



**REGULAR MEETING
OF THE NORTH BEND PLANNING COMMISSION
Wednesday April 5, 2023, 6:30 PM**

PLEASE NOTE: This meeting will be held at City Hall, 920 SE Cedar Falls Way, North Bend, WA.

Members of the public may choose to attend in person or by teleconference. As the in-person/teleconference hybrid meeting option is new technology to City Staff it is strongly encouraged that members of the public that are attending by teleconference provide comments in advance of the meeting.

AGENDA

- 1) Call to order and roll call**
- 2) Opportunity for public comment on non-agenda items (3 minutes per person)**
- 3) Approval of Minutes of March 1, 2023 Planning Commission Meeting**
- 4) Housing Action Plan Strategies and Summaries**
- 5) Adjournment by 8:30 unless otherwise approved by Commission.**

The meeting is available online meeting via Zoom. Click the link below to join the meeting or dial in via telephone via the number below. You will be required to have a registered Zoom Account and display your full name to be admitted to the online meeting. See further instructions on Zoom meeting participation on the next page following the agenda. To sign up for a Zoom account: <https://zoom.us/join>

Join Zoom Meeting

<https://us02web.zoom.us/j/85315791586?pwd=ems4a3dSeDhVUzROck9pZlVZNkdDUT09>

Meeting ID: 853 1579 1586

Passcode: 566176

Dial by your location +1 253 215 8782 US (Tacoma)

Find your local number: <https://us02web.zoom.us/j/85315791586?pwd=ems4a3dSeDhVUzROck9pZlVZNkdDUT09>

Agenda & Package distribution by hard copy: Planning Commissioners requesting it, City Hall Front Desk.

Agenda & Package distribution by e-mail: Mayor, Council, Planning Commission, Administrator, City Clerk, City Attorney, CED Director, other relevant staff.

Agenda and packet are also available to the public from Notify Me via the City's website.



GUIDELINES FOR CITIZEN PARTICIPATION

At Planning Commission Meetings

General Online Meeting Public Comment Instructions.

1. **Written public comments** may be submitted by email to rdeming@northbendwa.gov. Comments must be provided no later than 4:30pm the day of the meeting, so that a copy can be forwarded to the Planning Commission prior to the meeting.
2. **Spoken public comments using a computer or smartphone** will be accepted though the teleconference meeting. You will need to be logged into your Zoom account and display your full name to be admitted to the meeting.
 - a. You can download the Zoom client or connect to the meeting in-browser. If using your browser, make sure you are using a current up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
 - b. You can download the Zoom application onto your phone from the Apple App Store or Google Play Store and enter the meeting ID.
 - c. You will need to enter the Meeting ID and Password to join the meeting, listed on the meeting invite links.
 - d. You may be asked to enter an email address and name. We request that you identify yourself by name, as this will be visible online and will be used to notify you that it is your turn to speak.
 - e. Please use the "Chat Feature" to indicate you wish to speak. The Chat feature can be accessed by clicking on the chat button, typing your message with your name and address, and tapping send. You will then be called at the appropriate time. Please limit your remarks to the 3-minute time limit.
3. **Spoken public comments using a phone.** Use the telephone number listed on the meeting invite links. When you wish to speak on an agenda item hit *9 on your phone so we know that you wish to speak. You will be asked to provide your first and last name along with your address before providing your comments. When called, please limit your remarks to the 3-minute time limit allotted.

Citizen Participation and Contribution. Citizens are welcome and encouraged to attend all Planning Commission meetings and are encouraged to participate and contribute to the deliberations of the Commission. Recognition of a speaker by the Planning Commission Chair is a prerequisite to speaking and is necessary for an orderly and effective meeting. It will be expected that all speakers will deliver their comments in a courteous and efficient manner. At any time during the meeting anyone making out-of-order comments or acting in an unruly manner will be subject to removal from the meeting.

Right to Speak at Public Hearing. Any person has the right to speak at any Public Hearing on the item on the agenda after the staff report and any clarifying questions of the Planning Commission, but before the Planning Commission has discussed the item and action is taken. Speakers are requested to supply their contact information requested on the sign-in sheet to assist the Clerk with the Minutes.

