



Lacey Planning Commission Meeting Agenda

Refer to the bottom of the agenda for meeting information.

Wednesday, August 26, 2026

6:00 PM

Council Chambers and Online

1. Call to Order

2. Roll Call

3. Land Acknowledgement

We, the City of Lacey, are on the ancestral land of the Tribal People of the Treaty of Medicine Creek, including the Nisqually Indian Tribe and Squaxin Island Tribe. We acknowledge and remember those Tribal People not recognized today who were absorbed or relocated into other tribes for survival. We recognize the ancestors and their descendants who are still here. We recognize and respect the Tribal People of the Treaty of Medicine Creek as the traditional stewards of this land since time immemorial and their role today in taking care of these lands in perpetuity. We recognize and have the responsibility to call attention to the histories of dispossession, forced removal, and abridged treaty rights that allowed our nation, state, and city to develop as they have today. We recommend that community members read the Medicine Creek Treaty of 1854.

4. Approval of Agenda and Consent Agenda Items

- A. Approval of Agenda
- B. Approval of August 12, 2026 meeting minutes
 - 1. August 12, 2026 Minutes

5. Public Comment

Refer to the bottom of the agenda for instructions on how to provide public comment.

6. Commission Members' Reports

7. Department Report

8. Public Hearing

- A. **LMC 14.32 Tree Regulation Amendments (Docket 11): Hans Shepherd, Senior Planner:** The Planning Commission will conduct a public hearing to take testimony on draft amendments to the Lacey Municipal Code related to tree regulations. After the conclusion of the public hearing, the Planning Commission will consider the testimony received and may make a recommendation to the City Council on the amendments.
 - 1. Tree Regulation Amendment Staff Report Attachment

- B. **Private Comprehensive Plan Amendment and Rezone Request (Docket 13):**
Hans Shepherd, Senior Planner: The Planning Commission will conduct a public hearing to take testimony on a private-applicant request to amend the Comprehensive Plan Future Land Use Map designation and zoning of property located north and east of the intersection of Willamette Drive NE and 31st Avenue NE. After the conclusion of the public hearing, the Planning Commission will consider the testimony received and may make a recommendation to the City Council on the application.

1. Private Comprehensive Plan Amendments and Rezone Request Attachments

9. New Business

10. Old Business

11. Communications and Announcements

- A. Planning Commission Calendar

12. Next Meeting - September 23, 2026

13. Adjournment

Attendance and Public Comment

Attend Remotely or in Person

The public may attend the meeting in person, or you may view or listen to the meeting using one of the following platforms:

In Person	Council Chambers at Lacey City Hall 420 College Street SE, Lacey, WA 98503
Zoom:	https://us02web.zoom.us/webinar/register/WN_v_RPzRchTM64SIHs0hzlQ
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=5gcZZ-TUFhU
Cable:	Channel 77 with your local cable provider
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 869 1902 5767)

Verbal Public Comment

Each speaker is limited to three minutes. Comments are welcome on matters connected to City business or specific agenda items.

Prior to starting your comments, please provide your:

- a. Name
- b. City of residence or connection to the City
- c. Topic or subject matter of your comments

Those wishing to provide verbal public comment may do so in person or by Zoom:

In Person: Use the sign-up sheet located at the meeting location.

Zoom: Preregister using the following Zoom link no later than two hours prior to the meeting:
https://us02web.zoom.us/webinar/register/WN_v_RPzRchTM64SIIHs0hzlQ

Instructions and access details will be provided once registration is complete.

Written Public Comment

Please email written public comments to PlanningCommission@cityoflacey.org. The comment period will close two hours before the meeting time. Commissioners will receive all written public comments provided by this deadline. Comments may not be addressed during the meeting. All comments are part of the official record.

MINUTES

Lacey Planning Commission Meeting
Wednesday, August 12, 2026 – 6:00 p.m.
Lacey City Hall Council Chambers, 420 College St SE – and via Zoom

Meeting was called to order at 6:00 p.m. by Vice Chair Robert Lane.

Planning Commission members present: Robert Lane, Kyrian MacMichael, Tonya Moore, Judith Doyle, Allen Acosta and Aaron Dumas - Staff present: Sarah Schelling, Shannon Vincent and Kathryn Matthiesen.

Robert noted a quorum present. Kyrian read the Land Acknowledgement.

Judith Doyle made a motion, seconded by Aaron Dumas, to approve the agenda for tonight's meeting. Aaron Dumas made a motion, seconded by Kyrian MacMichael to approve the July 22, 2026 minutes. All were in favor, both motions carried.

- 1) **Public Comments:** No Public Comments.
- 2) **Commission Members Reports:** Kyrian MacMichael participated in Paddle to Nisqually and shared her positive experience. Allen Acosta participated in Wildfire Relief. Robert Lane gave a positive review of Greg Cuoio Park opening.
- 3) **Department Report:** Sarah Schelling told Commission members of Ryan Andrews' absence for the Commission meeting.
- 4) **Public Hearing:** No Public Hearing.
- 5) **New Business: Street Merchant Regulations (Docket 09): Shannon Vincent, Senior Project Planner:** The Planning Commission received an introductory briefing from staff on updates to the City's street merchant regulations. The draft amendments will be presented to the Planning Commission at a future meeting.
- 6) **Old Business:** None
- 7) **Communications and Announcements:** Robert went over the Planning Commission schedule.
- 8) **Next Meeting:** August 26, 2026
- 9) **Adjournment:** 6:19 PM

To hear the full discussion of a specific topic, or the complete meeting, watch the recorded video available on YouTube: <https://www.youtube.com/watch?v=eDSweRGOqZM>



STAFF REPORT

Planning Commission
August 26, 2026

Subject: Public Hearing: LMC Amendments - Tree Code Consistency Review (Docket Item 11)
To: Planning Commission
Prepared by: Hans Shepherd, CED Senior Community Planner *HS*
Division Review: Ryan Andrews, CED Community Planning Manager *RA*
Department Director: Vanessa Dolbee, CED Director *VD*

Purpose: Action Item

Recommendation: Motion to Approve.

