

CITY OF CHELAN 2020 HOUSING POLICY FRAMEWORK

CITY OF CHELAN | August 2020 | **DRAFT**

INTRODUCTION

This paper provides an evaluation of the existing and proposed Chelan Affordable Housing Program in the context of the current Comprehensive Plan Housing Element and current Zoning Code provisions. The proposed Affordable Housing Program tools are evaluated based on fit, effectiveness, and productivity. More tools that address the Draft Housing Needs Assessment gaps are also evaluated.

This paper is structured as follows:

- Introduction
- Housing Policy Review
 - City Policies and Initiatives
 - Countywide Planning Policies
 - Non-profit Initiatives and Partners
- Draft Policies and Initiatives

Note: The information below is based on information available prior to the COVID-19 pandemic which has resulted in a slowing of economic activity at the time of this writing. It is likely there will be an exacerbation of housing affordability barriers for a period of time.

HOUSING POLICY REVIEW

City Policies and Initiatives

Comprehensive Plan

The Chelan Comprehensive Plan contains a Vision that calls for Chelan to be a “great place to live and work” and to have a “spectrum of housing choices to meet all needs.”

The Comprehensive Plan includes measurable objectives. For housing, the focus is on promoting affordable and diverse housing. Measurement addresses housing capacity, percentage of cost-burdened households, and units with long-term affordability agreements:

- **Measurable Objective – Housing:**
Promote Affordable and Diverse Housing
- **Housing Objective Measures:** Housing capacity, percentage of cost-burdened households, units with long-term affordability agreements.

CHELAN COMPREHENSIVE PLAN VISION - 2037

The City of Chelan offers a spectacular natural setting, small town charm, recreational amenities, and friendly people. Long-time residents and first time visitors alike are attracted to the walkable downtown, expansive parks and open spaces, and wineries and agricultural vistas in a relaxed setting. The City of Chelan aims to conserve the qualities that make Chelan a great place to live and work while carefully managing growth and change. Chelan continues to have a strong tourism focus while building a thriving local economy with diverse, next generation jobs. Agricultural heritage is protected with right to farm policies and codes, and agri-tourism opportunities support ongoing agriculture and the economic base. Chelan encourages a spectrum of housing choices to meet all needs.

How is the City meeting its Vision and measurable objective?

Housing Capacity. Based on growth allocations developed by Chelan County, Chelan city limits and its UGA would grow from 4,414 in 2015 to 4,880 people. The city and its UGA has added 185 permanent residents between 2015 and 2018 nearly half of its growth target to the year 2037. There is capacity to meet the City’s historic growth trends too, which are higher than its County population target.

The City has sufficient housing capacity in a variety of zones allowing a variety of housing types to meet its growth targets. Capacity by zone is illustrated below. The greatest capacity is in the Single Family Residential (R-L) zone, but there is nearly equal capacity for attached housing in the Multi-Family Residential (R-M) and Downtown Mixed Residential (DMR) zones added with the 2017 Comprehensive Plan Update.

Exhibit 1. Capacity by Zone Comprehensive Plan Land Capacity 2015-2037

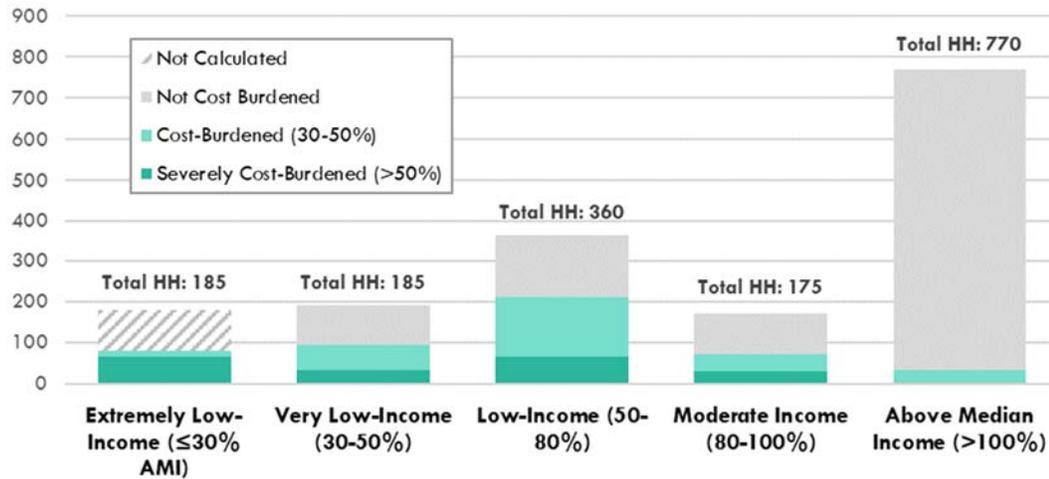


- Single Family Residential (R-L)
- Multi-Family Residential (R-M)
- Special Use District (SUD)
- Tourist Accommodation (T-A)

Source: Comprehensive Plan 2017, BERK 2020.

Cost-Burdened Households. The US Department of Housing and Urban Development (HUD) considers housing to be affordable if it costs no more than 30% of a household’s income. Households paying more than 30% of their income for housing are cost-burdened, while households paying more than 50% are severely cost-burdened. Households with lower incomes are more likely to be cost-burdened. For the 2012-2016 period, 43% of households earning less than 80% of the area median income were cost-burdened. This is a slightly higher share than the 2011-2014 period at 41% reported in the Comprehensive Plan.

Exhibit 2. Households by Income Level and Cost-Burden Status, 2016



Source: HUD CHAS (based on ACS 2012-2016 5-year estimates); BERK, 2020.

Units with long-term affordability agreements. Subsidized public housing provides long-term affordability. There are five subsidized housing properties with 199 dwellings, four owned by the Chelan County and City of Wenatchee Housing Authority and one owned by Mercy Properties. Three properties target elderly residents and two target families, including one for farmworkers.

There have been no added units with long-term affordability agreements recently. However, a pending project with long-term affordability would include the Chelan Valley Land Trust project called the Emerson Village with five moderate income townhomes.

How is the City implementing its Housing Element?

In addition to the Comprehensive Plan Vision, the Housing Element has a particular vision that focuses the city on affordable housing targeted to those earning at or below 110% of the median income level, special needs housing for seniors and disabled persons, and quality rentals.

Housing Element Vision

The Housing Element of the City of Chelan Comprehensive Plan is intended to provide a policy framework that will encourage development of a diversity of housing to create a vibrant and healthy selection of housing types in the City, housing options for all income levels, and preservation of thriving neighborhood environments. The Community Housing Steering Committee recognizes a growing shortage of affordable housing (including rentals and owner-occupied dwellings) in the City and its Urban Growth Area (UGA), and a shortage of special needs housing. The Committee recommends that the City of Chelan provide regulatory guidance and incentives to actively encourage the development of:

*Housing for people earning at or below 110% of the median income level, “working class housing.”

*Special needs housing (senior housing, assisted living facilities, Americans with Disabilities Act accessible homes).

*Affordable, well-maintained rentals.

Housing Element goals fulfill the Vision including affordable housing for moderate and below incomes, livable neighborhoods, diverse and special needs housing, and an appropriate City role.

- Goal HO-I.** Affordable housing in good condition for moderate and middle income residents.
- Goal HO-II.** Livable neighborhoods
- Goal HO-III.** Diverse housing options
- Goal HO-IV.** Adequate special needs housing
- Goal HO-V.** Private industry meets housing needs; the City provides leadership and support.

Attachment A provides a more in-depth housing policy framework review of the Housing, Land Use, Downtown, and Economic Development policies addressing housing and residential areas. The City’s housing policies are relevant to the Housing Needs Assessment findings. Some minor adjustments may be appropriate for consideration in a future annual docket.

Policy HO V-2. Regularly assess the size of the Chelan Urban Growth Area and increase the size as needed to maintain an adequate supply of appropriately zoned land.

- Show balanced policy of reviewing densities inside UGA as well as size of UGA similar to 2017 process.

Policy LU VI-7. Maintain the integrity of residential neighborhoods but allow orderly transitional growth to occur when it is consistent with the comprehensive plan.

- Clarify text; such as if it is meant to address the City’s infill strategy.

The Housing Element implementation strategy includes updating the Chelan Housing Manual that is a future deliverable under the Chelan Housing Action Plan grant. It also includes preparing neighborhood plans and coordinating with other providers. See Exhibit 3. The status of Housing Element implementing actions is addressed under the Chelan Community Housing Manual below.

Exhibit 3. Housing Action Plan

Implementation Action	Responsibility	Status
Periodically review the Chelan Housing Manual with specific housing strategies to be considered in addressing the City's housing needs and goals.	Building and Planning Department	Underway with Commerce Grant.
Prepare neighborhood plans as appropriate to define investment in infrastructure and incentives to improve and retain current housing.	Building and Planning Department	Chelan Downtown completed. Other neighborhoods pending.
Continue coordination with affordable housing providers.	Building and Planning Department	Ongoing – see discussion about other partners below.

Source: City of Chelan Comprehensive Plan, 2017, BERK 2020.

Draft Chelan Community Housing Manual

The City prepared a draft Chelan Community Housing Manual in 2009. Though not adopted many ideas have been considered and implemented over the years. Notable progress includes comprehensive and neighborhood planning, zone changes and flexible standards. Ideas still under consideration include fee waivers for sewer/water, fast-track permitting of affordable housing, and inclusionary housing. See Exhibit 4.

