

June 2, 2026
5:15 PM

**CITY OF CHELAN
CITY COUNCIL WORKSHOP AGENDA**

1. CALL TO ORDER AND ROLL CALL
2. AGENDA CHANGES
3. SPECIAL PRESENTATION, PROCLAMATION, AND AWARDS
 - A. Main Street Week Proclamation (Mayor McCardle)
4. PUBLIC HEARING
 - A. Resolution No. 2026-14XX 2027-2032 Six-Year Transportation Improvement Program (Public Works Director Youngren)
5. WORKSHOP DISCUSSION TOPICS
 - A. Policy Level Discussion and Housing Grant Funding (City Administrator McAloon / Finance Director Evans)
 - B. Development Regulations (Community Development Director Ajax)
 - C. Short Term Rental Cap (Community Development Director Ajax)
 - D. Public Works Project Status Update (Public Works Director Youngren)
6. CITY ADMINISTRATOR AND DEPARTMENT REPORTS
7. MAYOR AND COUNCIL COMMENTS
8. ADJOURNMENT

Our Vision

Chelan is a rural lakeside community surrounded by pristine natural beauty where generations of visitors and residents enjoy an exceptional quality of life.

Our Guiding Principles & Outcomes

Visionary & Strategic - A city that is forward-thinking, collaborative, and fiscally responsible.

Thriving & Connected - A vibrant, well-planned city where residents have a sense of home.

Healthy & Sustainable - A flourishing city that supports an active community.

Accessible & Welcoming - A safe city where everyone can find community.

The next meeting will be a City Council Regular Meeting on June 9, 2026, beginning at 5:15 p.m. in Council Chambers, 135 E. Johnson Avenue, Chelan, Washington.

A City Council meeting packet is available for review on the City's Website:
cityofchelan.gov/meetings



MAIN STREET WEEK PROCLAMATION

WHEREAS, the Main Street movement is the leading voice for preservation-based economic development and community revitalization across the country, promoting vibrant downtowns with thriving local economies, rich character, and welcoming public spaces where residents and visitors feel a strong sense of belonging;

WHEREAS, the Main Street movement strengthens the heart of communities by supporting local businesses, fostering connections, and reinforcing that a community is only as strong as its core downtown;

WHEREAS, the City of Chelan is committed to being **Visionary and Strategic** by supporting forward-thinking, collaborative, and fiscally responsible efforts that strengthen downtown vitality and align community needs with long-range planning and economic sustainability;

WHEREAS, a strong and vibrant downtown contributes to a **Thriving and Connected** community by supporting year-round economic growth, creating local jobs, enhancing public spaces, and fostering a sense of place where residents and visitors feel at home;

WHEREAS, downtown revitalization and preservation efforts promote a **Healthy and Sustainable** community by encouraging walkability, supporting active lifestyles, and balancing economic growth with the protection of Chelan's natural beauty and resources;

WHEREAS, Main Street initiatives help create an **Accessible and Welcoming** community by fostering safe, inclusive, and inviting spaces where everyone can gather, connect, and participate in the life of the community;

WHEREAS, Main Street Washington and Historic Downtown Chelan will celebrate Main Street Week, June 2–8, 2026, providing an opportunity to recognize the importance of local businesses, historic preservation, and the partnerships that enhance the vitality of downtown Chelan;

NOW, THEREFORE, I, Erin McCardle, Mayor of the City of Chelan, Washington, do hereby proclaim June 2–8, 2026, as “Main Street Week” in the City of Chelan, and encourage all residents, businesses, and community partners to celebrate and support the organizations, businesses, and individuals who contribute to a vibrant and resilient downtown.

Erin McCardle, Mayor
June 02, 2026



Subject/Title: Resolution No. 2026-14XX 2027-2032 Six-Year Transportation Improvement Program (Public Works Director Youngren)

Department: Public Works

Staff Contact: Jake Youngren

Guiding Principles: Healthy & Sustainable

Initiatives: Establish a Long-Range Economic Strategy

Reviewed By: City Administrator

Number of Looks: Look No. 3 of 4

PREVIOUS ACTION TAKEN

Council discussed the beginning steps of creating the proposed 2027-2032 Six Year Transportation Improvement Program (STIP) during the May 5 and May 26, 2026 Council meetings.

OVERVIEW

BACKGROUND

Washington State law (RCW 35.77.010) requires cities to annually prepare and adopt a Six-Year Transportation Improvement Program (STIP). The STIP identifies transportation projects the City intends to implement over the six-year planning horizon and serves as the basis for federal and state funding applications. The City's street capital fund is primarily funded through Transportation Benefit District revenues, which are explicitly restricted to projects identified on the STIP.

