



City of Seattle

Edward B. Murray, Mayor

Seattle Department of Planning and Development

Diane M. Sugimura, Director

Date: May 15, 2014

To: Councilmember Mike O'Brien, Chair
Planning Land Use and Sustainability (PLUS) Committee

From: Mike Podowski, DPD, Land Use Policy Manager
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Subject: Proposed micro-housing & congregate residences legislation

Overview

During March, Mayor Murray delivered legislation to improve regulations for micro-housing and congregate residences for your consideration. Consistent with direction provided by the Council, the legislation recognizes this type of housing as an option that meets income and lifestyle needs, while applying an appropriate level of permit review, especially Design Review, which includes public notice. This housing helps achieve City policies such as: accommodating a diversity of ages and household types; and innovation to provide affordable options. Highlights of the legislation include:

- Define micro-housing in the Land Use Code so it may be identified for regulatory and tracking purposes, across City departments.
- Require Design Review that would include notice about new micro-housing and congregate residence development, and provide opportunities for the public to participate in the review process.
- Add new development standards including common space requirements, increased secure bicycle parking, and increased automobile parking in areas where parking is required.

In addition to the proposed legislation, Mayor Murray directed DPD to continue monitoring micro-housing and congregate residences to ensure new regulations have the intended effect. The Mayor also directed DPD to pursue additional measures to limit the location of micro-housing and congregate residences to urban villages and urban centers only, as a next step.

Process / History

Steps in the process to develop this legislation include:

- Early 2012 - DPD began monitoring and tracking micro-housing development.
- April 18, 2013 - Council Transportation Committee sponsored brown bag meeting.
- May 6, 2013 – Council-sponsored community meeting on Capitol Hill.
- Summer 2013 to Present - Extensive coverage of micro-housing in local media and blogs.
- June, 2013 - Briefing of the Planning Commission.
- June 25, 2013 - DPD sent a memorandum to the PLUS committee with staff draft recommendations for improved micro-housing regulation.

- June 28, 2013 - PLUS Committee briefing. Councilmembers indicated general agreement with the staff draft and directed the department to prepare legislation.
- October 7, 2013 - DPD released draft legislation and an environmental (SEPA) determination, and considered public comments.
- October 28, 2013 – SEPA determination was appealed to the Hearing Examiner by a coalition of neighborhood groups.
- November, 2013 - Briefings of the Ballard District Council and Central Ballard Residents Association.
- January 7 – 9 2014 - Appeal hearing before the Hearing Examiner.
- February 4, 2014 - Hearing Examiner upheld DPD’s environmental determination.
- February 20 - DPD briefed Mayor Murray confirming final direction on legislation.
- March, 2014 – Mayor Murray delivered proposed legislation to Council.

Key Findings

Micro-housing is currently allowed under existing codes

Micro-housing and Congregate Residences are already permitted through application of existing codes. As of February, 2014, 18 projects had received certificates of occupancy, and 62 projects had received permits or were in the permitting process. A total of over 3,100 “micros” or “sleeping rooms” were either built, permitted, or in the pipeline as of February, 2014.

Concerns about micro-housing were expressed by members of the public

DPD received numerous comments from the public at meetings, in e-mails and letters, and during the SEPA review process. Themes of comments include concerns about: increased density of people; shortage of on-street parking; and fire and life safety of the housing. Other comments express support for micro-housing primarily for contribution to lower-cost housing options, and to support goals for vibrancy in neighborhood centers. The proposed legislation seeks to respond to public comments, while balancing affordable housing needs and adopted City goals and policies.

A lower-cost housing option

Data supports that micro-housing provides a substantially lower-cost housing option for small units. Average rent in micro-housing based on available data is \$660. In the Capitol Hill/Eastlake/First Hill market area, where most micro-housing projects are built, average market rent for a traditional studio apartment in buildings completed in years 2008 through 2014 is \$1,367. So, a single-person household can rent a room in micro-housing for 48% of the cost of a traditional studio apartment.

