

## City of Kenmore

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City of Kenmore - 18120 68th Avenue NE - P.O. Box 82607 - Kenmore, WA 98028  
Phone: 425-398-8900 - Fax: 425-481-3236 - E-mail: [cityhall@kenmorewa.gov](mailto:cityhall@kenmorewa.gov)

### **City of Kenmore Planning Commission Meeting Agenda**

**Tuesday, August 6, 2019 @ 7:00 p.m.**

**Kenmore City Hall  
18120 68th Ave. NE, Kenmore, WA 98028**

If you have any questions or to confirm agenda items prior to the meeting, or if you require special accommodations, please call Bridgit Baker at 425-398-8900. You may also stop by City Hall at 18120 68th Avenue NE, Kenmore. Planning Commission agendas are also available on our website at [www.kenmorewa.gov](http://www.kenmorewa.gov).

- 1. CALL TO ORDER**
- 2. CITIZEN COMMENTS**
- 3. APPROVAL OF MINUTES**

[June 18, 2019 Planning Commission Meeting Minutes](#)

- 4. AGENDA ITEMS**

[Accessory Dwelling Units Introduction Memo](#)  
[Attachment 1 - ADU Background Paper](#)

- 5. ADJOURNMENT**
- 6. UPCOMING MEETINGS:**  
August 20, 2019, 7:00 p.m.  
September 3, 2019, 7:00 p.m.

**City of Kenmore  
Planning Commission Meeting  
June 18, 2019 @ 7:30 p.m.**

**Planning Commission Members – In Attendance**

Mark Ohrenschall, Chair  
Carol Baker  
Suzanne Greathouse  
Nathan Loutsis  
Dennis Olson  
Michael Vanderlinde

**Consultants & Staff**

Debbie Bent, Community Development Director  
Janina Meeks, Admin. Assistant

**1. CALL TO ORDER**

The meeting was called to order by Chair Ohrenschall at 7:30 p.m.

**2. CITIZEN COMMENTS**

No citizens rendered comments

**3. APPROVAL OF MINUTES**

Commissioner Baker motioned to approve the May 21, 2019 minutes which was seconded by Commissioner Olson. The motion passed 6-0 with no abstentions.

**4. AGENDA ITEMS**

The Planning Commission continued discussion of the Parks, Recreation and Open Space (PROS) Plan. Debbie Bent began by reviewing the steps already taken in the process of updating the PROS Plan. The City used a consultant to conduct a statistically valid community survey to identify areas of interest in the community as they relate to parks and recreational programs; the results were presented to the City Council on May 13<sup>th</sup>, 2019.

Debbie Bent summarized of the results of the survey; the top priorities of the community for parks and recreation facilities include access to the waterfront, an indoor swimming pool, nature trails, and surprisingly, a lot of feedback regarding adult recreational programs. Access to the waterfront and indoor swimming have continued through from the last survey to be a top priority for the community. The City's model for recreational programming is to provide the land or facilities and then partner with local and regional organizations to provide the programs (i.e. KWAC and Squire's Landing Park partnership).

The Planning Commission asked for more information about the specifics of the survey demographics and scope of questions regarding the community's willingness to finance the facilities and/or services – specifically in relation to the continued interest in a community swimming pool – the capital expense and maintenance of that type of facility, and how the process should move forward.

Debbie Bent confirmed that Staff had made sure the demographics of the community were included in the survey results. She explained that the survey was focused more on identifying the community's interest in facilities and programs and the gap between what is available and that interest, but it didn't really get into the funding. Having received the survey results, the next step is to review the goals and policies, followed by the demand and needs analysis (which includes comparison to national standards), and then to develop a list of capital projects and address funding.

A facility like a swimming pool or aquatic center is not something the City can manage on its own; in the past there have been efforts to provide a regional facility. Staff thinks regional partnerships would be the best way to move forward with a capital and maintenance expense of that magnitude.

Three questions were kept in mind as the first draft of the PROS Plan was prepared: do the vision, goals and policies reflect the needs of the community; is there anything missing that needs to be added; and is the document consistent, concise and easy to understand? The draft presented is only the first draft; it will be further refined based on the Planning Commission's input and Staff will continuously review throughout the process to make sure there is internal consistency. With the first question in mind, Staff reviewed the previous plan and removed five policies that reflected completed projects and two categories for redundancies.

The PROS Plan vision must be consistent with the overall vision of the current Comprehensive Plan, the latest version was adopted in 2015 looking forward to 2035. The Comprehensive Plan vision includes "supporting recreation and health through well maintained parks and open spaces", which affects the PROS Plan directly, but also "connecting to the waterfront," "providing safe pedestrian and bike links," "providing downtown spaces," and "encouraging volunteerism," all of which are also reflected within the PROS Plan.

Newly included in the draft is the City's service vision, which City Staff worked internally to identify and define what the City does: "Propelling Kenmore Upward: We create a thriving community where people love where they live." This is included as the statement directly relates to the PROS Plan.

The guiding fundamentals of the PROS Plan are principal conditions that define the framework for the park system; mostly focused around the natural environment (waterways, wildlife and natural habitats, and wetlands) and truly frames the parks system. The key values in the current PROS Plan are still valid and relevant: protection and stewardship (responsible planning, management and conservation), partnerships (most efficient and cost-effective way for Kenmore to provide recreation programming), creating balance (balance between passive and active recreation and opportunities for everyone to use), and instilling civic pride (encouraging volunteerism, community gathering spaces like The Hangar, public arts, etc.).