The City Council received briefings on the proposed 2027–2032 STIP at the May 5, 2026 and May 26, 2026 regular meetings. The proposed STIP reflects refinements developed through those discussions. A public hearing is required prior to adoption. Following the public hearing, staff is requesting Council adopt the 2027–2032 STIP at the June 9, 2026 regular meeting.

NOTABLE DIFFERENCES FROM PREVIOUSLY ADOPTED STIP

The following highlights notable changes from the previously adopted 2025–2030 STIP:

- Pedestrian and ADA recurring projects have been consolidated into a single Citywide Pedestrian Infrastructure Initiative.
- A new Annual Guardrail Repair and Replacement recurring project has been added.

- The Highway 97A / SR 150 Corridor Improvement Program has been added as a new capital project.
- The two previously separate Woodin Avenue Bridge projects have been consolidated into a single Woodin Avenue Bridge 2-Way Conversion project.
- The Northshore Trail has been divided into two distinct phases.
- The Lakeside Park Access and Parking Analysis has been removed.
- The Woodin Avenue Traffic Calming project has been incorporated into the broader Woodin Avenue Corridor Improvements project.

Project timing and proposed expenses have been adjusted based on best judgment at this time. It is most important that the right projects are identified on the STIP. Street capital budget discussions in the fall of 2026 will provide further constraints around timing and funding for individual projects.

FINANCIAL IMPLICATIONS

Adoption of the STIP does not in itself authorize expenditure of funds. Individual projects require separate Council authorization and appropriation. Project costs identified in the STIP reflect current planning-level estimates and are subject to change through design and grant application processes.

ATTACHMENTS

1. 2027-2032 STIP DRAFT Updated 5-28-26

SUGGESTED MOTION

None.