Exhibit 4. Draft Chelan Community Housing Manual 2009 – State of Implementation

Initiatives	State of Implementation
<p>Internal programs and initiatives: Affordable housing summit, regular assessment of the City's UGA and regular review of the zoning map and zoning districts, Inter-departmental coordination, Streamlined permitting and review process, Education and outreach, Tiered pricing for City services (e.g. water and sewer), safe and transitional housing, Crime prevention, Transportation infrastructure</p>	<ul style="list-style-type: none"> ▪ Affordable Housing Town Hall: January 16, 2018. ▪ Comprehensive Plan Update 2017 – UGA and zoning evaluation. ▪ Safe and transitional housing: In 2011, City developed Chapter 17.13, Emergency and Transitional Housing. ▪ Crime prevention: Defined in downtown code; do not see specific standards. ▪ Transportation infrastructure: City invests in transportation; see TIP.
<p>Neighborhood planning: Original Town and South Chelan considered high priorities.</p>	<ul style="list-style-type: none"> ▪ Downtown Plan completed and now included as chapter of Comprehensive Plan. ▪ Downtown Form-Based Code Approach – DMR zone – expanded to multifamily areas in South Chelan
<p>Zone changes</p>	<ul style="list-style-type: none"> ▪ Extensive zone changes in 2017 Comprehensive Plan to add more housing options

Initiatives	State of Implementation
Infill development programs	<ul style="list-style-type: none"> ▪ Infill code had not been used 2010-17. Removed in 2017. ▪ Instead form-based code approach extended to more multifamily areas.
Pre-approved plans: buy pre-approved plans for infill development	<ul style="list-style-type: none"> ▪ Not implemented.
Flexible development standards: ADUs, Cluster Subdivisions, Cottage Housing, Zero Lot Line, Small lots and small-lot districts, Planned unit developments, Mixed-use development	<ul style="list-style-type: none"> ▪ 2017 Comprehensive Plan & Municipal Code Update added new zones, e.g. live-work overlay, attached housing in ABC, affordable housing in PLF zone, and expanded multifamily zoning such as with Downtown zoning standards. ▪ 2018 ADU standard updates. ▪ Alternative housing (e.g. tiny homes, cottage, zero lot line): See discussion of Affordable Housing program below.
Mobile and manufactured housing parks: Siting of manufactured housing parks, and development standards for those parks	<ul style="list-style-type: none"> ▪ Chapter 17.54 Manufactured Housing Parks fully updated in 2012.
Inclusionary housing regulations: typically a certain percentage (20% is typical) of the housing units in a development must be affordable in order for the development to qualify for incentives	<ul style="list-style-type: none"> ▪ Density bonuses available: SUD, T-A, R-L, Downtown districts as well as Planned Development District for affordable housing. ▪ Increased density bonus/inclusionary housing options: See discussion of Affordable Housing program below.
Rental license program: monitoring the condition of rental housing	<ul style="list-style-type: none"> ▪ No rental license program. However, City has adopted the International Property Maintenance Code.
Regulation of condominium conversions: State law limits a local jurisdiction's ability to restrict conversion of apartments to condominiums, but does provide some protection for tenants when apartments are converted. The City may require additional measures.	<ul style="list-style-type: none"> ▪ Section 16.36.140 Condominium conversion adopted in 2017. Incentives for affordable housing included. ▪ City could do more to address tenant protections.
Performance-based zoning: Performance zoning is an approach to land use regulation under which land use decisions are based on the impacts of a proposed development rather than the type of use that is proposed.	<ul style="list-style-type: none"> ▪ See PDD overlay district and Downtown districts.
Partnerships: understand each other's missions and resources, explore possibilities for partnership, and develop strategies for meeting local needs	<ul style="list-style-type: none"> ▪ City is a partner of the Chelan Valley Housing Trust.
Density bonuses: Higher density in exchange for affordable housing; also senior, ADA accessible, or energy efficient housing.	<ul style="list-style-type: none"> ▪ See inclusionary zoning above.
Dimensional standards modification: relaxation of approved dimensional standards (setbacks, height restrictions, lot coverage, parking requirements, etc.) in exchange for provision of affordable, senior housing, ADA accessible, or energy efficient housing.	<ul style="list-style-type: none"> ▪ Smaller lot sizes for clustering or affordable housing in R-L and T-A zones.
Impact fee waivers: relief from certain development and permit fees for affordable housing units	<ul style="list-style-type: none"> ▪ 2020 fees include 50% reduction for water and sewer fees for Low Income Elderly/Disabled Persons. ▪ Full rate study budgeted for 2020.
Expedited permit processing: process permit applications more quickly than usual as an incentive for affordable housing projects.	<ul style="list-style-type: none"> ▪ None included in code to date: See discussion of Affordable Housing program below.

Source: City of Chelan Comprehensive Plan, 2017, BERK 2020.

Zoning Code

The City offers a wide range of residential and mixed use designations allowing a range of housing types and densities. Gross densities in residential and mixed use designations vary from 4 to 18. Greater densities are allowed Downtown where a form-based code applies and density is not limited except by height. Density bonuses for affordable housing are referenced in several zones. Accessory housing for farmworkers plus live/work units are allowed in industrial zones with overlays.

Exhibit 5. Future Land Use Map Designations and Densities

Designation Name	Maximum Gross Density
Residential Designations	
Single-Family Residential (R-L)	<ul style="list-style-type: none"> 4 du/ac. A density bonus for affordable housing is allowed.
Downtown Single-Family (DSF)	<ul style="list-style-type: none"> 7.26 du/ac
Downtown Mixed Residential (DMR)	<ul style="list-style-type: none"> No limit. Density effectively limited by height and other development standards.
Multi-Family Residential (R-M)	<ul style="list-style-type: none"> Residential density shall not exceed 18 residential dwelling units per acre.
Mixed Use and Commercial Designations	
Special Use District (SUD)	<ul style="list-style-type: none"> Gateways: 1 du/5 acres; 1 du/acre if clustered with majority of land conserved in open space. Lord Acres: 1 du/5 acres; 3 du/acre if clustered with majority of land conserved in open space. A density bonus is allowed where more open space is provided or where affordable housing is provided.
Downtown Mixed Use (DMU)	<ul style="list-style-type: none"> No limit. Density limited by height and other development standards.
Tourist Mixed Use (TMU)	<ul style="list-style-type: none"> No limit. Density limited by height and other development standards.
Tourist Accommodations (T-A)	<ul style="list-style-type: none"> 8.7 du/ac for single-family detached dwellings 18 dwelling units per acre for all other forms of dwellings on T-A lands fronting state highways. A density bonus for affordable single-family housing is allowed. See Overlay for clustering on Butte.
Highway Service Commercial (C-HS)	<ul style="list-style-type: none"> 8.7 du/acre
Waterfront Commercial (C-W)	<ul style="list-style-type: none"> Not applicable
Industrial and Airport Designations	
Warehousing and Industrial District (W-I)	<ul style="list-style-type: none"> 8.7 du/acre; 18 du/ac in Apple Blossom Center or as permitted by the PDD and associated development agreement
Airport (A)	<ul style="list-style-type: none"> Not applicable
Public Designations	
Public Lands and Facilities (PLF)	<ul style="list-style-type: none"> Not applicable CUP for affordable housing, no density standard
Downtown Public	<ul style="list-style-type: none"> Not applicable
Overlay Designations	
Planned Development District (PDD) Overlay	<ul style="list-style-type: none"> Uniquely determined through PDD process and any associated development agreements, where applicable.
Apple Blossom PDD	<ul style="list-style-type: none"> 18 du/ac or as permitted by the PDD and associated development agreement
The Lookout PDD	<ul style="list-style-type: none"> 6 du/ac
T-A Cluster Overlay	<ul style="list-style-type: none"> Without clustering, densities would be 1 unit per 5 acres. With clustering, gross densities would equal 1 unit per acre. Density bonuses up to 1.5 units per acre. A Resort Plan that meets performance standards offers additional density (4-8.7 du/ac) and would be allowed by Conditional Use Permit.

Designation Name	Maximum Gross Density
Live-Work	▪ 8.7 du/ac
Shoreline Environment Designations	▪ Density is same as base designation.

Source: City of Chelan Comprehensive Plan, 2017

Net units per acre should be equal or higher than gross densities, depending on whether homes are added to already divided lots or if land will be subdivided. Urban densities are being achieved. Single family densities are generally 3-10 units per net acre at or above the range of the associated future land use designations/zones. Multifamily densities are about 18 units per net acre. See Exhibit 6 and Exhibit 7.

Exhibit 6. Single Family Densities 2017-2019*

Zone	Units	Acres	Net Densities
CHS	2	0.2	10.0
DMR	6	1.0	6.0
R-L	81	25.3	3.2
R-M	1	0.9	1.1
SUD	51	6.4	8.0

Note: *Units are less than reported in Exhibit 8 below; the difference is the number of units linked to parcel data shown above.
Source: City of Chelan 2020, BERK 2020.

