

TO: Planning Commission  
FROM: David Stalheim, Long Range Planning Manager  
DATE: August 28, 2020  
RE: Rethink Zoning  
Response to Public Notice, Decision-making and SEPA exemptions

The following memorandum addresses public notice, decision-making and exemptions from the State Environmental Policy Act (SEPA) for development projects; this is part of the package of code changes in Rethink Zoning.

After review of the public comments, we believe that the package of procedures should move forward without any substantive change. The procedures we have provided are based on numerous hours of staff discussion, including our former planning director, Allan Giffen, our Economic Development Director, and our Land Use permitting staff.

#### *Summary of Changes*

The following are changes from current procedures which are outlined further in the chapter and title summaries found in the [project library](#).

- **Land Divisions:** State law ([RCW 58.17.060](#)) allows for the summary approval by administrative staff of short plats or short subdivisions, which is the division of land into less than ten (10) lots. There is no requirement in state law for public notice of the application. The draft is consistent with state law, eliminating the posting and notice to adjacent owners.
- **Shoreline Permits:** State law ([RCW 90.58](#)) for development within SMA jurisdiction dictates specific notice requirements and timing for issuance of shoreline substantial development permits. The SMA, however, does not dictate who the local decision-maker is. The amendments revise the decision-maker to streamline procedures and timing, but do not revise the public notice requirements of the SMA.
- **Historic Overlay Projects:** No changes are proposed to Historical Commission authority or Historic Overlay standards. The changes are limited to no longer requiring notice to owners within 500' and posting of sites for minor projects, such as an addition of an accessory dwelling unit (ADU); alteration of a significant feature of a local register property; or additions to a building.
- **State Environmental Policy Act (SEPA):** The requirement to post a project site when it is exempt from SEPA is eliminated. In addition, consistent with state law, additional exemptions from SEPA for infill development are added in the Urban Residential 4 (UR4) zone and Mixed Urban zone.

#### Planning



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We base our recommendations on the following principles:

1. Public participation in land use should be focused on the writing of comprehensive plans and development regulation. Public input is needed to establish how city priorities and goals are best implemented in every neighborhood and on every street; unfortunately, public input on a project-by-project basis has a tendency to lose this broader city context in a flurry of individual emotions and perceptions. Therefore, the effective time for extensive public input about development standards is during the planning and code writing process, not on individual projects.
2. Site-specific land use permit applications -should be decided based on development standards and regulations set by policy makers. Once plans and codes are adopted by those entrusted to set city-wide policies, implementation of the standards should be through the fair, objective administration of those city policies and standards. Adding additional public notices serves no purpose; on the contrary, it is a more fair and equitable process for applicant's projects to be decided based on adopted standards informed by public discourse.
3. Our land use permitting process should help address significant economic hardships in the city. COVID-19 has significantly impacted our community. We need to make sure that our land use procedures do not add time and expense but guide and assist in our economic recovery. Development standards do not need to be compromised, but permit timelines, with clear expectations of requirements, are a significant area where planning can help with economic recovery; on the other hand, adding time and complexity to the permit process results in fewer completed projects and less economic activity. For example:
  - Requiring a public hearing (hearing examiner) could add five (5) months to a project approval and additional application fees (over \$800 increase).
  - Moving a project from an administrative approval (REV I) to a planning director approval (REV II) requires posting of the site and notice to neighbors. This process can add two to three months in land use permit review, adds cost to the applicant (over \$800 increase) and workload for city staff.
4. Taxpayer funds are wasted conducting SEPA review on projects in infill areas. The State Environmental Policy Act (SEPA) was passed in 1971, nearly two decades before passage of the Growth Management Act (GMA). With GMA, the city has standards for all the subjects addressed by SEPA, such as traffic, noise, stormwater, wetlands, historic preservation, etc. The Legislature amended SEPA in 2003, 2012 and again in 2020 to allow the city to improve the development approval process, enhance economic development, accommodate infill development and realize the goals and policies of our growth management act plans. Our changes are consistent with the legislature's goals and authority and would exempt residential projects up to 200 dwellings in the areas we expect and want that level of infill development: Urban Residential 4 and Mixed Urban zones. Requiring SEPA can add 1-3 months to the permitting process and costs at least \$560 in application fees (usually more). Requiring a developer to go through SEPA review for these types of projects adds time and costs with no additional benefit. [Note: The City can still require SEPA if there are a series of exempt actions that may have a probable significant adverse impact. [WAC 197-11-305](#)]
5. The Local Project Review Procedures should allow a higher review process if needed, but it should not require that an expensive, extraordinary review process be Everett's standard practice. It is recognized that some projects might require additional review and notice. Making all projects subject to the same process only leads to delays, increased costs and frustration from applicants, as



