



## Planning Commission Meeting Minutes

**Wednesday, October 7, 2020 at 7:00 PM**

**Open of the Meeting:** Andy Lane, Chair, called the meeting to order at 7:00 pm

**Roll Call:** Planning Commission Chair: Andy Lane, Steven Booher, Angie Harrison, Colin Forsyth, Pete Olson, Alison Miller; absent – Chuck Reppas and Pete Olson

**Staff/Consultants:** Lilith Vespier, Development Services Manager; Dawn Couch & Kevin Ramsey (BERK Consulting)

**Council Members:** Sharon Waters, Carolyn Wilson, Mia Bretz

**Community Present:** David Morgan, Kaylin Bettinger

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**Review and approval of Minutes:** September 2 and 16, 2020 (provided separately) were reviewed. Motion to approve by Steven Booher seconded by Colin Forsyth. Motion carried by all.

### **Capital Facilities Element Update Hearing:**

Chair Lane asked for an opening presentation on the Capital Facilities Element update. Ms. Vespier presented an overview before Chair Lane opened the hearing for a recommendation to the council for modification of the Capital Facilities Element, a portion of the Comprehensive Plan.

Planning Commission Questions:

- Chair Lane had questions regarding the Levels of Services (LOS). Ms. Vespier indicated that these had already been indicated in other documents, but not summarized within Capital Facilities Plan. Discussion continued on levels of service and if new development (e.g. apartment complex), could use SEPA to request mitigation funds to address schools, hospital facilities. There was a question about how non-city owned capital facilities fit. Ms. Vespier noted that we need to account for, and help achieve LOS for, the needs of non-city owned capital facilities. This provides the city an opportunity to seek funding to support services. Chair Lane had questions regarding parks LOS vs what the City has. Ms. Vespier stated that the city currently (Enchantment Park, neighborhood/school properties) appears to meet the LOS, noting that the standard was development as county-wide process. A future update of the Parks Element of the Comp Plan will likely need to evaluate and expand the park LOS.
- Commissioner Booher inquired about the process of determining the project list. Ms. Vespier stated, this comes from the current documents, such as the Water Systems Plan. Projects that are needed for future developments (such as north of Pine Street) would be addressed with future development projects by the builder. The project list has been heavily vetted with Public Works, City Consultants and Chantell Steiner (Finance Director) and is subject to change.
- Commissioner Booher questioned if the document would get updated if a road fails and is not on the list? Ms. Vespier responded that emergency measures can always be taken. Projects requiring grant funds are required to be listed but City budgeted projects do not need to be on the list to occur.

**Public Comments/Testimony:** No public testimony or questions.

**Motion:** Motion to recommend approval of Capital Facilities Plan by Colin Forsyth including Staff Report and recommendations; seconded by Pete Olson. Motion carried by all: Moved to council for approval.

### **Housing Action Plan Workshop – Draft Needs Assessment Review:**

Dawn Couch and Kevin Ramsey from BERK Consulting provided a presentation on the Housing Needs Assessment (summarized below). The purpose of the Assessment is to provide common understanding of what community's

housing needs are before considering regulatory options. The presentation addresses the community profile, workforce profile, housing inventory and the gap analysis (given what is there, what are the housing needs). The intent is to build a consensus around housing needs and inform consideration of housing options and strategies.

### Key Findings

- (1) Community Profile
  - Limited population growth (2010-2018 limited residential growth)
  - Population tends to be older, with fewer children than statewide patterns
  - Less diverse since 2010, in contrast to Chelan County
  - Lower rates of owner-occupied housing
  - Lower household incomes than county
  - High rates of housing cost burden on lower income
    - Cost burden is how affordable your house is in relation to your household. Calculated by spending 30% or less of your household income on housing.
  - Many of Leavenworth's residents are employed outside of City.
- (2) Workforce Profile
  - High rates of job growth compared to residential growth.
  - Jobs reflect tourism-based economy (accommodations and food service).
  - About 88% of Leavenworth's jobs are filled by workers who commute into Leavenworth.
  - Leavenworth tends to import younger workers with lower earnings and export older workers with higher earnings.

Councilmember Waters posed the question: If someone builds a house but doesn't live here, is that residential growth?

Ms. Couch responded: Residential growth is based on your primary residence. If someone lives somewhere else, they are not counted as a Leavenworth resident. You can have a situation where new housing is being built, but there is no new residential growth. If the home is rented as a long-term rental, then it is considered residential growth.

- (3) Housing Inventory
  - Housing prices are high and growing faster than household income.
  - Leavenworth has three housing units for every two resident households.
  - High rates of housing used as second homes or vacation rentals.
    - 30% unoccupied (nobody living in house as primary residence during survey)
    - Short term rentals advertised as entire home/apartment equate to 22% of housing units. (number of units advertised/number of total units). Purchased proprietary data from Air DNA to obtain numbers.
  - Lower rates of housing development over the last 10 years compared to other Chelan County communities (around 97 north toward Entiat).
  - Recent uptick in development activity (since 2018) with 200 new rentals becoming available in Fall 2020.

Commissioner Booher posed a question regarding the dots on map showing short-term rentals on page 29 are located in the hotel core that are not vacation rental homes, but appear to be hotel/motel units. The data is misleading/data is skewed (e.g. *Worldmark* Condos that are used as both dwellings and vacation rentals). Commissioner Harrison is interested in seeing if there is a way to break the data down more (e.g. dividing into areas that would be primarily commercial vs. vacation rental).

Ms. Vespiet discussed enforcement of vacation rentals in the City and the need to reevaluate and focus on enforcement issues.

Data is based on the description of the unit (the way the property is marketed).

