periodic review are described in Attachment A. The City will focus mostly on meeting the minimum requirements described above with revisions that can be characterized as clarifying edits or substantive revisions consistent with existing policy or law. A limited number of new substantive revisions are also described in Attachment A.

Periodic Review Process Steps

Step
1

Staff Review

- Audit SMP consistency with State legislative changes
- Audit SMP consistency with the 2016 Comprehensive Plan and development regulations in the Bainbridge Island Municipal Code (BIMC)
- Audit for internal inconsistencies within the SMP
- Audit definitions
- Administrative program evaluation, including process improvement survey of former applicants
- Present results with Step 2

Step
2

Baseline Draft SMP

- Prepare a full baseline draft of the SMP including all:
 - Clarifying Edits
 - Substantive Revisions Consistent with Existing Policy or Law
- Flag sections where new substantive revisions will interact
- Government Agency focus group (online)
- Present draft to Planning Commission, City Council, and public
- Refine based on initial feedback as necessary

Step
3

New Substantive Revisions and Early Public Engagement

- Prepare issue papers and policy outlines for new substantive changes
- Public outreach effort (mailings, etc)
- Public Workshop (online)
- Focus groups (2 online meetings each)
- Workshop with the Planning Commission
- Finalize Department proposal

Step
4

Planning Commission Review

- Formal review of the Baseline Draft SMP and New Substantive Revisions
- Public comments accepted during Planning Commission meetings
- Planning Commission Recommendations

Step
5

City Council Endorses Draft SMP for Public Hearing

- City Council reviews the Planning Commission recommendations and endorses a draft SMP amendment to put forward for the joint public comment period and hearing

Step
6

Joint Public Comment Period and Hearing

- 30-day public comment period
- Public hearing jointly held by the City Council, Planning Commission, and Ecology
- Written comment and oral testimony is received by all three bodies
- Staff prepares a comment and response summary

Step
7

Draft SMP Periodic Review Submittal Package

- Staff prepares recommendations for modifications resulting from public comment
- City Council determines what modifications will be considered
- Planning Commission may be asked to advise the City Council
- A Draft SMP amendment submittal package is sent to Ecology

Step
8

Initial Determination of Consistency from Ecology

- Ecology evaluates the Draft SMP periodic review submittal package, including proposed modifications resulting from public comment
- Ecology makes an initial determination regarding consistency with the SMA, noting areas of concurrence and concern with possible required and/or recommended changes.

Step
9

Final SMP Periodic Review Submittal Package

- If necessary, staff prepares recommendations related to Ecology's recommended or required changes
- City Council reviews and adopts a Final SMP amendment
- Planning Commission may be asked to advise the City Council
- The City Council may hold an additional public hearing, but is not required to do so
- A final SMP submittal package is sent to Ecology

Step
10

Ecology Reviews and Approves SMP Periodic Review

- Ecology reviews the Final SMP periodic review submittal package and approves, approves with conditions, or denies the SMP amendment.

Step
11

Update Administrative Documents Consistent with Final SMP Periodic Review

- Update: COBI Administrative Manual for Planning Permits
- Update: COBI Guidance for a Site-Specific Analysis
- Update: COBI Qualified Specialist List
- Create: Summary sheets, checklists, and worksheets for the most common types of activities in shoreline jurisdiction

Step
12

Appeals

- An SMP amendment may be appealed to the Central Puget Sound Growth Management Board

Anticipated Timeline

Year	2020					2021							
Month	8	9	10	11	12	1	2	3	4	5	6	7	8
Step 1	█	█	█										
Step 2		█	█	█									
Step 3		█	█	█									
Step 4					█	█							
Step 5							█						
Step 6								█					
Step 7									█				
Step 8										█			
Step 9											█		
Step 10												█	
Step 11													█
Step 12													→

Participation Opportunities

The City is committed to providing the following participation opportunities during the SMP periodic review process.

Focus Groups

The Department of Planning and Community Development will facilitate two focus groups, one for interested stakeholders and the other for interested government agencies. The focus groups will:

- Provide early input to staff before new substantive amendments to the SMP are drafted; and
- Review new substantive amendment language drafted by staff.

