CITY OF SEQUIM

Comprehensive Plan Housing Element

Date September 22, 2026
To Karla Boughton, City of Sequim
From Andrew Oliver & Jennifer Shuch, Leland Consulting Group
Subject Applicability of Recent GMHB Decisions to Sequim's Housing Element

Leland Consulting Group has been assisting the City of Sequim with updating the Housing Element of the Comprehensive Plan since 2024. This includes the Land Capacity Analysis, Racially Disparate Impacts assessment, and Adequate Provisions Analysis that are required by recent amendments to the GMA resulting from legislative actions in recent years. Initially, Leland utilized the Department of Commerce's "Guidance for Updating Your Housing Element" (August 2023, updated January 2026), commonly known as "Book 2" and "Guidance to Address Racially Disparate Impacts" (April 2023), commonly known as "Book 3" of the Department of Commerce's guidance specifically relating to the methodology and analyses required in these appendices to the Housing Element. However, there have been several recent final decisions and orders from the Growth Management Hearings Board (GMHB) that have requested cities and counties whose plans were appealed to conduct additional analysis beyond that which was outlined in Books 2 and 3. As a result, Leland has worked with City staff to identify relevant takeaways from these decisions and update these appendices to address any of these that are relevant to the City of Sequim. This memorandum summarizes these takeaways and the additional information provided by Leland Consulting Group to support the adoption and certification of the City's Comprehensive Plan.

Key Takeaways of Recent GMHB Decisions

The four recent GMHB decisions that Leland reviewed resulted from appeals of Comprehensive Plans in Anacortes (Turner and Ian Munce et al. v. City of Anacortes, Case 26-2-0001c), Kitsap County (Kitsap Alliance of Property Owners; Palmer; Futurewise; Yamamoto; & Yamamoto Hydroseeding v. Kitsap County, Case 25-3-0005c), Mercer Island (Futurewise, Kian Bradley and Trevor Reed v. City of Mercer Island, Case 25-3-0003), and Port Townsend (Todd McGuire, Mary McCurdy, John Capps, John Watts, and Affordable Hometown Port Townsend v. City of Port Townsend, Case 26-2-0017). Leland worked on the housing elements of the Anacortes and Port Townsend Comprehensive Plans. The table below describes the major takeaways from these decisions that are most applicable to Sequim's Comprehensive Plan. While additional decisions from GMHB could impact these takeaways and the actions Sequim can take to ensure compliance, this table summarizes information we have available at this time (September 2026).

GMHB Decisions	Key Takeaways
Anacortes	• The City did not fail to establish "sufficient subsidies" were in place to allocate to housing across income bands because it completed a Housing Action Plan (HAP) that promotes affordability across all income bands.
Kitsap County	• While the GMHB considers the guidance provided by the Department of Commerce, ultimately compliance is determined based on the GMA itself. • Jurisdictions "must use the tools at their disposal to create conditions that make it feasible for developers to build the kinds of housing needed at all income levels." • Jurisdictions can't align population allocations "over time" – they have to account for population allocations across income bands within the Comp Plan. • The County failed to identify sufficient capacity of land for all income groups and make adequate provisions for current and future needs.
Mercer Island	• The City aggregated the income levels in its land capacity analysis and did not acknowledge that the land it showed as being available to low to moderate income segments would likely only be built out with moderate-income housing. • The City did not identify subsidies and incentives needed to provide sufficient inventory for the low, very low, and extremely low income segments. GMHB states, "if the units are not incentivized or subsidized, then they are not available." • The City's analysis of its voluntary incentive program in the TC zone conflated the affordable and market rate units likely to be delivered in that zone. The City did not identify how an incentive that has produced 102 units so far will deliver 1,073 units in the future. • The GMHB concludes that disregarding subsidies and incentives is appropriate in the context of emergency housing, but not appropriate for land capacity analyses and permanent housing. • GMA-compliant comprehensive plans and implementing development regulations must be adopted by the periodic update deadline. Other actions needed to "make adequate provisions" can be taken after that deadline. The guidance provided in Book 2 from the Department of Commerce is inaccurate in its guidance that cities have five years to implement changes to development regulations.
Port Townsend	• The City made an amendment pertaining to six- and twelve-unit multiplexes after the Planning Commission completed its review of the Comprehensive Plan. The GMHB found that this is in violation of the GMA's requirements for "early and continuous public participation in the development and amendment of comprehensive land use plans." • As in Mercer Island, the City aggregated extremely low, very low, and low income categories, which GMHB concludes prevented the City from producing an accurate inventory of its existing and projected permanent housing needs. • Policy changes are insufficient if they don't include evidence that the changes will actually meet the City's identified needs. Jurisdictions must use all the tools at their

GMHB Decisions	Key Takeaways
	disposal to create conditions that make it feasible for developers to build housing at all income levels. • RCW 3670A.070(2) does not exempt small cities with limited resources from these requirements. • The City failed to provide a credible analysis that established how proposed changes would begin to undo racially disparate impacts, displacement, and exclusion in housing. The displacement risk analysis in the RDI was insufficient, as it only included the Department of Commerce's Displacement Risk Map.