The Planning Commission asked for clarification on how balance in the PROS Plan is defined and what it means in practice – whether based on activities available or space available – and discussed variables of the effect of the parks and recreation programs to the City's development: Is it possible and appropriate to capture the economic benefits of the

parks for the city? Is there any information available on the economic value of the parks and recreation programs? Will there be quantitative data of the acreage or total parks and recreation space? What is the impact of the parks in attracting future business development and new residents? Is future development an appropriate consideration when reviewing and updating the PROS Plan? How can the City capitalize on the parks and program partnerships to entice current residents and youth stay in Kenmore? How can the City capitalize on the regional traffic to the City's parks?

Debbie Bent explained that the values as described in the PROS Plan aren't quantified by the acreage or space, more of an overall theme to strive for balance between active and passive programs and opportunities for everyone. Kenmore has more natural, passive space than active space, and there is a need for more active recreation in the community. Staff is unaware of data specific to Kenmore, but generally it is understood that a good parks system is attractive to commercial and residential developers and businesses. The City has a good list of parks and recreation facilities assets to bring back and will look into the value of the parks system and its relation to and effect on future development.

The obstacles identified to implementing the current PROS Plan are still valid; a new obstacle "securing assets for future generations" was added to the draft because as the City grows and ages, it is important to have a plan of repair and replacement of aging assets. The opportunities identified in the current PROS Plan were updated as there has been significant activity, particularly to Walkways & Waterways, that needed to be reflected in that section.

Debbie Bent reiterated that this draft is a "first cut" and to keep in mind the lenses of consistency, clarity, conciseness and what is missing as the review continues. She noted that the objectives and policies of the PROS Plan all fall into five general areas: related to acquisition and development, related to planning, related to stewardship, related to partnerships, or related to funding.

Goal 1 to provide waterfront access was expanded to include a policy to develop a plan to expand the trail at Squire's Landing Park, which is currently under development and expected to complete in 2023. Previous PROS Plan ideas included expanding a potential waterway or boardwalk to neighboring cities; the new goal does not address including areas outside the City and would need to be expanded to include that.

Goal 2 is to provide safe routes to parks, recreation and open spaces; the new policy in the goal is to make sure there is a map of safe pedestrian and bike routes. The Planning Commission asked if the City currently sends out any communications to let residents know of other opportunities available to them in neighboring cities; Debbie will check with the City's Recreation Coordinator to find out the answer.

The revised Goal 3 combines prior Goals 3 and 6; Policy 3.1.7 is new. The Planning Commission asked for clarification in policy 3.1.7 on the change from the use of "habitat" to "vegetation management plan" and "parks with critical areas" instead of just "parks." This could potentially be a result of trying to be concise and may have lost some clarity in the attempt, staff will review this again.

Goal 4 is to create a balance of passive and active recreation opportunities. The Planning Commission again requested more information outlining how balance is defined specifically to Kenmore, how to measure the balance as defined, and how to know when the desired balance has been achieved. They emphasized that the increasing population of the City be considered when addressing the future of the parks system. Commissioner Loutsis focused on the youth (under-eighteen) and young adult participation in the survey. The youth of the city greatly rely on the parks and there is opportunity to reach out to the younger residents to learn what they think of the parks and what is missing or could be improved so the next generation is more incentivized to stay in Kenmore.

Recreation programming and community events are addressed in Goal 5 of the PROS Plan. There hasn't been any indication from the Council to change the model currently in use, so the City will continue to provide facilities and partner with local organizations to provide recreational programming.

A new Goal 6 was added to be deliberate and mindful in engaging the community and involving them in the update in different ways (i.e. surveys, demand and needs analysis, inventories, etc.) to make sure the PROS Plan is informed by the community's priorities and goals. The Planning Commission suggested that regular opportunities for community engagement and feedback should be included, not just during the update schedule. Commissioner Loutsis recommended that the City reach out to local schools, like Inglemoor High School, and arrange to meet with and get feedback from the under-eighteen demographic.

The final goal of the PROS Plan update is to create a financially sustainable park system through partnerships and stewardship. The City doesn't currently have a stewardship program, but it is something that Staff thinks needs to be developed as the parks system grows. Commissioner Vanderlinde suggested strengthening the sustainability of the parks systems by creating a dedicated fund to ensure maintaining the parks system doesn't fall victim to variances in available resources over time. Debbie explained that currently the process to build/improve parks includes identifying the feasibility, cost of maintaining and eventual replacement of the facilities.

## **5. OTHER ITEMS**

Commissioner Loutsis made a motion to cancel the July 2<sup>nd</sup> meeting which was seconded by Commissioner Olson. The motion passed 6-0 with no abstentions.

## **6. ADJOURNMENT**

Chair Ohrenschall adjourned the meeting at 8:49 p.m.

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Planning Commission

Approved by Planning Commission on: \_\_\_\_\_



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18120 68<sup>TH</sup> AVENUE NE  
KENMORE, WASHINGTON 98028

**MEMO**

**TO:** Planning Commission

**FROM:** Debbie Bent, Community Development Director *DB.*  
Lauri Anderson, Principal Planner *LWK*

**DATE:** July 24, 2019

**SUBJECT:** Accessory Dwelling Units - Introduction

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At your meeting on August 6, staff will present background information on accessory dwelling units (ADUs)—the next project on your 2019 docket.

