

RESOLUTION NO. 2980

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BONNEY LAKE, PIERCE COUNTY, WASHINGTON, AUTHORIZING THE MAYOR TO SIGN THE LETTER OF COMMITMENT AND AUTHORIZING STAFF TO SUBMIT THE HOUSING ACTION PLAN IMPLEMENTATION GRANT.

WHEREAS, in 2021 the Washington State Legislature allocated an additional \$5 million dollars in grant funds to develop housing action plans or implement actions and strategies identified in previously adopted housing action plans; and


WHEREAS, under the grant program cities with a population of 20,000 or more are eligible to apply for grants of up to \$100,000 to implement action from a previously adopted housing action plan; and

WHEREAS, on June 15, 2021 the City Council passed Ordinance 1654, officially adopting the *Bonney Lake – Sumner Housing Action Plan (HAP)*, which contain a series of potential actions and strategies to address housing affordability; and


WHEREAS, on September 14, 2021 City Council directed City staff to prepare Housing Action Plan Implementation Grant; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Bonney Lake does hereby authorize the to sign the letter of commitment and authorizing staff to submit an application for a Housing Action Plan Implementation Grant.

PASSED BY THE CITY COUNCIL this 5th day of October, 2021.

DocuSigned by:

20583FB9C281400...
NEIL JOHNSON, JR., Mayor

AUTHENTICATED:

DocuSigned by:

E0B5EFCF37394F8...
Sadie A. Schaneman, interim City Clerk

City of Bonney Lake, Washington
City Council Agenda Bill (AB)

Department/Staff Contact: Public Services Department Jason Sullivan – Planning & Building Supervisor	Meeting/Workshop Date: October 5, 2021	Agenda Bill Number: AB21-129
Agenda Item Type: Resolution	Ordinance/Resolution Number: 2980	Sponsor:

Agenda Subject: Department of Commerce Housing Action Plan Implementation Grant

Full Title/Motion: A Resolution of the City Council of the City of Bonney Lake, Pierce County, Washington, authorizing the Mayor to sign the letter of commitment and authorizing staff to submit the Housing Action Plan Implementation Grant.

Administrative Recommendation: Approve

Background Summary: On June 15, 2021 the City Council passed Ordinance 1654, officially adopting the Bonney Lake – Sumner Housing Action Plan (HAP), which contain a series of potential actions and strategies to address housing affordability. The City now has the opportunity to apply for a grant of up to \$100,000 to implement specific actions in the HAP. While there were some strategies that involve changes to the allowed uses/building types and/or densities in the residential zoning classifications, there were a number of strategies that did not involve any changes but were focused on reducing cost and regulatory burden for all housing types. Staff would like to submit a grant application for those items listed in the attached memo, which would not change or add allowed housing types or densities to residential districts. Other actions listed in the HAP, which are not on the list would not be part of the grant application. Obtaining the grant does not mandate or require that the City adopt or take action on other items listed in the HAP.

Attachments: Housing Action Plan Implementation Grant Application, Letter of Commitment, and HAP Implementation Actions

BUDGET INFORMATION			
Budget Amount	Current Balance	Required Expenditure	Budget Balance
Budget Explanation:			

COMMITTEE, BOARD & COMMISSION REVIEW											
Council Committee Review:	Date: CDC September 7, 2021	Approvals: Chair/Councilmember Dan Swatman Councilmember Kelly McClimans Councilmember Tom Watson	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Yes</th> <th style="width: 50%;">No</th> </tr> <tr> <td style="text-align: center;">X</td> <td></td> </tr> <tr> <td style="text-align: center;">X</td> <td></td> </tr> <tr> <td style="text-align: center;">X</td> <td></td> </tr> </table>	Yes	No	X		X		X	
Yes	No										
X											
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	Forward to: City Council – CDC Item	Consent Agenda:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No								
Commission/Board Review:											
Hearing Examiner Review:											

COUNCIL ACTION	
Workshop Date(s):	Public Hearing Date(s):
Meeting Date(s): September 14, 2021	Tabled to Date:

APPROVALS		
Director: <i>Ryan Johnstone, P.E.</i>	Mayor: <i>Neil Johnson Jr.</i>	Date Reviewed by City Attorney: (if applicable):

Housing Action Plan and Implementation (HAPI) Grant Application Form

Summary Page

Name of Jurisdiction(s)	City of Bonney Lake
Total Funding Request	\$100,000
Population of Jurisdiction as of 2021	22,540

Note: You can access the 2021 population estimates from the Office of Financial Management [here](#).

Which of the following activities do you intend to pursue with this grant?

- Housing action plan
- Housing action plan implementation^{1 2}

Online website or link to approved housing action plan:

<https://bonneylake.ent.box.com/s/eoo5wq6zbrkprpevv6vejdlmz342pcm1>

Strategy 3:

Bring down the cost of development

Strategy 4:

Provide a wider variety of housing types

Strategy 6:

Improve the permitting process

¹ For jurisdictions that are implementing an adopted HAP, part of the grant may be used to update the adopted HAP to "review and evaluate the housing element adopted pursuant to RCW 36.70A.070" (RCW 36.70A.600(2)(e)). Indicate that work as a strategy here.

² Applicants may add lines for additional strategies.

