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# City of Kenmore
# Planning Commission Meeting Agenda

**Tuesday, September 17, 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.

1. **CALL TO ORDER**

2. **CITIZEN COMMENTS**

3. **APPROVAL OF MINUTES**

   August 6, 2019 Planning Commission Meeting Minutes

4. **AGENDA ITEMS**

   Planning Commission Memorandum
   Attachment 1: Preliminary policy direction from August 20 meeting
   Attachment 2: Responses to Commissioners' questions

5. **ADJOURNMENT**

6. **UPCOMING MEETINGS:**
   **September 25, 2019,6:30-8:30 p.m., PROS Plan Open House**
   **October 1, 2019, 7:00 p.m.**

**City of Kenmore**
**Planning Commission Meeting**
**August 6, 2019 @ 7:00 p.m.**

**Planning Commission Members – In Attendance**

Mike Mulcare
Dennis Olson
Nathan Loutsis
Mike Vanderlinde
Carol Baker

**Consultants & Staff**

Debbie Bent, Community Development Director
Lauri Anderson, Principal Planner
Jordan Woltjer, Planning Intern
Janina Meeks, Administrative Assistant
Maura Query, Administrative Assistant
Mike Stanger, ARCH

## 1. CALL TO ORDER

The meeting was called to order by Acting Chair Mulcare at 7:01 p.m.

## 2. CITIZEN COMMENTS

There were no citizen comments at this meeting.

## 3. APPROVAL OF MINUTES

Approval of minutes was deferred to the August 20th meeting as they were not in the packet.

## 4. AGENDA ITEMS

Jordan Woltjer presented information regarding Accessory Dwelling Units (ADUs) as a possible solution to providing more affordable housing in Kenmore. Some key benefits of ADUs were outlined. These included: allowing the elderly to age in place, affordability, racial equity and socioeconomic accessibility, and environmental sustainability. Barriers to entry were discussed. These included: information barriers (recent legalization is not well known), regulatory barriers (owner occupancy, off-street parking, minimum lot size, single ADU per lot, & short-term rental prohibitions), and financial barriers (majority are funded by cash savings and there is a lack of financing options). Concerns and unintended effects were discussed. These included: a potential uncontrolled wave of development, disruption of pre-existing neighborhood character, street congestion, and impacts to property values.

There were many questions asked by the commissioners. Many of these questions were answered in the meeting but a number of them were given as take-aways for the City to provide more information on at the August 20th meeting.

There was a lengthy discussion regarding whether the expansion of permitting ADUs fits into the direction Kenmore wants to go. Some concerns brought up included enforcing against regulatory rule breaking; neighborhood response; tenant/landlord relationships or conflict; and balancing the affordable housing market, multi-generational housing and growth with developer or owner profit interests.

Staff agreed to return with additional information at the August 20th meeting for the Planning Commission to review.

## 5. ADJOURNMENT

Acting Chair Mulcare adjourned the meeting at 8:06 p.m.

________________________________
Planning Commission
Approved by Planning Commission on: ________________________

# City Of Kenmore, Washington

## Memorandum

Date: September 12, 2019

To: Planning Commission

From: Debbie Bent, Community Development Director DB.
Lauri Anderson, Principal Planner LWA
Jordan Woltjer, Planning Intern
Mike Stanger, ARCH

Regarding: Accessory Dwelling Units (ADUs)

At your meeting on August 20, you began policy discussions on ADUs. Commissioners seemed to reach consensus that code amendments to allow more ADU production:

- Are not necessary for achieving the city's housing targets.
- Should seek to increase the variety of housing types in Kenmore.
- Should support ADUs as an affordable housing choice.
- Should benefit homeowners, such as those who need or provide care to other family members, seniors who want to age in place, and other families and individuals who need affordable housing.
- Support single-family neighborhood character.
- Avoid creating loopholes for developers to create excessive density, permit unattractive structures, or displace vulnerable residents through redevelopment.

Attachment 1 is a summary of your preliminary recommendations on some of the policy questions.

Attachment 2 contains responses to the questions about ADUs asked by the Planning Commission at the August 20 meeting.

At your meeting on September 17, we will continue to discuss policy issues—the first step in providing direction to staff on potential code amendments.