Manner of Addressing Planning Commission. Each person desiring to address the Planning Commission shall stand, state his/her name and address for the record, and unless further time is granted by a majority of the Planning Commission, must limit his/her remarks to three (3) minutes. All remarks shall be addressed to the Chair of the Planning Commission and not to any member individually. All speakers shall be courteous and shall not engage in, discuss or comment on personalities or indulge in derogatory remarks or insinuations.

Spokesperson for Group of Persons. In order to expedite matters and to avoid repetitious presentations, delay or interruption of the orderly business of the Planning Commission, whenever any group of persons



wishes to address the Planning Commission on the same subject matter, it shall be proper for the Chair of the Planning Commission to request that a spokesperson be chosen by the group to address the Planning Commission.

Items Not on the Agenda (Citizen's Comments). The Chair of the Planning Commission will provide an opportunity for Citizens to speak on any subject that is not part of the Planning Commission Agenda for that night's meeting. Each person desiring to address an item that is not on the Planning Commission Agenda shall stand, state his/her name and address for the record, state the subject he/she wishes to discuss, if he/she is representing a group or organization the name should be stated, and unless further time is granted by a majority of the Planning Commission, must limit his/her remarks to three (3) minutes. Speakers are requested to supply the contact information requested on the sign-in sheet to assist the Clerk with the Minutes.

**SPECIAL OPEN HOUSE and PUBLIC HEARING
NORTH BEND PLANNING COMMISSION
- ACTION MEETING MINUTES -
Wednesday, March 1, 2023, 5:30 PM
In Person & Virtual Online Meeting**

PLEASE NOTE: This meeting will be held at City Hall, 920 SE Cedar Falls Way, North Bend, WA.

Members of the public may choose to attend in person or by teleconference. As the in-person/teleconference hybrid meeting option is new technology to City Staff it is strongly encouraged that members of the public that are attending by teleconference provide comments in advance of the meeting.

Also, Please Note: A complete video recording of this meeting is available on the City of North Bend YouTube website, at www.youtube.com under: City of North Bend

AGENDA ITEM #1: CALL TO ORDER

The meeting was called to order at 5:31 PM.

ROLL CALL

Planning Commissioners present: James Boevers, Bryan Fitzgibbon, Olivia Moe (arrived 6:42 PM Online), Juliano Pereira, Suzan Torguson (Chair – arrived 6:20 PM), Hannah Thiel (left meeting at 6:45 PM), and Errol Tremolada. City Staff Present: Mike McCarty, Principal Planner; Jamie Burrell, Senior Planner; Rebecca Deming, Community & Economic Development Director; Guest Consultant: Caitlyn Hepworth, BlueLine Group.

AGENDA ITEM #2: Opportunity for Public Comment

No comments were offered.

AGENDA ITEM #3: Approval of February 15, 2023 Planning Commission Meeting Minutes

Commissioner Thiel made a Motion to Approve the February 15, 2023 Planning Commission Meeting Minutes. Commissioner Pereira Seconded the Motion. The Motion was Approved 5-0.

AGENDA ITEM #4: 5:30 PM Housing Needs Assessment and Housing Action Plan Open House with a Presentation Beginning Around 6:00 PM

Jamie Burrell provided an introduction on the purpose of tonight's workshop, the Housing Action Plan, and the Public Hearing.

There was discussion between the Planning Commission and city staff concerning Housing Needs Assessment and the Housing Action Plan.

AGENDA ITEM #5: 6:30 PM Public Hearing on Housing Needs Assessment and Housing Action Plan

The Public Hearing was Opened at 7:31 PM.

No one spoke at the Public Hearing.

The Public Hearing was Closed at 7:32 PM.

ADDITION TO TONIGHT'S AGENDA

Commissioner Boevers made a Motion to add to tonight's agenda the Planning Commission vote on a new Chair and Vice Chair. Commissioner Fitzgibbon seconded the Motion. The Motion was Approved unanimously.

1 Commissioner Pereira nominated Suzan Torguson as Chair. The Planning Commissioners Approved unanimously.
2
3 Commissioner Fitzgibbon nominated Olivia Moe as Vice Chair. The Planning Commissioners Approved
4 unanimously.
5

6 **AGENDA ITEM #5 – Adjournment**

7 The Meeting Adjourned at 8:33 PM.
8

9 **NEXT PLANNING COMMISSION MEETING:** The next meeting of the Planning Commission will be on
10 Wednesday, April 5, 2023.