Exhibit 7. Multifamily Densities 2019

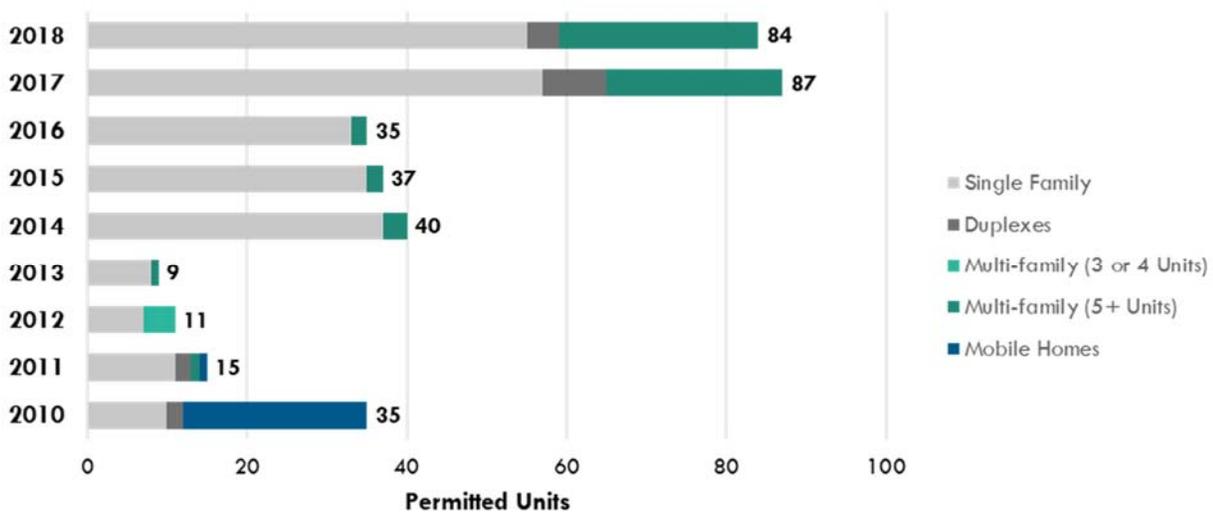
Zone	Units	Acres	Densities
Permitted			
DMR	13	0.68	19.1
Under Review			
DMR	45	1.88	23.9
TMU	24	1.12	21.4
Conceptually Planned			
PDD	245	9.82	24.9

Source: City of Chelan 2020, BERK 2020.

Housing Variety and Production

By 2010, the pace of housing production slowed significantly – only 62 housing units were constructed between 2010 and 2018. However, according to OFM data, the number of permitted units more than doubled from 2016 to 2017/2018, with a significant jump in the number of permitted duplexes and 5+ multi-family units. Permits in 2019 include 47 single family homes and 11 multifamily units. City permit records vary slightly from OFM, but the recent pattern of increased permitted units is similar.

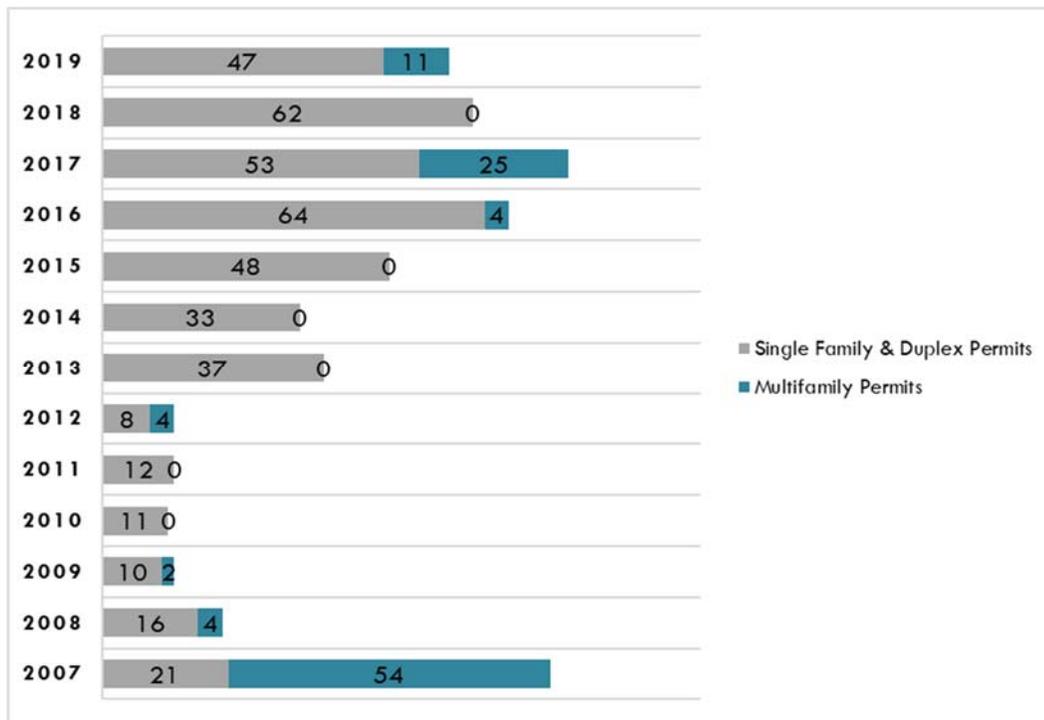
Exhibit 8. Permitted Units, 2010-2018 – OFM



Source: OFM, 2018; BERK, 2020.

City permit records differ from the OFM data presented above but both sources show a similar pattern of increase post-recession.

Exhibit 9. City Records of Permitted Units, 2007-2019



Source: City of Chelan 2020; BERK 2020.

For the 2015-2019 period, city records indicate 274 single family and 40 multifamily units were permitted.

Multifamily projects underway as of 2019 include five multifamily or townhome projects in the Downtown area and Apple Blossom Center (ABC) Planned Development District (PDD). Three proposals, two on East Prospect in the DMR zone, and one in ABC PDD, are planned in areas rezoned in the 2017 Comprehensive Plan effort in order to advance housing variety and increase capacity for multifamily housing. Generally, the gross density range for multifamily units in City policies and land use designations is 5-18 units per acre, except that in the Downtown zones (DMU, DMR, TMU) density is not specified but left to height/bulk to limit consistent with a form-based code approach. Planned Development Districts (PDDs) may also vary density above 18 units per acre. The pending multifamily projects are in form-based or PDD districts and range from 19-35 units per acre.

Exhibit 10. Pending Multifamily Projects

Year	Status	Address	Zoning	Type	# of units	Land Area	Density
2019	In Construction	430 S 2nd Street	DMR	Townhome	11	0.53	20.75
2019	Permitted	124 E Raymond	DMR	Duplex	2	0.15	13.33
2019	Shoreline Permit	NNA W Okanogan	TMU	Multi-family	24	1.12	21.43
2019	SEPA Review	E. Prospect	DMR	Multi-family	15	0.78	19.23
2019	SEPA Review	E. Prospect	DMR	Multi-family	30	1.10	27.23
TBD	Conceptual	111 N Apple Blossom Dr	ABC PDD	Multi-family	245-344	9.82	25-35

Source: City of Chelan, 2020.

Housing Value and Sales and Affordability

The Housing Needs Assessment indicates that home values in Chelan rose by 42% from 2010 to 2018. Over the same period, the median household income only increased by 30%. The cost of an average home (about \$400,000) is affordable for about one third of Chelan households, assuming the ability to save for a down payment. Bottom tier homes (about \$209,000) are affordable to two thirds of households, but still unaffordable for a third of households.

Reviewing permit data and average market value per unit by zoning district, the average value of single-family homes is more affordable in subdivisions for detached and attached single family homes in the R-L and R-M zones in east and south Chelan (Whisper View subdivision, The Vineyard attached homes, respectively) and less affordable in the Northshore area (including custom homes in various developments as well as The Lookout). The Northshore homes would be affordable to fewer households than those built in subdivisions in east and south Chelan.

Exhibit 11. Single Family Permits and Average Market Value – 2016 to 2018

A. 2016 Single Family Permits and Average Market Value

Location	Zone	Number of Dwellings	Average Market Value 2020
Northshore: The Lookout	SUD	9	\$599,514
Northshore: Custom Homes in Various Plats	R-L	15	\$519,508
East Chelan: Whisper View	R-L	23	\$456,524
South Shore: Vineyard Lane	R-M	9	\$312,033

Source: City of Chelan, 2020; Chelan County Assessor 2020, BERK 2020.

B. 2017 Single Family Permits and Average Market Value

	Zone	Number of Dwellings	Average Market Value 2020
Northshore: The Lookout	SUD	21	\$606,709
Northshore: Custom Homes in Various Plats	R-L	17	\$586,706
East Chelan: Whisper View	R-L	10	\$369,910

Source: City of Chelan, 2020; Chelan County Assessor 2020, BERK 2020.

C. 2018 Single Family Permits and Average Market Value

	Zone	Number of Dwellings	Average Market Value 2020
Northshore: The Lookout	SUD	18	\$625,717
Northshore: Custom Homes in Various Plats	R-L	17	\$429,554
East Chelan: Whisper View	R-L	7	\$330,121

Source: City of Chelan, 2020; Chelan County Assessor 2020, BERK 2020. Short-Term Rental Program

Short-term rentals help create an external source of demand for residential units and can drive up prices. In November 2018, about 306 short-term rentals were inventoried in the City. The City recently began regulating short-term rentals by licensing them with inspections up front and requiring annual renewals. The short-term rentals are only allowed in zones allowing tourist accommodations and not in single-family or multi-family zones. About 200 applicants applied for annual renewals recently.

The combined city and UGA have approximately 559 active listing under AirBnB and Home Away platforms. The City could apply its regulations to the UGA when annexed unless the County adopts the City regulations in the UGA through the interlocal agreement.

