

CITY OF SEQUIM

Housing and Economic Analysis

October 29, 2025

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Introduction / Purpose

Sequim, a city of 8,410 residents located in Clallam County on the Olympic Peninsula, is currently undertaking a comprehensive plan update. As part of this update, City leaders are working to understand the **opportunities for economic and housing growth over the next 20 years** and what regulatory and policy changes would be necessary to take advantage of these opportunities while continuing to support the community and maintain the qualities that makes Sequim an ideal place to live and work.

The City engaged Leland Consulting Group (Leland) to produce this report describing current employment and housing conditions in Sequim and highlighting opportunities and strategies to increase the supply and variety of housing types and attract high-wage jobs to support the local workforce.

Leland worked with City staff as well as the City Council and Planning Commission to understand community goals and needs, and interviewed a variety of stakeholders including developers and economic development professionals to get a sense of the types of changes and improvements that are needed to achieve the vision described by City leaders. A full summary of these interviews, which informed the analysis and recommendations throughout this report, can be found in Appendix A. Leland also conducted data analysis and market research utilizing data from a variety of sources, including the U.S. Census Bureau, U.S. Bureau of Labor Statistics, CoStar, Redfin, Zillow, AirDNA, and Placer.ai.

This report contains five main sections, each of which addresses key questions posed by city leaders and staff with data analysis, research, and recommendations:

- **Housing** – Demographic overview, key data on housing needs, migration, and housing types, and housing policy recommendations.
- **Economic Development** – Data on Sequim's workforce and industries, commuting, and potential opportunity sectors for employer recruitment.
- **Real Estate Market Trends** – Data on market dynamics, rent, and vacancy rates for key property types, including housing, retail, office and healthcare, hospitality, and industrial.
- **Zoning Analysis** – Description and analysis of commercial, employment, and residential zones in Sequim and identification of potential barriers to development.
- **Non-Zoning Challenges** – Discussion of other potential barriers to development that are not related to zoning, such as permitting processes and market trends.

Housing



Housing

Introduction and Key Findings

Housing costs in Sequim have risen substantially over the past several years, with community leaders increasingly aware of the need for a wider variety of housing types to serve diverse households. Communities throughout Washington are grappling with similar housing challenges, implementing policies aimed at increasing opportunities to attract housing development at a variety of income bands, in line with state requirements. While Sequim has gained a reputation as a community with a high quality of life for retirees, there has been limited new housing for young workers and growing families. In addition, there is increasing concern about the impact of short-term rentals on housing availability citywide.

This section attempts to answer some of the most pressing questions about housing in Sequim posed by staff, community members, and policymakers:

- **Who** lives in Sequim today?
- Who is **moving** into and out of the city, and what are their origins and destinations?
- What housing **challenges** do Sequim residents face?
    - What impacts do **short-term rentals** have on housing availability and affordability?
- What **types of housing** are present in Sequim today and do they meet residents' needs?
    - What is the role of **manufactured homes** in the city?

Several key findings are presented below, followed by a full housing analysis and a table of recommendations.

KEY FINDINGS

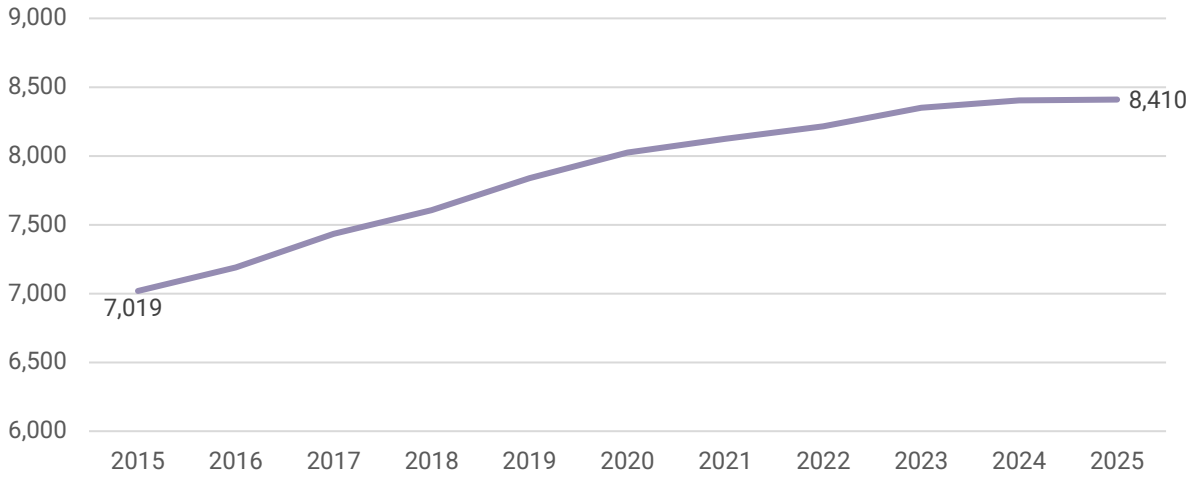
- **Housing costs have risen substantially over the past several years**, with community leaders increasingly aware of the need for a wider variety of housing types to serve diverse households. The rise in housing costs has **pushed lower-income households outside of city limits**, and in some cases out of the county into more affordable areas.
- Sequim is recognized as a top destination for retirees due to its mild climate, proximity to nature, and excellent quality of life. However, **as housing costs have risen it has been harder for businesses to recruit workers**, especially in the tourism and service industries where wages are typically lower than the countywide average. **Increasing the variety of housing to include apartments, townhomes, and other more affordable options would help support the local workforce**.
- Because of its proximity to Olympic National Park and due to popular summer events like the Lavender Festival, short-term rentals are common in Sequim and its surrounding area, especially in the summer season. As of July 2025, of the 322 houses listed as short-term rentals in and around Sequim, 70 were full-house rentals within city boundaries – making up 2.7 percent of all single-family homes within city limits. This indicates that **short-term rentals have a limited effect on the city's housing supply – the larger issue is an overall lack of inventory**. Policies and regulations that help to increase the overall housing supply are likely to have a greater impact than those that target seasonal and second homeowners
- **Mobile and manufactured homes are an important source of affordable housing** in Sequim, especially for households making less than 40 percent of the Area Median Income (AMI). However, some of this housing is aging or in a state of disrepair. **Increasing the supply of regulated affordable housing in Sequim could help lower-income residents of older mobile home parks attain more stable housing**.

Demographics

Population

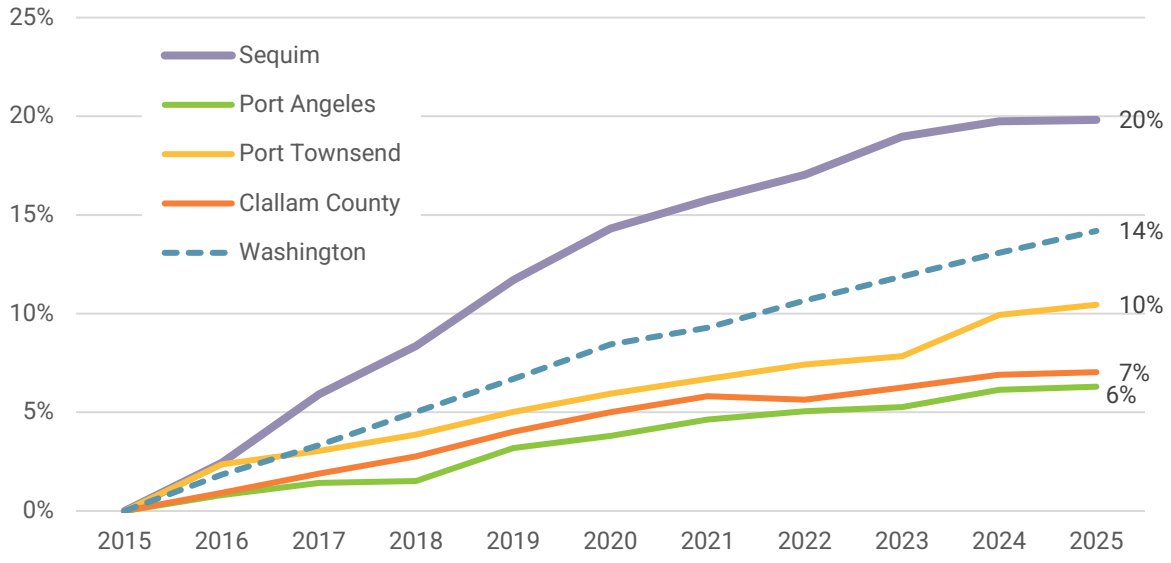
According to the Washington Office of Financial Management (OFM), Sequim's population is 8,410 as of 2025. Since 2015, the city has added nearly 1,400 residents – an increase of 20 percent. This far outpaces the countywide growth of seven percent over the same period, as well as growth in nearby cities including Port Angeles and Port Townsend. As Sequim continues to experience robust growth, it will need additional housing to support its population, including homes of varying sizes and price points to meet the community's diverse needs.

Figure 1. Population in Sequim, 2015-2025



Source: Washington Office of Financial Management (OFM).

Figure 2. Cumulative Population Growth in Sequim and Neighboring Jurisdictions, 2015-2025

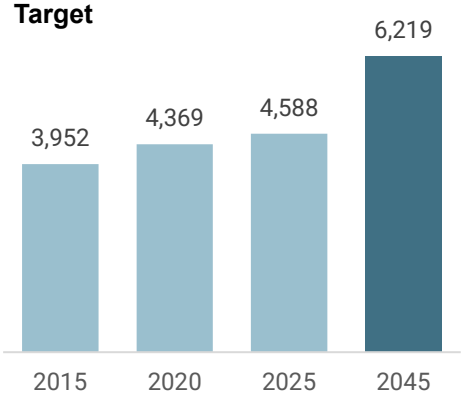


Source: Washington Office of Financial Management (OFM).

Housing Targets

Housing unit targets are established for Washington cities by the Department of Commerce at the countywide level which are then allocated to cities. As of 2025, Sequim has 4,588 housing units. The City's projected housing need within the city limits is for 1,850 new housing units between 2020 and 2045, for a total of 6,219 units by 2045. This represents a 35 percent increase over 2025, or an annual growth rate of 1.53 percent per year through 2045 – very similar to the 1.50 percent yearly growth rate between 2015 and 2025. While this growth rate is aligned with the growth the City has experienced over the past decade, according to the OFM, population growth has slowed since 2023. While the population grew at an average rate of 2.2 percent between 2015 and 2023, the growth rate slowed to 0.7 percent between 2023 and 2024 and 0.1 percent between 2024 and 2025.

Figure 3. Housing Units in Sequim, 2015-2025, with 2045 Target

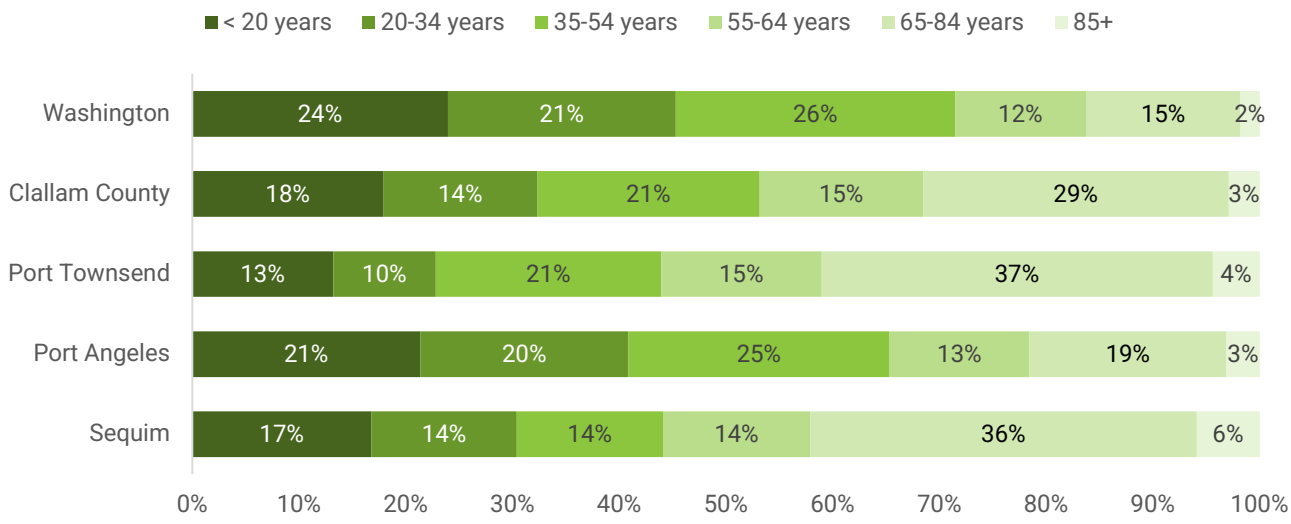


Source: Clallam County Growth Management Act Steering Committee Resolution 2023-01

Age

Sequim's population is older on average than neighboring jurisdictions. The median age in Sequim is 60.3 compared to 41.5 in Port Angeles and 59.4 in Port Townsend. Despite the slightly higher median age, Sequim has a larger share of residents under 20 and a smaller share of residents between 65 and 84 years old than Port Townsend. In Port Angeles, over one fifth of residents are 20 years old or younger.

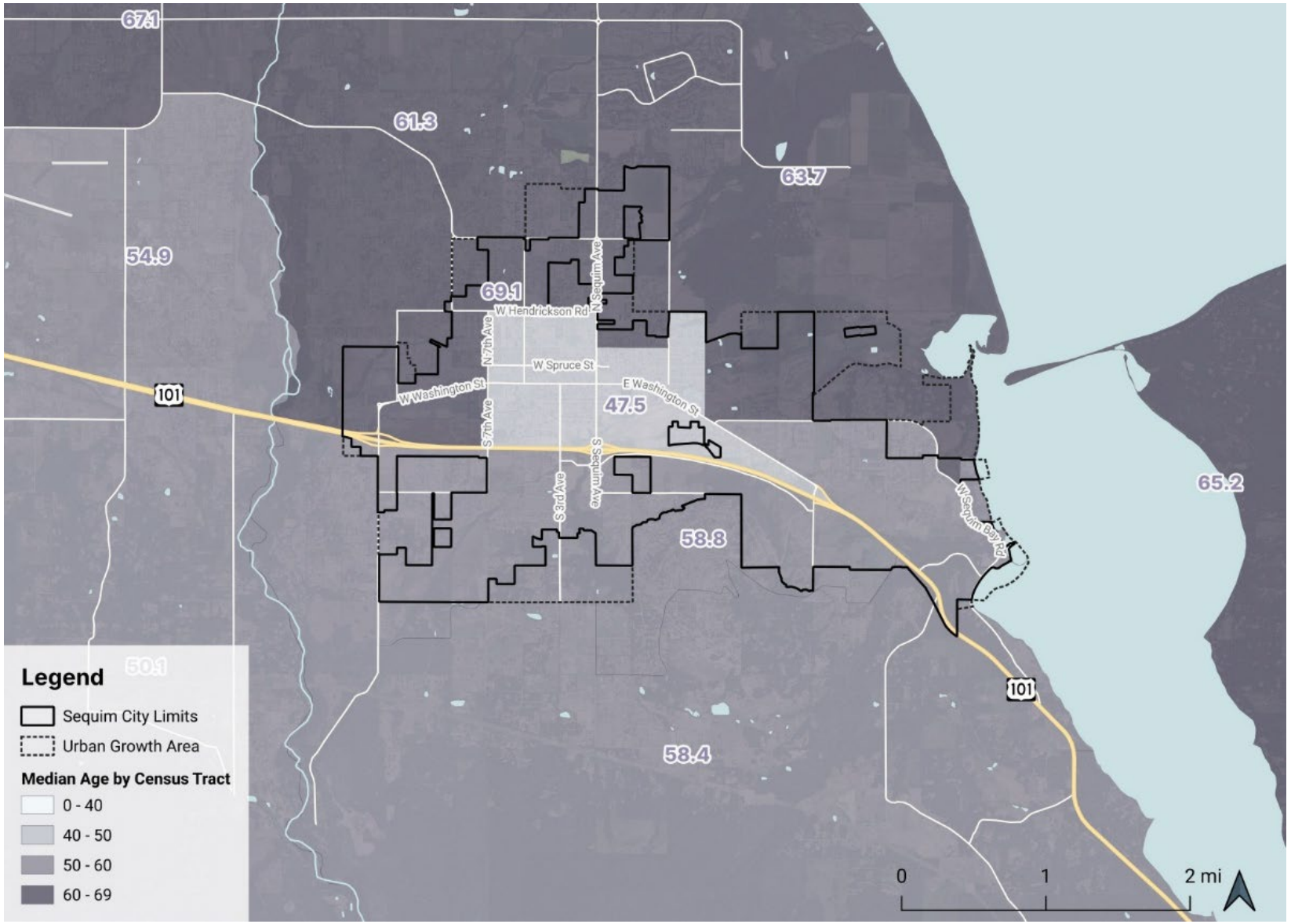
Figure 4. Age Distribution in Sequim and Neighboring Jurisdictions



Source: U.S. Census Bureau 2023 Five-Year ACS (Table DP05)

Median age is not evenly distributed in Sequim. The map below shows median age by Census tract in and around the city. In central Sequim, the median age is significantly lower than in the surrounding neighborhoods and rural areas. The Census tract with the lowest median age contains the majority of Sequim's multifamily housing (as shown farther below in Figure 18), which likely partially accounts for this distribution. The Lifestyle District, a zoning designation in the northwest of the city, is designed to cater to older residents, and Census data corroborates an older population in this area.

Figure 5. Median Age by Census Tract, 2022



Source: U.S. Census Bureau 2023 American Community Survey, Table DP05; U.S. Census Bureau TIGER/Line Shapefiles

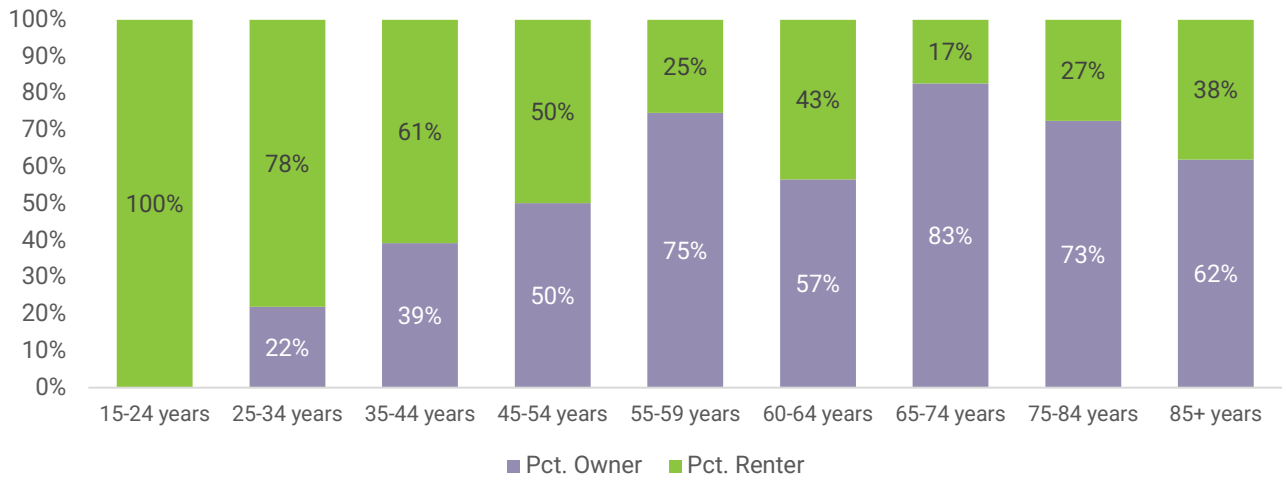
Homeowners in Sequim are, overall, much older than renters, similar to Port Townsend, though markedly different than Port Angeles, which has more younger homeowners. In Sequim, 83 percent of households are headed by someone between the ages of 65 and 74 own their homes – the highest share of any age group in the city. The majority of households headed by someone younger than 55 are renters. While 58 percent of households headed by someone between the ages of 35 and 44 are homeowners countywide, in Sequim 61 percent of that age group are renters. Sequim has come to be known as a high-quality retirement destination due to its natural beauty and sunny weather, but City leaders have expressed interest in attracting more young families and working-aged adults. This will require housing that better suits the needs of these types of households, including rental housing, middle housing (such as townhomes and duplexes), and single-family homes at more affordable price points.

Figure 6. Tenure by Age Group in Sequim and Comparison Jurisdictions

	Sequim		Port Angeles		Port Townsend		Clallam County		Jefferson County	
	Pct. Owner	Pct. Renter	Pct. Owner	Pct. Renter	Pct. Owner	Pct. Renter	Pct. Owner	Pct. Renter	Pct. Owner	Pct. Renter
15-24 years	0%	100%	11%	89%	23%	77%	20%	80%	8%	92%
25-34 years	22%	78%	27%	73%	25%	75%	38%	62%	43%	57%
35-44 years	39%	61%	48%	52%	58%	42%	58%	42%	73%	27%
45-54 years	50%	50%	53%	47%	56%	44%	67%	33%	66%	34%
55-59 years	75%	25%	70%	30%	65%	35%	85%	15%	84%	16%
60-64 years	57%	43%	76%	24%	76%	24%	80%	20%	82%	18%
65-74 years	83%	17%	71%	29%	84%	16%	87%	13%	90%	10%
75-84 years	73%	27%	67%	33%	86%	14%	86%	14%	88%	12%
85+ years	62%	38%	34%	66%	59%	41%	68%	32%	75%	25%

Source: U.S. Census Bureau Five-Year ACS, Table B25007

Figure 7. Tenure by Age Group in Sequim



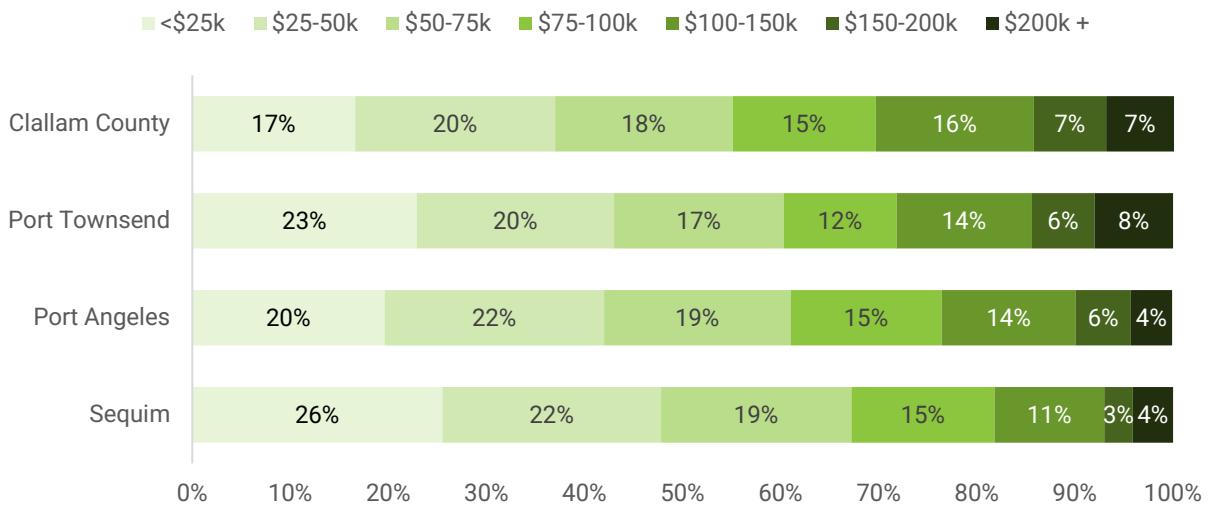
Source: U.S. Census Bureau Five-Year ACS, Table B25007

Income

Figure 8 below shows the household income distribution for Sequim, Clallam County, and neighboring jurisdictions. The Census defines income as income received on a regular basis before payments for personal income taxes, social security, union dues, Medicare deductions, etc. It does not include non-cash benefits like capital gains or food stamps. For example, if a household sold a home elsewhere before moving to Sequim, the proceeds from that home sale would not be counted as income by the Census. Similarly, savings accounts like 401ks are not counted as income.

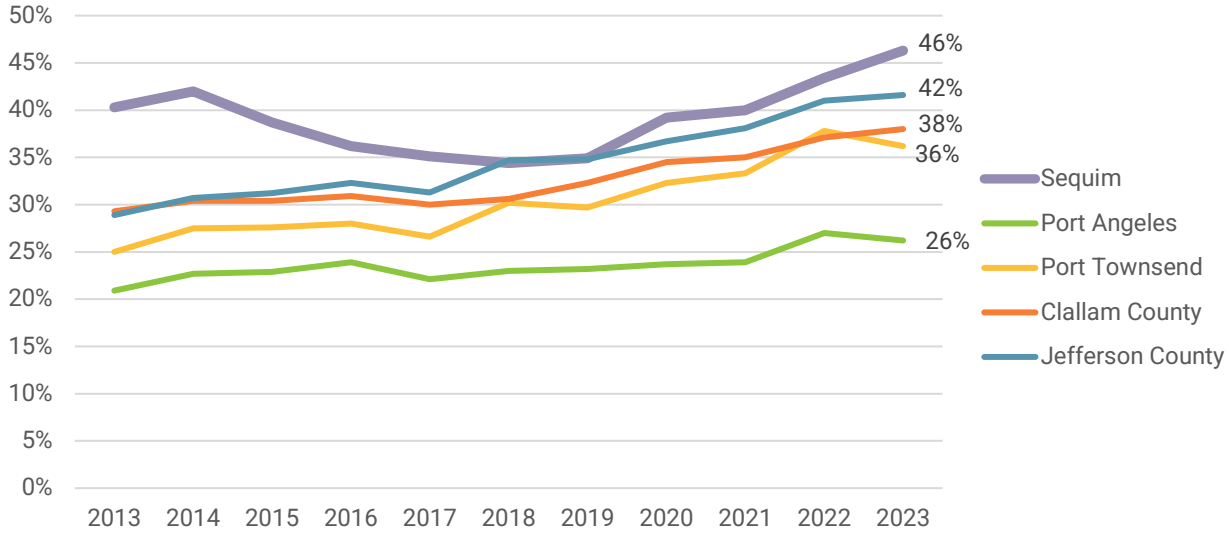
Compared to Clallam County overall, Sequim has a high share of households making less than $25,000 annually. The median household income in Sequim is $52,977, compared to $66,563 in Port Angeles and $60,015 in Port Townsend. Sequim's lower incomes are likely related to the age of the city's residents, many of whom are retirees not earning regular income. Citywide, 46 percent of households receive retirement income compared to 38 percent countywide and 26 percent in Port Angeles, as shown below in Figure 9. This data suggests that Sequim's lower median income does not necessarily correlate with less spending power or wealth of its population.

Figure 8. Household Income Distribution



Source: U.S. Census Bureau 2023 Five-Year ACS (Table S1901)

Figure 9. Share of Households with Retirement Income



Source: U.S. Census Bureau 2023 Five-Year ACS (Table DP03)

Household Characteristics

In Sequim, 38 percent of households have a female householder with no spouse or partner present. More than half of households citywide have one or more residents who are 65 years or older compared to 36 percent of households in Port Angeles. Nearly one quarter of households in Sequim are residents 65 or older living alone (18 percent are female while six percent are male). Fifteen percent of households have one or more residents under the age of 18. This household data corroborates the need for housing appropriate for smaller households, single-person households, and older residents.

Figure 10. Household Characteristics in Sequim and Neighboring Jurisdictions, 2023

	Sequim	Port Angeles	Port Townsend	Clallam County
Married-couple household	**36%**	**36%**	**41%**	**47%**
With children of the householder under 18 years	4%	11%	9%	10%
Cohabiting couple household	**8%**	**8%**	**5%**	**7%**
With children of the householder under 18 years	3%	3%	1%	2%
Male householder, no spouse/partner present	**18%**	**23%**	**21%**	**19%**
With children of the householder under 18 years	1%	2%	1%	1%
Householder living alone	14%	18%	18%	15%
65 years and over	*6%*	*6%*	*12%*	*6%*
Female householder, no spouse/partner present	**38%**	**33%**	**33%**	**26%**
With children of the householder under 18 years	6%	5%	3%	3%
Householder living alone	27%	21%	27%	18%
65 years and over	*18%*	*12%*	*17%*	*11%*
Households with one or more people under 18 years	**15%**	**22%**	**16%**	**18%**
Households with one or more people 65 years and over	**55%**	**36%**	**57%**	**49%**
Average household size	**1.93**	**2.13**	**1.83**	**2.22**
Average family size	**2.51**	**2.82**	**2.5**	**2.75**

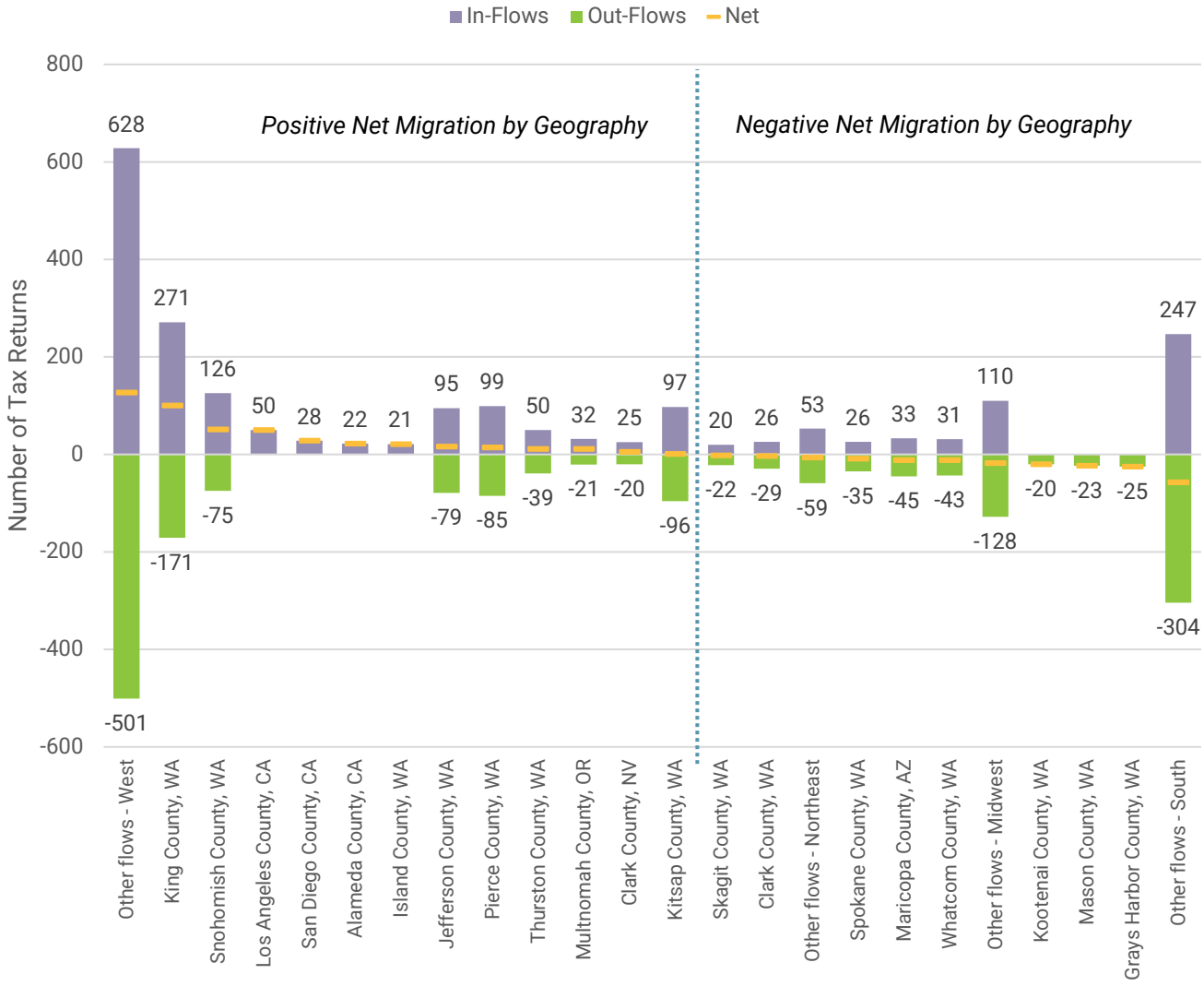
Source: U.S. Census Bureau 2023 Five-Year ACS (Table DP02)

Migration

According to data from the IRS, 2,228 households moved to Clallam County between 2021 and 2022, while 1,951 migrated out of the county based on the number of tax returns (a net increase of 277 households). Most of the in-migrants came from the West Coast. Among individual counties, King County, Washington was the top point of origin for households moving to Clallam County, followed by Pierce and Kitsap Counties. Between 2021 and 2022, 95 households moved from Jefferson County to Clallam County. Clallam County also saw some migration from California, with 50 households from Los Angeles County, 28 from San Diego County, and 22 from Alameda County. For out-migration, King, Pierce, Kitsap, and Jefferson Counties were the top destinations.

On average, there were 1.7 people per tax return among both in-migrant and out-migrant households. Households moving from Clallam County to the southern U.S. had the largest household size among out-migrants at 2.0, while households moving to Clallam County from Clark County, Nevada (the Las Vegas area) had the largest household size among in-migrants at 1.9. Clallam County's population saw a net increase of 343 individuals due to in-migration over this period.

Figure 11. In- and Out-Migration by Geographic Location in Clallam County, 2021-2022



Source: United States Internal Revenue Service (IRS).

Counties where there is positive net migration to Clallam County generally have higher median household incomes than counties where there is negative net migration. Among the counties with positive net migration, the median income averages around $96,000 compared to $80,000 for counties with negative net migration. This suggests that people are moving to Clallam County from more expensive areas and leaving the county for less expensive areas.

Figure 12. Median Household Income for Top Migration Counties

	County	Median Income
Positive Net Migration	Alameda County, CA	$126,240
	King County, WA	$122,148
	Snohomish County, WA	$107,982
	San Diego County, CA	$102,285
	Kitsap County, WA	$98,546
	Pierce County, WA	$96,632
	Thurston County, WA	$93,985
	Island County, WA	$88,358
	Los Angeles County, WA	$87,760
	Multnomah County, OR	$86,247
	Clark County, NV	$73,845
	Jefferson County, WA	$71,143
Negative Net Migration	Clark County, WA	$98,948
	Maricopa County, AZ	$85,518
	Skagit County, WA	$85,474
	Whatcom County, WA	$80,989
	Mason County, WA	$78,359
	Kootenai County, WA	$77,034
	Spokane County, WA	$73,513
	Grays Harbor County, WA	$63,539

Source: U.S. Census Bureau Five-Year ACS, Table S1901

On a per-return basis, the IRS data shows that incomes were higher among those moving to Clallam County than those moving out. The average out-migrant household had an income of $68,600 while the average in-migrant household had an income of $100,000. This could indicate that those moving out of the county were facing affordability challenges, though other data is needed to verify this. Counties where out-migrants from Clallam County have higher incomes than the households moving from those counties include Maricopa County, Arizona, Skagit County, and Spokane County.

The maps below visualize both the relative size of migration flows (based on width of lines and size of dots in each origin or destination county) and the median household income of in-commuting and out-commuting households (in the shading of each county).

Figure 13. In-Migration to Clallam County, 2021-2022

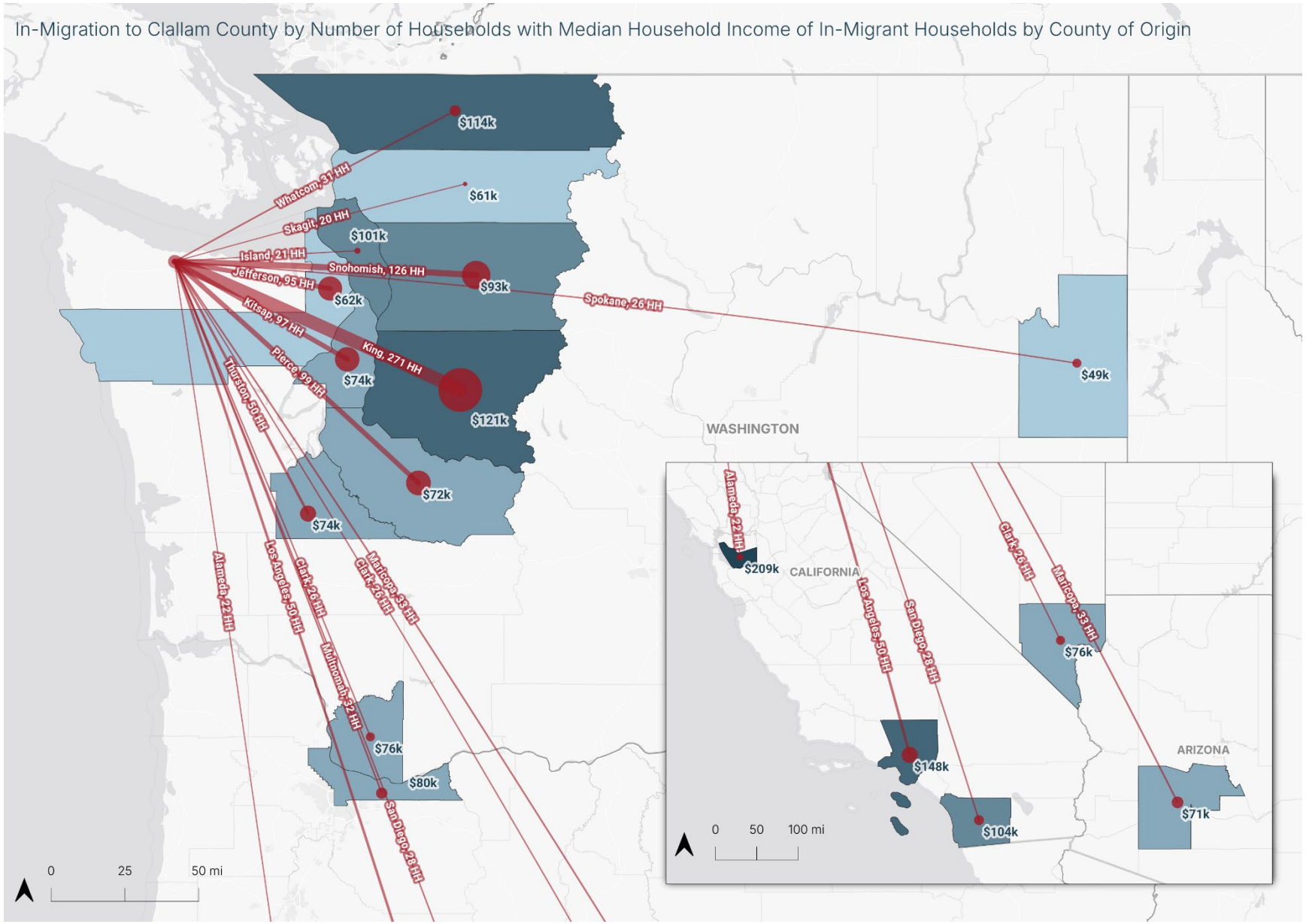
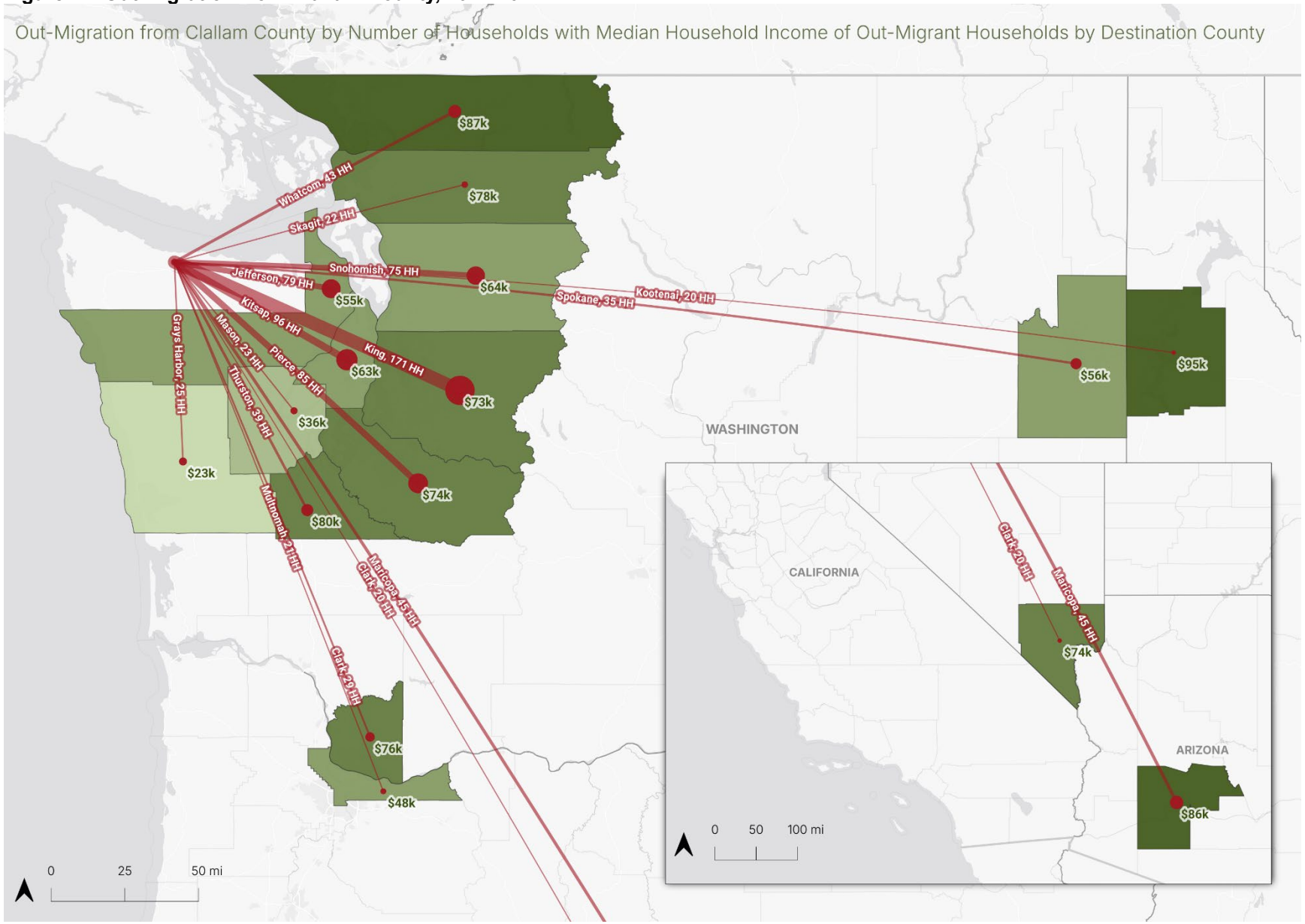


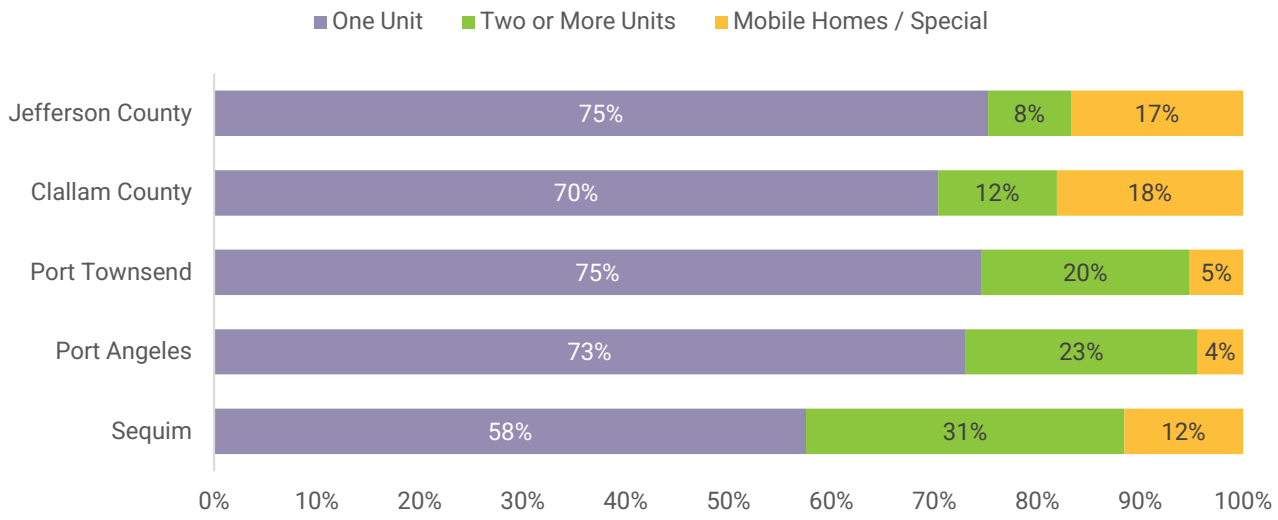
Figure 14. Out-Migration from Clallam County, 2021-2022



Housing Inventory

According to the OFM, there are 4,588 housing units in Sequim as of 2025 – 2,639 single-unit, 1,419 multifamily, and 530 mobile homes. Sequim has a higher share of multifamily homes than neighboring cities and counties and has a higher share of mobile homes than Port Angeles and Port Townsend. Mobile homes are an important source of affordable housing in Sequim and will be discussed in more detail later in this section.