DATE: April 5, 2023

TO: Planning Commission

FROM: Jamie Burrell, Senior Planner

SUBJECT: Housing Action Plan

At the Planning Commission's meeting on April 5, 2023 we will review the broad strategies that will make up the Housing Action Plan. Please review the attached outline and summary and we look forward to your feedback.

The Commission will then hold a Public Hearing on the Housing Action Plan May 3, 2023. Staff will be looking for a recommendation to the Council at the May 3rd Meeting. We are working with our consultant to get you the draft plan ahead of the normal packet release date so you have additional time to review.

Please reach out with any questions.

Thank you

Outline:

- Strategy A: Cultivate governance that provides for North Bend's future housing, infrastructure, aesthetic, and community needs.
 - o Objective 1: Foster development that reflects the community's vision for their city and its housing needs.
 - A.1.1: Inventory and regulate short-term rental units
 - A.1.2: Preserve existing affordable housing units within the city
 - A.1.3: Encourage workforce and mixed-use housing to support businesses that provide critical amenities that support the needs of North Bend residents.
 - A.1.4: Consider and implement housing strategy recommendations from the Economic Action Plan in support of increasing housing supply and diversity.
 - A.1.5: Consider a subarea plan that fosters a community-supported vision for the downtown housing stock and economy. Consider implementing alongside a non-project environmental impact statement.
 - o Objective 2: Ensure infrastructure needs are developed concurrently with new housing.
 - A.2.1: Apply for state and federal grants to fund utility infrastructure projects.
 - A.2.2: Reassess impact fees to ensure they remain an adequate and appropriate source of funding.
 - A.2.3: Consider a rate study to investigate alternative methods for fee structure (by square footage, bedrooms, etc.) to fund service extensions without overburdening small development projects.
 - A.2.4: Make strategic infrastructure investments to increase capacity where necessary.
 - o Objective 3: Collaborate with critical partners on housing opportunities.
 - A.3.1: Continue community conversation and collaboration through ongoing community engagement.
 - A.3.2: Work alongside the Snoqualmie Region to market incentives for and encourage non-profits to continue to develop affordable housing in North Bend preventing displacement of the city's current and future senior populations and lower-income households.
 - A.3.3: Consider the feasibility of the development of a master plan for the outlet mall area in cooperation with the property owners.
- Strategy B: Ensure that housing stock matches the needs of the current and future North Bend community.
 - o Objective 1: Enhance development regulations and market incentives.
 - B.1.1: Strategic marketing of development incentives, support, and resources through the city webpage oriented toward the development community.
 - B.1.2: Consider streamlining the ADU permitting process.
 - B.1.3: Clarify design requirements and streamline permitting for Missing Middle and multifamily residential housing types.
 - o Objective 2: Reduce barriers to attainable and affordable Housing.
 - B.2.1: Consider changing the Cottage Residential zone to a Residential Medium zone to permit more housing types that pursue the purpose of this zone.

- B.2.2: Permit a wider variety of housing development in residential zones surrounding North Bend Way.
- B.2.3: Evaluate residentially zoned properties located in annexable areas within the City UGA and options for future growth opportunities.
- B.2.4: Explore expansion of the multifamily Residential Tax exemption to encourage the development of multifamily projects affordable to working-class households.
- B.2.5: Consider a fee reduction grant program for using the existing affordable housing tax program or state grant programs.
- B.2.6: Consider a fee reduction grant program for redevelopment in the Downtown Core.

Summaries:

- **Strategy A: Cultivate governance that provides for North Bend's future housing, infrastructure, aesthetic, and community needs.**
 - o **Objective 1: Foster development that reflects the community's vision for their city and its housing needs.**

- **A.1.1: Inventory and regulate short-term rental units**

Accessory Dwelling Units provide the opportunity to create additional housing for the community and a source of income for homeowners who rent them out. Short-term rentals are sometimes perceived to have a negative impact on the availability of housing for full-time residents, as investors may purchase properties to rent them to visitors and others with short-term needs. This could create displacement pressure and is also related to issues of housing supply. Other forms of innovative or missing middle housing can also become a nuisance if they become poorly managed short-term rentals.