ADUs are an effective means to support affordable housing in the City's single-family zoning districts and although the City has had ADU regulations in place for many years, it is time to review and potentially refresh those regulations. Since 2012, only 14 ADUs have been permitted in Kenmore. A review of the City's ADU standards, compared with best practices in other jurisdictions, may identify roadblocks to ADU development.

Jordan Woltjer, this year's Community Development Planning Intern, has prepared a well-researched paper on ADUs (see Attachment 1). Although the Planning Commission will focus on land use issues related to ADU support, the information provides valuable context for your future policy discussions.

Attachments

Attachment 1: ADU Background Paper

City of Kenmore  
Planning Commission

Accessory Dwelling Unit (ADU) Background Paper

Drafted by Jordan Woltjer in collaboration with the Department of Community Development

July 8<sup>th</sup>, 2019

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**Background:**

Accessory Dwelling Units (ADUs) are classified as secondary autonomous housing units located on single-family zoned lots. The two main designations of ADUs are attached and detached; attached ADUs (AADUs) are contiguous with the preexisting single-family residence. Detached ADUs (DADUs) are separate structures from the primary residence. Attached ADUs are more common, and often involve the conversion of a garage or basement into an independent living space.



BASEMENT ADU



DETACHED ADU



ATTACHED ADU



SECOND-STORY ADU



GARAGE-CONVERSION ADU

**AARP**  
Real Possibilities

ADUs have in the past existed in an informal housing market of varying legality. Though not legalized in Vancouver until 2004, “ADUs have long made up a third of the city’s rental housing stock [even before legalization]” (Maaoui, 2018). Maaoui also notes that in the 1960s San Francisco had “between 20,000 and 30,000 ADUs...90% of which were illegal.” The adaptive history of ADUs and the numerous purposes for which they are used are displayed in the many names that have been used to refer to them: “granny flats, nanny flats, mother in-law

units, backyard cottages, micro-lofts, companion units, elderly cottages, garage apartments, [and] second units.” (Maaoui, 2018).

The two-pronged issue of a crisis of a lack of affordable housing and demographic trends has launched ADUs onto planners’ agendas—ADUs are viewed as an unobtrusive method by which to increase the stock of affordable housing and local housing densities. Nine states have implemented laws that are promotive of municipal adoption of ADU-friendly coding, while three states, including Washington, have mandated that many local codes “adopt ordinances encouraging the development of accessory apartments or ADUs in single-family zones.” (Brinig, 2013 & MRSC, 2019). In Washington, ordinances allowing the development of ADUs are a requirement for cities with a population greater than 20,000 people (MRSC, 2019). Kenmore had a residential population of 23,320 in 2019 (Office of Financial Management, 2019). The AARP (formerly titled the American Association of Retired Persons) has created a “model ordinance” in collaboration with the American Planning Association (APA) intended to guide municipal efforts at creating code conducive to ADU development.

The following graphic bears out the emergent trend of policy becoming increasingly ADU friendly. It documents five decades of ADU legalization by states and cities “...at the forefront of ADU experimentation.” (Maaoui, 2018).

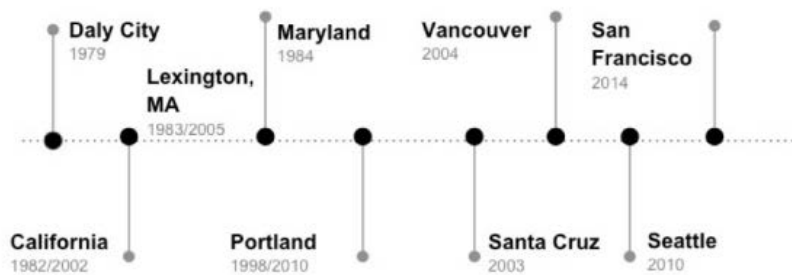


Figure 1 Cities and states at the forefront of ADU experimentation (Image by author)

### Factors/Issues that ADUs are enlisted to mitigate

- Smaller Household Size:

An MRSC report recorded that “In Washington, the average household size in 1960 was 3.09 persons. In 1990, it had declined to 2.53 persons” (MRSC, 1995). The American Community Survey (ACS) estimates Washington’s 2017 household size to be 2.55 according to samples with a .01 +/- margin of error. An aging elderly population is one cause of the decline. MRSC went through 1990 census data and found that “households with one or more persons 65 and older, make up more than 21 percent of the households in Washington.” ACS produced estimates indicate that this percentage has increased to 26.3% in 2017.