Brief: The Planning Commission will conduct a public hearing on proposed amendments to the Lacey Municipal Code (LMC). Amendments relate to Chapter 14.32 Tree and Vegetation Protection and Preservation. Following public testimony on these amendments, the Planning Commission will have the opportunity to make a recommendation to City Council or schedule the proposed amendments for further review.

Prior Review:

April 8, 2026 Planning Commission – [Meeting Link](#)

June 23, 2026 City Council Worksession – [Meeting Link](#)

July 22, 2026 Planning Commission – [Meeting Link](#)

Attachments:

1. Chapter 14.32 Tree and Vegetation Protection and Preservation Draft Code Updates
2. 2021 Lacey [Urban Forest Management Plan](#)
3. Residential Tree Removal Flow Chart

Policy or Legal Alignment:

1. 2026 CED Work Program: Operational Code Amendments:
 - Docket-11 Tree Standards Update

Background:

Chapter [14.32](#) Tree and Vegetation Protection and Preservation, was last updated in 2022 through Ordinance No. [1617](#). This update was brought about in response to raised community concerns over a range of tree-related policies, including tree preservation, tree removal limits, HOA maintenance, permit administration, and implementation of the 2021 Urban Forest Management Plan. In addition to the Planning Commission and City Council, a Tree Task Force was developed to further review community feedback and proposed changes to the Lacey Municipal Code.

While these updates were primarily in response to community-raised concerns, City Council has continued to receive additional feedback on tree-related standards and the implementation of tree-related codes.

In response to ongoing community discussions, the Lacey City Council has asked for a targeted review of tree-related topics as identified within Docket number eleven of the 2026 Community and Economic Development Work Program. It is further recognized that the Urban Forest Management Plan (Attachment 2) is scheduled for update to be completed in 2027, and some of the topics identified may be further reviewed through this future update.

Docket Item 11a: Residential Lot Tree Retention Standards

In recent months, City Council has experienced an increased number of tree-related public comments on residential lot tree retention requirements. Specifically, the number of trees permitted to be removed within a 5-year period. Additionally, Lacey Code Enforcement has received a number of unpermitted tree clearing reports with limited pathways for recourse based on existing code. In response, Council has asked for amendments to existing code to better respond to these ongoing challenges. Three potential code updates have been summarized below:

1. An increase in the number of trees permitted for removal on residential lots within a 5-year period from 3 (what is currently permitted) to 5 (which was initially proposed by the Tree Task Force as part of the last update to the Urban Forest Management Update).
2. A new allowance for the removal of trees when they have been identified as a property risk by a homeowners insurance agency.
3. More responsive options for mitigation and enforcement as identified within Section 14.32.090 of the Tree and Vegetation Protection and Preservation Chapter.

Docket Item 11b: Tree Tract Requirements within Commercial Areas

The City of Lacey Urban Forest Management Plan was last adopted in 2021 (Attachment 2). A primary challenge, as identified within the plan at the time of adoption, would be the implementation of tree tract standards within areas of historic urban development. Specifically, the Plan identified the Woodland District and some of our urban centers as having developed in the 1960s and 1970s, predating even our earliest landscaping and tree-related requirements.

Under current city code, commercial properties over an acre in size are required to set aside a 5% tree tract. If no trees currently exist, a minimum of 5% tree coverage is required within the first 15 years after development. As described within the Urban Forest Management Plan: This standard is “contrary to Lacey’s goals of establishing the core area as the urban center.” The Plan goes on to recommend the establishment of a fee-in-lieu program that may be used to either further urban forestry goals in other areas of the city or be used in the same planning area to provide additional tree canopy, balancing the city’s urban forestry goals with those for further densification within the urban core.



While a “City Tree Account” has been established to increase development flexibility within these portions of our city, the implementation and enforcement of these requirements has experienced mixed results. To encourage further development and building densification within our urban centers, additional allowances have been proposed for the Woodland and General Commercial Districts. Specifically, a loosening of tree tract requirements for this portion of our community. As noted within proposed draft language (Attachment 1), this provision would increase the flexibility of tree siting for specific commercial areas. It shall not be construed or used as a means of lowering the total number of trees required on site.

Docket Item 11c: Class IV Forest Practices Definitions

The currently adopted definition of “Class IV forest practice activity” as listed within Section 14.32.030 of the Lacey Municipal Code has been copied below:

- *“Class IV forest practice activity” is a timber harvest, thinning or other activity as established in the Washington State Department of Natural Resources Forest Practices Regulations (WAC Title 222), whereby a property owner is allowed to harvest a limited amount of timber from their property within the city of Lacey, while still maintaining their rights to convert their property to a use inconsistent with growing timber.*

While this definition references [WAC Title 222](#), it does not carry over the stipulation that when 5,000 feet or more board feet are removed from a site, a Class IV Forest Practices permit is required. Current CED planning staff has requested an update to this definition to better align with state-level requirements.

Public Hearing and Next Steps:

On August 26th, 2026, the Planning Commission will conduct a public hearing to receive testimony on proposed amendments to the Lacey Municipal Code.