As the city continues to grow and garner attention for its proximity to the Seattle metro area, small-town charm, and access to outdoor spaces, the city may see an influx in tourism. This tourism may incentivize the usage of some housing units as short-term rentals. Some jurisdictions, particularly in places with higher levels of tourism and visitation, have taken steps to regulate or even ban short-term rentals to maintain existing housing stock to meet the needs of their residents. The city could consider such regulations if it determines that short-term rentals are negatively impacting housing availability for full-time residents. The city should proactively create a system to inventory these units and regulate them in a way that allows homeowners to generate sufficient income, provide some opportunities for short-term rentals, and provide options in the long-term rental market.

- **A.1.2: Preserve existing affordable housing units within the city**

There is a lot of housing stock in North Bend already affordable to many community members. While it is crucial that a diversity of new housing is created, this new development should not come at the expense of existing affordable housing. Maintaining existing affordable housing both prevents community displacement and maintains the existing housing character. An effective and common method to preserve existing affordable housing units is through preservation and rehabilitation incentives.

Grant programs may be available to low-income homeowners for critical repairs, weatherization, tree preservation services, and potential efficiency upgrades to keep homes habitable through direct home rehabilitation assistance. This money can also be sourced from programs from the county, state, or City. This strategy could have a very high impact to reduce the cost burden of current city homeowners. The city and its partners may also need reliable access to funding in order to preserve currently affordable rental housing at risk of converting to market-rate rents. A local housing trust fund could help public and mission-driven organizations act to stabilize an affordable property. This action encourages a preservation fund, a dedicated source of funding that the City and its partners can use to acquire properties, improve properties, and extend or attach affordability periods to these properties. This fund will ensure that currently affordable properties are not lost due to deteriorating property conditions, expiring subsidies, or subsidy opt-outs. In many communities, private developers, financial institutions, or philanthropic foundations (or partnerships between these entities) have led the development of this

type of fund. Existing sources of funding are available for housing trust funds, such as the Washington State Housing Trust Fund or Community Development Block Grants.

- **A.1.3: Encourage workforce and mixed-use housing to support businesses that provide critical amenities that support the needs of North Bend residents.**

Residents in North Bend want the development of more activities and amenities in the town. The recent increase in residential development allows the creation of a built environment that reflects community desires. Creating resources and incentives that encourage business, especially in the downtown core, should reduce the distance between housing and economic opportunities. This will create more walkable opportunities for consumers and workers. The development of businesses and community centers which provide valuable amenities to lower-income households should be encouraged. Typical development has not catered to these residents' needs, and creating these amenities may require special attention. Economic development near housing centers in the city through low-barrier business opportunities may also stimulate long-term business growth in these areas.

- **A.1.4: Consider and implement housing strategy recommendations from the Economic Action Plan in support of increasing housing supply and diversity.**

The Economic Development Action Plan identifies key actions and strategies to balance economic development with residential development. Along with large increases in the housing quantity in the city, North Bend has seen a concurrent increase in demand for commercial goods, services, employment, and quality-of-life amenities. This plan provides a roadmap to realign the local economy with the housing market. The city should conduct strategic marketing efforts to make sure that the business and development community is aware of this plan and its implications.

- **A.1.5: Consider a subarea plan that fosters a community-supported vision for the downtown housing stock and economy. Consider implementing alongside a non-project environmental impact statement.**

A subarea plan allows the city to take a close look at a specific part of the city to address local conditions and create planning goals specific to the area. Customized policies can be set for specific neighborhoods which allow local conditions and land use goals to be addressed. A subarea plan provides an avenue to designate a specific area for economic development, historic preservation, or any other type of special district. The Form Based Code (FBC) and Downtown Master Plan could inform the recommendations for this effort. This subarea plan would act as a miniature comprehensive plan for the downtown area, with sections highlighting all the important elements of the community. A subarea plan for downtown could include (1) the creation of districts that set development priorities, (2) address storm drainage constraints, (3) shared parking requirements, and (4) implementation of a "planned action EIS" ordinance to create a more efficient environmental review process. Together, the subarea plan and planned action EIS could set a community vision for the downtown area while reducing developer cost through streamlined environmental review.