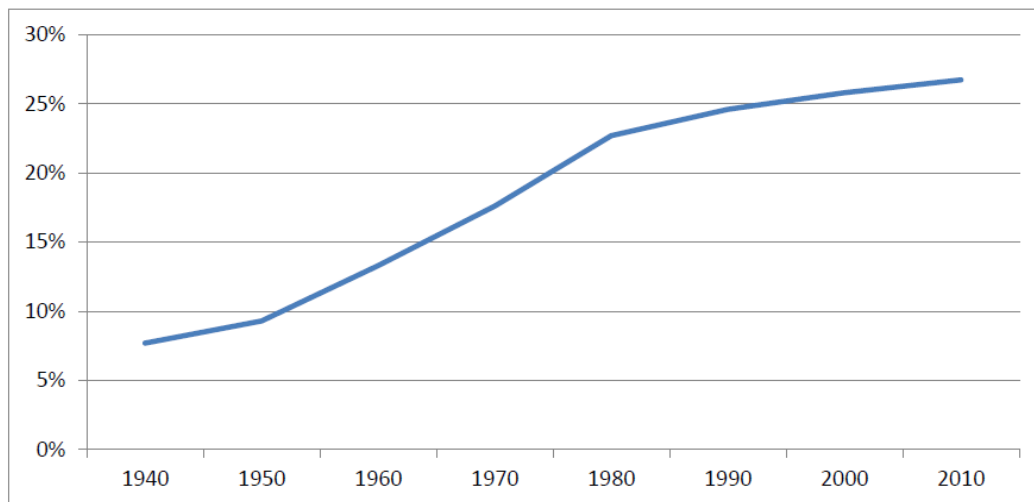
This trend is consistent with patterns exhibited by King County. Due to Kenmore’s short history of incorporation we have chosen to use King County for a more expansive temporal

analysis. The 1960 census reports the average household size in King County as 3.2. ACS sampling estimates that in 2017 King County's average household size was 2.45.

Also contributing to this trended decline in household size are the “increasing numbers of single-person households, decreasing family size preferences, and high divorce rates...Households with single persons under 65 now make up almost 17% of the households in the state” (MRSC, 1995). ACS samples estimate single person households to constitute 29.5% of total households in 2017 for Washington. And single persons under 65 encompass 20.7% in Washington according to ACS estimates. (calculated by deducting single person households over 65 years from total number of single person households)

The following graph captures this nationwide trend in single person occupancy growth, and is provided by (Been, 2014) in a study undertaken through the NYU's Furman Center for Real Estate and Urban Policy.

**Figure 1. Share of U.S. Households Consisting of One Person Living Alone, 1940-2010<sup>9</sup>**



According to AARP analysis, in 1950 the average square footage of new single-family homes was 983, whereas this has increased to 2,571 in 2017 despite a reduction in average household size from 3.8 to 2.5 (AARP, 2019).

As household size continues to shrink the average square footage of single-family homes is rising despite a crisis in housing affordability. ADUs are seen by many planners and advocates as a grassroots method of increasing housing density and the stock of affordable housing units without disrupting the pre-established character of communities.

Many planners characterize the disconnect between the rising average square footage of single-family homes and declining household sizes as a market failure. This because the market has failed to supply affordable housing to many urban dwellers. ADUs allow for the creation of what is affordable housing to many through the more intensive utilization of property in land which is especially useful considering the burgeoning sizes of single-family residences. And this

tendency to growth in single-family residence size has the practical effect that many lots may now be viable for the addition of an ADU.

- **Housing Affordability Crisis:**

There exists a well-documented shortage of affordable housing in Washington state. The Washington Growth Management Act (1990) and the Washington Housing Policy Act (1993) require cities to facilitate the creation of affordable housing through such tools as the ADU. The King County Countywide Planning Policies assign Kenmore residential growth targets and require that the City accommodate affordable housing. ADUs are one axis by which Kenmore's housing stock can be enlarged to help satisfy these requirements.

The King County Regional Affordable Housing Task Force (RAHTF) finalized its Five-Year Action Plan in 2018. The Five-Year plan established strategies to encourage ADU production as part of its overarching objective of creating affordable housing. These ADU planks are listed here:

- Reduce utility, impact and other fees for affordable housing and Accessory Dwelling Units
  - Kenmore has already waived impact fees for ADU developments
- Streamline permitting process for affordable housing development and ADUs
- Explore incentives similar to the Multi-Family Tax Exemption for the development of ADUs for low-income households
- Update zoning and land use regulations (including in single-family low-rise zones) to increase and diversify housing choices, including but not limited to: a. Accessory Dwelling Units (ADU) and Detached Accessory Dwelling Units (DADUs)

**Main Benefits of ADUs:**

- **Assist the Elderly:**

An AARP survey from 2003 found that 75% of those above the age of 45 “believe that they will be able to stay in their current home for the rest of their lives” (Antoninetti, 2008). To accommodate this housing preference AARP recommends ADUs. The APA model ordinance that was created with AARP input held that “ADUs have the potential to assist older homeowners” by augmenting their financial health through the provision of rent and by providing companionship.

ADUs allow the elderly to decrease their living space in accordance with reduced needs. Granny Flats are a common term used to refer to ADUs due to the tendency to use ADUs to house extended families whilst providing for more privacy and independence than is allowed in a traditional single-family residence. An AARP survey of Americans aged 50-plus who would consider the addition of an ADU found that the two most common reasons cited were to “provide a home for a loved one in need of care (84%)...[and to] provide housing for relatives or friends (83%)” (AARP, 2019). The extra income from rent was the seventh most cited reason with only 53% of respondents affirming it as significant.

Single-family residences are designed for the 1950s nuclear family prototype. As Washington's demographic character becomes increasingly elderly its zoning should adapt to the desires of the elderly to continue living in current residences. ADUs may enable the elderly to live in their prior residences for longer periods through leveraging additional financial rent from their land or enabling close-proximity familial support without compromising privacy or independence.

