



Legislative Department Seattle City Council Memorandum

Date: August 28, 2014

To: Members of the Planning, Land Use and Sustainability (PLUS) Committee

From: Traci Ratzliff and Eric McConaghy, Central Staff Analysts

Subject: Proposed Resolution on Transit Oriented Development Fund and Accessory Dwelling Units

On September 4th, the PLUS Committee will consider a proposed resolution that articulates the Council's interest in moving forward with several initiatives that could assist to increase the availability of workforce housing in the City.

Background

In May of 2013, the Council adopted Resolution 31444, calling for a review of national best practices in affordable housing programs and policies, focused on creating affordable Workforce Housing defined as rental housing affordable to households earning 60% to 80% of Area Median Income (AMI) and homeownership housing affordable to households earning 80% to 100% of AMI.

The Council contracted with Otak and Penninger Consulting to conduct this review and the consultants have now submitted a report entitled "Seattle Workforce Housing Programs and Policies Related to Meeting Workforce Housing Needs in Seattle: A Survey and Analysis of Best Practices in Comparative Jurisdictions".

This report included a number of recommendations, several of which the Council is interested in exploring now, related to the development of a regional transit oriented development (TOD) acquisition fund and modifications to the accessory dwelling unit regulations.

Several jurisdictions around the country (Denver and San Francisco) have implemented TOD funds utilizing public and private capital to enable affordable housing developers to quickly secure sites close to transit stations or corridors for the future development of higher density, mixed-use housing development, including affordable housing.

The City has participated over the last several years in discussions with the Growing Transit Communities Partnership, a consortium of public, private and non-profit stakeholders led by the Puget Sound Regional Council (PSRC), regarding the creation of a regional transit oriented development fund, referred to as the Regional Equitable Development Initiative (REDI) Fund. Like the programs operating elsewhere, this fund would provide loans to secure

sites and existing multifamily buildings near existing and future transit stations and corridors throughout the Puget Sound region and repurpose these sites as affordable housing in the short or long term. A business plan framework for this fund has been drafted. Stakeholders are now actively pursuing resources to establish the REDI fund and to move forward with further program design and implementation in 2015.

Accessory dwelling units (ADUs) inside a home have been authorized in the Seattle Municipal Code since 1994 and detached accessory dwelling units (DADUs) were authorized in the Seattle Municipal Code in 2006 for Southeast Seattle and citywide in 2009. Since 1994, Seattle has permitted about 1,400 ADUs and DADUs, combined. Of the accessory dwelling units legally permitted since 1994, about 200 of them are DADUs, with the majority of the units being ADUs, about 1,200.

Seattle's regulations allow the construction of ADUs and DADUs in single-family or lowrise zones. The code also limits the size and placement of ADUs and DADUs. The owner is required to live in either the house or in the additional unit. Both ADUs and DADUs must meet current standards of the Seattle residential, building, mechanical, electrical and energy codes.

ADU requirements, in general:

- Limited to 1,000 square feet in a single-family structure and 650 square feet in a rowhouse or townhouse
- One off-street parking space per ADU except for a rowhouse or townhouse in designated urban villages and urban centers and in lowrise zones

DADU requirements, in general:

- Minimum lot size required for a DADU is 4,000 square feet
- Limited to 800 square feet of gross floor area, including garage and storage areas, in single-family zones and 600 square feet in a lowrise zone
- One off-street parking space is required for the DADU, except in designated urban villages and urban centers and in lowrise zones

Summary of Proposed Resolution

The proposed resolution states that the Council intends to identify and authorize funding of \$1 million for the Central Puget Sound Regional Equitable Development Initiative Fund (REDI) as part of the Council's discussions of the Proposed 2015-2016 budget and that the Council intends to support a joint application to the Washington State Department of Transportation's Regional Mobility Grant Program submitted by King County and other regional partners that could provide funding for the REDI fund.

The resolution also requests that the Department of Planning and Development (DPD) report on Seattle's development regulations regarding ADUs and DADUs and explore program and policy changes that could increase the production of ADU/DADUs. The resolution requests that DPD answer the questions that follow regarding the potential impact on ADU/DADU development:

1. What incentives could Seattle offer for the construction of new ADU and DADUs? For example:
 - a. Waive all or a portion of permit fees;
 - b. Waive all or a portion of permit fees contingent upon an income restricted covenant for the unit of 60 or 80% AMI;
 - c. Pre-approve pre-fabricated designs and allow streamlined permitting for projects that utilize those plans; or
 - d. Other incentives that have served as best practices in other jurisdictions.
2. How could Seattle increase marketing and promotion to property owners of ADU and DADU opportunities? For example:
 - a. Promote pre-fabricated design and plans to eligible property owners;
 - b. Simplify/streamline financing programs through a partnership with a bank; or
 - c. Other outreach and promotion best practices.
3. What regulatory changes could encourage the development of ADU and DADUS? For example:
 - a. Remove or change parking requirements;
 - b. Remove or change owner-occupancy requirements;
 - c. Changes to the number of people allowed to reside in a single dwelling unit; or
 - d. Changes to the eligible lot size.
4. How would the change to current regulation(s) impact the feasibility of creating ADU/DADUs?
5. How many more ADU/DADUs might be created as result of the change in regulation(s)?
6. What might be the policy tradeoffs or implications of the change in regulation or the permitting process?
7. What resources would be required to implement the change?

After discussion during the meeting on September 4th, PLUS is expected to continue deliberation and likely vote on the resolution on September 16th.