Following the public hearing, the Planning Commission will have the following options:

1. Approve a motion recommending proposed LMC amendments to the Lacey City Council for further review and consideration.
2. Direct staff to return at a future date with additional revisions for further Planning Commission consideration.

Chapter 14.32 TREE AND VEGETATION PROTECTION AND PRESERVATION

14.32.030 Definitions.

...

D. "Class IV forest practice activity" is a timber harvest, thinning or other activity as established in the Washington State Department of Natural Resources Forest Practices Regulations (WAC Title 222), whereby a property owner ~~is allowed to cut and/or removes five thousand board feet (or more) of timber (including live, dead and down material)~~ harvest a limited amount of timber from their property within the city of Lacey, while still maintaining their rights to convert their property to a use inconsistent with growing timber.

...

14.32.050 Exemptions.

The following shall be exempt from land clearing permit requirements of this chapter but shall satisfy all standards and requirements of LMC 14.32.065 and other sections as noted below:

A. Coordination With Land Use Applications. Projects requiring approval of the city of Lacey site plan review committee under Chapter 11.07 LMC, or projects requiring review by the hearings examiner or city council; provided, that land clearing on such projects shall take place only after approval and shall be in accordance with such approval and the standards of this chapter including the information requirements and standards of LMC 14.32.060.

B. Hazard Trees. Removal of hazard trees in emergency situations involving immediate danger to life or property as determined by the city's tree protection professional.

C. Unhealthy Trees and Groundcovers. Removal of obviously dead or diseased trees or ground cover which may be a fire hazard as determined by the city's tree protection professional.

D. Individual Lot Exemption. Removal of no more than ~~three-five~~ trees in any sixty consecutive months or ground cover for the purposes of solar access, general property and utility maintenance, landscaping or gardening, provided a minimum tree threshold is maintained pursuant to LMC 14.32.066, and provided further this exemption does not apply to historical trees or trees and ground cover in an area designated as environmentally sensitive. An exemption must be issued by the city of Lacey prior to the removal of trees under this exemption provision.

E. Insurance Carrier. A notarized letter provided by the homeowners insurance carrier stating that a specific tree has been identified as a condition affecting continued insurance coverage or policy renewal and the removal or other corrective action is required to maintain or obtain coverage. This exemption does not apply to historical trees or trees and ground cover in an area designated as environmentally sensitive. An exemption must be issued by the city of Lacey prior to the removal of trees under this exemption provision.

~~FF~~. Building Footprint. Removal of trees and ground cover within a maximum of ten feet (when required for construction) of the perimeter of the building line and any area proposed to be cleared for driveway, septic, sewer and water purposes, of a single-family or duplex dwelling to be constructed as indicated on the plot plan submitted to the building official with an application for a building permit;

provided, however, the director may require minor modifications in siting and placement of driveways, utilities and septic tank drain field systems and sewer and water lines where such modifications will promote the goals of the chapter and still satisfy the need and function of improvements.

FG. Clear Vision. Removal of obstructions required by the vision clearance at intersections regulations of Chapter 4 of the Development Guidelines and Public Works Standards.

GH. City-Owned Property. Tree assessment, removal and replacement of trees on city owned property.

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14.32.064 Tree tract requirements.

Every commercial project over one acre in size, and every land division over two acres in size shall be required to designate a tree tract(s) to further the goals of the Urban Forest Management Plan for maintenance and no net loss of tree canopy in the city of Lacey.

A. **Tree tract basic standard.** The tree tract or tracts shall generally cover five percent or more of the site and shall represent the primary strategy for maintaining the tree canopy. All developing properties shall create a tree tract equal to five percent of the gross site area.

~~1.—~~Parcels located within the Woodland and General Commercial Districts are not required to designate specific tree tracts as a means of meeting required tree and or canopy quantity or coverage minimums. This provision only relates to the siting of a tract itself; no part of this provision shall be construed to permit a reduction in the overall number of trees or total tree coverage requirements for a site.

B. **Tree tract credit for required open space area.** Land divisions and most binding site plans require provision of open space as a requirement of the approval process. Up to one hundred percent of the requirement for a tree tract(s) may be satisfied in combination with the open space requirement provided the following conditions apply:

1. The open space area can function for necessary recreation activities, is located in the most strategic location of the site to provide centralized recreation functions or combined with adjacent open space identified for a public park;
2. The open space satisfies open space needs as identified in the City Comprehensive Plan for outdoor recreation;
3. The location is the best site for the tree tract(s) based upon urban forestry principles and intent of the Urban Forest Management Plan.
4. If the open space and tree tract location requirements are not compatible, the requirement for open space may be reduced to provide for the full tree tract requirement provided the following conditions apply:
 - a. There shall be adequate area set aside for tot lot and subdivision park activities to satisfy the expected needs of the subdivision residents, as determined by the city parks and recreation department director;

b. In no case shall the combined amount of land in the open space and tree tract(s) be less than the original open space requirement for the development.

5. Cash or like value of land area and improvements may be donated to the city in lieu of a tree tract. Any cash donated to the city shall be deposited in the city tree account. The city shall then utilize those funds for planting trees in other areas of the city. Acceptance of such a donation will be at the discretion of the site plan review committee and consistent with city policies for the provisions of establishing tree tracts.

C. **Ownership.** Tree tracts shall be held in common ownership by the homeowner's or lot owner's association or a comparable entity. Tree tracts may be deeded to the city of Lacey if approved by the city.