Countywide Planning Policies

Chelan County and the cities within the county have adopted County-Wide Planning Policies which include a series of “Policies addressing the need for affordable housing for all economic segments of the population and the adoption of parameters for the distribution of affordable housing.”¹

The policies identify the type of information desired in the inventory and analysis, promotion of housing stock preservation, opportunities for affordable housing, diversity in housing types, effects of regulations on housing costs, evaluating densities that are efficient, and sufficient land capacity for new housing.

These Countywide Planning Policies were considered in the City’s Comprehensive Plan Housing Element.

Non-profit Initiatives and Partners

The 2009 Draft Housing Manual identifies a range of partners the City could work with to “understand each other’s needs, capabilities, and roles, providing a sound basis for collaboration.” The partners include: lenders; non-profit organizations; county, state, and federal government agencies; repair and rehabilitation programs/grants; and others.

The newest partnership sponsored by public and private entities including the City of Chelan is the Chelan Valley Housing Trust. The mission of the organization is “to provide quality homes to local wage earners in Chelan and Manson.” The Trust’s first project is in Chelan at North Emerson Street/East Chelan Avenue. It includes 5 townhomes affordable to home buyers who earn up to 100% of the valley’s average median income, which is \$52,000. The schedule is to have units open in August 2020.

DRAFT POLICIES AND INITIATIVES

Alternative Housing Model Ordinance

The 2018 Chelan Valley Housing Needs Assessment made several recommendations to address housing needs with the following meant for the City of Chelan:

- The City of Chelan will complete its rate study soon and to the extent possible, should provide reduced rates for developers of affordable housing.
- The City of Chelan is in the process of evaluating its zoning ordinances to allow for greater densities, expedited permitting and other incentives for the creation of affordable housing. The City should complete this process to provide developers with another tool to reduce costs. While this is an important step, experiences in other parts of the country tell us that this will likely reduce the cost to produce affordable housing, it is not likely to incentivize the private development of such housing given the current densities of market rate developments.

¹ Chelan County [County-wide Planning Policies Appendix A](#). See Policy #5. Accessed January 2017.

Along the lines of the 2018 Chelan Valley Housing Needs Assessment recommendations, the City of Chelan is considering a range of code changes to create a new Affordable Housing Program. The Alternative Housing Model Ordinance would result in the following incentives or changes:

- 1) Expedited permit review
- 2) Bulk height allowances in certain areas of the downtown zone
- 3) Density Bonuses (clustering and infill when deed restricted)
- 4) Parking variances or reductions (in areas where year-round on-street parking can be shown to be available)
- 5) Variances to the building code for pre-existing, non-conforming structures to meet certain occupancy requirements
- 6) Variances to setbacks for accessory dwelling units (ADUs), duplexes, and tri-plexes, cottage homes, and multi-family to encourage affordable infill in the downtown area
- 7) Deferred or reduced payment schedules for system development charges
- 8) Allowances for tiny home or micro-housing through a model ordinance. The City has amended its zoning code to allow tiny homes, cottage housing developments, or zero-lot-line developments in the R-L, T-A, and R-M zones, when the City adopts the Alternative Housing Types Model Ordinance with affordability guidelines then the allowances would go into effect. Downtown housing already allows such types.

The Proposed Ordinance also identifies the City should establish an Affordable Housing Fund made up of conditions of the development agreements for concessions to development codes, voter approved levy of 1%, contributions from the city's general fund, voluntary programs between public/private partnerships, recording fees, private donations, or grants. The fund is meant to be used to offset costs of development, but not limited to the following: system development charges, fund necessary public infrastructure expansion to serve underdeveloped lands within the city or UGA, or be used as grant matching funds to enable infrastructure expansion.

Each of the code amendments are evaluated below. The criteria include the Housing Needs Assessment Gaps addressed (see text box); the potential benefit to achieving housing affordability or housing productivity; and compatibility of the tool towards the City's Vision (spectacular natural setting, small town charm). Considerations are also identified. As part of the Housing Action Plan, each will be examined in greater detail including providing example communities implementing the measures and potential case studies to address implementation concerns.

Housing Needs Assessment Gaps

Under the Draft Housing Needs Assessment prepared under separate cover the following gaps were identified:

- **Ownership housing costs and availability:** Based on household income estimates from 2018, just under a third of all households in Chelan had incomes high enough to afford an average cost home.
- **Rental housing costs and availability:** Costs are rising, and options are limited for low and moderate incomes household. It is likely that the supply of units affordable to lower income households, particularly those below 50% AMI, is significantly diminished today.
- **Housing sizes/types misaligned to households:** There is lack of diversity in the housing options available to local households and a misalignment between the size of housing units (larger) and the size of households (1 or 2 person households).
- **Address aging population:** Ensure opportunities for senior housing.
- **Lack of housing for seasonal workers, farmworkers and tourist-based:** Most workers in the valley end up working multiple and/or seasonal jobs to get by. Anecdotally, in the city, seasonal businesses have had a harder time attracting seasonal employees due to the lack of affordable housing. More information is recommended to be collected from seasonal business owners, both tourist-based and agricultural in nature.

Exhibit 12. Fit & Effectiveness of Alternative Housing Model Ordinance Provisions

Tool	Gap Addressed	Potential Benefit / Productivity	Compatibility	Considerations
<p>1) Expedited Permit Review: Decrease the turn-around time for permit process for affordable housing projects in accordance with the time allowances provided in Chapter 19.80, excepting those permits requiring SEPA review.</p>	<ul style="list-style-type: none"> Cost of ownership or rental housing. 	<ul style="list-style-type: none"> Benefit: reduce development costs and facilitate the timeliness of housing construction. Productivity: moderate cost savings. Limited to affordable housing proposals but applies citywide. 	<ul style="list-style-type: none"> Does not affect compatibility. Zone standards apply. 	<ul style="list-style-type: none"> Consider raising SEPA thresholds for exemptions per section following this table.
<p>2) Bulk height allowances in certain areas of the downtown zone and R-M zone (e.g. 5-10 feet) for affordable housing.</p>	<ul style="list-style-type: none"> Cost of ownership or rental housing. 	<ul style="list-style-type: none"> Benefit: Allows more units to be built which spreads costs of development over more units and provides more housing. Productivity: higher cost savings given greater units that could be built. 	<ul style="list-style-type: none"> Downtown: has detailed design guidelines. Downtown and RM: City can require height model. 	<ul style="list-style-type: none"> None.
<p>3) Density Bonuses (clustering and infill when deed restricted)</p>	<ul style="list-style-type: none"> Cost of ownership or rental housing. Diverse housing types for different household sizes. Address aging population: Ensure opportunities for senior housing. 	<ul style="list-style-type: none"> Same as above. 	<ul style="list-style-type: none"> Clustering and infill already promoted in Plan and code. Amendments further incentivize use. Hillside clustering and Downtown and DMR design standards would apply. 	<ul style="list-style-type: none"> Add Density Bonus for affordable housing on property owned by religious organization. (RCW 36.70A.545) Comprehensive Plan consistency amendments addressing gross densities in Land Use Element would be needed, e.g. R-M zone.

Tool	Gap Addressed	Potential Benefit / Productivity	Compatibility	Considerations
<p>4) Parking variances or reductions (in areas where year-round on-street parking can be shown to be available)</p>	<ul style="list-style-type: none"> ▪ Cost of ownership or rental housing. ▪ Address aging population: Ensure opportunities for senior housing. ▪ Lack of housing for seasonal workers. 	<ul style="list-style-type: none"> ▪ Benefit: Improves development feasibility, especially for infill and redevelopment sites. ▪ Productivity: High. Applies to all types of dwellings and affordabilities. Allowances are administratively determined based on criteria. 	<ul style="list-style-type: none"> ▪ Using on-street parking can reduce bulk of building and preserve flexibility as multi-modal travel increases and less space is needed for garages/structures. ▪ City has added a design diagram for on-street parking allowance for multi-family units. 	<ul style="list-style-type: none"> ▪ Note that in 2017, parking reductions were allowed with a demand analysis (amendments to Standards Manual). Is that a simpler process than administrative variance? Can a similar process be applied for reductions where on-street parking is available year round?
<p>5) Variances to the building code for pre-existing, non-conforming structures to meet certain occupancy requirements</p> <ul style="list-style-type: none"> ▪ Address how ADUs may be allowed in existing homes (e.g. basements as ADUs duplex units) given access, fire wall, sound, and other requirements. 	<ul style="list-style-type: none"> ▪ Cost of ownership or rental housing. ▪ Diverse housing types for different household sizes. ▪ Lack of housing for seasonal workers. 	<ul style="list-style-type: none"> ▪ Benefit: Allows infill within existing structures. ▪ Productivity: Moderate. Applies to all single-family homes, especially Downtown where holder homes are located. Allowances determined on a case-by-case basis with Building Official. 	<ul style="list-style-type: none"> ▪ Homes would still have a single-family appearance. ▪ Design standards requirements in the downtown development code continue to apply. 	<ul style="list-style-type: none"> ▪ Consider developing criteria for typical situations for greater predictability during Building Official Review when building owner requests second unit/ADU in existing structure.
<p>6) Variances to setbacks for accessory dwelling units (ADUs), duplexes, and tri-plexes, cottage homes, and multi-family to encourage affordable infill in the Downtown Development District and the R-M zones</p>	<ul style="list-style-type: none"> ▪ Cost of ownership or rental housing. ▪ Address aging population: Ensure opportunities for senior housing. ▪ Lack of housing for seasonal workers. 	<ul style="list-style-type: none"> ▪ Same as #4. 	<ul style="list-style-type: none"> ▪ Design standards requirements in the downtown development code continue to apply. 	<ul style="list-style-type: none"> ▪ None.
<p>7) Deferred or reduced payment schedules for system development charges</p>	<ul style="list-style-type: none"> ▪ Cost of ownership or rental housing. ▪ Address aging population: Ensure opportunities for senior housing. ▪ Lack of housing for seasonal workers. 	<ul style="list-style-type: none"> ▪ Benefit: Fee waivers reduce the up-front cost of construction for residential development. ▪ Productivity: Low to Moderate: This benefit offers a reduction in up front capital investment needed for project feasibility but is not likely to change a 	<ul style="list-style-type: none"> ▪ Not applicable. Does not affect design. 	<ul style="list-style-type: none"> ▪ Offer this incentive along with a suite of financial and/or regulatory incentives to promote income-restricted affordable housing. ▪ Ensure that the length of time units are required to remain affordable and the income brackets to whom they must cater are in parity