well as increased workload for staff. The draft code authorizes the planning director to “...require the permit application to be reviewed using a higher level of review process than otherwise required.” (See draft [EMC 15.02.060.B.6](#)) This provision was written into REV I projects, where the planning director could require notice and posting of the site if warranted. A similar provision was not written into the REV II procedures, which could require a public hearing on land use permit applications. An amendment is recommended to add this authority for REV II, which could include shoreline permits now being reviewed as REV II but would instead require a hearing examiner decision.

6. The land use permitting process should help rather than burden the city’s staffing and financial challenges. The City’s preliminary budget deficit for 2021 is over \$18 million. In the 2021 budget, the planning division will be reduced by another two (2) FTE from 2020 levels. In 2015, Planning had 15 FTEs and in 2021, it will be 10 FTEs. Long range planning staff will consist of a GIS analyst and a planner that also does review of historic preservation development projects. Land use permit review is backlogged and can take up to six (6) months to complete a review. Each process that adds posting of a site, notice to adjacent property owners, phone or email inquiries, or a public hearing adds to the workload and delays in reviewing land use permit applications.
7. The City is successfully implementing new ways to be transparent about land use permitting applications. Five years ago, the City did not have online mapping available to the public; now see what is available at <https://everettwa.gov/2205/Map-Gallery>. Five years ago, the City did not have an online permitting portal; now both are available at <https://pw.everettwa.gov/eTRAKiT/>. By the end of 2020, the City will have additional improvements to online mapping and permit tracking, similar to what can be found at Snohomish County (<https://www.snohomishcountywa.gov/3820/PDS-Active-Projects-and-Permits>).
8. Policy requires that the public and neighbors are always informed when a deviation, or modification of development standards is proposed. Some of the comments received are not correct regarding a) what is subject to modification; b) whether notice is required when a modification is submitted; and c) whether there are criteria for consideration of modification requests. Where the code allows modification of development standards, the process requires notice to adjacent property owners and posting of the site. So, while it may be true that someone may request a modification for how building heights are measured (top of a pole was mentioned in the oral comments), the process would require public notice and meeting of the criteria for modification of development standards set forth in [EMC 15.03.060](#). Those criteria include being equivalent or superior results, meeting the intent of the standards being modified, and does not create impacts or nuisances which cannot be mitigated. If there is not flexibility built into the code to allow modifications, the only option for deviation is a variance, which would be a public hearing and potential five-month delay in getting a decision. One amendment is recommended, however, to make [EMC 15.02.070](#) consistent with [EMC 19.06](#), which does not allow modification of setbacks except through the exceptions specifically listed in [19.06.030](#) or through a variance.

See memorandum attached from the City’s Economic Development Director regarding these issues.

See the following page that compares current procedures with draft procedures.



## Decision Making Matrix (sample)

The following table identifies some of the land use decisions with current practice and draft standards.