D. **Priority of tree types.** Trees to be protected must be healthy, windfirm, and appropriate to the site at their mature size, as identified by a qualified professional forester. In designing a development project's tree tract, the applicant shall protect the following types of trees in designated tract(s) in the following order of priority, unless Endangered Species Act-listed species in accordance with LMC 14.33.117 are present:

1. Historical trees. Trees designated as historical trees under LMC 14.32.072.
2. Specimen trees. Unusual, rare, or high quality trees.
3. Critical area buffer. Trees located adjacent to critical area buffers.
4. Significant wildlife habitat. Trees located within or buffering significant wildlife habitat.
5. Other high quality. Individual trees or groves of trees.

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14.32.090 Violations.

A. **Violation General.** Violation of the provisions of this chapter or failure to comply with any of the requirements shall constitute a misdemeanor and such violation shall be punished as provided by LMC Title 9 for the commission of a misdemeanor. Each day such violation continues shall be considered a separate, distinct offense. The city's code enforcement officer shall promptly investigate all complaints of illegal tree removals.

B. **Penalties.** Any person who commits, participates in, assists or maintains such violation may be found guilty of a separate offense and suffer the penalties as set forth in subsection A of this section.

C. **Mitigation Required.** In addition to the penalties set forth in subsections A and B of this section, any violation of the provisions of this chapter shall be mitigated by comprehensive treatment of environmental impacts through revegetation of the affected site. In assessing environmental damage, the city's tree protection professional shall determine the extent and value of vegetation removed or damaged and other environmental damage inconsistent with the intent and requirements of this chapter. In assessing environmental damage, the tree protection professional shall consider what the outcome of the site should have been had the proposed project been designed around existing topography and vegetation and all appropriate vegetation saved. The tree protection professional shall

use the methodology in the current edition of the International Society of Arboriculture's "Guide for Plant Appraisal" in determining the value of removed and damaged vegetation.

D. Environmental Damage Reviewed. If the violation is discovered after evidence has been removed, the city tree protection professional shall use whatever resources are immediately available to determine environmental damage which may include aerial photographs, other photographs, interviews with adjacent property owners, receipts of timber sales off the site, and any other records available that have a bearing on the quantity and quality of vegetation removed or environmental damage sustained. The tree protection professional also may estimate the appraised value of removed vegetation at the site by analyzing the best case growing capability of the site given soil conditions, health of surrounding tree stands and type of species suspected of being removed. The determination of environmental damage made by the tree protection professional shall be given substantial weight in a court of law.

E. Revegetation. Once the value of the environmental damage is determined, a comprehensive plan for revegetation of the site shall be prepared by the tree protection professional considering the purposes of this chapter and the specific elements provided in LMC 14.32.069. The plan shall provide for a value of new vegetation commensurate with the determined value of environmental damage at the site. The violator shall be fully responsible for implementation of the plan, accomplishment of all improvements and maintenance of said improvements.

F. City Tree Account. If the cost of restoration of the site is less than the true value of environmental damage at the site, the balance shall be paid to the city tree account. The city shall then utilize those funds for planting trees in other areas of the city. At no point, shall the City Tree Account be utilized as a tool or means of gaining access to additional buildable land through the use of unpermitted clearing. Developers found to be in violation of this chapter will not be permitted to develop portions of a project illegally cut or cleared with the intent to expand the developable area of a site.

G. Appeal. The determination of the city tree protection professional regarding the environmental damage at the site may be appealed to the city hearing examiner pursuant to the requirements of LMC 14.32.080.

H. Hearing Examiner Review. In review of the tree protection professional's decision, the hearing examiner shall determine if the tree protection professional's decision accurately reflects the criteria set forth in LMC 14.32.020.

I. Relevant Facts. Additionally, the city hearing examiner may consider any other facts the examiner determines are relevant to the specific situation.

J. Reduction of Monetary Value. In cases where the determined value of environmental damage far exceeds the site restoration requirements, and extenuating circumstances the examiner determines are relevant to the case are present, the hearing examiner may reduce the monetary value assigned to the environmental damage, provided the hearing examiner shall reduce the determined compensation only when all of the following criteria are demonstrated by the applicant:

1. Professional Forester or Certified Arborist. A professional forester, certified arborist, or other professional who could have alerted the applicant of tree protection requirements was not involved in the action leading to the violation;

2. Monetary Gain. The violation action was not associated with a tree harvesting operation for monetary gain;
3. Previous Record. The applicant has no previous record of tree and vegetation protection and preservation ordinance violations.

K. **Monetary Compensation.** If all of the above criteria are demonstrated, the hearing examiner may reduce the monetary compensation required. In determining the monetary compensation reduction, the hearing examiner shall consider the following factors:

1. Person Responded. Whether the person responded to staff attempts to contact the person and cooperated with efforts to review the site and arrive at an agreement on site restoration;
2. Due Diligence. Whether the person showed due diligence and/or substantial progress in site restoration;
3. Code Interpretation. Whether a genuine code interpretation issue exists;
4. Other Factors. Any other factors considered relevant to the situation by the hearing examiner.

L. ~~Limitation on Reduction~~**Monetary Adjustments.** In fixing the amount of compensation, ~~the hearing examiner shall not reduce the determined compensation by more than thirty percent of the true value of the environmental damage as determined by the tree protection professional; provided further, that~~ no reduction shall be given in cases where the true value of environmental damage does not exceed the cost of restoration determined necessary by the city's tree protection professional; provided further the hearing examiner may double the monetary compensation if the violation is a repeat violation. In determining the amount of increased compensation, the examiner shall also consider the criteria of this section.

