

# Planning Commission Workshop



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## STAFF REPORT

## RURAL HOUSING ALTERNATIVES

**Date:** July 13, 2023  
**Staff:** Eric Eisenberg, Housing and Infrastructure Specialist  
Mindy Brooks, Senior Long Range Planner  
**Re:** **Industry Stakeholder Group – Progress Report**

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The purpose of this memorandum is to update the Planning Commission on the progress of the ongoing Rural Housing Alternative (RHA) work.

### RURAL HOUSING ALTERNATIVE SUMMARY

The goal of the RHA is to provide an option for residential development on lands zoned as Rural Development Districts (RDD) that will encourage development of housing more affordable than typical single family residential housing, while fitting the rural character of Lewis County. The RHA is a clustered, form-based, interdependent type of housing that would allow multiple dwelling units on large rural lots if those units meet certain requirements, including an overall size limitation.

Staff have provided updates at multiple Planning Commission workshops over the past year, as well as providing research and reports to the commissioners. Materials from those meetings are available on the webpage <https://lewiscountywa.gov/departments/community-development/rezones/comprehensive-plan-and-development-regulation-amendments/rural-housing-update/>.

### INDUSTRY STAKEHOLDER GROUP

One of the key questions about the RHA is whether such a development would be commercially feasible. Staff has convened an Industry Stakeholder Group (ISG) to seek technical assistance about how RHA developments would likely occur, the likely costs, and potential constraints. The ISG consists of local professionals involved in the residential development business, from a diverse spectrum of fields associated with that industry.

The following participants generously volunteered to serve on the ISG:

<b>Role</b>	<b>Participant</b>	<b>Description of Experience</b>
Developer	Greg Lund	Realtor (Century 21) and long-time residential developer throughout county
Builder	John Johnson	Custom-home building and president of the local chapter of Olympia Master Builders
Civil Engineer	Luke Moerke	Owner and PE of Exodus Engineering; also familiar with well-drilling practices of Moerke & Sons, a longtime local well-drilling firm
Septic Designer	Jeannie Yackley	Licensed septic designer and wetland scientist for Goode & Associates, in Lewis County
Construction Lender	Andy Alexander	Principal at Security State Bank, the most significant construction lender in Lewis County
Realtor for Homebuyers	Paulette Eaton	Realtor (Keller Williams) experienced in serving homebuyers in Lewis County
Lender for Homebuyers	Jacek Gillispie	Senior loan consultant for Summit Funding, home mortgage lender in Lewis County
Title Company	Meri Hamre	Lewis County resident and title official for Aegis Land Title Group in Olympia, formerly a longtime title official for a Lewis County title company
Rental Property Manager	Trina Homan	Principal of Pete Bezy Realty, a major property manager in Lewis County; also a licensed realtor
Renters' Representative	Tracy Croshaw	Licensed realtor with experience in helping renters find properties, primarily focused on Lewis County as opposed to other, I-5-corridor-concentration of other volunteers
Hard Money Lender / Landlord	Joe Enbody, Jr.	Local attorney and hard money lender, as well as landlord and small-scale developer

## **ISG MEETINGS**

The ISG has met twice and is anticipated to meet once more. The participants are providing feedback on “sandbox regulations” outlining how the RHA might work and using those sandbox regulations to evaluate real world examples. The participants use their broad range of experience to roughly estimate how much example developments would cost and to see if it could work in practice.

The ISG’s feedback is already changing some aspects of how staff believe the RHA should work. Most notably, it led to a 400-square-foot increase in the proposed residential square footage limitation for RHA developments. This increase reflects the current rural character in Lewis County, which now includes larger single family residences than historically built.

So far, the ISG has considered the following example developments.

- A new quadplex (four attached dwelling units);
- The addition of two detached manufactured homes to a property with a small existing house; and
- The renovation of a large stick-built, partially-finished outbuilding, on a parcel with a small existing housing, into two large condominiums.

The development costs of these sample projects were significant, although the resulting residential units on average had lower development costs / potential prices per unit than the assessed value of single family residences on the surrounding properties. Moreover, it seemed feasible that potential developers could have sufficient equity to obtain a loan for the developments. But, under some circumstances, the developments may cost more to build than their value would support.

### **NEXT STEPS**

The next step is to vet these results with the ISG participants who have lending experience, as well as to consider a few additional example developments. These will be the subject of the next ISG meeting to be held in last July or August. Staff will then prepare a comprehensive report, including the detailed results, for the Planning Commission's review prior to another workshop.