**Policy issues**

The remaining ADU policy questions are presented below. As described in your August 20 agenda packet, these questions focus on the potential barriers to ADU development and the pros and cons of possible revisions. The Planning Commission should provide general direction on each of these policy questions, keeping in mind the goals and guidelines developed through the Commission's broader initial discussion.

3. Should the minimum lot size requirement for DADUs (detached ADUs) be reduced or eliminated altogether?

Single-family lots must be at least 10,000 square feet in order to qualify for a DADU permit. This code-section was inherited from King County upon Kenmore's incorporation.

Pros for reducing or eliminating the DADU minimum lot size:

- Numerous lots which are now prohibited from constructing a DADU will be eligible after this reform.
- Kenmore's minimum single-family lot size in the predominant R-6 zoning district is 5,400 sq.ft. Ten percent of the lot (the current DADU floor area maximum) is 540 square feet. This is adequate square footage to construct a DADU. Lucas Gray of Propel Studios proposed the creation of preapproved plans for the City of Kenmore that were sized 625 sf for a 1-bedroom and 450 sf for a studio. The minimum size for a microhousing dwelling unit is 220 square feet.
- Kenmore has the most restrictive minimum lot size for a DADU of any Washington city considered. Nine of the ten largest east King County cities have no minimum lot size for ADUs. (Bellevue doesn't allow DADUs.)

Cons for reducing or eliminating the DADU minimum lot size:

- Single-family lot sizes may be reduced to allow for clustering away from critical areas. In the R-1 zoning district, a lot may be reduced to as little as 2,500 sq.ft. to allow for this clustering. A lot of this size may be too small to accommodate both an ADU and a single-family residence, particularly. (Other code constraints--impervious surface limitations for example--may control for this concern.)
- Increased density may be objectionable to nearby residents.

6. Should the current size restrictions governing ADUs be modified?

The current maximum floor area for an attached ADU is 1,000 square feet or 50% of the primary dwelling unit, whichever is greater. The maximum DADU is 10% of the lot size or 50% of the primary unit, whichever is smaller. Currently, there are no minimum floor areas for ADUs.

Pros for adjusting the current ADU size restrictions:

- Detached ADU floor area limits as a proportion of total lot size were created in reference to the 10,000 sq.ft. minimum lot size required for a DADU (10% of the minimum 10,000 sq.ft. lot size is 1,000 sq.ft.). If the DADU minimum lot size is reduced, this standard may need to be adjusted. For example, if the minimum lot size for a DADU is reduced to 5,000 square feet then the floor area limit likely will be 500 sq.ft. The implications of minimum lot sizes on floor area limits for lots that are newly allowed to construct a DADU should be considered.

Cons for adjusting the current ADU size restrictions:

- Kenmore's floor area limits are already permissive relative to other comparable Washington cities. It is not clear that they require further liberalization to promote ADU development.
    - Portland's 2018 survey uncovered a median ADU size of between 500 and 600 sq. ft.; Only 5% of ADUs were over 800 sq. ft. (Accessory Dwelling Units in Portland 1st Report, 2018). (Portland prescribes floor area maximums of 800 sq.

ft. for both AADUs and DADUs so this statistic may be skewed by the city's own requirements.)
  - All attached ADUs in Kenmore are already allowed at least 1,000 square feet and detached ADU's maximum is regulated as 10% of lot size, or 50% of the primary dwelling unit (lesser value).

Other considerations for the Planning Commission:

- Portland-based developers have mentioned to our Department of Development Services that Kenmore's ADU code may unfairly prevent owners of smaller lots and/or smaller primary buildings from acquiring a decently-sized detached ADU.
  - The observation does not critique Kenmore's regulation of attached ADUs. Kenmore has no minimum lot size necessary for an attached ADU and allows at least 1,000 square feet for an attached ADU no matter the lot size or primary building size.
  - For DADUs, minimum lot sizes could be reduced (as described under Policy question 3) with a flat maximum allowable square footage. A possible critique of this code change is that it would no longer ensure that the ADU would be subordinate in size to the primary residence.
  - A flat maximum floor area limit for detached ADUs may be more suitable for the creation of pre-approved ADU construction plans. When floor area limits are regulated as a percentage of either lot size or primary unit size there will exist a range of maximum floor area limits. This range complicates the creation of basic pre-approved plans that are suitable for all/most lots that are viable for the addition of a DADU.
- The Planning Commission may consider adding space exemptions for internal ADUs contained within a single floor to ensure the efficient use of all floor area.
  - This is allowed in Bellevue, Bothell, Kirkland, Newcastle, and Redmond.
  - If an internal basement that exceeds floor area maximum is being converted into an ADU it may be sensible to allow a portion of the basement to be included in the ADU. For example, for an attached ADU using the 1,000 square foot floor area limit, a 1,200 square foot basement could not be completely converted to an ADU.

7. <u>Should Kenmore retain or implement new design standards for ADUs?</u>

Attached ADUs may have only one entrance to the front or each street facing side. (This is similar to requirements in Redmond, Sammamish, Bellevue, and Mercer Island. Other cities allow secondary entrances facing the same direction as long as they are screened or don't detract from the home's single-family character.) Kenmore has no other special design standards for ADUs. Some cities control exterior materials, roof pitch, windows, etc. to be consistent with the primary unit.

Pros of design standards:

- Placing design requirements (such as location of entrances and windows, building style and color, or building materials) on ADUs is a way to address compatibility with the surrounding single-family community.

Cons of design standards:

- Kenmore-specific design standards may reduce opportunities for developing standard plans to be used by those who wish to build ADUs.
- Complying with design standards may add additional expense to ADU building, potentially resulting in upward pressure on market rents.
- Design review adds an additional administrative burden on City staff.
- Design standards may not address unique characteristics of the existing residence on a property being considered for an ADU.
- Kenmore's Department of Development Services has identified a consequence of Kenmore's strict limit of street-facing entrances per building to one; ADU entrances that are not visible from the street and that have little to no impact on neighborhood aesthetics are still not allowed. The Department has extended special exceptions to ADUs that would have required costly and significant structural alterations to comply with this requirement. Other jurisdictions allow a second street-facing entrance provided it is clearly secondary to the primary entrance.

8. Should the use of ADUs for short-term rentals be prohibited?

No other east King County (ARCH) communities explicitly prohibit short-term rentals in ADUs but may do so insofar as short-term rentals are treated as home occupations. Issaquah and Redmond allow home occupations in both the primary and accessory units, while Bellevue and Newcastle prohibit home occupations on properties with ADUs.

Pros of limiting short-term rentals in ADUs:

- By definition, ADU short term rentals do not supply long-term affordable housing and do not support the goal of increasing the stock of affordable housing. However, short-term rentals may make existing housing more affordable for property-owners as rents can contribute to paying housing costs.
- Short-term rentals may detract from neighborhood cohesion because of continual resident turnover (but this is no different for ADUs than other short-term rentals; e.g., bedrooms or entire homes).
- Disallowing short-term rentals may stem speculative development in ADUs.
- A 2018 survey study of Portland found that 31% of ADUs were used for short-term housing vs. the 53% of ADUs that were used as someone's primary residence (Accessory Dwelling Units in Portland 1st Report, 2018).

Cons of limiting short-term rentals in ADUs:

- Short-term rentals are oftentimes the most lucrative use of ADUs and disallowing them may result in the decreased production of ADUs.
- Currently constructed ADUs in Kenmore may have been built on the expectation that short-term rentals would be allowed.
- Chapple's 2018 study of Vancouver, Seattle, and Portland found that 51% used their ADU as a current or intended primary residence "compared to 12% for short term rentals." This indicates that short-term rentals may not comprise a common enough use to justify public intervention.
- Chapple's work on ADUs has shown the wide diversity of intentions homeowners have for building an ADU, and that the flexibility to adapt an ADU to changing circumstances

is an important incentive to build an ADU. Therefore, Chapple concluded "these results suggest that homeowners have a variety of motivations and that a substantial minority enter into the ADU development process with the expectation of the use of their ADUs changing over time. This suggests to us that public sector efforts to micromanage the uses in ADUs may be counterproductive for the goal of maximizing production" (Chapple, 2018).