2027-2032 City of Chelan Six-Year Transportation Improvement Program

							Funding Breakdown			
Project Name	Priority Theme	Project Category	Description	Design Year	Constr. Year	Total Project Cost	City Funds	Federal Funds	State Funds	Other
Citywide Pedestrian Infrastructure Initiative	Enhancing Pedestrian Safety	Recurring Annual Project	This annual project funds expansion of sidewalk infrastructure into areas lacking pedestrian facilities, replacement of existing sidewalks that have deteriorated beyond routine maintenance, and targeted improvements to address ADA deficiencies identified in the City's ADA Transition Plan.	Annual	Annual	\$ 500,000	\$ 500,000			
Annual Pavement Preservation Project	Preservation of Existing Pavement	Recurring Annual Project	This project aims to extend the lifespan of roadways by applying preventive maintenance techniques.	Annual	Annual	\$ 250,000	\$ 250,000			
Annual Guardrail Repair and Replacement Program	Preservation of Existing Pavement	Recurring Annual Project	This recurring annual project funds inspection, repair, and replacement of guardrail installations throughout the City road network to maintain safety standards and address deficiencies identified through routine maintenance operations.	Annual	Annual	\$ 30,000	\$ 30,000			
Lakeside Trail	New Walking/Biking Pathways	Capital Project	Multi-use trail from Woodin/Webster to Water St./Terrace Ave.	2025	2026	\$ 4,250,000	\$ 750,000		\$ 3,500,000	
Downtown Revitalization Project	Enhancing Pedestrian Safety	Capital Project	Upgrade 100 and 200 blocks of Woodin Avenue and adjacent areas. Improvements to include, but not be limited to, sidewalk, lighting, irrigation, power/communciation, and landscaping.	2026	2028	\$ 6,600,000	\$ 600,000		\$ 6,000,000	
Farnham/Webster Intersection Pedestrian Improvements	Enhancing Pedestrian Safety	Capital Project	Pedestrian improvements to crossing at Farnham and Webster, to include pedestrian channeling, RRFBs, and advanced warnings.	2026	2026	\$ 325,000	\$ 50,000		\$ 275,000	
Sanders St. Pedestrian Improvements	Enhancing Pedestrian Safety	Capital Project	New crosswalks and bubl-outs on Sanders at Okanogan and Wapato and improved bike line between the interesections.	2026	2026	\$ 819,759	\$ 10,667	\$ 709,092	\$ 100,000	
Highway 97A / SR 150 Corridor Improvement Program	Easing Traffic Congestion	Capital Project	This project funds evaluation and phased implementation of traffic flow, safety, and intersection improvements along the Highway 97A and SR 150 corridors and their convergence through downtown Chelan. Improvements will address key intersections including Johnson/Columbia, Johnson/Emerson, Johnson/Sanders, Sanders/Woodin, 97A/Woodin, and Farnham/97A, as well as bypass and cut-through route alternatives to be determined through corridor analysis. The project also includes cost-benefit analysis of candidate improvements and potential changes to the Woodin Avenue Bridge configuration. Additional intersections within the corridor area will be evaluated and addressed as identified through design and engineering review.	2027	2028	\$ 8,750,000	\$ 750,000	\$ 4,000,000	\$ 4,000,000	
Apple Blossom Pedestrian Trail	New Walking/Biking Pathways	Capital Project	Extend pedestrian facilities from the football field to Apple Blossom Dr.	2027	2028	\$ 3,300,000	\$ 500,000	\$ 300,000	\$ 1,775,000	\$ 725,000
Woodin and Sanders Intersection	Easing Traffic Congestion	Capital Project	Construction of a new roundabout at the intersection of Woodin and Sanders to ease traffic congestion.	2027	2028	\$ 3,500,000	\$ 500,000		\$ 3,000,000	
Regional Transportation Plan	Emergency Evacuation Routes	Study/Assessment	A regional transportation plan conducted by the MPO will provide data-driven insights, facilatats coordinated planning efforts across jurisdictions, enhances funding opportunities, evaluates emergency preparedness, and promotes sustainable transportation solutions that meet the needs of the community.	2027		\$ 275,000	\$ 25,000			\$ 250,000
Northshore Trail Phase 1	New Walking/Biking Pathways	Capital Project	This project funds design and construction of an extension of the existing Northshore Trail from its current terminus to Bighorn Way near the Community Center.	2028	2029	\$ 8,800,000	\$ 800,000	\$ 8,000,000		
Woodin Avenue Corridor Improvements	Easing Traffic Congestion	Capital Project	This project funds safety and infrastructure improvements along the Woodin Avenue corridor from the Woodin/Webster intersection to the Woodin Avenue Bridge, including traffic calming measures, retaining wall replacement, and other corridor infrastructure needs identified during design.	2030	2031	\$ 1,200,000	\$ 120,000		\$ 1,080,000	
Northshore Trail Phase 2	New Walking/Biking Pathways	Capital Project	This project funds design and construction of an extension of the Northshore Trail from the Community Center area to approximately milepost 5.4 near the Chelan Shores condominium complex.	2030	2031	\$ 8,800,000	\$ 800,000	\$ 8,000,000		
Apple Blossom and Golden Avenue Intersection Improvements	Easing Traffic Congestion	Capital Project	This project addresses deteriorating levels of service at the intersection of Apple Blossom Drive and Golden Avenue identified through preliminary traffic impact analysis. Improvements will be determined through final design and engineering evaluation, with a roundabout as the likely preferred alternative based on preliminary findings.	2030	2031	\$ 1,200,000	\$ 600,000			\$ 600,000
Woodin Avenue Bridge 2-way Conversion	Easing Traffic Congestion	Capital Project	This project funds evaluation, design, and construction of improvements to convert the existing one-way Woodin Avenue Bridge to two-way vehicle operation.	2031	2032	\$ 14,000,000	\$ 500,000	\$ 12,500,000	\$ 1,000,000	
TOTALS						\$ 28,599,759	\$ 3,965,667	\$ 5,009,092	\$ 18,650,000	\$ 975,000



Subject/Title: Policy Level Discussion and Housing Grant Funding (City Administrator McAloon / Finance Director Evans)

Department: Finance

Staff Contact: Heidi Evans

Guiding Principles: Accessible & Welcoming

Initiatives: Diversify Housing Options

Reviewed By: City Administrator and Finance Director

Number of Looks: Look No. 1 of 3

PREVIOUS ACTION TAKEN

The Affordable Housing Policy and application was originally adopted on June 23, 2020.

OVERVIEW

The Affordable Housing Fund (Fund 105) receives funding from three (3) main sources: state shared tax revenue, developer contributions, and council designated contributions during the budget cycle. The City receives approximately \$15,500 a year from affordable & supportive housing state shared tax revenue, and those funds can be spent in accordance with RCWs and the newly updated and consistent language in Chapter 3.84 & 3.86 of Chelan Municipal Code. These are arguably the most restrictive funds.

The City has a greater ability to determine how the funds are spent when they're received from developer or are council-driven contributions. The attached policy governs how those funds are spent and was adopted in 2020. The redlined copies you find attached outline staff recommended edits and highlighted areas of interest for discussion.

Currently, the most significant proposed change is increasing the AMI (Average Median Income) limits to 120% so that the City is in alignment with the limits set forth by the partners they have worked with and funded in the past. From the workshop, staff is requesting guidance from the City Council of how much funding should be awarded each year from the remaining available balance. In addition, staff seeks any proposed edits to the redline version of the policy. Our goal is to finalize the policy and funding amount available so that a new application period for 2026 can be started.