Tool	Gap Addressed	Potential Benefit / Productivity	Compatibility	Considerations
8) Allowances for tiny home or micro-housing through a model ordinance	<ul style="list-style-type: none"> ▪ Cost of ownership or rental housing. ▪ Diverse housing types for different household sizes. ▪ Address aging population: Ensure opportunities for senior housing. ▪ Lack of housing for seasonal workers. 	<p>feasibility decision on its own.</p> <ul style="list-style-type: none"> ▪ Benefit: Allows more or smaller units to be built which reduces costs per unit and provides more housing. ▪ Productivity: high where units are outright permitted, moderate where conditionally permitted. Simpler permitting is aligned in districts with similar ranges of uses or where focus is employment. 	<ul style="list-style-type: none"> ▪ Includes site design and other standards addressing fit and character. 	<p>with the benefits received for the community.</p> <ul style="list-style-type: none"> ▪ Address pending 2018 IBC amendments for unit size. ▪ Interim amendments in R-M, T-A, and R-L reference pending model ordinance. ▪ The Alternative Housing section indicates applicability would include: R-L, R-M, DMR, DSF, SUD, W-I with the Live-work Overlay. More consistency edits needed.

Other Potential Tools

Other potential tools to address housing needs assessment could be addressed in the pending update of the Chelan Community Housing Manual, and some may be timely to include in the Affordable Housing Program Alternative Model Housing Ordinance. A source of ideas for housing strategies is included in Attachment B that lists a menu of options to increase housing supply and affordability in the June 2020 Public Review Draft Guidance for Developing a Housing Action Plan.

In the Draft Housing Action Plan, we will examine example communities implementing the measures and potential case studies to address implementation concerns.

Permit Streamlining

SEPA Threshold Exemptions for both Market Rate and Affordable Development

Single-family and multi-family development proposals greater than four dwelling units are subject to State Environmental Policy Act (SEPA) review, and would be required to complete a comprehensive checklist, pay a permit review fee, and undergo local government review, noticing and public comment periods. The process can be expensive and time consuming. The City maintains these base thresholds.

Removing unnecessary permit reviews and studies can help reduce development costs and facilitate the timeliness of housing construction. SEPA rules allow local governments to raise the exempt levels up to the maximum in the table below through an ordinance or resolution, provided the cities and counties document that other local, state, or federal regulations provide sufficient protection of the environment (e.g. critical area regulations, stormwater regulations, traffic concurrency, etc.).

Exhibit 13. Standard SEPA Exemption Levels and Maximum Exemption Levels

Project types	Standard Exemptions	Fully planning GMA counties – Maximum Exemption Level		All Other Counties – Maximum Exemption Level
	All Communities	Incorporated & unincorporated UGA	Other unincorporated areas	Incorporated and unincorporated areas
Single family residential	4 units	30 units	20 units	20 units
Multifamily residential	4 units	60 units	25 units	25 units
Barn, loafing shed, farm equipment storage, produce storage or packing structure	10,000 square feet	40,000 square feet	40,000 square feet	40,000 square feet
Office, school, commercial, recreational, service,	4,000 square feet	30,000 square feet and 90 parking spaces	12,000 square feet and 40 parking spaces	12,000 square feet and 40 parking spaces

Project types	Standard Exemptions	Fully planning GMA counties – Maximum Exemption Level		All Other Counties – Maximum Exemption Level
	All Communities	Incorporated & unincorporated UGA	Other unincorporated areas	Incorporated and unincorporated areas
storage building, parking facilities				
Fill or excavation	100 cubic yards	1,000 cubic yards	1,000 cubic yards	1,000 cubic yards

SEPA makes it possible to target the exemption: “An agency may adopt a system of several exempt levels, such as different levels for different geographic areas, and mixed use projects.” The City could make this location-specific where use of SEPA authority is less necessary and gaps in codes are not anticipated (e.g. Downtown). There are topics for which the City may still need SEPA authority, e.g. plats in former agriculture areas to address soil and previous use of nutrients and other chemicals.

This tool would be appropriate to apply for market-rate development as well as affordable housing to increase housing supply and help facilitate desired housing types in some zones or neighborhoods.

As part of developing the ordinance or resolution, the local government must also document how specific adopted development regulations and applicable state and federal laws provide adequate protections for cultural and historic resources when exemption levels are raised.

There also must be a disclosure of any loss of notice and comment opportunities for future permitting decisions that will be exempt from SEPA.

Other Potential Streamlining Tool

Consistent with Attachment B, the City could also consider a range of other permit streamlining tools including the level of permit review (permitted versus conditionally permitted uses, administrative versus legislative review). This could include how new housing types are allowed in each zone, or procedures to approve development such as subdivisions.

Sales Tax for Affordable Housing

Another way to secure funds for local affordable housing funds is through the redirection of sales tax revenue. RCW [82.14.540](#), introduced as Substitute House Bill [1406](#) in 2019, authorizes counties or cities to redirect up to 0.0146% of the sales tax currently² collected by the state toward acquiring, rehabilitating, or constructing housing that is affordable to households at or below 60% of AMI. Counties or cities which participate are not imposing a new or additional tax on consumers but redirecting funds from existing tax revenues toward affordable housing initiatives.

Allowable uses of the funds include: Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive

² This sales tax option is a credit against the state sales tax rate of 6.5%, and it will not increase the tax rate for consumers.

housing services under RCW 71.24.385; or funding the operations and maintenance costs of new units of affordable or supportive housing and rental assistance.

The City passed a resolution of intent by January 27, 2020 and on June 23, 2020 adopted an by the statutory deadline of July 27, 2020 to impose the maximum capacity of the affordable sales tax credit. Ordinance 2020-1580 indicates the annual amount of revenue is expected to be \$15,000 and will be used on used on projects that serve persons whose income is at or below sixty percent of the City's median income. The Agenda Bill indicated that it would be most appropriate to identify partners and to link efforts to priorities, such as those in the Housing Element:

- **Potential Partners:** Chelan Valley Hope, Habitat for Humanity, Chelan Housing Authority, or Chelan Valley Housing Trust for potential uses such as rental assistance or rehabilitation of housing stock.
- **Priorities in City Housing Element:** Senior and disability housing is identified as a priority in our Comprehensive Plan Housing Element.

Chelan County has adopted the tax in the cities and county per Chapter 6.32, Chelan County Code.

- 6.32.050 Tax imposed and maximum rate established. There is hereby authorized, fixed, and imposed a sales and use tax on every taxable event as defined in RCW 82.14.020, in the cities and the county pursuant to RCW 82.14.540, credited against the state sales and use tax, to be used for affordable or supportive housing, at the maximum rate, either 0.0073 percent or 0.0146 percent, as established for counties in RCW 82.14.540.

At the time of this writing, Leavenworth and Wenatchee have also passed the resolution of intent and sales tax credit ordinance. The County and cities could coordinate to ensure maximum revenue potential and greatest impact for regional challenges such as farmworker or seasonal housing or others.

Seasonal Housing Incentives and Requirements

The City could explore incentivizing seasonal housing stock and mitigating/requiring onsite employee housing for resorts or businesses that require significant rates of seasonal employees, or payment of an in-lieu fee. This in-lieu fee could be put towards a larger project developed by a non-profit or other developer to construct housing for seasonal employees. Example jurisdictions include the county and city in Jackson Hole, Wyoming.

ATTACHMENT A: POLICY REVIEW

This appendix evaluates the City’s current Comprehensive Plan housing policies for linkage to housing needs assessment results, success in attaining planned housing types and units, and the status of policy implementation.

The City’s housing policies are relevant to the Housing Needs Assessment findings. Some minor adjustments may be appropriate for consideration in a future annual docket.

Policy HO V-2. Regularly assess the size of the Chelan Urban Growth Area and increase the size as needed to maintain an adequate supply of appropriately zoned land.

- Show balanced policy of reviewing densities inside UGA as well as size of UGA similar to 2017 process.

Policy LU VI-7. Maintain the integrity of residential neighborhoods but allow orderly transitional growth to occur when it is consistent with the comprehensive plan.

- Clarify text; such as if it is meant to address the City’s infill strategy.