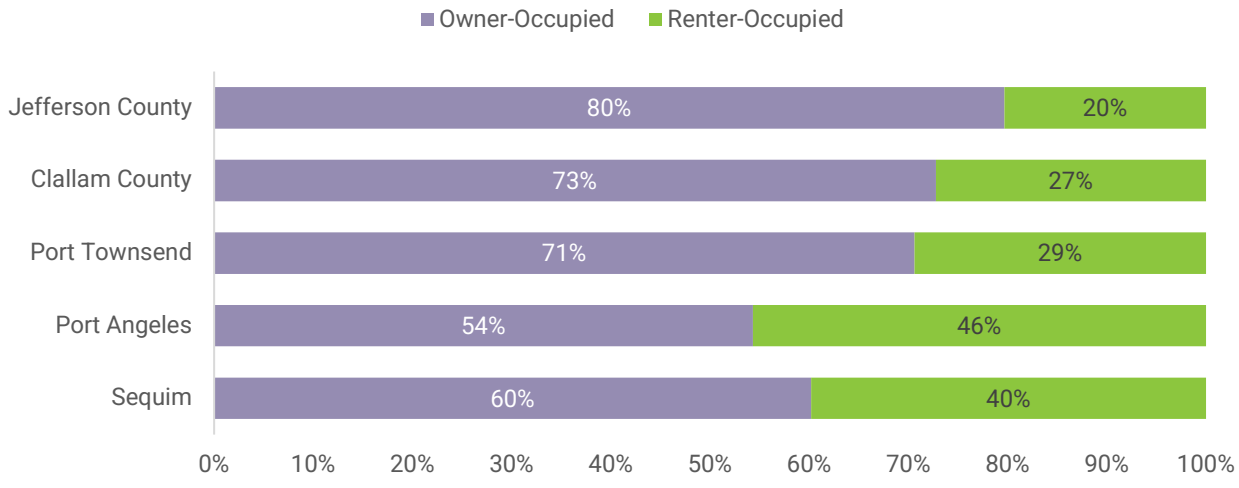
Figure 15. Housing by Type in Sequim and Neighboring Jurisdictions



Source: Washington Office of Financial Management (OFM).

In Sequim, 40 percent of occupied housing units are renter-occupied, compared to 46 percent in Port Angeles and 29 percent in Port Townsend. Jefferson and Clallam Counties have much lower shares of renter households than the three main cities, indicating that the unincorporated areas have higher rates of homeownership.

Figure 16. Share of Occupied Housing Units by Tenure



Source: U.S. Census Bureau 2023 Five-Year ACS (Table S2504)

Figure 17 below shows the number of renter households by income band compared to the number of rental housing units by affordability. Although Sequim has a relatively high share of rental housing compared to neighboring areas, the city has a deficit of rental housing affordable for households at the low and high ends of the income scale, according to data from the U.S. Department of Housing and Urban Development (HUD). Most of the rental units citywide are affordable to households making between 30 and 80 percent of the area median income (AMI). There is a 65-unit deficit of rental housing affordable for households making less than 30 percent AMI and a 215-unit deficit for those making more than 80 percent AMI. The deficit at the high end of the market indicates that lower-income households are having to compete with higher-income households for rental units in Sequim.

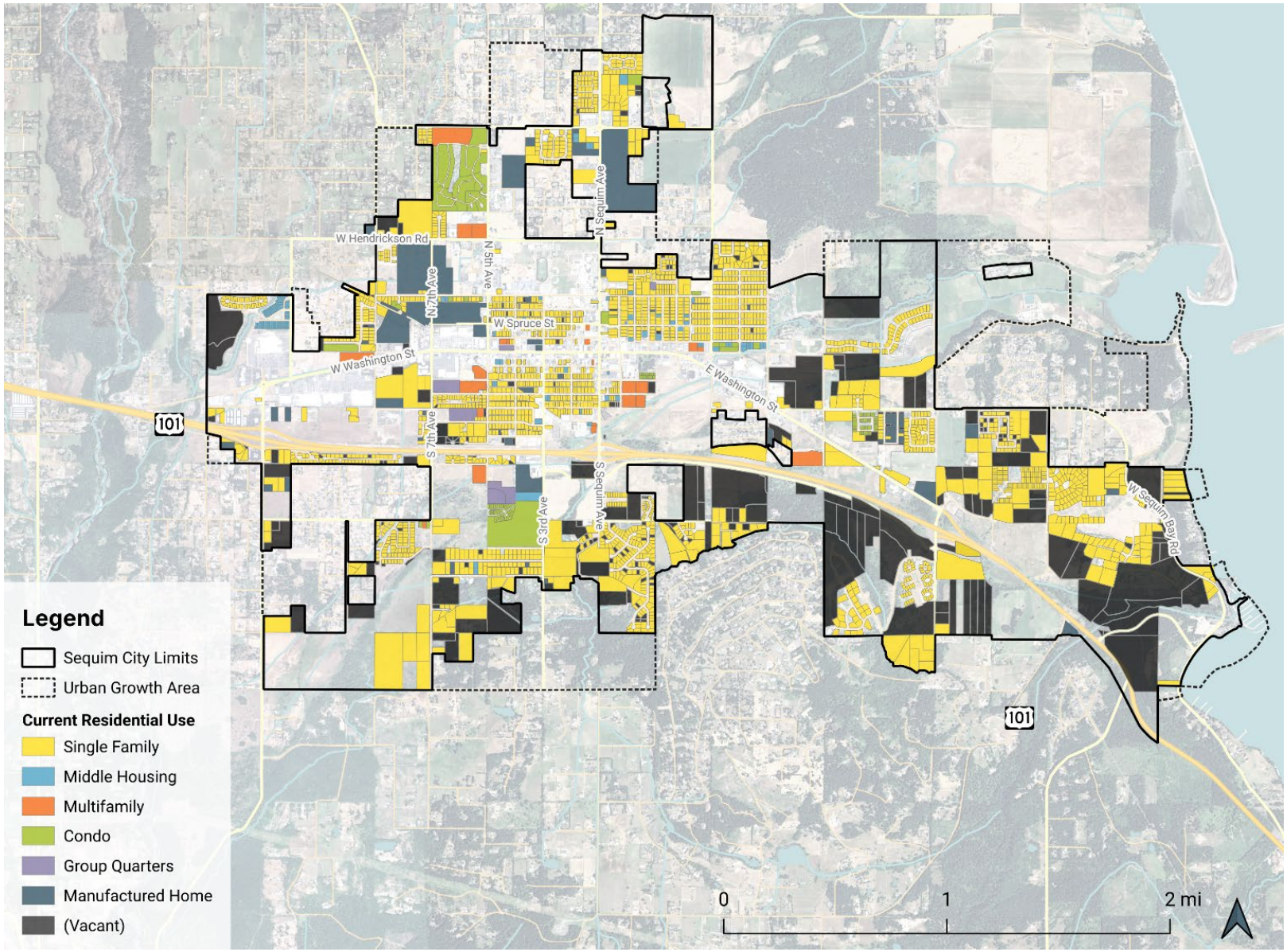
Figure 17. Rental Unit Affordability and Households by Income Bracket in Sequim



Source: U.S. Department of Housing and Urban Development (HUD) 2017-2021 CHAS (Tables 8 and 15C)

The map below shows the distribution of residential uses in the city, based on Clallam County Assessor data. Multifamily housing is generally clustered near to Washington Street and Highway 101, as well as in the Lifestyle District. There are several large clusters of mobile homes throughout the city, as discussed further below. There are also several condominium developments including Dominion Court and Camden Terrace.

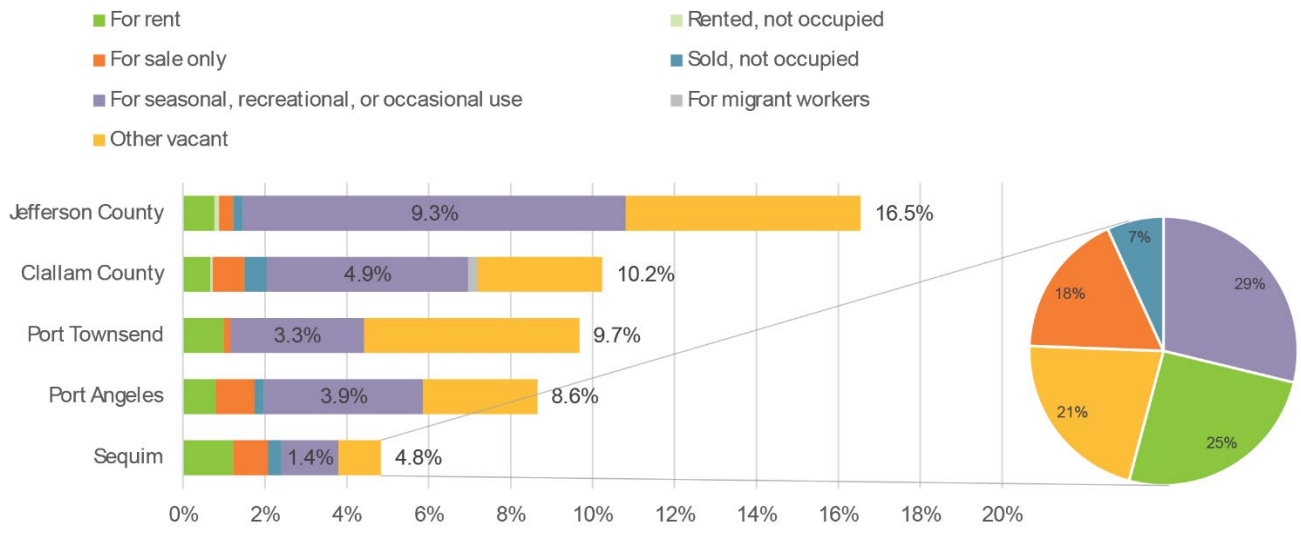
Figure 18. Current Residential Land Uses in Sequim



Source: Clallam County Assessor, Leland Consulting Group

City leaders and stakeholders have raised concerns about the role vacant units play in Sequim's housing market. While there is broad acknowledgement that Sequim needs more homes, residents have raised questions about the extent to which vacant, seasonal, or temporarily occupied homes are contributing to rising rent and home prices. According to the U.S. Census American Community Survey (ACS), Sequim has a lower residential vacancy rate than surrounding jurisdictions. As of 2023, 4.8 percent of homes in the city were vacant compared to 10.2 percent overall in Clallam County, 16.5 percent in Jefferson County, and 9.7 percent in Port Townsend. Of Sequim's vacant units, 29 percent were for seasonal or recreational use while a quarter were for rent. Sequim's comparatively low vacancy rate indicates that the overall shortage of housing units is a more significant contributor to affordability challenges than the share of vacant homes.

Figure 19. Vacant Units by Type in Sequim

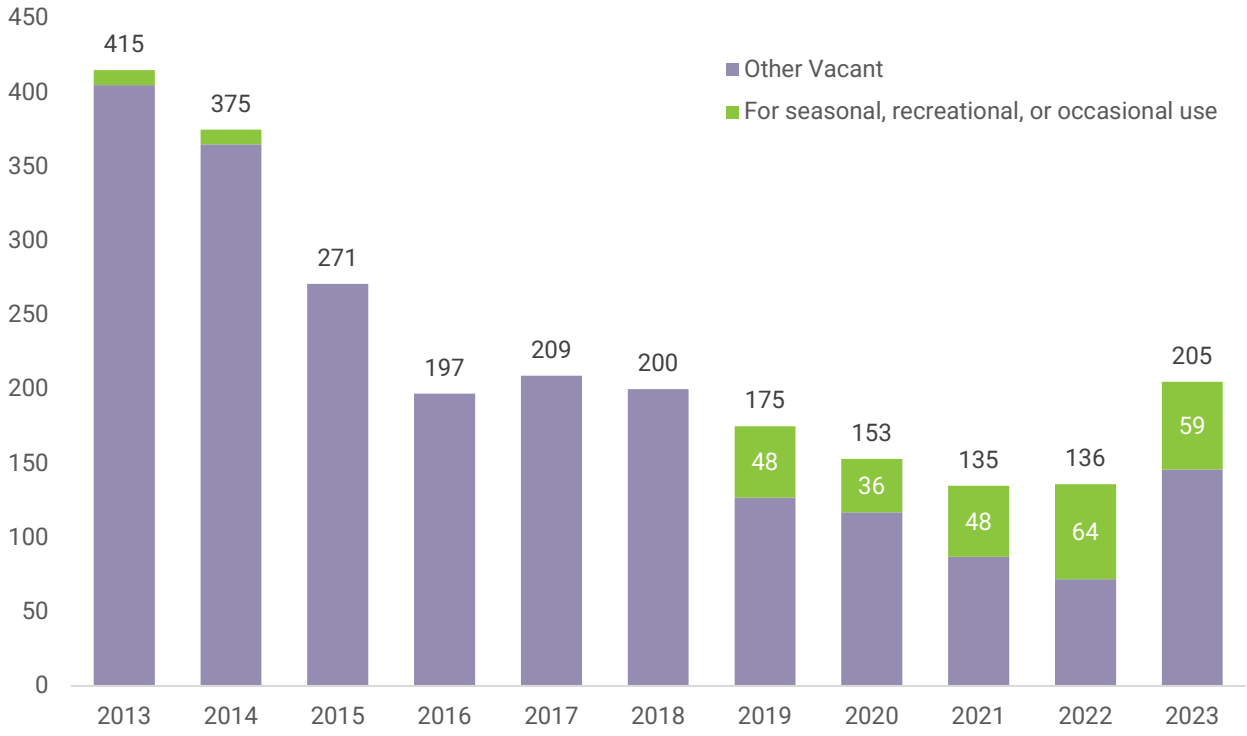


Source: U.S. Census Bureau 2023 Five-Year ACS (Tables S2501, B25004)

Fewer than two percent of all housing units in Sequim are for seasonal, recreational, or occasional use, according to the Census Bureau. This is a much lower share than in Port Angeles and Port Townsend, as well as Clallam and Jefferson counties overall. However, this does not necessarily capture the share of housing units that are short term rentals (those advertised on sites like AirBnB and VRBO). The next section of this report includes a more detailed analysis of short-term rentals and their potential effects on the housing market. Other vacant housing units include those that are units that do not fit into the other categories, such as those that are being used for storage, are being held because the homeowner is living in a nursing home or with relatives, are being repaired or renovated, or are owned by someone who does not intend to rent or sell the unit.

Figure 20 below shows the total number of vacant units in Sequim between 2013 and 2023, along with the number of those vacant units that are for seasonal, recreational, or occasional use. Because the number of vacant units is so small, the margin of error can have an impact on accuracy. However, there appears to be a trend of a decreasing number of vacant units, with seasonal use homes increasing between 2019 and 2023. As of 2023, 29 percent of the vacant homes in Sequim were used seasonally. **Although the share of seasonal-use homes is higher than it was a decade ago, the greater problem in Sequim is the low overall vacancy rate, which indicates that housing construction has not kept pace with population growth**. While the City should monitor the trend in seasonal use homes, policies and regulations that help to increase the overall housing supply are likely to have a greater impact than those that target seasonal and second homeowners.

Figure 20. Total Vacant and Seasonal Use Homes, 2013-2023



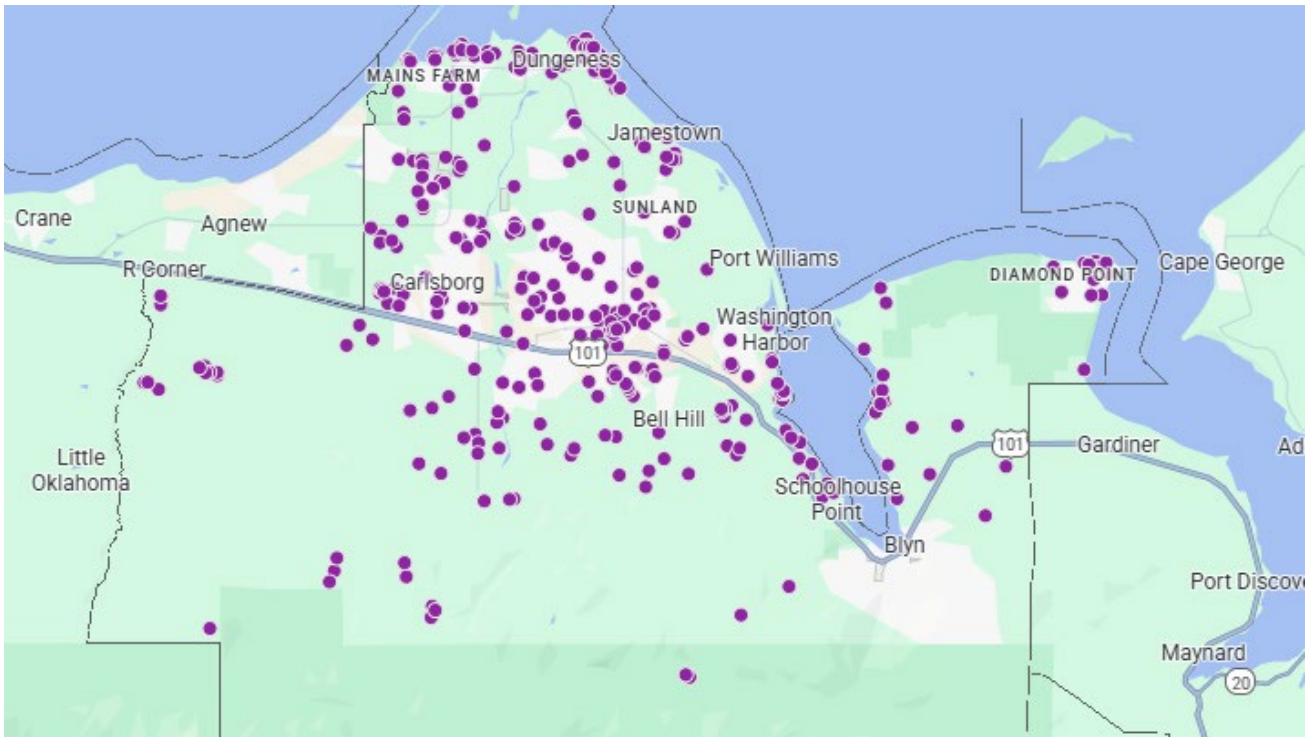
Source: U.S. Census Bureau 2023 Five-Year ACS (Table B25004)

Short Term Rentals

Short term rentals (STRs) are houses, apartments, or other units (such as bed and breakfasts or accessory dwellings) that owners rent on a nightly basis, typically through sites like Airbnb and VRBO. Nationwide, the rise of short-term rentals over the past several years has coincided with increasing housing prices, spurring municipal leaders and researchers to analyze the impacts these types of rentals have on the local economy and housing supply. In areas where there is a significant seasonal tourism economy, these rentals are an important form of lodging because unlike hotels they do not have to operate year-round. However, cities and counties nationwide have enacted a variety of regulations to mitigate potential negative impacts on the housing market.

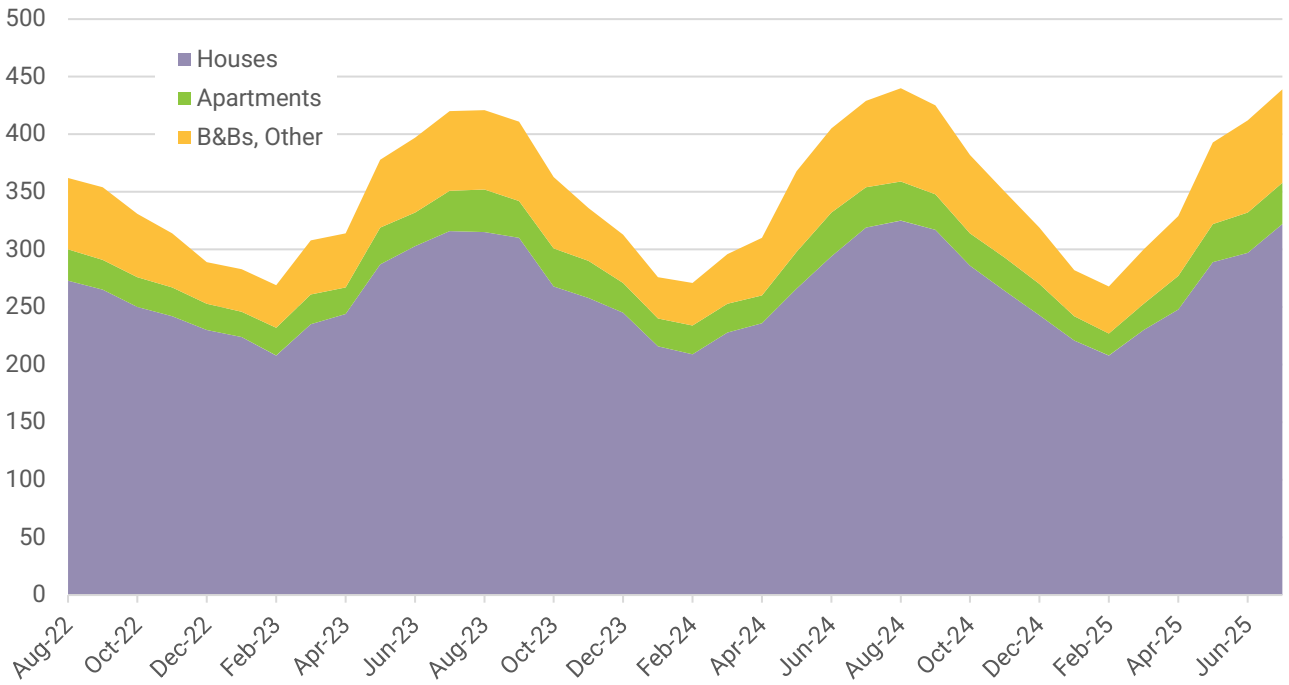
In Sequim, residents and political leaders have voiced concerns over the impact these types of units have on the supply and affordability of housing. To analyze this impact, Leland utilized data from AirDNA, which aggregates information from Airbnb and VRBO to provide insights into local markets. The Sequim submarket on AirDNA includes both the incorporated city and adjacent unincorporated areas. As of July 2025 (peak tourism season in the Olympic Peninsula), this submarket had 439 short term rentals – 322 houses, 36 apartments, and 81 bed and breakfast or other rooms. Of these, 94 percent were listings for an entire home rather than a room. February is typically the month with the fewest short-term rentals available, with 268 in 2025.

Figure 21. Short Term Rentals in the Sequim Submarket, July 2025



Source: AirDNA

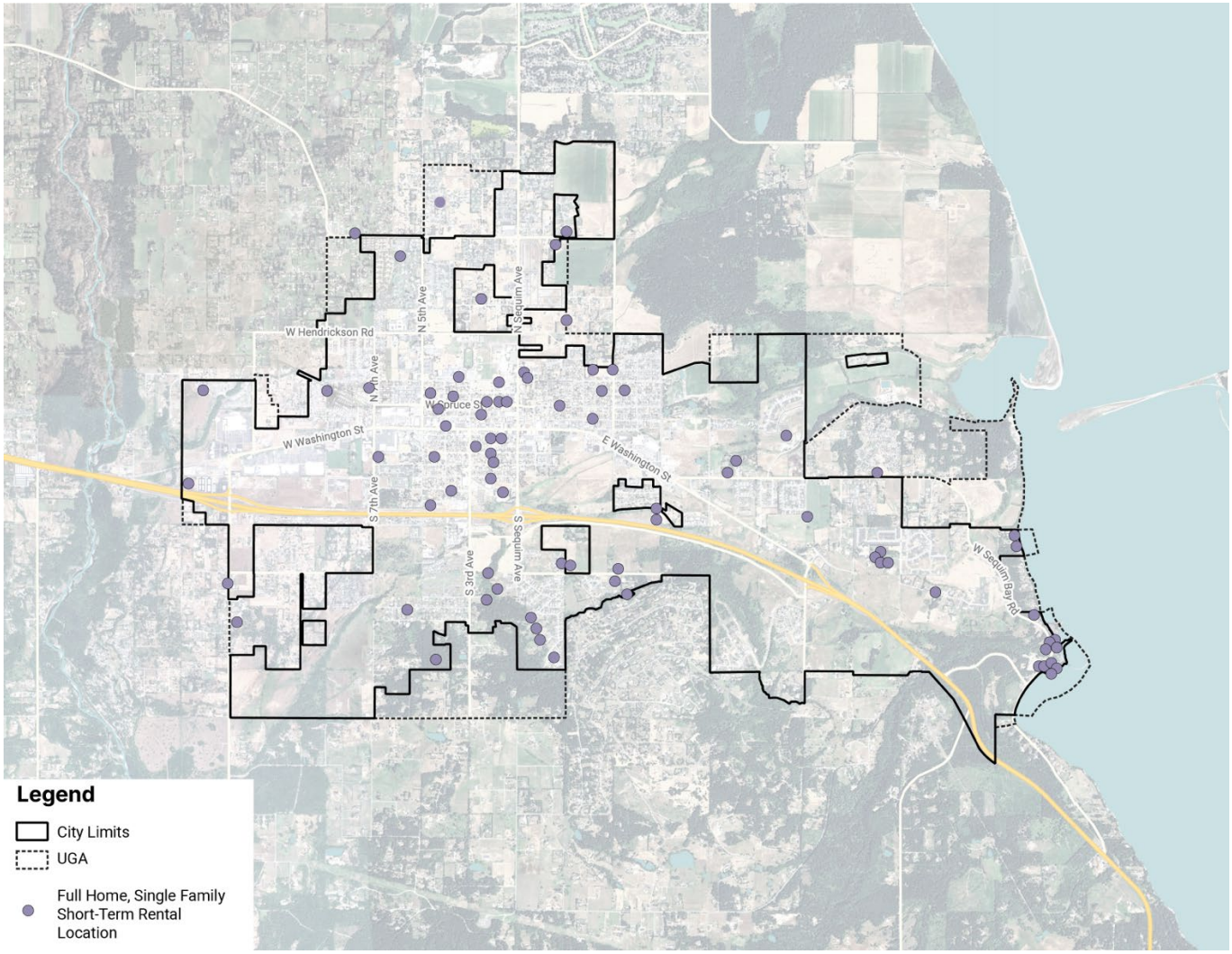
Figure 22. Short Term Rentals by Type in the Sequim Submarket, July 2025



Source: AirDNA

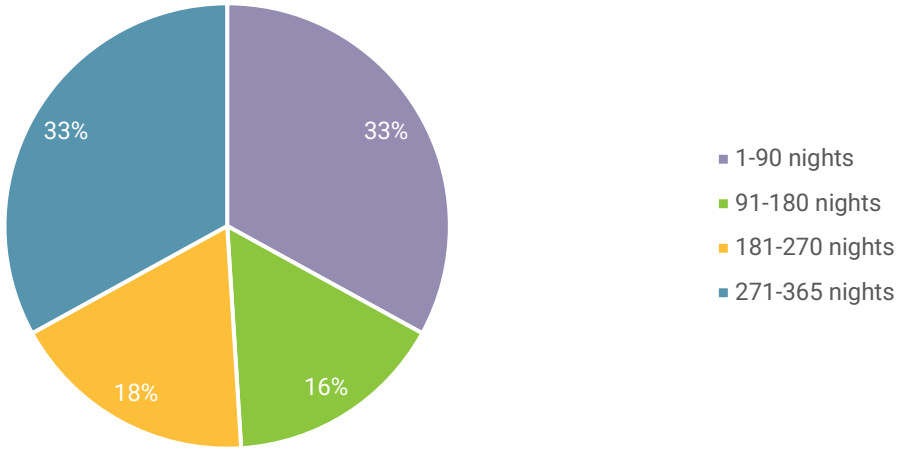
Of the 322 houses listed as short-term rentals in July 2025, approximately 70 (or 22 percent) were full-house rentals within city boundaries (there are an additional five houses used as short-term rentals in the UGA). These full-house rentals account for 16 percent of all short-term rentals in the submarket and 2.7 percent of all single-family homes within city limits. Since July is peak season for these types of rentals, at other times of the year this percentage is likely lower. Because full-time short-term rentals are such a small share of the housing in Sequim, the impact on the year-round housing market in the city is limited. Approximately one third of the single-family short-term rentals rent for between one and 90 nights while another third are short term rentals year-round. Because tourism is an important part of Sequim's economy and hotels in town struggle to fill rooms in the off-season, short term rentals are an economic driver during peak tourism seasons.

Figure 23. Full Home, Single-Family Short-Term Rentals in Sequim, July 2025



Source: AirDNA, Leland Consulting Group

Figure 24. Full Home, Single-Family Short-Term Rentals in the Sequim Submarket by Total Rental Nights



Source: AirDNA

In 2024, the Harvard Business Review[1] recommended that cities where short term rentals may be impacting rent prices should consider enacting regulations on when and where they can operate. Cities like Hood River, Oregon and Bellingham, Washington, restrict the number of nights per year that short term rentals can operate. In both cities, the dwelling unit must be a primary residence for 270 days per year while the whole unit can be rented for up to 95 days per year. As an example of location-based regulations, the report cites San Diego's Mission Beach neighborhood, where no more than 30 percent of housing units can operate as short-term rentals. Similarly, Maui, Hawaii limits STR permits by community plan area, with 195 total permits allowed across eight communities. In addition, STR permitting and registration is a common tool used by many communities because it provides the city (or county) with data to monitor the growth in STRs over time to determine if intervention is necessary. In Sequim, STRs are important for addressing seasonality within the tourism industry and are not a significant driver of increasing rent and home prices. Because of this, regulations capping the number or share of STRs or restricting days of operation are not necessary in Sequim at this time.

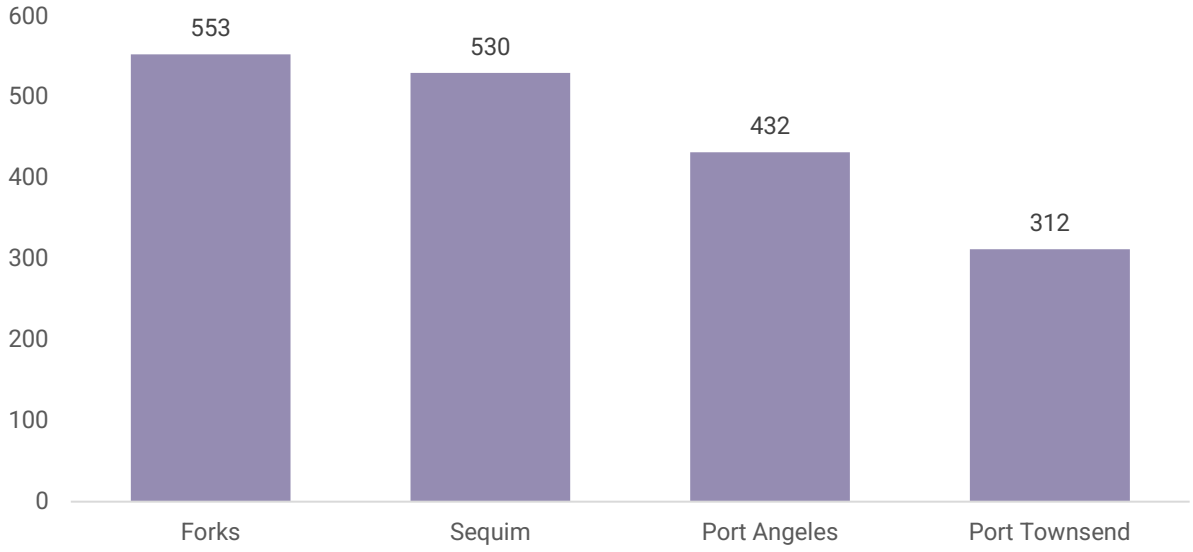
According to a University of Pennsylvania Wharton School of Business white paper, in zip codes with a 56 percent owner occupancy rate, a one percent increase in AirBnB listings leads to a 0.024 percent increase in rents and 0.037 percent increase in home prices.

Mobile / Manufactured Homes

Mobile and manufactured homes are an important source of affordable housing in Sequim. Sequim has more mobile and manufactured homes than Port Angeles and Port Townsend – the most recent manufactured home development in Sequim is Lavender Meadows Park, where the first homes were delivered in 2022 (the park has not been fully built out as of 2025). Figure 25 below shows the number of mobile homes and special dwelling units in Sequim compared to neighboring cities. Special units are defined by the Washington Office of Financial Management (OFM) as trailers, recreational vehicles, boats, boxcars, tents, and hotel or motel rooms occupied as permanent living quarters.

[1] https://hbr.org/2024/02/what-does-banning-short-term-rentals-really-accomplish

Figure 25. Mobile Homes and Special Dwelling Units by City



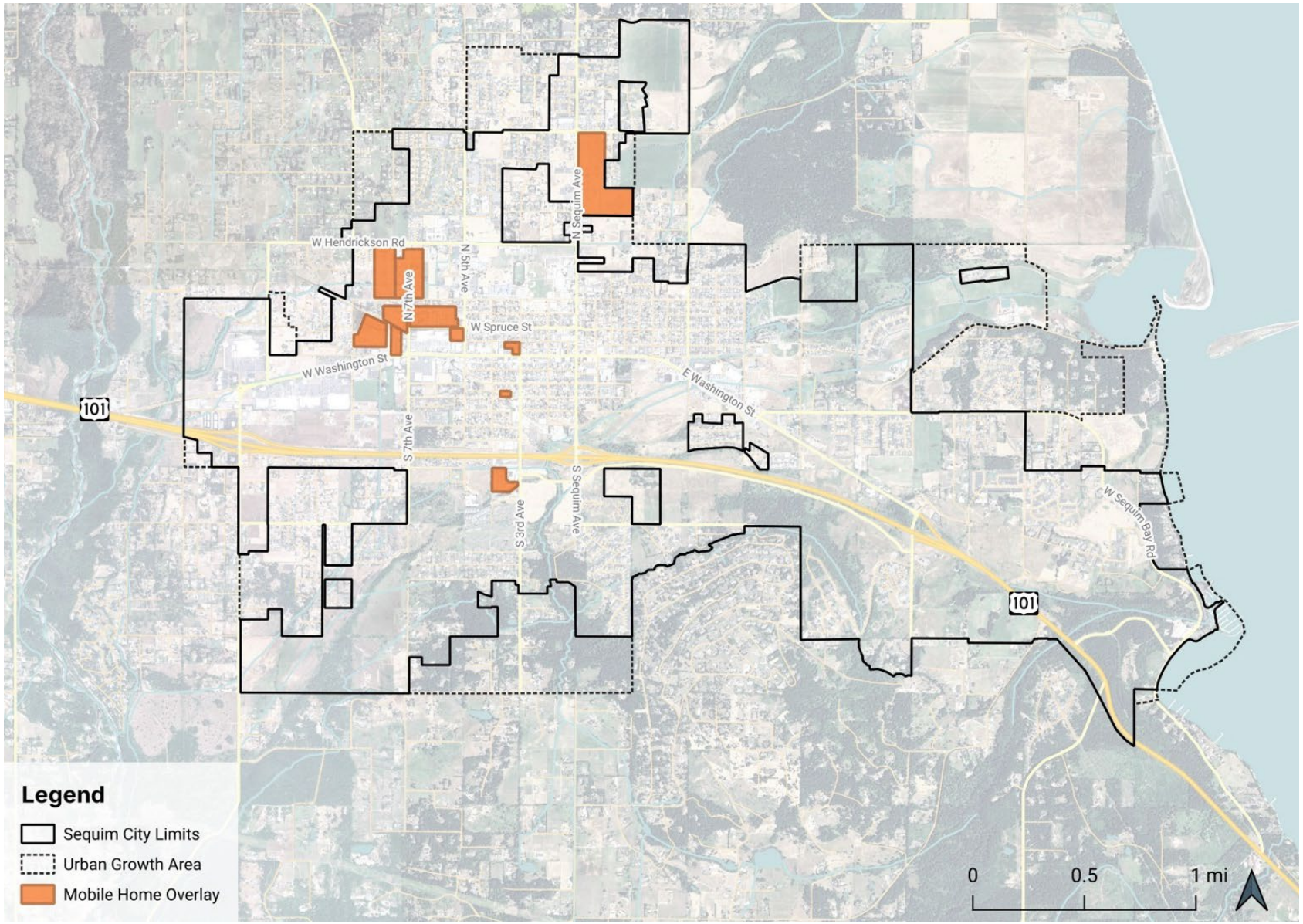
Source: Washington Office of Financial Management (OFM).

In December 2024, the City Council approved a new overlay for mobile home parks that is intended to protect them from being purchased by developers who plan to evict tenants and redevelop the property. Within the Manufactured Home and Mobile Home Park (MHP) Overlay, mobile home parks are the only permitted use. The overlay district is shown on the map below.