- **Objective 2: Ensure infrastructure needs are developed concurrently with new housing.**
 - **A.2.1: Apply for state and federal grants to fund utility infrastructure projects.**

County, state, and federal grants and low-interest loan opportunities can be used to improve and expand public infrastructure to support the City's housing capacity. King County, Washington State Department of Ecology, USDA, and EPA all have opportunities to apply for water and waste disposal loans and grant programs in Washington. Aside from infrastructure grant and loan funding, the Washington State Department of Ecology provides grant and loan opportunities for onsite septic systems for individuals needing to make repairs to their septic systems.

Tax increment financing (TIF) is a financial tool that local governments can use to fund public infrastructure in targeted areas to encourage private development and investment. By issuing TIF bonds, the City can take advantage of the rise in economic value and the resulting increase in tax receipts that accompanies successful urban redevelopment. This is done by capturing future anticipated increases in tax revenues generated by the project. This financing technique is possible when a new development is sufficiently large in scale, and when its completion is expected to result in a sufficiently large increase in the value of surrounding real estate where the resulting incremental local tax revenues produced by the new project can support a bond issuance. TIF bonds have been used to fund sewer and water upgrades, road construction, land acquisition, environmental remediation, and the construction of parks, among other examples.

- **A.2.2: Reassess impact fees to ensure they remain an adequate and appropriate source of funding.**

Additional housing growth in North Bend has placed additional demand on the existing infrastructure. Upgrading capital facilities is a costly process. The city should create a system to ensure the cost to develop these does not land on existing residents or taxpayers. The reevaluation of new development impact fees should ensure the collected money is enough to cover the development of infrastructure while not excessively burdening developers. If the city sets too high of impact fees, it might deter the development that it needs to meet growth targets. The impact fee amounts necessary to strike this balance may involve creating a more nuanced system than what the city currently has in place.

- **A.2.3: Consider a rate study to investigate alternative methods for fee structure (by square footage, bedrooms, etc.) to fund service extensions without overburdening small development projects.**

To generate the appropriate revenue without discouraging developers from creating housing in North Bend or preventing affordable housing development, the city should investigate other methods of determining fees to fund service extensions. Charging by square footage, bedrooms, expected occupancy, or some other billing method could create a more equitable source of funding. The city should investigate if an alternative fee structure could provide sufficient revenue to fund infrastructure improvements without burdening developers or low-income households.

- **A.2.4: Make strategic infrastructure investments to increase capacity where necessary.**

Proper infrastructure priorities established in a capital facilities element (a part of the Comprehensive Plan) can help the city support its housing program. Jurisdictions like North Bend that expect to see population increases and are concerned about infrastructure capacity can greatly benefit from evaluating their infrastructure priorities. With an increase in housing, the city may see its levels of service drop in some areas if it doesn't correctly predict future capacity gaps. Anticipating which infrastructure in what areas will feel the most strain is key to maintaining and improving levels of service. Investment in both the types of infrastructure and locations which are expected to see higher demand should be prioritized.

- **Objective 3: Collaborate with critical partners on housing opportunities.**
 - **A.3.1: Continue community conversation and collaboration through ongoing community engagement.**

With the recent increase in development in North Bend, continued engagement with the public is essential to preventing community displacement, retaining civic engagement, and preserving the high quality of life enjoyed in the city. The city should create strategies to continue to bring key stakeholders and underrepresented groups into the planning process. Outreach allows community members to share their needs and priorities, learn about proposed development changes, and participate in shaping their city. Creating equitable engagement opportunities, educating the public on the development process, and building a shared vision through dialogue will help the city identify how to change development policies to serve the community better.

- **A.3.2: Work alongside the Snoqualmie Region to market incentives for and encourage non-profits to continue to develop affordable housing in North Bend preventing displacement of the city's current and future senior populations and lower-income households.**

Cooperation across jurisdictional boundaries can address regional issues. Local jurisdictions can partner together to pool resources, coordinate technical assistance, and stretch funding for their housing needs. Many jurisdictions in the broader region have formed coalitions to address housing issues, but there is an opportunity for collaboration across many topics. The city could greatly benefit from cooperation with surrounding jurisdictions in the Snoqualmie valley and along the I-90 corridor. Coordination across non-profit and public sectors to develop affordable housing can help create more cost-effective and impactful projects. Outreach and partnerships with groups already involved with the targeted senior and low-income populations can help ensure that high levels of service are provided with minimal burden on taxpayers.