FINANCIAL IMPLICATIONS

The total fund balance as of May 28, 2026 is \$133,214.72 of available funding; \$16,805.81 is restricted as it originates from the state tax revenue and the remaining \$116,408.91 could potentially be awarded under the Affordable Housing Policy. The City has

approximately \$15,500 of state shared tax funds they could award each year, but council did not designate any funding contributions in 2026, nor are there any developer contributions anticipated for the year.

ATTACHMENTS

- 1. Affordable Housing Policy - Redlined
- 2. Affordable Housing Application - Redlined

SUGGESTED MOTION

None.

City of Chelan

Affordable Housing Fund Policy

I. Introduction

Pursuant to Chelan City Code 3.84.010, the City of Chelan (the “City”) has established Housing Fund 105 for the purposes of supporting affordable housing within the City. Housing Fund 105 contains monies from various sources such as surcharges, general facilities charges allocations, donations, and grants allocated to the City. Some of the monies in the Housing Fund 105 have restrictions regarding the purposes for which they may be used placed upon them by statute or agreement, while some of the monies remain unrestricted.

The purpose of this Policy is to address issues pertaining to and provide criteria for how any nonrestricted monies in Housing Fund 105 shall be awarded and distributed to requesting organizations.

Additionally, this Policy addresses the application procedure a requesting organization must comply with in order to be awarded monies, both restricted and nonrestricted, from Housing Fund 105.

II. Policy

1. Eligibility. The unrestricted monies in Housing Fund 105 shall be for the purposes of providing funding for the development of housing for, or providing housing assistance and education to households earning up to ~~40~~120% of the area median income (“AMI”). Under this Policy, AMI shall be determined by the United States Department of Housing and Urban Development for the Wenatchee Metropolitan Statistical Area. To be eligible for an award under this Policy, any proposed funding or project must be for the purposes of providing funding for the development of housing for, or providing housing assistance and education to households earning up to ~~40~~120% of the AMI. Nonprofit organizations, public organizations, and for-profit organizations may apply for funding of its project.
2. Development Projects. For development projects requiring a building permit, funding will be awarded to help offset specific, well-defined costs, including but not limited to American’s with Disabilities Act accessibility construction, efficient landscaping, or construction loan interest costs. Such projects should not be wholly dependent on this funding for successful completion. To protect the City from the risks of the construction process, payment will be contingent upon the successful completion of the project and the initiation of service to qualified households.
3. General Facilities Charges. Funding may be awarded to offset, either in whole or in part, general facilities charges (hookup fees) for affordable housing units that meet the eligibility requirements described in this Policy. **Funds shall be awarded for new construction only.** Applications pursuant to this Policy are encouraged to be submitted prior to project construction, but in any event no later than building occupancy. Any funds awarded for general facilities charges will be distributed on a reimbursement basis with the organization

first paying the fees to the City of Chelan Planning and Building Department, and then requesting reimbursement upon the successful completion of the project and the initiation of service to qualified households.

4. Deed Restrictions. Any affordable housing units constructed using funds awarded under this Policy shall be subject to a recorded legal commitment in the title of the real property to continuing affordability for a period of years sufficient to reasonably preserve the public's investment, but in any event not less than fifteen (15) years.
5. Comprehensive Plan Consistency. Any proposal for funding under this Policy must be consistent with the City's Comprehensive Plan, including but not limited to the Goals and Policies of the Housing Element (Chapter 4).
6. Reporting Requirements. Any organization awarded funding under this Policy shall be required to report to the City on how the funds were used to ensure the funds were used appropriately. For development or other ongoing projects, the organization may be required to report to the City on a periodic basis throughout the project. An organization may be required to show proof that the project site is being used for affordable housing purposes such as, proof of sale or rental to households at or below ~~140~~120% AMI, and proof of recorded commitments to affordability. The City will provide the reporting requirements, including timeline and form, at the time of the award.
7. Funds Affected. This Policy shall pertain only to the unrestricted monies in Housing Fund 105. Any monies with statutory, grant, or other contractual or legal restrictions shall not be affected by this Policy; except that, to the extent such application and review process does not conflict with the statutory, grant, or other contractual or legal restrictions placed on the restricted monies, restricted monies held in Housing Fund 105 shall be subject to the same application and review process, detailed in this Policy, as nonrestricted monies.
8. Nondiscrimination. The City's policies are developed in compliance with the federal fair housing laws (Civil Rights Act of 1968, Title VIII as amended, Executive Order 11063, as amended by Executive Order 12259, implemented at 24 CFR 107). Any organization and project awarded funding under this Policy shall also comply with these laws.
9. Application. Any organization requesting funding under this Policy must complete an application to the City requesting such funding. Such application must be completed during the application period prescribed in the application. See Appendix A for a copy of the current application, including the questions and required submittal documents.
10. Application Review. Applications will be reviewed and evaluated by the City Staff based on the criteria established in this Policy and the attached Application. An organization's request for a specific amount of funding does not guarantee the organization will be awarded that amount. City Staff shall make a recommendation to the City Council on each application. Final approval, rejection, or requests for additional information or modification shall be at the discretion of the City Council unless otherwise delegated by