According to the Washington OFM, there are 530 mobile homes in Sequim, making up 11.5 percent of housing units. This is a significantly higher share than in Port Angeles (4.4 percent) or Port Townsend (5.2 percent). Although mobile homes are an important part of the housing landscape in Sequim, residents typically do not own the land their homes sit on, and even if they own the structure, moving a mobile home can be extremely expensive and cumbersome. For seniors or other residents who are on fixed incomes, rent increases can lead to displacement and even homelessness. In 2022, the *Sequim Gazette* reported on $90 rent increases at the Parkwood Manufactured Housing Community in Carlsborg, which raised some tenants' rents 17 percent from $540 to $630 per month.

Space rent for mobile homes in Sequim is typically between $400 and $500 per month, significantly less than a typical mortgage or apartment rent, though this does not account for the price of the mobile home. Still, mobile home parks are a significant source of non-subsidized affordable housing in Sequim, especially for seniors on fixed income. Although the Growth Management Act requires Sequim to plan for new housing affordable to households making less than 30 percent AMI, mobile homes will likely continue to be an important source of deeply affordable housing citywide.

Figure 26. Mobile Home Overlay Parcels in Sequim



Source: City of Sequim

Recommendations

Topic	Recommendation
Short Term Rentals	• Track the increase in short term rentals on an annual basis, including the increase in full-home short term rentals as a share of the total housing supply.
Affordable Housing	• Offer incentives for below market-rate affordable housing, including density bonuses, impact or other fee waivers, and/or application processing priority. • Identify potential opportunities to partner with a nonprofit or other developer to encourage affordable housing development on surplus or underutilized public land.
Housing Development	• Utilize DCED's existing Developer's Forum to strengthen relationships with local developers. • Partner with local economic development agencies and neighboring communities to educate local developers on middle and multifamily housing development. • Find opportunities to streamline and improve the application review process.

Economic Development



Economic Development

Introduction and Key Findings

While Sequim has gained a reputation for being a retirement, shopping, and tourism destination, City leaders hope to attract a more diverse employment base to support the growing population. In particular, the City has an interest in attracting high wage jobs, particularly in the science and technology industries, as highlighted in the North Olympic Peninsula Resource Conservation & Development Council's Comprehensive Economic Development Strategy (2021-2025). Despite available land in the high tech light industrial (HTLI) zone and recruitment efforts by local and regional economic development agencies, the top industries in Sequim have not changed much over the past decade. This section responds to a variety of questions and concerns about Sequim's economy, past and future:

- What are Sequim's **largest employment sectors**, and where does the city have a regional advantage?
- How much are workers **earning** in Sequim?
- Where does the Sequim workforce **live**, and where do Sequim residents **work**?
- What is the impact of **tourism** on the on the city's economy, particularly relating to seasonality?
- What are key **opportunity sectors** the city could be exploring for its future?

Several key findings are presented below, followed by a full economic analysis and a table of recommendations.

KEY FINDINGS

- **Health care, retail, accommodation and food services are the biggest employment sectors in Sequim**. Although the City designated the High Tech Light Industrial (HTLI) district as a target area for technology employment, the area has seen little development.
- The shift to remote and hybrid work that was triggered by the COVID-19 pandemic has provided some workers with the flexibility to choose where they live based on quality of life rather than commuting distance. **Throughout the Pacific Northwest, so-called "zoomtowns" attracting young and upwardly mobile workers who no longer want to live in larger cities like Seattle** either because of the cost of living or a desire to live somewhere quieter, more idyllic, or closer to outdoor recreation. **Sequim is well positioned to take advantage of this trend** and has already begun attracting remote workers.
- Businesses in Sequim experience significant seasonality, with visits peaking in the summer months. As a result, **tourism-focused businesses like hotels and restaurants rely on summer visitors to subsidize slower winter months**. This means that although demand for hotel rooms outpaces supply in the summer, **new hotel rooms are unlikely in the near term**. In addition, **restaurants and retail establishments struggle to find enough employees to support summer crowds**, causing many to limit their days of operation.
- **The main industries that are both growing and specialized in Clallam County are public administration, education and healthcare, and hospitality**. However, there are also potential growth opportunities in the transportation, manufacturing, and professional services industries. In particular, **wood product and beverage product manufacturing could potentially be target sectors for employer recruitment**. Cabinet manufacturing has a strong presence near Sequim, and there is a long history of craft beverage manufacturers, including wine, beer, and cider, across the northern Olympic Peninsula.

- Other key economic opportunities to explore include facilitating a flex **industrial incubator space**, engaging with the **Pacific Northwest National Laboratory** to encourage scientific and research employment, and **adjusting land use standards** to allow for more light industrial uses in the city.

Employment

As of 2022, there were 4,628 jobs in Sequim – nearly 700 more than in 2012. The biggest employment sectors in Sequim are health care, retail, accommodation and food services, and education. These are also among the fastest growing sectors. One third of Clallam County's retail and administration jobs are in Sequim, along with 39 percent of the county's finance and insurance jobs. While the health care sector has experienced strong growth in Sequim, adding 130 jobs between 2012 and 2022, recent changes at the federal level such as cuts to programs like Medicaid could impact continued growth in this sector in the near term.

Figure 27. Employment in Sequim, 2012-2022

	2012	2022	Change	Share of Clallam County
Health Care and Social Assistance	971	1,101	130	21%
Retail Trade	819	984	165	33%
Accommodation and Food Services	551	652	101	29%
Educational Services	438	507	69	25%
Administration & Support, Waste Management and Remediation	174	297	123	33%
Construction	103	253	150	19%
Other Services (excluding Public Administration)	222	169	(53)	24%
Professional, Scientific, and Technical Services	133	161	28	23%
Finance and Insurance	134	139	5	39%
Public Administration	131	124	(7)	6%
Real Estate and Rental and Leasing	48	66	18	26%
Arts, Entertainment, and Recreation	80	50	(30)	5%
Manufacturing	44	40	(4)	4%
Transportation and Warehousing	4	36	32	6%
Wholesale Trade	35	31	(4)	10%
Information	24	14	(10)	7%
Agriculture, Forestry, Fishing and Hunting	13	4	(9)	1%
Mining, Quarrying, and Oil and Gas Extraction	0	0	0	0%
Utilities	11	0	(11)	0%
Management of Companies and Enterprises	1	0	(1)	0%
Total	***3,936***	***4,628***	***692***	

Source: U.S. Census Bureau via LEHD OntheMap.

Regionally, the biggest job sectors are health care, retail, accommodation and food services, and public administration. A large share of the public administration jobs are due to the presence of the Jamestown S'Klallam Tribe, which operates health care facilities, a resort, and other facilities on the peninsula. Many tribal jobs are classified as public administration by the U.S. Census Bureau. At the same time that the healthcare sector has been growing in Clallam County, however, Jefferson County has seen health care employment cut in half. Across the two counties, the construction industry grew the most between 2012 and 2022, adding 868 jobs over that period.

Figure 28. Employment in Clallam and Jefferson Counties, 2012-2022

	Clallam County			Jefferson County			Total		
	2012	2022	*Change*	2012	2022	*Change*	2012	2022	*Change*
Health Care and Social Assistance	3,914	5,165	*1,251*	1,459	731	*(728)*	5,373	5,896	*523*
Retail Trade	2,660	2,950	*290*	873	1,049	*176*	3,533	3,999	*466*
Accommodation and Food Services	1,828	2,240	*412*	800	1,009	*209*	2,628	3,249	*621*
Public Administration	2,092	2,060	*(32)*	737	713	*(24)*	2,829	2,773	*(56)*
Educational Services	1,835	2,022	*187*	635	667	*32*	2,470	2,689	*219*
Construction	788	1,306	*518*	324	674	*350*	1,112	1,980	*868*
Manufacturing	1,487	1,059	*(428)*	636	588	*(48)*	2,123	1,647	*(476)*
Other Services (excluding Public Administration)	1,108	700	*(408)*	464	492	*28*	1,572	1,192	*(380)*
Arts, Entertainment, and Recreation	816	937	*121*	155	154	*(1)*	971	1,091	*120*
Professional, Scientific, and Technical Services	499	715	*216*	220	338	*118*	719	1,053	*334*
Administration & Support, Waste Management and Remediation	502	889	*387*	121	154	*33*	623	1,043	*420*
Agriculture, Forestry, Fishing and Hunting	575	670	*95*	98	155	*57*	673	825	*152*
Transportation and Warehousing	528	648	*120*	64	111	*47*	592	759	*167*
Wholesale Trade	312	325	*13*	160	199	*39*	472	524	*52*
Finance and Insurance	351	353	*2*	120	129	*9*	471	482	*11*
Real Estate and Rental and Leasing	238	250	*12*	127	100	*(27)*	365	350	*(15)*
Information	180	215	*35*	179	124	*(55)*	359	339	*(20)*
Utilities	126	130	*4*	56	85	*29*	182	215	*33*
Management of Companies and Enterprises	146	160	*14*	0	0	*0*	146	160	*14*
Mining, Quarrying, and Oil and Gas Extraction	6	15	*9*	9	14	*5*	15	29	*14*
	19,991	***22,809***	***2,818***	***7,237***	***7,486***	***249***	***27,228***	***30,295***	***3,067***

Source: U.S. Census Bureau via LEHD OntheMap.

According to the Washington Employment Security Department, the Olympic region (which includes Jefferson and Clallam counties) is expected to gain 11,000 jobs between 2023 and 2033. The biggest gains are expected to be in the government, education and health services, leisure and hospitality, and professional and business services industries. The wholesale trade, manufacturing, and natural resources and mining industries are not expected to see job growth over this period. Although this is a forecast based on research and analysis, not a prediction, it serves as a good indicator of what state economists expect for the future of the region. As Sequim works with regional economic development partners to identify opportunities for new employment, these expected growth industries should serve as a starting point for employer recruitment, though the City should be open to other compatible opportunities as they arise. Based on this data it seems that in the near term, new employment is more likely to be in office, institutional, and health care facilities rather than industrial space.

Figure 29. Employment Projections by Industry in the Olympic Region, 2023-2033

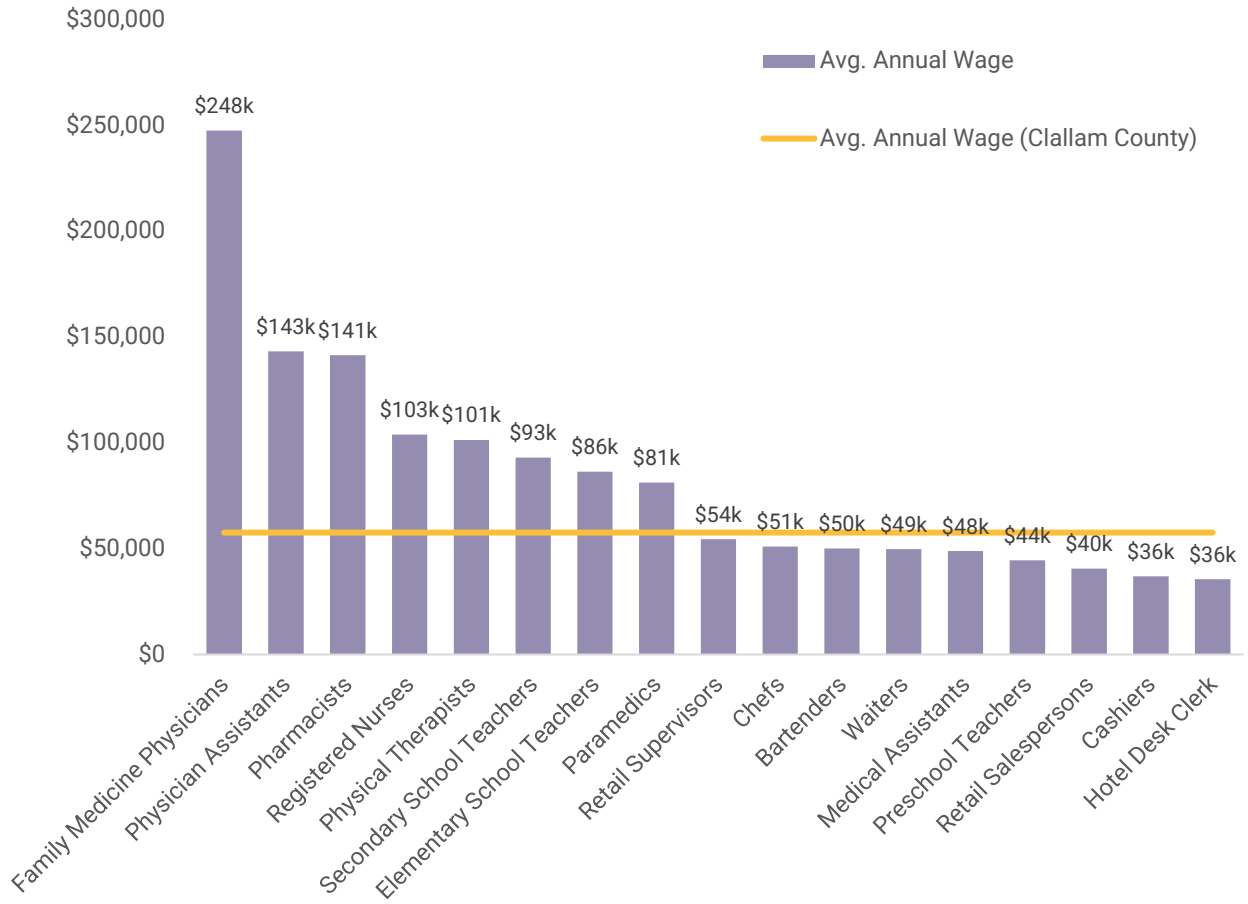
					Growth (2023-2033)	
	2023	**2026**	**2028**	**2033**	**Jobs**	**Percent**
Government	44,500	46,600	46,700	47,600	3,100	7%
Education and Health Services	17,900	19,200	19,500	20,800	2,900	16%
Leisure and Hospitality	14,100	14,400	14,700	15,600	1,500	11%
Professional and Business Services	12,100	12,400	12,800	13,500	1,400	12%
Other Services	4,900	5,200	5,300	5,600	700	14%
Construction	6,900	7,000	7,200	7,600	700	10%
Retail Trade	15,700	15,500	15,800	16,300	600	4%
Information	1,000	1,100	1,100	1,100	100	10%
Transportation, Warehousing, and Utilities	1,900	1,900	1,900	2,000	100	5%
Financial Activities	4,100	4,000	4,100	4,200	100	2%
Wholesale Trade	2,000	1,900	1,900	2,000	0	0%
Manufacturing	4,600	4,400	4,500	4,500	(100)	-2%
Natural Resources and Mining	600	500	500	500	(100)	-17%
TOTAL NONFARM	**130,300**	**134,100**	**136,000**	**141,300**	**11,000**	**8%**

Source: Washington Employment Security Department.

Workforce

Figure 30 below shows the average annual wage for common jobs in Sequim's top industries. While most health care and education jobs pay above the average annual wage for all jobs in Clallam County ($57,616), retail, accommodation, and food service jobs typically pay significantly less. The wide range of incomes across these sectors indicates a need for a variety of housing types and services to support workers and residents across the income spectrum. It also suggests that the City may want to support job growth in higher-wage industries, such as health care and professional services.

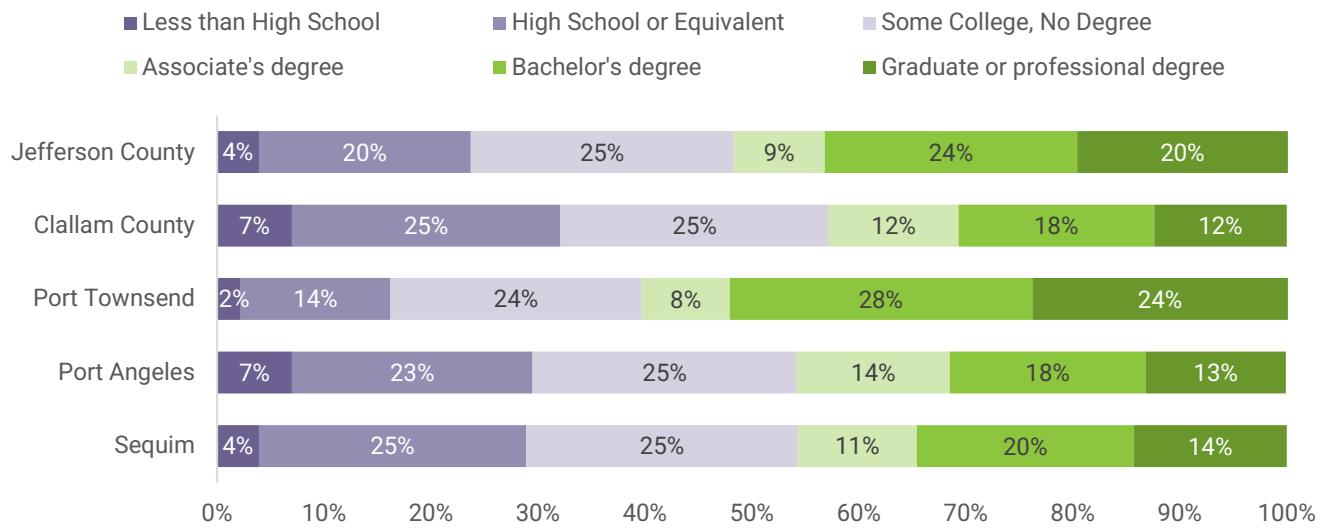
Figure 30. Average Annual Wage for Common Jobs in Sequim's Top Employment Sectors



Source: U.S. Bureau of Labor Statistics (BLS) May 2023 Metropolitan and Non-Metropolitan Area Occupational Employment and Wage Estimates, Western Washington Non-Metropolitan Area.

Educational attainment of a population is an important indicator for employers seeking to relocate or expand, particularly for employers seeking a specialized workforce for high wage jobs such as those in the tech and advanced manufacturing industries. Among residents over 25 years old, Jefferson County residents have higher levels of educational attainment than Clallam County residents. In Clallam County, 30 percent of residents have at least a bachelor's degree, compared with 44 percent in Jefferson County. Sequim has a higher share of residents with at least a bachelor's degree (34 percent) than Port Angeles (31 percent) and the county. In order to attract new high-wage jobs to the city, Sequim will likely need to attract younger, educated residents.

Figure 31. Educational Attainment in Sequim and Neighboring Jurisdictions



Source: U.S. Census Bureau Five-Year ACS, Table S1501

Commuting

Jobs in Sequim are filled by workers from throughout the Olympic Peninsula and beyond. Among residents who live within city limits, 616 are employed in Sequim while 2,391 commute to other locations (including those in unincorporated areas).

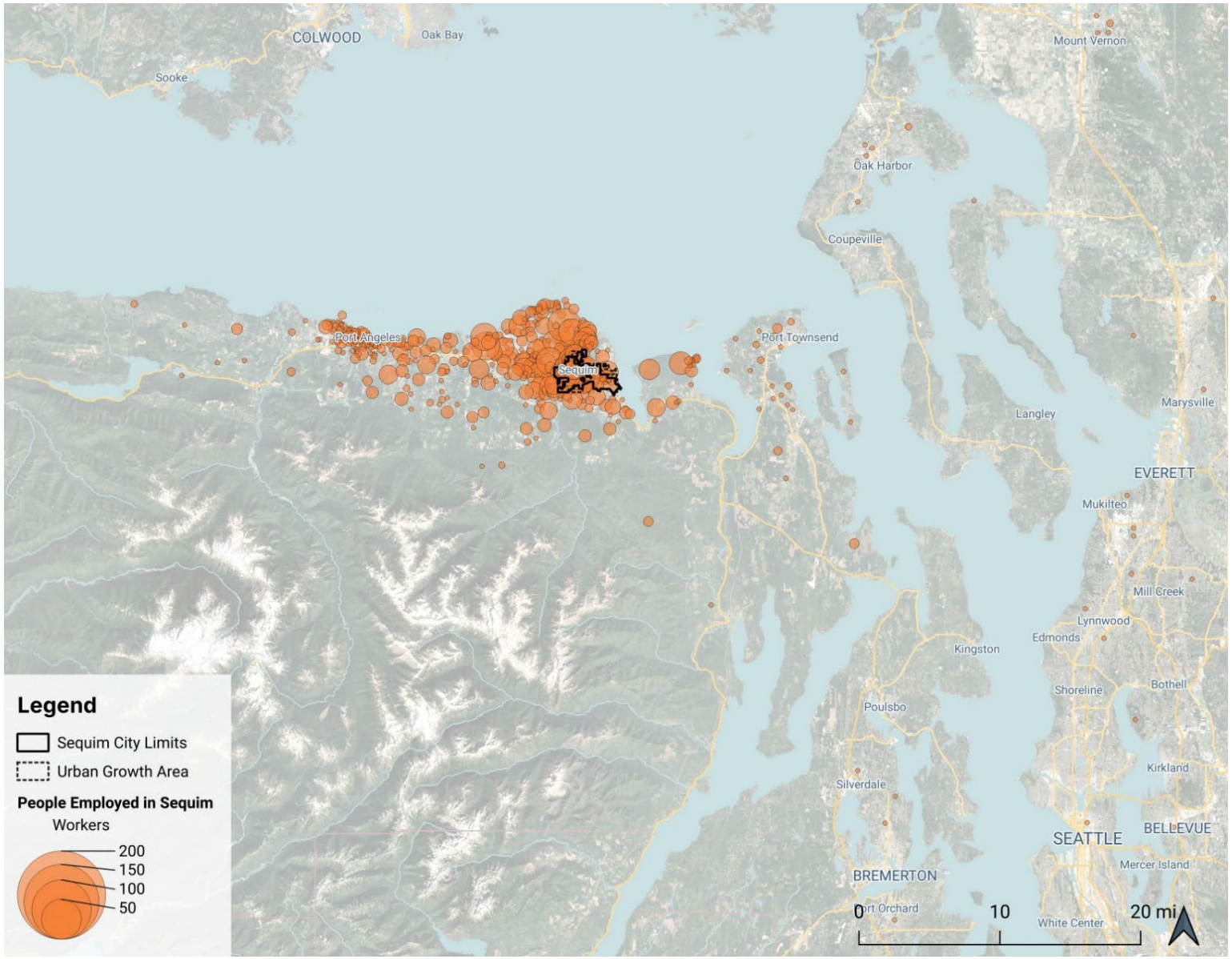
Figure 32. Commute Patterns for Sequim Residents and Employees



Source: U.S. Census Bureau via LEHD OntheMap

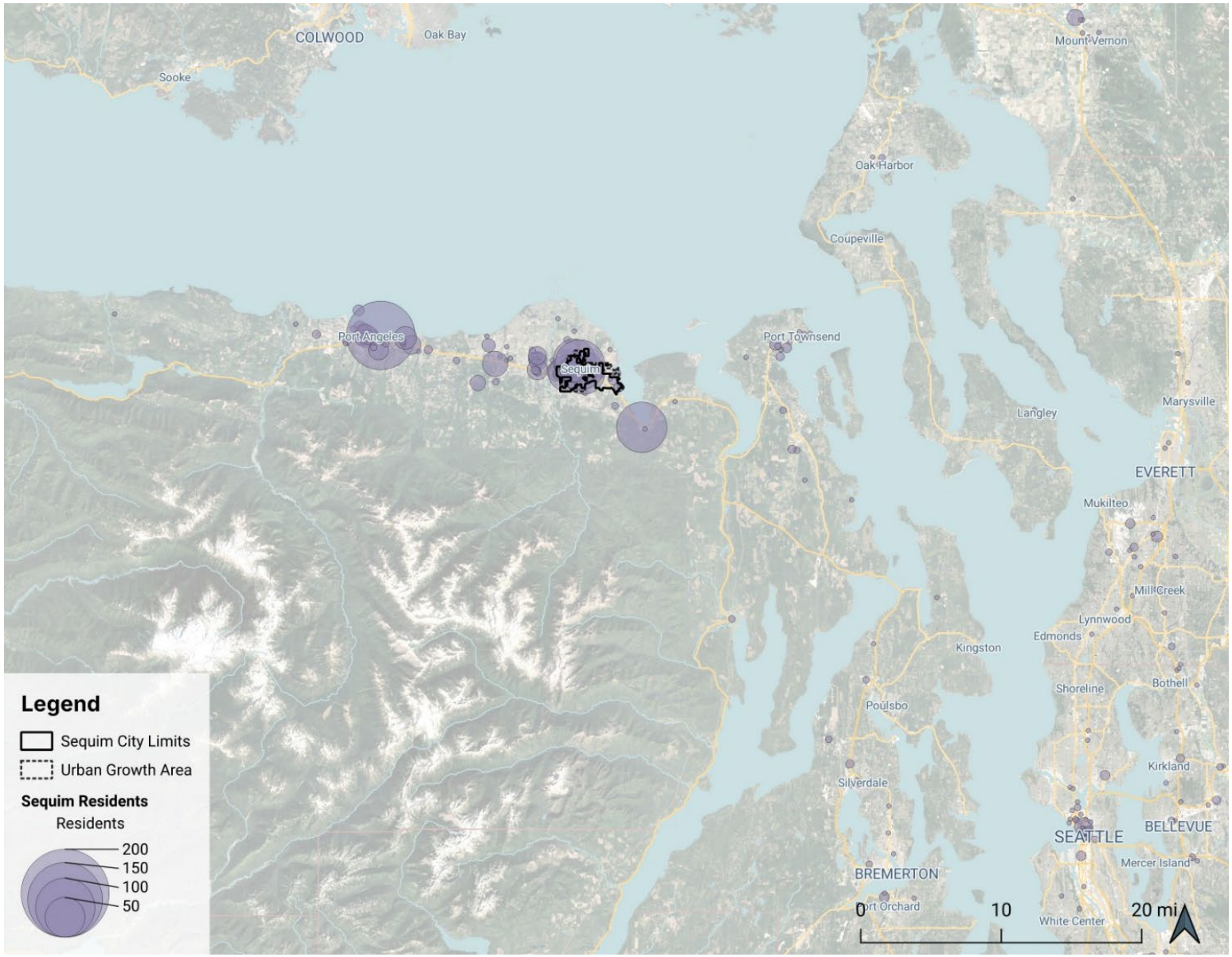
The increase in remote work during the COVID-19 pandemic has impacted conventional wisdom about commute distance. As workers adopt full- or part-time remote schedules, it is possible for them to live farther away from their main office location. Figure 33 and Figure 34 below show the home locations for Sequim workers and the work locations of Sequim residents. While most of the commuting patterns are within the Olympic Peninsula, with a large portion of Sequim residents working in Port Angeles, there are also Sequim residents commuting to cities like Seattle and Mount Vernon several hours away, although these may reflect remote or partially remote workers. Sequim's many assets, including its proximity to Olympic National Park, its unique downtown, and sunny weather, make it an ideal location for remote workers. When contrasted with Sequim residents, the Sequim workforce lives much closer to home, with 49.5 percent of workers commuting less than 10 miles. Among workers with jobs in Sequim, 19.9 percent commute more than 50 miles, compared to 30.5 percent of employed residents.

Figure 33. Home Locations of Sequim Workers, 2023



Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD), via Census OnTheMap, Maptiler

Figure 34. Work Locations of Sequim Residents, 2023

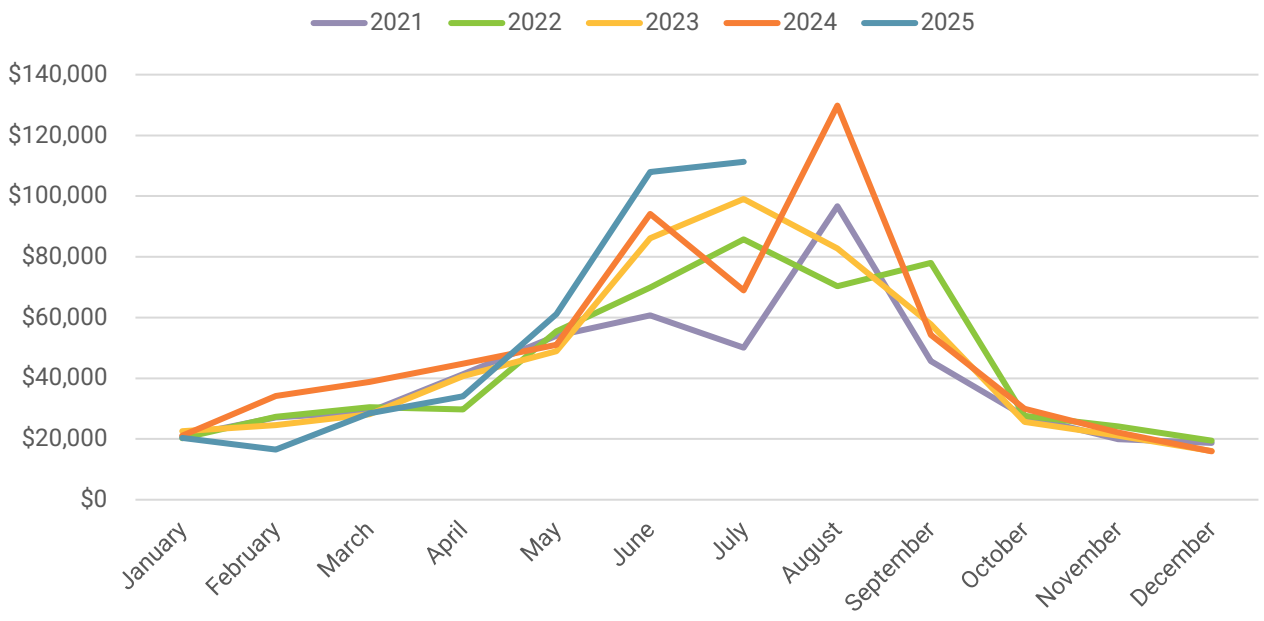


Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD), via Census OnTheMap, Maptiler

Seasonality

While Sequim offers events and programming year-round, the city draws substantially more visitors in the summer months due to several summer festivals, including the annual Lavender Festival and tourism associated with Olympic National Park. Over the last three years, visits to downtown Sequim have peaked in mid-July, coinciding with the Lavender Festival, and were lowest in December and January. Figure 35 below shows the lodging taxes by month from 2021 through 2025 (year to date). The months shown represent when the lodging tax occurred – the City typically receives the tax revenue two months later, as shown on the City's website. In 2021 and 2024, August was the peak month for overnight visits to Sequim, while July was the peak month for overnight visits in 2022 and 2023. Across all years, tourism began ramping up in May and fell off in October.

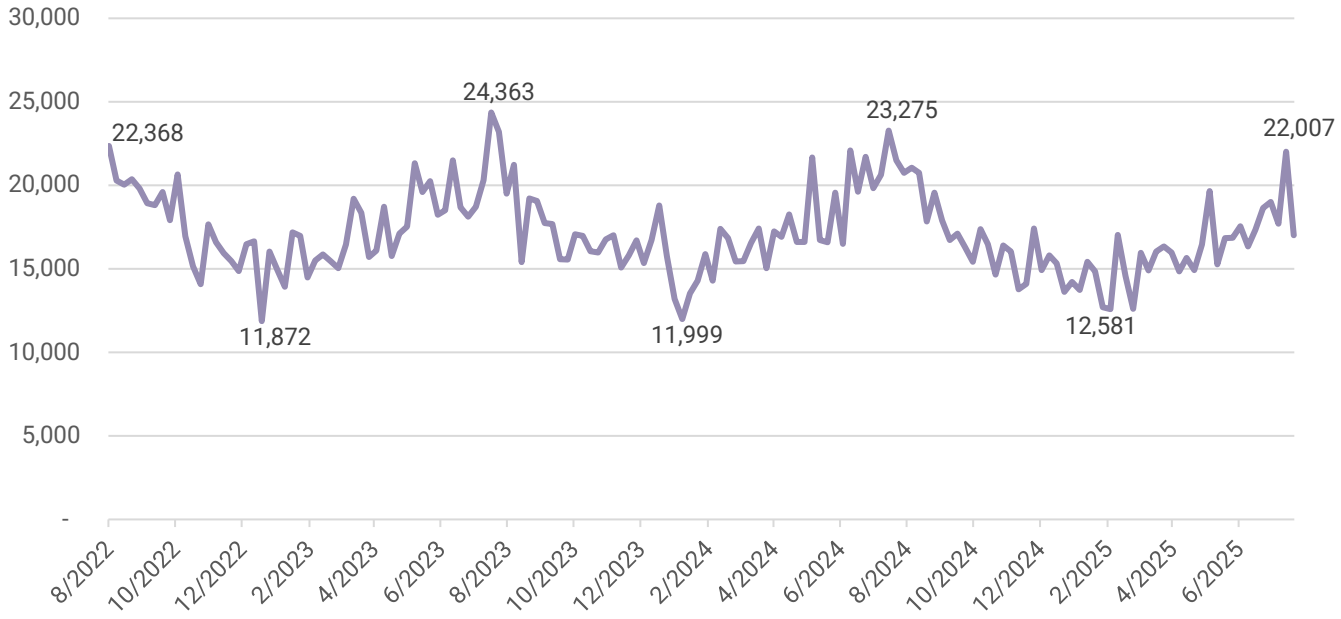
Figure 35. Lodging Tax Revenue by Month Collected, 2021-2025



Source: City of Sequim.

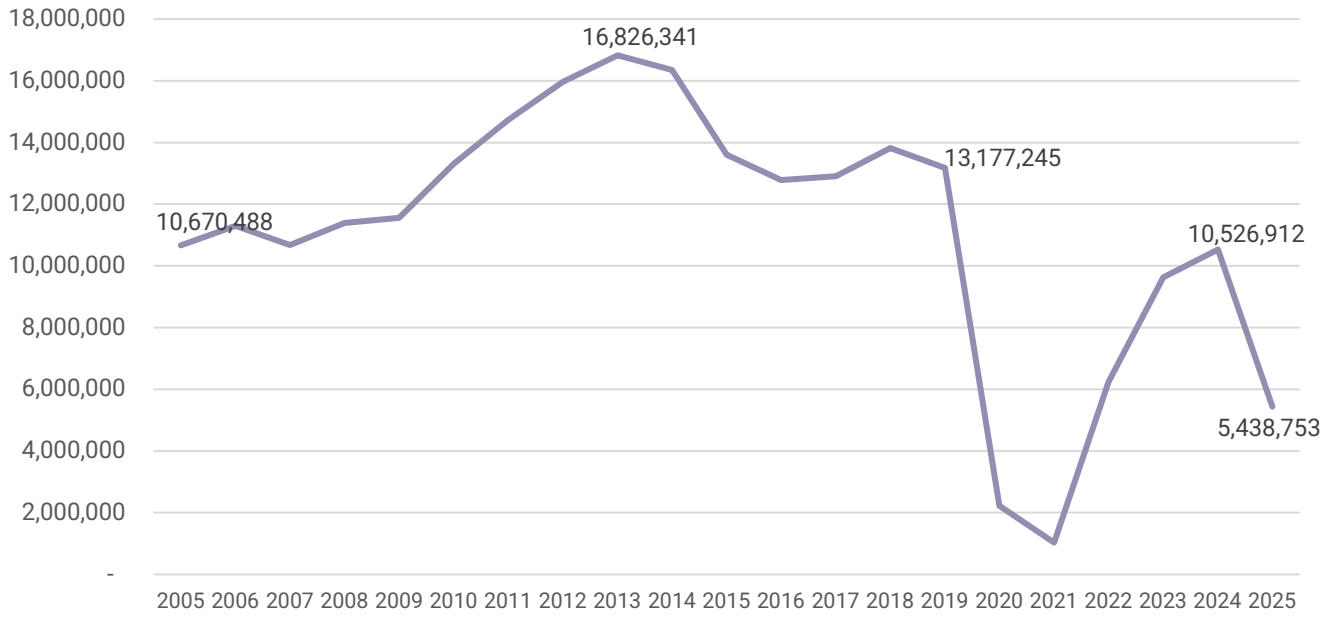
According to anonymous cell phone data aggregator Placer.ai, weekly visits to downtown Sequim have peaked at between 22,000 and 24,000 over the last three years. Placer.ai tracks both visits and visitors – visitors are unique individuals while visits are trips. One visitor can make multiple visits to a given location. In all three years, the busiest week included the Lavender Festival. In 2025, the first day of the festival (Friday) experienced strong winds leading to lower-than-normal attendance on that day. National politics also resulted in fewer Canadian visitors than in previous years. As a result, there were 5.4 percent fewer visits to Downtown Sequim in 2024 compared to 2024.

Figure 36. Weekly Visits to Downtown Sequim, 2022-2025



Source: Placer.ai. Note: this includes only visits longer than ten minutes.

Figure 37. Total Inbound Border Crossings for All of Washington Ports of Entry, 2005-2025



Source: U.S. Department of Transportation Border Crossing Entry Data. Note: Current year (2025) includes entry data for January through August. Crossing numbers include bus passengers, train passengers, personal vehicle passengers, and pedestrians.

Because of the seasonality of Sequim's tourism economy, demand for retail, restaurants, and hotel rooms fluctuates significantly throughout the year. During the busiest months, some businesses also struggle to hire additional workers to keep up with the demand from tourists. While short term rentals can help address some of

the hospitality demand, other businesses can end up choosing to reduce their hours or days of operation due to these challenges.

Other cities in Washington have taken steps to address seasonal tourism swings through diversification strategies. Leavenworth and Winthrop, for example, have taken full-scale efforts to refresh their downtown facades to provide a “Bavarian” and “Old West” theme, respectively, for tourists to enjoy throughout the year. Leavenworth’s “Village of Lights” around Christmas is also a strong draw. Although both cities are wintertime destinations due to their snowy climate, Sequim could consider partnering with the Sequim-Dungeness Valley Chamber of Commerce, a future downtown association, or simply with local businesses to coordinate on a more concentrated winter holiday decoration and event calendar.

Figure 38. Leavenworth (left) and Winthrop (right) in December



Source: Leavenworth Chamber of Commerce, Winthrop Chamber of Commerce

The 2024-2029 Olympic Peninsula Tourism Master Plan’s Goal #1 is to “Enhance targeted marketing efforts to increase awareness of spring, fall, and winter travel.” The plan notes that local residents, lifestyle travelers, niche group travelers, and sporting event participants are four of the key target markets to improve off-peak tourism. **To this end, the plan recommends identifying new sales and marketing opportunities for these groups, including, for example, corporate retreats, state and regional association conferences, weddings, reunions, etc.**

The plan also calls for significant coordination across the Peninsula on marketing as well as year-round events, including re-envisioning and conducting the Annual Regional Tourism Summit. Key marketing strategies from the Peninsula Tourism Master Plan which could be beneficial to extending the season in Sequim include:

- Increase seasonal and **holiday-specific** content and programming/packaging, such as a Christmas or holiday market, to engage lifestyle travelers.
- Create experience itineraries for **targeted interest groups** (e.g., Tribal, culinary, arts & culture, shopping, wellness & health, entertainment, family, biking, etc.).
- Develop **responsible visitor education**.
- Promote **resident staycations** during shoulder and winter season.
- Develop a “bounce back” cross-promotion program to invite peak season visitors **to return other times of year**.

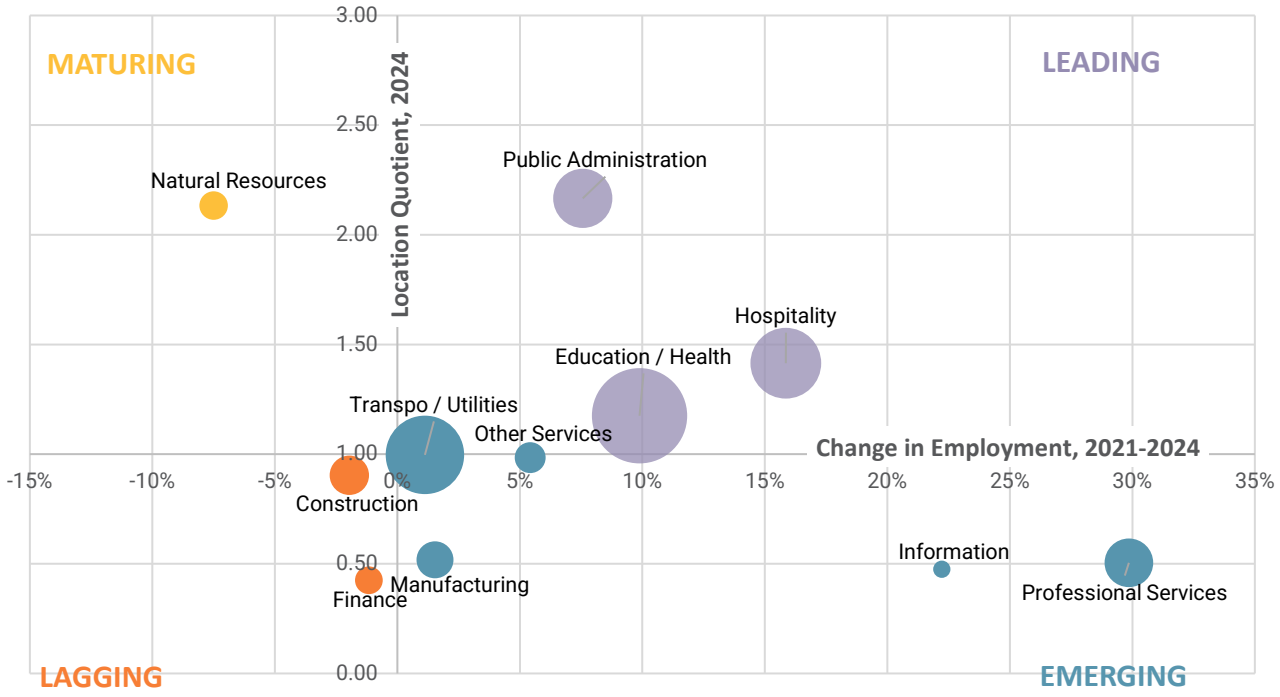
Opportunity Sectors

This section explores potential opportunity sectors for Sequim's economy, beginning with a high-level industry cluster analysis which analyzes the strength of the city's existing economic sectors through comparisons with the national economy. This can help target sectors for investment or recruitment. Following the cluster analysis, the report considers a number of specific industries of potential interest to the city's economic future, drawn from stakeholder interviews as well as community and policymaker input.