- **A.3.3: Consider the feasibility of the development of a master plan for the outlet mall area in cooperation with the property owners.**

Master Planned Communities (MPCs) often are grand-scale projects for developing new neighborhoods under a central, guiding plan. They are designed to incorporate the full range of land uses needed to establish a complete neighborhood including residential, commercial, office, civic/institutional, and open

space. Some examples of MPCs in Washington State include Port Ludlow in Jefferson County and Trilogy in Pierce County. Often, MPCs offer attractive amenities to the public. MPCs are efficient in adding affordability covenants, allowing flexible lot standards, and bringing in a variety of developers/housing forms in underutilized areas of the city. The city of North Bend could consider designing a Master Planned Community to increase affordable housing and mixed use opportunities and encourage commercial development in the city. The city should coordinate with the property owners of the outlet mall on the south end of Main Avenue to create a Master Plan for the area. The city should consider planning for transit-oriented development in this area as well, considering the potential availability of expanded transit options on the planning horizon.

- **Strategy B: Ensure that housing stock matches the needs of the current and future North Bend community.**
 - **Objective 1: Enhance development regulations and market incentives.**
 - **B.1.1: Strategic marketing of development incentives, support, and resources through the city webpage oriented toward the development community.**

All incentives work best when the local and regional development communities are aware of their presence and benefits. Sometimes incentives are buried in the municipal code and there is a lack of awareness that the city offers opportunities for bonuses or assistance. The city may consider developing marketing materials to advertise development bonuses and affordable housing incentives, including a website dedicated to demonstrating the incentives available and the benefits which they can confer to projects. This could include a document showing a range of expected outcomes for projects with a given set of attributes.

- **B.1.2: Consider streamlining the ADU permitting process.**

Although ADUs have been permitted in North Bend, additional housing capacity through their increased development remains. Creating homeowner-friendly review processes for ADUs along with educational resources to help guide applicants through the development process can help reduce the knowledge barrier posed by the development process. Educating homeowners about the benefits of ADUs can also increase interest and levels of community comfort. Providing resources for homeowners to be more informed and comfortable with the permitting process could increase the development of ADUs.

- **B.1.3: Clarify design requirements and streamline permitting for Missing Middle and multifamily residential housing types.**

Streamlining and clarifying design requirements for underdeveloped housing types can help encourage their proliferation. By creating clear standards some developers may be less intimidated by innovative forms of housing. The city could also adopt a permit expediting program to lower permitting costs and more directly prioritize the development process for desired forms of housing. Similarly, the city should revise the Permitted and Conditional Land Use Table and Bulk and Dimensional Standards to ensure clarity and concurrence with other sections of the municipal code.

The city already has design standards for multifamily, single-family, and cottage residential structures. Incorporating clear standards for forms of missing middle housing could create more clarity for developers. Outside of municipal code, other resources can help the city streamline the project review process. Creating permit checklists to clarify necessary reviews can help developers understand the processes they must complete and can help city staff expedite review. Permit review schedule streamlining can help expedite the development of innovative housing forms. People tasked with expediting permits for certain types of projects, having clear permitting priority, and fast-tracking routine applications can all help streamline the permit review process.

- **Objective 2: Reduce barriers to attainable and affordable Housing.**
 - **B.2.1: Consider changing the Cottage Residential zone to a Residential Medium zone to permit more housing types that pursue the purpose of this zone.**

Creating a variety of housing units in the city allows different households to seek options that are appropriate for their budgets and household characteristics. Changing the cottage residential zone to a residential medium zone and considering rezoning other areas within proximity to Downtown Commercial that are currently zoned low-density residential allows a greater diversity of housing types and accommodates a wider array of household types. The city should permit more housing types that align with the purpose of this zone. Duplexes, small multifamily residential structures, and other forms of missing middle housing that fit in with the existing single-family residential character should be encouraged in this zone.

- **B.2.2: Permit a wider variety of housing development in residential zones surrounding North Bend Way.**

The city should investigate allowing more residential uses in the low-density residential four-unit/acre zone within a one-third mile buffer of North Bend way. This overlay buffer would alleviate pressure on the North Bend housing market while maintaining the town's character. Low-density residential zoning currently takes up most of the residential area in North Bend. In these areas, the only residential uses outright permitted are single-family detached dwelling units, manufactured homes, and ADUs. The recently issued Housing Needs Assessment indicates that there is a need for housing affordable to renters and homeowners who make less than 80% of the area's median income as well as expanding the zoned capacity for housing in the city. Typical single-family detached dwelling units do not cater to the needs of lower and moderate-income community members, while an array of other housing types such as townhomes, duplexes, triplexes, quadplexes, or other forms of missing middle housing provide more affordable opportunities and increase the housing capacity. By outright permitting a larger array of housing types, the city creates the opportunity for housing affordable to more community members to be developed.