- Affordability:

ADUs are useful in the context of affordability because attached ADUs are cost-effective in their common use of pre-existing housing, and detached ADUs “typically cost 25 to 40 percent less to build than new, comparably-sized housing units...Consequently, ADUs are usually much less expensive to rent.” (MRSC, 1995). CityLAB, the research and architectural design center of UCLA which has been instrumental in California's recently adopted ADU promotive legislation, found that “...new units have a lower combined cost for land and construction than do new single-family houses” (Cuff, 2018).

Another cause of the relative affordability of ADUs is their generally grassroots character. They are usually rented out by homeowners who directly occupy the adjacent residence rather than commercial developers. Profit-maximization is not as categorical an imperative. Many homeowners rent out ADUs at less than market-prices and will lower rental fees in exchange for maintenance labor and other forms of sweat capital. And many ADUs are rented to family members to whom sub market-level rental rates are also extended.

ADUs are rented to someone with a preexisting relationship to the owner 46% of the time (Chapple, 2018). In 17% of cases a friend or family member receives free housing (Chapple, 2018). Also of significance, 58% of ADU owners rent at below the market rate (Chapple, 2018).

As Chapple reports, “A study of Babylon, Long Island, found that secondary units rented, on average, for 35% less than non-secondary unit apartments, despite the secondary unit renter households being, on average, larger and including more children than the non-secondary unit renter households” (Chapple, 2012). Chapple also found that “the average secondary unit is advertised at a rental rate that makes it affordable to a household earning 62% of Area Median Income (AMI)” compared to 68% of AMI “for non-secondary units” (Chapple, 2012). Furthermore, “30% of secondary units are affordable to households in the Very Low-Income category (30% to just under 50% of AMI), and 49% lie within the Low-Income category (50% to just under 80% of AMI)” (Chapple, 2012). Chapple also found that non-secondary housing units had virtually no housing accessible to the very low-income category (Chapple, 2012).

A 2019 Environmental Impact Statement prepared for the City of Seattle on their proposed ADU regulations assessed the predicted effects of ADU-friendly code revisions and found that “greater ADU production has a positive effect on affordability by increasing the overall housing supply, and specifically the number of rental housing options available in single-family zones” (EIS, 2019).

Exciting innovations that connote potentially significant cost-reductions are currently being pursued for ADU developments; Pre-fabricated units that are then installed at the lot site may greatly reduce ADU construction costs. Several companies are attempting this business model for ADUs. This is an important and presumably positive market trend to observe going forward, although some will raise the worthwhile concerns of homogeneity and uniformity

relating to this shift. These and other patterns may enhance ADU affordability and increase the accessibility of the market in ADUs.

In observance of the trend towards pre-fabricated units, CityLAB excitedly asked the following question that speculates on the future of the market in ADUs: “Could a backyard home be produced more like a car, where the buyer dials in a few options, gets a loan on the spot, and in a relatively short period of time, a backyard home is delivered?” (Cuff, 2018).

- **Racial Equity & Accessibility**

Progressive planners have articulated their hopes that ADUs increase the diversity of currently homogenous single-family neighborhoods by enabling previously excluded groups to enter them because of the increased accessibility that results from an additional income-source on single-family lots (Cuff, 2018).

New research on ADUs has challenged the perspective that ADU ownership is largely limited to white middle-class homeowners. Through analysis of King-County data on ADUs in unincorporated regions, Maaoui calculated correlations between age, income levels, ethnic composition of neighborhoods, and ADU developments. Maaoui found that contrary to popular supposition there existed a “...statistically significant positive correlation between ADU permitting and the concentration of Hispanic and Black households” (Maaoui, 2018). Though Maaoui is quick to acknowledge that this research is inconclusive, it does indicate that ADUs may already be a potent political tool for the achievement of racial housing equity.

## **ADU Barriers**

The speculated benefits of ADUs are numerous. Despite that and the myriad efforts undertaken at many levels of government to promote ADUs, the increase in ADUs following their localized legalization and preferment is rather humble;

The barriers to a more impressive proliferation of ADUs are three-fold:

- 1) **Informational:** ADUs have benefited from governmental support and legalization for only a short time in many areas. Hence, for numerous homeowners ADUs are not known to be a viable option for producing additional income. Cities with strong ADU agendas, as in Portland and Santa Cruz, have created educational outreach programs intended to explain what ADUs are and elucidate the requirements and procedures for attaining one.
- 2) **Regulatory:** Several states, including Washington, have required that local municipalities explicitly allow ADUs in their zoning code. There remain regulatory impediments however. The restrictiveness of the regulatory code governing ADUs is one factor that influences the rate of growth in ADUs. Recent code liberalizations unaccompanied by subsidiary promotive policies indicates that increased code flexibility unto itself is unlikely to yield significant changes in ADU conversion/construction rates; Salt Lake City enacted an ordinance in September 2015 that legalized ADUs, but between 2015 and 2017 had only a single ADU

permitted (Chapple, 2018). This despite a hot-housing market (Chapple, 2018). Following the lead of more successful cities at ADU promotion like Seattle and Portland, Salt Lake City published a memo to aid homeowners interested in ADUs in February of 2019. This is an important point. ADUs are still relatively unknown and the market in them will remain small so long as this remains so. Public awareness will naturally grow over time, but this trend can be expedited by civic programs.