The City Council recently decided not to regulate existing short-term rentals in Kenmore.

**Other actions to promote ADU development:**

Along with the regulatory approaches, several other actions have been identified that promote ADU development. While not directly under the purview of the Planning Commission, these ideas could be forwarded to the City Council for their consideration.

Preapproved Plans:

Seattle Mayor Jenny Durkan has stated her intention to create preapproved plans to streamline the ADU permit application process. Kenmore has also been exploring this possibility with MyBuildingPermit.com – a branch of the eCitygov alliance for member cities who have similar ADU codes. Kirkland, too, is working toward this end. Staff recommends that Kenmore continue to promote this municipal collaboration for pre-designed plans and should also explore whether plans from Kirkland or Seattle would be viable for application in Kenmore. Both strategies are highly cost-effective and represent important value-added benefits for homeowners seeking to build DADUs who may not have the means to hire an architect or designer.

A strategy complementary to preapproved plans is that of expediting Kenmore's permit review process for ADUs. Preapproved plans, however, reduce the variation in permit applications which can facilitate faster application turnover and lessen the administrative burden of prioritizing ADU permit applications.

Educational Efforts:

As was demonstrated in the August 6 background materials, successful regulatory revision is accompanied by simultaneous educational promotion. In Seattle, Portland and Vancouver, 15% of ADUs were built following "learning about ADUs through an educational website, event or tour" (Chapple, 2018). Staff recommends that sponsorship activities of this variety be encouraged by the City of Kenmore.

The City of Kenmore also could invest in the creation of a guide to ADU creation tailored to its regulatory code. Twenty percent of ADU creators in Seattle, Vancouver, and Portland stated their desire for "an easy to understand and comprehensive guide through the entire process" (Chapple, 2018). Cities such as Santa Cruz, Portland, and Seattle have already created such memos that could be modified for our purposes. A critical evaluation of the educational materials on ADUs in circulation determined that the primary focus revolves around the construction and financing components of ADU acquisition. The lack of information on ADU operation and day-to-day management has resulted in financial and emotional stress for many ADU homeowners (Mendes, 2016). Though the education about ADU financing and construction is the logical first step for municipal efforts, information on operation and day-to-day management of an ADU could be a possible positive civic service.

Amnesty Program:

It is unclear how many illegal ADUs exist within the city boundaries. An amnesty program could be drafted to legalize those ADUs which comply with baseline regulatory requirements. Exemptions for regulatory non-compliance can be explored in cases that don't constitute safety risks.

Lending & Financial Assistance Options:

The most ambitious and potentially problematic policy action in reference to ADUs is to directly intervene in the lending market through discussion with lenders. Only 4% of successful ADU creators in Seattle, Portland, and Vancouver financed the ADU by borrowing against the expected future value of the ADU (Chapple, 2018). This relative inability to leverage the ADU's future earnings to fund its construction maintains the exclusivity of the ADU market on the side of production towards more affluent households. For the ADU market to benefit the less affluent on both the sides of homeownership and affordable rental options this market deficit needs be remediated.

Of those who used a lending source to finance an ADU, 60% reported using a credit union or a regional bank (Chapple, 2018).

In coordination with ARCH, for example, a conversation with financial institutions about specific ADU lending vehicles that are underwritten by expected future earnings could be initiated.

Another approach would be for the City, or ARCH, to consider the feasibility of offering low-interest loans to low-income households seeking to finance ADUs. The city of Santa Cruz has a program along these lines. Lending institutions could also be encouraged to extend favorable lending packages to low-income households for ADU financing.

Kenmore already waives ADU impact fees to provide financial assistance for ADU development. In alignment with this strategy, Kenmore may further reduce permit review fees and utility fees, although utility fee reductions would require coordination with the Northshore Utility District.

Attachments
Attachment 1: Preliminary policy direction from August 20 meeting
Attachment 2: Responses to Commissioners' questions

ATTACHMENT 1

**Planning Commission Preliminary Recommendations**

**1. Should the owner occupancy requirement for accessory dwelling units (ADUs) be removed?**

The Planning Commission preliminarily recommends that the owner occupancy requirement for ADUs be retained.

