

# Audit Findings – Summary Memo

Friday Harbor Comprehensive Plan | October 3, 2024

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## Overview

Friday Harbor is conducting a Periodic Update of its Comprehensive Plan to meet the requirements of the Growth Management Act (GMA; RCW 36.70A) and to develop an implementable comprehensive plan that realizes the community's vision for the Town of Friday Harbor. The audit process will highlight shortcomings of the Town's currently adopted Comprehensive Plan and associated supporting documents and will help staff to satisfy all requirements set forth by the State of Washington. In situations where the town has satisfied these requirements, the audit process will help staff ensure that efforts made in past comprehensive planning processes are not unnecessarily duplicated.

BERK conducted an audit for Friday Harbor Comprehensive Plan update reviewing the following:

- All existing Comprehensive Plan Elements focusing on goals and policies
- San Juan County – Town of Friday Harbor Joint Planning Policies Document
- Supporting documents, e.g., Port Plan, Shoreline Master Program
- Development Regulations including Zoning Code, Shoreline Master Program, and Stormwater Plan

BERK used the Department of Commerce checklist to identify gaps in the Plan's policies and regulations. BERK also applied a recommended methodology and checklists to consider if there are racially disparate impacts in the plans and codes above to meet Housing Element requirements in RCW 36.70A.070.

The audit process involved completing:

- Commerce periodic update checklist for fully planning communities (2024 version)
- Commerce expanded Housing Element checklist
- Racially Disparate Impacts Spreadsheet developed by BERK
- Separately, BERK developed a climate policy audit using the Commerce Climate Planning Guidance.

## Key Findings and Policy Needs

Based on the audit, BERK anticipates the following work will be needed to update the Town's plan:

- Significant policy updates to the Housing Element pending further analysis of ongoing housing needs assessment.
- Updates to Land Use Element goals and policies, Zoning Code, Development Regulations, to meet housing and jobs allocations. The continuing review process will include an evaluation of land capacity in the Town limits and the potential to add urban lands to the Urban Growth Area (UGA).

- Policy language updates across each Comprehensive Plan Element, which will be related to racially disparate impacts (RDI), climate change, and clarity of language.
- Creation of a Climate Element according to House Bill (HB) 1181 that includes both new analysis and an amalgamation of related goals and policies from other Elements.
- Background information added for climate change impacts and potential changes to population and jobs to inform policy updates.

Amend goals and policies of the Transportation Element to reflect traffic audits, Climate Vulnerability and Risk Assessment, and the changing demands on the WSDOT Ferry Terminal.

## Policy Update Needs

The GMA has been amended since the last periodic review cycle. The Town's plan was last fully updated in 2018. Notably, in 2021 through 2023, there were significant amendments to GMA regarding Housing Element requirements, including addressing housing needs by income level, permanent supportive housing, emergency housing, and identifying policies that result in racially disparate impacts, displacement, or exclusion and addressing those concerns. Commerce has prepared guidance for Comprehensive Plan Housing Element updates and a Housing Element expanded checklist.

The most significant changes to the Comprehensive Plan will be to the Housing Element, the Land Use Element, and the addition of a Climate and Resiliency Element. Minor changes to the goals, policies, and strategies of other elements will be needed as well.

## Land Use and Housing Goals and Policies

Friday Harbor's most recent Comprehensive Plan was adopted in 2018, meaning that several goals and policies related to land use and housing are out of date or out of compliance with new State legislation. Some requirements are missing from the current Comprehensive Plan land use goals and policies and are recommended for addition, while others are either outdated or unclear and may hinder the Town's ability to stay in compliance with State laws.

