

# PLANNING COMMISSION MEETING AGENDA



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## *City of Lake Stevens Vision Statement*

*By 2030, we are a sustainable community around the lake with a vibrant economy, unsurpassed infrastructure and exceptional quality of life.*

April 20, 2022 - 6:00 PM

**Hybrid meeting in person at the Mill, 1508 Main Street, Lake Stevens or – VIA  
ZOOM**

<https://us02web.zoom.us/j/88170779964>

1. **Call to Order** Mayor
2. **Roll Call**
3. **Action Item**
  - A. Approve Meeting Minutes from 3-16-2022
4. **Guest Business**
5. **Public Hearing**
  - A. LUA2022-0046: Short-Term Rentals Code Amendment Jill Needham
6. **Commissioner Report**
7. **Planning Director's Report**
  - A. Adoption of 2019 Stormwater Management Manual for Western Washington Required by June 30, 2022 Russ Wright,  
David Levitan
  - B. Preliminary Schedule for 2022 Comprehensive Plan Docket Items David Levitan,  
Russ Wright
8. **Adjourn**

### **THE PUBLIC IS INVITED TO ATTEND**

**Special Needs:** *The City of Lake Stevens strives to provide accessible opportunities for individuals with disabilities. Please contact Human Resources, City of Lake Stevens ADA Coordinator, (425) 622-9400, at least five business days prior to any City meeting or event if any accommodations are needed. For TDD users, please use the state's toll-free relay service, (800) 833-6384, and ask the operator to dial the City of Lake Stevens City Hall number.*

# PLANNING COMMISSION MEETING MINUTES



REMOTE PARTICIPATION

3-16-2022

- CALL TO ORDER: 6:00 pm by Chair Todd Welch
- MEMBERS PRESENT: John Cronin, Mike Duerr, Janice Huxford, Todd Welch, Linda Hoult, Jennifer Davis and Conner Davis
- MEMBERS ABSENT: None
- STAFF PRESENT: Community Development Director Wright, Planning Manager David Levitan and Clerk Jennie Fenrich
- OTHERS PRESENT: Councilmember Gary Petershagen

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Chair Welch called the meeting to order at 6:00 p.m. and led the Pledge of Allegiance.

**Roll Call:** All present.

**Approval of Minutes:** Minutes of 2-16-2022. Motion by Commissioner Duerr, seconded by Commissioner Hoult (7-0-0-0).

**Guest business:** None

**Discussion Items:**

Short-Term Rentals Code Amendment Work Session (LUA2022-0046)

Associate Planner Needham provided an overview of draft code language that staff had developed for LSMC 14.44.064, Short-Term Rentals (previously Tourist Homes). She explained that the draft code language incorporated comments provided by Planning Commission during previous work sessions on December 1, 2021 and February 2, 2022, as well as public comments provided by four residents between February 20 and March 2, 2022. Major components included requirements related to owner-occupancy (no unhosted rentals), parking, maximum occupancy, and public notice. Commissioners were generally supportive of the proposed code language and felt that it reflected their previous input as well as community concerns. Additional requests made by commissioners included extending the noticing requirements to properties within a 300-foot radius and providing more clarity on the licensing and code enforcement processes. At the conclusion of the work session, commissioners asked staff to schedule a public hearing for the proposal.

**2022 Docket Public Hearing:**

Planning Manager Levitan introduced the items that were reviewed for potential inclusion on the 2022 Comprehensive Plan docket. These included seven city-initiated text amendments (T-1 through T-7), one city-initiated map amendment (M-3), and two citizen-initiated map amendments (M-1 and M-2). Based on an analysis of the applicable docket criteria, staff recommended that Planning Commission forward a recommendation to City Council to ratify the docket with all items except for map amendment M-2, which staff determined did not meet the applicable criteria. Staff did note that the property covered by proposal M-2 did fall within the boundaries of city-initiated map amendment proposal M-3, and as such could still see changes to its land use and zoning designations. Oral testimony was provided by the applicant for map amendment M-1, who testified in support of his proposal. Following discussion and deliberations, Commissioner Huxford made a motion to ratify the entire docket (including map amendment M-2), but the motion did not receive a second. Commissioner Welch next made a motion to make a recommendation to City Council to ratify the 2022 docket as recommended by staff, which was seconded by Commissioner Duerr and passed (6-1-0-0) (Huxford against).