the City Council. The City reserves the right to approve, reject, or request additional information or modification to any or all proposed projects.

11. Distribution of Award. Once the City Council, or its delegate, has approved a proposed project and an award amount, the award shall be distributed in an efficient manner to address the needs of the organization and consistent with the legal obligations of the City. The terms of the distribution shall be specified by the City at the time of the award.
12. Policy Effectiveness and Amendments. This Policy is effective from the date adopted by the City Council until otherwise amended or repealed.

Appendix A

Applicant's Name:

Project Name:

City of Chelan 2020 Application for Affordable Housing Funds

I. Introduction.

To be approved for funding, the project must meet the criteria set forth in the City of Chelan's (the "City") Affordable Housing Fund Policy and this application, and must be submitted within the application period.

The initial application period shall open immediately upon the adoption of the Affordable Housing Fund Policy and Application by the City Council and shall close forty-five (45) days thereafter. Annually, the application period shall be from **January 1 to March 1.**

The signed, original application must be provided to the City. No other forms or versions of this application will be accepted. Please answer all questions. Additional sheets may be attached if space is needed to complete a response (however do not answer questions by only providing attachments). Other attachments to support the project may be included.

It is the responsibility of the applicant to review the application prior to submission to ensure it is complete and accurate. An application may be rejected if incomplete, not signed by the proper authority, or does not clearly define the project.

Applications will be reviewed for eligibility based on the criteria established in the City's Affordable Housing Fund Policy and this application. An applicant's request for a specific amount of funding does not guarantee the project will be awarded that amount.

The City reserves the right to approve, reject, or request additional information or modifications to any or all proposed projects, waive technicalities, and make award(s) as deemed to be in the best interest of the City and its Affordable Housing Fund Policy.

II. Application Instructions.

1. Complete all Applicant Information.
2. Complete Section A: Purpose of Funding.
3. Complete Section B: Development Project Details (*if building permit required for project*).
4. Attach any supporting documents.
5. Provide all required signatures and dates on the **Certification**.
6. Submit the Application to Chelan City Hall, PO Box 1669, 135 E. Johnson Ave., Chelan, WA 98816

III. Application.

APPLICANT INFORMATION

1) Applicant's name:

2) Applicant's mailing address:

3) Applicant's website:

4) Name of contact person, title:

5) Contact information for contact person:

Phone:

E-Mail:

Fax:

6) If the applicant is a partnership or is incorporated, list the names of all partners or all board members and the Board President:

7) Describe the nature of the applicant, including history and mission:

8) Describe prior experience with affordable housing programs:

[Empty text box for describing prior experience with affordable housing programs]

SECTION A: Purpose of Funding

1) Will the project involve residential construction requiring a building permit? Yes No
(If yes, Section B: Development Project Details, must also be completed.)

2) Describe in detail how the funding will be applied:

[Empty text box for describing how funding will be applied]

3) Funding must be used for the development of housing for, or providing housing assistance and education to households earning up to ~~120~~110% of the area median income (AMI). Identify the households within the following categories which this program, activity or development project will serve:

at or below ~~30%~~ AMI
at or below 50% AMI
at or below 60% AMI
at or below 80% AMI
at or below 90% AMI
at or below 100% AMI
at or below 110% AMI
at or below 120% AMI

4) List all funding sources and amounts for this program, activity, or project, including the funding amount requested from the City in this Application. Attach a separate spreadsheet if necessary.

[Empty text box for listing funding sources and amounts]

5) How will the City’s funding award impact this program, activity, or project?

- a. Cannot proceed without City’s funding award Yes No
- b. City’s funding award will expand access to median or lower income individuals? Yes No
- c. City’s funding award will expand service to more people or households Yes No
- d. Other: _____.