David Morgan asked if the map included B&B's within the City Limits. He stated his concerns about B&B requirements and the loss of housing for long-term rentals. Commissioner Miller commented that most people with B&Bs in residential areas are renting out an entire ADU with entire kitchen because the owner

can make more money to rent short-term vs. long term. She noted that it makes a difference to have property be owner-occupied, because that means people are supplementing their income to afford to live in Leavenworth.

Mr. Morgan commented that from an affordable housing point of view, B&B's are a problem.

Ms. Couch noted that when we look at recent trends/permit data, we need to look at how much is being built and know that some of that will be absorbed by short-term/nonresidential use of housing and determine what will be needed for affordable housing going forward.

### Gap Analysis

- Current unmet housing needs:
  - Rental homes available to those earning 30-50 percent and less of MFI (Median family income)
  - Entry level homeownership opportunity for those earning 80-100% MFI
  - Pathways to age in the community (older adults and small households with older adults). Not a lot of affordable options in the community.

Chelan County MFI (Median Family Income) is \$68,400 (adjusted by # of people per household)

- High Income = Above 100% MFI (**physical therapist, RN, Construction Manager**)
  - Moderate income = 100% MFI (**social worker, elementary school teacher, firefighter**)
  - Low income = up to 80% MFI (**mail carriers, dental assistants, office workers**)
  - Very Low income = 50% MFI (**cashiers, food prep, dishwasher**)
  - Extremely Low income = up to 30% MFI
- Population Growth Targets. Ms. Couch noted that the City is meeting, and likely to exceed, the population growth targets in the near term. But, the City is only meeting targets not likely to address issues of affordability and inclusion.

Chair Lane discussed importance of land capacity analysis.

- Workforce housing Need: Job growth increased 30% between 2010 and 2017, but the percent of jobs filled by residents dropped from 16% to 12%.

Question from Councilmember Bretz: How accurate are our population growth numbers? Especially with Census so long ago.

Answer from Ms. Couch: The numbers are pretty accurate, but small mistakes make for huge proportional shifts because of the city's small population. Typically, they are reliable. Need to take a hard look at the data. Mr. Ramsey stated, the target is based on allocation that came through the County Comp Plan process/policy-based target. Compared current OFM counts (2010 to 2019).

- Demand for Vacation Homes continues to use a significant share of housing stock. The planning (population growth) goals does not account for vacation housing demand.
  - Additional housing stock could be lost to the vacation home market.

### Discussion/Questions

- Based on recent data, middle to low income will be most impacted in recession.
- Councilmember Waters discussed STRs (Short term rentals) and the fact that a lot of "Leavenworth" rentals are actually outside of city limits. Were told 40% of housing is second homes; but data shows 30%. She asked is quality of life ever discussed in this topic of housing?

Response from Ms. Couch: That's where the Housing Cost Burden comes into play. As a community there is a lot of livability assets in Leavenworth; need to find a way for everyone that lives in Leavenworth to enjoy those livability assets. Households with children have decreased in the community, because when they have kids they can't afford to live here (type of displacement).

Kaylin Bettinger thanked Ms. Couch for the information and stated that with MEND, the biggest thing they hear from low income that is impacting quality of life is housing.

### Strategies to Increase Housing Supply

Ms. Couch noted a number of strategies the City has already done to increase housing and recommended two new options:

- Expand allowed housing types in certain zoning designations (multiplex, cottage or bungalow style housing)

- Revise ADU standards and/or provide approved designs
- Evaluation Questions:
  - How likely is housing type to address unmet housing needs?
  - How feasible is the housing type given current market conditions and existing regulatory environment?
  - What regulatory changes does the community support?

**Comments/Questions**

Question: David Morgan had questions regarding evaluation of B&B standards for ADUs?

Answer: Ms. Vespier discussed B&Bs, for some homeowners, are a way for them to have housing; helps supplement housing. Lilith discussed the idea of possibly limiting how many we have in a neighborhood (density regulations); so, they don't get overpopulated in a neighborhood.

Commissioner Lane: There was a lot of public input on the new code regulations for B&B's. There will be policy discussion on this, as a part of the Housing Action Plan.

Question: Commissioner Booher asked about reviewing other options, such as reduction of minimum lot sizes should be looked at; different housing types have been looked at previously (duplex, triplex, bungalows); and, some other things, such as modifying lot sizes could make a difference.

Commissioner Miller: Agreed with Steven; Items that haven't been discussed as much are interesting. Process was halted regarding modifying lot size, lot coverage, setbacks, density.

Councilmember Waters: Would like PC to go through neighborhoods where things could go on different pieces of property and get a real-life picture of what it would look like on a specific block. There are trust issues and it would be helpful to see a real-life image.

Commissioner Booher: Interested to see how some of these potential changes could help the problem? (e.g. decrease lot size, increase building height, etc.). Put some sort of analysis to it rather than, "we think" this may help.

Kaylin Bettinger: Focus on priorities that will help workforce housing; targeted community housing (e.g. density bonus for housing retained for community, income restrictions).

- Draft employer survey
  - Understanding part-time, seasonal employment
  - Obtain data on how COVID may impact?
  - Need to think through procedural issues

Question: Councilmember Waters, Can the survey be put on hold due to COVID? Could the survey be done next year?

Answer: Ms. Couch, The contract is grant based and needs to be done by a certain time. But if city feels this is not the right time or right questions to be coming to employers, then that is at the discretion of the city.

*Housing Action Plan draft recommendations will be due at next meeting.*

**District Use Chart Review:** *This review was postponed until next meeting.*

**Adjournment at 8:55 pm:** Meeting was adjourned by Andy Lane.

*(Meeting recording available on request)*

Respectfully Submitted,  
Maggie Boles, Planner  
City of Leavenworth