The Commission agreed to consider exceptions to this rule in the event of "hardship" or in the context of familial association. Staff has provided examples from other jurisdictions in Attachment 2, under question 2.

**2. Should additional parking requirements for an ADU be removed?**

The Planning Commission preliminarily recommends that the existing parking requirement (1 additional stall) be retained, regardless of proximity to transit or size of the ADU.

**4. Should there be a reduced height limit for an ADU?**

The Planning Commission preliminarily recommends that the ADU should be no taller than the existing residence.

Outstanding considerations include whether a DADU over a detached garage should be allowed even if the house is only one story.

**5. Should more than 1 ADU be allowed on a single residential lot?**

The Planning Commission preliminarily recommends that only one ADU be allowed on a single residential lot.

## Responses to Planning Commissioner Questions

### 1. What ADU code provisions are most supportive of enabling the elderly to age-in-place?

Two Kenmore survey respondents stated that they built an ADU to house aging parents. Their responses are provided below to glean information on what code revisions are pertinent to this use of ADUs. Both respondents indicated that they desired code reductions in Q18.

Respondent Number Five stated his/her desire for the reduction or elimination of the following provisions:

1. Minimum lot size of 10,000 sq. ft. required to build a detached ADU
2. The owner must occupy either the ADU or the primary residence
3. That only a single entry per building can be street-facing

Respondent Number Six asked for the reduction or elimination of the following code elements:

1. The owner must occupy either the ADU or the primary residence
2. That only a single entry per building can be street-facing

Respondent Number Six also stated, “Abolish unnecessary regulation!”

Respondent Number Seven may use their ADU to house their elderly family members. They stated that they use it either as a primary residence or to house a family member but didn’t specify which. Two people aged 67 & 68 inhabit the ADU. Respondent Number Seven asked for changes to the following code provisions:

1. Minimum lot size of 10,000 sq. ft. required to build a detached ADU
2. An additional parking spot must be provided for an ADU to be built
3. The owner must occupy either the ADU or the primary residence
4. A maximum of one ADU is allowed on a single-lot

AARP, the foremost organization representing the interests of elderly Americans, is a leading advocate for ADUs because of the ability for ADUs to facilitate aging in place. AARP crafted a model local ADU ordinance “to promote and encourage the creation of legal ADUs in a manner that enhances residential neighborhoods and helps residents meet their housing needs and realize the benefits of ADUs.” AARP has identified the following roadblocks to ADU development:

## Rules that discourage ADUs

- ADU-specific regulations that don't also apply to primary dwellings (e.g., owner-occupancy requirements)
- complex design compatibility criteria and approval steps
- off-street parking requirements beyond those required for the primary dwelling
- restrictions that limit ADUs to certain geographic areas, particular zoning categories or to large lots
- caps on square footage relative to the primary house that make it easy to add an ADU to a large home but hard or impossible to add one to a small home

From the survey comments and AARP list, it appears that the code provisions that are most supportive of enabling the elderly to age-in-place are the same code provisions that make creation of ADUs, generally, easier. Flexibility to create an ADU that can be used for a variety of life circumstances will result in ADUs that support aging-in-place. As AARP states: "ADUs are flexible. Over time, a single ADU might be used in many ways as an owner's needs and life circumstances change" (The ABCs of ADUs, 2019).

AARP has made the following specific recommendations related to ADUs:

> Owner occupancy: AARP's optimal provision for owner-occupancy is that the owner will occupy either the primary unit or the ADU. The model local ordinance which stated this position was published in 2000. AARP's later publications, especially their "ABCs of ADUs" published in 2019, have shown a shift in their position on owner-occupancy requirements: "Owner-occupancy requirements make the financing of ADUs more difficult, just as they would if applied to single-family homes. But as ADUs have become more common, owner-occupancy restrictions have become less so, which is good. Such requirements limit the appraised value of properties with ADUs and reduce options for lenders should they need to foreclose." AARP then noted that Portland surveys have established that even with the release of owner-occupancy requirements most units continue to be owner-occupied.
>
> Primary entrance: "If the ADUs primary entrance is not the same as that for the principal dwelling unit, it shall be less visible from the street view of the principal dwelling than the main entrance of the principal dwelling unit, and the ADU's stairways may not be constructed on the front of the principal dwelling unit."
>
> Parking: AARP's optimal provision for parking is "one parking space per ADU if:

- The same requirement exists for the principal dwelling unit;
- No other parking spaces are available in side or rear yards, by tandem parking, or on-street parking; or
- The use of the ADU will create the need for an additional parking space."