Actions to Address Key Points from Decisions in Sequim's Housing Appendices

Because Sequim is still in the process of finalizing its Comprehensive Plan, in the context of these decisions from the GMHB, Leland and the City have updated appendices to the Housing Element to support compliance with the key points raised in these decisions. While further decisions from the GMHB could alter this context, Sequim is working to submit its Comprehensive Plan in a timely manner and is therefore moving forward under the current context. The relevant documents that address the key points raised in these decisions are the Land Capacity Analysis, the Adequate Provisions Analysis, and the Racially Disparate Impacts Assessment. The changes to the Land Capacity Analysis are also described in the Housing Needs Assessment. Efforts to address compliance with the GMHB decisions detailed above in each of these documents are outlined below.

Land Capacity Analysis

The Land Capacity Analysis memorandum (Appendix A-2) includes a robust description of its purpose, which is to show **that there is sufficient zoned land for the number and types of housing units** that are required to meet statewide targets. The Adequate Provisions Analysis builds on the Land Capacity Analysis by showing how Sequim is addressing barriers to housing feasibility across income bands.

The LCA also includes the output from the Washington Department of Commerce Housing for All Planning Tool (HAPT), which shows the disaggregated targets across all income bands for Clallam County jurisdictions, including Sequim. This addresses stated GMHB concerns in Mercer Island and Port Townsend that aggregating across income bands obscures **current housing needs**, as opposed to future likely buildout.

Because the LCA is the first step in a larger process, it is not possible to say with certainty how much land will be built out at a certain income level below 80 percent AMI. Presumably, many of the housing in those income bands will be multifamily apartments or mobile homes. However, it is important to understand how current housing types are serving specific income bands. To this end, we conducted an analysis of home prices and rents to understand what income bands are being served by these types of housing. We found that households earning less than 80 percent AMI are being served by existing rental housing in the City. Under proposed zoning changes, Sequim has a surplus land capacity under the proposed rezoning which is planned to be implemented concurrently with the Comprehensive Plan of 220 units for households making less than 80 percent AMI. The question of how these units will be incentivized and subsidized, and the eventual future distribution of these units across income bands below 80 percent AMI, is part of the Adequate Provisions Analysis detailed below.

Adequate Provisions Analysis

Based on guidance from the Department of Commerce, cities are required to complete Adequate Provisions checklists that identify barriers to housing development for specific types of housing, including middle housing, ADUs, multifamily housing, and permanent supportive housing, as well as financial incentives the City is using to increase feasibility of subsidized and multifamily development. In order to address concerns raised by the GMHB in recent decisions, Leland added additional narrative to these checklists, resulting in a larger Adequate Provisions Analysis with considerably more detail on subsidy and funding sources for affordable housing. We also worked with the City to identify actions that are being taken concurrently with the passage of the Comprehensive Plan to implement the recommended actions in the Adequate Provisions checklists.

Utilizing estimates for development costs in Clallam County provided by the Department of Commerce, we identified subsidy gaps for housing in the 0-30 percent, 30-50 percent, and 50-80 percent income bands over the planning horizon. We estimate that $152.5 million in subsidy would be needed to provide all needed housing across income bands. We provided a thorough discussion of why Sequim was not pursuing a mandatory inclusionary zoning program at this time, and described the typical funding sources and processes for subsidized affordable housing, emphasizing that the largest pools of funding are allocated by the federal and state governments on a project-by-project basis, ultimately leaving the City with limited control over what types of affordable housing are built in the city.

We also summarized key takeaways from discussions with affordable housing and market rate housing developers active in the City of Sequim. These takeaways informed the recommendations in the Adequate Provisions Checklists as well as the discussion of inclusionary zoning and development feasibility.

Racially Disparate Impacts Analysis

In the Port Townsend decision, the GMHB emphasized that the displacement risk map on its own was not sufficient. To that end, we added a discussion of actions the City has taken to reduce displacement and preserve its most vulnerable source of affordable housing – mobile homes. The City has implemented a Mobile Home Park zoning overlay to ensure that mobile home parks are not redeveloped and replaced by higher intensity housing or commercial uses. Eviction due to the sale and/or redevelopment of a mobile home park is a significant risk for low income residents, particularly seniors. By providing this protection, the City of Sequim is proactively limiting displacement of vulnerable residents.

In addition, the RDI contains two policy analyses – one showing the goals and policies from the City's previous Comprehensive Plan and the other showing the updated goals and policies in the current Comprehensive Plan. By including an analysis of both sets of goals and policies, the City is demonstrating its commitment to addressing racially disparate impacts, and describing how these changes will address this goal.