

**CITY OF CHELAN
COMMUNITY DEVELOPMENT DEPARTMENT
STAFF REPORT**

IN THE MATTER OF)	FINDINGS OF FACT,
)	CONCLUSIONS OF LAW,
CUP2025-01)	AND DECISION
Bed and Breakfast)	
)	
)	Staff Contact:
)	Monica Libbey
)	Senior Planner

STAFF RECOMMENDED DECISION

Based upon the following suggested findings of fact and conclusions of law, the application for a Conditional Use Permit CUP2025-01 for a Bed and breakfast located at 427 S. Third Street is recommended for APPROVAL, subject to the recommended conditions outlined in Section XI of this report.

DATED THIS 11th day of April 2025

Monica Libbey, Senior Planner

This report is categorized into the following sections:

- I. Project Description
- II. Zoning Information
- III. Public Facilities and Services
- IV. Application Processing and Notification
- V. Environmental / SEPA Review
- VI. Critical Areas Review
- VII. Project Review / Analysis
- VIII. Public and Agency Comments
- IX. Comprehensive Plan Review
- X. Conclusions of Law
- XI. Conditions of Approval

FINDINGS OF FACT

I. PROJECT DESCRIPTION

1. An application for a Conditional Use Permit to operate a Bed and Breakfast within an existing residence at 427 S 3rd St, Chelan. The proposal seeks approval to rent out up to five bedrooms, with a maximum of two guests per room. The Bed and Breakfast will be owner-occupied, and no food will be served.

2. The project applicant is Monica Munoz, 427 S. 3rd Street, Chelan, WA 98816.

II. ZONING INFORMATION

3. The subject site is located at 427 S. Third Street and identified by Chelan County Tax Parcel No: 272213930345.
3. The City of Chelan Comprehensive Land Use Plan and Zoning Map classifies the subject site as Downtown Mixed Residential (DMR).
4. Adjacent Land Uses and Zoning are as follows:
 - 4.1. **North:** Vacant property, accessory to adjacent single family house, located within the DMR zoning.
 - 4.2. **South:** W. Webster Ave, with townhouses and R-M zoning across the street.
 - 4.3. **East:** multi-family housing located across a 20' wide alley, within the DMR zoning.
 - 4.4. **West:** S. 3rd St, with single-family and DMR zoning across the street.
5. The subject site is currently used as a single-family residence. The property has been permitted as a bed and breakfast in the past. Most recent CUP application was in 2004.

III. PUBLIC FACILITIES AND SERVICES

6. Utilities / services are provided by the following agencies:
 - 6.1. Domestic Water – City of Chelan
 - 6.2. EMS – Lake Chelan Hospital
 - 6.3. Fire Protection – Chelan County Fire Protection District Number 7
 - 6.4. Garbage Collection – City of Chelan
 - 6.5. Law Enforcement – Chelan County Sheriff
 - 6.6. Power – Chelan County PUD
 - 6.7. Public Transit – Link
 - 6.8. Sanitary Sewer – City of Chelan
 - 6.9. School District – Lake Chelan School District
7. Access roads / streets serving the property are as follows:

The subject property is located at the corner of S. 3rd St and W. Webster Ave. The property's off-street parking is accessed from an existing alley off Webster Ave.

IV. APPLICATION PROCESSING / NOTIFICATION

8. The application under consideration, as a Conditional Use Permit (CUP), is processed as a Type III application as per Chelan Municipal Code (CMC) 19.14.010.
9. The application was deemed complete for processing as of March 24, 2025.
10. Notice of Application and Public Hearing was issued on March 28, 2025 as follows:
 - 10.1. Mailed to property owners of record within 300 feet of the subject property.

- 10.2. Posted on site.
- 10.3. Published on the City of Chelan website.
- 11. The Notice of Application and Public Hearing was referred to the following agencies on March 28, 2025:
 - 11.1. Chelan County Public Utility District No. 1
 - 11.2. Chelan Fire and Rescue
 - 11.3. Chelan School District
 - 11.4. City of Chelan Building Department
 - 11.5. City of Chelan Public Works
 - 11.6. Confederated Tribes of the Colville Reservation (CCT)
 - 11.7. Confederated Tribes and Bands of the Yakama Nation
 - 11.8. WA Department of Archaeology & Historic Preservation
 - 11.9. WA Department of Natural Resources
 - 11.10. WA Department of Fish and Wildlife
 - 11.11. WA Department of Ecology
 - 11.12. Link Transit
 - 11.13. WSDOT

V. ENVIRONMENTAL / SEPA REVIEW

- 12. The City of Chelan, as SEPA lead agency, has determined that this project is categorically exempt from the State Environmental Policy Act (SEPA) under **WAC 197-11-800(6)(b)**: *Other land use decisions not qualified for exemption are exempt provided: (i) The authorized activities will be conducted within an existing building or facility qualifying for exemption under WAC 197-11-800 (1) and (2); and (ii) The activities will not change the character of the building or facility in a way that would remove it from an exempt class.*

VI. CRITICAL AREAS REVIEW

- 13. The subject property is not located in, or in proximity to, a designated Critical Area.