As a further contrast, traditional studio apartments participating in the City’s Multifamily Tax Exemption program must be affordable at 65% of Area Median Income (AMI), with rent including utilities no greater than \$1,004. Apartments funded with Housing Levy or other City funds may be affordable up to 60% AMI, but most are regulated at 30% AMI, with rent including utilities no greater than \$463 for a studio apartment. Operating subsidies can further lower rents for extremely low income residents.

Consistency with Comprehensive Plan goals and policies

DPD finds that micro-housing and congregate residences production is consistent with adopted Comprehensive Plan Goals and Policies. This includes goals related to land use, climate action, affordable housing, equity and transportation. A large majority of micro-housing projects are located in urban villages and urban centers (57 of 62, or 92%). These areas are the foundation of the Comprehensive Plan’s growth strategy, as the places slated to receive the most population growth, and highest priority for transit and non-motorized transportation. Provision of automobile parking is uncommon in micro-housing

developments, and reported usage of transit and bicycles as a means of commuting are higher than citywide averages. These facts and the housing cost information are consistent with City Goals and Policies.

Fire and life safety codes are being applied

DPD extensively reviewed how fire and life safety codes are being applied to micro-housing and congregate residences, including involvement by the City Building Official and the Fire Marshal's Office. Fire and life safety protections are appropriately provided for. Important considerations include fire separation between sleeping rooms, fire detection and alert systems, sprinkler systems, and other factors.

Need to clarify land use regulations

DPD acknowledges a need to clarify specific regulations and processes for permitting of micro-housing and congregate residences. We observed that the evolution of these housing types was not fully anticipated by existing regulations. In particular, thresholds for Design Review, required amounts of bicycle and vehicle parking, and quantity of common spaces, needed reevaluation to adequately address new formats of micro-housing and congregate residences.

Guiding Principles

Below are the guiding principles used to develop the legislation. The principles respond to expressed concerns from the public, as well as consistency with broader policies in the City's Comprehensive Plan, other City policies, and direction from the Mayor and City Council:

- Preserve affordability – continue to support micro-housing and congregate residences as housing options in Seattle
- Ensure basic health and safety of all housing
- Provide consistent treatment and classification of micro-housing and congregate residences across all City departments and programs
- Improve tracking and awareness of micro-housing and congregate residence development
- Regulate micro-housing and congregate residences similarly to other types of new development as warranted based on empirical performance aspects such as:
 - The scale and design of the buildings
 - Intensity of uses and activities in the buildings
 - Transportation mode choice of residents

Proposed Actions

DPD proposes the following actions to clarify regulation and better achieve the guiding principles listed above. Full discussion of each action is included in the Director's Report.

1. Define "micro-housing unit" and "micro" under Residential Use within the Land Use Code.
2. Prohibit micro-housing developments in single-family zones.
3. Apply a design review threshold for micro-housing and congregate residences by the size of the building (not number of dwelling units).
4. Update development standards for micro-housing and congregate residences to add a minimum size requirement for shared kitchens and common areas.
5. Limit kitchen components in individual micros and sleeping rooms to differentiate from dwelling units.
6. Update development standards to ensure appropriate size of refuse collection areas in micro-housing and congregate residence developments.

7. Update development standards for quantity of required vehicle and bicycle parking in micro-housing and congregate residence developments.
8. Clarify eligibility for Restricted Parking Zone (RPZ) passes for occupants of micro-housing and congregate residences. *(To be carried out in SDOT procedures or Director's Rule).*
9. Account for micro-housing and congregate residence sleeping rooms in progress towards residential growth targets. *(To be carried out in DPD procedures or Director's Rule).*
10. Deepen the required affordability levels for participation in incentive zoning for affordable housing for projects with micro-housing or congregate residences, and for very small studio apartments.
11. Apply green factor landscaping requirements to congregate residences.

Next Steps

A Public Hearing with a 30 day notice period is required before passage of land use code changes. DPD is available to answer any questions Councilmembers may have.