Portland has designed an ambitiously ADU-friendly code and is a reference point for stimulating ADU development. It has dispensed with owner occupancy requirements, off-street parking requirements and has allowed previously required garages to be converted into ADUs. Portland has also waived costly ADU permit fees & impact fees. In concert with these code changes Portland also pursued educational outreach to enlighten its civic population to the possibility of ADUs. These important subsidiary promotions should accompany code changes to maximize their impact.

In addition to decreasing the burden of regulatory compliance through code-reductions/alterations, several municipalities have streamlined the ADU permit application procedure to allow for fast-tracked approvals. Santa Cruz subsidizes certain fees associated with technical consultation to accomplish regulatory compliance. Santa Cruz also provides ADU templates formulated according to local regulations to aid prospective ADU developers. But as noted by Chapple, "...no studies to date have identified which interventions work best to spur production [in the case of Santa Cruz]." Santa Cruz has about 18,000 single family lots and since 2008 has approved between 40 and 50 ADU permit applications a year (Been, 2014). And "Santa Cruz saw its legal secondary unit production triple after implementing a comprehensive package of zoning reforms, pre-approved designs, a how-to manual for homeowners, and a low-interest loan program" (Chapple, 2012).

- 3) Financial: The financial barriers to robust ADU development are also derivative of ADU's newness. Conventional bank loans for housing developments are sold to either Freddie Mac or Fannie Mae, neither of which have designed a standard financial vehicle for ADUs. The ready fit packages for ADUs currently used by Mac or Mae presume their illegality and for that reason accord them negligible augmentative financial value. Mac and Mae have yet to respond to the new legislative environment that has legalized many forms of ADUs and actively seeks to enhance their presence.

Portfolio loans are the main alternative to conventional loans for those requiring capital to finance housing developments. In contradistinction to conventional loans, banks don't sell the mortgages to a governmentally affiliated entity. As the banks keep the mortgages on their books they have more flexibility in designing custom packages. However, banks too are slow in designing standard financial instruments for ADUs.

ADUs are envisioned to be a potent mechanism to make housing more accessible to middle-class and lower-income individuals by creating an additional rent source from single-family residences. But this outcome will be realized only when financial institutions become more adept at extending capital to finance ADU developments. As it is, a survey of completed ADUs in Portland found that over 60% were funded from cash. The goal of improved

accessibility is not achieved when ADU development is itself inaccessible to non-affluent households.

### ADU Policy Packages Applied by Model Cities

- Portland: The City of Portland is distinguished by its successful ADU-friendly shift in legislation and cultural/educational promotion. Since 2010 over 2,000 ADU permits have been issued (Chapple, 2018).
  - Portland eliminated owner-occupancy requirements, additional parking requirements, has no design review, and provides fee waivers (Chapple, 2018). Portland has waived impact fees, known in Portland as System Development Charges (SDC), and after the expiration of the ADU impact fee waivers approved their extension given their efficacy at promoting ADU construction.
  - Beyond its regulative reform, Portland in conjunction with green building advocates and ADU advocates has undertaken an educational outreach effort to raise awareness of ADUs' existence and benefits (Chapple, 2018). The popular and informative website [accessorydwelling.org](http://accessorydwelling.org) is Portland based, and provides commentary on ADU policy and helpful information to prospective ADU developers/owners.
  - Portland has also allowed short-term rentals (STRs) in ADUs since 2014.

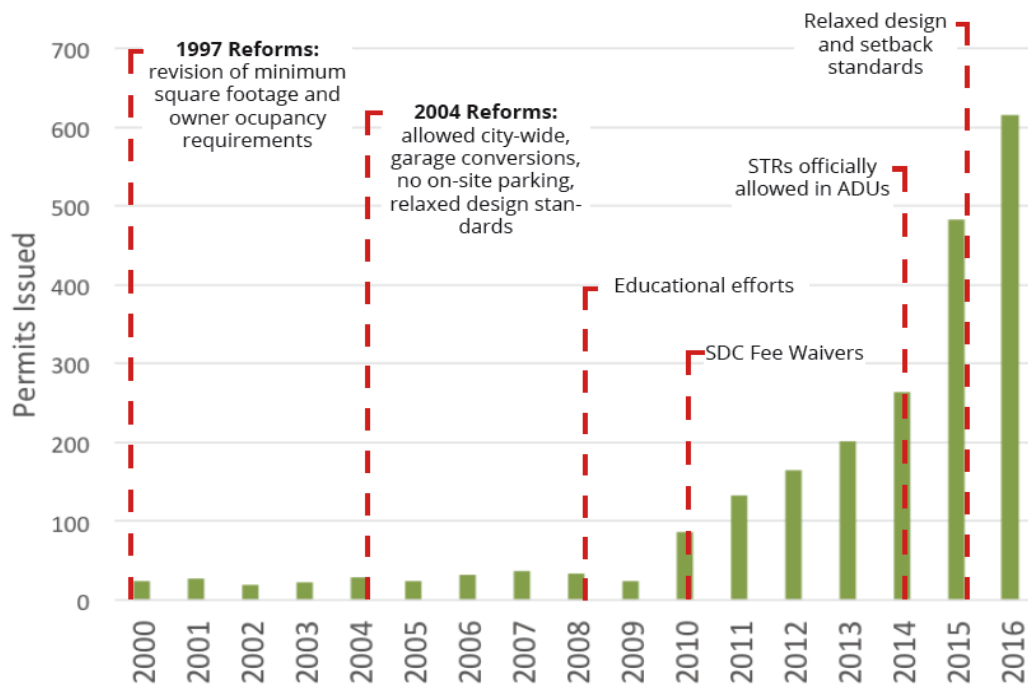


Figure 2. ADU permitting and reforms in Portland.