M. **Appeal of Hearing Examiner Determination.** Appeals of violation determinations by the city hearing examiner shall be appealed to superior court. An appeal of the hearing examiner decision must be filed with Thurston County superior court within twenty calendar days from the date the hearing examiner decision was mailed to the person to whom the decision on monetary compensation was made.

N. **Cost Recuperation.** Following the issuance of a violation for illegal tree cutting or removal, it is the responsibility of any persons or entities as identified under 14.32.090(B) to promptly engage with and respond to Violation proceedings.

In the event the violation is not resolved by the date specified in the notice, the city is authorized to cause the abatement or restoration of said violation. The reasonable cost of such remediation may be charged to the subject property owner. Monies which have not been recovered through the city bill-collection procedures may result in a lien against the property or assessed on taxes. In addition, the owner of the property upon which the violation is associated may be subject to prosecution by the city. Nothing in this provision shall be construed to exempt any person from the requirement of obtaining permits;

“No approval shall be granted for a land use permit, land division, or building permit for any parcel of land on which there is a violation of any City or state law or permit to use or development of the property, unless such violations are either corrected prior to application or are required to be corrected as a condition of approval.”

Refusal of Approvals:

a. The City shall not issue any permit or grant any approval necessary to develop any real property which has been divided, or which has resulted from a division, in violation of the provisions of the Lacey Municipal Code or state subdivision regulations.

b. No approval shall be granted for a land use permit, land division, or building permit for any parcel of land on which there is a violation of any City or state law or permit to use or development of the property, unless such violations are either corrected prior to application or are required to be corrected as a condition of approval.

c. The City shall not issue any permit or grant any land use approval to any individual or corporation that has not paid all land use-related fines, penalties, permit fees, or collections due to the City for any previous infraction or criminal violation of LMC Title.

Residential Tree Removal Flow Chart

Decision Consistency:

- ☐ Administrative (system)
- ☐ Technical (scientific)

How many trees are proposed for removal?

4 or more (non-hazardous) trees.

Request for City Arborist Review (site visit and recommendation at \$150/hr*)

*City covers cost when hazard trees are identified.

Hazard tree:
“Any tree that is dead, dying, damaged, diseased, or structurally defective, recently exposed by adjacent clearing, or some other factor that will subject the tree to failure, and the tree could reasonably reach a target, as determined by the tree protection professional.”

International Society of Arboriculture’s Guide for Plant Appraisal

Structurally Defective / Failure-Prone

“... mechanical weaknesses—such as decay, cracks, included bark, cavities, or root-zone issues—that reduce its strength to the point where common loads (wind, weight, impact) may cause trunk, limb, or root failure.”

Will more than 5,000 board feet of timber be removed?

Yes

Class IV Forest Practices Permit will be required. (\$399+)

No

A Land Clearing Permit will be required. (\$399)

Consistent with Arborist Review, a re-planting plan will be required.

4 trees per 5,000 square feet total lot area.

City Tree Account

3 or fewer (non-hazardous) trees.

Including trees in this proposal, how many (non-hazardous) trees have been removed from the site in the last 5 years?

More than 3

3 or less

Will the removal of these trees drop the site below 4 trees per 5,000 sqft?

Yes

Land clearing permit exemption provided application contains a re-planting plan consistent with minimum tree ratio requirements.

City Tree Account

Replacement Cost: retail cost plus cost of planting/maintenance for 3 years. (≈\$500/pt)

No

Land clearing permit exemption. (free)



STAFF REPORT

Planning Commission

August 26, 2026

Subject: Private Comprehensive Plan Amendment and Rezone Request, Tilden Commercial L.L.C. (Docket Item 13)

To: Planning Commission

Prepared by: Hans Shepherd, CED Senior Community Planner *HS*

Division Review: Ryan Andrews, CED Community Planning Manager *RA*

Department Director: Vanessa Dolbee, CED Director *VD*

Purpose: Action Item

Recommendation: Motion to Reject.

Brief: The Planning Commission will conduct a public hearing on an applicant-driven request to amend the Comprehensive Plan Future Land Use Map and zoning designation of two parcels from Transitional Mixed Use and Neighborhood Commercial District to Residential and High Density Residential, respectively. Parcels are located at 3202 and 3220 Willamette Drive NE. Following public testimony on this request, the Planning Commission will have the opportunity to make a recommendation to City Council or request additional time for consideration of this proposal.

Attachments:

1. Rezone Request Submittal Materials
([linked](#))

Policy or Legal Alignment:

1. 2026 Community Planning Docket – 13
Private Amendment and Rezone Request



Background:

The subject of this request consists of two parcels (TPN# 11801250200 and 11801250300), located at the northeastern corner of Willamette Drive NE and 31st Ave NE, totaling 1.8 acres of recently cleared, currently undeveloped land as pictured on page 1 ([map link](#)). Immediately surrounding the site is a mixture of moderate and high density residential with office and daycare centers to the north and south along Willamette Drive.

The two parcels under review are both located within a [Neighborhood Commercial District](#) (NCD) which permits a mixture of neighborhood-scale commercial and residential uses. The [Future Land Use Map](#) (FLUM) as recently adopted as part of the 2025 Comprehensive Plan Update, designates this as an area of [Transitional Mixed Use](#). The Comprehensive Plan defines Transitional Mixed Use as follows:

“These areas are designed to mitigate the impact of adjacent higher-intensity land uses on nearby residential neighborhoods while still promoting mixed-use development to foster a diverse range of economic and residential opportunities. Development should maintain a pedestrian-friendly scale and character, support local-serving retail and services, and include design elements that reduce conflicts between adjacent uses.”