Industry Cluster Analysis

Figure 39 below shows the location quotient of high-level sectors in Clallam County – a measure of specialization compared to the national average – along with employment growth in the county between 2021 and 2024. The upper right quadrant includes sectors where Clallam County has a locational advantage and where job growth is occurring. These include public administration, hospitality, and education and health services. The lower-right quadrant shows sectors that are growing rapidly but in which Sequim does not have an advantage. While the professional services sector grew rapidly over this period, this may be due to a combination of temporary layoffs at the peak of the COVID-19 pandemic and the rise in remote workers in this sector moving to Sequim. On the left side of the chart are industries which are not growing in Sequim. Natural resources in particular is still a major specialization of the city (and of the region), but logging and forestry continue to diminish in employment across the Olympic Peninsula. This chart is intended to highlight where Clallam County is today rather than predict its future. For instance, while the manufacturing industry is not currently one in which the county specializes, this does not forestall future growth in this sector. However, the low location quotient indicates that the local workforce may not yet have the specialized skills needed for some types of manufacturing.

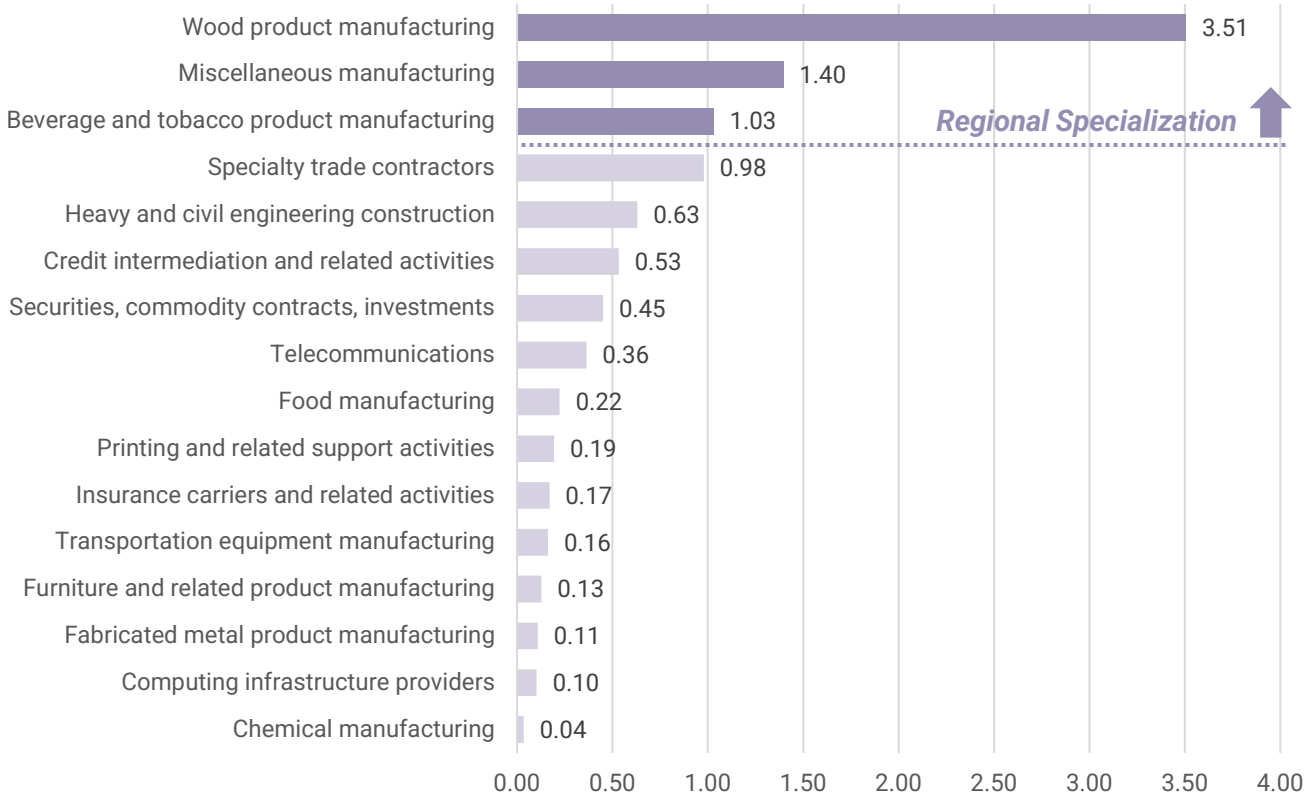
Figure 39. Location Quotient and Job Growth in High Level Sectors in Clallam County, 2021-2024



Source: U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW).

Conversations with City leaders and stakeholders indicate that there is an interest in attracting higher-wage jobs, particularly in the construction, manufacturing, information, and finance and insurance sectors. Figure 40 below shows the location quotient for subsectors within these high-level sectors as of 2024. Although Clallam County does not specialize in manufacturing generally, it is highly specialized in wood products manufacturing, due to the history of forestry and wood mills in the area. Despite recent mill closures in Port Angeles, this could still be a target sector for well-paying jobs given the regional history, workforce, and relatively low impact of small-scale wood product manufacturing as a land use. Additionally, there could also be opportunities to attract employment in the beverage manufacturing sector, which already has a cluster of breweries and wineries in and around Sequim.

Figure 40. Location Quotients for Sub-Sectors in Target Industries, 2024



Source: U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW).

Other Growth and Opportunity Sectors

The balance of this section includes an evaluation of opportunities for employment growth in specific, specialized industries. These potential sectors are drawn from discussions with stakeholders and city leaders as well as independent economic analysis.

Police and Military Training

Washington State is facing a significant shortage of police officers, with the fewest officers per capita of any state. To help address this crisis, the Legislature funded the opening of three new police training academies in Pasco, Vancouver, and Arlington during their 2023 session.[2] All three are now open, with the Arlington academy (two to

[2] https://senatedemocrats.wa.gov/lovick/2025/03/20/arlington-regional-police-training-academy-opens-prepares-to-welcome-its-first-class/

three hours' drive from Sequim) opening in May 2025 and graduating its first class in July.[3] Prior to these new academies, some recruits waited for up to two years to attend the academy in Burien, which also posed commuting and locational challenges for aspiring officers in Eastern and Northern Washington. The new academies have also reduced wait times to essentially zero.[4]

In the 2025 session, the Washington Legislature passed HB2015, allocating $100 million in grants to local governments to fund community safety programs, including but not limited to hiring new police officers. One major employer headquartered in Sequim has been exploring the opportunity to support a training facility on their property. **The property owner may find interest from the State in such a facility, although in the near-term, it seems unlikely based on the recent openings of three other academies, including one within a couple hours' drive of Sequim, which have addressed the current training capacity constraints.** From the military perspective, there are extensive facilities in Kitsap County in relatively close proximity to Sequim.

Shipbuilding / Marine Industries

Figure 41. John Wayne Marina



Source: City of Sequim

Unlike nearby Port Townsend and Port Angeles, Sequim does not have a port or working waterfront, aside from moorage, a restaurant, and services for recreational boaters at the John Wayne Marina, which provides the only waterfront access in the city. Throughout Western Washington, there are many small boat shops, wooden boat building facilities and schools, and working waterfronts of various sizes serving the maritime community and trades. In Port Townsend, the Northwest School of Wooden Boatbuilding teaches boatbuilding and helps train a specialized workforce in the Olympic Peninsula and beyond, having taught more than 1,700 graduates since 1981.[5] In Port Angeles, the Port is constructing a new Marine Trades Center on the waterfront to provide boat washing and other services. In addition, a New Zealand-based company, Stabicraft, has recently opened a boatbuilding facility in Port Angeles on land leased from the Port and is producing a new model of high-performing offshore boat exclusively at the Port Angeles location.[6] The existing public boat yard in Port Angeles is about 1.5 acres and serves the local community, with a 75-ton boat lift.[7] In Port Townsend, the 300-ton boat lift has been integral to the success of the maritime economy in the city, allowing repair and servicing of recreational and commercial boats.[8]

In Sequim, the John Wayne marina is owned and operated by the Port of Port Angeles and sits on 22 acres donated by the John Wayne family.[9] The marina is also used extensively during fishing season by both recreational fishers and by the Jamestown S'Klallam Tribe. Given the local workforce and maritime industry cluster, there may be some limited opportunity for Sequim to attract maritime businesses. The parking lots at the John Wayne Marina alone are nearly two acres, so a small boat yard or small-scale boat making business similar to the size of Port Angeles' boat yard could be feasible, though locating a boat lift may be challenging. The Marina area is also zoned a combination of R4-8 and Planned Resort Community (PRC) at present, which preclude

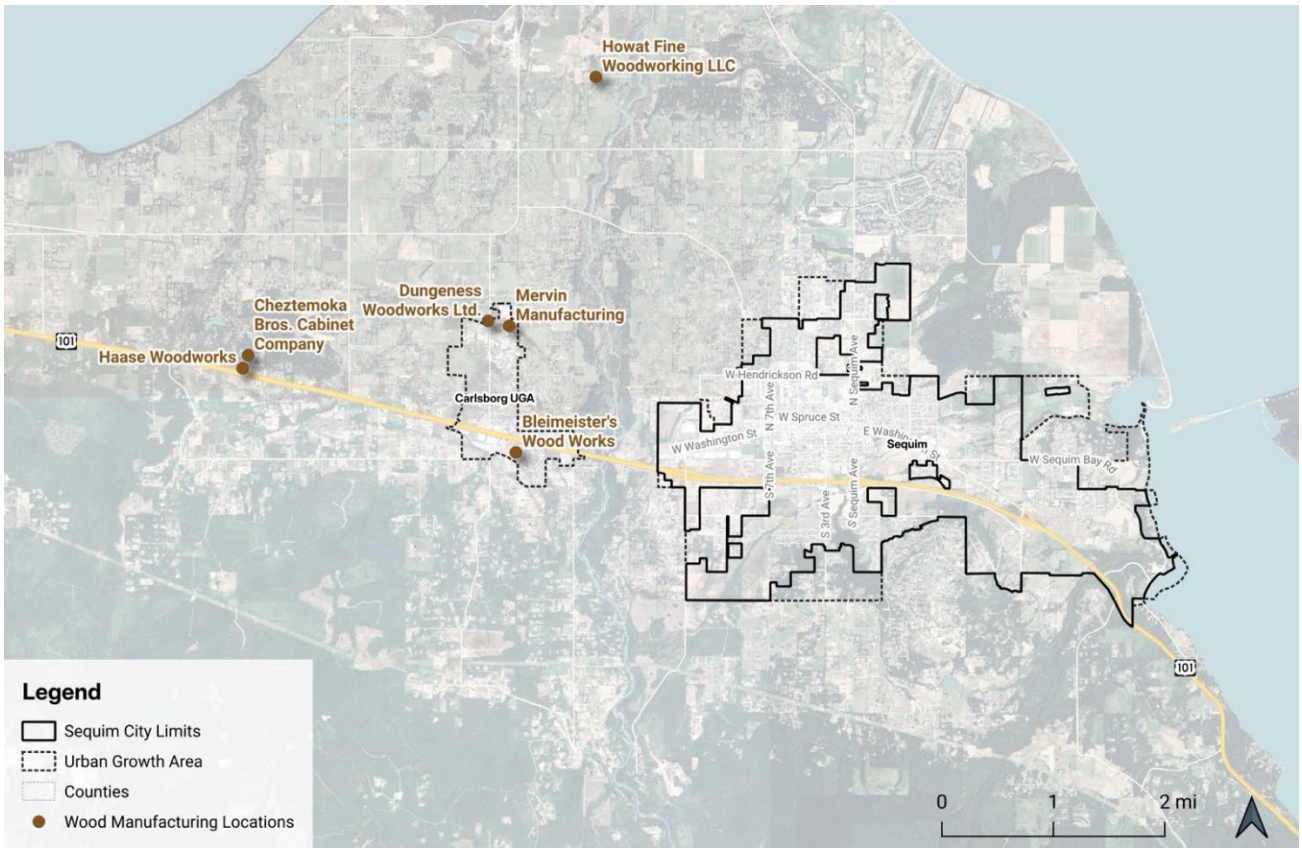
[3] https://www.heraldnet.com/news/first-class-graduates-from-arlingtons-police-academy/
[4] https://www.youtube.com/watch?v=MX4UBVaa7_E
[5] https://www.mightycause.com/organization/Northwest-School-Of-Wooden-Boat-Building
[6] https://www.myclallamcounty.com/2023/02/02/stabicraft-of-new-zealand-is-building-100-boats-at-the-port-of-pa-this-year/
[7] https://portofpa.com/wp-content/uploads/2022/03/PofPA-Marine-Trades-Draft-Report-10-27-2015.pdf
[8] https://olympicpeninsula.org/port-townsends-boatbuilding-legacy/
[9] https://portofpa.com/marine/john-wayne-marina/

industrial or commercial uses. **If the City is interested in actively pursuing marine uses, coordination with the Port of Port Angeles, who owns all of the waterfront property, will be required.**

Wood Products

As shown above in the industry cluster analysis, Clallam County has a significant locational advantage in wood product manufacturing, stemming from the historically easy access to timber products and mills. In 2025, this sector employed 231 people in the county, with a location quotient of 3.51. Although this sector includes mills, hardwood and plywood manufacturing, and other heavy industrial enterprises, it also includes smaller scale operations such as cabinet manufacturing. Near Sequim, there are at least five small cabinet manufacturing businesses, as shown below in Figure 42. In addition, Mervin Manufacturing makes environmentally sustainable wooden surfboards, skis, and skateboards with a variety of innovative and unique methods.[10]

Figure 42. Wood Product Manufacturing Locations Near Sequim



Source: Google, Leland Consulting Group.

As shown above, many of these small-scale manufacturers of wood products are located in the Carlsborg UGA, which is primarily industrially zoned. **In order for Sequim to capitalize on this regional cluster, which also**

[10] https://www.fox13seattle.com/news/sequim-company-pioneers-sustainable-eco-friendly-surfboards

provides an opportunity for environmentally friendly use of regional timber resources, the City could consider broadening the allowed uses in the HTLI to allow for small-scale manufacturing and associated office uses. Although cabinet manufacturing is currently allowed in HTLI, office uses are not an explicitly permitted use, which make some of these uses challenging. In most cities, ancillary retail or office is allowed by right in industrial zones. For example, the woodworking business in Carlsborg shown in Figure 43 has the office connected to the manufacturing facility. In practice, it appears that Sequim has not allowed this due to the use table prohibiting "all forms of corporate, professional, public, brokerage, administrative, financial, building trade, and research offices" in the HTLI zone. Wood products manufacturing is a relatively low-impact and small-scale use which would not cause significant disruption if appropriately located within city limits.

Figure 43. Bleimiester's Woodworks in Carlsborg, WA



Source: Google Maps

Food and Beverage

As shown above in the industry cluster analysis, Clallam County has a mild locational advantage (i.e., above average concentration) of food and beverage manufacturing. There are nearly twenty breweries, cideries, distilleries, and wineries clustered in the northern Olympic Peninsula, and many have been operating for decades. After the first wave of wineries opened in the 1990s, there was a relatively concentrated period of new beverage companies opening in the late 2000s and early 2010s. Since the pandemic, several new breweries have also emerged, although none of these companies are within Sequim city limits.

Figure 44. Craft Beverage Manufacturers on the Northern Olympic Peninsula

Establishment	Type	City	Year Opened
Olympic Cellars	Winery	Agnew	1979
Camaraderie Cellars	Winery	Port Angeles	1992
FairWinds Winery	Winery	Nordland	1993
Port Townsend Brewing	Brewery	Port Townsend	1997
Harbinger Winery	Winery	Port Angeles	2005
Alpenfire Cider	Cidery	Port Townsend	2006
Eaglemount Winery	Winery	Port Townsend	2006
Finnriver Cidery	Cidery	Chimacum	2008
Barhop Brewery	Brewery	Port Angeles	2010
Admiralty Distillers	Distillery	Port Townsend	2011
Propolis Brewing	Brewery	Port Townsend	2012
Marrowstone Vineyards	Winery	Port Townsend	2012
Raincoast Farms and Vineyard	Winery	Port Townsend	2016
Port Townsend Vineyards	Winery	Port Townsend	2017
Caudill Bros Distillery	Distillery	Port Angeles	2018
Olympic Bluffs Cidery & Lavender Farm	Cidery	Agnew	2020
Mighty Pine Brewing	Brewery	Port Angeles	2024
Social Fabric Brewing	Brewery	Port Townsend	2024

Source: Google, Olympic Peninsula Wineries, olympicpeninsula.org, Leland Consulting Group

Despite the long-standing prominence of the craft beverage industry in Washington and the Northwest, there have been some industry shifts since the pandemic. In 2024, the state experienced the first net decline in craft breweries since 2011, and the market is highly saturated, with Washington ranking among the top five U.S. states for breweries per capita. Additionally, inflation and supply chain issues have pushed up the cost of beverage manufacturing in recent years, impacting profitability, particularly for small start-ups.[11] Consumer preferences have also shifted towards a wider variety of drinks, lower-alcohol products, and more specialized or unique offerings such as sour beers or flavored ciders.[12]

Figure 45. Olympic Bluffs Cidery and Lavender Farm



Source: Olympic Bluffs Cidery and Lavender Farm

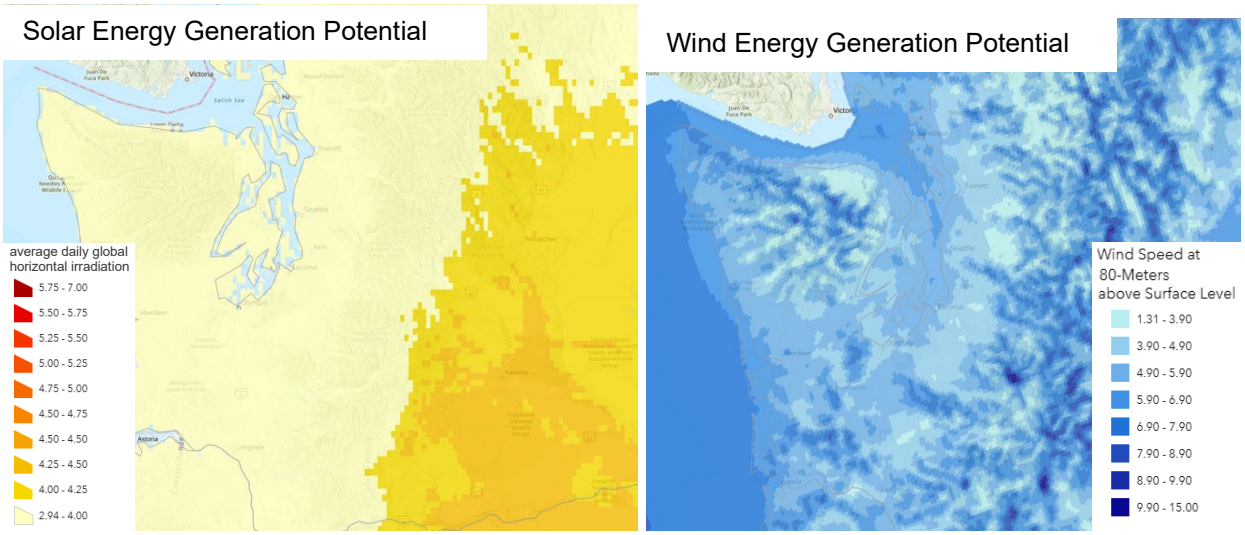
Given the emergence of three new craft beverage companies in the region since 2020 as well as the existing base, there may be some saturation of the market in the region which could make new beverage manufacturing more challenging, particularly for alcoholic beverages. However, consumer trends towards more unique products, such as the lavender farm/cider combo found at Olympic Bluffs, could lead to small-scale specialty enterprises popping up. Additionally, Sequim itself does not have a brewery or winery in the city. The HTLI and EOA zones currently allow beverage products, so there are not specific regulatory barriers to opening these businesses in the most likely areas of the city. In these employment zones, food and drink manufactured on premises can be sold in a tasting room, retail store, or restaurant as long as it does not take up more than 25 percent of gross square footage. While this currently requires a conditional use permit, the City could consider allowing this by right if it wants to recruit food and beverage manufacturers. **The challenging nature of small food and beverage overall suggests that this is unlikely to be a key sector in the city, but the existing cluster and shifting consumer preferences could lead to some small-scale innovative alcoholic or nonalcoholic beverage manufacturing opportunities in Sequim in the coming decades.**

Alternative Energy

Washington's Clean Energy Transition Act (CETA), signed into law in 2019, commits the state to an electricity supply free of greenhouse gas emissions by 2045. This will require significant investments in both infrastructure and innovation. From the standpoint of clean energy generation and siting, Sequim is not particularly well positioned compared to other parts of the state. EPA siting data on solar and wind potential is shown below in Figure 46. The U.S. NREL Marine Energy Atlas also shows low wave and tidal energy potential for the area.[13] Additionally, these are clearly land uses better suited outside city limits, although there may be some potential for small-scale rooftop solar on new construction in the city, particularly community owned or cooperative solar projects. For example, Washington State University's Community Solar Expansion Program provides incentives for new projects that can reduce energy burden for low-income beneficiaries, and has funded a solar installation at the Clallam County PUD site near Sequim,[14] and the Holiday Inn in Sequim has also installed rooftop solar panels.

[11] https://washingtonbeerblog.com/what-factors-influence-the-growth-of-new-breweries-in-washington/
[12] https://washingtonbeerblog.com/headwinds-or-new-reality-bart-watson-addresses-the-cbc/
[13] https://maps.nrel.gov/marine-energy-atlas/
[14] https://www.energy.wsu.edu/RenewableEnergy/CommunitySolarProgram.aspx

Figure 46. Solar and Wind Energy Generation Potential in Western Washington



Source: EPA RePowering Mapper 3.0

Outside of generation, there are also potential opportunities in the clean energy sector which could potentially generate well-paying jobs, build on the research sector in the area due to the presence of PNNL (see further information on the PNNL later in this section), and be accommodated in Sequim's employment zones, particularly if uses or standards are slightly relaxed in the HTLI or EOA areas. The state's Clean Energy Fund's Research, Development, and Demonstration Program has funded a wide variety of projects including biomass studies, modular carbon capture research and manufacturing, and various technologies to add renewable generation capacity to existing industrial uses. **Such small-scale innovative projects would not require extensive infrastructure investments or land availability and could have a beneficial effect on diversifying Sequim's employment base and encouraging higher-wage jobs. The City should also consider marketing such uses to potential partners in its economic development strategy, particularly considering the proximity to the PNNL.**

Amazon Warehouse / Fulfillment Center

In 2025 and 2026, Amazon has been significantly increasing its warehousing and delivery operations in rural areas, planning to add 210 new rural delivery stations by the end of 2026. Previously, most Amazon deliveries in these areas were contracted out to the U.S. Postal Service, which is planning to correspondingly cut thousands of jobs nationwide as Amazon takes over a larger share of its own deliveries.[15] The company has recently submitted plans to build a new warehouse in the Port Angeles UGA, near the airport, after searching around the Olympic Peninsula for the right location for some time, including near Sequim in the Carlsborg UGA. The Port Angeles facility is expected to employ 93 people and generate 544 daily average trips from employees.[16]

The Sequim and greater Olympic Peninsula community have expressed concerns and varied viewpoints on the Amazon warehouse siting. A variety of studies have been conducted over the past decade to attempt to quantify the economic benefits and detriments of the arrival of an Amazon facility in a given city or town. Studies in 2018[17] and 2020[18] found that Amazon fulfillment centers do not translate to broader job growth, since the job increases from the warehouse are lost in other sectors, though one of the studies showed slightly better results in more rural

[15] https://www.supplychainbrain.com/articles/41666-amazon-plans-to-build-dozens-of-us-warehouses-in-rural-expansion
[16] https://www.peninsuladailynews.com/news/amazon-submits-permits-with-the-city-of-port-angeles/
[17] https://www.epi.org/publication/unfulfilled-promises-amazon-warehouses-do-not-generate-broad-based-employment-growth/
[18] https://minds.wisconsin.edu/handle/1793/80935

Western areas. A 2024 research paper[19], on the other hand, found that Amazon's entry into a metro area increases employment by one percent and total wages by 0.7 percent, though rents, utilities, and home values also increased with the arrival of fulfillment centers in the community. Importantly however, all three studies concluded that local governments are overspending on incentives to attract Amazon relative to the economic gains – even the study which found economic gains found that they were rarely large enough to justify the level of subsidies that many cities are granting through incentives to recruit Amazon. The Port Angeles warehouse seems likely to have a marginal impact on regional employment, but given its proximity to Sequim, it is unlikely that another such warehouse siting is likely to occur in the near future. **Given the relatively small economic benefits and current Amazon warehouse under development in Port Angeles, Sequim is unlikely to be competitive in attracting a fulfillment center in the near term. However, the City should ensure that it is an allowed use to position it to take advantage of future opportunities.**

Local Entrepreneurship / Flex Industrial

Although Sequim is not an industrial hub nor is there much industrially zoned land in the city, there may be some opportunities for flex industrial development in the HTLI or EOA zones that could serve several functions. As discussed later in this report starting on p. 60, Sequim's inventory of office space is low, particularly for non-healthcare related office space, and office vacancies are also below a healthy market level. Additionally, there is potentially market demand for small manufacturing businesses, such as in food, beverage, and wood products, as well as potentially some scientific or tech-related industries. Both of these potential uses could be accommodated through flex industrial development, which can take several forms ranging from a more traditional single-story warehouse-style building with office space included to an incubator space with shared equipment and facilities for small businesses. Both types of spaces have seen significant market demand nationally in the past decade, driven by the desire for post-pandemic flexibility around office space, lack of inventory overall, and the continued rise of start-ups and the entrepreneurial business landscape, particularly in tech and research-oriented sectors.[20]

Figure 47. Colfax Business Incubator (left), Industry Space Seattle (right)



Source: WA Department of Commerce, Industry Space Seattle

Incubator space could serve a wide range of potential users and encourage more new business formation in the city. Incubator spaces can also be effective uses for existing buildings. For example, in Colfax, WA, the downtown association bought and renovated a historic building which currently houses a wine bar, restaurant, and soap

[19] https://reason.com/2024/12/16/amazon-warehouses-benefit-local-economies-study-finds/
[20] https://www.mmcganalytics.com/post/the-evolution-of-u-s-industrial-flex-space-20-years-of-transformation-for-startups

manufacturer, alongside the downtown association's offices.[21] In Seattle, Industry Space Seattle contains 26 industrial workspaces in a 53,000 square foot building containing an array of expensive machinery such as 10 overhead cranes which would cost $60,000-$80,000 each. Sharing these costs has greatly reduced costs and increased opportunities for several small local firms.[22]

In Sequim, the City could help encourage flex industrial development and entrepreneurship by allowing a wider range of uses in the HTLI zone, specifically including office, as well as potentially through land acquisition or partnerships with property owners. partnering with the Chamber of Commerce, EDC, or other regional organizations to conduct outreach to small businesses would help the City gauge demand for these types of spaces. Outreach could include maintaining a Chamber membership and attending events or conducting roundtable discussions.

Pacific Northwest National Laboratory

Just outside the city in the Sequim UGA is the Pacific Northwest National Laboratory (PNNL)'s Sequim campus, the only Department of Energy marine research facility in the country. The PNNL conducts a wide range of research activities ranging from marine energy, biofuels, and climate change to coastal risk hazard prediction and the effects of chemicals in marine environments. The facility employs 80-100 highly trained staff members with a range of scientific expertise.[23] Currently, the lab is undergoing an expansion to enlarge its facilities and upgrade the dock to accommodate a new research vessel. As part of this expansion, the City also received funding to expand utilities to serve the lab area, which will be incorporated in their 2025-2030 Capital Improvement Program.[24] The PNNL expansion will likely generate additional employment, perhaps doubling the number of scientists employed by the lab and bringing more high-wage jobs to the City.

Figure 48. Pacific Northwest National Laboratory, Ebb Carbon Facility at PNNL



Source: Andrea Starr / Sequim Gazette, Ebb Carbon

Although the lab brings high-paying scientific and research jobs to the area, it has been self-contained overall, without significantly impacting the overall employment landscape or spurring an agglomeration of research and scientific employment in the area. Although the PNNL is and has been managed by a private company, Battelle, since its inception, there has been little outsourcing or contracting with local firms or non-governmental entities. One exception is a recent project with Ebb Carbon, a San-Francisco based company working on removing carbon

[21] https://www.commerce.wa.gov/colfax-downtown-association-incubator-program-supports-business-development-rural-revitalization/
[22] https://seattlebusinessmag.com/manufacturing/industry-space-seattle-gives-small-manufacturers-room-grow
[23] https://www.pnnl.gov/pnnl-sequim
[24] https://www.sequimgazette.com/news/pnnl-sequim-expansion-linked-to-west-sequim-bay-road-utility-additions/

from the ocean. Since 2023, they have been operating a 100-ton/year ocean carbon dioxide removal system at the PNNL, funded by public, private, academic, and philanthropic partners.[25]

As the PNNL expands, the City should continue outreach to the lab to understand potential contracting and employment needs. In addition to potentially providing space for other research or technology uses in commercial and industrial zones, stakeholder interviews indicated that the lab has had issues with recruitment due to ongoing challenges with schools and the lack of health care in the city. These larger-picture issues are important from the lens of economic development overall in Sequim, particularly in terms of recruiting higher-paying jobs.

Recommendations

Topic	Recommendation
Tourism	• Work to extend the tourism season through holiday specific programming and content, promoting local tourism, identifying strategies for specific groups such as corporate retreats, weddings, etc., and partnering with the Olympic Peninsula Visitor Bureau and Tourism Commission. • Encourage the development of a sufficient supply of housing affordable to workers in the tourism industry through zoning for a wider variety of housing types, creating incentives for affordable housing development, and engaging with employers around housing needs.
Employment Sectors	• Target higher-wage jobs in industries in which Sequim has a regional advantage, including wood product manufacturing and beverage manufacturing, through zoning changes (see below), engagement with industry groups, and marketing. • Coordinate with the Port of Port Angeles to determine if there is the potential for marine employment uses at or near the John Wayne Marina. • Promote Sequim as a location for clean energy research and development with the proximity to the Pacific Northwest National Laboratory (PNNL) and through flexible uses in commercial zones. • Build on the presence of the PNNL and support lab expansion through engagement, marketing, and support for the housing, education, and health care needs of lab workers, as appropriate. • Encourage flex industrial development and entrepreneurship through partnerships with economic development organizations and potentially land or building acquisition and refurbishment.

[25] https://www.ebbcarbon.com/site-sequim-pnnl

Real Estate Market Trends



Real Estate Market Trends

Introduction and Key Findings

Real estate trends are an indicator of what types of commercial growth are likely in the near term. While they are not necessarily predictive of what will happen in the future, key indicators like rent growth, vacancy rates, and past development trends can help shed light on potential opportunities for growth. This section includes trends related to the housing, retail, office, health care, industrial, and hospitality sectors. As the City considers potential opportunities for growth, these trends offer insights into demand and development feasibility.

Several key findings are presented below, followed by a full market analysis and conclusions.

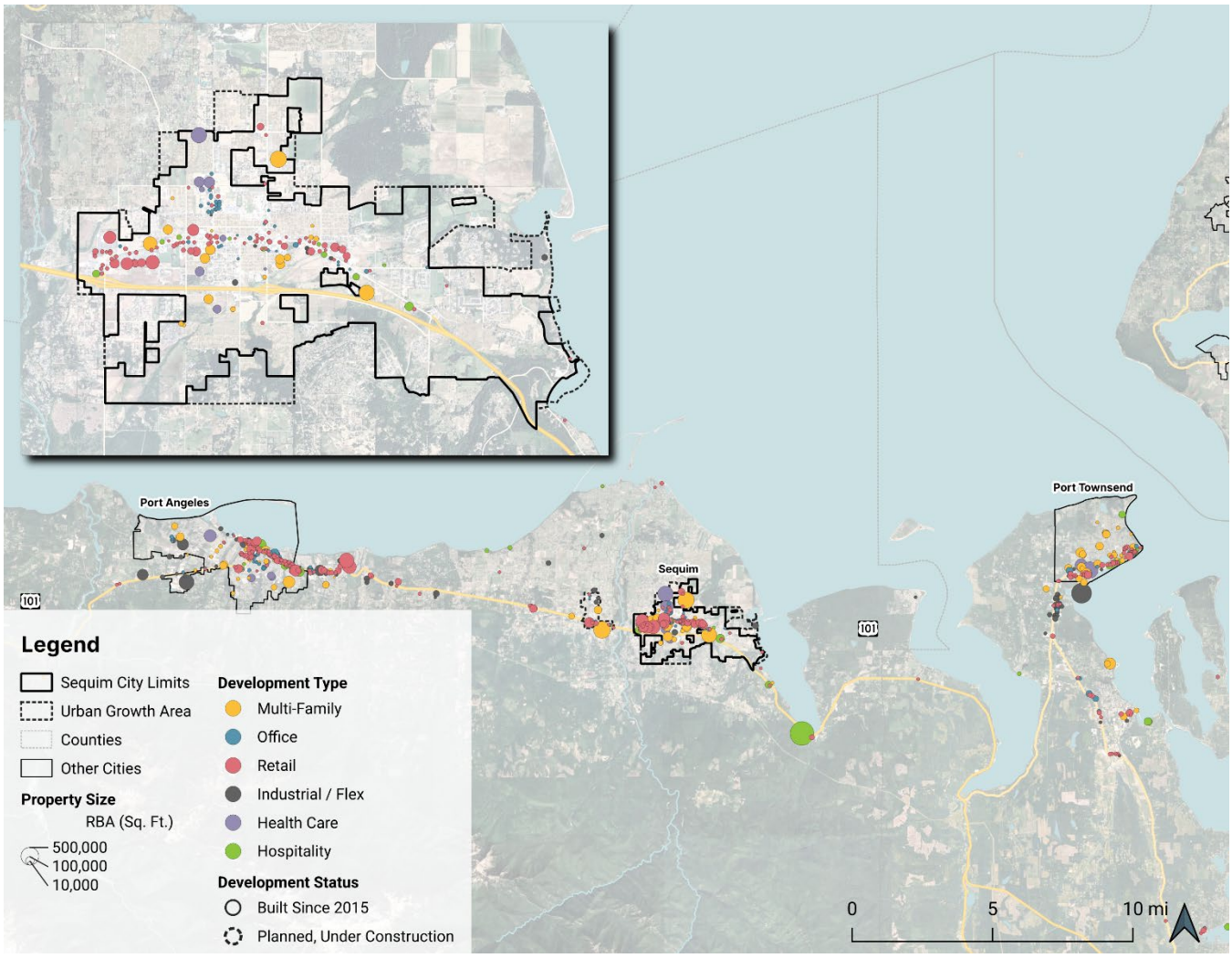
KEY FINDINGS

- Sequim is the **major retail center** on the Olympic Peninsula, and most new commercial development in the city in recent years has been retail located on the west side of town.
- **Home prices have been rising** continuously over the past decade, causing fewer moderate- and low-income households to be able to afford to buy housing in the city.
- **Demand for apartments is outpacing supply** across the Olympic Peninsula, with vacancy rates lower than one percent as of 2025. Most multifamily apartments built in Sequim were constructed between 1980 and 2009.
- Port Angeles is the major hub for office space on the Olympic Peninsula. The rise in remote work that began during the COVID-19 pandemic has led to a **significant slowdown in speculative office space nationwide**. However, **there is land available in Sequim for a new employer to build dedicated office space if needed**.
- Although Sequim is home to the Jamestown Family Health Clinic and Jamestown Healing Clinic, **it does not have the volume of health services typically associated with retirement destinations**. As the population ages, it is likely to need more health services
- Unlike the other cities on the Olympic Peninsula, Sequim lacks a working port. As a result, **it is not a significant hub for industrial space**. Industrial uses near Sequim are concentrated in Carlsborg, outside of the city limits.
- **The seasonality of the hotel market in Sequim makes attracting new hotel rooms challenging**. However, it is clear that there is a need for more lodging during peak seasons. While short term rentals (STRs) help absorb some seasonal demand, **future increases in tourism could make new hotel rooms more viable**.

Overview

Figure 49 below shows the distribution of properties by type across the Olympic Peninsula and in Sequim. Most of the retail on the Peninsula is located in Port Angeles and Sequim. In Sequim, multifamily and retail are clustered around Washington Street, with assisted living facilities located in the Lifestyle District. Industrial space is largely outside of city limits.

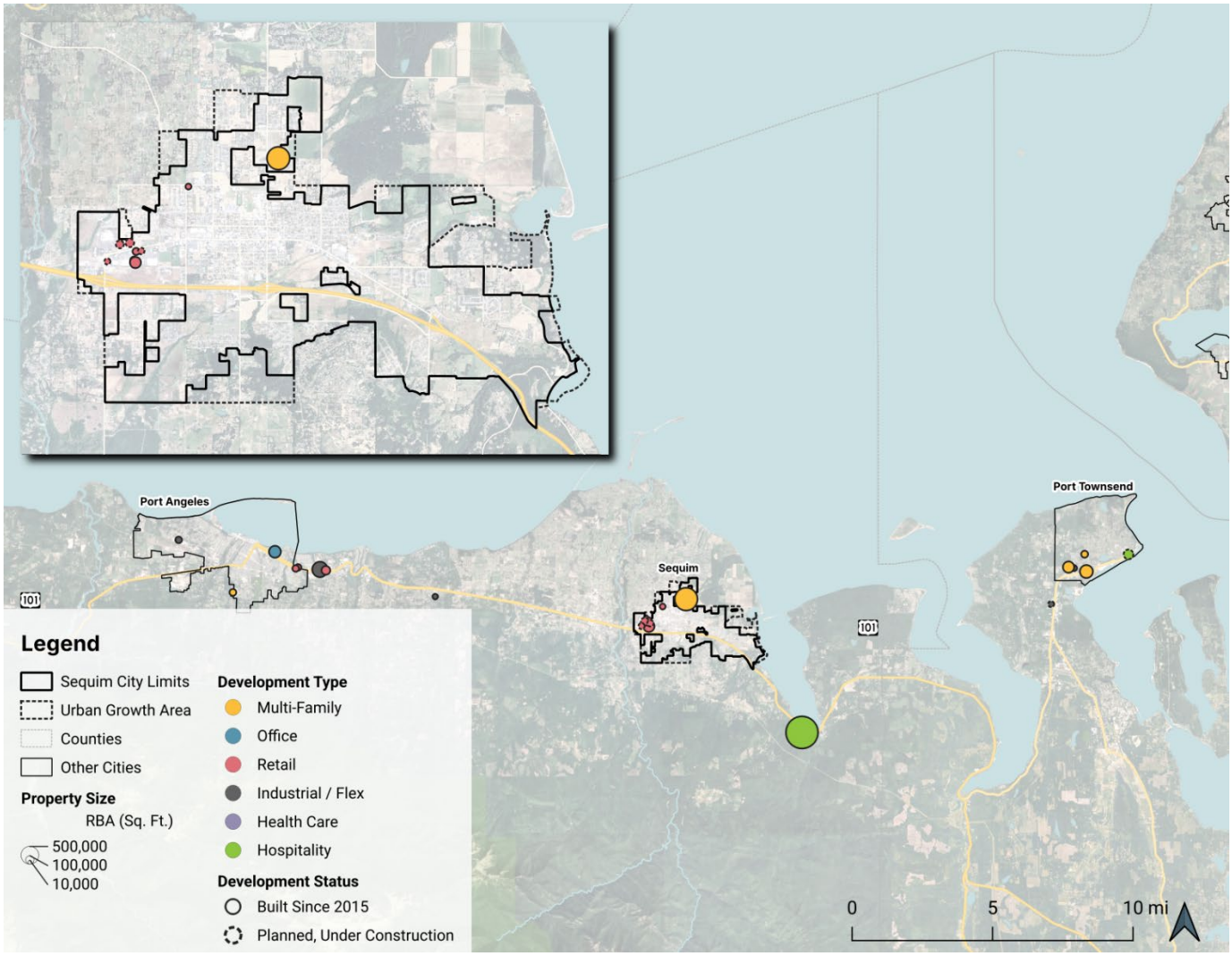
Figure 49. Map of Commercial Properties in the Olympic Peninsula



Source: CoStar; Leland Consulting Group

Figure 50 below shows the properties built since 2015 on the Olympic Peninsula. Of the three major cities, Sequim is the only one with significant retail development, which is primarily located in the big box cluster on the west side of town. The large multifamily property in the northern part of the city is the Lavender Meadows manufactured home development. The large hospitality development just southeast of Sequim is the Seven Cedars Casino, built by the Jamestown S'Klallam Tribe.