Project	Current Standard	Draft Standard
Preliminary short subdivision of 9 lots or less	REV II	REV I
Preliminary subdivision of 50 lots or less	REV II	REV II
SEPA Review	REV II	REV II (more projects would be exempt from SEPA, however)
Historic review – single family or 2-unit	REV I for single family REV II for 2-unit (500 feet notice requirement)	REV I
Historic review – addition of an ADU	REV II (500 feet notice requirement)	REV I (but still subject to Historical Commission review and recommendation)
Historic review – alteration of significant historic features of an Everett Register site	REV II (500 feet notice requirement)	REV I (but still subject to Historical Commission review and recommendation)
Historic review – addition of more than 150 sq. ft. to a building with 3+ units and considered contributing structure	REV II (500 feet notice requirement)	REV I (but still subject to Historical Commission review and recommendation)
Historic review – demolition of any building listed as historically significant or contributing	REV II (500 feet notice requirement)	REV II (notice limited to 150 feet)
Historic review – deviation from overlay standards or guidelines	REV II (500 feet notice requirement)	REV II (notice limited to 150 feet)
Shoreline permits – less than 1 acre of project footprint in shoreline	REV II (special SMA notice requirements of 300 feet)	REV I (special SMA notice requirements of 300 feet; <b>amendment recommended to increase to 500'</b> )
Shoreline permits – 1 acre or more of project footprint in shoreline	REV III (notice within 500 feet)	REV II (special SMA notice requirements of 300 feet; <b>amendment recommended to increase to 500'</b> )
Shoreline permits – shoreline variance or conditional use	REV III (notice within 500 feet)	REV III (notice within 500 feet)
Chapter 5 – Uses	See <a href="https://www.codepublishing.com/WA/Everett/#!/Everett19/Everett1905.html#19.05">https://www.codepublishing.com/WA/Everett/#!/Everett19/Everett1905.html#19.05</a>	The proposed Use Table is streamlined compared to current. There are just 82 uses compared to 134 currently. It is not logistically possible to identify the changes in how uses are classified. See <a href="https://everettwa.gov/DocumentCenter/View/25459/Ch-1905-Use-Table-7-13-20">https://everettwa.gov/DocumentCenter/View/25459/Ch-1905-Use-Table-7-13-20</a>





CITY OF EVERETT  
Economic Development

**MEMO: PUBLIC NOTICE, DECISION-MAKING, AND SEPA  
EXEMPTIONS**

TO: Planning Commission  
FROM: Dan Eernisse, Economic Development Director  
DATE: 28 August 2020

David Stalheim asked me to review the memo he prepared for you regarding the streamlining efforts in ReThink Zoning to public notice, decision-making, and SEPA exemptions.

First, I concur with every point he makes in his memo, so I will not restate his reasoning here.

Second, most of the points that David made are from the legitimate perspective of Everett residents; I would to add the additional perspective of a hypothetical investor contemplating development in the Puget Sound region who is considering building in Everett.

- This investor is likely skilled at one area of development (industrial, residential, office, etc.). For our purposes, let's say this investor is a townhome builder who builds attached, three-story homes for sale.
- She is a speculative builder, meaning that she is not building for herself or for a client; she is building for the market. Therefore, she carefully tracks how much comparable homes like the ones she builds are selling for in every neighborhood in the Puget Sound region.
- She is borrowing almost all the money to build from partners and the bank, and these partners will expect to be paid 5 – 7% on the money they loan. The longer she borrows, the more cost she incurs.
- This investor knows exactly how much it costs to assemble a three-story building, and these hard construction costs vary little whether she is building in north Seattle, Bothell, or Everett.
- If she can find a project where the expected sales price exceeds her hard costs sufficiently—usually at least 10-15% to cover the cost of her money and leave a small profit--she will proceed with the project; she will not proceed if the expected margin is under 10%.
- Therefore, the critical variables that she monitors between locations are permitting cost (because they eat up her small profit), permitting time (because every month delay is a month

of paying interest to her investors) and permitting predictability (because the bank will make her build in more contingency funds).

Seattle, Kirkland, Bellevue, and Redmond enjoy margins that far exceed costs. In those cities, investors are finding it easy to achieve 10-15% returns even with long delays in permitting. Investors are flocking to those markets from all parts of the world.

Everett's rents and sales prices are much lower, so each additional cost added in permitting literally drives projects away. Unfortunately, this has a compounding effect; when the investor looks to see how much townhomes are selling for and finds no comparable product, she assumes that this market is not profitable. Going forward, it is nearly impossible for her to be convinced otherwise. Everett gets a reputation of being a city where townhome builders avoid.

Your decisions on these permitting issues truly make a difference. I—along with the Planning staff—are working to bring investment to Everett to meet the city's most noble goals and priorities. I urge you not to undermine these worthy efforts by adding time and expense to the process with unnecessary process.

Sincerely,

A handwritten signature in blue ink that reads "Dan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Dan Eernisse, Economic Development Director