6) Describe how the proposed program, activity, or project is consistent with the City’s Comprehensive Plan, specifically the Housing Element Goals and Policies:

[Empty text box for response]

SECTION B: DEVELOPMENT PROJECT DETAILS

(Complete if building permit is required for project)

Pursuant to the City’s Affordable Housing Fund Policy, funding for development projects and general facilities charges will be made on a reimbursement basis and is contingent upon the successful completion of the project and the initiation of service to qualified households. Development projects should not be wholly dependent upon receiving a funding award from the City for successful completion.

1) Property address (only projects within the City’s Urban Growth Area will be considered):

[Empty text box for address]

2) Legal description of property:

[Empty text box for legal description]

3) Do you currently own the property? Yes No If you do not own the property, do you have an agreement to purchase? Yes No If yes, please attach a copy.

4) Assessed or appraised value of the property:

[Empty text box for value]

5) How many **total** units will be in the project upon completion (including either rental or sale units)?

[Empty text box for total units]

6) How many **affordable** units (units at or below 110% of the AMI) will be in the project upon completion (including either rental or sale units)?

[Empty text box for affordable units]

7) How many **affordable** units will be made available exclusively to households within the following categories?

[List of categories: at or below 30% AMI, at or below 60% AMI, at or below 80% AMI, at or below 50% AMI, at or below 100% AMI, at or below 110% AMI]

<p><u>at or below 60% AMI</u></p> <p><u>at or below 80% AMI</u></p> <p><u>at or below 90% AMI</u></p> <p><u>at or below 100% AMI</u></p> <p><u>at or below 110% AMI</u></p> <p><u>at or below 120% AMI</u></p>
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8) Provide a cost breakdown for the project. Attach a separate spreadsheet if necessary.

DESCRIPTION	DOLLAR AMOUNT
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
TOTAL ESTIMATED COST OF THIS ACTIVITY	\$

9) Attach a proposed site plan and floor plans for the project.

10) Any funding awarded to development projects will be as a reimbursement to offset specific costs. Describe in detail how the award will be applied to this project.

11) Attach a separate sheet to include the following information for each unit.

- a. Will property be owner-occupied or rental;
- b. Proposed monthly rent or proposed sale price;
- c. Occupancy restrictions for each unit (household income in relation to the AMI);
- d. ADA accessibility; and
- e. Identification of utilities included in rent and utilities to be paid by tenant.

12) Any affordable housing units constructed using an award of these funds shall be subject to a recorded legal commitment in the title of the real property to continuing affordability for a period of years sufficient to reasonably preserve the public’s investment, but in any event not less than fifteen (15) years. Describe the nature of the proposed instrument creating this commitment, including the term and attach a sample:

[Empty rectangular box]

13) Are all other funds identified for this project available and/or committed? Yes No If no, please identify which funds are not and when they will be. (Final award may be withheld until all permits and other funding is complete.)

[Empty rectangular box]

14) What will be the status of your project if you do not receive City funding, or if you do not receive the full amount requested?

[Empty rectangular box]

15) Is funding available for cost overruns? Yes No If yes, please describe the source and how much is available. If no, how will cost overruns be handled?

[Empty rectangular box]

***** Funding will be dependent upon adequate demonstration that the project is serving the populations outlined in this application and the City’s Affordable Housing Fund Policy, and proof of the recording of a legal commitment to continuing affordability. *****

CERTIFICATION

Warning: If you knowingly make a false statement on this application form, you may be subject to civil penalties.

I certify that I have read and understand this application, including the introduction, instructions, and all questions asked, and the information provided is true and correct. I further certify that I have read and understand the Housing Fund Policy and agree to abide by the Policy. I understand that lower levels of AMI may be required for certain funding sources, but at a minimum the participants, private purchaser, or tenants of my affordable housing program, activity, or project must qualify at the ~~110~~120% of AMI of the Wenatchee Metropolitan Statistical Area as determined by the United States Department of Housing and Urban Development.

By signing below, Applicant(s) represents and warrants he/she has full authority to sign this application and agree to its conditions.

_____/_____
Signature of Director/Owner Date

_____/_____
Signature of Board President Date

Certification must be signed by any and all owners.

_____/_____
Signature of Owner Date

_____/_____
Signature of Owner Date

_____/_____
Signature of Owner Date

_____/_____
Signature of Owner Date

_____/_____
Signature of Owner Date

_____/_____
Signature of Owner Date



Subject/Title: Development Regulations (Community Development Director Ajax)

Department: Community Development

Staff Contact: John Ajax

Guiding Principles: Visionary & Strategic

Initiatives: Manage Growth

Reviewed By: City Administrator

Number of Looks: Look No. 1 of 1

PREVIOUS ACTION TAKEN

None.

OVERVIEW

The Community Development department is undertaking a set of updates to its development regulations, driven by the Washington State Growth Management Act (GMA) and carried out in conjunction with the City's Comprehensive Plan update.