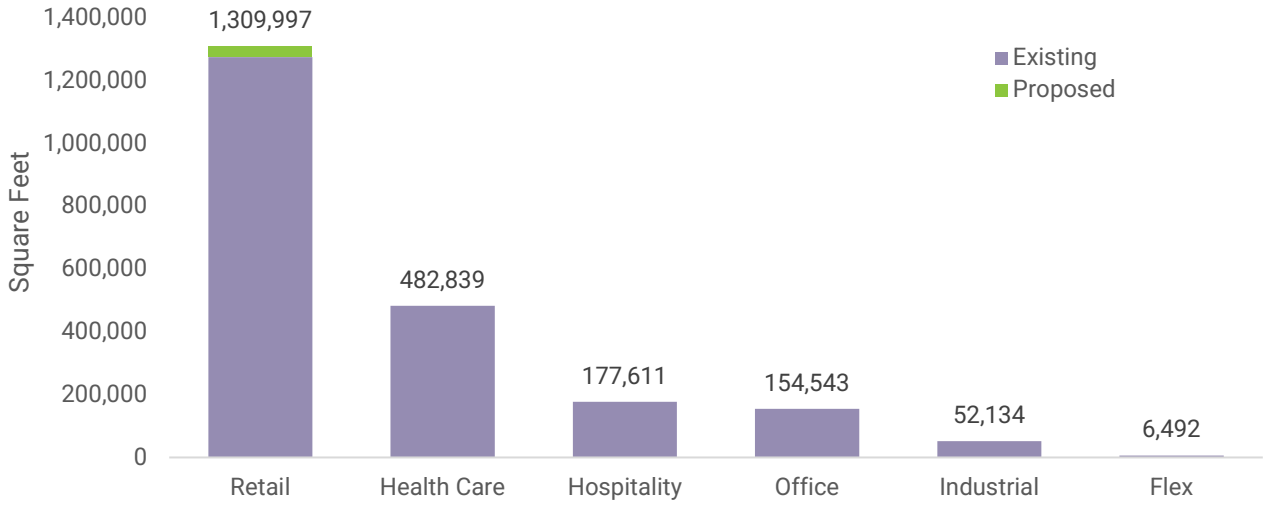
Figure 50. Map of Commercial Properties Built Since 2015 and Proposed



Source: CoStar; Leland Consulting Group

Data from CoStar utilizes addresses rather than precise city boundaries. As a result, the comparison charts between cities for each property type in the following sections do not adhere to city limits. For each use type, we have included a chart that shows the breakout between rentable building area, units, or hotel rooms within the actual city limits vs. additional properties outside of city limits with a Sequim address. Figure 51 below shows commercial (non-housing) space by property type within Sequim's city boundary. In addition, although CoStar maintains the largest database of properties nationwide, it is not comprehensive and therefore rent and vacancy data can exhibit some inaccuracy in smaller markets like Sequim, with limited commercial building inventories. Nevertheless, CoStar data can be helpful in understanding important trends.

Figure 51. Commercial (Non-Housing) Space within Sequim City Boundaries



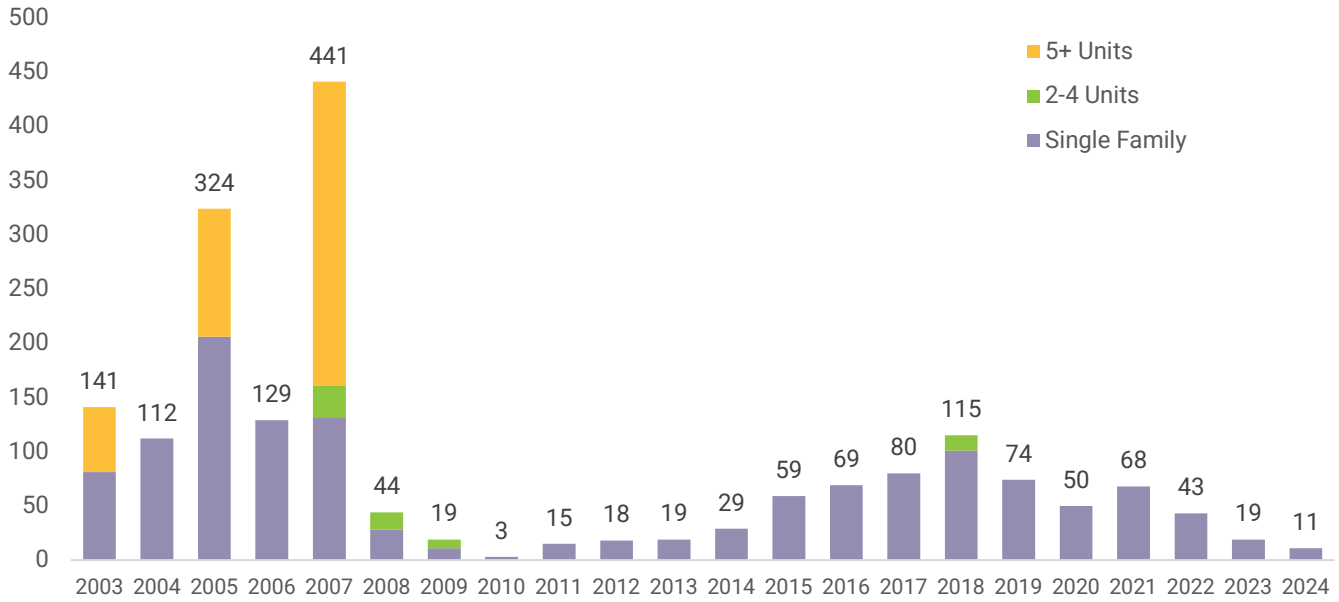
Source: CoStar.

Housing

Ownership

In Sequim, 58 percent of the housing is single family detached homes. Since 2008, single family housing has accounted for most of the new permits in the city, with the last large multifamily property permitted in 2007. Citywide, 60 percent of household are homeowners while 40 percent are renters.

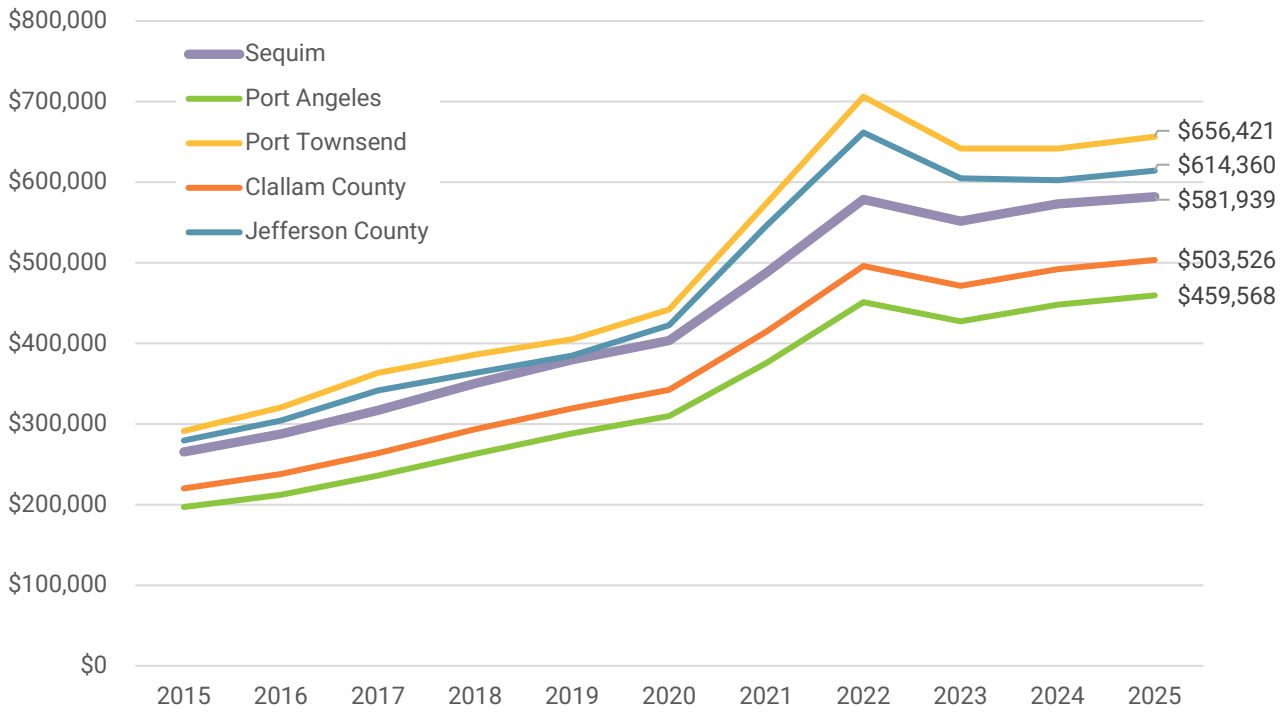
Figure 52. Housing Units Permitted by Type, 2003-2024



Source: U.S. Census Bureau SOCDS Building Permit Database

Figure 53 below shows the typical home price in Sequim and neighboring jurisdictions, based on the Zillow Home Value Index (ZHVI). The ZHVI is an indicator of the typical price of a home in the 35th to 65th percentile range of all homes sold in a period. Since 2015, the typical home price in Sequim has increased by 119 percent, from $265,386 in 2015 to $581,939 in 2025. Over the same period, home prices grew by 125 percent in Port Townsend and 133 percent in Port Angeles. Regionally, there was a spike in home prices between 2020 and 2022, but prices have started to level out since then. Although Sequim is an increasingly expensive place to live, it is still slightly more affordable than Port Townsend and Jefferson County.

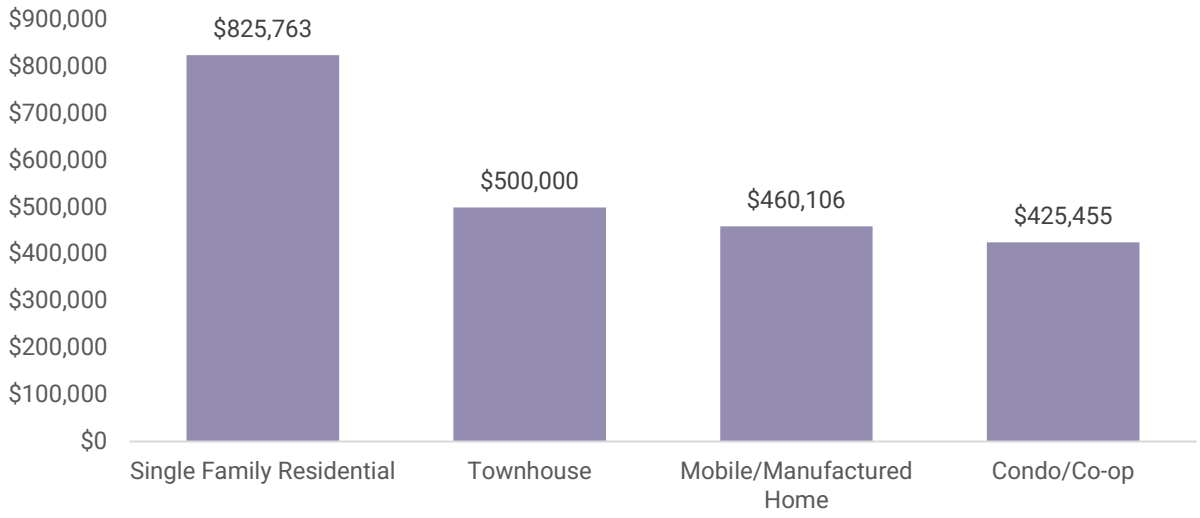
Figure 53. Home Prices in Sequim and Neighboring Jurisdictions, 2015-2025



Source: Zillow Home Value Index (ZHVI). Note: prices are as of June of each year.

Figure 54 below shows the average home price by type of current listings (as of August 2025) for properties built since 2015. There are currently 26 single family homes built since 2015 in and around Sequim listed on Redfin, with listings inside city limits ranging in price from $450,000 for a 1,500 square foot home ($300 per square foot) to $950,000 for a 3,057 square foot home ($311 per square foot). Removing some outlier properties with prices over $1 million outside of city limits, the average price of a single-family home built since 2015 is currently $664,385. Mobile homes built over the last decade range in price from $375,000 for a 1,458 square foot home ($257 per square foot) within city limits to $579,900 for a 1,269 square foot home ($457 per square foot) near the Cedars at Dungeness Golf Course.

Figure 54. Average Price of Homes for Sale in Sequim Built Since 2015

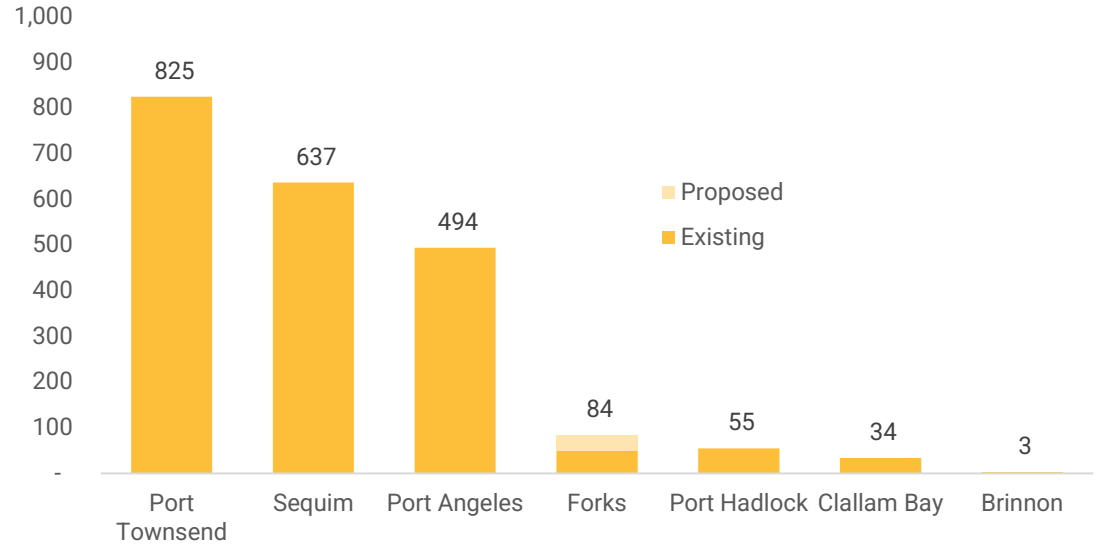


Source: Redfin. Data as of August 20, 2025.

Multifamily Rental

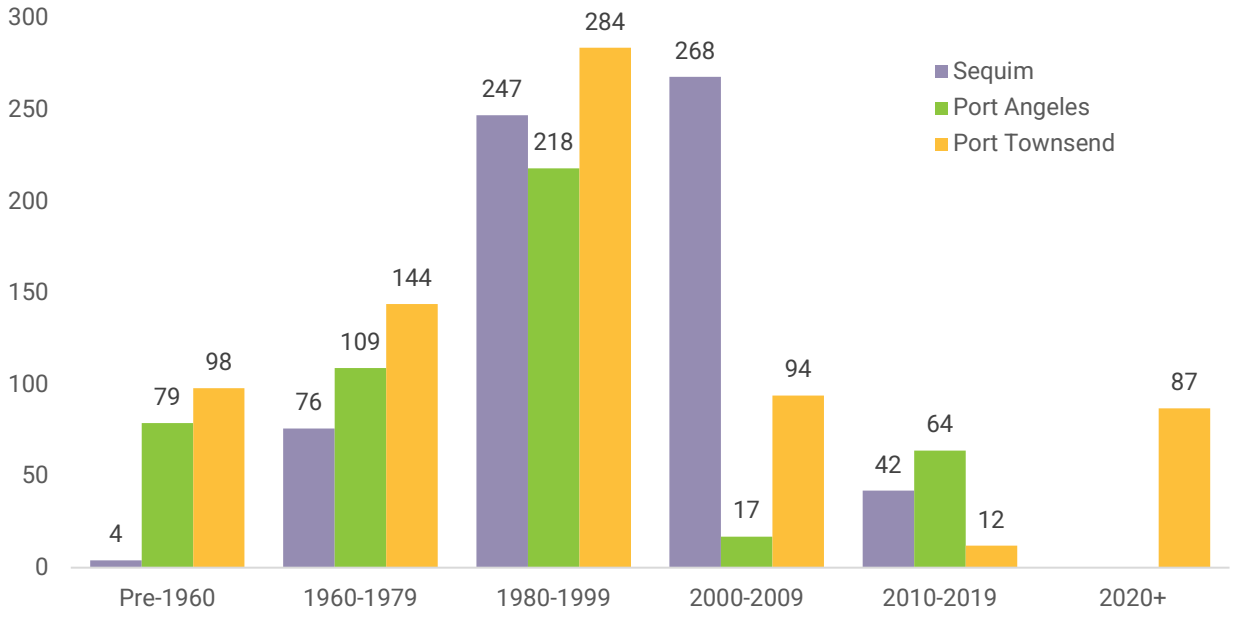
Within Clallam and Jefferson Counties, Port Townsend has the largest inventory of multifamily rental units, followed by Sequim. Port Angeles, which has a significantly higher population than Sequim, has fewer multifamily rental apartments.

Figure 55. Multifamily Rental Units by City



Source: CoStar.

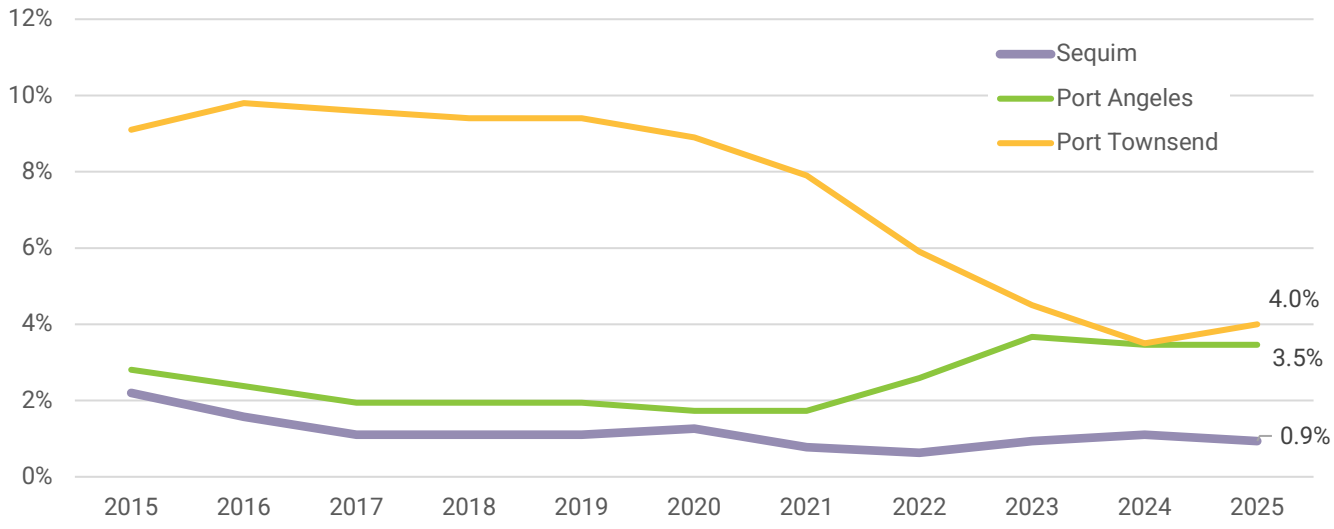
Figure 56. Multifamily Rental Units in Sequim by Year Built and Location



Source: CoStar.

Sequim has an extremely low vacancy rate for multifamily apartments, at 0.9 percent. Typically, the vacancy rate for apartments in a balanced market is five percent. While Port Townsend and Port Angeles have higher multifamily vacancy rates, demand appears to be outpacing supply in all three cities. Since 2015, Sequim's vacancy rate has been below two percent.

Figure 57. Multifamily Vacancy Rate, 2015-2025

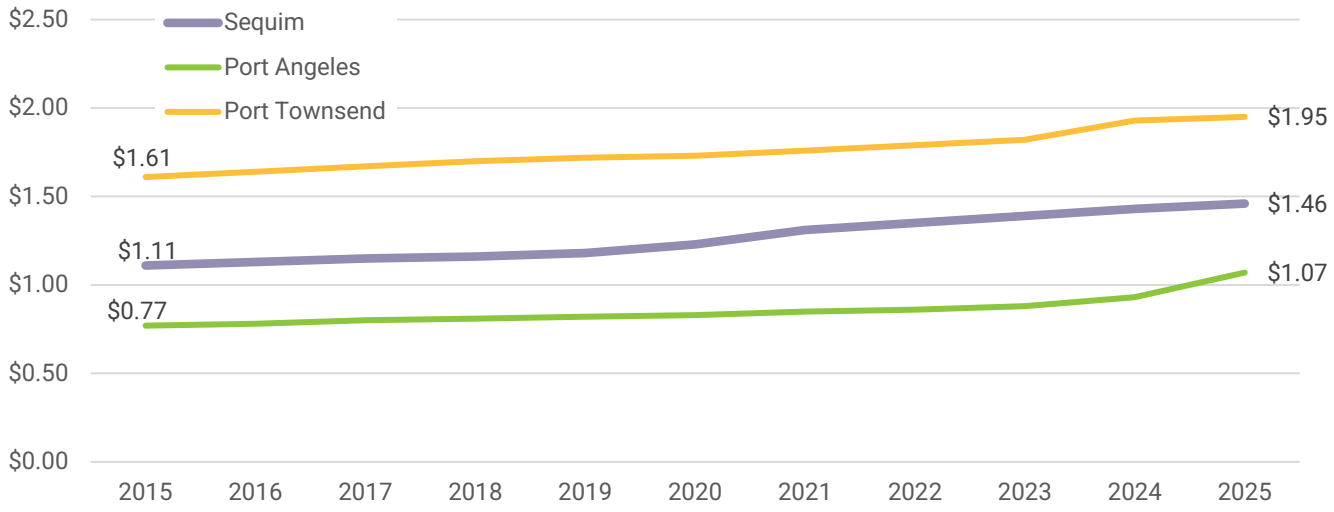


Source: CoStar.

Between 2015 and 2025, the rent per square foot per month for multifamily properties in Sequim increased by 31.5 percent from $1.11 per square foot per month to $1.46 per square foot per month. Over that same period, the price of a two-bedroom apartment in Sequim grew by 35 percent, from $859 per month to $1,163 per month.

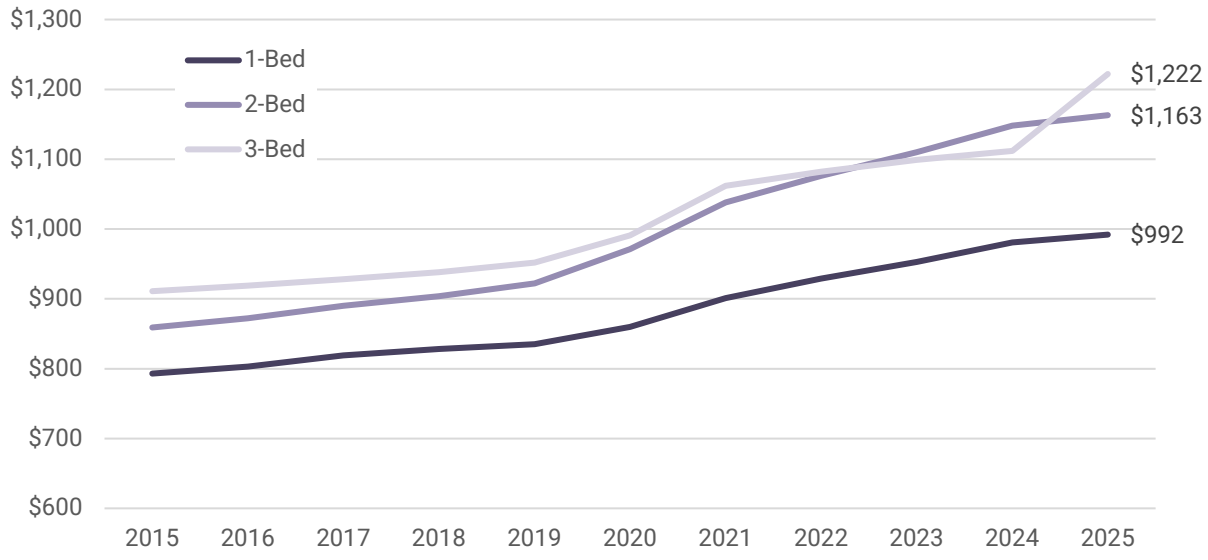
Multifamily properties in Sequim are relatively old, with just 42 units built since 2010. New apartments would likely rent at a premium over the current rents due to renter preference for newly constructed homes.

Figure 58. Asking Rent per Square Foot for Multifamily Housing, 2015-2025



Source: CoStar.

Figure 59. Asking Rent per Bedroom for Multifamily Housing in Sequim, 2015-2025



Source: CoStar.

Mixed Use

While Downtown Sequim's historic buildings have some upper floor apartments, mixed-use development has not been a popular typology for new development. Rents in Sequim are currently too low to support the construction costs of vertical mixed-use development, though that could change in the future as rents, construction costs, and interest rates fluctuate.

Mixed use development typically includes a mix of housing and commercial space. Vertical mixed-use buildings are typically podium-style, with ground floor retail and wood framed housing above. Horizontal mixed-use developments are typically housing properties or neighborhoods that include a separate building or buildings with retail, office, or other commercial space. These types of developments can help connect residents with services and are especially well-suited to areas with denser populations or those adjacent to existing commercial streets.

Figure 60. Aspire 11, Podium-Style Mixed-Use Property in Tacoma, WA Built in 2025



Source: CoStar.

Figure 61. Independence Landing, a Horizontal Mixed-Use Development in Independence, OR Built in2020



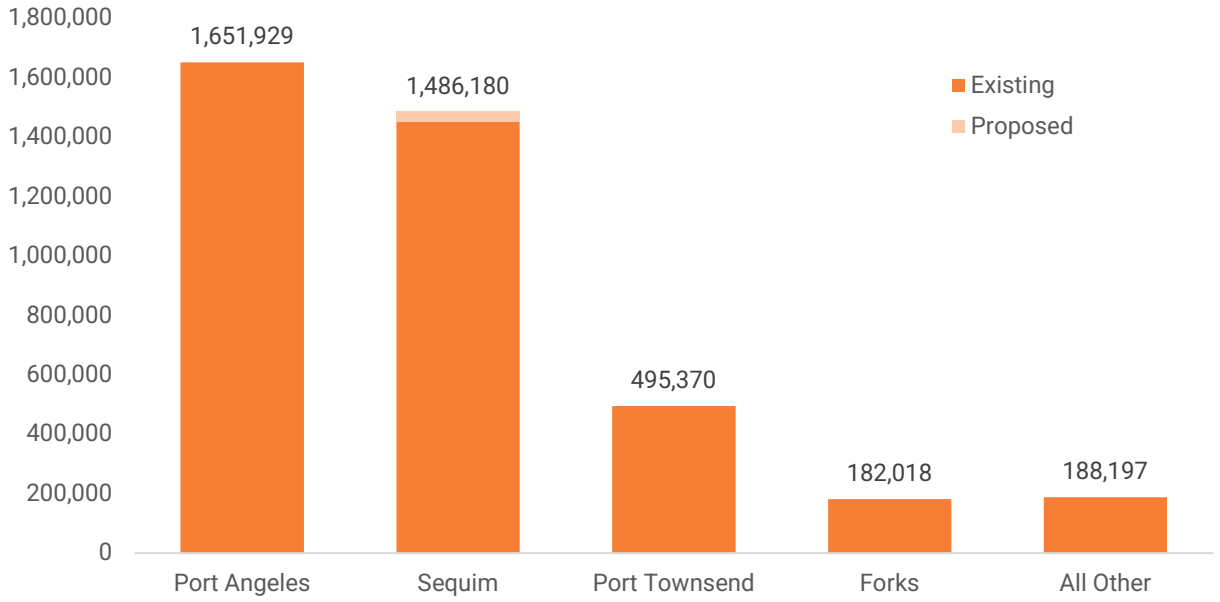
Source: Tokola Properties

Providing developers with the option to build mixed-use developments without requiring it can help cities more flexibly align with market forces. In areas where vertical mixed use is desired by the City, it can be incentivized through increased flexibility in parking requirements, funding support for infrastructure like structured parking, and density and/or height bonuses. Sequim is currently updating its zoning code to allow “flexible use” first floors, which would be built to commercial code but can accommodate residential or non-residential uses to allow developers to respond to market demand.

Retail

Port Angeles and Sequim have the most retail space among cities in Jefferson and Clallam Counties. As of 2025, Sequim (including areas outside of city limits) has 1.45 million square feet of existing retail and another 35,000 square feet of proposed retail space. Of the existing space, 1.27 million square feet (88 percent) are within Sequim’s city limits.

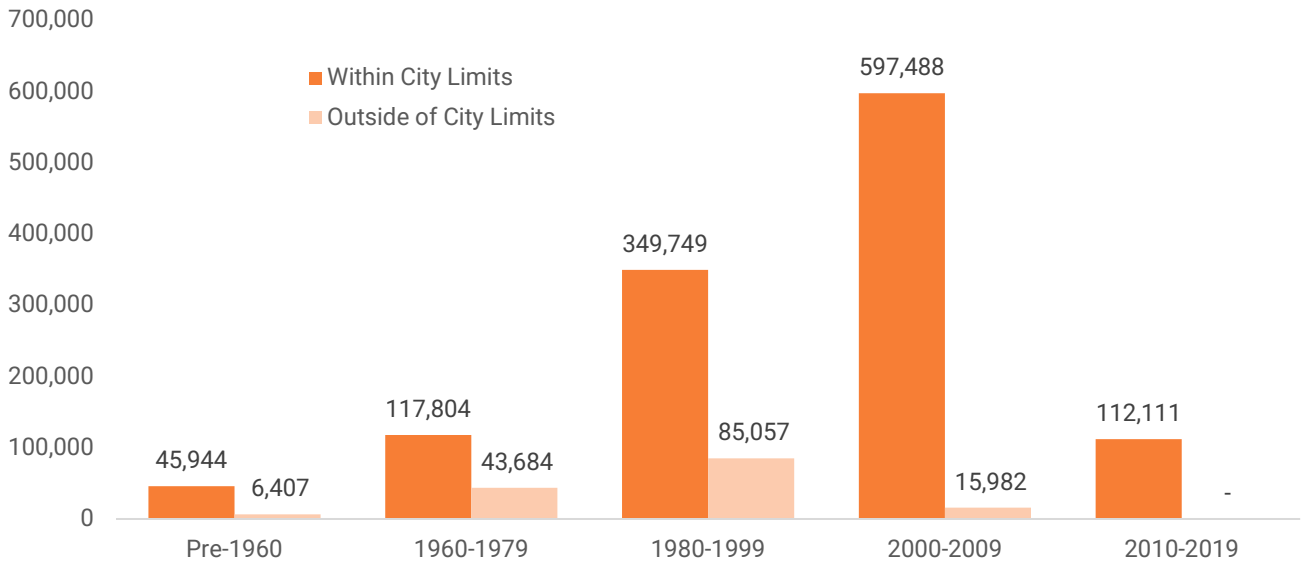
Figure 62. Square Feet of Retail Space by City



Source: CoStar.

Sequim is a hub for “big box” retail in the Olympic Peninsula. Most of these stores are located on the west side of town and were built between 2005 and 2018. The Sequim Village Marketplace, a 100,000 square foot retail center featuring ULTA Beauty and Ross Dress for Less was completed in 2018. There are four additional pads along W Washington Street that are expected to be built out with around 35,000 square feet of retail space in the future.

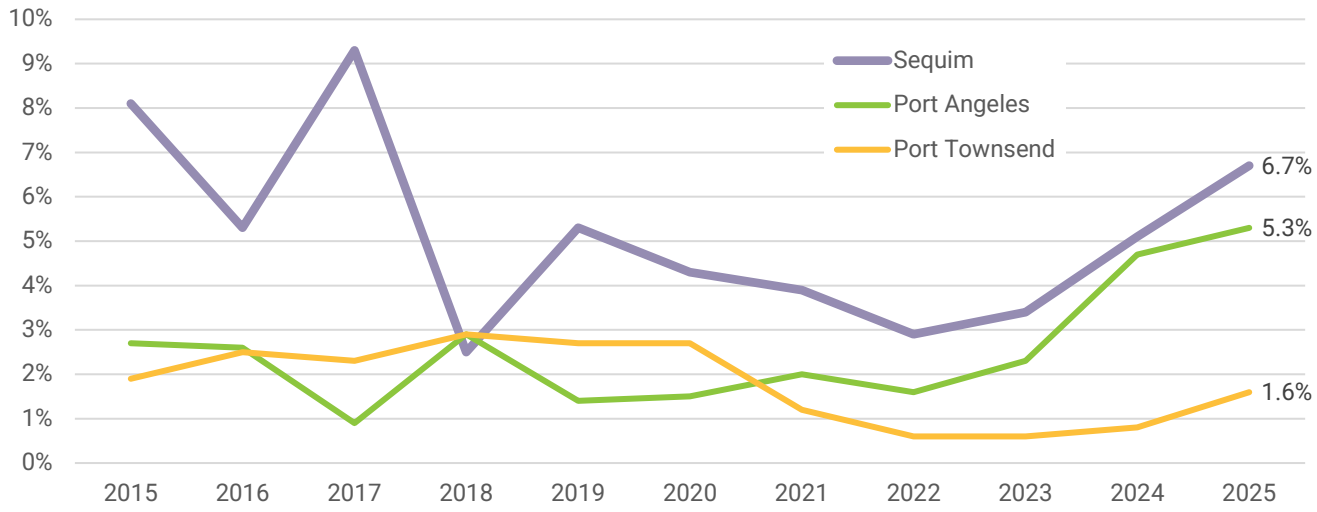
Figure 63. Square Feet of Retail in Sequim by Year Built and Location



Source: CoStar.

While retail vacancy is extremely low in Port Townsend, both Sequim and Port Angeles appear to have a relatively balanced market (per industry best practices, a healthy retail vacancy is five to ten percent).

Figure 64. Retail Vacancy Rates, 2015-2025

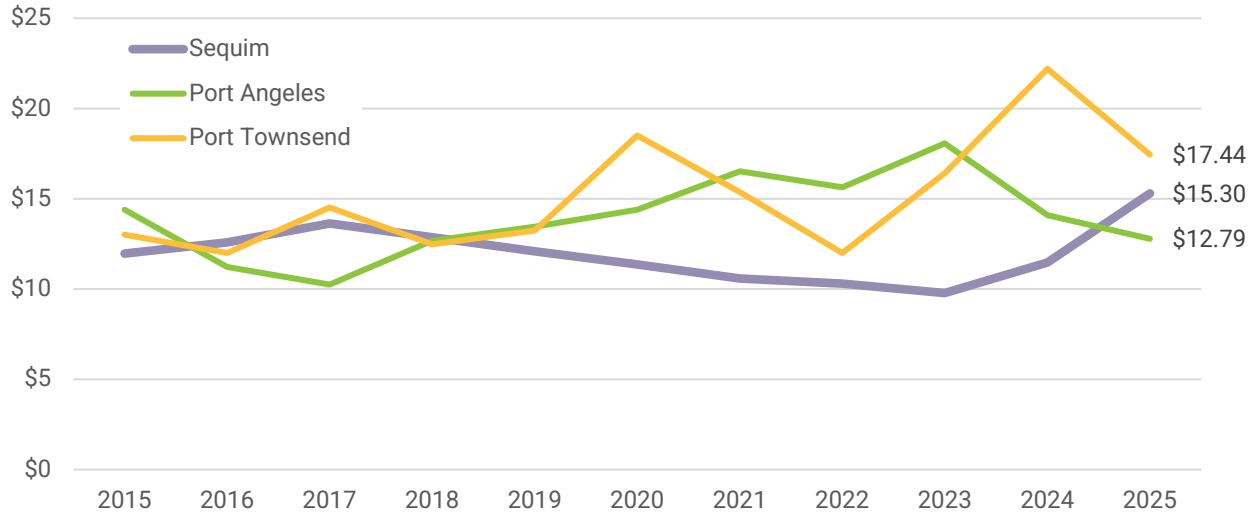


Source: CoStar.

As of 2025, the market triple-net (NNN[26]) asking rent for retail space in Sequim is higher than in Port Angeles, though both cities have slightly lower rents than Port Townsend. Retail rent in the region has been relatively flat over the past decade.

[26] Triple-Net (NNN) leases are commercial leases where the tenant is expected to pay all operating expenses associated with the property they are leasing.

Figure 65. Retail Triple-Net Asking Rent per Square Foot per Year, 2015-2025



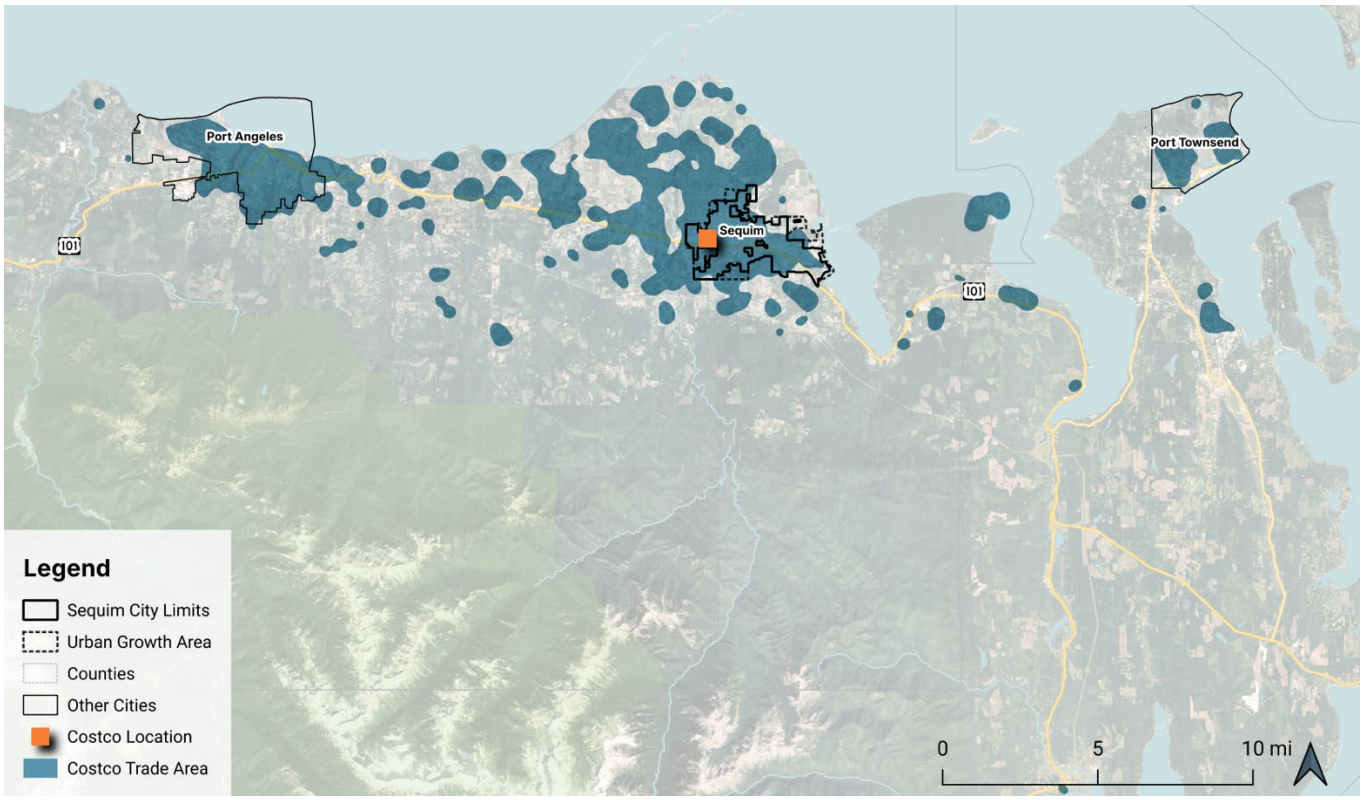
Source: CoStar.

