

# Director's Report

## Townhouse Reforms Legislation

### May 2022

#### Introduction

The Office of Planning and Community Development (OPCD) seeks to implement legislation to support the development of townhouse and rowhouses. Townhouses and rowhouses represent one of the few opportunities for creating new homeownership opportunities in Seattle; however, this type of housing is becoming increasingly difficult to build as it is subject to most of the permitting and regulatory standards as apartment building development but it often doesn't have a large enough project scale to bear those costs. The proposed legislation would modify development standards for townhouse and rowhouse development on a number of topics including density limits, bike parking, and access easements. The intent of these changes is to encourage the creation of more homeownership opportunities by modifying development standards to support increased production of townhouse and rowhouse developments without increasing their current scale or impact.

#### Background

Seattle is experiencing a crisis in housing affordability. Despite record housing production, we still aren't producing enough housing to keep up with increasing demand. Between 1995 and 2020, Seattle gained about two net new jobs for every one net new housing unit. To maintain the 1.6 jobs to housing ratio we had in 1995, we would have needed to produce an additional 21,500 housing units. This underproduction is particularly acute for homeownership options. From 2010 through 2019, homeownership options such as townhouses, rowhouses, and condos represented only about 10% of total housing production. This lack of production of ownership options is likely due to a combination of factors including a limited supply of land zoned for this type of housing; increasing construction costs; longer permitting times; and increasing regulatory burden.

High demand and limited supply have resulted in dramatic increases in the cost of housing. Over the last 10 years, the typical value of a home in Seattle has roughly doubled after adjusting for inflation. Today, the typical single-family home value is roughly \$1 million as estimated by Zillow. Increasingly, buying a home in Seattle is only available to very wealthy households. The exclusiveness of home ownership in Seattle is particularly impactful for people of color. White households are more than twice as likely to own their own home than Black households. Increasing costs are making it increasingly difficult to address this disparity.

Townhouses and rowhouses offer an opportunity for home ownership that is lower cost than detached homes. As part of a Housing Choices survey conducted in 2019, 70% of people under the age of 35 ranked townhouses as the number one type of housing that they would like to see more of in Seattle

out of eight options. At the same time, permit data and interviews with building industry professionals suggest that townhouse development is decreasing and will likely continue to decrease due, in part, to increasing regulatory requirements, which are especially challenging for smaller, non-luxury developments.

In 2019, OPCD and partner departments convened an Affordable Middle Income Housing Advisory Council to develop options for addressing the underproduction of market-rate and income-restricted housing in Seattle. The group issued a [report](#) in January 2020 with nearly 40 recommendations. Modifications to existing regulations for townhouses and rowhouses was identified as a small but important step that could start to address the problem. A specific proposal was developed in 2020. While the project was delayed during the pandemic, work was restarted in late 2021, leading to this proposed legislation.

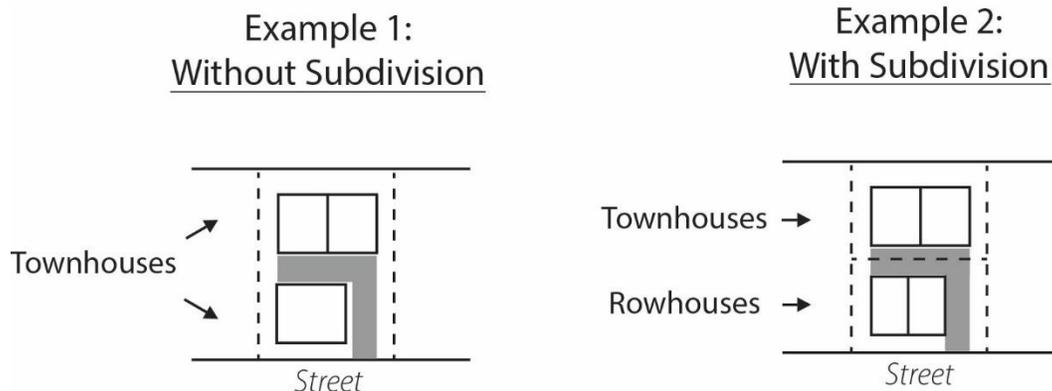
## Proposal Summary

This proposal includes the following changes:

### 1. Modify the Density Limit in Lowrise 1 Zones

**Background:** Lowrise 1 (LR1) zones are the primary zone where townhouse and rowhouse development occurs. Townhouses and rowhouses are very similar styles of housing, with minor design differences between them. Townhouse development in LR1 zones is subject to a density limit which limits the number of housing units allowed. Density limits do not, however, currently apply to small apartments, cottage housing, and most rowhouse development.

On interior lots, developers that want to build townhouses or rowhouses have the choice of either developing the entire lot with townhouses (Example 1) or subdividing the property parallel to the street and developing townhouses on the back lot and rowhouses on the front lot (Example 2). Because rowhouses are exempt from density limits, subdividing allows more units to be built. Since the floor area limit are the same in both cases, the resulting rowhouse units are smaller and less expensive.



While we don't know the exact number of projects that have chosen to subdivide to achieve more units, an informal review of permits suggests that a significant number of projects are choosing to subdivide, particularly on lots greater than 6,000 square feet.