**Commissioner Reports:** Chair Welch welcomed City Councilmember Gary Petershagen. He announced the next Planning Commission is scheduled to be hybrid. Commissioners Cronin, Duerr and J. Davis welcomed Commissioner Conner Davis. Commissioner J. Davis inquired if the Planning Commission was taking next regular meeting would be held as usual as it is spring break for the school district. The commission decided to forgo the first meeting and meet in the optional 3<sup>rd</sup> week meeting which be March 20, 2022. Commissioner Davis asked for an annexation update. Commissioner C. Davis thanked the group for the warm welcome and is happy to be serving.

**Director's Report:** Director Wright reported the citizen proposed annexation and met 10% annexation threshold is moving forward to 60% petition.

**Adjourn:** Moved by Commissioner Duerr, seconded by Commissioner Hoult to adjourn the meeting at 7:12 p.m. On vote the motion carried (7-0-0-0).

Jennie Fenrich

Jennie Fenrich, Planning Commission Clerk

# PLANNING COMMISSION STAFF REPORT



Council Agenda Date: 4/20/2022

**Subject:** LUA2022-0046: Short-Term Rentals Code Amendment

**Contact Person/Department:** Jill Needham, Community Development

**Budget Impact:**

**Legal Review:** No

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## **RECOMMENDATION(S)/ACTION REQUESTED OF COUNCIL:**

Forward a recommendation to City Council to APPROVE the proposed amendments to LSMC Chapters 14.44, 14.08, 14.40, 14.44, and 14.72 (LUA2022-0046), as shown in Attachment 1. City Council is tentatively scheduled to hold a public hearing to consider the Planning Commission's recommendation on May 10, 2022.

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## **SUMMARY/BACKGROUND:**

The city adopted supplementary use regulations for tourist homes (now more commonly known as short-term rentals) in 1998 ([LSMC 14.44.064](#)). These regulations have remained unchanged even as the popularity of short term rentals (STRs) has increased exponentially, including several dozen in Lake Stevens that appear to be operating without a business license or Administrative Conditional Use Permit (ACUP), as currently required by city code. In response, staff is proposing amendments to LSMC 14.44.064 and associated sections that aim to modernize the code, streamline the application process, and balance the rights of property owners versus the concerns of neighbors.

The Commission has held three work sessions to date on the proposed code amendment. Commissioners reviewed the current code language in LSMC 14.44.064 and identified priorities for the amendment during an initial briefing on December 1, 2021 before reviewing and providing feedback on existing code language from a number of local jurisdictions at their February 2, 2022 meeting.

On [March 16, 2022](#), the Commission reviewed draft code language that incorporated feedback provided by commissioners as well as public comments submitted between February 20 and March 2. Commissioners were generally supportive of the proposed code language ([video available here](#)), and asked staff to make the following edits before scheduling a public hearing for the code amendment:

- Expand noticing requirements to include neighboring properties within a 300-foot radius;
- Provide more clarity and specificity on the code enforcement process;
- Consider the potential impacts of boat trailer parking and other recreational vehicles;
- Expand/generalize the definition in LSMC 14.08.010 to cover both primary structures and accessory dwelling units (ADUs);
- Specify that short-term rentals are permitted in both attached and detached ADUs; and
- Clarify and better define the business license and short-term rental application process.

### **PROPOSAL AND STAFF RECOMMENDATION**

Staff has made the requested changes identified above, which are reflected in the proposed code language in Attachment 1. The amendments to LSMC 14.44.064 are essentially a complete re-write of the existing code language for tourist homes, so the code language is shown as clean text. Proposed amendments to LSMC 14.08 (Definitions), 14.40 (Permissible Uses), and 14.72 (Parking) are shown as ~~strikethrough~~/underline.

The draft amendment has been submitted to the Washington State Department of Commerce for the required 60-day review, and the city issued a Notice of Categorical Exemption from the State Environmental Policy Act (SEPA) per [WAC 197-11-800](#)(19)(b) concurrently with the [Notice of Public Hearing](#).

Staff is requesting that the Planning Commission review the proposed amendments in Attachment 1, take public comment, and make a recommendation to City Council to approve LUA2022-0046. The City Council will hold a separate public hearing to consider the Planning Commission's recommendation.