1. Jurisdiction Information

Applying Jurisdiction	City of Bonney Lake		
Joint Applicants	<i>If two or more cities are jointly applying and collaborating on this grant, please duplicate this page and submit a page for each city. Duplicate pages for jurisdiction information will not count towards page limit. Please indicate which city is the "lead" city for purposes of the grant.</i>		
Project Manager	<i>If submitting a joint application, this designated lead person will be responsible for keeping the other participant city contacts informed about the grant.</i>		
Name (Lead Contact)	Jason Sullivan		
Title	Planning and Building Supervisor		
Department	Public Services		
Mailing Address	PO Box 7380		
City	Bonney Lake		
State	WA	Zip Code	98391
Telephone Number	(253)447-4355		
Email	sullivanj@cobl.us		
Financial Contact	<i>Please provide name and contact information for the person who will be responsible for receiving and accounting for the grant funds.</i>		
Name	Patti McCann		
Title	Finance and Payroll Accountant		
Department	Finance		
Telephone Number	253-447-4321		
E-mail	mccannp@cobl.us		
Unified Business Identifier (UBI) Number	277-000-893		
Statewide Vendor (SWV) Number	000788300		
Authorized Official	<i>The name and title of the office authorized to sign the grant agreement on behalf of the city.</i>		
Name	John P. Vodopich, AICP		
Title	City Administrator		

2. Scope of Work and Project Schedule

Provide a proposed scope of work, detailing the grant objective (project), actions, steps and deliverables. Instructions are in the Grant Application Instructions.

All grant deliverables must be submitted by June 15, 2023.

If you propose multiple grant objectives, actions, steps or deliverables, please copy and paste the appropriate rows below. There must be at least two deliverables for each grant objective (draft and final). The example scopes of work from the grant instructions are included at the end of this document if a community wishes to copy portions or all of that material into this table.

Grant Objective 1: Raise SEPA exemption levels for minor new construction and establish infill exemption to reduce regulatory barriers to development and reduce permit timelines and costs.

Steps/ Deliverables	Description	Start Date	End Date
Action 1	Identify existing protections and categorical/infill exemption levels.	December 2021	April 2022
Step 1.1	Review existing local, state, and federal codes to determine the existing environmental and cultural resource protections as required by RCW 43.21C.229 and WAC 197-11-800(1)(c).	December 2021	February 2022
Step 1.2	Review SEPA infill exemptions for other cities.	December 2021	February 2022
Step 1.3	Prepare technical memorandum documenting existing environment and cultural resource protections, establishing categorical/infill exemptions levels, and identifying, if necessary, additional regulations needed for environmental and cultural resource protection.	February 2022	March 2022
Step 1.6	Present to Planning Commission (PC).		April 2022
Deliverable 1	Technical memorandum identifying preferred categorical/infill exemption levels and document environmental protections.		April 15, 2022
Action 2	Develop draft ordinance and findings of fact.	April 2022	June 2022
Step 2.1	Prepare draft ordinance and findings of fact.	April 2022	May 2022
Step 2.2	Present draft ordinance and finds of fact to the Planning Commission.		June 2022
Deliverable 2	Draft SEPA ordinance and findings of fact .		June 3, 2022

Action 3	Conduct public hearings, prepare staff report, and finalize and adopt ordinance.	June 2022	September 2022
Step 3.1	Prepare and issue 60 Day Public Comment Notice (WAC 197-11-800(1)(c)(iii) and Department of Commerce Notice of Intent to Adopt.	June 2022	July 2022
Step 3.2	Review and make changes, as necessary, to finalize Ordinance and findings of fact based on public comments and prepared staff report.	July 2022	August 2022
Step 3.4	Public hearing with the Planning Commission.		August 2022
Step 3.6	Present to Council for adoption.	August 2022	September 2022
Deliverable 3	Adopted SEPA ordinance, findings of fact, and staff report.		September 30, 2022
<i>Grant Objective 2: Facilitate Accessory Dwelling Unit Construction</i>			
Action 4	Develop draft ordinance, findings of fact, and SEPA Checklist.	June 2022	August 2022
Step 4.1	Prepare initial draft ordinance and findings of fact that address the selected items identified in the HAP to support ADU construction.	June 2022	July 2022
Step 4.2	Prepare SEPA Check List and issue SEPA Determination, Public Hearing Notice and Department of Commerce Notice of Intent to Adopt.	June 2022	August 2022
Step 4.3	Present to the Planning Commission.		August 2022
Deliverable 4	Draft ADU ordinance and findings of fact.		August 12, 2022
Action 5	Conduct public hearings, prepare staff report, and finalize and adopt ordinance.	August 2022	October 2022
Step 5.1	Finalize draft ordinance and findings of fact and prepare staff report.	August 2022	September 2022
Step 5.2	Public hearing with the Planning Commission.		October 2022
Step 5.4	Present to Council for adoption.	October 2022	October 2022
Deliverable 5	Adopted ADU ordinance, findings of fact, and staff report.		October 31, 2022

Grant Objective 3: Increase housing availability, diversity, and affordability through regulatory streamlining and cost reduction by implementing actions from the adopted Bonney Lake Sumner Housing Action Plan.

