

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF REGULAR MEETING

The purpose of these minutes is to capture a high-level summary of Council's discussion and action. This is not a verbatim transcript. Meeting video and audio is available on the [City's website](#).

Monday, April 24, 2023
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor Keith Scully, Deputy Mayor Betsy Robertson, and Councilmembers John Ramsdell, Doris McConnell, Eben Pabee and Chris Roberts

ABSENT: Councilmember Laura Mork

1. CALL TO ORDER

At 7:00 p.m., the meeting was called to order by Deputy Mayor Robertson who presided.

2. FLAG SALUTE/ROLL CALL

Upon roll call by the City Clerk, all Councilmembers were present except for Mayor Scully and Councilmember Mork. Deputy Mayor Robertson announced Mayor Scully would be joining the meeting later.

Councilmember McConnell moved to excuse Councilmembers Mork for personal reasons. The motion was seconded and passed by unanimous consent.

3. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

4. REPORT OF THE CITY MANAGER

Bristol Ellington, City Manager, reported on various City meetings, projects, and events.

5. COUNCIL REPORTS

Councilmember Ramsdell shared that he and Deputy Mayor Robertson attended the Association of Washington Cities Diversity, Equity Inclusion and Belonging Forum where participants discussed their city's equity and inclusion journey.

Deputy Mayor Robertson reported her attendance at a meeting of the Regional Transit Committee where they spoke about Metro Connects and the vision for public transit in the city.

6. PUBLIC COMMENT

The Council heard comments from the public from approximately 7:07 p.m. to 7:13 p.m. Written comments were also submitted to Council prior to the meeting and are available on the [City's website](#).

Janet Way, Shoreline resident, asked that tree preservation be a priority in the development of cottage housing regulations.

Kathleen Russell, Shoreline resident, asked that trees 24 inches in diameter and larger be protected in the development of cottage and middle housing regulations.

Mayor Scully arrived at the meeting at 7:10 p.m.

7. CONSENT CALENDAR

Upon motion by Councilmember McConnell, seconded, and unanimously carried 6-0, the following Consent Calendar items were approved:

- (a) Approval of Expenses and Payroll as of April 14, 2023 in the Amount of \$3,660,039.84
- (b) Adoption of Ordinance No. 981 - Amending the 2023-2024 Biennial Budget (Ord. No. 973) for Uncompleted 2021-2021 Operating and Capital Projects and Increasing Appropriations in Certain Funds (2022-to-2023 Carryover)
- (c) Adoption of Ordinance No. 982 - Amending the 2023-2024 Final Biennial Budget (Ordinance Nos. 973 and 981)
- (d) Adoption of Ordinance No. 985 - Amending Chapter 3.70 of the Shoreline Municipal Code to Modify the System Improvements Eligible for Park Impact Fees

8. STUDY ITEMS

- (a) Discussion of Ordinance No. 984 - Amending Chapters 20.30 and 20.50 of the Shoreline Municipal Code to Establish Development Regulations for Cottage Housing, and Resolution No. 512 - Amending the Fee Schedule to Provide For a For-Purchase Affordable Housing Fee In Lieu

Andrew Bauer, Planning Manager, stated the Council will be reviewing Ordinance No. 984 to establish regulations for cottage housing. He introduced Elise Keim, Senior Planner, to describe the proposed regulations. Ms. Keim stated that the 2021 Housing Action Plan (HAP) was adopted with goals to meet Shoreline's housing needs. The HAP called for an increase in housing supply and variety, an increase in affordable housing, minimal displacement, and preservation of existing housing stock. To help increase the housing supply, cottage housing regulations were identified as a priority for implementation.

Ms. Keim defined cottage housing as one or two-story homes that are built in greater density than surrounding zones and clustered around a common open space. The draft code states cottages will be in the R4, R6, R8 & R12 zones and limited to 700-1,500 square feet and 22 feet in height. Cottages will be required to have open space and incentives will be offered for tree preservation and density design elements. Ms. Keim said Resolution No. 512 is proposed to clarify how fee in lieu is calculated for incentive benefits.

Ms. Keim stated that the City received a grant from the Department of Commerce to implement the HAP. The Grant requires several deliverables including an existing conditions report, public engagement, draft and final code language that must be completed by June 2023. Ms. Keim explained that staff are still awaiting a model ordinance from HB 1110 regarding cottage housing to further define the draft code, and expect it will necessitate code refinements. Goals and policies specific to middle housing are being drafted by staff for the Comprehensive Plan update.