### **FINDINGS AND CONCLUSIONS**

Per [LSMC 14.16C.075](#)(f), the City Council shall make the following findings when approving land use code amendments:

### **1. The amendment is consistent with the Lake Stevens Comprehensive Plan**

- Land Use Element Goal 2.1: Provide sufficient land area to meet the projected needs for housing, employment and public facilities within the City of Lake Stevens
- Land Use Element Goal 2.2: Achieve a well-balanced and well-organized combination of residential, commercial, industrial, open space, recreation and public uses
- Housing Element Policy 3.2.2: Support land uses and development regulations designed to increase housing opportunities for current and future residents, seniors, disabled, or other special-needs populations in proximity to shopping, health care, services, recreation facilities and public transportation.

**Conclusions** – Adoption of the city-initiated amendment is consistent with the goals and policies of the city’s Comprehensive Plan. The proposed amendment aims to allow property owners to rent out rooms in their homes by utilizing a predictable and objective review process that also considers potential impacts on adjacent properties.

### **2. The amendment complies with the Growth Management Act (RCW 36.70A.106)**

- Code amendments are subject to review by the Washington State Department of Commerce.
- The city provided the required notice to the Department of Commerce on March 18, 2022. Commerce acknowledged the proposed amendment under Submittal ID 2022-S-3775.
- If approved by the City Council, staff will file the final ordinance with the Department of Commerce within 10 days of its adoption.

**Conclusions** – The proposed code amendment has met all Growth Management Act requirements.

### **3. The amendment serves to enhance the public health, safety and welfare**

**Conclusions** – The recommended amendment will simplify and streamline the review process for short-term rentals included in LSMC 14.44.064. Proposed code language addresses a variety of topics including parking requirements, neighborhood compatibility, and code enforcement. The proposed review and approval process for short-term rentals includes a required inspection by the building official and fire marshal before a short-term rental can be approved.

## Public Notice and Comments

- Land use code amendments are reviewed through the city's Type VI legislative review process identified in [LSMC 14.16B.605-660](#), which requires the Planning Commission to hold a public hearing and make a recommendation to City Council.
- The city published a joint Notice of Public Hearing and SEPA Categorical Exemption in the Everett Herald on April 9 and April 15, 2022. The notice was also posted at City Hall and on the [city's website](#) on or around April 8, 2022.
- The city received four public comments from property owners between February 20 and March 2, 2022, which were shared with the Planning Commission at their March 16 work session. The comments were unanimous in their request that the city not allow unhosted short-term rentals, which was in line with Planning Commission feedback and has been incorporated into the draft code amendment.
- No additional public comments have been received to date in advance of the public hearing. If comments are received prior to the hearing, the comments will be distributed prior to or on the night of the hearing.
- Planning Commission held three work sessions to discuss the proposed amendment and review draft code language.

**Conclusions** – The city has met all public notice requirements per Chapter 14.16B LSMC.

## State Environmental Policy Act (SEPA) (Chapter 197-11 WAC and Title 16 LSMC)

- The proposed code amendment is categorically exempt from SEPA under [WAC 197-11-800](#)(19)(b), as it involves a text amendment that will result in no substantive changes respecting use or modification of the environment.

**Conclusions** – The proposed code amendment has met all local and state SEPA requirements.

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## APPLICABLE CITY POLICIES:

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## ATTACHMENTS:

1. Attachment 1 - Draft Short-Term Rental Code Language

#### **LSMC 14.44.064 – Short-Term Rentals**

- (a) Purpose – the purpose and intent of requiring specific standards for short term rentals (rentals of 30 days or less) is to ensure that their location and operation is consistent with the existing residential character of the surrounding area in terms of appearance, traffic levels and other development standards.
- (b) Applicability and General Requirements – the following requirements shall apply to all short-term rentals.
  - (1) Short-term rentals are allowed in the zoning districts identified in Table 14.40-I.
  - (2) Short-term rentals are limited to owner-occupied residences and subject to any additional covenants and restrictions on individual properties.
  - (3) The owner, authorized agent or property manager shall live on the premises for the entire duration of any short-term rental agreement.
  - (4) No short-term rental can be rented to more than two separate parties, per facility, or exceed eight total individuals at any time.
  - (5) The total number of guests covered by a short-term rental agreement shall not exceed two per rented bedroom and six total individuals.
  - (6) A city business license shall be submitted to the city with the short-term rental application, which shall be evaluated for compliance with the provisions of this section and approved by the Planning Director or designee.
  - (7) As part of the review process for the initial application, the building official or designee in coordination with the fire marshal shall perform a safety inspection of the property. It shall be the owner’s responsibility to ensure that the short-term rental is and remains in substantial compliance with all applicable codes regarding fire, building, health, safety and other relevant laws and regulations. The premises may be subject to safety and compliance inspections as part of the annual business license renewal.
  - (8) Prior to submitting a short-term rental application, the property owner shall provide written notification to the owners of properties located within a 300-foot radius of the boundaries of the subject property of their intent to operate a short-term rental, and include a copy of the notification and distribution list with their application.
  - (9) Any non-residential activities beyond the short-term rental of rooms shall require approval of a Home Occupation permit and be subject to [LSMC Section 14.44.015](#).
  - (10) A short-term rental owner must maintain primary liability insurance consistent with RCW 64.37.050.
  - (11) Applicable lodging taxes must be paid to the State of Washington, and those payments are the responsibility of the property owner.
- (c) Development Standards
  - (1) A minimum of one off-street parking space that meets all requirements and standards of LSMC Chapter 14.72 shall be provided per rented bedroom in addition to the minimum parking requirement for the residence (see Table 14.72-I). Parking of boat trailers may be allowed so long as an adequate off-street parking area, beyond the minimum

requirements detailed above for personal vehicles, is provided and the additional parking does not conflict with provisions of Chapter 14.48 LSMC.

- (2) Approved accessory dwelling units (both attached and detached) may be utilized as short-term rentals subject to all other requirements of this section, including the maximum number or rental agreements for the property.
- (3) Signage shall be limited to four square feet in area, consistent with LSMC 14.68.020.
- (4) The property shall give no outward appearance or exhibit characteristics of a business that would be incompatible with the ability of the neighboring residents to enjoy peaceful occupancy of their properties.
- (5) Meal service shall be limited to overnight guests. Separate kitchens shall not be allowed in individual guest rooms unless part of an approved accessory dwelling unit (ADU).

(d) Complaints and Enforcement

- (1) Complaints and enforcement are subject to the process identified in LSMC Chapter 17.20, with the city's Code Enforcement Officer serving as the main contact for responding to complaints and investigating potential violations.
- (2) Penalties levied may include warnings, fees, or the revocation of the applicable business license.

**14.08.010 Definitions of Basic Terms.**

*Boarding House.* A residential use consisting of at least one dwelling unit together with more than two rooms that are rented or are designed or intended to be rented but which rooms, individually or collectively, do not constitute separate dwelling units. A rooming house or boarding house is distinguished from a ~~tourist home~~short-term rental in that the former is designed to be occupied by longer term residents (at least month-to-month tenants) as opposed to overnight or weekly guests.

~~*Tourist Home*~~*Short-Term Rental.* A hosted residential single-family structure where the owner, authorized agent or property manager lives on the premises, in which individual rooms are rented by the day or week for a period up to thirty (30) days, subject to the standards identified in LSMC 14.44.064. May include but not limited to facilities commonly known as bed and breakfasts, tourist/vacation rentals, Airbnb, VRBO, etc.

**Table 14.40-I: Table of Residential Uses by Zones**

A blank box indicates a use is not allowed in a specific zone. Note: Reference numbers within matrix indicate special conditions apply.  
P – Permitted Use; A – Administrative Conditional Use; C – Conditional Use (See Section [14.40.070](#) for explanation of combinations)

NAICS Code	Use	R4	WR	R6	R8-12	MFR	LB	MU <sup>1</sup>	PBD <sup>2</sup>	BD	CBD	CD	LI	GI	P/SP
<b>MISCELLANEOUS AND ACCESSORY USES</b>															
N/A	<del>Tourist homes</del> Short-Term Rentals <sup>8</sup>	<u>PA</u>	<u>PA</u>	<u>PA</u>	<u>PA</u>	<u>PA</u>		<u>PA</u>							

**TABLE 14.72-I: TABLE OF PARKING REQUIREMENTS**

<u>Short-Term Rentals</u>	<u>1 space for each room to be rented in addition to the required spaces for the primary use. LSMC 14.44.064.</u>
<del>Tourist homes</del> , <u>H</u> otels and motels.	1 space for each room to be rented plus additional space (in accordance with other sections of this table) for restaurant or other facilities.

<sup>8</sup> Subject to requirements of LSMC 14.44.064.