Action 6	Identify specific regulatory improvements based on recommendations from implementation actions from the HAP.	October 2022	January 2023
Step 6.1	Review recommendations from the following actions in the HAP updating open space requirements, reducing infrastructure cost, updating parking regulations, and streamline design review of the HAP and prepare a technical memorandum identifying specific regulatory changes.	October 2022	December 2022
Step 6.2	Brief Planning Commission and City Council on proposed changes.	January 2023	January 2023
Step 6.3	Finalize technical memorandum with specific changes and prepare City Council resolution supporting identified changes.	January 2023	January 2023
Deliverable 6	Regulatory Reform Technical Memorandum and Resolution.		January 31, 2023
Action 7	Develop draft ordinance and findings of fact.		
Step 7.1	Prepare draft ordinance and findings of fact.	February 2023	March 2023
Step 7.2	Present to the Planning Commission.		March 2023
Step 7.4	Prepare SEPA Checklist and issue SEPA Threshold Determination and Department of Commerce Notice of Intent to Adopt.	March 2023	March 2023
Deliverable 7	Draft regulatory reform ordinance, findings of fact, and staff report.		March 31, 2023
Action 8	Conduct public hearings, prepare staff report, and finalize and adopt ordinance.	April 2021	June 2022
Step 8.1	Finalize draft ordinance and findings of fact and prepare staff report.	April 2023	April 2023
Step 8.2	Public hearing with the Planning Commission.		May 2023
Step 8.3	Present to Council for adoption.	May 2023	June 2023
Deliverable 8	Adopted regulatory reform ordinance and findings of fact.		June 15, 2023

3. Proposed Budget / Financial Information

Propose a project budget to reflect your expected level of effort for each of the deliverables provided above. This is a performance-based contract, therefore cities will be paid upon satisfactory completion of deliverables rather than hours spent working on the project. The final deliverable of each grant objective must be at least 20% of the total grant amount for that grant objective.

Grant Objective 1: <i>Raise SEPA exemption levels for minor new construction and establish infill exemption to reduce regulatory barriers to development and reduce permit timelines and costs.</i>	Commerce Funds
Deliverable 1. Technical memorandum identifying preferred categorical/infill exemption levels and document environmental protections	\$20,000
Deliverable 2. Draft SEPA ordinance and findings of fact	\$10,000
Deliverable 3. Adopted SEPA ordinance, findings of fact, and staff report.	\$10,000
Grant Objective 2: <i>Facilitate Accessory Dwelling Unit Construction</i>	
Deliverable 4. Draft ADU ordinance and findings of fact	\$7,500
Deliverable 5. Adopted ADU ordinance, findings of fact, and staff report	\$7,500
Grant Objective 3: <i>Increase housing availability, diversity, and affordability through regulatory streamlining and cost reduction by implementing the strategies from the adopted Bonney Lake Sumner Housing Action.</i>	
Deliverable 6. Regulatory Reform Technical Memorandum and Resolution	\$20,000
Deliverable 7. Draft regulatory reform ordinance, findings of fact, and staff report	\$15,000
Deliverable 8. Adopted regulatory reform ordinance and findings of fact	\$10,000
Total:	\$100,000
Budget Narrative: For each grant objective, please support the funding request with estimates of staff hours (may be per action, step, or deliverable), staff hourly rates, and other expenses.	

- The City will not be seeking full reimbursement for the staff hourly rates associated with the project; approximately 10% of the staff cost hours will be provided as in-kind support for the completion of the project. A draft budget narrative is provided below:

	Planning & Building Supervisor	Associate Planner	Assistant Planner
<i>Rates</i>	\$76.00	\$49.00	\$35.00
Grant Objective 1: SEPA Exemptions			
Deliverable 1: Technical Memorandum			
Hours	175	200	25
Cost	\$13,300	\$9,800	\$875
Deliverable 2: Draft Ordinance			
Hours	80	45	50
Cost	\$6,080	\$2,205	\$1,750
Deliverable 3: Adopted Ordinance			
Hours	80	40	60
Cost	\$6,080	\$1,960	\$2,100
Subtotal Grant Objective 1	\$25,460	\$13,965	\$4,725
Grant Objective 2: ADU Construction			
Deliverable 4: Draft Ordinance			
Hours	40	80	20
Cost	\$3,040	\$3,920	\$700
Deliverable 5: Final Ordinance			
Hours	40	80	40
Cost	\$3,040	\$3,920	\$1,400
Subtotal Grant Objective 2	\$6,080	\$7,840	\$2,100
Grant Objective 3: Regulatory Reform			
Deliverable 6: Technical Memorandum			
Hours	175	200	75
Cost	\$13,300	\$9,800	\$2,625
Deliverable 7: Draft Ordinance			
Hours	80	150	50
Cost	\$6,080	\$7,350	\$1,750
Deliverable 8: Final Ordinance			
Hours	60	80	45
Cost	\$4,560	\$3,920	\$1,575
Subtotal Grant Objective 3	\$23,940	\$21,070	\$5,950
TOTAL:	\$111,130		

4. Grant Application Questions and Scoring Method

Please answer each of the below questions. Final grant funds will be proportionate to the level of effort proposed by a city, and factor in the potential increase in residential building capacity or regulatory streamlining that could be achieved. Please refer to the Grant Application Instructions for more detail regarding scoring and ranking.

4a. Readiness to Proceed: (0-20 points)

Please describe your plan to initiate and complete this project by July 15, 2023. Refer to the scope of work if needed. Provide key comprehensive plan policies, housing strategies, housing plans or other directives that support the development of the selected actions. Identify the key staff or consultants who will be implementing the project along with their history regarding their ability to successfully complete other grant projects. If you plan to hire a consultant but have not started the process, please indicate that.