The requested rezone is for a [High-Density Residential District](#). This zoning designation requires a minimum density of 12 units per acre and a maximum height of eighty feet. Examples of this style of development include the Tilden Apartments directly north of these parcels and the Karlo Apartments diagonally southeast across the intersection from the target site (constructed in 2023/2024).

As this designation is not a permitted zone of the Transitional Mixed-Use districts, a Comprehensive Plan Amendment would also be necessary. Within the Future Land Use Map, [Residential](#) is the only land use designation that accommodates High Density Residential Districts. The Comprehensive Plan defines the Residential designation as follows:

“Areas designated for a diverse range of building types to support the full spectrum of household sizes, types and living arrangements. These areas are intended to support a high quality of life through the integration of green spaces, community gathering destinations, and recreational opportunities. Development should promote walkability, multimodal connectivity, and access to neighborhood-oriented stores, schools, and other essential services.”

Review of Rezone Requests:

The process for a rezone can be found within Chapter 11.13 Rezones, of the Lacey Municipal Code (LMC). This chapter is divided into two pathways for a rezone request depending on whether or not the proposed rezone is in alignment with the Comprehensive Plan FLUM.

Section [11.13.050\(A\)](#) of this chapter identifies the criteria under which a requested rezone requiring a Comprehensive Plan Amendment should be considered. This criterion has been copied below for faster reference:



- 1. The rezone has merit and value for the community, and will not adversely affect public health, safety, and welfare;*
- 2. The rezone will not be materially detrimental to the uses or properties located in the immediate vicinity thereof;*
- 3. Since the original zoning or most recent rezone of the subject property, conditions affecting the subject property have substantially changed as a result of, but not limited to, public improvements or permitted private development; and*
- 4. The characteristics of development upon the land subject to the rezone application are compatible with the purpose and/or intent of the proposed zone as well as the zone-specific policy of the proposed zone, as provided by the Comprehensive Plan.*

Applicants must demonstrate alignment with each of the listed criteria before an approval or conditional approval can be granted.

Site History:

Before 2020, the area encompassing all of what is now the Tilden Apartments and the two subject parcels was a single parcel with a Community Commercial District zoning designation. While this zoning designation was consolidated as part of the 2025 Comprehensive Plan with areas of General and Neighborhood Commercial, the intended uses were largely similar to those of the [General Commercial Districts](#) still in use today. In total, this Community Commercial District covered 11.51 acres of developable land as identified within the Comprehensive Plan of that time for future commercial uses.

In 2020, a rezone request was submitted for the entire 11.51 acres of the site for a mix of High Density Residential (9.51 acres) and a Neighborhood Commercial District (2.0 acres). As part of this rezone request, it was demonstrated that the proposed Neighborhood Commercial portion of the site would still have the ability to meet the day-to-day local shopping and service needs of adjacent residents.

By including the Neighborhood Commercial District component within the 2020 application, the proposed rezone was found to be consistent with the “neighborhood node” designations within the Comprehensive Plan and economic development goals of the planning area.

Following a review of these findings, the 2020 rezone was recommended by Community and Economic Development (CED) staff and the Planning Commission, later being adopted by City Council in November of 2020 through Ordinance 1572. Following this rezone, the High-Density Residential portion of the site started construction, finishing in late 2024.

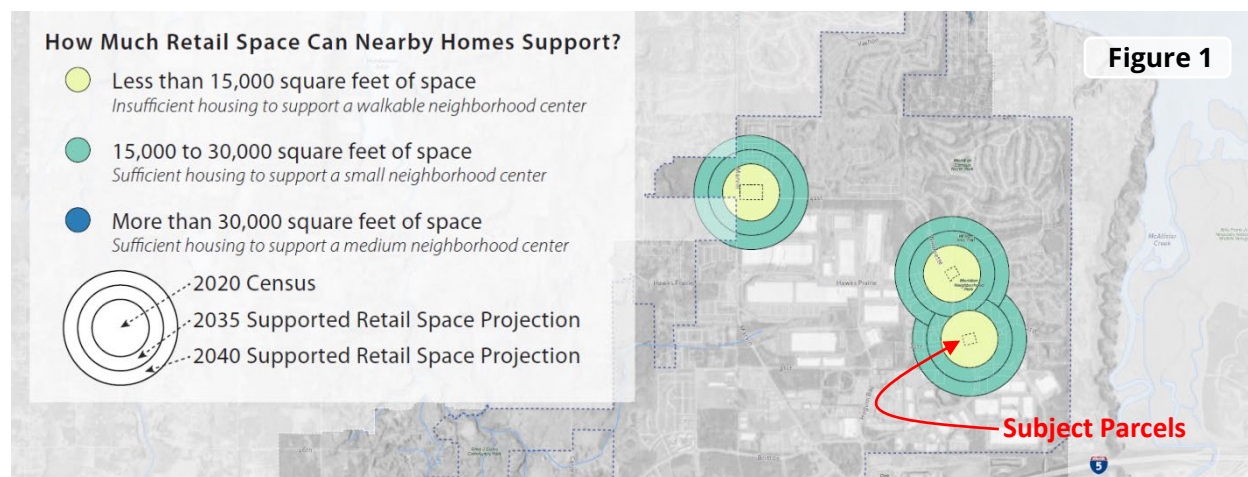
Update of Neighborhood Commercial Districts (NCD):

At the same time as the High-Density Residential portion of the site was being developed, CED staff started a review of the NCD zoning code. This was largely driven by requests from



northern Lacey residents to better align commercial districts with evolving community needs—specifically as it related to grocery stores and gas stations.