(Figure is taken from Chapple's 2018 study)

- Seattle: Attached ADUs were first legalized in the 1990s—detached ADUs in specific areas since 2006 and citywide in 2010 (Chapple, 2018). In a comparative study of the impact of ADU regulatory reform in Seattle, Portland, and Vancouver it was found that Seattle had the least hospitable regulatory environment for ADUs (Chapple, 2018). Despite this impediment, ADU construction has been consistently growing since legalization owing to the crisis in affordability and growing public awareness of ADUs as resulting from its publicized civic studies (Chapple, 2018).
  - In 2010 the Seattle Planning Commission published “A Guide to Backyard Cottages” to assist homeowners desirous of creating a DADU while universalizing permission for creating DADUs the same year.
  - The City Council directed the Department of Planning and Development (DPD) to research methods to increase the production of ADUs in 2014. The DPD then drafted the report “Removing Barriers to Backyard Cottages” in October of 2015.
  - Though Seattle currently offers one of the more restrictive regulatory environments of cities that boast a strong ADU presence, it is taking concerted steps towards being perhaps the most ADU friendly city in the nation.
    - An Environmental Impact Statement commissioned to measure the environmental and social effect of proposed ADU regulation changes finalized in October 4, 2018 and ruled adequate after appeal made in 2019 recommended the following extremely pro-ADU zoning schema:
      - Two ADUs allowed on a single lot w/ condition that a maximum of 1 DADU is allowed and that one of the units is “affordable to and reserved solely for ‘income-eligible households,’”
      - No additional off-street parking prerequisite
      - No owner occupancy requirement
      - Minimum lot size for DADUs reduced to 3,200 feet
      - Maximum DADU unit size extended from 800 to 1,000 SF. The latter maximum square footage excludes garages and storage areas in its calculation.
      - Previous DADU height limits were dependent on width of the lot and ranged from 12 to 23 feet. Height limits were increased if the DADU was either pitched or butterfly roofed (between 3 to 7 additional feet allowed depending on roofing type and width of lot). The preferred alternative of the EIS advocated the continuation of width height dependency. The EIS’ preferred alternative allowed for generally higher heights at the same widths to a maximum of three additional feet. The height range of the proposed rules is 14 to 25 feet. The proposed schema is included here:

|                                                              | Lot width         |               |                      |
|--------------------------------------------------------------|-------------------|---------------|----------------------|
|                                                              | Less than 30 feet | 30 to 50 feet | Greater than 50 feet |
| <b>Maximum height limit (feet)</b>                           | 14                | 16            | 18                   |
| <b>Additional height for a pitched roof (feet)</b>           | 3                 | 7             | 7                    |
| <b>Additional height for a shed or butterfly roof (feet)</b> | 3                 | 4             | 4                    |

Under Alternative 2, up to two additional feet would be allowed for a DADU that meets green roof standards. Under the Preferred Alternative, up to two additional feet would be allowed for a DADU achieving various green building strategies.

- The preferred alternative includes the option for an additional height allowance up to two feet should green standards be achieved.
- New floor area ratio (FAR) standards for single-family homes that are designed to encourage ADUs
- Seattle’s City Council implemented an ordinance that approved the great bulk of the recommendations made by the previously cited EIS on July 1, 2019. The more pertinent code changes passed in this ordinance are:
  - Reduction of minimum lot size for DADU from 4,000 to 3,200 square feet
  - Calculation for gross floor area maximum of 1,000 square feet now excludes garage and storage areas
  - Removal of off-street parking requirement
  - Removal of owner-occupancy requirement
  - Increase of maximum number of ADUs to two, provided that a maximum of 1 DADU is allowed and that one of the units is “affordable to and reserved solely for ‘income-eligible households,’”
  - ADUs now don’t count against floor area ratio FAR requirements.
- Concurrent efforts are underway in Seattle to promote ADUs apart from this planning initiative. Mayor Jenny Durkan has issued an executive order that Seattle departments design preapproved DADU plans that enable expedited permit approvals and lower the burden of regulatory compliance for homeowners interested in DADUs (2019, City of Seattle). This executive order stipulates that an “ADU Navigator” be hired exclusively to facilitate ADU production by guiding homeowners through the process. There are possible benefits to Kenmore in replicating Seattle’s new ADU code: Seattle’s emerging preapproved DADU designs may be valid for Kenmore, and developers of ADUs in Seattle would find Kenmore’s ADU market highly accessible.

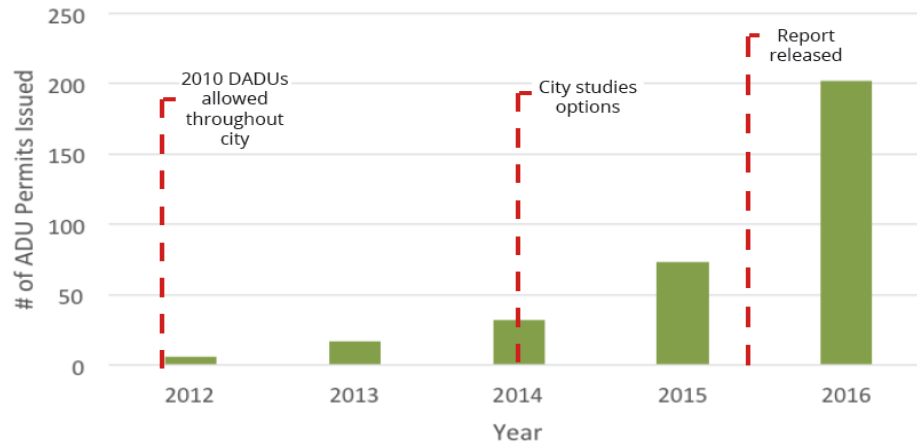


Figure 3. ADU permitting and reforms in Seattle.