Work on the project is scheduled to commence on December 1, 2021 and will be completed by June 15, 2023 as shown in the scope of work. The development of the technical memorandums with City Council acceptance of the items documented in the memorandums will make the development and adoption of the ordinance more efficient by having clearly documented and agreed upon approaches. The schedule allows eighteen and half months for the development and completion of all the deliverables.

This scope of work is consistent with the City of Bonney Lake's comprehensive plan, *Bonney Lake 2035*, goal to, "[P]rovide a variety of housing options that will meet the needs of all Bonney Lake's residents and are affordable to all economic segments of Bonney Lake." (Goal CD-10, Community Development Element). The City has adopted the following policies in support of this goal and will be implemented through the actions described in the scope of work:

- Policy CD-10.1: Encourage the development of a diverse and high-quality housing stock that provides a range of housing types (including family and larger-sized units) to accommodate the diverse needs of Bonney Lake's residents through changes in age, family size, and various life changes.
- Policy CD-10.4: Explore methods and partnerships to reduce the costs associated with developing housing.
- Policy CD-10.5: Ensure that there is a sufficient supply of housing affordable to all income levels by maintaining a supply of housing that is currently affordable to median-income, low income and very low-income households, and work to increase the supply of housing affordable to households within Bonney Lake that make eighty percent (80%) of the Pierce County Median Income by 702 housing units.
- Policy CD-10.6 Actively participate in regional responses to housing needs and issues.

Additionally, the items identified in the scope of work are identified actions to address housing affordability in the Implementation Element of the City's comprehensive plan. Specifically, CD-Action-6 and CD-Action 7 include:

- Develop regulations to allow accessory dwelling units (ADUs) in the RC-5 and R-1 zoning classifications in addition to the R-2 and R-3 zoning classification
- Evaluate the cumulative effect of impact fees, off site mitigation, permit review fees in an effort to reduce the cost of housing without shifting the burden to current taxpayers and rate payers for the development of infrastructure improvements needed to serve new housing and without compromising environmental protection and public safety.
- Review the appropriateness of techniques for providing housing affordable to all income groups, such as regional, state and federal housing programs, housing trust fund, inclusionary zoning, development incentives, fee waivers, fast-track processing, or assistance to housing agencies.

Finally, the items included in the scope of work are specifically identified as actions in the Bonney Lake Summer Housing Action Plan to implement the following housing strategies: "Provide Wider Variety of Housing Types", "Reduce Development Cost", and "Improve the Permitting Process".

Key staff on the project will include:

Jason Sullivan, Planning and Building Supervisor

Jason will serve as the project manager. Jason graduated from the University of Washington, Tacoma with a B.A in Urban Studies, a Minor in Environmental Science, and a Certificate in GIS and Spatial Modeling. Working in the planning field since 2005, he is currently the City of Bonney Lake’s Planning and Building Supervisor. Jason is responsible for managing the City’s long range and current planning, building, and code enforcement activities for the City of Bonney Lake. Jason has served as the project manager for several grants from both Ecology and the Department of Commerce. These grants successfully fulfilled all the objectives identified in the grant agreements.

Consultants may be hired in-lieu staff competing the work depending on the needs of the project.

4b. Local Commitment to the Project: (0-10 points)

Indicate the level and type of support that the appropriate legislative body will provide the project. For example, include the amount of staff time and/or funding that is committed to the project as well as other funding and “in-kind” support. Also indicate whether the proposed project is an expansion of an existing project that will proceed even without the Commerce grant funds.

This question also requires cities to include a letter from the mayor or authorized official committing the city to the project.

The funding from Commerce will allow the City to proceed with the measures identified in the scope of work. Without the funding from Commerce the project would not happen and the current regulatory disincentives to creating a variety of housing types would remain and measures to reduce housing costs would not be completed. The grant would allow the City to hire the consultants/temporary staff as necessary to complete the effort, address specific items identified as near-term actions in the Bonney Lake Summer Housing Action Plan and prepare and complete needed SEPA code updates that could be used by other jurisdictions.

As documented in item 4a, the City has made a commitment to address housing affordability, through the adoption of specific policies and implementation actions to address housing affordability and diversity. This include policy CD-10.5 that specifically documents the number of affordable housing units needed to ensure compliance with Pierce County’s Countywide Planning Policy (CPP) AH-3.3 that a minimum of twenty-five percent of the growth allocated to City is affordable housing.

The value of the staff hours is approximately \$111,130 of which \$11,130 will be provided as in-kind support for the completion of the project.

4c. Potential to increase housing supply or provide regulatory streamlining: (0–40 points)

If pursuing a housing action plan, include a detailed statement discussing the general direction of this work, how you will tailor the approach to your community, and what you hope to accomplish within the context of your next housing element update.

If proposing implementation of housing strategies, please describe how the proposed action(s) will increase residential building capacity. Describe how these strategies will have the most impact on increasing residential building capacity and provide detail on the assumptions of new housing these actions could create over the 20-year planning period. More information on what to include in this section is in the *Grant Application Instructions*.