Two of these respond to recent state housing laws: one ensures the City does not regulate emergency shelters and supportive, transitional, and emergency housing more strictly than ordinary housing, and the other makes it easier to add homes inside buildings that already exist.

The third updates the City's Critical Areas regulations, which protect environmentally sensitive and hazardous lands such as wetlands, fish and wildlife habitat, steep slopes, flood-prone areas, and aquifer recharge areas, using the best available science required by the state.

For each of these, staff will present an overview of what state law now requires, how it compares to what the City's current code provides, and what changes would be needed to bring the code into compliance.

The goal of this discussion is to give Council a clear, plain-language overview of the issues and to obtain direction before the amendments are finalized for adoption.

FINANCIAL IMPLICATIONS

None.

ATTACHMENTS

1. Development Regulation Matrix

SUGGESTED MOTION

None.

State-Required Updates to Chelan's Development Regulations

The City is working on several updates to its development regulations, all driven by the State Growth Management Act (GMA) and tied to the current Comprehensive Plan periodic update. This summary explains, in plain terms, what each one requires, what our code says today, and what would change. Two are new state housing laws with compliance deadlines in June 2026. The third is the update of the City's Critical Areas regulations, carried out as part of the Comprehensive Plan update.

At a glance

HB 2266: Housing for people who are homeless or need support. Cities can no longer treat emergency shelters, emergency housing, transitional housing, and permanent supportive housing more strictly than ordinary housing. Takes effect June 11, 2026.

HB 1757: Adding homes inside buildings that already exist. If a building is at least three years old, owners can add homes inside it without the City imposing extra parking, density, design, permit, or study requirements. Cities must comply by June 30, 2026.

Critical Areas Update (Chapter 14.10): As part of the Comprehensive Plan update, the City is refreshing its environmental protection rules (wetlands, fish and wildlife habitat, steep slopes and geologic hazards, flood-prone areas, and aquifer recharge) using best available science. The chapter was last comprehensively updated in 2009, and a tracked-changes draft is now ready.

Both housing laws apply to Chelan as a city planning under the state Growth Management Act. Unlike the “middle housing” law (HB 1110), neither of these has a population cutoff that would exempt a city Chelan’s size.

HB 2266: Shelter, Transitional, Emergency, and Permanent Supportive Housing (STEP)

The core idea: the City may not place tougher conditions on these housing types than it places on other housing or lodging in the same zone. Our current Chapter 17.13 does the opposite in several places.

What the new state law requires	What Chelan's current code says	What needs to change
People can't be screened out. STEP housing must serve anyone who is homeless or needs support, on the same terms as other housing.	Our definition of “transitional person” leaves out anyone “abusing alcohol, prescription drugs, or other controlled substances” (17.13.030).	Delete that exclusion. The City can't decide who qualifies based on substance use. The state (and fair-housing law) overrides it.
All four housing types must be allowed: emergency shelter, emergency housing, transitional housing, and permanent supportive housing.	Our code only recognizes two: “emergency housing” (up to 30 days) and “transitional housing” (31 days to 24 months). It has no category for emergency shelters or permanent supportive housing.	Add the missing housing types and align the definitions with state law so all four are clearly permitted.

What the new state law requires	What Chelan's current code says	What needs to change
These housing types must be allowed wherever other homes (or hotels/lodging) are allowed.	Two downtown zones, Downtown Single-Family (DSF) and Downtown Mixed Use (DMU), ban emergency and transitional housing outright (17.13.040.E).	Remove the outright bans. These uses must be permitted in those zones like other residential uses.
Approval can't be harder than for regular housing: generally a staff-level (administrative) review, not a public hearing.	A conditional use permit (a public hearing process) is required in the R-L zone, and in every zone once a home serves more than 10 residents (17.13.040).	Replace the conditional use permit requirements with the same routine review used for comparable housing.
The City can't require the owner to live on site.	Owner-occupancy is required in several places. For example, multi-family buildings may be used "only" if owner-occupied, and a live-in manager is required when not owner-occupied (17.13.040, 17.13.060).	Remove owner-occupancy and live-in-manager mandates. They block nonprofit operators and aren't applied to other housing.
Limits on the number of residents can't be stricter than for other housing of the same kind.	Caps apply. For example, a maximum of 6 residents in an R-L home, and a hearing for more than 10 residents elsewhere (17.13.040).	Tie occupancy to the regular building-code standard, not special lower caps for this housing.
The City can't restrict who operates the housing.	Only nonprofits, public housing authorities, religious organizations, or welfare groups may provide it (17.13.030).	Drop the operator restriction. Eligibility can't depend on the type of organization running the housing.
Extra operating rules are only allowed if they apply to comparable housing too.	Special rules apply only to this housing: spacing facilities at least one block apart, a ban on alcohol/controlled substances on the premises, and a ban on home occupations except by permit (17.13.060).	Remove the rules that single out this housing; keep only health-and-safety standards that apply to all similar housing.