A high demand for single-family homes remains in North Bend, both from homebuyers who are attracted to the city and current residents who enjoy the aesthetic presented by single-family residential units. The city should investigate allowing the development of lower-cost single-family homes on lots smaller than the current lot size, which would create more variety of housing while satisfying the community's desire for single-family residential character. Manufactured homes are already permitted in the city and represent a significant portion of affordable housing. Increasing the allowed density of manufactured homes, like small lot single-family residential development, within this buffer area, would allow for more housing at a scale the community already recognizes.

- **B.2.3: Evaluate residentially zoned properties located in annexable areas within the City UGA and options for future growth opportunities.**

Urban Growth Areas outside of city limits should be considered for creating sufficient residential capacity. Urban Growth Areas (UGAs) determined by the Growth Management Act represent areas in which development should be concentrated to prevent urban sprawl. The city should create a system to rank potential annexation zones within the surrounding UGA. Inventorying and evaluating appropriate zoning of properties located in annexable portions of the North bend UGA can help determine to what

extent they can be used for future growth. Areas determined to have the best-suited capacity should be ranked as a higher priority for annexation.

- **B.2.4: Explore expansion of the multifamily Residential Tax exemption to encourage the development of multifamily projects affordable to working-class households.**

A multifamily tax exemption (MFTE) is a waiver of property taxes to encourage affordable housing production and redevelopment in “residential targeted areas” designated by cities. The goal of MFTE programs is to address a financial feasibility gap for desired development types in the target areas, specifically to develop sufficient available, desirable, and convenient residential housing to meet public needs. MFTE programs are designed to encourage denser growth in areas with the greatest capacity and significant challenges to development feasibility. The MFTE can be paired with inclusionary zoning to improve the financial feasibility of a project under affordability requirements. North Bend could even limit MFTEs specifically to projects that solely contain income-restricted units to encourage affordability most effectively.

- **B.2.5: Consider a fee reduction grant program for using the existing affordable housing tax program or state grant programs.**

Removing barriers to the development of affordable housing increases the incentives for developers. Fee waivers to reduce the cost of construction shift incentives towards developing affordable housing in North Bend. Fees, such as impact, utility connection, and project review fees, can significantly increase the end cost of residential unit development. Sourcing funding to grant fee reductions is a way to decrease the barrier to providing housing affordable to lower-income community members. Identifying standard guidelines for eligible project types, a schedule to determine what portion of fees may be granted, and a formal application process should all be used to ensure proper implementation. Other incentives may be considered, such as additional height or density, should be considered to encourage affordable housing. Ensuring continued and actual affordability through covenants and developer commitments helps preserve affordable housing through the lifetime of the project.

- **B.2.6: Consider a fee reduction grant program for housing-focused redevelopment in the Downtown Core.**

Fee waivers reduce the up-front cost of construction for residential development, allowing the potential to increase the housing supply in portions of the City. Infill development in the downtown core could be encouraged through the waiver of select fees. Reducing impact and building permit fees can lower total project costs and reduce the barrier to development. Standard guidelines that identify areas eligible for fee waivers, a schedule to determine what portion of fees can be waived and a formal application process for interested developers to request these funds should all be used to implement this action. The city can add stipulations to these fee waiver programs to meet specific goals or provide public benefit, such as requiring a portion of affordable housing covenanted. Financially encouraging residential development in the downtown area can help the city revitalize its downtown and create more housing closer to amenities available in the city.

This fee waiver program could work in tandem with other programs to encourage infill development in the downtown core. As suggested in a previous action, the creation of a downtown subarea plan could

aid the development of specific regulations by gathering community input and creating desired public benefits. The city could encourage residential infill development by creating infill incentive programs or addressing barriers to development on small lots. The city can support this by building complete streets, expanding SEPA infill exemptions, and investigating flexible code for infill projects to attract infill development.