Big box retail is an important component of Sequim's economy. Sequim's location between Port Townsend and Port Angeles positions it as a regional retail hub. The main commercial area on the west side of Sequim is anchored by Walmart, Costco, and Home Depot. Of these, Walmart is the only big box store with a competing location in Port Angeles. As shown below in Figure 66, the Costco in Sequim serves a trade area comprising all three northern Peninsula cities as well as the unincorporated areas around Sequim. Despite the prominence of these stores in the region and the benefits they accrue to regional residents, the big box stores in this area are not as high performing as others in the state.

According to anonymized cell phone location data collected by Placer.ai, the Costco in Sequim is in the ninth percentile for visits among Costco stores in Washington. Similarly, the Sequim Walmart is in the 16th percentile and Home Depot is in the 21st percentile for visits statewide. These metrics are for total visits, and do not capture the relative size or spending of each visitor. Additionally, when controlled for store size (visits per square foot), the Sequim Walmart is in the 55th percentile nationwide. Sequim has a locational advantage because it is between Port Angeles and Port Townsend. However, the Olympic Peninsula is somewhat isolated and is not a large population center. Because of this, it is not surprising that these stores have lower visitation rates than others in Washington, particularly those in the Seattle metro area. But within the Olympic Peninsula, Sequim is a major retail hub attracting visitors from a wide trade area.

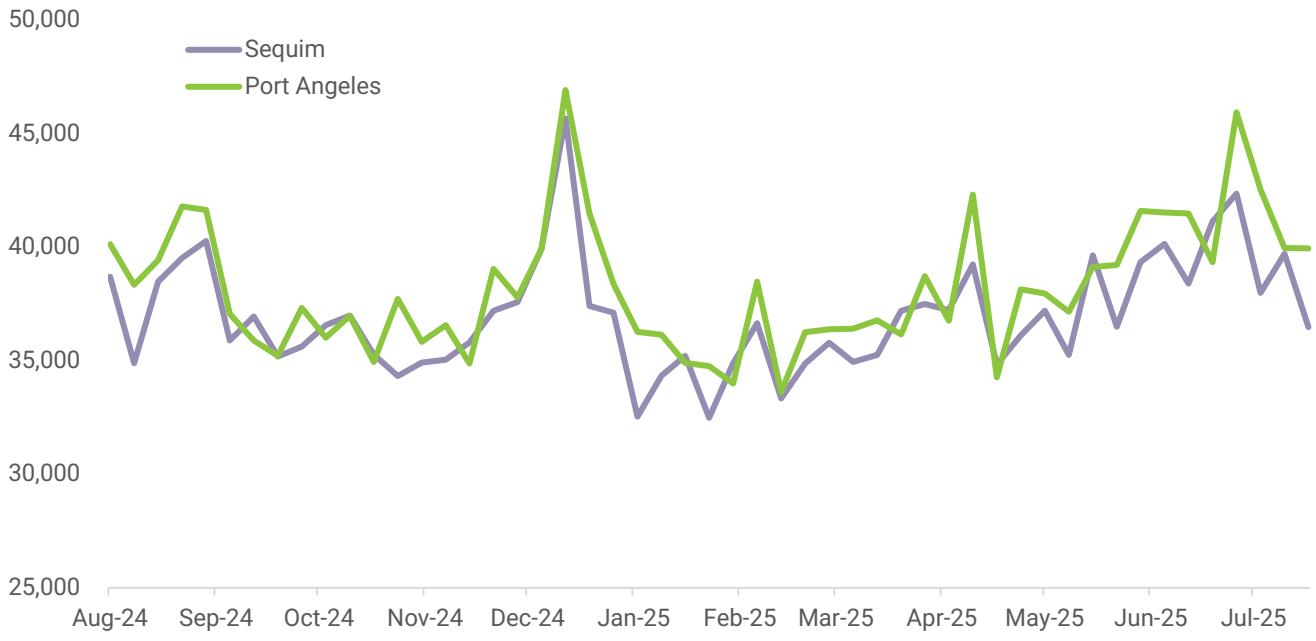
As shown below, the Walmarts in Sequim and Port Angeles serve a very similar number of customers throughout the year. While the limited population on the Olympic Peninsula could potentially limit the viability of similar types of businesses to Costco and Walmart that provide a mix of grocery, home goods, clothing, and electronics, there could be opportunities for more specialized large-format retailers.

Figure 66. 70 Percent Trade Area of Sequim Costco



Source: Placer.ai

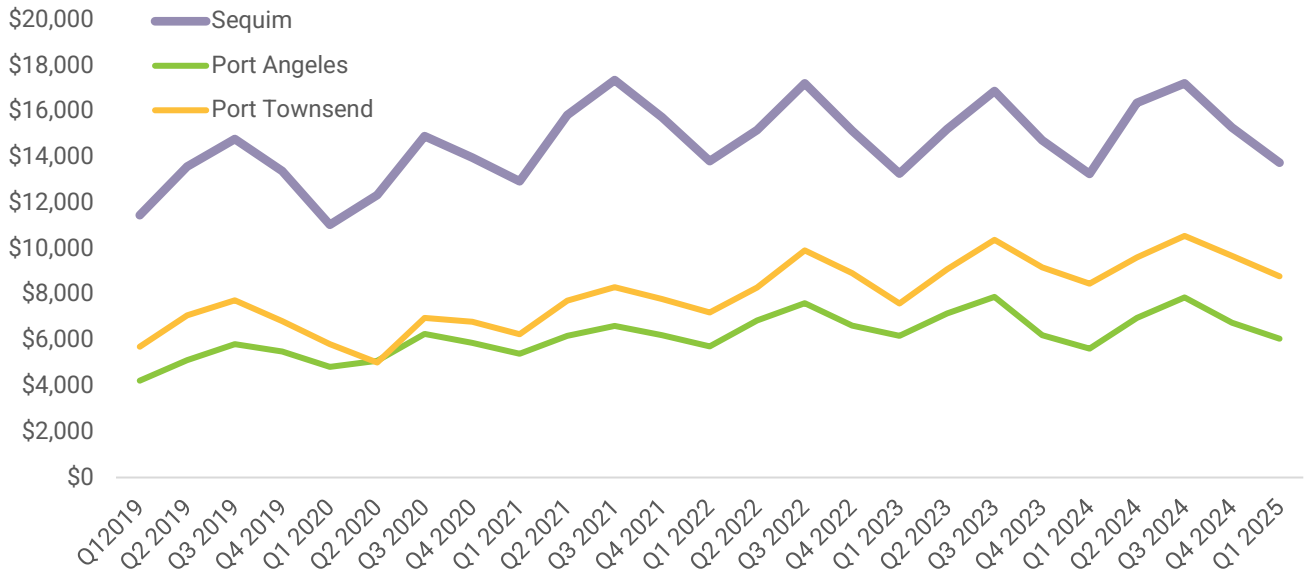
Figure 67. Weekly Visits to Walmart Stores in Sequim and Port Angeles, 2024-2025



Source: Placer.ai

Of the three largest cities on the Olympic Peninsula, Sequim has the highest retail sales per capita. In all three cities, retail sales are seasonal with peaks in the third quarter of each year. In the third quarter of 2024, Sequim saw $17,216 in retail sales per capita compared to $8,787 in Port Townsend and $6,065 in Port Angeles. While the region saw retail sales dip in the first quarter of 2020 due to the COVID-19 pandemic, there was not a prolonged slump in sales. As of the third quarter of 2024, all three cities have higher retail sales per capita than in the third quarter of 2019.

Figure 68. Per Capita Quarterly Taxable Retail Sales, 2019-2025

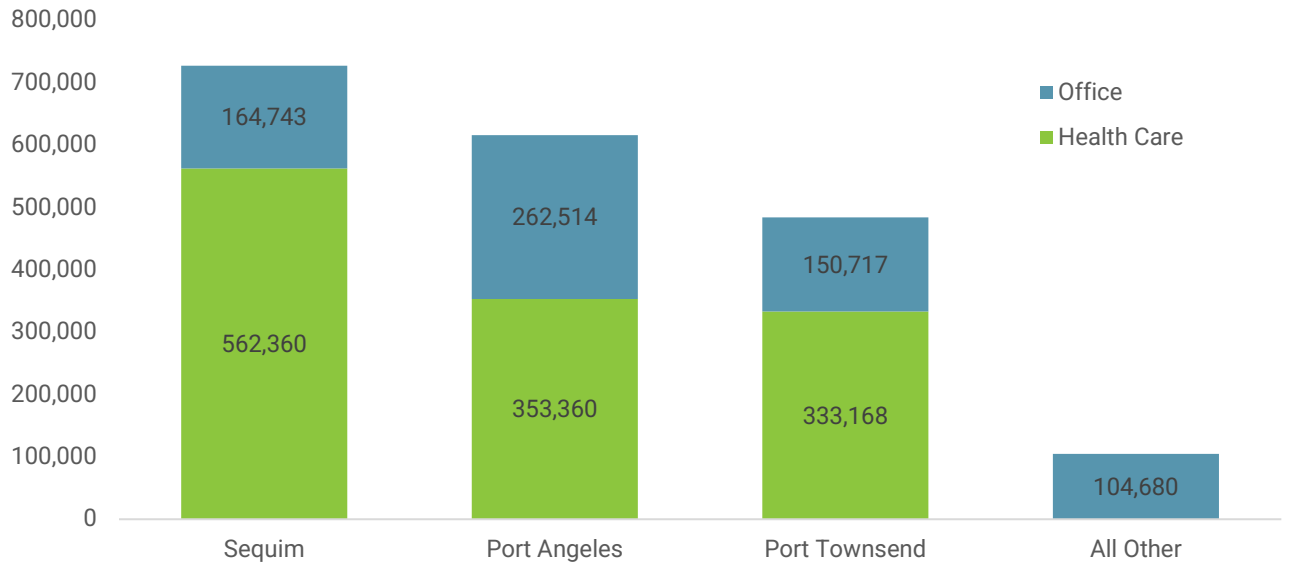


Source: Washington Department of Revenue

Office / Health Care

Sequim is home to nearly 165,000 square feet of office space and over 562,000 square feet of health care space. Figure 69 below shows the distribution of office and health care space among Clallam and Jefferson County cities. The health care category includes health care providers like rehabilitation facilities and doctors' offices as well as assisted living facilities and hospitals like the Olympic Medical Center in Port Angeles and Sequim. While Sequim has more office space than Port Townsend, much of this is assisted living and memory care facilities rather than hospitals and health care providers. All of the health care space and all but 10,200 square feet the office space with a Sequim address is within city limits.

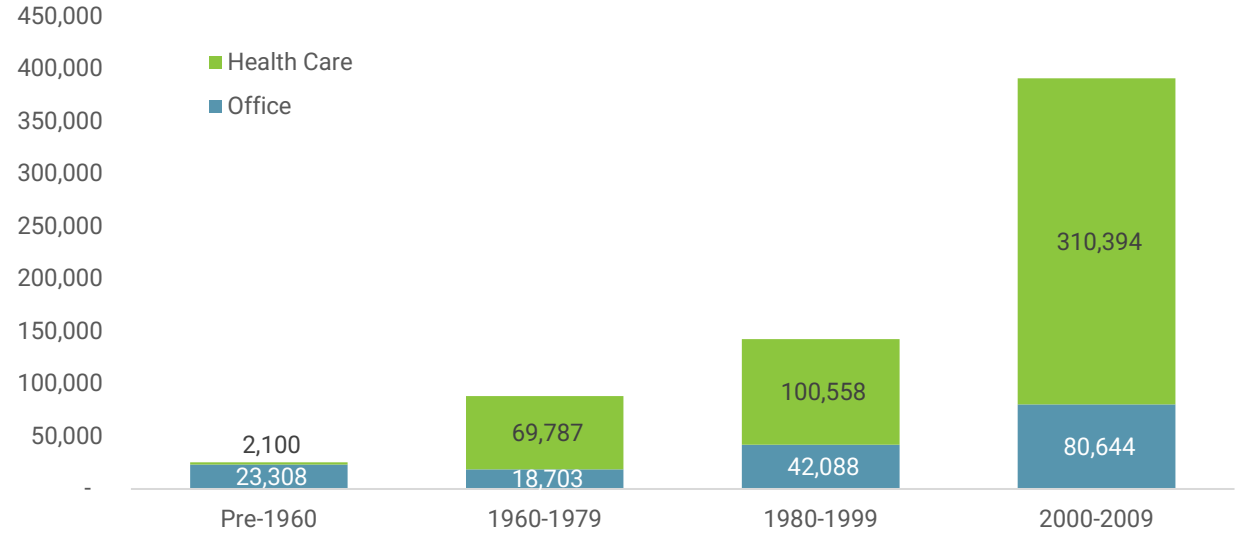
Figure 69. Office and Health Care Space by City



Source: CoStar

The decade between 2000 and 2009 saw the most office and health care space construction of any decade. Two assisted living facilities were built in 2000 and a skilled nursing facility was built in 2007. Much of the office space built during that time was also health care related. The 5th Avenue Professional Plaza, built in 2007, includes 42,200 square feet of medical office space.

Figure 70. Office and Health Care Space by Year Built in Sequim

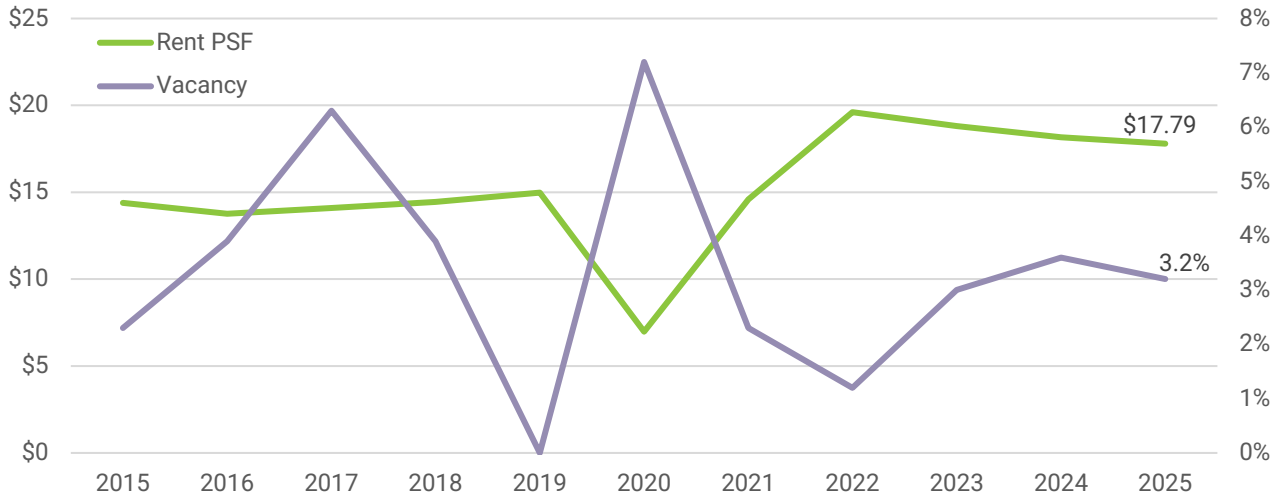


Source: CoStar

Office rent in Sequim has increased by 23 percent since 2015, with most of that increase occurring between 2020 and 2022. Nationwide, the COVID-19 pandemic and the rise in remote work had a significant impact on office rent and vacancy. Although office vacancy increased to 7.2 percent in 2020, by 2021 it was down to 2.3 percent

indicating that demand in the city was outstripping supply. This may be due to the fact that there is limited office space in Sequim, combined with people newly working from home seeking small office spaces.

Figure 71. Office Rent and Vacancy in Sequim, 2015-2025



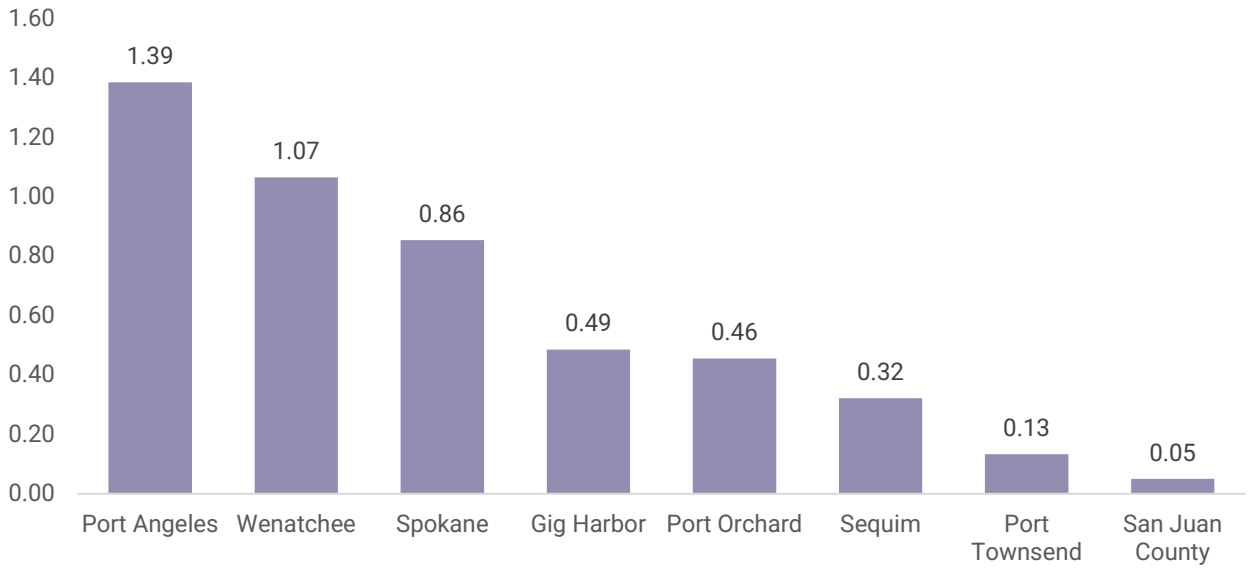
Source: CoStar

Although Sequim's office market is not suffering from a significant amount of vacant space, speculative office is unlikely to be built in the near term due to investor and lender wariness around building new space without an identified tenant. However, there could be opportunities for employers interested in locating in Sequim to build new, purpose-built space.

The Jamestown S'Klallam Tribe is a major health care provider in Sequim, operating the Jamestown Family Health Clinic (JFHC), which serves both Tribal members and the broader community. The clinic offers orthopedic services, behavioral health, pharmacy services, preventative health, diabetes education, and a dental clinic. In addition, the Olympic Medical Center runs its own laboratory and x-ray services at JFHC.

Sequim's aging population is expected to require additional medical services beyond what is currently available in the city. Currently, many residents on the Olympic Peninsula have to travel to cities like Poulsbo and Silverdale to access some medical services. Despite the need for additional medical services in the region, federal cuts to key health programs like Medicaid and research grants through the NIH are likely to have a significant impact on the ability for major health care systems to expand. Figure 72 below shows the ratio between the number of workers in the city employed in the health care and social assistance sector vs. the number of residents who are 65 or older in popular retirement destinations in Washington. Of these cities, Sequim has a relatively small share of health care workers compared to its senior population. Port Townsend has an even smaller ratio of health care workers per senior-aged resident. indicating that seniors from Port Townsend likely also seek care outside the city, likely in Sequim, Port Angeles, or beyond.

Figure 72. Ratio of Health Care and Social Assistance Jobs to Residents 65 or Older in Neighboring Cities and Other Popular Washington Retirement Destinations

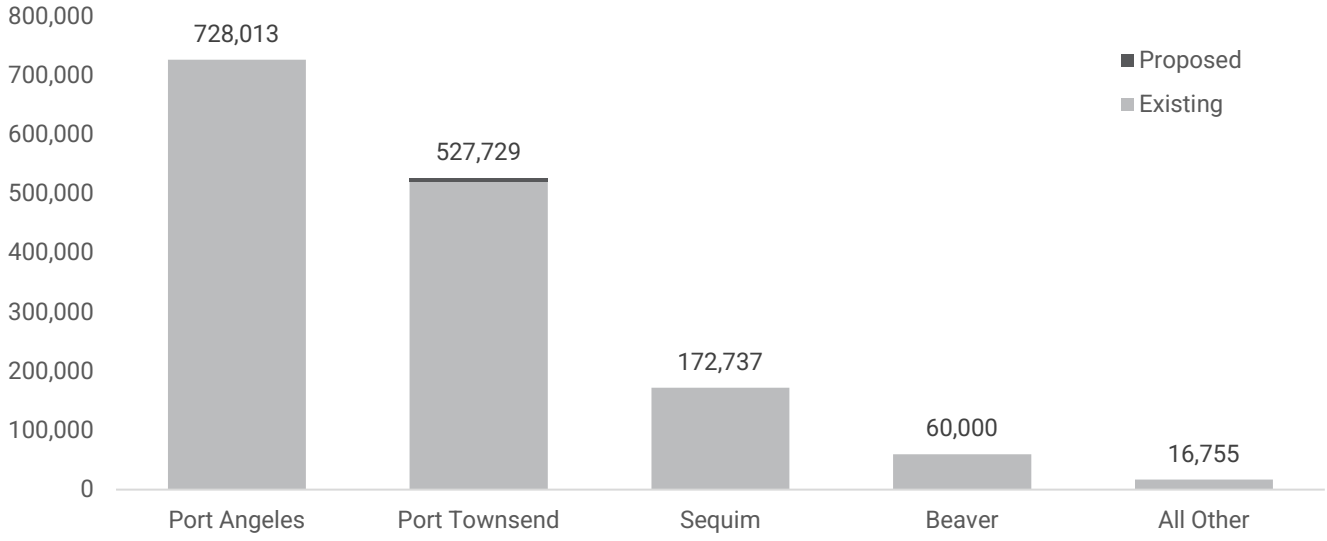


Source: U.S. Census Bureau Five-Year ACS, Table S0101; U.S. Census Bureau via LEHD OntheMap. Note: senior population is as of 2023 and jobs are as of 2022.

Industrial

Port Angeles and Port Townsend are the major industrial hubs of the Olympic Peninsula, largely due to the fact that they are port cities. By contrast, Sequim is the retail hub of the local region and a largely residential community. Sequim has under 200,000 square feet of industrial space – less than a quarter of the industrial space in Port Angeles.

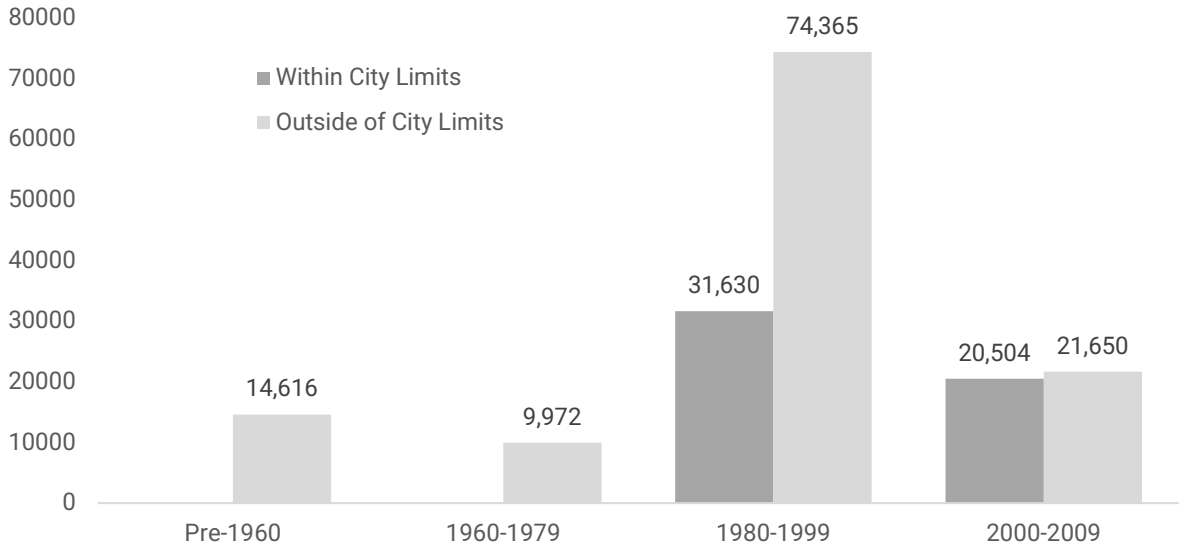
Figure 73. Industrial Space in Clallam County by City / Area



Source: CoStar

Unlike other property types, most of the industrial space in Sequim is located outside of city limits – primarily in the Carlsborg area. Around 30 percent of industrial space is located within the city's boundaries. There are six industrial properties within the city, three of which are located in the DMU-II zone in downtown Sequim.

Figure 74. Industrial Space by Year Built and Location in Sequim



Source: CoStar

The heavy industrial uses in the Sequim market are located outside of city limits, primarily in the Carlsborg area. The newest manufacturing facility in Carlsborg at 301 Business Park Loop was built in 2004. It previously housed Foundation Building Materials (FBM), which has since closed. The 9,540 square foot space is currently offered for rent at $10.68 per square foot annually. Within city limits, the primary industrial uses are warehouses and a truck terminal.

Figure 75. 301 Business Park Loop in Carlsborg



Source: CoStar.

According to the Washington Employment Security Department (ESD), the biggest industrial growth sectors in the Olympic region through 2023 are expected to be food and beverage manufacturing and transportation and warehousing. In contrast, manufacturing is expected to lose 100 jobs in this region by 2033. While Sequim could potentially take advantage of some of the projected growth in these industries, its lack of a working port and land for heavy industrial uses may make it harder to compete with Port Angeles for industrial jobs.

Figure 76. Employment Projections by Industry for the Olympic Region (Clallam and Jefferson Counties)

	2023	2026	2028	2033	Growth (2023-2033)
MANUFACTURING	**4,600**	**4,400**	**4,500**	**4,500**	**-2%**
Durable Goods	*3,200*	*3,000*	*3,100*	*3,100*	*-3%*
Wood Product Manufacturing	300	300	300	300	0%
Nonmetallic Mineral Product Manufacturing	100	100	100	100	0%
Fabricated Metal Product Manufacturing	200	200	200	200	0%
Machinery Manufacturing	100	100	100	100	0%
Computer and Electronic Product Manufacturing	100	100	100	100	0%
Electrical Equipment and Appliance Mfg	100	100	100	100	0%
Aerospace Product and Parts Manufacturing	200	200	200	200	0%
Other Transportation Equipment	1,300	1,200	1,200	1,200	-8%
Other Durable Manufacturing	800	700	800	800	0%
Non Durable Goods	*1,400*	*1,400*	*1,400*	*1,400*	*0%*
Food and Beverages Manufacturing	700	700	700	800	14%
Printing and Related Support Activities	100	100	100	100	0%
Other Non Durable	100	100	100	100	0%
TRANSPORTATION, WAREHOUSING and UTILITIES	**1,900**	**1,900**	**1,900**	**2,000**	**5%**
Utilities	200	200	200	200	0%
Transportation and Warehousing	1,700	1,700	1,700	1,800	6%

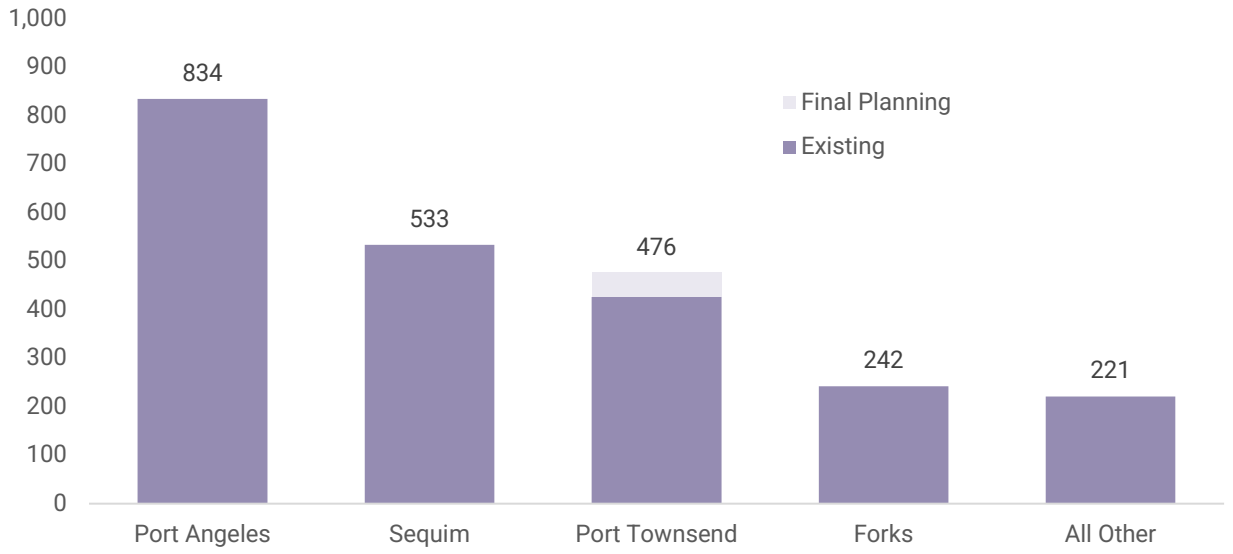
Source: Washington Employment Security Department.

Hospitality

Sequim serves as the gateway to both Olympic National Park and the Dungeness Recreation Area and National Wildlife Refuge. It is also situated along the Olympic Discovery Trail, a 130-mile bike trail that reaches from Port Townsend to La Push on the Washington coast. Sequim's annual Lavender Festival in July draws visitors from throughout the U.S. and Canada for a weekend-long celebration with live music, artisan booths, farm tours, and workshops featuring locally grown lavender. However, Sunny Sequim's tourism is seasonal, peaking in the summer each year. As a result, local hotels are dependent on high occupancy and average daily rates (ADR) in the summer to subsidize the significantly quieter winter months. While summer tourists may find it hard to get a room, a new hotel in the city could be a risky endeavor.

According to CoStar, there are 2,256 hotel rooms in Clallam and Jefferson Counties. Of these, 834 rooms (37 percent) are in Port Angeles and 533 (24 percent) are in Sequim. Of Sequim's 533 hotel rooms, 160 are outside of city limits. A developer recently submitted plans for the Downtown Port Townsend Hotel, a proposed 50-room independent hotel with ground floor commercial space.

Figure 77. Hotel Rooms by City in Clallam and Jefferson Counties

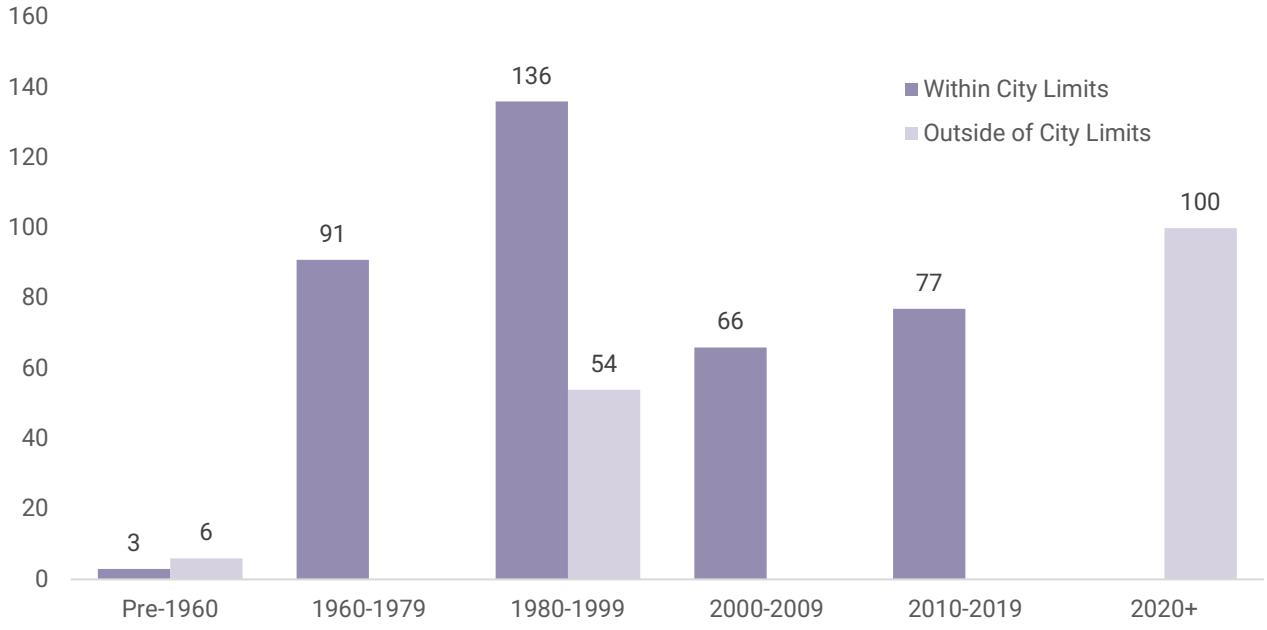


Source: CoStar.

Of the 533 hotel rooms with a Sequim address, 373 (70 percent) are within the city limits. These include chain hotels like the Quality Inn, Red Lion, Holiday Inn Express, and Econo Lodge as well as boutique hotels such as the Tudor Chalet, Olympic View Inn, and the Sequim West Inn.

The Jamestown S'Klallam Tribe completed the 100-room Seven Cedars hotel outside of city limits near Blyn in 2020. Prior to this, the Holiday Inn Express (built in 2010) was the most recently built hotel in the city. There could be an opportunity to revitalize some of the older hotel rooms in the city to increase the variety of offerings.

Figure 78. Hotel Rooms by Year Built in Sequim

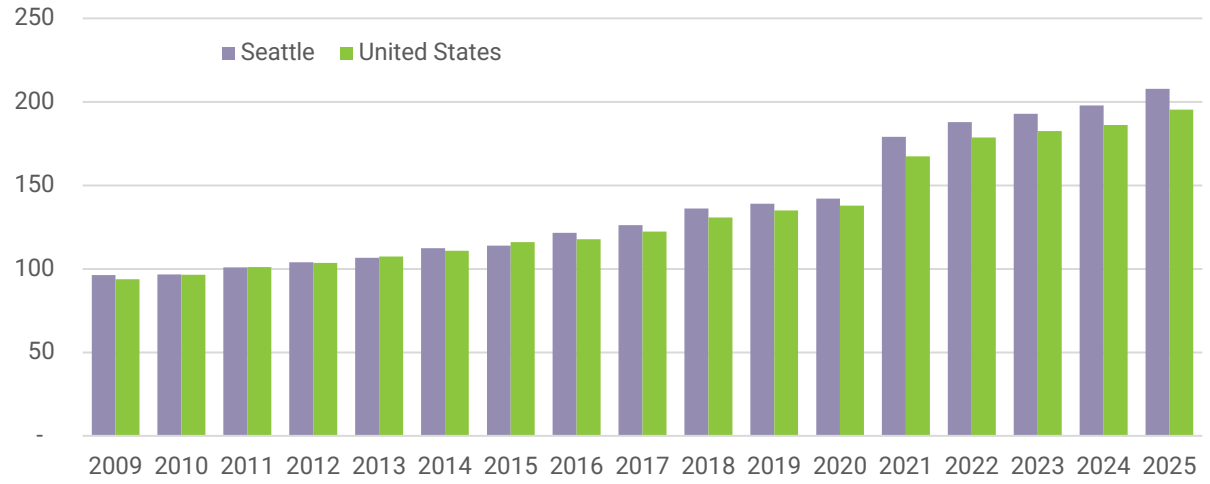


Source: CoStar.

Near-Term Real Estate and Development Market Challenges

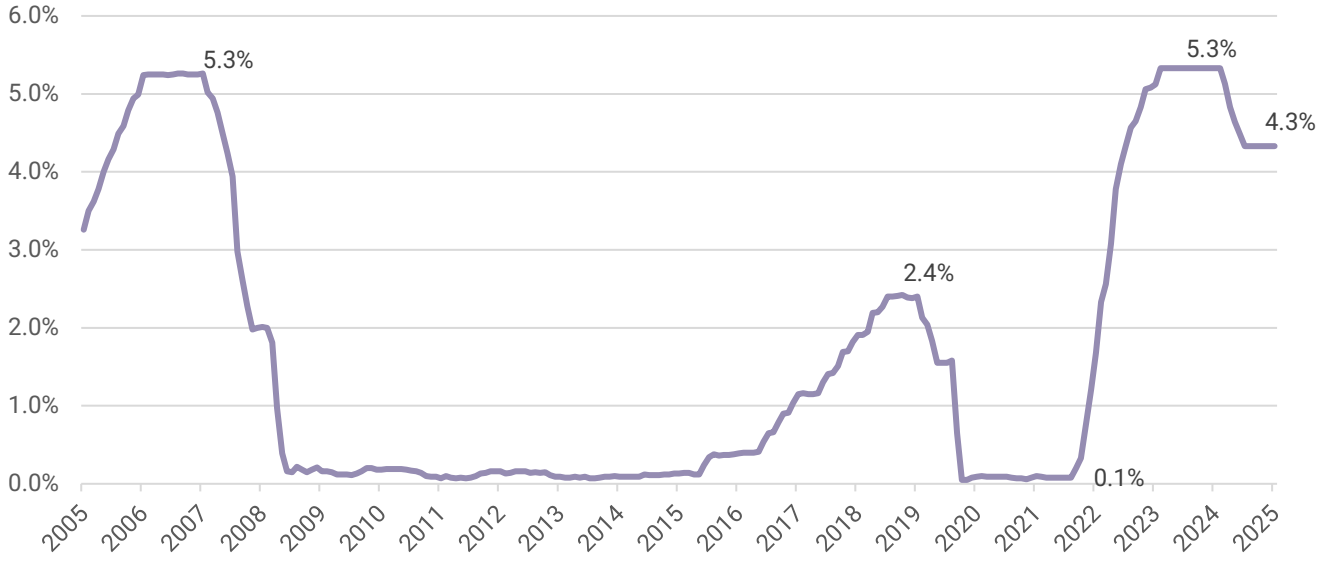
The real estate development market is currently challenging across Washington, Oregon, and most of the U.S.. Material and labor costs have increased substantially in recent years and interest rates (which impact the cost of borrowing) remain high. Between the second quarter of 2023 and the second quarter of 2025, the cost of lumber increased by 30 percent while the cost of copper pipe increased by 20 percent. Recently imposed tariffs on imports could further exacerbate material cost challenges. In addition, the COVID-19 pandemic significantly impacted the office market nationwide, as more workers shifted to remote and hybrid work, and expedited the shift to online shopping. Because of these trends, multifamily and commercial development are not as feasible as they were pre-2020.

Figure 79. Construction Cost Index for the Seattle Metro Area and the U.S., 2009-2025



Source: Mortenson Construction Cost Index

Figure 80. Federal Funds Rate, 2005-2025



Source: Federal Reserve Bank of St. Louis

Although these challenges present significant hurdles for developers, market forces change over time. If borrowing rates or material costs go down, development feasibility will improve. Sequim should prepare its regulations and processes to ensure that when the market improves, the City has removed the barriers that are within its control. Cities in Washington have used tools like the Multifamily Tax Exemption (MFTE) and affordable housing bonds to address feasibility gaps for affordable and workforce housing as well as tax-increment financing (TIF) and building improvement grants to support commercial development. The success of these tools can vary based on local market conditions. In Sequim, process and regulatory changes such as zoning code updates, improving customer service, and infrastructure planning should be implemented prior to tools like MFTE and TIF so that the City can better understand whether there are additional market barriers impacting development.

Conclusions

- **Sequim is a major retail center** on the Olympic Peninsula. It is located between Port Angeles and Port Townsend and established a commercial area on the west side of town designed to support big box store development in the 1990s. **Since 2015, most new commercial development within city limits has been retail located on the west side of town**.
- Big box retail is an important part of the city's economy, generating sales tax revenue and supporting the needs of residents throughout the Olympic Peninsula. **While Sequim branches of stores like Costco and Walmart attract fewer visits than similar stores in other parts of the state, there could be opportunities for more specialized large retailers to locate on available land along Priest Road**. Nationally, retail development is trending toward lifestyle districts that support a combination of housing and walkable, experiential retail spaces. Allowing a mix of uses in zones throughout the city will help support this type of development.
- The typical home price in Sequim has risen 119 percent since 2015, reaching $581,939 as of June 2025. Newer homes sell at a premium – among August 2025 listings, the average price of a single-family home built in the last decade is over $825,000. **Assuming home prices continue to rise, fewer moderate- and low-income households will be able to afford homes**.
- Most of the multifamily apartments built in Sequim were constructed between 1980 and 2009, with just 42 units built in city limits since 2010**. Demand for apartments is outpacing supply throughout the Olympic Peninsula** – the apartment vacancy rate in Sequim was under one percent as of 2025, well below the rate of five percent that is typically considered a balanced market.
- Garden apartments, townhomes, and multiplexes up to eight units are the multifamily types that are most feasible in Sequim as of 2025. **Apartment rents in Sequim are not high enough to support podium-style mixed-use development** with four or more floors of housing over ground floor retail. However, **there could be opportunities for horizontal mixed use** – developments that include a combination of housing and commercial uses in separate buildings – especially in the downtown and surrounding zones. In addition, **market changes over the next two decades could improve the feasibility of vertical mixed-use housing in some areas of Sequim**.
- Port Angeles is the major hub for office space on the Olympic Peninsula. Although 80,644 feet of office space was built in Sequim between 2000 and 2009, no new office space has been built since then. The rise in remote work that began during the COVID-19 pandemic has led to a **significant slowdown in speculative office space nationwide**. However, **there is land available in Sequim for a new employer to build dedicated office space if needed**.
- Although Sequim is home to the Jamestown Family Health Clinic and Jamestown Healing Clinic, **it does not have the volume of health services typically associated with cities with a high share of seniors**. As the population ages, it is likely to need more health services. However**, funding changes at**

the federal level impacting programs like Medicaid are making medical center expansions, particularly in rural areas, harder.