HB 1757: Adding Homes in Existing Buildings

The core idea: when homes are added inside a building that already exists, the City can't pile on extra requirements that don't apply to other housing. The goal is to make it easier and cheaper to turn existing space into homes.

What the new state law requires	What Chelan's current code says	What needs to change
If a building already exists (it received its certificate of occupancy at least 3 years ago), the owner can add homes inside it, up to 50% more than the zone's normal density, as long as the new homes fit inside the existing building.	Each zone has a firm density cap: for example, 4 homes per acre in the R-L zone (17.20) and 18 per acre in the R-M zone (17.24), with no allowance for adding units inside an existing building.	Add a rule allowing up to 50% more than the zone's density when the new homes are created entirely within an existing building.
No extra parking can be required for the new homes added inside an existing building.	Our parking standards (Development Standards Manual, Section 9, referenced in 17.14) require parking by use, and a "change of occupancy" triggers the current parking requirements.	Exempt homes added within existing buildings from any new off-street parking requirement.
Setbacks, lot coverage, building size, and exterior design can't be applied more strictly than to other homes in the zone (with a narrow exception for designated historic buildings/districts).	Standard zone dimensional limits (setbacks, height, lot coverage) and downtown design standards (17.14) would otherwise apply.	Confirm these conversions only face the standards that apply to all housing in the zone; the downtown historic-core design rules may still apply where a historic exception fits.
No "change of use" permit can be required to convert an existing building to homes.	The code generally requires a use to match the zone's permitted-use list, which can trigger a change-of-use review.	State clearly that converting an existing building to residential needs no change-of-use permit.
No environmental (SEPA) or traffic (concurrency) study can be required for these conversions.	These reviews can currently be triggered by adding dwelling units.	Exempt existing-building conversions from SEPA and concurrency review.
The current energy code can't be forced on the parts of the building that aren't changing (the new units themselves still must meet it, with some exceptions).	Energy-code compliance is handled through building permits and isn't tailored to this situation.	Coordinate with the Building Official so unchanged portions are exempt as the law requires.

Critical Areas Update (Chapter 14.10), Part of the Comprehensive Plan Update

The core idea: as the City updates its Comprehensive Plan on the State-required schedule, it must also update the development regulations that carry out the plan. That includes the Critical Areas regulations, which must reflect best available science. The chapter was last comprehensively updated in 2009; the changes below bring it current.

What state law (GMA) requires	What Chelan's current code (2009) says	What the update does
Protect fish and wildlife habitat using current science, including clear, science-based stream buffers.	Habitat buffers were set case by case through a study, with no fixed buffer widths for streams, and the code did not use the state's stream-typing system.	Adopts the state stream-typing system and sets standard riparian buffers: 160 feet along fish-bearing streams and 100 feet along non-fish streams. Adds waters of the state and federally listed species to what is protected.
Protect people and property from landslide, erosion, and other geologic hazards, based on current science.	A full geotechnical report was generally required up front for development near a hazard area.	Adds a lower-cost "Geologic Site Assessment" so a professional can first determine whether a full geotechnical report is actually needed. Expands the hazards addressed (such as channel migration zones and deep-seated landslides) and requires reports to be signed and sealed.
Protect frequently flooded areas and avoid pushing flood risk onto neighboring properties.	The code pointed to the City's separate flood hazard chapter and mapped the areas, but had limited standalone protection standards.	Adds protection standards: locate new development out of the floodplain where possible, and offset any fill with an equal amount of excavation so flood storage is not lost (no net loss).
Protect wetlands consistent with current state definitions and delineation methods.	Wetland provisions and references dated to the earlier (2009 and 2017) code.	Updates the wetland definition to match current state law, updates the mapping sources and delineation manuals, and keeps the Eastern Washington rating system and buffer widths.
Owners must keep a reasonable use of their property even where critical areas rules apply.	A "reasonable use exception" was available through a hearing examiner.	Updates the exception to protect reasonable economic use, adds a no-net-loss-of-function standard, and adds a Director review step.
Protect areas that recharge aquifers used for drinking water.	Protections are in place, but the City's recharge areas have never been mapped at the site-specific level (the code relies on general state maps).	Clarifies that the general state maps are a screening tool and strengthens storage-tank and containment standards. Site-specific mapping remains a known gap to address over time.