Criteria

Linkage to Housing Needs Assessment and HAP Objectives

- V: Valid, continuing need for goal/policy to meet identified gap in HNA and/or HAP Objectives
- A: Amend to address gap in HNA or HAP Objectives
 - Make it Easier to Build Affordable Ownership and Rental Housing
 - Increase Housing Variety and Choices
 - Ensure Opportunities for Senior Housing
 - Promote Housing for Seasonal Workers supporting the Agriculture and Tourist Based Economy
- N: Not directly related to housing needs or objectives.

Success in attaining planned housing types and units

- P#: Count of relevant projects built since 2017 or in pipeline
- D#: Dwelling capacity in projects built since 2017 or in pipeline

Achievement of goals and policies

- Goal and policy – progress in implementation:
 - E: Early/initiated
 - M: Moderate progress/maturing implementation through funding/code/program development

- C: Completed
- Compatibility with GMA Law & Rules and CPPs since Adoption:
 - R: Retain, still compatible and valid
 - U: Update to recognize recent city initiatives, clarity, or ease of implementation

Housing Element

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Goal HO-I.	Affordable housing in good condition for moderate and middle income residents.	<p>Chelan Valley HNA 2018: Most respondents reported that they live in adequate (48%) or high quality housing (25%); however, 8% reported living in sub-standard housing, 5% reported living in a tent or vehicle, another 5% identified as living in other inadequate housing and 7% reported being at risk of eviction.</p> <p>ACS 2018 (S2504): All renter-occupied units appear to have complete plumbing and kitchen facilities. About 39 owner-occupied units may lack these facilities but this falls within the margin of error.</p>	V	D#: 0 Limited housing without adequate facilities. No known public housing repair programs	E, R
Policy HO I-1.	Promote and retain affordable housing and focus on the needs of full-time residents earning 110% of median income or less.	HNA 2020: There has been a rise in housing cost burden for home ownership households and a decrease in affordability for prospective or first-time home buyers. Rental housing in Chelan is significantly more affordable than ownership. However, costs are rising, and options are limited for low and moderate incomes households.	V	D#: 11 in permit review	M, R

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Policy HO I-2.	Encourage development and retention of affordable, well-maintained rental housing.	HNA 2020: Rental housing in Chelan is significantly more affordable than ownership. However, costs are rising, and options are limited for low and moderate incomes households.	V	D#: Since 2017, 36 MF units permitted. 71 MF units in permit review. 254-344 conceptual in ABC. See Exhibit 9 and Exhibit 10.	M, R
Policy HO I-3.	Where appropriate, use incentives and other means to make sure that affordable housing units stay affordable.	In 2017 a major Chelan Municipal Code Update incorporated density bonuses and workforce housing incentives in multiple zones which are required to have 50 year deed restriction.	V	D# 11 townhouse units under construction with long-term affordability. See Exhibit 9 and Exhibit 10.	M, R
Goal HO-II.	Livable neighborhoods	See policy review below.			
Policy HO II-1.	Use neighborhood planning to develop locally-supported action plans for existing neighborhoods.	Downtown Chelan has a subarea plan.	N	Not applicable.	E, R
Policy HO II-2.	Include the option of neighborhood-specific design standards, including standards that limit building height and size, in neighborhood planning processes.	Downtown Chelan has a form-based code approach, which was extended with the rezones to DMR in many parts of Chelan north, east, and south of Downtown. Height limits are set but a 10 foot increase allowed with aesthetic evaluation.	V	Not applicable.	E, R See HAP strategies for Downtown Height
Policy HO II-3.	Where neighborhood planning supports retention of existing housing stock, support maintenance and upkeep of that stock by sponsoring housing rehabilitation programs offered by state and federal governments and nonprofit agencies.	See HO-I	See HO-I	See HO-I	See HO-I
Goal HO-III.	Diverse housing options	See policy review below.			

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Policy HO III-1.	Encourage diversity in single-family housing types throughout the City.	HPF: Per Exhibit 5, single family densities vary from 1 per acre to 7.26 per gross acre; the SUD units built since 2016 in The Lookout are at higher densities of 6 du/ac, and the R-L homes built are also at densities at 4 units per acre or greater for the most part. Single-family built in multifamily zones also includes attached single family (e.g. Vineyard Lane).	V	D#: 162 single family permits issued 2017-2019. See Exhibit 9.	M, R
Policy HO III-2.	Encourage special housing types (such as cottage housing, accessory dwelling units, townhouses, and zero-lot-line development) in developing areas and in existing neighborhoods where such housing can be developed while retaining or enhancing neighborhood character and livability.	HPF: The City has amended its zoning code to allow tiny homes, cottage housing developments, or zero-lot-line developments in the R-L, T-A, and R-M zones, when the City adopts the Alternative Housing Types Model Ordinance with affordability guidelines then the allowances would go into effect. Downtown housing already allows such types.	V	D#: 11 townhouses under construction, Zero Lot Line, 9 units in R-M zone, called Vineyard Lane. See Exhibit 9 and Exhibit 10 and Exhibit 11.	E, R Policy is valid. Housing strategies in HAP address completing partial code work.
Policy HO III-3.	Allow mobile home parks in one or more zoning districts and adopt and enforce development and maintenance standards to keep housing condition and livability high in the parks and the neighborhoods in which they are located.	HNA 2020: About 3% of Chelan's housing stock includes mobile homes likely on individual lots. HPF 2020: Since 2012, the city has allowed manufactured home parks in four zones that make up the majority of the City residential acres (R-L, R-M, SUD, and T-A). Additional Analysis: No long-term parks are located in Chelan; the City's Lakeshore RV Park provides for temporary RV parking for visitors/recreators. The Chelan RV summer park rates	V	D#: 0	E, R In conjunction with tiny home allowances, there could be more interest in manufactured home parks.

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
		are discounted 60% in the winter for greater affordability. ³ During the Comprehensive Plan some interest was expressed in the vicinity of the Apple Blossom Center and zoning was changed from industrial to multifamily residential.			
Goal HO-IV.	Adequate special needs housing	See policy review below.			
Policy HO IV-1.	Ensure the City's Urban Growth Area provides adequate, appropriately-zoned land for special needs housing, including housing that will meet the needs of the City's aging population.	HPF: The City has adequate capacity for special needs housing. R-M zone densities allow for attached housing that is common for special needs housing. Also the City amended the code to allow senior and disabled housing in the PLF zone to encourage surplus of public land for affordable special needs housing.	V	D#: 0	E, R
Policy HO IV-2.	Establish standards for special needs housing, including housing that will meet the needs of the City's aging population, to ensure that such housing is well integrated in the community and complies with Americans with Disabilities Act standards.	See Policy HO IV-1 evaluation above. Special standards have not been implemented, apart from the Building Code requirements that already ensure compliance with the ADA.	V	D#0	E, R
Goal HO-V.	Private industry meets housing needs; the City provides leadership and support.	See HO-I. There is a lack of supply of rental housing and affordable ownership housing.	V	D#: Since 2017, 198 single family and multifamily uses. See Exhibit 9.	E, R Strategies to remove barriers are under evaluation

³ Per the [2020 City fee resolution](#) "To address the concerns of the Parks Board, the Parks Department is recommending that the City of Chelan negotiate a special rate with Chelan Valley Hope to help continue their work in providing temporary housing during the winter months."

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Policy HO V-1.	Regularly review the City zoning map and zoning districts and make any changes needed to encourage a mix of housing types that will retain the character of existing neighborhoods, advance the City's housing goals, and support the City's overall land use plan.	HPF: In 2017 the City rezoned several areas and some pipeline developments show proposed housing in rezoned areas. See proposed strategies, addressed in HAP.	V	P#: Four projects in review or under construction in areas changed to DMR zoning since 2017. See Exhibit 10.	E, R
Policy HO V-2.	Regularly assess the size of the Chelan Urban Growth Area and increase the size as needed to maintain an adequate supply of appropriately zoned land.	In 2017, the City resized its UGA to reduce it in areas where services were unlikely, and upzoned other areas near Downtown, added R-M land, and allowed workforce housing in Industrial areas. Increased size is not the only option.	A	Not applicable	E, U Show balanced policy of reviewing densities inside UGA as well as size of UGA
Policy HO V-3.	Encourage City staff to take an active role in promoting the City's housing goals, including outreach, coordination, and initiating programs (such as an infill development program or incentive programs), changes in development regulations, and other actions.	The City has been an active participant in the Chelan Valley HNA 2018, conducted housing summits, and is a member of the Chelan Valley Housing Trust.	V	Not applicable Housing strategies under development.	E, R
Policy HO V-4.	Actively participate in the Housing Authority of Chelan County and the City of Wenatchee.	The City has invited the Housing Authority to housing summits and as a participant in vetting the Draft Housing Action Plan	V	Not applicable	E,R
Policy HO V-5.	Where appropriate, work in partnership with other public entities to facilitate use of surplus public land (including land owned by the City and by other entities, such as the Chelan County PUD) for	The City amended the code to allow senior and disabled housing in the PLF zone to encourage surplus of public land for affordable special needs housing.	V	P#:0	E, R Consider any other incentives or barrier removal in strategies

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
	affordable housing development.				