The stakeholder focus group is intended to include diverse perspectives with up to 15 members from industry, professional organizations, and civic groups that have an interest in shorelines. This focus group will likely meet twice.

The government agency focus group is intended to include representatives from tribal, federal, state, and local government agencies, including City departments and advisory committees. The government agency focus group will also help identify administrative improvements that will make multi-jurisdictional permitting more efficient. This focus group will likely meet four times.

Public Workshop

The Department of Planning and Community Development will facilitate a public workshop on new substantive amendments to the SMP prior to finalizing the Department's recommendations to the Planning Commission. This early public engagement will help shape the Department's proposed recommendations.

Planning Commission Meetings

Planning Commission meetings are held on the second and fourth Thursday of the month. Special meetings may be held at an earlier time or on a different day, as needed. Public comment is accepted at all Planning Commission meetings. Meeting materials are provided in the agenda packet, which is usually published on the City's website on the Friday prior to the meeting:

<https://www.bainbridgewa.gov/AgendaCenter>.

Joint Local/State Public Comment Period and Public Hearing

The periodic review process requires a 30-day public comment period during which at least one public hearing must be held. A joint public hearing will be held by the Planning Commission, City Council, and Ecology staff. The public comment period provides an opportunity to provide written comment and the public hearing provides an opportunity to provide testimony. All comments are reviewed, cataloged, summarized, and summary responses are prepared. Modifications to the draft SMP resulting from public comments are also identified. The public hearing must be advertised on the City's website and in the local newspaper at least 10 days prior to the hearing.

City Council Meetings

City Council meetings are held the first through fourth Tuesdays of each month. Special meetings may be held at an earlier time or on a different day. Public comment is accepted at all City Council Business Meetings, which are held on the second and fourth Tuesdays of each month. Meeting materials are published in the agenda packet, which is published on the City's website on the Friday prior to the meeting: <https://www.bainbridgewa.gov/1101/City-Council-Agendas>.

Outreach Methods and Tools

The overall objective of this Public Participation Program is to describe how the City will engage the public during the course of the periodic review process. Public participation methods and tools may vary during the periodic review process. This Public Participation Program may continue to be reviewed and refined throughout the review process, if needed. The City will utilize a variety of modes of communication to engage the public. Public outreach will consist of interactive outreach efforts, traditional media and advertising, and outreach efforts utilizing technology and social media. Public meetings will be noticed as far in advance as possible.

Interactive Outreach Methods

- Stakeholder groups
- Public workshop (via webinar format)
- Video call presentations at group meetings, e.g., Bainbridge Island Watershed Council, realtor groups

Traditional Media and Advertising

- Press releases to local papers, blogs and newsletters
- Utilize community organization email lists, newsletters, and social media
- U.S. postal mail flyer to shoreline property owners
- Announcements in the *Bainbridge Island Review*
- Emails to current City email listservs, volunteer lists, and citizen advisory groups

Technology and Social media

- City website – An online open house with background information, existing SMP, useful weblinks to planning resources, and materials prepared for public meetings will be available to the public on the City’s SMP [project page](#) and as hard copies at City Hall
- [Notify Me](#) – There is a listserv for the public to sign up for Shoreline Master Program announcements
- Updates related to the SMP periodic review process will be posted on Facebook
- Posting SMP periodic review meetings to the calendar on the City website
- City Manager’s Report – updates and announcements of meeting dates included as needed in the weekly report

Potential Groups for Outreach

The following is an initial list of groups for outreach. Additional groups may contact staff to be added.

<p>City Citizen Advisory Groups Climate Change Advisory Committee Environmental Technical Advisory Committee Marine Access Committee Planning Commission Utility Advisory Committee</p>	<p>Other Public Agencies Bainbridge Island Fire District Bainbridge Island Metro Park and Recreation District Bainbridge Island School District Kitsap Public Utility District Kitsap Public Health District Puget Sound Regional Council Washington State Ferries</p>
<p>Community Groups Association of Bainbridge Communities Bainbridge Island Japanese American Exclusion Memorial Organization Bainbridge Island Land Trust Bainbridge Island Watershed Council Chamber of Commerce Housing Resources Board Rotary Club of Bainbridge Island Sustainable Bainbridge</p>	<p>Other Organizations Bloedel Reserve Cooke Aquaculture Kitsap Building Association Kitsap County Association of Realtors SEPA review agencies Yacht clubs and marinas Tribal governments</p>