The proposed actions are designed to encourage the construction of missing middle housing and address housing affordability by reducing the actual cost of providing housing and streamlining the development regulations to include removing regulatory disincentives to facilitate a greater variety of housing types that are accessible to a greater variety of incomes. The need to improve the regulatory framework was one of the key elements identified at the stakeholder meetings held during the development of the Bonney Lake Sumner HAP and many of the identified project actions were specifically highlighted by stakeholders as barriers to developing a wider variety of affordable housing. Stakeholder quotes included: “Back in the 60s and 70s private property owners were able to develop duplexes, triplexes and fourplexes without the help of professional developers. In today’s regulatory environment, this development type is almost impossible for an inexperienced developer ... I think the community wants missing middle housing. We need to find a way to make it affordable to build. The Housing Action Plan provides recommendations that will help do just that.” Another stakeholder went on to say “One of the best ideas in this plan is encouraging the cities to do the up-front work to incentivize missing middle housing. Making it more feasible to bring this into our communities would be a great outcome.”

The City of Bonney Lake Housing Needs Assessment identified that Bonney Lake households tend to be larger than U.S. average and mostly include families. This indicates a need to support the production of family-friendly housing including more than 2 bedrooms. The HNA specifically calls on the City to identify and lower barriers for building and preserving low-to-middle income housing, accessory dwelling units, and diverse housing types. Additionally, the HNA identified the need to make changes in policy and the permitting process to alleviate the high demand and cost for housing. The changes to policy and the permitting process identified in the scope of work were specifically identified in the Bonney Lake – Sumner Housing Action Plan to address the results from the HNA.

Additionally, as part of the Bonney Lake – Sumner HAP, an analysis was completed to determine the effectiveness of making changes to the City’s ADU regulations to facilitate the construction of these housing types. This analysis was included as Appendix 2 of the Bonney Lake – Sumner HAP and looked at the feasibility of constructing an ADU based on the cost of constructing and the revenue from the rent, which is expressed in a debt to coverage ratio (DCR). The analysis determined that the items include in Grant Objective 2 would reduce the overall cost of constructing and thus increasing the DCR; a higher DCR means that the ADU is more likely to be constructed as there is a higher profit margin.

As the proposed regulatory changes identified in the scope of work are based on the specific actions that were developed to address the underproduction of housing over the last decade; it is expected that over the twenty-year planning horizon that 1,774 housing units would be added to the City. This represents the number of housing units from the previous 10-years that did not get produced due to the City’s cost and regulatory disincentives that existed over that period. Additionally, the regulatory changes are meant to facilitate the creation of 294 housing units affordable to those make 80% or less of the AMI. The creation of 294 additional affordable housing units would reach the City’s goal of creating 702 affordable housing over the 20-year planning horizon.

4d. Local or Regional Need: (0-20 points)

Explain the local or regional need for the proposed actions within your community. You may document this by sharing the current underproduction of housing in your community, the projected need of housing in your community and how current levels of development are not meeting that need, the percentage of your community that is cost burdened and extremely cost burdened, and/or other relevant information. Describe the impact that the lack of Commerce grant fund would have on the project. If you are choosing implementation of adopted housing strategies, how do the proposed strategies meet your community needs?

Housing underproduction in Bonney Lake, coupled with high demand for housing needed for homebuyers has fueled rising home costs. Median sales prices have increased by 55% between 2000 and 2019 based on data from the Pierce County Assessor. Bonney Lake's senior population (65+) quadrupled in the last two decades and is expected to continue to increase throughout the 20-year planning horizon. Approximately 28% of Bonney Lake households are cost burdened in their housing.

The Housing Needs Assessment completed as a portion of the Housing Action Plan, using data from the Washington Office of Financial Management, estimates housing underproduction at 1,774 units from the past 10 years. The assessment further estimates the need for future housing units over the 20-year planning horizon (2040) as an additional 1,290 units. The City of Bonney Lake will need to add 3,065 total units by 2040. Through scenario analysis if the current production rate continues the City of Bonney Lake will develop more higher-income housing than needed. Interventions, including the code changes proposed in this grant application, are necessary to encourage development of housing affordable to those residents making these than 80% of AMI.

Included in an understanding of the housing gap in Bonney Lake is the understanding that almost 40% of renters within the City are "renting down" or can afford additional housing costs. Most renters making 80% or less than HUD Area Median Family Income are cost burdened. Approximately 28% of Bonney Lake households are cost burdened in their housing, however 75% of very-low-income renters are cost burdened. This data clearly demonstrates a need for development of a variety of housing that is available for renters of all income levels within the City. When looking at household ownership over 50% of households making 80% or more of the HUD Area Median Family Income are buying down. Reducing cost of providing housing by taking the steps identified in the scope of work will provide additional housing stock that is affordable to more households.

The funding from the Department of Commerce will allow the City to focus staff time to implement the regulatory reforms identified in the scope of work that have been identified in the Bonney Lake – Sumner HAP as actions to address the housing gap identified in the HNA. The grant provides the City the flexibility to focus on this effort and use staff cost savings to fund consultants or temporary hires as needed to support other City planning functions as needed. Without the grant, work on these items would occur as time is available and would likely delay the completion of the scope of work as there would not be cost savings to support additional help as needed.