- Unlike the other cities on the Olympic Peninsula, Sequim lacks a working port. As a result, **it is not a significant hub for industrial space**. Industrial uses near Sequim are concentrated in Carlsborg, outside of the city limits. While Sequim's leadership acknowledges that heavy industrial uses are not necessarily compatible with the city's reputation for pristine air and water quality, **there could be opportunities for craft industrial and/or light manufacturing in Sequim**.
- **The seasonality of the hotel market in Sequim makes attracting new hotel rooms challenging**. However, it is clear that there is a need for more lodging during peak seasons. While short term rentals (STRs) help absorb some seasonal demand, **future increases in tourism could make new hotel rooms more viable**.

Zoning Analysis



Zoning Analysis

Introduction and Key Findings

Zoning can have a significant impact on development. When allowed uses and dimensional standards are too restrictive, development can become less feasible. In addition, codes that are not well organized or lack clarity can deter developers, who typically try to lessen risk by seeking out certainty. While some larger development companies may have a dedicated planner adept at understanding and applying zoning codes, many smaller companies (such as those in Clallam County) may need more guidance from the City.

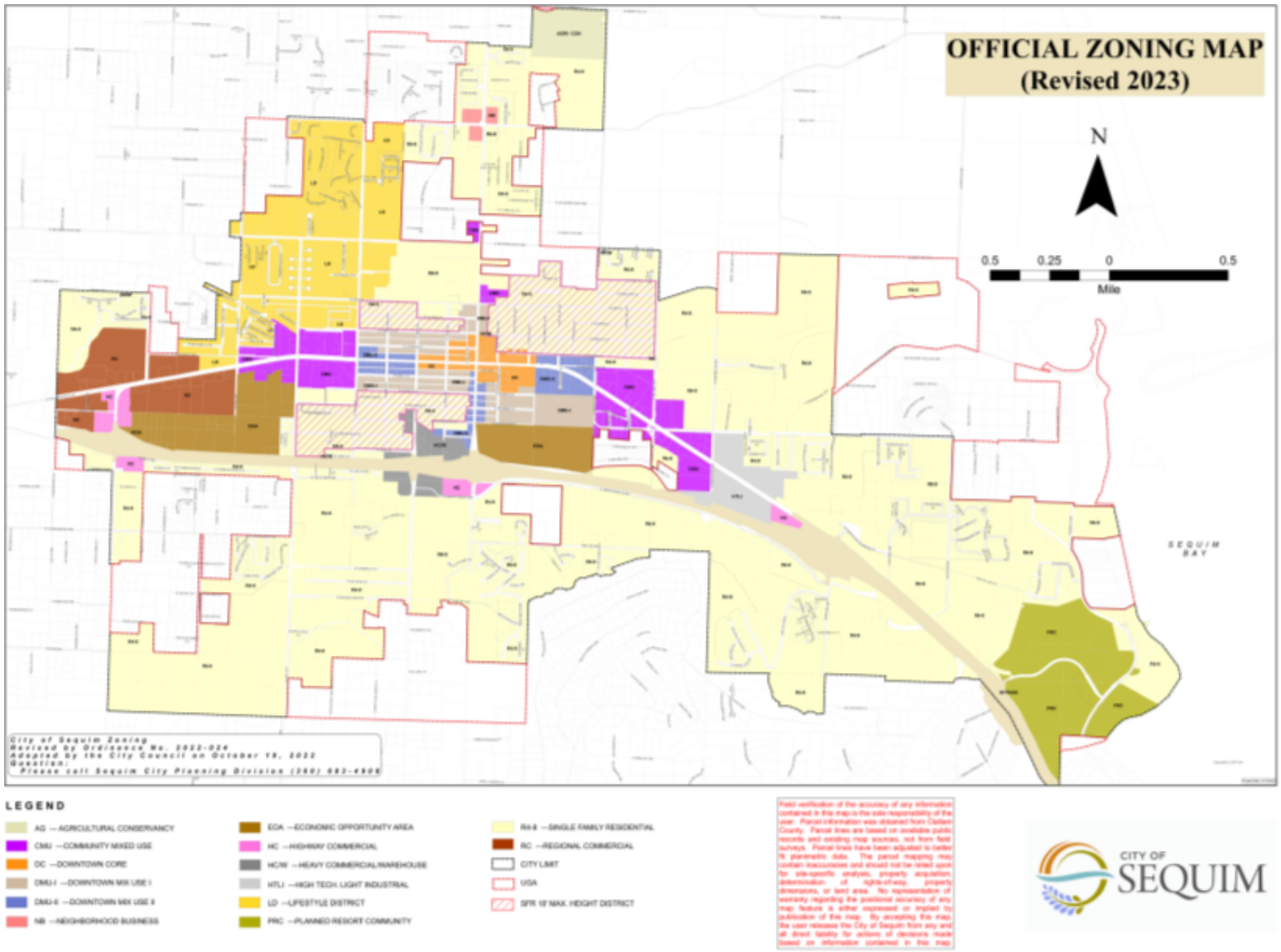
As part of the Comprehensive Plan update, Sequim will be making some updates to its zoning code and future land use map. Staff and policymakers are interested in exploring further regulatory changes during and after the adoption of the Comprehensive Plan to streamline development and encourage more types of development in the city. To that end, this section includes descriptions of each zone and recommendations for improvement. In the future, the City may also want to consider consolidating some of its commercial zones and creating an additional medium-density residential zone.

Several key findings are presented below, followed by a full zoning analysis and table of recommendations.

KEY FINDINGS

- The primary feasibility challenges in the downtown zones are **upper floor step-backs** and the **lack of clarity regarding what types of uses are allowed**.
- The Lifestyle District's (LD) current purpose is intended to foster mixed-use neighborhood development that **combines senior housing with services**. However, housing in this zone is not restricted to seniors, and the code should be updated to reflect that this district should serve all ages.
- The City created the High Tech Light Industrial (HTLI) district to attract employers in clean industries, research and development, and distribution. However, there has not been any relevant development in this zone since 2010. **Expanding allowed uses in this zone could help spur more development**.
- The Highway Commercial (HC) zone is **small in land area and is extremely similar in uses and standards** to other commercial zones.
- The Regional Commercial (RC) zone has supported the successful development of big box stores in Sequim, including Walmart and Home Depot. To modernize this zone, **allowing both horizontal mixed-use and podium-style mixed-use development in could position this area for infill development**.
- Sequim's Economic Opportunity Areas (EOAs) allow a variety of commercial uses as well as housing over ground floor retail. However, developer feedback indicates that **there could be opportunities for horizontal (rather than vertical) mixed-use development**, with housing next to commercial space.
- Sequim currently only has one exclusively residential zone (R4-8), which allows single family homes, duplexes, triplexes, and fourplexes. New state regulations such as HB 1110 and HB 1337 include requirements for residential zones that the City will need to meet. **The City could also consider going above and beyond the base level requirements, potentially creating a medium-density residential zone**.
- Zones that allow multifamily housing typically require 200 square feet of outdoor space per unit, and in some cases the code specifies that outdoor space must include play equipment. **These outdoor space requirements can negatively impact development feasibility**, especially in conjunction with the City's relatively high park impact fees.

Figure 81. Sequim Zoning Map



Employment, Commercial, and Mixed-Use Zones

Downtown

Downtown Sequim includes three zones: Downtown Core (DC), Downtown Mixed-Use I (DMU-I), and Downtown Mixed-Use II (DMU-II). In all three zones, the ground floor must be a minimum of 13 feet in height to support retail tenancy. The maximum building height is 45 feet in DC and 38 feet in DMU-I and DMU-II. However, upper-floor step-backs are required for floors above 35 feet in DC and above 25 feet in the DMU zones. Stories above these heights must be set back an additional seven feet. **Upper floor step-backs can have a negative impact on development feasibility** because they limit rentable area while making design and construction more expensive (e.g., waterproofing, more corners and articulation). At the same time, **the City should consider whether the public benefit of step-backs is significant enough to justify maintaining this requirement despite negative impacts to feasibility.**

The base floor area ratio (FAR)[27] is 1.0 in the DC and DMU-I zones and 0.7 in the DMU-II zone. In addition, there are FAR bonuses for "minor amenities" (0.3 FAR) and "major amenities" (0.5 FAR). When utilizing these bonuses, the FAR can reach 2.5 in the DC zone, two in the DMU-I zone, and 1.5 in the DMU-II zone. Minor amenities include a canopy over a public sidewalk, additional streetscape features, a common courtyard, alley enhancements, upgraded materials, or a shared driveway. Major amenities include exterior public space, public art, a through-block pedestrian connection, structured parking, or a contribution to a cultural facility within the City Center.

A wide mix of uses are allowed by right in these zones, though rather than including a use table, 18.57.020 explains that "all uses listed in Chapter 18.20 SMC…are permitted." Conditional, special, and prohibited uses are described in this section of the Municipal Code. **Feedback from developers indicates that increased clarity of what uses are allowed and under what conditions could be helpful**. While it makes sense to list just the conditional, special, or prohibited uses in zones where a wide variety of uses are allowed, the list of uses in SMC 18.20 is not comprehensive. It is not clear what the process would be for developers interested in building something that is not listed in 18.20 but is also explicitly not prohibited, such as an indoor gun range (as proposed by one stakeholder).

While residential uses are allowed in all three zones, the DC zone does not allow housing on the ground floor of properties fronting Washington Street. This prohibition helps to maintain the unique historic character of Washington Street. Ground floor housing is allowed in the DC zone on blocks to the north and south of Washington Street.

Recommendations:

- Remove upper-floor step-back requirements in all downtown zones.
- Clarify allowed uses to provide increased certainty for developers.

Lifestyle District (LD)

SMC 18.20.130 describes that the purpose of the Lifestyle District (LD) is to "**promote growth of lifestyle options for seniors in a neighborhood setting** that provides a broad range of housing types, services, mobility options, and health care facilities to support 'living in place' through the many stages of senior life." Although the

[27] Floor Area Ratio (FAR) is the ratio of the total structure size vs. the lot area. For example, a 50,000 square foot building on a 100,000 square foot lot would have an FAR of 0.5, while a 200,000 square foot building on the same lot would have an FAR of 2.0.

description emphasizes that this district is intended for housing that allows seniors to age in place, housing in this area is not restricted to 55+ by the code. Allowed uses in the LD zone include:

- Housing (detached and attached)
- Health care
- Office (personal and professional)
- Retail / services
- Public facilities
- Communication facilities / towers

The LD zone currently has a mix of health care, retail, and office uses, with a mobile home park in the southern portion of the zone. The health care facilities in this zone are primarily assisted living communities, including the Dungeness Courte Alzheimer's Community, the Lodge at Sherwood Village, Fifth Avenue Senior Independent Living, and Sherwood Assisted Living.

In the LD zone, the maximum height for residential buildings is 25 feet for a single-family home and 40 feet for a multifamily structure. While 40 feet can be an adequate height for a three-story multifamily housing, increasing the allowed height to 45 feet would provide developers more flexibility and ensure that they can build up to four stories. Density is not governed by FAR or dwelling units per acre, but rather by height, setbacks, and required open space. **Multifamily developments in this zone are required to have 200 square feet of open space per dwelling unit, to include play space for each multifamily project with five or more units**. Developers have brought up that Sequim already has high system development charges (SDC) for parks. Requiring multifamily developers in the LD zone to pay these fees while also providing open space with furnished playgrounds could impact development feasibility. Additional discussion on fees can be found in the "Non-Zoning Changes" section of this report.

Recommendations:

- Remove direct references to seniors in zone description, focusing instead on promoting lifestyle options in a neighborhood setting, with a variety of housing types to serve residents throughout their lives.
- Consider increasing allowed height for multifamily structures to 45 feet to ensure that up to four stories can be built
- Allow developers of multifamily housing with five or more units to either provide open space with a playground or to pay a parks SDC.

High Tech Light Industrial (HTLI)

The HTLI zone, located along Washington Street on the east side of town, is intended to support employment growth in Sequim, particularly **clean industries, business and technology research and development, and distribution and storage**. While other types of commercial uses may be permitted, they are not allowed as primary uses in this zone. The only commercial properties currently in this zone are the Black Bear Diner and the Holiday Inn Express. Despite available commercial land on the north side of E Washington Street, nothing has been built since 2010 in this zone.

SMC 18.33.030 includes a use table for the HTLI zone as well as the two EOA zones. The uses in this table are highly specific, which can be helpful for providing clarity but can also result in confusion when a proposed use does not fit neatly into one bucket. For instance, software engineering is an allowed use, but corporate headquarters and office-oriented service providers are not. What if a software engineering company that provides software as a service (SAAS) to office-oriented businesses wanted to locate their corporate headquarters in the

HTLI zone? One developer interviewed had considered locating a cabinet shop along with a showroom and office in this zone. While a cabinet shop is allowed in the zone, showrooms are a conditional use and office is not allowed.

The allowed uses in the HTLI zone are a result of the City's desire for information and tech-focused employment as well as a preference for cleaner, lower-intensity industrial uses that will not have negative environmental impacts on the city's air quality and waterways. A major challenge for the HTLI zone is to clearly identify allowed uses to reduce discretion and provide developer certainty while avoiding an overly prescriptive use table that lacks nuance. The City could **allow office, light industrial, light manufacturing, clean energy, and science and technology research and development uses that meet specific performance standards** (such as the ones described in the EOA design standards) that would limit negative environmental impacts. These uses and industries are discussed in further detail in the Other Growth and Opportunity Sectors section starting on p.37. While some stakeholders raised the possibility of allowing housing in the HTLI zone, the City should focus first on addressing zoning and use challenges that directly impact employment uses in this zone. Sequim has other areas more suitable to residential and mixed-use development, and should ensure that it maintains land for industrial and employment uses.

Design and development standards in the HTLI zone currently do not provide provisions for housing or mixed-use buildings because these typologies are not allowed. The maximum height in this zone is 50 feet and at least 20 percent of the site must be landscaped. On sites adjacent to a residential zone, the minimum setback is 20 feet, plus an additional one foot for each foot of the building wall that exceeds an average of 35 feet in height.

Recommendations:

- Refine the use table to be less prescriptive, allowing office, light industrial, light manufacturing and assembly, clean energy, science and technology research and development.
- If the City wants to attract small food and beverage manufacturing, consider allowing a tasting room or retail space by right rather than via a conditional use permit.
- Establish performance standards to ensure that development in this zone does not have significant negative impacts to air and water quality. Environmental Performance Standards (EPS) are rules and guidelines designed to limit pollution and promote sustainability. Metrics can include carbon emissions, water consumption, or waste generated per employee or over a set period of time.

Highway Commercial (HC)

The highway commercial zone includes **four small pockets along Highway 101**: two on the west side of town, one south of downtown, and one near the interchange on the east side of Sequim. This zone allows for transient lodging and travel services, convenience retail, public facilities, and communications facilities. While there is retail located in the HC zone on the west side of town north of Highway 101, the other HC zones in the city have not seen any commercial development. Within the HC zone, public facilities, travel services, and convenience retail have a height limit of 30 feet while lodging has a height limit of 50 feet. The maximum lot coverage is determined by stormwater management needs.

The HC zone is extremely similar in uses and standards to other zones including regional commercial (RC) and commercial mixed-use (CMU). Three of the four HC zones are adjacent to other commercial zones and could potentially be blended with those zones to decrease complexity in the zoning code and encourage development. On the east side of town, the HC zone could be merged with the HTLI zone, especially if the HTLI zone is improved

as recommended above. On the west side of Sequim north of Highway 101, the HC zone could be rezoned RC to match the surrounding area. South of Highway 101, the HC zone could be rezoned to RC or CMU.

Recommendations:

- Consider merging or blending the HC zones north of Highway 101 with adjacent commercial zones, such as RC and HTLI. Ensure that transient lodging up to 50 feet is allowed.
- Rezone the HC zones south of Highway 101 to RC, CMU, or HTLI.

Regional Commercial (RC)

The regional commercial (RC) zone in Sequim is the hub for the city's big-box retail, located on the west side of the city. Allowed uses include services, transient lodging, public facilities, communications facilities, and regional retail. All uses except for communications facilities are limited to a height of 35 feet. Regional retail is defined in SMC 18.20.030 as "a commercial enterprise that provides goods and associated services directly to the consumer when the goods are available for immediate purchase and removed from the premises by the purchaser and the intended market capture area is the entire county and beyond" and includes shopping malls, big-box retail, car dealerships, superstores, and other nationally marketed "chain" retail.

Big-box retail has long been an important source of sales tax revenue in Sequim. Sequim's location between Port Townsend and Port Angeles is attractive to large retailers interested in capturing market share on the Olympic Peninsula. While stores like Costco and Walmart in the RC zone are attracting fewer visits than similar stores in other parts of the state, there has been recent interest from developers in building more specialized big box-style retail space in this zone.

Nationwide, cities are rethinking the built patterns of shopping centers and capitalizing on opportunities to increase walkability and offer a wider variety of uses in these areas, such as housing and office space. This typically requires increasing maximum height limits and reducing parking requirements. Because parking standards in Sequim are largely based on use rather than zone, parking standards may not need modification to increase development opportunities in the RC zone.

Increasing height limits to allow for four-over-one podium construction will help encourage mixed use development. While rents in Sequim are currently not high enough to support podium-style development, market conditions are always changing and having a flexible code in place can help the City take advantage of opportunities as they arise.

Recommendations:

- Allow a wider variety of uses in the RC zone, such as mixed-use housing and office space.
- Increase the maximum height from 35 to 55 feet to allow for mixed-use development with housing and/or office space over retail or to allow for four-story hotels.

Community Mixed Use (CMU)

Sequim's Community Mixed Use (CMU) zone is primarily located directly east and west of downtown. Allowed uses in this zone include multifamily, community retail, services, transient lodging, places of worship, public facilities, and community facilities. Day care centers and major public facilities are conditional uses. The maximum height for multifamily, which does not require ground floor commercial, is 45 feet (four stories). All other uses except for communications facilities have a maximum height of 35 feet. Regardless of height,

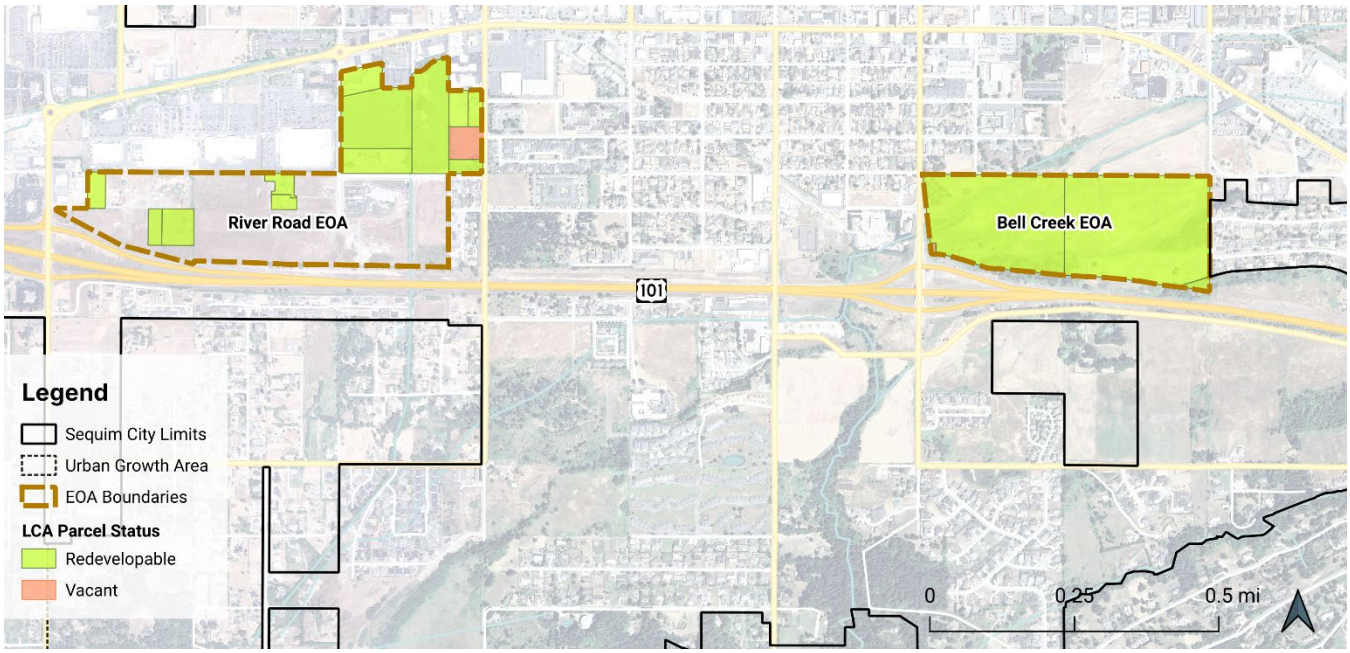
buildings in this zone cannot be larger than 60,000 gross square feet. Existing uses in this zone are a mix of retail and hospitality.

The CMU zones in Sequim are largely built out. However, two parcels on the east side of town are expected to be rezoned from HTLI to CMU to allow for residential development. Additionally, large surface parking lots in the CMU could be targets for redevelopment in the future. **While zoning changes are not recommended in the CMU zone at this time, SB 5184 requires that no more than 0.5 spaces per unit can be required for multifamily housing**. The current parking ratio in CMU is 1.5 spaces per unit and will need to be revised.

Economic Opportunity Areas (EOA)

Sequim has two economic opportunity areas: Bell Creek (BCEOA) and River Road (RREOA). The Bell Creek EOA is located south of downtown and east of S Sequim Avenue on the north side of Highway 101. These EOAs were established (along with the HTLI zone) to support the business and employment goals and policies described in Sequim's Comprehensive Plan. The River Road EOA is located on the west side of town adjacent to the Regional Commercial zone. Both EOAs have significant developable land that could help meet the City's housing and employment needs, and are shown in the map below with boundaries as well as vacant and redevelopable parcels:

Figure 82. Economic Opportunity Area Zones in Sequim with LCA Parcel Status



Source: City of Sequim, Clallam County, Leland Consulting Group

Multifamily housing is allowed above non-residential users in the EOA zones. Most commercial, professional, and light industrial uses are permitted in the EOAs with the exception of equipment rental. Cabinet and carpenter shops and industrial laundry and upholstery businesses are not allowed in the BCEOA but are a conditional use in the RREOA. Convenience, personal service, and restaurant uses are only allowed as accessory uses making up no more than 25 percent of the total rentable building area (RBA). Unlike the HTLI zone, **professional offices and office equipment providers are permitted in both EOAs**.

In both EOAs there is a height bonus for mixed-use buildings. The base height allowed is 50 feet in the BCEOA and 35 feet in the RREOA. For mixed-use buildings, this increases to 60 feet in the BCEOA and 45 feet in the RREOA. As in the HTLI zone, setbacks in the EOAs increase when adjacent to an R zone. Feedback from stakeholders and City staff indicates a **desire to allow housing without a ground floor commercial requirement in the EOA zones**. Design standards in the EOA zones include requirements for landscaping, façade materials and variation, performance standards, parking and loading requirements, and signage standards.

The Jamestown S'Klallam Tribe is a significant property owner in the River Road EOA. While the Tribe typically complies with City development regulations, they have the option of putting the land they own into Tribal trust, which would remove the properties from City jurisdiction for the purposes of zoning.

Recommendations:

- As in the HTLI zone, simplify the use table to make it less prescriptive. Consider allowing professional office, light industrial, light manufacturing/assembly, retail (as an accessory use), health services, public facilities, and multifamily housing.
- Remove increased setback requirements for multifamily housing adjacent to an R zone.

Residential Zones

Although residential is allowed in multiple zones, including the Lifestyle District, Downtown, and Community Mixed Use zones, **R4-8 is the only zone that is entirely dedicated to residential uses**. This zone allows **single family homes, duplexes, triplexes, and fourplexes**. The minimum lot size increases with each additional unit – while a single-family home can be built on a 5,400 square foot (0.12-acre) lot, a fourplex can only be built on a lot that is at least 12,000 square feet (0.28 acres). The maximum height in this zone is 25 feet for both single-family and multifamily structures. Multi-unit properties with two or more buildings must have play spaces along with the required 200 square feet of open space per unit. While accessory dwelling units (ADUs) are allowed in the R4-8 zone, they are restricted to 850 square feet or 60 percent of the size of the primary unit (whichever is less) and a paved off-street parking space is required in addition to the two parking spaces for the primary structure. ADUs cannot be used as short-term rentals.

Over the past few years, the state of Washington has passed legislation intended to increase the variety of housing types in cities statewide. The new laws most relevant to Sequim's R4-8 zone include:

- **HB 1110** (2023): Requires jurisdictions to adopt development regulations allowing for middle housing on all lots zoned predominantly for residential use. This law does not apply to cities with fewer than 25,000 residents located in counties with fewer than 275,000 people. However, the state created model codes that define standards for different types of middle housing, some of which may be a good fit for Sequim's residential zone.
- **HB 1337** (2023): Requires jurisdictions to adopt specific standards for ADU development. Cities must allow two ADUs per lot (attached or detached), remove lot size requirements for ADUs beyond what is required for the primary structure, remove requirements that ADUs be owner-occupied, allow ADUs to be sold as a condominium unit, adjust parking requirements based on proximity to transit and lot size, increase maximum size limits to no less than 1,000 square feet, and refine dimensional standards to increase flexibility.

While Sequim is not subject to HB 1110, the City should consider allowing a wider variety of housing types – including cottage clusters and stacked flats with up to eight units in a residential zone. While this could be appropriate for the R4-8 zone, the City may want to **consider adding a medium-density zone in areas of**

transition between commercial and mixed-use zones and R4-8. The City will also need to **update its ADU code to align with HB 1337**.

Recommendations:

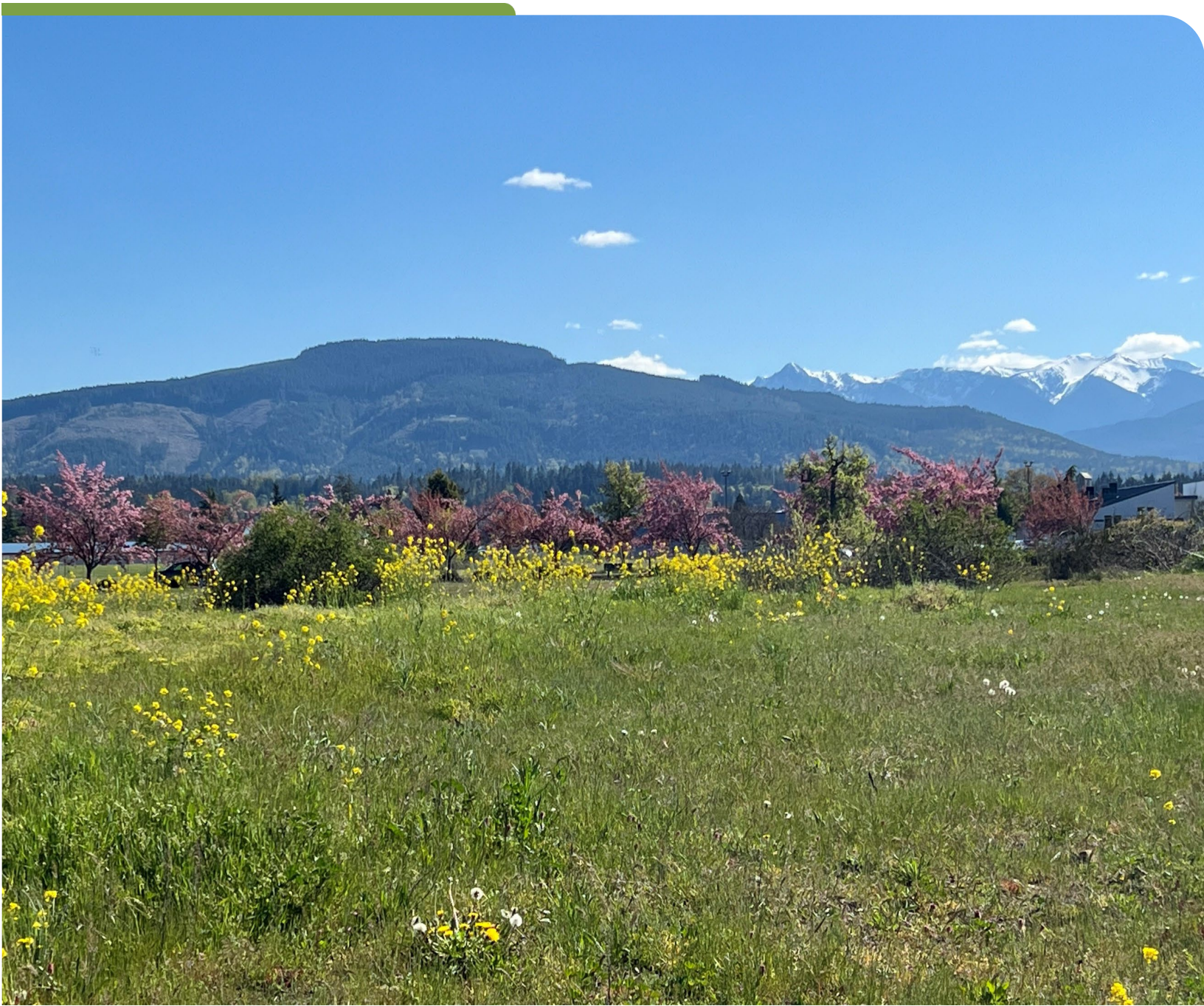
- Consider adding a medium-density zone in areas of transition between commercial and mixed-use zones and R4-8. This zone should allow a wider variety of middle housing types including cottage clusters, townhomes, and stacked flats.
- Adopt affordability bonuses in the medium-density zone that increase the allowed number of units per lot if some percentage or number of units are affordable (for instance, increasing the allowed number of units from six to eight if at least two units are affordable).
- Update the ADU code to ensure it is in compliance with the requirements of HB 1337 and consider allowing ADUs to be used as short-term rentals.
- Remove the requirement for play spaces for low-density and middle housing types.

Recommendations

Topic	Recommendation
Downtown Zones	• Remove upper-floor step-back requirements in all downtown zones. • Clarify allowed uses to provide increased certainty for developers.
Lifestyle District	• Remove direct references to seniors in zone description, focusing instead on promoting lifestyle options in a neighborhood setting, with a variety of housing types to serve residents throughout their lives. • Consider increasing allowed height for multifamily structures to 45 feet to ensure that up to four stories can be built. • Eliminate need to require a playground within multifamily housing with five or more units and allow required open space amenities to be flexible.
High Tech Light Industrial	• Refine the use table to be less prescriptive, allowing office, light industrial, light manufacturing and assembly, clean energy, and science and technology research and development. • If the City wants to attract small food and beverage manufacturing, consider allowing a tasting room or retail space by right rather than via a conditional use permit. • Establish environmental performance standards to ensure that development in this zone does not have significant negative impacts to air and water quality.
Highway Commercial	• Consider adding uses such as retail, office, personal and professional services, along with the existing HC uses. Ensure that transient lodging up to 50 feet is allowed
Regional Commercial	• Consider increasing maximum height from 35 to 50 feet to allow for potential hotel locations
Economic Opportunity Areas	• As in the HTLI zone, simplify the use table to make it less prescriptive. Consider allowing professional office, light industrial, light manufacturing/assembly, retail, health services, public facilities, and multifamily housing. • Remove increased setback requirements for multifamily housing adjacent to an R zone.
Residential Zone	• Consider adding a medium-density zone in areas of transition between commercial and mixed-use zones and R4-8. This zone should allow a wider variety of middle housing types including cottage clusters, townhomes, and stacked flats. • Adopt affordability bonuses in the medium-density zone that increase the allowed number of units per lot if some percentage or number of units are affordable (for

	instance, increasing the allowed number of units from six to eight if at least two units are affordable). • Update the ADU code to ensure it is in compliance with the requirements of HB 1337. • Remove the requirement for play spaces for low-density and middle housing types.

Non-Zoning Challenges



Non-Zoning Challenges

Introduction and Key Findings

While zoning can have a significant impact on development feasibility, there are also non-zoning challenges impacting development in Sequim. The non-zoning challenges in this section were identified through a combination of stakeholder interviews and independent research by Leland Consulting Group.

Several key findings are presented below, followed by a full analysis and table of recommendations.

KEY FINDINGS

- Recent turnover at the City and changes in the permitting system have impacted relationships between local developers and City staff. **Opportunities to streamline permitting where possible and working with developers to collaborate on moving projects forward** will help improve those relationships..
- In Sequim, impact fees for parks are high, especially for multifamily development. Despite the fact that apartments are typically smaller and have fewer people per household, park impact fees per unit are $460 higher per unit for multifamily developments. **These fees negatively impact feasibility for multifamily housing, especially in conjunction with outdoor space requirements**.
- **The Olympic Peninsula has a limited pool of development and construction labor**, with 1,891 construction jobs across Clallam and Jefferson Counties. Clallam County ranks 19th out of 38 counties in Washington for number of construction jobs. **Opportunities for workforce training** to increase the number of workers and educate housing developers about multifamily requirements could help open opportunities for new development.
- In Sequim, it is no longer legal to connect private roads with public roads. As a result, some developers that had begun building subdivisions with private roads now have so-called **"landlocked" parcels – areas where they are unable to build because of a lack of road connectivity.** These vacant parcels are a prime opportunity to encourage more housing development in Sequim – the City should work with developers to find creative solutions to street connectivity challenges.
- Locally, regionally, and nationally there are significant headwinds in the real estate and development markets. Construction costs have increased substantially since the beginning of the COVID-19 pandemic in 2020, and new tariffs are exacerbating cost challenges. In addition, interest rates remain high, increasing the cost of borrowing. **While Sequim cannot address these challenges directly, the City can address existing process and code challenges so that when the market improves it is well positioned to take advantage of opportunities**.

Processes and City / Developer Relationships

Developers interviewed for this report indicated that **processing times can be long, requiring a lot of back and forth**. Many developers felt that once they responded to a request from the City, their application went to the "bottom of the pile," significantly extending the timeline. In development, delays can be extremely expensive and impact project feasibility. While some of the larger, more experienced developers were able to work with the City to ensure their proposals were complete and accurate, other local **developers felt that City staff did not help them "get to yes."** Increasing clarity within the zoning code and working with local and regional partners to provide developer education could help mitigate some of these challenges.

In addition, there has been **significant turnover both in the Planning and Public Works** departments over the past few years. This has added to some of the confusion and uncertainty described by developers. The City is already working to address the issue of staff turnover – maintaining a consistent, open relationship with developers should improve coordination.

While the current City code currently requires design review for most development, in practice this is a site plan review rather than the discretionary review typically associated with "design review" in other cities. The City is currently working to implement a design review process for projects that meet a specific threshold, though review will be done by staff rather than a design review board. The City should ensure that design review is limited to specific areas and/or types of development. For instance, the City may want developments in the DC district to be subject to design review, as well as structures that meet a specific size threshold. This will help reduce permitting time for smaller projects.

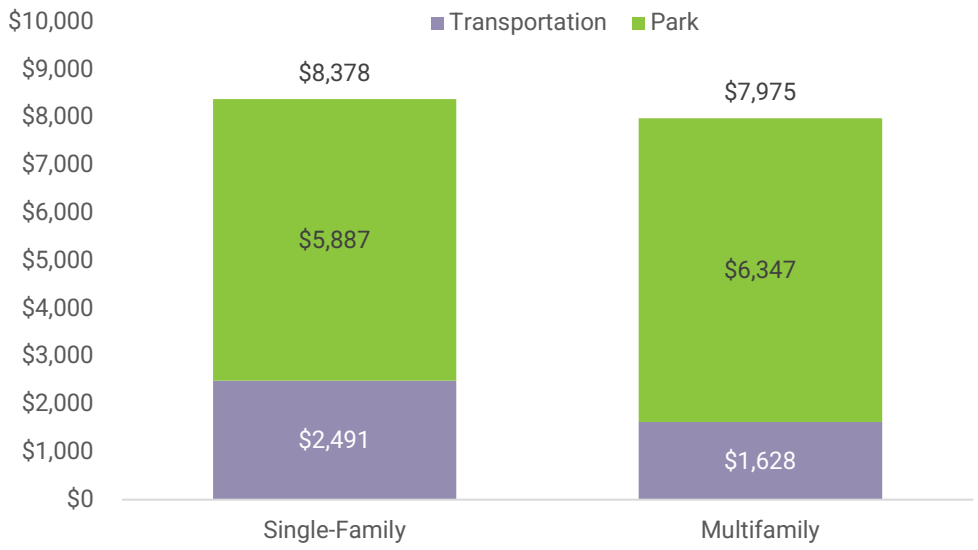
Recommendations:

- Work with local and regional partners on educational outreach for developers. The Clallam Economic Development Council is considering starting a program to educate single-family home developers on multifamily development. The City should work with the CCEDC to market this opportunity to local developers and provide information on Sequim-specific regulations and processes.
- Increase clarity in the zoning code to reduce uncertainty and limit discretionary decision-making.
- Create opportunities for open communication between local developers and City staff to improve interpersonal and professional relationships. The City could convene a developer roundtable that meets regularly (i.e., quarterly or monthly) to signal that City staff are interested in proactively identifying challenges and barriers to development and to provide consistency after the past few years of staff turnover. This will also allow the City to directly communicate any changes to the development code or permitting processes.
- Limit design review to specific areas or types of projects.

Impact Fees

Sequim has an relatively high impact fee for parks, in part due to the City's recent acquisition of a property for a large future park. The City is also unusual in that its park impact fee is higher for multifamily units than for single family homes, while at the same time requiring open space with play equipment at multifamily properties. Figure 83 below shows the transportation and park impact fees for single family and multifamily homes in Sequim. There is roughly a $400 difference in fees between a single-family home that may sell for over $500,000 and an apartment that may command around $1,200 per month ($14,400 annually) in rent. **This has a significant impact on development feasibility for apartment units in Sequim**.

Figure 83. Transportation and Park Impact Fees by Unit Type in Sequim

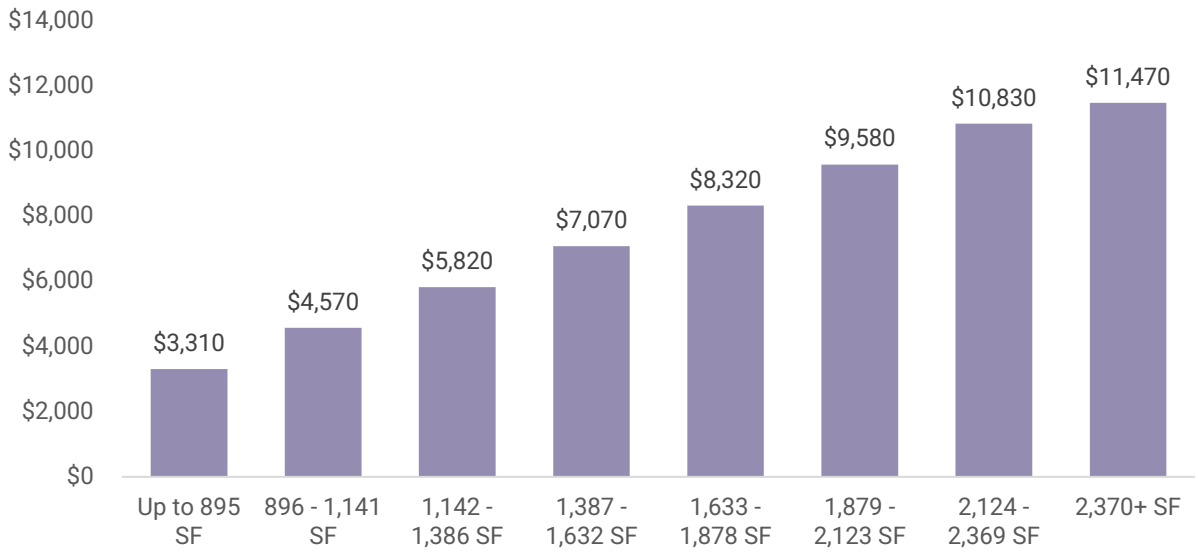


Source: City of Sequim

Senate Bill 5258, passed in 2023, requires that cities calculate impact fees to reflect proportional impact. This legislation was passed with the goal of increasing the supply and affordability of smaller units. Cities can scale impact fees based on the square footage of a home, the number of bedrooms, or trips generated. These changes must be made within six months of the periodic update adoption of the comprehensive plan.