Attachment A - Anticipated Revisions

Clarifying Edits

Clarifying edits are changes that will improve the administration of the SMP without modifying the effect of existing provisions. Examples of clarifying edits include:

- Integrate current administrative interpretations
- Correct scrivener's errors and incorrect cross-references
- General plain talking of complex provisions
- Add informational text and graphics that will facilitate the efficient use of the SMP
- Improve (and add) tables, footnotes, and graphics to consolidate and simplify the presentation of requirements
- Remove text that is redundant to tables, footnotes, and graphics, as appropriate
- Consolidate, reorganize, and cross-reference text as needed, particularly to avoid "surprise" requirements buried across multiple sections of the SMP
- Remove definitions for words that do not appear in the text of the SMP
- Republish the Shoreline Designation Map (Appendix A) in a tiled format at larger scale based on Shoreline Management Areas (no changes to designations)
- Combine Appendix A (Shoreline Designation Map) and Appendix E (Special Area Maps)
- Remove Appendix C (Buffer Recommendation Memorandums)
- Add shoreline example graphics to rules of measurement (BIMC 18.12.050)
- Replace BIMC 16.12 with a hyperlink to the full version of the SMP

Substantive Revisions Consistent with Existing Policy or Law

These substantive revisions will modify the effect of existing SMP provisions for the purpose of achieving existing policy or law and will be color coded in the draft SMP for easy identification. Some changes will be required because of a change in state law, to resolve an inconsistency, or to comply with a court ruling. Other changes may propose alternative approaches to regulations that have proven difficult to administer or propose new regulations to improve administration. Examples of substantive revisions consistent with existing policy or law include:

- Required by state law
 - As needed for consistency with state legislative changes since 2014 (see [Ecology's checklist of legislative changes](#))
 - As need to resolve internal inconsistencies
 - As needed for consistency with the 2016 COBI Comprehensive Plan and development regulations in BIMC, such as 2016 stormwater regulations and 2019 subdivision regulations
 - As needed for compliance with court rulings, including the outcomes of the 2014 SMP appeals
 - Note: There are two ongoing appeals. If they are not resolved before the adoption of the periodic review, then COBI will need to adopt a separate compliance amendment following the periodic review.
- As needed to improve consistency with other state/federal shoreline regulations and permit agency procedures

- Address deficiencies identified during an administrative program evaluation
- Clarify what “modifications” are addressed by the regulations in Section 6.1
- Update definitions, as necessary
- Shoreline Designation Map corrections, if any
 - Note: “Corrections” are only to fix (1) an inconsistency between the published Shoreline Designation Map and the final decision of the City Council as clearly documented in the official record or (2) designations that are clearly erroneous compared to their designation criteria.

New Substantive Revisions

These substantive revisions will change or add policies to the SMP as well as change or add related regulations and will be color coded in the draft SMP for easy identification. Such amendments can be a major undertaking and may need to be addressed through their own SMP amendment following the periodic review. The City’s capacity to complete new substantive revisions during the periodic review is significantly limited by resource and time constraints due to the COVID-19 pandemic and statutory deadline for adopting the periodic review. In particular, any new substantive amendment that would change the underlying assumptions used in the SMP cumulative impacts analysis would require the City to update that analysis which would add significant cost and time to this periodic review process. The following are the new substantive revisions proposed for consideration during this periodic review:

- Integrate the ongoing aquaculture limited amendment
- Incorporate climate adaptation/sea level rise into goals, policies and regulations with the focus being on flooding (future amendments will address other risks from sea level rise, such as bluff erosion)
- Review and clarify procedures for updating Priority Aquatic environment designations
- Update Aquatic environment designations on the Shoreline Designation Map based on available information, if applicable

Note: The current SMP amendment regarding critical areas and non-conforming provisions is anticipated to be adopted and take affect before the Fall 2020. Therefore, they will be included in the baseline SMP.