Land Use Element: Residential Development

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Goal LU-VI.	Maintain an adequate supply of housing of sufficient quality and variety to meet the present and future needs of the area.	See Exhibit 1. The City has sufficient capacity of housing to meet both growth targets and growth trends.	V	D#: Permits since 2017 = 198. See Exhibit 9.	E, R
Policy LU VI-1.	Ensure the Land Use Plan accommodates a variety of housing options addressing the needs of all segments of the community through time and changing lifestyles. Allow single-family homes, multi-family dwellings, and assisted care facilities, available for rental and owner-occupancy by all income and age groups.	The Land Use Element includes a wide range of single family, multi-family destinations/zones allowing for ownership and rental housing. See Exhibit 2-19. Future Land Use Map Designations. Zoning regulations allow for assisted living facilities.	V	D#: Permits since 2017 = 198 single family and multifamily. Includes 11 townhouses affordable for long-term. See Exhibit 9 and Exhibit 10.	M, R
Policy LU VI-2.	Encourage an adequate mix of housing units to meet the needs of existing and future residents of the area.	Land capacity exceeds targets and trends; a nearly equal capacity for residential units is found in single family (R-L, SUD) and multifamily (R-M, DMR) zones per Exhibit 1.	V	D#: SF 162 units, MF 36 units. 71 MF permits under review, and 245-344 MF conceptual review in ABC. See Exhibit 9 and Exhibit 10.	M, R

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Policy LU VI-3.	Work with the County, the private sector, and other affordable housing agencies towards the development of affordable housing units for elderly, handicapped, and low-income residents.	See Goal HO-V, Policy HO V-3, Policy HO V-4, and Policy HO V-5.	V	Includes 11 townhouses affordable for long-term. See Exhibit 9 and Exhibit 10.	E, R
Policy LU VI-4.	Recognize that manufactured homes are a viable housing option and permit them in all residential zoning districts subject to standards in the code.	See Policy HO III-3.	V	D#: 0	E, R Adding tiny homes, there could be more interest in parks.
Policy LU VI-5.	Consider flexible standards such as zero lot line development, lot size averaging, clustering, and other innovative designs that would reduce the cost of housing developments provided public safety and quality design concerns are addressed.	See HO-III-2.	V	D#: 11 townhouses under construction, Zero Lot Line, 9 units in R-M zone, called Vineyard Lane. See Exhibit 9 and Exhibit 10 and Exhibit 11.	E, R Policy is valid. Housing strategies in HAP address completing partial code work.
Policy LU VI-6.	Balance the level of improvements required by development standards with the economic impact of those standards on the affordability of residential development.	No information is available on the cost-burden of regulations. Some concerns have been expressed over system development charges and it is a strategy under consideration in the HAP.	V	Not applicable.	E, R See HAP.
Policy LU VI-7.	Maintain the integrity of residential neighborhoods but allow orderly transitional growth to occur when it is consistent with the comprehensive plan.	The policy language is vague but may relate to ensuring compatible infill development over time.	V	Not applicable.	E, U Clarify and address infill strategy.
Policy LU VI-8.	Encourage senior and special needs housing to locate close to public services.	See Policy HO IV-1.	V	D#: 0	E, R

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Policy LU VI-9.	Allow accessory dwelling units in all residential districts for permanent residences.	The City amended ADU standards in 2018 to provide standards for both attached and detached ADUs in zones; previously only attached ADUs were allowed.	V	D#: XXX	E, R
Policy LU VI-10.	Manage short-term rentals through processes and rules designed to protect Chelan's long-term residents' quality of life and stability of the housing market.	As of January 1, 2020, the City short-term rental regulations have been in effect; they are only allowed in zones also allowing tourist accommodations to protect long-term housing in residential zones. There is an annual registration process.	V	D#: Over 300 short-term rentals have registered.	M, R
Policy LU VI-11.	Promote quality residential design and development that enhances the distinctive physical, historic, and cultural qualities of its location while accommodating growth and infill development. Encourage context-sensitive development designed to respond to and enhance the positive qualities of site and context and to promote compatibility with planned uses of adjacent properties.	The City applies design standards in Downtown and in zones where DMR was extended. There are also hillside development and design standards applicable across the city adopted in 2017.	N	Not applicable.	M
Goal LU-VII.	Promote development at urban densities in the city limits and the unincorporated Urban Growth Area.	See discussion under Policy HO III-1.	V	D#: 162 single family permits issued 2017-2019. See Exhibit 9.	E, R
Policy LU VII-1.	Urban residential densities shall be defined as: <ul style="list-style-type: none"> • Single-Family Residential - 3 to 4 units per acre • Multi-Family Residential - 5 to 18 units per acre 	These gross densities apply to R-L and R-M zones principally. Other zones have lower densities (e.g. SUD) or greater (e.g. Downtown zones that are Form Based). Achieved densities from 2017-2019 are	V	See Exhibit 6 and Exhibit 7.	E, R

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
		urban. See Exhibit 6 and Exhibit 7.			
Policy LU VII-2.	<p>Allow lower densities on lands that:</p> <ul style="list-style-type: none"> a) serve as urban separators and transition areas to rural lands, b) support agri-tourism and retaining agricultural vistas, c) have significant critical area constraints or wildfire risk, and/or d) provide connectivity to priority wildlife corridors. 	In urban separators and agri-tourism districts, densities are lower per Exhibit 5. Most of the City's development capacity are in zones with urban densities. See Exhibit 1.	V	D#: None in gateway SUD or T-A Overlay since 2017.	E, R
Policy LU VII-3.	Ensure utility systems and public services are designed to accommodate urban density development.	City has a CFP addressing infrastructure and public services to meet City growth trends and target.	V	Not applicable.	M, R Consider appropriate system development charges for affordable housing.
Policy LU VII-4.	On lands where non-urban densities are allowed the City may permit on-site wastewater facilities until sewer service is available.	The City reduced its UGA in areas with limited ability to extend utilities in 2017. In other areas, the City allows temporary onsite wastewater facilities until connection. The City's rural to urban transition standards limit the number of lots and placement of structures to preserve the later development of properties to urban densities.	V	D#: XXX lots developed under 17.04.190	E, R

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Policy LU VII-5.	In the Warehouse-Industrial designation allow for accessory workforce and live-work housing that supports the primary warehouse and industrial related uses where the housing would be in suitable areas that do not create conflict with existing uses.	In 2017, the City amended policies and regulations to allow for accessory workforce housing. To date no such housing has been developed.	V	D#:0	E, R Housing strategies consider seasonal housing. The reasons for delay can be explored.
Policy LU VII-6.	Allow affordable residential housing in the Apple Blossom Center. Reflect allowable multi-family housing types in the development agreement.	Attached housing is under conceptual review at this time. See Exhibit 10. A PDD development amendment would be needed.	V	D#:0	E, R
Policy LU VII-7.	Allow planned residential developments to encourage more efficient and creative development in the Urban Growth Area. Ensure planned residential developments address alternative development standards; fundamental changes in uses or densities require a rezone rather than a planned residential development.	The City updated PDD standards in 2017 to address desired public benefits. Increased densities are allowed with the PDD. Special needs housing a 50-year deed restriction is required. Most of the SUD units permitted in the 2017-2019 period are based on The Lookout that was permitted with a PDD. The densities are higher than the base SUD zone. See also Policy LU VII-6.	V	D#: 51	E, R
Policy LU VII-8.	Provide incentives for reinvestment in existing residential neighborhoods.	The CFP does provide for investment in streets and parks in existing neighborhoods. The level of investment since 2017 is not yet documented.	V	D#: TBD	E, R
Policy LU VII-9.	Balance the demand for continuing growth in the Urban Growth Area with the protection of existing residential neighborhoods by requiring new development to	This policy would be implemented through the SEPA process.	N	Not Applicable	Not Applicable

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
	mitigate excessive noise, traffic, light and glare and other impacts which may be disruptive to residential activities.				
Goal LU-VIII.	Balance land use, public access, and protection of shoreline ecological functions consistent with the Shoreline Management Act.	The SMP supports the Comprehensive Plan in terms of allowing for single family and multifamily development in similar locations as zones.	N	Not Applicable	Not Applicable

Downtown Element

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Policy DT III-2	Encourage the development of infill housing and new tourist accommodations within downtown to increase pedestrian activity and support downtown businesses.	Recent permitted or in progress multifamily development has occurred in Downtown zones and extended DMR zones abutting downtown on traditional blocks. See Exhibit 6 and Exhibit 7.	V	DMR: Permitted 19 units DMR and TMU n progress: 69 units	M, R

Economic Development Element

Goal/Policy Number	Goal/Policy Text	Information Summary	Link to HNA or HAP Objective	Success in attaining planned housing types and units	Achievement of goals and policies
Policy ED VI-1.	Increase housing options for residents and workers for a mix of income levels supporting the quality and quantity of businesses and Chelan’s job base.	See Policy HO I-2.	V	D#: Since 2017, 36 MF units permitted. 71 MF units in permit review. 254-344 conceptual in ABC. See Exhibit 9 and Exhibit 10.	M, R

ATTACHMENT B: HOUSING STRATEGY MATRIX

The Washington Department Public Review Draft Commerce Guidance for Developing a Housing Action Plan June 2020 contains a matrix of strategies that jurisdictions can consider in developing Housing Action Plans. Following the chart, the status, use, and future applicability of various strategies in Chelan is identified.