VII. PROJECT REVIEW / ANALYSIS

- 14. According to CMC 19.10.040, “*Conditional use* means a use permitted, enlarged, or altered upon approval of the hearing examiner in accordance with the standards and procedures of chapter 17.56.”
- 15. According to CMC 19.10.040, “*Bed and breakfast* means a single-family residential unit which provides transient lodging, for compensation, by the renting of up to three rooms within the primary residence.”
- 16. Pursuant to Chelan Municipal Code Title 19 and Title 17, an application for Conditional Use Permit is processed as a Type III project permit application, where the Hearing Examiner, after a public hearing, issues a decision.
- 17. Pursuant to Chelan Municipal Code (CMC) 17.56.010, “uses designated in this chapter as conditional property uses shall be permitted, enlarged, or altered upon approval of the

hearing examiner, except as specified in section 17.56.020, in accordance with the standards and procedures of this chapter and chapter 2.15. Conditional property uses are those which may be appropriate, desirable, convenient or necessary in the district in which they are allowed, but which by reason of their height or bulk or the creation of traffic hazards or parking problems may be injurious to the public health, safety, welfare, comfort, and convenience unless appropriate conditions are imposed.”

18. Pursuant to Chelan Municipal Code (CMC) 17.56.020, “Permits for conditional property uses shall be signed by the hearing examiner or planning director per title 19 and shall stipulate restrictions or conditions which may include a definite time limit, provisions for a front, side or rear yard greater than the minimum requirements of the zoning ordinance, suitable landscaping, additional off-street parking, and any other reasonable restrictions, conditions or safeguard that would uphold the spirit and intent of the zoning ordinance, and mitigate any adverse effect upon the neighborhood properties by reason of the use extension, construction, or alteration allowed.”
19. Pursuant to Chelan Municipal Code (CMC) 17.56.030, “if not otherwise specified by the hearing examiner, conditional property use permits shall expire at the end of a period of one year from the time they are granted, if the use for which the permit is granted is not established by that time.”
20. Pursuant to Chelan Municipal Code (CMC) 17.56.050, “any conditional property use shall meet the minimum dimensional standards of the zone in which it is to be located as well as the minimum conditions listed in this chapter.”

Analysis/Review: The minimum dimensional standards for the DMR Zoning District are outlined in CMC 17.14.020. However, the single-family dwelling is existing, and no additions are proposed. The minimum front yard setback in the DMR is fifteen feet.

21. Pursuant to Chelan Municipal Code (CMC) 17.56.230, the minimum conditions for Bed and breakfast are as follows:

- 21.1. 17.56.230(A). Districts permitted.
 1. R-L Single-Family Residential District;
 2. R-M Multi-Family Residential District;
 3. DMR Downtown Mixed Residential;
 4. DSF Downtown Single-Family;
 5. C-HS Highway Service Commercial District.

Analysis/Review: The subject site is in the Downtown Mixed Residential District.

- 21.2. 17.56.350(B). Minimum conditions.

1. The owner of the premises shall be the applicant for the conditional use permit.

Analysis/Review: The applicant for this CUP is the property owner of record, Monica Munoz

2. The bed and breakfast facilities shall be the principal residence of the owner. The owner must full time occupy the residence while the bed and breakfast is in operation. Owner occupancy is defined in section 19.10.040.

Analysis/Review: The application's Project Narrative states that the bed and breakfast will be owner-occupied. This condition has been included in the recommended conditions of approval.

3. Bed and breakfast facilities shall meet all applicable health, fire safety and building codes and shall be operated so as to not give the appearance of being a business, and those facilities in or adjacent to residential districts shall not infringe upon the right of neighboring residents to peaceful occupancy of their homes.

Analysis/Review: Fire system upgrades are proposed as part of this application to comply with building code provisions for a bed and breakfast. The fire system will include smoke detectors in all guest rooms and common areas, as well as a continuously monitored, direct alert system for emergency responders.

The Project Narrative states that "no food will be served, eliminating food health safety concerns."

The Project Narrative further states that "as Chelan residents, we are committed to maintaining the peaceful character of our neighborhood and will proactively ensure there are no disturbances to nearby properties. Guests will be informed of quiet hours, respectful behavior expectations, and appropriate parking protocols. Because we reside in the home, we will be highly available to address any concerns that arise. Additionally, we will have a structured cleaning and maintenance schedule to ensure the property remains well-kept and inviting."