As with owner-occupancy requirements, AARP's position on parking has changed since 2000. Its latest statement on the topic was included in "The ABCs of ADUs." More-realistic parking rules might:

- Require the creation of new parking only if the ADU displaces the primary dwelling's existing parking;
- Waive off-street-parking requirements at locations within walking distance of transit; or
- Allow parking requirements for the house and ADU to be met by using some combination of off-street parking, curb parking, and tandem (one car in front of the other) parking in a driveway.

Lot size: AARP's model ordinance discussion states that minimum lot sizes "[are] often excessive and can greatly diminish the number of ADUs in a community." "…Minimum lot sizes may disqualify older homeowners, and others with homes on small lots, from installing ADUs and receiving their benefits." AARP endorses ADU minimum lot sizes for detached ADUs that match those of "the underlying zoning district."

**2. Have other communities used "hardship exceptions" to address the owner occupancy requirements for ADUs?**

Several jurisdictions address unique circumstances that modify the owner occupancy requirement:

Boise, Idaho: Ongoing owner occupancy of either the primary or the accessory dwelling unit is required and shall be enforced through recordation of a deed restriction to that effect with the County Recorder. (A temporary waiver of this requirement may be granted by the Director in the case of a documented need for the owner-occupant to leave the premises for up to one year due to employment, illness, or other circumstances.)

Bothell: Either the primary dwelling unit or the accessory dwelling unit shall be occupied by an owner of the property or by an immediate family member of the property owner. The owner or immediate family member of the owner must occupy one of the dwelling units on the property for more than six months of each calendar year.

Redmond: Occupancy. Either the primary dwelling unit or the ADU must be occupied by an owner of the property. The owner-occupied unit shall not be rented to others. "Owner occupancy" is defined as a property owner, as reflected in title records, who makes his or her legal residence at the site, as evidenced by voter registration, vehicle registration, or similar means, and actually resides at the site more than nine months out of any given year.

Santa Cruz, California: Properties with ADUs must be occupied by a property owner*

*Occupancy The property owner or an adult member of the property owner's immediate family, (limited to the property owner's spouse, adult children, parents, or siblings), must occupy either the primary home or accessory dwelling unit as their principal place of residence.

• Exceptions may be granted by the City Council for a temporary period of up to two years, with the option of a one-year extension, on a case-by-case basis. The exception to this requirement would allow both units to be rented, with a requirement that one of the units be rented to an income-qualified Low-Income household.

• When the allowed rental period ends, the property owner and/or the property owner's immediate family member, must reoccupy the property or cease renting one of the units, or sell the property to a buyer who will reside on the property. A fee for such a request shall be in an amount established by resolution by the city council.

3. **What is the construction cost per square foot of ADUs vs. multifamily units vs. single-family detached units?**

ADU construction costs per square foot were calculated from a 2013 Oregon DEQ survey of ADUs (369 completed surveys) as follows:

Detached ADUs:
$9,000-$300,000 (mean is $98,000)
$13 – $438 per square foot (mean is $151/sf)

Attached ADUs:
$3,500-$200,000 (mean is $52,000)
$6 – $308/sf (mean is $82)

In 2011 the average construction cost per square foot of new single-family residences was $80 (National Association of Home Builders, 2011). This number increased to $85.64 in 2017 and peaked at $95 in 2013.

Fannie Mae provided 2017 construction costs per square foot for multifamily apartments sorted by number of stories (Multifamily market commentary – Fannie Mae, March 2017):

- 1-3 stories $192 per square foot
- 4-7 stories $192 per square foot
- 8-24 stories $233 per square foot

As shown, ADU average per square foot construction costs generally were higher than that of single-family residences but lower than that of multi-family apartment units.