Examples of changes to the land use goals and policies include but are not limited to:

- Changing unclear language in the goals and policies
- Adding land use policies that support newly allowed housing types, including emergency housing types
- Creating best practices for siting new capital facilities
- Minimizing repetition by removing and consolidating redundant policies

Housing goals and policies were also reviewed as part of this effort with a similar goal of reaching compliance with state law, clarifying language, and removing barriers to new housing development. Specific legislations that address these housing goals and policies include House Bills 1110, 1220, and 1337. The provisions of HB 1110 are not applicable to Friday Harbor given its current and projected populations, but options for middle housing as stated in this bill may increase capacity and help to meet projected demand and lower the overall cost of housing in the town. In contrast, the provisions of House Bills 1220 and 1337 are required to be included in the Town's Comprehensive Plan Update.

House Bill 1220 addresses issues of supportive housing, new allowed housing types and zoning requirements for these housing types, and planning for housing at all income levels. HB 1337 addresses a relaxation of limitations on ADUs (Accessory dwelling units), which applies to Friday Harbor as San Juan County and the jurisdictions within it are fully planning under the GMA. Some goals and policies of the Housing and Land Use Elements comply with State law, many others do not. Those goals and policies that do not comply will be amended as necessary to meet current legislation. Examples of recommended changes include:

- Establishing and strengthening existing policies to address racially disparate impacts, displacement, and exclusion in housing
- Allowing ADUs in areas of the Town where other housing types are allowed (not required)
- Promoting middle housing through zoning changes and updates to unit lot subdivision policies in the Urban Growth Areas (UGAs) (not required)
- Promoting STEP (Shelter, Transitional, Emergency Housing, Permanent Supportive Housing) through zoning changes and updates to allowed use tables
- Addressing housing needs at each income level as defined in the RCW (HB 1220)
- Creating new goals and policies to address automobile dependence as a function of land use patterns
- Creating land use policies for siting newly allowed capital facilities (i.e., organic materials management facility)
- Removing and consolidating redundant policies
- Updating Maps, Figures, and Tables to represent most up-to-date data

Overall, there will be significant changes to the goals and policies in the Housing Element to ensure compliance with the State legislation and ensure that the Town's land uses, and housing stock are compatible with its future population. The Town's work on a housing needs assessment and housing action plan will inform the Town's Housing Element.

## Countywide Planning Policies

San Juan County creates Countywide Planning Policies (CWPP) and Joint Planning Policies (JPP) with the Town as part of the same comprehensive planning process. The CWPPs and JPPs are very similar, as Friday Harbor is the most populous urbanized area in San Juan County. The most recent update to the CWPP, and JPP were adopted in November 2022. JPPs were the primary focus of this analysis, as some CWPPs do not apply to the Town or its UGA or specifically address development off San Juan Island where Friday Harbor is located. Focus areas of these policies include UGA designation, service provision, capital facilities, affordable housing, employment, and transportation.

JPPs between the Town and the County supersede the policies of the Town's Comprehensive Plan and consistency in language and implementation is required between these two documents. This means that if the recently amended Revised Code of Washington (RCW) requires changes to certain policies as part of the Comprehensive Plan update, the CWPP and JPP should be updated to reflect these changes as well. Changes to the RCW since the last comprehensive plan update were reviewed to determine their

potential impact on the CWPP and JPP. Each of the policy sections of the CWPP and JPP document and the potential impacts are as follows:

1. Policies for Designation of the Friday Harbor Urban Growth Area
  - Goal: The Town and County shall cooperatively and jointly determine the Friday Harbor Urban Growth Area (FHUGA)
  - No additional changes to this section are necessary to comply with changes to RCW since the last CWPP update and JPP adoption..
2. Policies for Joint County and Town Planning and Promotion of Contiguous and Orderly Development
  - Goal: Ensure that the Comprehensive Plans of the Town and County promote contiguous and orderly development.
  - No changes to the CWPP and JPP as they relate to contiguous and orderly development are required to comply with changes to RCW since the last update.
  - Any recommended Friday Harbor Comprehensive Plan policy updates that are made to meet the provisions of the RCW will be written in line with the CWPP and JPP.
3. Policies for Siting and Design of Essential Public Capital Facilities of County or Statewide Significance
  - Most updates that are required to be added to the Capital Facilities Element of the Comprehensive Plan Update were not impacted by changes to the RCW. These sections are updated annually and throughout the comprehensive planning process to properly inventory capital facilities and site future capital facilities as needed.
  - The policies in the most recent Comprehensive Plan are consistent with the JPPs regarding capital facilities and therefore no changes to the JPPs on siting capital facilities is required.
4. Policies for Transportation Facilities and Strategies
  - Most anticipated updates that are required to be added to the Transportation Element of the Comprehensive Plan are updated annually or with each update of the Town Comprehensive Plan to properly inventory transportation facilities and prepare infrastructure for population changes.
  - Changes to the transportation facilities and strategies have not yet been identified as part of the comprehensive planning process as further analysis is needed. However, any changes to this section of the Comprehensive Plan will be aligned with the CWPP and JPP, as all current CWPP and JPP are aligned with RCW since the last Comprehensive Plan update.
5. Policies for Affordable Housing
  - Some changes to the RCW impact the CWPP and JPP.
    - Policies that previously were recommended as part of the CWPP and JPPs should no longer be recommended as should now be listed as required to comply with amendments to RCW.
      - Policies should be updated to reflect amendments to RCW 36.70A.070, which requires jurisdictions to plan for and accommodate STEP housing in certain zones of the Town (defined as emergency shelter, transitional housing, emergency housing, and permanent supportive housing).

- Policies should be updated to reflect amendments to RCW 36.70A.070, which requires jurisdictions to plan for and accommodate “moderate, low, very low, and extremely low-income households.”

#### 6. Economic Development and Employment

- No changes to the CWPP and JPP as they relate to contiguous and orderly development are required to comply with changes to RCW since the last update.
- Any updates to the jobs allocations numbers are done on an annual basis or with the creation of the new Plan and will be incorporated into the Comprehensive Plan despite this specific requirement being omitted from the CWPP and JPP.

#### 7. Town of Friday Harbor Watershed Management

- Current policies pertaining to watershed management in the Comprehensive Plan are aligned with the CWPP and JPP and amendments to the RCW do not require updates to this section.

#### 8. Analysis of Fiscal Impacts

- No changes are necessary to comply with changes to RCW since the last Comprehensive Plan update.

#### 9. Policies for Designation of Unincorporated Urban Growth Areas

- These policies specifically omit the FHUGA and discuss additional urban growth areas on San Juan Island and other islands within San Juan County.
- No changes are required to this section of the CWPP and JPP document.

## Development Regulations

Friday Harbor municipal code has Development Regulations that fall short of recent State requirements including but not limited to STEP housing allowances, policies and procedures related to development limitations on essential public facilities, provisions for unit lot subdivisions, and an optional removal or adjustment to vague design review language. As part of the Comprehensive Plan Update, the Town will need to update code language that establishes regulations to address any racially disparate impacts, displacement, and exclusion in housing. Overall, the Development Regulations in the Town’s current code and the associated Comprehensive Plan policies require additional review but will not require significant amendment to be following changes to the RCW.

## Information Update Needs

As indicated above, the amendment in the GMA adds significant requirements in the Housing Element, including addressing housing needs by income level and permanent supportive housing, as well as identifying policies that result in racially disparate impacts, displacement, or exclusion.

An updated Housing Element will need to address housing provisions by income bracket to show how the Town is planning for housing based on County allocations. Key updates should include:

- Presenting housing needs by income level
- Presenting needs for STEP housing

- Planning for sufficient land capacity or zoning changes to meet these housing needs
- Accommodating moderate density housing options within Friday Harbor Urban Growth Area
- Documenting programs and actions needed to achieve housing availability
- Addressing racially disparate impacts (RDI), displacement, and exclusion

San Juan County is in the process of developing a provisional housing allocation by income for all jurisdictions in San Juan County in 2024 that will be used to better inform the land capacity analysis (LCA). An LCA is required to be developed to test the allocation and make necessary adjustments to the Town of Friday Harbor Comprehensive Plan elements.