This code review included a site-specific evaluation of each NCD service area and neighborhood connectivity; current and future commercial capacity projections (see Figure 1); multiple community workshops and open houses; two community-wide surveys gaining thousands of community responses; direct business and owner outreach; an extensive Planning Commission review; a public hearing; and neighboring community visits, leading to a fully revised code that was unanimously recommended by the Planning Commission and later adopted by the [Lacey City Council in July of 2024](#).



TRPC estimated current and future supported retail space based on existing and future housing projections from the Buildable Lands Report.

Prominently featured throughout this community update and echoed within previous city plans such as [Sustainable Thurston](#) and the [2020 Thurston Climate Mitigation Plan](#) was a regional goal by 2035 for 72% of all households to be within a half-mile (15-minute walk) of an urban center, corridor, or neighborhood center. These neighborhood nodes are an integral component of meeting these targets as they work to fill the service area gaps of other larger commercial centers. The developers of the Tilden Apartments and current rezone applicants were actively involved in this update process all the way through the code's final adoption.

Noteworthy updates from this zone update included a significant increase in the amount of housing permitted within these districts and expanded options on where that housing would be permitted, the removal of gas stations as a permitted use, and expanded allowances for grocery stores and other community-oriented commercial uses. As a direct result of these updates, the Neighborhood Commercial District at the corner of 41st and Marvin Road is now in the permitting process with a proposed 12 residential mixed-use units, 36 guaranteed affordable housing units, and 168 standalone residential units that would not have been historically possible under the previous code.

2025 Comprehensive Plan Update:

As part of the 2025 update to the Comprehensive Plan, CED staff put out a call for community-sponsored rezone requests. In total, 50 unique sites were submitted for consideration as part of this outreach campaign. The current owner and applicant of the two subject parcels submitted a request as part of this process. To help evaluate and prioritize those submittals that aligned with the goals of the Comprehensive Plan, a Rezone Prioritization Rubric was developed by CED staff and approved by the Lacey Planning Commission.

Of the 50 rezone requests submitted as part of the Comprehensive Plan, [nine of the private applicant submitted requests](#) were ultimately recommended for inclusion by the Planning Commission as part of the update. Remaining requests were not found to be in full alignment with community-expressed priorities as identified through the Comprehensive Plan outreach process or were deemed unique enough to warrant a more targeted assessment than what was possible through the Comprehensive Plan review process. The two parcels under consideration today were not recommended for advancement as part of this process.

Below is a list of Comprehensive Plan goals and policies that have relevance to this rezone request:

Applicant identified goals and policies in support of the rezone request (see Attachment 2: Rezone Application for more details):

- **Goal H-3:** *Support affordable and attainable housing solutions.*
- **Policy H-9C:** *Encourage higher-density residential developments in areas with strong access to employment centers, transit, schools, and essential services to reduce cost burdens, enhance economic mobility, improve walkability, and support sustainable growth patterns.*
- **Goal G-6:** *Prioritize availability of adequate and reliable housing, public facilities, and infrastructure to promote economic growth and activity.*
- **Policy R-SC:** *Prioritize denser infill development over greenfield development to avoid encroachment on potential hazard areas, critical areas, and other ecologically important lands.*
- **Policy LU-1C:** *Incentivize infill over greenfield development, and prioritize corridors, centers, and areas with established infrastructure.*
- **Goal LU-3:** *Increase housing diversity to support a range of household types, income levels, and lifestyle preferences.*
- **Regional Transportation Policy 1e:** *Support policies, programs, and procedures that promote urban infill, and make transportation investments that support increased urban densities.*

CED staff identified areas of potential incongruency with the Comprehensive Plan and proposed rezone request:

- **Goal ED-4:** *Preserve commercial areas to provide local goods, services, and vibrant community gathering places to live, work, shop and play.*
 - **Policy ED-4D:** *Enhance opportunities for growth and development of small businesses by strengthening development standards to promote mixed-use and retain commercial zoning designations in existing thriving centers.*
 - **Policy ED-4E:** *Maintain neighborhood commercial districts, zoning, and development standards that provide diverse walkable and rollable commercial spaces throughout the city that are accessible to entrepreneurs and small businesses. Promote mixed-use development to support small-scale retail and amenities.*
- **Goal LU-1:** *Promote compact development that prioritizes infill, supports mixed-use development, and multimodal transportation.*
 - **Policy LU-1A:** *Update land use designations and zoning to provide greater housing diversity that promotes compact, mixed-use developments while avoiding sprawl.*
 - **Policy LU-1B:** *Prioritize mixed-use development to provide greater access to jobs, amenities and services.*
- **Policy LU-5E:** *Evaluate land use and transportation projects for GHG reductions when employing multimodal connectivity compared to car-centric development.*
- **Goal LU-6:** *Encourage the development of mixed-use centers at the neighborhood scale to provide convenient access to employment, amenities, and services.*
 - **Policy LU-6A:** *Designate areas across Lacey for small mixed-use centers or local "main streets" with Neighborhood Commercial zoning to allow flexible development standards and building types such as live/work.*
 - **Policy LU-6D:** *Update development regulations to provide incentives to support the development of retail and amenities in mixed-use centers.*
- **Policy T-4B:** *Support transportation infrastructure that allows for compact, mixed-use development, reducing annual per capita VMT. Achieve a 27% reduction by 2040 and a 41% reduction by 2050.*
- **Goal H-1:** *Ensure housing availability and housing choice.*
 - **Policy H-1B:** *Incentivize mixed-income housing using tools such as tax incentives, density bonuses, and public-private partnerships.*
 - **Policy H-1C:** *Support alternative housing models, including co-living, cottage housing, modular construction, and mixed-use developments.*
- **Goal H-2:** *Promote equitable and inclusive housing distribution.*

- **Policy H-2A:** *Ensure equitable housing distribution by promoting diverse housing types including affordable, workforce, and market-rate housing in a variety of neighborhoods.*

2026 Economic Development Strategic Plan:

The [Lacey Economic Development Strategic Plan](#) (last updated in 2026) identifies the Hawks Prairie area as commanding higher commercial rents than other areas of the community. It goes on to identify the industrial growth north of Interstate-5 as heightening the need for additional retail and professional services spaces within this area.