The Kenmore ADU survey also asked about construction costs. Three of eight respondents provided cost information. (It should be noted that the use of these total costs to calculate per square foot costs includes the development costs. These costs would have to be excluded to compare them with the numbers provided above.)

Respondent 2: (attached ADU)

- Construction cost of $88,000
- 900 square feet
- $97.7 construction cost per square foot

Respondent 7: (detached ADU)

- Construction cost of $160,000
- 1,200 square feet
- $133.33 construction cost per square foot

Respondent 8: (attached ADU)

- Construction cost of $2,250
- 750 square feet
- $3 construction cost per square foot

Summed totals and average per square foot construction cost of the three respondents:

- Total Construction cost of $250,250
- 2,850 total square feet
- Average per square foot construction cost of $87.81

ADUs generally have higher per square foot costs than do new single-family residences. This is partly due to ADUs' small size which is the very reason for their affordability. Kitchens and bathrooms are the highest per room cost of a new housing unit. The increase in square footage of a housing unit then spreads these high fixed costs over a larger number of square feet resulting in a lower per square foot cost.

Larger housing units also generate economies of scale, the greater efficiency of which can lower per square foot construction costs. Hence, builders can be incentivized to construct larger homes to minimize per square foot costs and increase profits. This is partly responsible for continued increases in the square footage of new single-family residences despite the crisis in housing affordability.

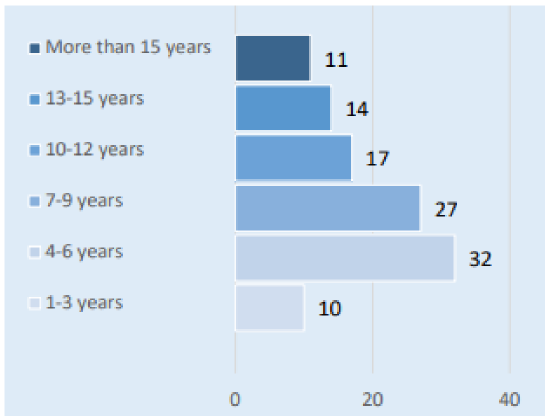
ADUs also intensify the efficiency with which pre-owned land is used. The land on which ADUs are built is by no means free, but in determining whether to build an ADU homeowners may exclude land costs as the land is already owned.

As the Oregon survey demonstrates and the Kenmore survey corroborates, single averages of square foot construction costs for ADUs can be misleading due to the large range from which this value is calculated. Some attached ADUs require virtually no construction costs while other newly constructed luxury detached ADUs can require very high construction costs. Accessorydwellings.org tabulated the following types of ADUs in ascending order of cost per square foot:

1. Converting an unpermitted internal apartment into an ADU, which may just mean getting a permit and performing minor code compliance work;
2. Converting the attic or basement of a primary dwelling into an ADU;
3. Converting an attached or detached garage into an ADU;
4. Creating an ADU by adding on to an existing home or garage;
5. Building a new house and an ADU (detached or attached) simultaneously;
6. Building a detached ADU on the lot of an existing home; or
7. Building a detached ADU over a new garage on the lot of an existing home.

**4. How long does it take for rental revenues from an ADU to pay off the initial expenses incurred in generating it? Is an ADU really a viable investment?**

Oregon's 2018 DEQ survey includes a question relevant to determining whether ADUs are good investments for homeowners. Q1.16 asked "Approximately how long will it take for the ADU to pay for itself through rental income?" Almost 40% responded that it would take less than six years for rental revenue to pay for the ADU. Here is a graph of the responses:




**5. What was Question 10 in the Kenmore ADU survey?**

Question 10: What price do you charge for your ADU?

- Seven total responses
- Six stated no price was charged
- One response listed a monthly rent of $1,200

**6. How are ADUs given addresses?**

Detached ADUs receive a separate building address while attached ADUs usually receive a suite number. This system was implemented in accordance with the Fire Department's protocol.

**7. Did the City's existing ADU regulations come from King County?**

Most of the existing ADU regulations (only one ADU on a lot, either attached or detached; owner occupancy; 1 parking stall; building entrance restrictions; 10,000 minimum lot size for a detached ADU) were adopted from King County upon incorporation. Size limits for both attached and detached ADUs were added/modified later by the City.