Matrix Legend: <ul style="list-style-type: none"> ● Typically relevant ○ Occasionally relevant ★ Potential high impact ☆ Potential moderate impact 	Community Typology							Distinct Housing Needs				
	Metro center	Outer suburb	Arterial corridor	Small cities & towns	Compact neighborhood	Low-density neighborhood	Increase housing supply	Housing diversity	Affordable homeownership	Middle-income rental housing	Senior housing	Very low income housing
Strategy number and name												
Revise Zoning Standards												
Z-1 Reduce Minimum Lot Sizes		●	○	●	●	●	☆	☆	★	☆		
Z-2 Require a Minimum Density	●	○	○		○	●	☆		☆			
Z-3 Upzone	●	○	●	○	○	○	★	☆	☆	☆		
Z-4 Increase Building Height	●	○	○	○	○		☆			☆		
Z-5 Integrate or Adjust Floor Area Ratio Standards	●	○	○	○	○		☆	☆		☆		
Z-6 Increase Allowed Housing Types in Existing Zones (cottages; 2, 3, 4-plexes; townhouses; micro-housing)	○	●	○	●	●	●	☆	★	★	★	★	
Z-7 Increase or Remove Density Limits	●	●	●	●	○		★	☆	☆	★		
Z-8 Revise ADU Standards		●		●	●	●	☆	☆	☆	★	★	
Z-9 Offer Density and/or Height Incentives for Desired Unit Types		○		●			☆		☆	★	☆	☆
Additional Regulatory Strategies												
R-1 Reduce Off-Street Parking Requirements	●	●	●	●	●	○	☆	☆		★	★	
R-2 Relax Ground Floor Retail Requirements	●	●	●	●			☆			☆		

Matrix Legend: ● Typically relevant ○ Occasionally relevant ★ Potential high impact ☆ Potential moderate impact	Community Typology						Distinct Housing Needs					
	Metro center	Outer suburb	Arterial corridor	Small cities & towns	Compact neighborhood	Low-density neighborhood	Increase housing supply	Housing diversity	Affordable homeownership	Middle-income rental housing	Senior housing	Very low income housing
Strategy number and name												
R-3 Reduce Setbacks, Lot Coverage and/or Impervious Area Standards	●	●	●	●	●	●	☆	☆	☆	☆		
R-4 Adopt Design Standards	●	●	●	●		○		☆				
R-5 Use a Form-Based Approach	●	●	●	●	●	○	☆			☆		
R-6 PUD/PRD and Cluster Subdivisions		●		●	●	●	☆	☆				
R-7 Manufactured Home and Tiny House Communities		●	○	●			☆	☆	☆	☆	☆	★
Process Improvements												
P-1 State Environmental Policy Act (SEPA) Threshold Exemptions	●	●	●	○	●	○	☆	☆	☆	☆	☆	☆
P-2 SEPA Infill Exemption	●	●	●	●	●	●	☆	☆	☆	☆		
P-3 Subarea Plan with Non-Project EIS	●	○	●	○	○			☆	☆	☆		
P-4 Planned Action	●	●	●	●	●	●	☆☆	☆	☆	☆		
P-5 Protection from SEPA Appeals on Transportation Impacts	●		○	○	●	○	☆		☆	☆		
P-6 Permitting Process Streamlining	●	●	●	●	●	●	☆	☆	☆	☆	☆	☆
P-7 Subdivision Process Streamlining		●		●	●	●	☆		☆			
Affordable Housing Incentives												
A-1 Multifamily Tax Exemption	●	●	●	●	○		★		☆	★	★	☆

Matrix Legend: ● Typically relevant ○ Occasionally relevant ★ Potential high impact ☆ Potential moderate impact	Community Typology						Distinct Housing Needs					
	Metro center	Outer suburb	Arterial corridor	Small cities & towns	Compact neighborhood	Low-density neighborhood	Increase housing supply	Housing diversity	Affordable homeownership	Middle-income rental housing	Senior housing	Very low income housing
Strategy number and name												
A-2 Density Bonuses for Affordable Housing	●		●				★	☆	☆	☆	☆	☆
A-3 Alternative Development Standards for Affordable Housing	●			●		●		☆	☆	☆		☆
A-4 Fee Waivers for Affordable Housing	●	●	●	●	●	●			★	☆	☆	★
A-5 Inclusionary Zoning	●		○	○			☆		☆	★		☆
Funding Options												
F-1 Local Option Taxes, Fees and Levies	●	●	●	●	●	●	☆		☆	☆	☆	☆
F-2 Local Housing Trust Fund	●	●	●	●	●	●	☆		☆	☆	☆	☆
F-3 "Found Land": Surplus Land and Other Opportunities	●	○	●	●	●	○	☆		☆	☆	☆	★
F-4 Partner with Local Housing Providers	●	●	●	●	●	●	☆		☆	★	★	★
Other Strategies												
O-1 Strategic Infrastructure Investments	○	○	○	●	●	○	☆		☆	☆		☆
O-2 Simplify Land Use Designation Maps	○	○	○	○	○	○	☆	☆	☆	☆		☆
O-3 Local Programs to Help Build Missing Middle Housing		○	○	○	○	○	☆	☆	☆	☆	☆	☆
O-4 Strategic Marketing of Housing Incentives	○	○	○	○	○	○	☆	☆	☆	☆	☆	☆
O-5 Temporary Emergency Housing	○	○	○	○	○	○						☆

Housing Strategy Matrix: June 2020 Draft Commerce Guidance for Developing a Housing Action Plan

Tool	In Current Plan/Code	Considered in Draft HAP	Other/Monitor	Discussion
Z-1 Reduce Minimum Lot Sizes	X			Smaller lot sizes included for clustering and density bonuses in 2017 Comprehensive Plan & Municipal Code Update.
Z-2 Require a Minimum Density			X	City density results are meeting goals. Form-based approach in Downtown expanded with no density and net densities are higher. Monitor and address if needed.
Z-3 Upzone	X			Rezoning for added housing addressed in 2017.
Z-4 Increase Building Height		X		
Z-5 Integrate or Adjust Floor Area Ratio Standards				Not applicable.
Z-6 Increase Allowed Housing Types in Existing Zones (cottages; 2, 3, 4-plexes; townhouses; micro-housing)		X		
Z-7 Increase or Remove Density Limits	X			Downtown has form-based code with no density limits. In 2017, DMR zone extended beyond Downtown to other traditional blocks north, east, and south.
Z-8 Revise ADU Standards	X			Addressed in 2018.
Z-9 Offer Density and/or Height Incentives for Desired Unit Types	X	X		Addressed in 2017. Adjustment proposed for height in selected zones to promote affordable housing.
R-1 Reduce Off-Street Parking Requirements		X		Reduce where there's on-street parking with low demand.
R-2 Relax Ground Floor Retail Requirements				Only applicable in Downtown core on storefront streets.
R-3 Reduce Setbacks, Lot Coverage and/or Impervious Area Standards		X		Setbacks for Downtown under consideration.
R-4 Adopt Design Standards	X		X	Addressed in Downtown and extended DMR zone. Monitor: Consider if needed in other zones, e.g. R-M, W-I.
R-5 Use a Form-Based Approach	X			Downtown is form-based with no density. In 2017, DMR zone extended beyond Downtown to other traditional blocks north, east, and south.
R-6 PUD/PRD and Cluster Subdivisions	X			Clustering and PDD amended in 2017.

Tool	In Current Plan/Code	Considered in Draft HAP	Other/Monitor	Discussion
R-7 Manufactured Home and Tiny House Communities	X	X		Have manufactured home park regulations but not used. Considering tiny homes.
P-1 State Environmental Policy Act (SEPA) Threshold Exemptions		X		
P-2 SEPA Infill Exemption				Would require preparation of an EIS. Address other forms of facilitation.
P-3 Subarea Plan with Non-Project EIS				Would require preparation of an EIS. Address other forms of facilitation.
P-4 Planned Action				Would require preparation of an EIS. Address other forms of facilitation.
P-5 Protection from SEPA Appeals on Transportation Impacts ⁴			X	Monitor: Consider it if transportation concerns are interfering with housing developments.
P-6 Permitting Process Streamlining		X		
P-7 Subdivision Process Streamlining		X		
A-1 Multifamily Tax Exemption				City does not qualify by population.
A-2 Density Bonuses for Affordable Housing	X	X		
A-3 Alternative Development Standards for Affordable Housing		X		
A-4 Fee Waivers for Affordable Housing		X		
A-5 Inclusionary Zoning		X		Seasonal Workforce Housing
F-1 Local Option Taxes, Fees and Levies		X		
F-2 Local Housing Trust Fund				
F-3 "Found Land": Surplus Land and Other Opportunities	X			PLF Zoning change in 2017 to allow for special needs housing.
F-4 Partner with Local Housing Providers	X			Chelan Valley Housing Trust
O-1 Strategic Infrastructure Investments	X			

⁴ Consider engaging the State of Washington Department of Transportation to obtain a letter of no significant adverse impact to "transportation elements of the environment" for development projects to reduce SEPA appeals of permit decisions. ([RCW 43.21C.500](#))

Tool	In Current Plan/Code	Considered in Draft HAP	Other/Monitor	Discussion
O-2 Simplify Land Use Designation Maps			X	Currently, there is a 1:1 relationship of the Future Land Use and Zoning Map. The City has made amendments during its periodic update and docket process as appropriate.
O-3 Local Programs to Help Build Missing Middle Housing				Addressing missing middle under Z-6 as part of HAP. Also targeting for affordable units.
O-4 Strategic Marketing of Housing Incentives			X	The City has a website and posts its housing programs.
O-5 Temporary Emergency Housing	X			Emergency housing and transitional housing addressed in 2017.