The City of Snohomish changed its park impact fee schedule to be based on the size of a residential dwelling rather than type in January 2025 to comply with this new law. The city created eight different home size thresholds with park impact fees increasing by dwelling size. Fees range from $3,310 for a dwelling up to and including 895 square feet to $11,470 for a dwelling unit that is 2,370 square feet or larger. According to Redfin, the average size of a single-family home built since 2020 and sold over the last five years is just under 2,000 square feet. Per CoStar, the average unit size for multifamily apartments in Sequim is 706 square feet – in Snohomish, a developer would pay $3,310 in park impact fees for a unit that size, compared to $6,347 in Sequim. The average home price in Snohomish is around $945,000, significantly higher than the average home price in Sequim. Thus, higher impact fees have less of an impact on development feasibility in Snohomish. As Sequim revises its SDCs, it should consider local market conditions including construction and home prices.

Figure 84. City of Snohomish Park Impact Fees by Unit Size



Source: City of Snohomish

Because there is a limited developer pool on the Olympic Peninsula, developers can choose to build where there are fewer barriers and/or costs are lower. In that sense, Sequim is competing against Port Angeles, Port Townsend, and other cities in the region to attract development. Sequim's extremely high park impact fees negatively impact feasibility and make the city less competitive.

Recommendations:

- Reduce the park impact fee for multifamily development. At the very least, this fee should be lower for multifamily housing than for single-family housing, but ideally it should be lower for all housing types. Alternatively, consider adopting a tiered impact fee system based on unit size.
- Implement a fee waiver for multifamily developments that meet a certain threshold for open space, or developments located within walking distance of an existing park.

Limited Development / Construction Labor Pool

Unlike the I-5 corridor in Washington, there is a very limited development and construction labor pool on the Olympic Peninsula. According to the Bureau of Labor Statistics, as of 2024 Clallam County had 357 establishments and 1,200 workers in the construction industry, while Jefferson County has 157 construction establishments with a total of 691 workers. **Clallam County ranks 19th out of 38 counties in Washington for the number of construction jobs**.

Figure 85. Construction Companies and Jobs by County in Washington

	Establishments	Jobs
Olympic Peninsula	**514**	**1,891**
Clallam County	357	1,200
Jefferson County	157	691
Seattle Metro	**12,968**	**119,901**
King County	6,578	70,951
Pierce County	2,958	24,038
Snohomish County	3,432	24,912
Kitsap County	**849**	**4,409**
Skagit County	**563**	**4,352**
Thurston County	**1,039**	**6,195**

Source: U.S. Bureau of Labor Statistics (BLS)

Because most of the construction in the Olympic Peninsula over the last several years has been single-family homes and subdivisions, **local developers on the Peninsula may not have experience in delivering middle and multifamily housing**. Offering educational opportunities for local developers and construction professionals to learn more about developing multifamily housing as well as the local processes and regulations in Sequim could help increase the variety of housing types in the city.

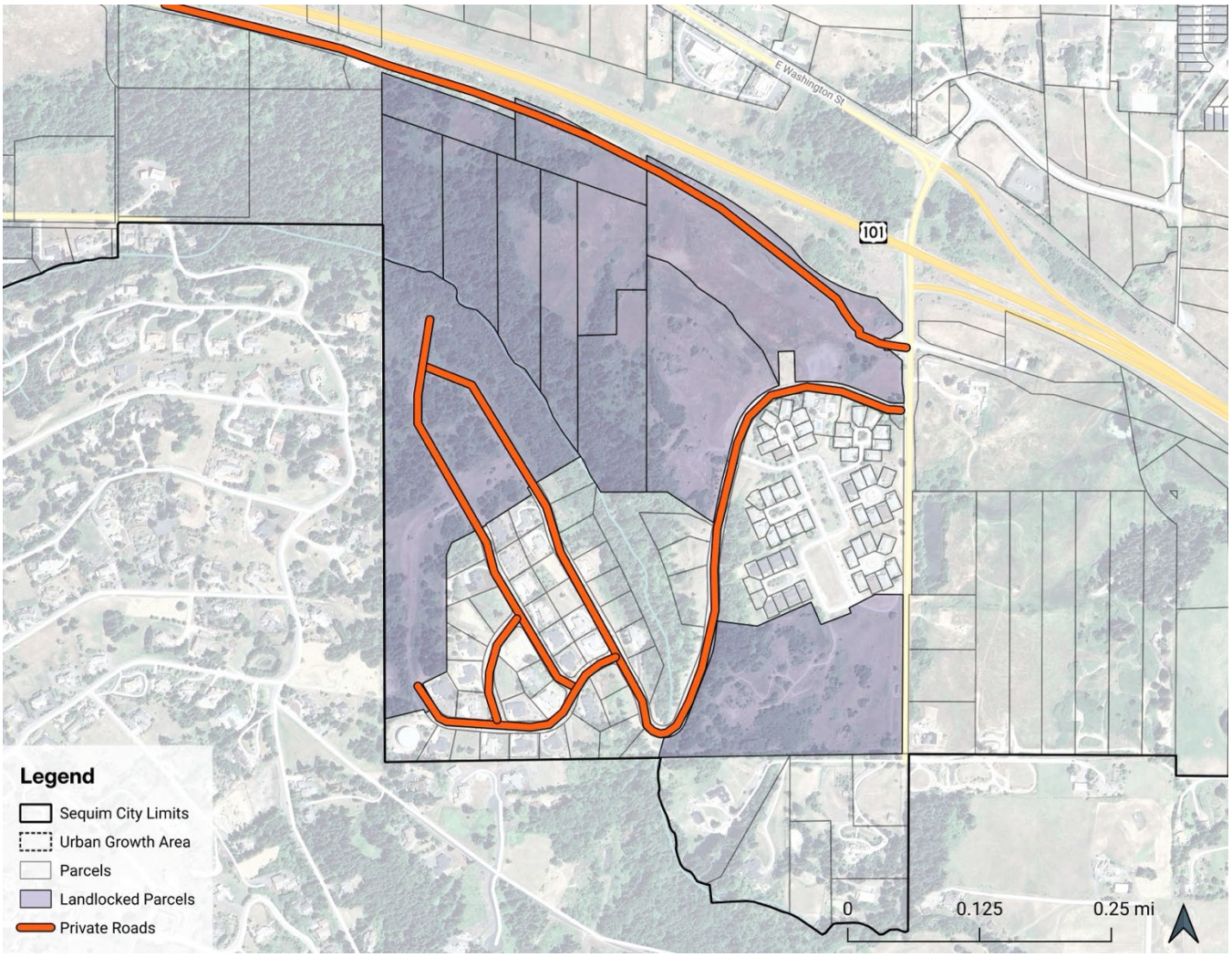
Recommendations:

- Partner with local economic development, trade, and educational organizations to provide opportunities for local developers and construction professionals to expand their skillsets.
- Offer informational outreach regarding Sequim's zoning code and permitting process to the local development community.
- Conduct outreach to developers in other parts of Washington as opportunities for larger-scale projects arise.

Street Standards / Landlocked Parcels

Within Sequim, there are multiple subdivisions where earlier phases were built with private roads. Since these were developed, the City has adopted **new rules preventing private roads from connecting to public roads and requiring public roads in new subdivisions**. In addition, converting a private street to a public street requires "a written petition signed by 100 percent of the abutting landowners, including all persons with partial ownership interest" (SMC 12.11.030). As a result, **areas of these subdivisions where future phases were supposed to be built are now landlocked**, preventing future residential development. Impacted subdivisions include Solana Estates and Jennie's Meadow, among others. An example from Solana Estates is shown below in Figure 86.

Figure 86. Aerial View of Solana Estates and "Landlocked" Area



Source: Google Maps; Leland Consulting Group

Developers also expressed concerns that the **City's Complete Streets standards are difficult to meet within subdivisions**, especially in these "landlocked" areas. Sequim's Complete Streets standards were created to promote active transportation and design cost-effective transportation facilities for users of all ages, modes, and abilities. The standards regulate the construction, repair, and improvement of public and private streets within the city. Typically, complete streets are wider than the private roads already built in these subdivisions.

The SMC does grant exceptions "where inclusion in a small, isolated project would create a very short section of improvements with problematic transitions on either end or that are in an isolated area unlikely to be followed by similar improvements at either end, resulting in little progress on implementing complete streets networks" (SMC 12.02.050). However, it is **not clear whether these "landlocked" subdivisions would meet that threshold**.

Recommendations:

- Work with developers who own "landlocked" vacant land in subdivisions to determine the specific challenges they are facing that prevent future development.

- Consider enacting policies that “grandfather” in partially built subdivisions for the purposes of connecting public and private roads, and/or converting private roads to public without 100 percent approval from all abutting landowners.
- Clarify whether complete streets are required in subdivisions where connecting roads have already been built out. The Sequim Municipal Code (SMC 12.02.050) states that streets where the inclusion of complete streets standards “in a small, isolated project would create a very short section of improvements with problematic transitions on either end or that are in an isolated area unlikely to be followed by similar improvements at either end” are exempt from complete streets standards. The City should work with developers who own “landlocked” parcels to determine whether new roads connecting to the existing private roads in these subdivisions can take advantage of this exemption.

Recommendations

Topic	Recommendation
Processes and City/Developer Relationships	• Work with local and regional partners on educational outreach for developers. • Increase clarity in the zoning code to reduce uncertainty and limit discretionary decision-making. • Create opportunities for open communication between local developers and City staff to improve interpersonal and professional relationships. • Limit design review to specific areas or types of projects.
Impact Fees	• Update impact fees to comply with new state regulations by creating a tiered system based on unit size or number of bedrooms. • Consider implementing a parks fee waiver for multifamily developments that meet a certain threshold for open space, or developments located within walking distance of an existing park. • Consider transferring some portion of the recently acquired park land to an affordable housing developer to reduce ongoing maintenance costs.
Limited Development / Construction Labor Pool	• Partner with local economic development, trade, and educational organizations to provide opportunities for local developers and construction professionals to expand their skillsets. • Offer informational outreach to regarding Sequim’s zoning code and permitting process to the local development community. • Conduct outreach to developers in other parts of Washington as opportunities for larger-scale projects arise.
Street Standards / Landlocked Parcels	• Work with developers who own “landlocked” vacant land in subdivisions to determine the specific challenges they are facing that prevent future development. • Consider enacting policies that “grandfather” in partially built subdivisions for the purposes of connecting public and private roads, and/or converting private roads to public without 100 percent approval from all abutting landowners. • Clarify whether complete streets are required in subdivisions where connecting roads have already been built out.

Implementation Strategy Matrix



Implementation Strategy Matrix

This matrix contains concrete strategies for the implementation of the recommendations contained within this report, including timing, relative cost, and enumerating who is repsonsible for the implementation actions. Note that some implementation strategies apply to multiple recommendations, noted in the matrix. Additionally, the zoning recommendations in this report represent implementable strategies themselves, so the recommendation and implementation strategy columns are merged in the zoning section.

Topic	Recommendation	Implementation Strategies	Timing	Relative Cost	Who is Responsible?
Short Term Rentals	Track the increase in STRs on an annual basis, including the increase in full-home STRs as a share of the total housing supply	Purchase membership to AirDNA or similar tools that can be used to track the number of STRs on an annual basis.	Immediate / Ongoing	$	DCED Staff
Affordable Housing	Offer incentives for below market-rate affordable housing, including density bonuses, impact fee or other fee waivers, and/or application processing priority	Analyze the feasibility impacts of different types of incentives and coordinate with other City departments to understand potential impacts of fee waivers.	Near Term	$$	DCED Staff; Infrastructure Departments
Affordable Housing	Identify potential opportunities to partner with a nonprofit or other developer to encourage affordable housing development on surplus or underutilized public land.	Identify surplus or underutilized City-owned land that could be suitable for affordable housing. If decide to pursue, offer land to a qualified nonprofit or housing authority via a request for qualifications (RFQ) process.	Near Term / Ongoing	$$	DCED Staff; other relevant departments; consultant (if needed for RFQ development)
Housing Development	Utilize DCED's existing Developer's Forum to strengthen relationships with local developers.	Continue conducting the Developer's Forum on a regular basis to provide a "familiar face" to the group. In addition, dedicate staff time to developer outreach beyond the Olympic Peninsula, including Kitsap County. Build relationships with developers outside of the region by sending City staff to industry events and conducting regular outreach. Create a marketing pitch that communicates Sequim is "open for business."	Ongoing	$$	DCED Staff
Housing Development	Partner with local economic development agencies and neighboring communities to educate local developers on middle and multifamily housing development.	Coordinate with CCEDC to support their developer outreach and education initiatives and provide Sequim-specific information on development regulations and processes.	Ongoing	$	DCED Staff; CCEDC

Topic	Recommendation	Implementation Strategies	Timing	Relative Cost	Who is Responsible?
Housing Development	Find opportunities to streamline and improve the application review process.	Find opportunities to make the online permitting system more efficient and user-friendly. Review the process for reviewing development proposals and identify pinch-points that can be addressed by minor changes.	Near Term / Ongoing	$	DCED Staff; IT Department
Tourism	Extend the tourism season through holiday specific programming and content, promoting local tourism, identifying strategies for specific groups such as corporate retreats, weddings, etc., and partnering with the Olympic Peninsula Visitor Bureau and Tourism Commission.	Support holiday-specific events hosted by downtown businesses, the farmers' market, or economic development organizations, such as a winter market, that coincide with existing winter events in Sequim. Provide opportunities within these events to highlight local businesses and advertise them via the Olympic Peninsula Visitor Bureau and Tourism Commission.	Near Term / Ongoing	$$	City Marketing and Special Events Staff; Business Organizations
Tourism	Encourage the development of a sufficient supply of housing affordable to workers in the tourism industry through zoning for a wider variety of housing types, creating incentives for affordable housing development, and engaging with employers around housing needs.	*See strategies above under "Affordable Housing"*			
Employment Sectors	Target higher-wage jobs in industries in which Sequim has a regional advantage, including wood product manufacturing and beverage manufacturing, through zoning changes (see below), engagement with industry groups, and marketing.	Prepare an Economic Development Strategic Plan (EDSP) to implement the Economic Development recommendations of this report and conduct further research and strategizing around Sequim's economy. Strategies to consider in the EDSP include a dedicated economic development staff person and marketing Sequim's land availability, existing industries, and quality of life.	Near Term / Ongoing	$$$	DCED Staff; Consultant
Employment Sectors	Coordinate with the Port of Port Angeles to determine if there is the potential for marine employment uses at or near the John Wayne Marina	City staff consider meeting regularly with the Port of Port Angeles to explore potential opportunities to pursue marine employment at or near the John Wayne Marina.	Near Term / Ongoing	$	DCED Staff; Port of Port Angeles
Employment Sectors	Promote Sequim as a location for clean energy research and development with the proximity to the	*See above under "Employment Sectors"*			

Topic	Recommendation	Implementation Strategies	Timing	Relative Cost	Who is Responsible?
	Pacific Northwest National Laboratory (PNNL) and through flexible uses in commercial zones				
Employment Sectors	Build on the presence of the PNNL and support lab expansion through engagement, marketing, and support for the housing, education, and health care needs of lab workers, as appropriate	*See above under "Employment Sectors"*			
Employment Sectors	Encourage flex industrial development and entrepreneurship through partnerships with economic development organizations and potentially land or building acquisition and refurbishment	Partner with CCEDC and local educational institutions to find opportunities for entrepreneurial support and workforce development. Identify potential opportunities to rent or purchase space that could be used as an incubator for local entrepreneurs.	Near Term / Ongoing	$$-$$$	DCED Staff; CCEDC; local schools/colleges
Zoning	Conduct a staff-driven zoning code update project that implements the zone-specific recommendations included in Leland's market analysis. These changes include:		Immediate	$	DCED Staff; consultant if needed
Downtown Zones	Consider alternatives to step-backs to address bulk and scale in downtown zones.				
Downtown Zones	Clarify allowed uses to provide increased certainty for developers				
Lifestyle District	Remove direct references to seniors in zone description, focusing instead on promoting lifestyle options in a neighborhood setting, with a variety of housing types to serve residents throughout their lives				
Lifestyle District	Consider increasing allowed height for multifamily structures to 45 feet to ensure that up to four stories can be built				
Lifestyle District	Eliminate need to require a playground within multifamily housing with five or more units and allow required open space amenities to be flexible.				
High Tech Light Ind	Refine the use table to be less prescriptive, allowing office, light industrial, light manufacturing and assembly, clean energy, and science and technology research and development				
High Tech Light Ind	If the City wants to attract small food and beverage manufacturing, consider allowing a tasting room or retail space by right rather than via a conditional use permit				
High Tech Light Ind	Establish environmental performance standards to ensure that development in this zone does not have significant negative impacts to air and water quality				

Topic	Recommendation	Implementation Strategies	Timing	Relative Cost	Who is Responsible?
Highway Commercial	Consider adding uses such as retail, office, personal and professional services, along with the existing HC uses. Ensure that transient lodging up to 50 feet is allowed				
Regional Commercial	Consider increasing maximum height from 35 to 50 feet to allow for potential hotel locations				
EOAs	As in the HTLI zone, simplify the use table to make it less prescriptive. Consider allowing professional office, light industrial, light manufacturing/assembly, retail, health services, public facilities, and multifamily housing				
EOAs	Remove increased setback requirements for multifamily housing adjacent to an R zone				
Residential Zone	Consider adding a medium-density zone in areas of transition between commercial and mixed-use zones and R4-8. This zone should allow a wider variety of middle housing types including cottage clusters, townhomes, and stacked flats				
Residential Zone	Adopt affordability bonuses in the medium-density zone that increase the allowed number of units per lot if some percentage or number of units are affordable (for instance, increasing the allowed number of units from six to eight if at least two units are affordable).				
Residential Zone	Update the ADU code to ensure it is in compliance with the requirements of HB 1337.				
Residential Zone	Remove the requirement for play spaces for low-density and middle housing types				
Processes and Relationships	Work with local and regional partners on educational outreach for developers	*See above under "Housing Development"*			
Processes and Relationships	Increase clarity in the zoning code to reduce uncertainty and limit discretionary decision-making	*See above under "Zoning"*			
Processes and Relationships	Create opportunities for open communication between local developers and City staff to improve interpersonal and professional relationships	*See above under "Housing Development"*			
Processes and Relationships	Limit design review to specific areas or types of projects	Clarify the difference between design review and site plan review. Only require design review in key areas (such as Downtown) or for projects over a certain size threshold (square feet or units). Describe the design review process in City code, noting that	Immediate	$	DCED Staff

Topic	Recommendation	Implementation Strategies	Timing	Relative Cost	Who is Responsible?
		designs are reviewed by City staff rather than a review board.			
Impact Fees	Update impact fees to comply with new state regulations by creating a tiered system based on unit size or number of bedrooms	Engage a consultant to analyze the appropriate range of fees and home sizes to comply with state requirements. This analysis should quantify the potential impacts of fee waivers for housing that meets specific criteria such as affordability, proximity to an existing park, or substantial outdoor space. The consultant should coordinate with the Public Works department.	Near Term	$$	DCED and PW Staff; consultant
Impact Fees	Consider implementing a parks fee waiver for multifamily developments that meet a certain threshold for open space, or developments located within walking distance of an existing park	*see above*			
Impact Fees	Consider transferring some portion of the recently acquired park land to an affordable housing developer to reduce ongoing maintenance costs.	*see above*			
Limited Labor Pool	Partner with local economic development, trade, and educational organizations to provide opportunities for local developers and construction professionals to expand their skillsets	*See above under "Employment Sectors"*			
Limited Labor Pool	Offer informational outreach regarding Sequim's zoning code and permitting process to the local development community	*See above under "Employment Sectors"*			
Limited Labor Pool	Conduct outreach to developers in other parts of Washington as opportunities for larger-scale projects arise	*See above under "Housing Development"*			
Street Standards	Work with developers who own "landlocked" vacant land in subdivisions to determine the specific challenges they are facing that prevent future development	Bring this issue to the DCED Developer Forum for discussion and to work directly with developers to identify potential solutions.	Near Term	$	PW and DCED Staff; developers
Street Standards	Consider enacting policies that "grandfather" in partially built subdivisions for the purposes of connecting public and private roads, and/or	Include provisions in land division ordinance to address.	Near Term	$	PW and DCED Staff

Topic	Recommendation	Implementation Strategies	Timing	Relative Cost	Who is Responsible?
	converting private roads to public without 100 percent approval from all abutting landowners				
Street Standards	Clarify whether complete streets are required in subdivisions where connecting roads have already been built out	Include provisions in land division ordinance to address.	Near Term	$	PW and DCED Staff

Appendices



Appendix A: Stakeholder Engagement Summary

To help inform future planning in the city, Leland conducted a series of stakeholder interviews in July 2025 to hear perspectives from local housing and commercial developers and economic development professionals. Leland's team also attended a joint session of Sequim's Planning Commission and City Council to discuss their vision and concerns, met with key city staff, and took a driving tour of the city. This section provides a summary of key themes and takeaways from these discussions. It summarizes what was heard by stakeholders, but does not necessarily imply that each comment is true or backed by data. Leland interviewed the following stakeholders for this project:

- **City Staff**
  - Matt Huich (City Manager)
  - Mike Hill (Police Chief)
  - Sue Higener (Finance Director)
  - Barb Hanna (Communications and Tourism Marketing Director)
  - Oleg Hamin (IT Director)
  - Nick Dostie (City Engineer)
- **Community Members**
  - Greg McCarry (Housing Developer)
  - Joanna Estes (Housing Developer)
  - Vern Fyrkholm (Commercial Developer, Landowner)
  - Ryan Schaafsma (Commercial Developer, Landowner)
  - Luke Strong-Cvetich (Jamestown S'Klallam Tribe)
  - Caleb Anderson (Housing Developer)
  - Emily Scavarda (Housing Developer)
  - Michael McAleer (Realtor)
  - Caleb Grubb (Housing Developer)
  - Beth Pratt (Sequim-Dungeness Valley Chamber of Commerce)
  - Collen McAleer (Clallam Economic Development Council)
  - Joe D'Amico (Security Services NW, Landowner)

Key Themes and Topics

Sequim's Identity

Staff and community members are proud of Sequim's identity and feel that the city has a distinctive image or personality which help it stand out as a great place to live. They feel that Sequim is a small, friendly, clean and unique town, with unusually sunny weather compared with the region, and a high quality of life. Many interviewees noted the rapid pace of population growth in recent years, particularly in comparison with slower growth in Port Angeles, and feel that the city is starting to "grow up."

On the other hand, the influx of new residents, particularly retirees, has presented challenges. Although the city has not explicitly marketed itself as a retirement destination, many younger residents leave the city for education and employment opportunities, and a large share of new arrivals are retirees which bring disposable income to

the community. Some interviewees felt that there should be increased marketing of the area to younger residents and families, in an effort to move away from the image of Sequim as a retirement destination.

Housing

Housing was a key topic of discussion with nearly all stakeholders. This section summarizes key discussion topics around housing needs, types, and the housing market in Sequim. More detailed feedback on housing development, land use, regulation, and process is found below under "Regulations, Fees, and Permitting"

Housing Needs

- Housing is a critical issue in Sequim, as many locals cannot afford **high housing prices** and rents in the city.
- **State mandates** for a variety of housing types can feel at odds with the high demand for single-family homes on large lots with a rural feeling. Similarly, there is some tension between Sequim's rural past and increasing population density and new residents used to urban style living.
- Many **employees** in the city's tourism and service industries cannot afford housing in Sequim, and this can affect economic growth. Businesses are having trouble recruiting employees, even in medical fields, because of the high cost of housing.
- Although there may be some community resistance to more **multifamily housing**, there is a need for more apartments and middle housing such as duplexes/triplexes/fourplexes in the city. Tiny homes and cottage clusters were also mentioned as potentially more affordable typologies.
- There has not been significant multifamily condo or townhome development since the 1970s, but several interviewees agreed that new developments with a **mix of single-family, townhomes, and multifamily** apartments would be attractive.
- The city's abundance of **mobile/manufactured homes** was noted by several interviewees with mixed feelings. Although these units provide a form of affordable housing, they are also often old and in disrepair, and some noted that it would be better to encourage more affordable multifamily development to better serve these residents.

Housing Prices & Market

- There was general agreement that the city's reputation as a retirement haven and the associated turnover in the real estate market and prevalence of higher-income in-migrants has resulted in **inflated housing prices** and large disparities between **wages and housing costs**.
- Entry-level homes built by national builders in town are starting at **$550,000**, and some two-story townhomes are selling for around **$425,000**, according to developers.
- It is difficult for younger residents and locals to afford to **get into the housing market** due to high prices. Townhomes or even tiny homes were seen as potential gateways to homeownership by some interviewees.
- Several interviewees mentioned that the local community might be able to afford rents up to around $1,500 per month, but that units renting at those levels are low quality. Due to a **lack of inventory** that has increased the gap between wages and rents, single-family homes, even older ones, are renting for over $2,000 a month, a price unaffordable to many Sequim residents.

Note that these housing prices are specific to homebuilders discussed in developer interviews. The overall median market price for single-family homes discussed in the "Housing" section of this report is closer to $800,000.

Economic Development

In general, interviewees were enthusiastic about the potential for the Comprehensive Plan to help move the needle on economic development in Sequim through visioning for the future of the local economy and updating land use and regulations to better align with Sequim's economic needs and strengths. There was an emphasis on regional coordination and understanding Sequim's relationship with the Olympic Peninsula economy as a whole, as well as a desire to think creatively about the local economy moving forward.

Commercial Industries, Manufacturing, Resources

- Stakeholders described Sequim's cluster of **big box retail** as a key economic driver in the community, particularly compared with Port Angeles and Port Townsend which both have ports and a maritime industrial sector lacking in Sequim, which does not have an industrial base within city limits.
- Despite the lack of industrial base, several interviewees described the potential for **smaller-scale light manufacturing or light industrial businesses** in Sequim, including value-added manufacturing based on wood (such as furniture manufacturing), lavender (oils, soaps, etc.), boat building at the marina, or beverage manufacturing (cider, beer). Most manufacturing uses near Sequim are in the Carlsborg industrial area, so bringing these uses into the city would likely require land use changes.
- Most stakeholders agreed that **heavy industry** would not be likely or desired in Sequim due to current zoning, the remote location, lack of rail or natural gas, limited land availability, and limited electricity supply.
- Some interviewees mentioned the potential for an **Amazon warehouse** or facility in the city, as the company has been searching for an appropriate location on the peninsula, though it appears permitting for an Amazon warehouse is already in process with the City of Port Angeles.

Pacific Northwest National Laboratory (PNNL)

- Pacific Northwest National Laboratory (PNNL), a marine research facility operated by the Department of Energy and located just outside of Sequim, currently employs about 100 highly educated scientists. It is relatively little-known outside the community, and although it provides **high-wage jobs**, stakeholders described **few opportunities** for additional scientific or research opportunities associated with PNNL, which conducts most or all of its work in house.
- PNNL is expanding and seeking to **recruit additional employees** for well-paying jobs. However, they are encountering difficulties with housing, schools, and health care in attracting employees. Some stakeholders reported that PNNL is engaging in some local workforce development efforts.

Tourism and Hospitality

- Interviewees agreed that the tourism industry is a **key driver in Sequim's economy**, particularly the yearly Lavender Festival, although attendance at the festival was reportedly lower than average this year.
- One key aspect of the tourism industry is that it **"shows off" the city** to visitors, some of whom then decide to relocate to Sequim. Interviewees felt that this was more common in Sequim than other places.
- There was general agreement that lower-paid tourism employees are **having trouble affording housing** in the city, and the tourism sector is having trouble recruiting new employees.
- Some interviewees discussed the **lack of available hotel rooms** and the potential for short-term rentals to help fill seasonal tourism need, while acknowledging that they may have a negative impact on housing availability for full-time residents.
- The **Olympic Discovery Trail** was mentioned as a key asset that could be better marketed to tourists, and some suggested that the city invest in better access from downtown to the trail.

- The vibrant **arts and culture** scene on the Olympic Peninsula was mentioned as another quality-of-life asset in the community, and one which is strengthened by the retired population who have more free time.

Downtown

- Downtown Sequim is viewed very **positively** by stakeholders, with plenty of long-established and healthy retail businesses, walkability, and a quaint small-town feel, although several noted that the town closes shop very early, around 6 or 7 PM.
- The new development that is home to Tedesco's, Salty Girls, and the Peninsula Taproom was noted several times as a good example of development that has created a **positive gathering place** for the community.
- Stakeholders agreed that the city should continue to **prioritize and nurture downtown businesses**, promote **walkability**, and encourage **high quality development** in the area, as the vibrancy of downtown is important to the community and tourists.

Education

- Sequim has struggled to adequately fund its schools in recent decades, leading to poor performance. Stakeholders described this as another potential hurdle for local businesses recruiting new employees. However, a large **bond was recently passed** after failing several previous times at the ballot box, so increased investment in schools is forthcoming.

Health Care

- Despite the high number of retirees, stakeholders described a potentially dire health care climate in Sequim, with the **Olympic Medical Center** in poor financial shape and liable to be bought out soon. Federal cuts to Medicaid are likely to exacerbate this situation in the coming years.
- The **Jamestown S'Klallam Tribe** have greatly enhanced the city's health care services, serving 20,000 patients at their **primary care clinic** as well as with their recently opened **healing clinic**. The Tribe is the largest employer in Sequim, and the second-largest employer in Clallam County.

Regulations, Fees and Permitting

Since many interviewees were housing and commercial developers, there was a great deal of detailed feedback on regulatory barriers to development and permitting processes. Although developers voiced frustrations about both issues, particularly permitting, some acknowledged recent improvements in their relationship with the City. Key takeaways and potential suggestions for regulatory and process improvements are below, followed by a separate section on land use and zoning considerations.

Regulations

- Some developers brought up issues with the additional costs generated by recent changes in **street width, sidewalk, and bike lane** standards and requirements, which are negatively impacting feasibility.
- Expensive and challenging requirements to mitigate **steep slopes** was brought up as another obstacle to development in some areas of the city.
- Some developers brought up **fire safety standards** as a potential barrier to construction, citing examples such as requirements for three-hour fire rated doors very near the fire station, or requirements for sprinklers in various types of commercial buildings.

- **Design review** requirements were brought up a number of times. The commercial standards which emerged due to the proliferation of big box stores seem to be causing issues for smaller scale commercial developments. Developers suggested removing or **reducing design review requirements for small commercial projects** and for industrial projects. Similarly, some felt that design review requirements being required for **multifamily projects** of three units or more is also overly stringent, and middle housing feasibility would be improved by applying those standards only to larger apartment projects.
- Several developers discussed differing standards between the **City and the UGA**, noting that Clallam County is starting to allow more types of housing and development in the UGA, suggesting the need for coordination.
- Overall, developers do not seem concerned about the City's **parking requirements** or feel that they are overly problematic from the perspective of feasibility.

Fees

- **Impact and permit fees** were topics of extensive discussion in the development community, with several interviewees noting that permit and impact fees have increased from around $6,500 per unit 20 years ago to $30,000 today, twice as much as the current rate in Clallam County.
- Many interviewees pointed out that **impact fees for multifamily units are the same or higher in some cases than fees for single-family units**, and suggested reductions in fees for multifamily development, a common practice in other cities.
- Several developers pointed out that **Port Angeles is waiving utility and connection fees for middle housing** projects of two to four units, and suggested a similar program could incentivize middle housing in Sequim.
- **Parks impact fees** are seen as "double-dipping" for multifamily development since developers have to pay the same fee as for a single-family unit and are also required to provide open space in the development.
- Several developers are focusing primarily on **developing in the County** due to the cost of Sequim's impact fees and their negative effect on feasibility.

Permits

- Overall, stakeholders described **frustration with the permitting process** in Sequim, with multiple rounds of revisions and wait times ranging from three months to three years for some projects. Similar to fees, the situation was described as considerably easier in the unincorporated county.
- High **turnover** in the planning department, **lack of clarity** about requirements, and reliance on **third party** engineering, plan review, and inspections were also mentioned as issues with the permitting process.
- Stakeholders suggested that **streamlining** the process could reduce the number of resubmittals, and also suggested that a better tracking system could help them understand where they are in the process.
- Interviewees also pointed out that Port Angeles and Port Townsend have established **pre-approved plans** for infill housing types which can streamline permitting and suggested something similar would be helpful in Sequim.

Land Use and Zoning

Overall, interviewees feel that Sequim has **sufficient land availability** within city limits for a wide variety of housing and commercial development, but there are zoning issues preventing the types of development the city needs and that they are interested in building, in some cases. Overall stakeholders advocated for a **wider range**

of allowed uses throughout the city, both higher density residential in residential zones as well as broader commercial uses in commercial zones, and more mixed-use zoning to increase flexibility for housing or commercial development.

Downtown

- Several stakeholders discussed the need for **increased height in the downtown** to facilitate mixed-use development due to the added height needed for ground floor commercial. Suggestions ranged from 45-60 feet for downtown height limits, though downtown height limits are already set at 45 feet currently.

Lifestyle District (LD)

- As mentioned previously under "Sequim's Identity," several interviewees suggested that the city should be more intentional about **moving away from the image of Sequim as a retirement destination**, including moving away from the description of the Lifestyle District in the zoning code as catering to the senior population.
- Overall, there was interest in the Lifestyle District being **more flexible and allowing for more mixed-use**, as well as some comments that the zone is too small and could be expanded to some R4-8 areas to increase opportunities for multifamily and mixed-use development.

High Tech Light Industrial (HTLI)

- The HTLI zone has been **unsuccessful** at attracting high tech industrial development and is mostly undeveloped. Stakeholders agreed that the zone is not working, but provided varying suggestions on changes.
- Some developers suggested that the HTLI needs a **clearer and more expanded list of allowed uses** to reduce confusion and increase flexibility for commercial development, particularly for light manufacturing and office.
- Most stakeholders agreed that **housing should be allowed** in the HTLI, and several suggested to simply rezone it to Lifestyle District. Housing in the HTLI was seen as particularly important once the westbound Highway 101 interchange is eventually completed.

Highway Commercial (HC)

- The Highway Commercial zone is relatively limited in size. There has been some interest in this zone south of Walmart, but some felt that it would be worth **expanding this zone** along the highway in the eastern part of Sequim.

Regional Commercial (RC)

- Several stakeholders mentioned that it would be beneficial to **allow apartments in the Regional Commercial** zone to facilitate more workforce housing for the employees of the big box stores.

Economic Opportunity Areas (EOA)

- Like the HTLI, interviewees felt that the EOA zones had good intentions but need some **modifications**.
- Some stakeholders suggested allowing a variety of housing types in the EOA **without being required to do mixed use** commercial development.
- Stakeholders pointed out that these areas prohibit multifamily although there is lots of available land and a strong community need for affordable housing. They felt that **multifamily would easily get developed** if allowed in the EOA.

Market Considerations

- Interviewees described Sequim as a **"third tier" market from Seattle** – residential development has been active, and retail and office may follow in time. Investors are buying properties knowing things will continue to grow.
- Some developers described **challenges finding construction workers and subcontractors** locally. Costs are higher than in the Puget Sound due to local competition, and sometimes workers need to be brought in from Kitsap or farther afield.
- The local development community has extensive experience with **lower-density development**. There were some discussions about helping Sequim developers move from single-family to multifamily with technical assistance and services as one potential avenue to facilitate denser development in the city.

Infrastructure

Several key **infrastructure issues** were raised by stakeholders, and staff noted that the capital improvement program has "exploded' in recent years. Some developers feel that too much of the cost of developing infrastructure is put on the developer, particularly in the form of new street width and bike lane requirements as discussed above under "Regulations."

Private Roads and Landlocked Lots

- In the early 2000s, many developments in Sequim were permitted with **private roads**, although this is no longer allowed. These private roads are often the only access to vacant, developable parcels. Regulations prevent the connection of these private roads to new public roads. Additionally, the private roads can only be made public if 100 percent of landowners abutting the private roads agree. This has resulted in many **"landlocked" parcels** which cannot be developed.
- Developers suggested a number of potential solutions to this problem, including changing regulations to **ease the process of adopting private roads** and increasing flexibility on road standards in such cases, amending the code to **allow public roads to connect to private roads**, or **grandfather** plats adopted under prior regulations to allow construction of new private roads.

Highway 101 Interchange/Onramp

- The incomplete highway interchange in eastern Sequim is an important issue. Staff and stakeholders expressed **frustration** with the state's slow progress on completing the eastbound onramp, and the city has made recent efforts to push for its completion at the state level.
- Developers feel that when completed, the market for **multifamily housing will be stronger in the area adjacent to the interchange** – relating to HTLI rezoning suggestions discussed above. This will also ease commuting between the big box stores and potential new housing on the east side of town.

Planning Commission / City Council Themes

In addition to the developers and city staff interviews described above, Leland facilitated a discussion by Sequim's Planning Commission and City Council at a joint meeting in July 2025. Key themes from this discussion follow:

Sequim's Identity

- Council and planning commission identified the mild **climate**, **quality of place** and access to **nature**, strong **civic engagement**, vibrant **cultural scene**, and active **downtown** as key elements of Sequim's identity and key differentiators of the city.

Housing Goals and Priorities

- Councilors and commissioners agreed that housing is a key issue in Sequim and emphasized the need for **a variety of housing types (including multifamily) to serve all income levels and demographics (including seniors and younger families)**, integrated throughout the city.
- **Workforce housing** was discussed as a particular need to serve Sequim residents with low- and moderate-wage jobs, as well as to help attract new employees.
- Following the Council's work at their retreat several months ago, there was discussion about clustering multifamily housing in **strategically positioned nodes**, potentially on either side of downtown and along Washington Street to facilitate transit access and walkability.
- Some commissioners and councilors advocated for **mixed-use development downtown,** with one or even two stories of residential above commercial space.
- Like the community stakeholders, council and planning commission also noted the lack of development in the **HTLI** and **EOA** zones and advocated for allowing more housing in both areas. They also acknowledged issues with **impact fees** imposing burden on multifamily and affordable development, particularly park impact fees.

Economic Development Goals and Priorities

- Council and planning commission agreed that Sequim's **mild climate** and **quality of life** are key advantages for the city's economy, as well as the location between Port Townsend and Port Angeles and associated established retail hub.
- Councilors and commissioners also agreed that the city should work to **build on its existing strengths** around retail, tourism, and quality of life rather than attempting to recruit incompatible industries such as heavy industrial, with associated transportation and infrastructure limitations.

Key Industries

- As with the stakeholder interviews, council and planning commission identified **tourism and hospitality** as key industries for Sequim's continued vibrancy, while also identifying the associated challenges with lower-wage jobs and seasonality.
- **Technology** was discussed as a key sector, with remote work opportunities enhanced by improved broadband infrastructure.
- There was some discussion of **light industrial** potential, as well as building on the presence of PNNL with **research**-related enterprises.

Key Challenges

- Political and social challenges faced by Sequim include community **resistance to change** (particularly around housing), lack of **healthcare capacity** to serve the aging population, incorrect community perceptions of **water supply** constraints, and external perception of the city as a **retirement** destination.
- Planning Commission and Council discussed their concerns about **short-term rentals** and their impact on year-round housing, citing the need for better data to determine the prevalence of these units in the city.
- There was some discussion around **manufactured homes and RVs.** Some residents of RV parks are facing seasonal displacement by tourists, and there are concerns about manufactured home park residents being displaced by future development pressure. Age-restricted manufactured home parks also restrict access to affordable housing for families.

Recommendations

- Council and Planning Commission advocated for consideration of **mixed-use development along Washington Street** with residential above commercial, as well as exploration of incentive programs for affordable housing development, such as fee waivers and public land partnerships.
- There was a discussion about the value of continuing **Peninsula-wide housing summits and planning coordination**, which have been valuable opportunities for Council members recently. Continued collaboration with the **Jamestown S'Klallam** tribe was also brought up as an important relationship.
- The Council and Planning Commission advocated for **transparent communication** with the public about development and planning, as well as continuing to shift the marketing of the city away from the emphasis on retirement and towards a family-friendly image.

Appendix B: Short Term Rental Regulation References

Studies & Scholarly Articles

- Lee, Dayne. "How Airbnb Short-Term Rentals Exacerbate Los Angeles's Affordable Housing Crisis: Analysis and Policy Recommendations." *Harvard Law & Policy Review* (2016).
- Calder-Wang, Sophie, Chiara Farronato, and Andrey Fradkin. "What Does Banning Short-Term Rentals Really Accomplish?" *Harvard Business Review* (2024).
- Thor, Jennifer Cordon and Keri K. White. "Short-Term Rental Regulations and Residential Housing Affordability: Bridging the Gap between Policy and Enforcement." *Cornell Journal of Law and Public Policy* (2025).
- Barron, Kyle, Edward Kung, and Davide Proserpio. "The Effect of Home-Sharing on House Prices and Rents: Evidence from AirBnB." University of Pennsylvania Wharton School of Business (2019).

Example Regulations

- Portland, Oregon (Accessory Short Term Rentals)
- Hood River, Oregon
- Bellingham, Washington
- Maui, Hawaii
- Tillamook County, Oregon
- Juneau, Alaska