The Plan's vision states that "thriving small businesses, a supportive business culture, and local commercial hubs integrated into surrounding neighborhoods will create spaces for gathering, daily needs, and bold placemaking" (p. 13). Action 3D from this report goes on to call for "place-based eligibility requirements to ensure city-supported new businesses are located in commercial corners of neighborhoods that lack strong identity."

Additionally, interviews with developers as part of this plan's development found "evidence of sustained market interest in creative, mixed-use development, emphasizing that projects offering food, recreation, and gathering spaces are outperforming single-use models" (p. 67). Removing requirements for mixed-use development patterns runs the risk of increased tax leakage to other communities and less competitive employee retention and recruitment strategies.

Staff Findings:

At the time of this report, four Neighborhood Commercial Districts are located north of Interstate-5. Of these four districts, one is currently developed and two are actively working their way through the permitting process. Current development patterns within these districts, largely isolated multifamily projects completed within the last two years, and findings as referenced within the 2026 Economic Development Strategy for the City of Lacey suggest long-term commercial viability within this area.

With recent state legislation placing significant pressure on remaining commercial and mixed-use sites across the city ([SB 6026](#)), the economic case to preserve high-visibility/high-activity commercial zones for current and future community demands remains high. The community-identified priorities as listed within the 2025 Comprehensive Plan for walkable neighborhood-oriented gathering spaces, local shopping options, and grocery centers further support this need for considering remaining commercial sites within the context of growing populations and shrinking employment spaces.

Staff Recommendation Consistent with Chapter 11.13 Rezones Criteria

Within [Chapter 11.13](#) of the Lacey Municipal Code, four criteria exist for proposals where a rezone request is not in alignment with the Comprehensive Plan Future Land Use Map.

As identified within [11.13.050](#) of that chapter (Decision Criteria), the city may deny a rezone request if it fails to meet all of the listed criteria within this section (as summarized previously



within this report). The following discussion includes a list of those criteria from Chapter 11.13, CED staff have identified as lacking sufficient alignment or justification within the proposed rezone application.

Criteria 1 from this section states that the proposal has merit and value for the community and will not adversely affect public health, safety, and welfare.

As both the existing and proposed zoning districts permit high-density residential uses, and the existing Neighborhood Commercial District permits structures up to 4 floors when the top floors are residential (one higher than what the applicant has previously constructed in the adjacent high-density residential zone), the question becomes less of an either or and more of what the community may lose if this proposal were to be approved.

Under the more restrictive set of uses permitted within High Density Residential zones, the city may lose out on the opportunity for more affordable housing, community-oriented public gathering spaces, and commercial/retail spaces in support of Vehicle Miles Traveled targets (VMTs) as adopted through the 2025 Comprehensive Plan.

Criteria 3 relies on new conditions that have substantially changed or impacted the subject property since the last time it was rezoned.

While approximately 400 new high-density residential units have been constructed within the vicinity of the project site, these new units were developed consistent with their underlying zoning designations and have not significantly diverged from their anticipated buildout at the time of the site's last zoning update. As both newly developed residential sites, once permitted commercial uses in addition to the residential uses that were ultimately developed, the most significant change over what was historically planned for within this portion of the community was a loss of commercial retail space.

Criteria 4 requires proposed rezones to be in alignment with goals and policies as identified within the latest Comprehensive Plan.

As previously highlighted within this staff report (*2025 Comprehensive Plan Update*), there is an extensive list of goals and policies that work to identify the communities' priorities as it relates to these types of rezone requests. It is the staff's interpretation that while goals and policies for both potential outcomes exist, a larger number are not in alignment with this request.

Based on these findings, and the very limited time these sites have had an opportunity to exist under their current zoning designation, CED staff do not recommend the approval of the rezone request for these two parcels at this time.

Public Hearing and Next Steps:

On August 26th, 2026, the Planning Commission will conduct a public hearing to receive testimony from the community on the proposed rezone request.



Following the public hearing, the Planning Commission will have the following options:

1. Approve a motion ***recommending*** the proposed rezone request to the Lacey City Council for further review and consideration.
2. Approve a motion ***not recommending*** the proposed rezone request to the Lacey City Council for further review and consideration.
3. Direct staff to return at a future date with additional information on this subject for further Planning Commission review.



8/18/26

CITY OF LACEY PLANNING COMMISSION WORK SCHEDULE

**Planning Commission Meeting
August 26, 2026**

1. **Public Hearing:** Tree Regulation Amendments
2. **Public Hearing:** Private Comp Plan/Rezone Application

Packets due: August 21, 2026

**Planning Commission Meeting
September 9, 2026**

Meeting Canceled

**Planning Commission Meeting
September 23, 2026**

1. **Work Session:** Housing Amendments: STEP and Religious Property
2. **Work Session:** Manufactured/Mobile Home Park Update
3. **Work Session:** Mobile Vendor Regulations

Packets due: September 18, 2026

Pending Items: Mobile Vendor Regulation Public Hearing 10/28
 STEP and Religious Property Public Hearing 10/28