4e. Other Legislative Direction: (0-10 points)

Explain how your application responds to the legislative direction in RCW 36.70A.600 to:

- Increase residential building capacity in areas that have supportive transportation and utility infrastructure, and are served with frequent transit service. (RCW 36.70A.600(5))
- Prioritize the creation of affordable, inclusive neighborhoods and to consider the risk of residential displacement, particularly in neighborhoods with communities at high risk of displacement. (RCW 36.70A.600(9))

The establishment of in-fill exemptions will increase residential capacity near the Bonney Lake Sound Transit Park & Ride. The Bonney Lake Park and Ride provides a direct connection to the Sumner Sounder Station coordinated with the Sounder train schedule. The Bonney Lake Park and Ride is located within Bonney Lake's Downtown Center which is a Countywide Growth Center.

Developers, renters, and home buyers seeking lower cost housing options frequently look to areas outside of the incorporated limits of the City of Bonney Lake. This places further strain on the environment, utilities, and transportation infrastructure of the unincorporated county areas around the City. A recent news article bearing the title "Proposed subdivision sparks fight over future of pristine spring in East Pierce County" only highlight the tipping point created by housing demand and prices in the Pierce County area. The proposed regulatory reforms will facilitate development within the incorporated limits of the City of Bonney Lake that has existing utility capacity to support development as documented in the City's Community Facilities and Services Element.

As documented above the proposed regulatory reforms are meant to remove disincentives to producing missing middle housing in areas where these housing types are already permitted. The development of missing middle housing in these neighborhoods will reduce the risk of displacement by creating housing that is affordable to those already living in the neighborhoods. As older properties are redeveloped due to the aging housing stock the removal of disincentives will increase the likelihood that missing middle housing types will be cost effective for both the developer and the resident.



P.O. Box 7380 • Bonney Lake, WA 98391
(253) 862-8602

October 05, 2021

Growth Management Services, Washington State Department of Commerce
Dave Anderson, AICP
P.O. Box 42525
Olympia, WA 98504-2525

Re: Housing Action Plan Implementation Grant Application – Letter of Authorization

I, Neil Johnson Jr., Mayor of the City of Bonney Lake, hereby authorize the City to propose the attached scope of work and budget request for the Housing Action Plan Implementation grant to implement various actions from the adopted *Bonney Lake – Sumner Housing Action Plan* (HAP) to increase housing availability, diversity, and affordability through regulatory streamlining and cost reduction.

Specifically, the City of Bonney Lake is applying for funds to implement actions focused on: improving the SEPA implementation process, streamlining the design review process, updating open space requirements, reducing infrastructure costs to support housing affordability and missing middle housing types, facilitating construction of accessory dwelling units and evaluating parking requirements for projects with multiple dwelling units.

These grant objectives are in line with the City of Bonney Lake's Comprehensive Plan goal to, "[P]rovide a variety of housing options that will meet the needs of all Bonney Lake's residents and are affordable to all economic segments of Bonney Lake." (Goal CD-10, Community Development Element). In order to meet this goal, the Implementation Element of the City's Comprehensive Plan, provides that the City will evaluate the regulatory impacts on housing cost and review techniques for providing affordable housing (CD-Actions-6 and CD-Action-7).

We agree to adopt the ordinances that result from the grant, by June 15, 2023.

Sincerely,

DocuSigned by:



20583FB9C281400...
NEIL JOHNSON, JR.

Mayor
City of Bonney Lake

Improving the
Permitting Process

IMPROVE SEPA IMPLEMENTATION

During the 2019-2020 legislative session, the legislature passed HB 2673. The Bill gave cities the option to allow higher SEPA exemptions for projects that implement the density and intensity of uses planned for in their Comprehensive Plans. The legislation allows for SEPA exemptions for residential, mixed use, and commercial development up to 65,000 square feet. Adopting higher SEPA exemption thresholds, particularly within the downtown center, could reduce duplicative permit processes while maintaining environmental protections outlines within current City, state, and federal regulations. It is also a way to encourage urban infill that the City has already planned for.

In most cases, environmental issues that SEPA was intended to address in 1971 are now mitigated by local codes and both state and federal regulations. The City could take steps to reduce duplicative review processes and reduce permit process timeframes while still providing protection of the environment and strong public participation during the permitting process. Some steps that the City should consider take are listed below:

- The Department of Ecology updated State Environmental Policy Act (SEPA) rules in 2012/13. The updated rules, contained within [WAC 197-11-800\(1\)](#), grant local governments the ability to increase SEPA categorical exemptions for certain minor new construction activities. This includes SEPA exemptions for single and multi-family development, commercial buildings, and filling and grading activities. These are often referred to as “flexible thresholds” because each jurisdiction can adopt standards within a range that meets their needs. Currently, Bonney Lake Municipal Code [16.04.080](#) has adopted exemption levels higher than the minimum allowed but lower than thresholds provided for in 2012/13 update. The City should consider updating the thresholds to the maximums now allowed.
- As the City already completed the required Environmental Impact Statement for the Downtown plan, the City should explore adopting the infill exemption for Downtown as a way to encourage urban infill within the area.
- The City currently does not allow categorical exemptions to be used for developments that include property encumbered by potential landslide hazard areas, FEMA 100-year floodplains, and/or Wetlands and streams, and their buffers authorized by WAC 197-11-908. This prohibition is optional provision that local jurisdictions may enact. Given the City’s recent robust update of its critical area regulations and shoreline master program, the City should consider repealing this optional prohibition.