Ms. Keim said the existing conditions report showed that 61% of households in the City are one or two person households and 67% of the available housing stock is single family detached homes. She explained that this means there is a mismatch between household size and housing type available for people to rent or buy. Ms. Keim went over public engagement conducted in 2022 from which themes of tree preservation, sustainability, affordability, accessibility, and walkability were highlighted as significant values.

Mayor Scully stated he is supportive of the Planning Commission recommendation. He commented that cottage housing is unique and, although there may only be a few citywide, they could meet the needs of those that prefer this housing option. Councilmember McConnell agreed that only a few cottage houses may be built due to little open land in Shoreline and stated she would like more options to solve the housing shortage. Councilmember Roberts added that the cottage density requirements limit development options making accessory dwelling units more favorable.

Councilmember Roberts commented that HB 1110 changed the City's definition of a residential area. Instead of defining the area based on the number of housing units per acre, he suggested a residential area is more about a community feel and the amount of open space available. He said the City should find out how to maximize open space while meeting housing needs.

Councilmember Ramsdell asked how staff came up with a minimum of 700-square feet for a cottage house; if the grant allows for other forms of middle housing; and if land trusts were a part of the analysis. Ms. Keim explained the decision was made to avoid "tiny houses" and a consultant recommended a 700-square foot minimum; clarified the grant is open to several forms of middle housing; and staff is looking at other forms of middle housing from a policy framework rather than specific regulations. Mr. Bauer added that land trusts are being looked at as a tool to implement affordable home ownership options but not specifically in relation to middle housing.

Councilmember Pobee expressed disappointment over the lack of tree retention requirements in the proposed regulations. He also questioned how affordable cottages will be for medium income individuals to purchase, stating he is concerned that the fee in lieu of program will impede the

goal of increasing affordable housing. Ms. Keim explained that the fee in lieu is for a density bonus and the fees collected go into a fund for affordable housing projects. The provision was created to offer maximum flexibility and options for developers to increase density. Deputy Mayor Robertson expressed support for the Planning Commission's recommendation and said she would like to see how the affordable housing fund would be utilized. Mayor Scully agreed the fee in lieu system is not ideal and asked staff to prepare an amendment to strike the fee in lieu provision. He stated the City may need to look at affordability mandates.

Councilmember Roberts asked if developers would pay the fee in lieu based on the number of units or the construction as a whole. Mr. Bauer answered that the fee is calculated from the number of mandated units and staff could follow up with development scenarios to show how fees and density would be calculated. He added that the fee in lieu provision is intended to be offered only until the City has developed an affordable housing program. Councilmember Roberts said he will propose several amendments to try to achieve more of the housing goals.

Mr. Ellington commented Shoreline is doing well with rental affordability but not home ownership. He said staffing an affordable housing program would be a challenge with the currently available resources, but staff could come back with an approach to a larger citywide program.

Margaret King, City Attorney, stated an accessory dwelling unit could count as a cottage housing unit. She said the City does not currently allow this but it could be a tool to increase density.

Mr. Bauer said staff will continue working on the cottage housing regulations and noted they have until mid-2025 to be fully aligned with the HB 1110. This item will come back for another review on May 22, 2023.

(b) Discussion of 2022 Year-End Financial Report

Meng Liu, Budget and Tax Manager, presented the 2022 Year-End Financial Report. For city-wide financial activity, she stated revenues performed fairly aligned to the budget plan at 102%, but expenditures were well under at 70% due to the pandemic's impact on City services as well as the timing of capital projects. She added that the General Fund revenue was at 108% and expenditures were at 95%. Ms. Liu displayed expenditures by Department and noted the highest underspending was in recreation, criminal justice, and police services. She highlighted tax collection and recreation revenues are returning to a pre-pandemic level and permitting revenue performed a lot stronger than anticipated at 151%. She noted the performance of other revenue sources and stated B&O Tax is also performing much better than expected, therefore the 2023 estimates will be adjusted to reflect this. The General Fund unassigned and undesignated ending balance is estimated to be \$13.626M.

Ms. Liu said REET is the main funding source for the Capital Fund and it is trending downwards due to the real estate market performance. Staff will be monitoring the economy and the revenue sources that are sensitive to it. She said staff will return to Council if any significant changes to the budget are needed as a result.

Councilmembers asked if hotel and restaurant tax could be reported separately in the sales tax report and if staff could elaborate on telecommunication companies restructuring to avoid taxes. Ms. Meng said hotels and restaurants are combined into one category because it is how we get the revenue distributed from the State. Ms. Lane added that telecommunication companies are avoiding utility tax by bundling their telephone and cellular services under their internet service, as internet is tax-exempt.

9. ADJOURNMENT

At 8:23 p.m., Deputy Mayor Robertson declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

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