4. Reserved. (Repealed by Ord. No. 1022.)
5. Driveways accessing a bed and breakfast which are more than 100 feet in length shall have an improved width of at least 12 feet with appropriately spaced cutouts to facilitate the passage of two vehicles traveling in opposite directions.

Analysis/Review: The existing driveway is approximately 40 feet in length.

6. A minimum of three parking stalls shall be provided.

Analysis/Review: The application proposes construction of three parking spaces located behind the front yard setback and accessed off the alley. Additionally, the existing carport/driveway can accommodate four vehicles.

The City's Development Standards require one parking space per single-family residence. Bed and breakfast is not specified, however, a motel/hotel requires 1.2 spaces for each room. Anticipated parking required for 5 rental rooms totals 6 spaces. A total of seven parking spaces will be present on the property.

7. The hearing examiner may impose other conditions, such as additional parking, improved access, landscaping or screening, if found necessary to protect the best interests of the surrounding properties of the neighborhood due to the nature of the site or the facility.

Analysis/Review: No additional conditions have been found necessary to protect surrounding properties.

8. Conditional use permits granted shall specify the number of rooms available for rental by the owner.

Analysis/Review: The application is requesting to rent up to five bedrooms, with a maximum of two guests per room. This specific number of rooms available for rent has been included in the recommended conditions of approval.

VIII. PUBLIC AND AGENCY COMMENTS

22. Public comments were received during the comment period from the following individual:

- 22.1. D Morrison, received April 1, 2025: concerns with no food service, functioning as a hotel, proximity to high school.

23. Agency comments were received from:

- 23.1. Washington State Department of Transportation (WSDOT), received March 31, 2025. No comments.
- 23.2. City Building Department, received March 31, 2025. The building department will require a fire alarm system compliant with NFPA 72 in lieu of fire sprinklers if you are approved to rent more than two rooms. Additionally, the fire alarm company will need to obtain a fire alarm permit.
- 23.3. City Public Works Department, received March 31, 2025. Here is the current monthly billing for 427 S. 3rd St. I don't think there is a GFC for bed and breakfasts.
- 23.4. Chelan County PUD, received April 7, 2025. No comments.

IX. COMPREHENSIVE PLAN REVIEW

- 23.5. The City of Chelan's Comprehensive Plan states that the purpose of the Downtown Mixed Residential (DMR) designation is to provide for a mix of residential uses that build on the established historical development patterns within the downtown area.
- 23.6. The application supports Downtown "Policy DT III-2. Encourage the development of infill housing and new tourist accommodations within downtown to increase pedestrian activity and support downtown businesses."

X. CONCLUSIONS OF LAW

- 1. The Hearing Examiner has the authority to issue decisions on Type III conditional use permit applications.
- 2. The requirements of Title 19 of the Chelan Municipal Code for public notice of the open record hearing, and notice of application, and environmental review applicable to the subject application were met.
- 3. The proposed project complies with the relevant dimensional and use regulations as prescribed by the DMR zoning district.
- 4. As conditioned, the proposal substantially complies with the City of Chelan Comprehensive Plan, Zoning Code and the City of Chelan Development Standards.

5. As conditioned, the proposed project will not cause the level of service standards for public facilities and services to fall below the standards set forth in the City's comprehensive plan.
6. As conditioned, the public facilities and services necessary to support the proposed project are adequate and will be available concurrently with the projected demand for such services.
7. During the review of this application, consideration was given to public and agency comments received during the comment period.
8. Any Finding of Fact that is more correctly a Conclusion of Law is hereby incorporated as such by this reference.

XI. CONDITIONS OF APPROVAL

1. All conditions imposed herein shall bind the "Applicant," including the property's owner or owners, heirs, assigns, and successors.
2. Construction shall proceed substantially as shown in the application materials on file with the City of Chelan.
3. The applicant is responsible for complying with all applicable local, state, and federal rules and regulations and must obtain all necessary permits and approvals.
4. The bed and breakfast facility shall be the principal residence of the property owner. The owner must occupy the residence full time while the bed and breakfast is in operation. Owner occupancy means an owner of record, who makes their legal residence at the site, as evidenced by voter registration, vehicle registration, or similar means and actually resides at the site more than six months out of any given year, and at no time receives rent for the owner-occupied unit.
5. The specific number of rooms available for rental by the owner shall be five bedrooms, with a maximum of two guests per room.
6. The building department will require a fire alarm system compliant with NFPA 72 in lieu of fire sprinklers if approved to rent more than two rooms. Additionally, the fire alarm company will need to obtain a fire alarm permit for installation.

Attachments:

Exhibit A – Application Materials

Exhibit B – Public and Agency Comments