The following are a few of the jurisdictions who have adopted SEPA exemption thresholds above the minimum required by WAC 197-11-800: Des Moines • Everett • Kent • Lynnwood • Marysville • Mountlake Terrace • Mukilteo

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Reduce permit timelines and costs• Eliminate duplicative processes• Encourage urban development	<ul style="list-style-type: none">• Perception that environmental protections may be reduced• Perception that notification of specific projects would be reduced if underlying permit does not require public notice

Providing Wider Variety
of Housing Types



FACILITATE ADU CONSTRUCTION

The City of Bonney Lake currently regulates the minimum off-street parking requirements in [BLMC 18.22.090](#) and [18.22.100](#). All units require provision of two off-street parking spaces. An ADU must provide one additional off-street parking space for a one-bedroom unit and two additional off-street spaces for a unit with two or more bedrooms. BLMC 18.22.090 also requires that the ADUs meet several design guidelines that could raise barriers to creation of more ADUs. This includes the requirement that the maximum building height for a separate structure containing an ADU be 18 feet or less (one story) and that the ADU not have an entrance oriented toward the street.

The first step should be to reconcile parking requirements. Currently, 18.22.090 (accessory dwelling units) states one off-street space is required for one-bedroom ADU units and two spaces for two-or-more-bedroom units, whereas the next section (18.22.100(I)) states that one space for each ADU is required. The City can also consider reducing or waiving this requirement. The household types likely to live in a small ADU likely have lower car ownership rates than other households, particularly if they are seniors. Furthermore, the design guidelines as written may create barriers to building an ADU in a detached structure, such as above a garage, since a garage with a full dwelling unit above it is unlikely to be greater than 18 feet tall and might have a pedestrian entry door on the front that would not be allowed as an ADU entry under current code. The parking provision also provides a barrier given the City's 60 percent impervious requirement in its R-1 zones. The City could revise its code to waive the requirement for extra parking if the ADU is below a certain square footage or if the lot is home to a garage for the primary residence. Another alternative would be to allow one space in the driveway or garage to count toward the parking requirement for the ADU. The City could also consider removing or changing the height and entrance orientation requirements to provide more flexibility for detached ADUs. Lastly, the City should consider removing the requirement for owner residency if the ADU is in a detached structure, as the ownership requirement is a commonly cited barrier to use of ADUs.

The City should also consider removing the owner-occupy requirement for properties with detached ADU's. The owner-occupy requirement came initially from the International Residential Code that requires home construction. However, the IRC requirement only applies to attached ADU's, it does not apply to detached ADUs.

While the City does not require a separate water meter for ADUs, it does require a separate base charge in addition to the base charge for the primary home and the consumption charge. The City should consider removing the base charge requirement for ADUs without a separate meter. The actual water usage will be billed through the single meter and consumption rates.

The City should consider removing the separate ADU permit required in addition to the building permit. The City could verify that the ADU is consistent with applicable requirements as part of the building permit process. Planning staff are already reviewing both applications. This change would reduce cost and timing for the construction of ADUs.

Finally, the City should consider allowing applicants for ADUs to request expedited review without charging the additional review fee.

The following jurisdictions have reduced parking requirements for ADUs: Seattle • Kirkland • Olympia

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Provide greater flexibility for location and design of ADUs • Make more lots legally able to support an ADU • Reduce the permitting timelines and cost for ADUs. 	<ul style="list-style-type: none"> • Neighborhood sensitivity to perceived burden on on-street parking or building heights • Potential trigger of broader changes to residential design requirements could make the changes take longer and would be more politically sensitive



SWITCH TO BEDROOM-BASED CALCULATION OF OFF-STREET PARKING FOR MULTIPLE DWELLING UNIT DEVELOPMENT

Provisions for off-street parking is one of the largest users of land in most forms of residential development. Communities face a delicate balancing act of providing enough parking on site that is convenient for residents and does not have major negative side effects on surrounding streets. Traditionally, communities and developers have erred on the side of requiring or providing plentiful off-street parking in garages and driveways. While Bonney Lake’s code accounts for differences in how much parking is called for in some residential uses and zones, there are areas where change could be considered.

For example, [BLMC 18.22.100\(B\)](#) requires two off-street parking spaces per dwelling unit for all multi-family units. As it currently stands, a 3-bedroom multi-family dwelling and a studio apartment would both be required to provide two off-street parking spaces. The City could consider tying off-street parking spaces to the number of bedrooms rather than the number of units.

The following are examples of jurisdictions that have adopted parking requirements that vary by number of bedrooms: Lynnwood • Marysville • Bellingham

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • More accurately ties required parking to actual demand • Lots of evidence on the benefits of right-sizing parking makes it easy to head off potential criticism • Can be combined with other parking-related code updates (see ADUs) to reduce cost of development and prioritize housing over parking 	<ul style="list-style-type: none"> • Might not lead to that many new units depending on strength of local market for smaller units with fewer bedrooms • Does not address provision of on-street parking, which is an important but potentially more politically divisive issue