Current regulations result in outcomes that are not ideal for the City, homeowners, or developers. Developers must choose between building fewer, larger townhouses or undergoing a substantially more complicated and time-consuming process. In particular, subdividing a property requires additional documentation and review but also results in two separate building permits (one for the townhouses and one for the rowhouses). The additional permitting process takes up more city staff time, but also adds to the cost of the resulting homes. If a developer doesn't subdivide the property, they end up building larger units that are substantially more expensive. For example, on a 5,000 square foot lot, the current townhouse density limit would allow 3 townhouses (each roughly 1,800 sf and selling for around \$880,000) instead of 4 townhouses (each roughly 1,400 square feet and selling for around \$660,000). Lastly, the regulations are very confusing for community members.

Proposal: The proposal would implement two changes:

1. Lower the density limit for townhouses from 1 unit per 1,300 square feet of lot to 1 unit per 1,150 square feet of lot, similar to what is achieved today when the lot is subdivided. A review of recent permit data found that development on larger interior lots is frequently developed below 1 unit per 1,300, but infrequently developed below 1 unit per 1,150 square feet.
2. Apply this density limit to all rowhouses on interior lots.

Together, these changes would continue to allow development consistent with what is occurring today but would substantially reduce complexity and delay in the permitting process. It would also remove the incentive to subdivide the lot to achieve higher densities. The proposal would not modify the total floor area or lot coverage allowed in these projects.

## **2. Update Requirements for Bike Parking**

Background: In 2018, the City quadrupled the number of long-term bike parking stalls required for residential projects and added a new requirement for public short-term bike parking. The short-term bike parking requirement was designed for apartments where most of the first floor and basement are common areas. This requirement has been problematic for townhouses and rowhouses because this development type has limited open space and common area. To meet the requirement, many developments must use the front yard of one unit as a common bike storage area, reducing the green space and privacy for the future homeowner.

While the bike parking update substantially increased the amount of bike parking required, it did not update the standards for where bike parking is allowed. Consequently, developers have a difficult time locating bike parking on-site, especially for townhouse and rowhouse projects that don't have garages.

Proposal: The proposal would remove the short-term bike parking requirement for townhouses and rowhouses and make it easier to accommodate long-term bike parking through the following changes:

1. Allow bike parking in a dwelling unit of a townhouse or rowhouse development
2. Allow bike lockers and sheds in certain setbacks and separations
3. Clarify that enclosed bicycle parking does not count toward floor area if it is in a freestanding structure used exclusively for bike parking, and
4. Clarify that weather protection and freestanding structures used exclusively for bike parking don't count in measuring building length and width.

### **3. Right-size Access Easement Requirements**

Background: The Land Use Code currently requires a 20 foot-wide access easement to serve a development with three to nine units, which aligned with previous guidance in the Seattle Fire Code. However, the Fire Code now allows easements to be 10 feet (standard driveway size) as SFD feels they can access smaller sites on foot to provide fire protection and respond to medical emergencies.

Proposal: This legislation reduces the easement requirement in the Land Use Code to 10 feet, to match standard driveway width and the Fire Code requirement. This allows greater flexibility in the design of projects and provide an opportunity for additional housing.

### **4. Implement Minor Modifications and Clarifications**

Background: There are multiple areas where the Land Use Code is unclear or having unintended consequences.

Proposal: The proposal would implement the following additional modifications and clarifications:

1. Exclude from floor area calculations any surface parking in single-family and multifamily zones that is only covered by projections containing enclosed floor area of up to 4 feet; or up to 6 feet parking off an alley. This change would allow minor overhangs that could help reduce the amount of the property that is taken up by surface parking.
2. Modify an existing provision that allows parking off an alley within 7 feet of a side property line so that parking can occur within 28 feet of the alley property line rather than 25 feet. Under some alley configurations, it is not possible to accommodate a full parking stall within the first 25 feet when factoring in required turning radii.
3. Change the minimum size of parking spaces in the individual garage of a townhouse from large to medium. Large parking spaces are not required for any other type of housing.
4. Clarify how development standards such as density limits apply to lots with multiple development types.

## Findings and Recommendation

OPCD finds that this proposal would help to create development standards that maintain consistency with the current scale of townhouse and rowhouse development and encourage increased production of homeownership opportunities.

The proposed code changes would be consistent with goals and policies in the Comprehensive Plan including but not limited to:

- Housing Goal 2: Help meet current and projected regional housing needs of all economic and demographic groups by increasing Seattle's housing supply.
- Housing Goal 3: Achieve a mix of housing types that provide opportunity and choice throughout Seattle for people of various ages, races, ethnicities, and cultural backgrounds and for a variety of household sizes, types, and incomes.
- Land Use Policy 5.2: Develop and apply appropriate development standards that provide predictability regarding the allowed intensity of development and expected development types for each zone.

The proposed legislation was formulated based on input from knowledgeable stakeholders in the design and development professions as a part of the Affordable Middle Income Housing Advisory Council, and on input from community members through a Housing Choices survey and interview series.

A State Environmental Policy Act (SEPA) Determination of Non-Significance (DNS) on the proposed legislation was issued by OPCD in November 2021. The SEPA DNS was appealed. After an appeal hearing during late February, the City Hearing Examiner upheld OPCD's determination in March of 2022. The SEPA process is complete.

OPCD recommends that City Council conduct a public hearing and proceed towards adoption of the proposed legislation.