(Figure is drawn from Chapple's 2018 study)

- Santa Cruz
  - The City of Santa Cruz has undertaken a vigorous multi-pronged program to spur ADU activity. The city's program includes:
    - Modifications to the City's zoning intended to foster ADU construction. For example, the city's requirement for covered parking limited the ability of homeowners to convert garages into ADUs. They waived this requirement to allow illegally converted ADUs to be granted amnesty and to allow garages to be converted to ADUs.
    - The offering of a manual to aid homeowners interested in developing an ADU. The manual offers pertinent information on the financial and regulatory processes through which an ADU is acquired.
    - Pre-approved ADU designs intended to streamline the permit application process. These designs can be and often are used as a point of departure from which individualized plans can be created unique to a particular ADU.
    - Non-profits have partnered with the city to leverage ADUs as a tool to allow the elderly to age in place.
    - The city offers a revolving loan-fund to finance ADUs on the condition of future affordability.
    - Permit fees and development fees for ADUs are waived by the City if the ADU is "rented at City-specific affordable rents."
    - The City of Santa Cruz sponsors Community Workshops on ADUs.
    - "Santa Cruz saw its legal secondary unit production triple after implementing a comprehensive package of zoning reforms, pre-approved

designs, a how-to manual for homeowners, and a low-interest loan program” (Chapple, 2012).

### **ADU Policy Packages Considered by the Washington State Legislature**

SB5812, a bill deliberated in the 2019 Washington state legislature, was sold as “the most progressive accessory dwelling unit (ADU) bill ever introduced...” by sightline.org which participated in its drafting. The Bill would have imposed substantial ADU code revisions on Washington cities: off-street parking requirements and owner occupancy requirements among other regulatory requirements were to be eliminated wholesale. The bill was defeated in the state legislature in April of 2019. But it is to be re-proposed in 2020 and indicates the presence of ADUs in Washington’s policymaking agenda. Here are ADU code revisions that were included in the original bill:

- May not regulate the location of the entry doors of accessory dwelling units
- May not establish tree retention requirements for accessory dwelling units in addition to any tree retention requirements for single-family housing units
- Except as provided in (b) of this subsection, must allow, on all lots located in single-family residential zoning districts and on all lots on which there is a single-family housing unit, duplex, triplex, or townhome, regardless of zoning district: (i) One attached accessory dwelling unit and one detached accessory dwelling unit; or (ii) two attached accessory dwelling units; May not impose a minimum lot size requirement for the siting of accessory dwelling units;
- May not require installation of a new or separate utility connection between an attached accessory dwelling unit and a utility;
- May not count residents of accessory dwelling units against any limits on the number of unrelated residents on a single-family lot;
- May not establish a requirement for the provision of off-street parking for accessory dwelling units;
- May not require the owner of a lot on which there is an accessory dwelling unit to reside in or occupy the accessory dwelling unit or another housing unit on the same lot;

### **Possible Unintended Effects and Leading Criticisms of ADU Code Liberalization**

Martin Kaplan, an architect who lives in the Queen Anne neighborhood of Seattle, is the leading spokesperson and leadership for the organized opposition to code deregulations for backyard cottages in Seattle. Kaplan was previously a member of the Seattle Planning Commission and assisted in drafting the first legislation for backyard cottages that, in his words, “respectfully increase[d] density and diversity throughout every single-family neighborhood” (Kaplan, 2019). It is Martin’s opinion that the code changes for ADUs passed July 1<sup>st</sup> in Seattle (removal of owner occupancy requirement, removal of off-street parking mandate, & second ADU permitted after year of continuous ownership among other code changes) is a “triple threat to single-family neighborhoods...” that will “convert every single-family neighborhood to one-size-fits-all multifamily development, degrading the quality of life for everyone” (Kaplan, 2019). Furthermore, Kaplan contends that these changes “open up every neighborhood to uncontrolled

speculation, immediate displacement, removal of affordable housing, and considerable environmental impacts to every single-family property owner” (Kaplan, 2016).

The organizing theme of Kaplan’s opposition, and that of several homeowners associations, is the belief that ADUs will be commercialized by developers at the disservice of current neighborhoods’ character. Their vision is that developers will buy and demolish single-family residences to be replaced with uniform and ugly “triplexes” of itinerant renters on a massive scale.

The point concerning the adverse potential for rampant development, despite it not coming to fruition in any city thus far that has implemented ADU-friendly revisions (including revoked owner occupancy requirements in the case of Portland), is one that warrants consideration. Owner occupancy requirements of some variety are the most commonly used method of preempting this outcome, though owner-occupancy requirements are regulatory barriers whose buttress against excessive commercial development comes at the expense of additional ADU growth. This is a tradeoff-based decision that will require policy direction.

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