Improving the Permitting Process



Reducing Development Costs



STREAMLINE DESIGN REVIEW PROCESS

The City currently requires design review for all housing projects except for traditional detached housing units. The City should consider updating [BLMC 14.95.020](#) to exempt duplexes, tri-plexes, quad-plexes and certain levels of townhouse and apartment developments from design review. Review of required design standards required for these projects could be completed during a review of the building permit. Under the current process, staff reviews the design elements during the design review process and then reviews the building permit for the same elements. A separate review process is not required to ensure that these smaller scale projects comply with the City’s adopted design standards.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Reduce permit timelines and costs • Eliminate duplicative processes • Encourage urban development planned for within the Comprehensive Plan 	<ul style="list-style-type: none"> • Perception that notification/options to appeal projects could be reduced



REDUCE INFRASTRUCTURE COST TO SUPPORT HOUSING AFFORDABILITY AND MISSING MIDDLE

The City should explore ways to reduce the cost of developing housing in a way that would help boost production and reduce the cost of housing. Infrastructure development costs can make it expensive to build more housing choices and create financial barriers to new home construction, which can result in fewer projects moving forward. In order to reduce infrastructure cost, the City should consider the following:

- Allow developers to receive a full or partial credit against required connection charge for the construction of improvements identified in the applicable General Water Plan or Sewer Plan. The actual amount of the credit will need to be based on the amount of the connection charge that is attributed to future projects.
- Currently, the City allows for the payment of fee in-lieu for frontage improvements for two and three lot short plats. The City should consider increasing the threshold to four lots and allowing duplexes, tri-plexes, quad-plexes and developments with four or fewer townhomes to qualify.
- Some of the housing options discussed in the Housing Action Plan could also benefit from the ability to provide access via a private drive or narrower public road that complies with fire code. For example, townhouse developments on small footprints can provide units and off-street parking, but especially in infill situations, providing public street access to those units may impact the viability of the project. The City could consider the following items, to serve up to a certain number of townhouses, cottage housing, or other “missing middle” housing options (depending on zone, nature of surrounding streets, and existing sight lines and traffic control measures):
 - Creating a new cross-section for neighborhood streets that is narrower and only requires a sidewalk on one-side of the roadway.
 - BLMC 17.50.060 requires public roads for more than 4 lots, the City could also consider increasing the number of lots that can be served by a private road.
 - Developing an alley road standard would also help provide design flexibility in missing middle housing and infill situations.
- Broaden the use of transportation latecomer agreements. The City currently allows transportation late agreements for projects that are required to construct a mapped street as a condition of development per [BLMC 12.30.040](#). The City should consider expanding this option to other required improvements that provide a benefit to future development.
- The City has adopted provisions governing development agreements in [Chapter 14.70](#) of the Bonney Lake Municipal Code This grants the City additional flexibility to modify

development regulations and allows additional incentives in the form of credits for water, sewer, and stormwater system development charges based on the value of developer-funded infrastructure for the same utility. The City should continue to use development agreements to encourage and facilitate the construction of affordable housing.

- The City should regularly review and update the calculation of system development charges and impact fees to ensure that the cost reflects the cost of the required improvements.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • More accurately scaling connection charges to share of future benefits could make fee system fairer and provide greatest incentive for builders of small missing middle projects • Revising engineering standards could be less politically complex than code • Provides design flexibility without adding layers of complexity to code • Environmental benefits from less impervious surfaces with smaller road cross-sections 	<ul style="list-style-type: none"> • Development agreements can have a relatively large impact over a relatively large scale • Negotiating development agreements can be time consuming and staff intensive • Does not guarantee increased affordability of housing • Need to have buy-in from fire department • Requires road standards changes and coordination with public works



UPDATE OPEN SPACE AND PRIVATE RECREATIONAL REQUIREMENTS

BLMC Title 18 outlines outdoor recreation requirements by zone in Bonney Lake.

In the R-3 zone (multifamily residential above 10 dwelling units per acre), [BLMC 18.18.080](#) requires a minimum of 20 percent of the total land area of the site to be maintained as “pervious open space, landscaping or recreation areas, with a minimum of 10 percent developed for recreational use.” The section goes on to require that areas with wetlands, seasonal flooding, or slopes greater than 25 percent cannot be recreational areas. The City could consider revising this section to specify that critical area buffers can serve as recreational area if pervious surface walking trails area included. It can also consider allowing multiple smaller open space areas if one of them meets a minimum required size (currently the code simply requires that “an outdoor recreation area shall be provided on all projects”).

The City’s subdivision code (Title 17) also contains a provision in [17.50.090](#) that requires all new subdivisions provide 193 square feet of playground space per residential unit. The City could consider moving this requirement to Title 18 and making the per-unit square footage requirement standard for townhomes and multifamily units as well.

The City should also consider an in-lieu options that would allow the developer to pay a fee to comply with this requirement, if the project is within a ¼ to ½ mile of an existing park. The City would dedicate the in-lieu fees to the City’s Park CIP. While this is a cost, it would free up additional space for development.

The City could also consider defining open space and recreation area more fully, either in 18.18.080 or in Title 18’s definitions section.

The following are a few of the jurisdictions who have adopted similar open space provisions: Snohomish County • Bothell • Lynnwood • Snoqualmie

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • Provides design flexibility in meeting open space requirements on sites with unusual layout • Allows critical area buffers to serve at least a portion of open space requirements, which highlights value of critical areas to neighboring areas • Recognizes existing parks when connected to new development 	<ul style="list-style-type: none"> • Could lead to more numerous but smaller and less useful open spaces if specific parameters are not thoughtfully designed • If definition of open space is too specific, it may curtail more creative designs