



City Council

Approval of an Ordinance Related to Housing Options

Agenda Date: 12/15/2020
Agenda Item Number: 4.J
File Number:20-0991

Type: ordinance **Version:** 2 **Status:** Passed

Title

Approval of an Ordinance Related to Housing Options

Recommended Action

Committee Recommendation:

Approve the attached ordinance adopting Housing Options Code Amendments with the modifications as recommended by the Planning Commission.

City Manager Recommendation:

Move to approve the attached ordinance as recommended by the Planning Commission and Land Use and Environment Committee.

Report

Issue:

Whether to adopt the Housing Options Code Amendments with the modifications recommended by the Planning Commission and the Land Use and Environment Committee.

Staff Contact:

Joyce Phillips, Senior Planner, Community Planning and Development, 360.570.3722

Presenter(s):

Joyce Phillips, Senior Planner, Community Planning and Development

Background and Analysis:

Background and analysis has changed from first to second reading.

Correction from First to Second Reading

In Section 4, which amends 18.04.060(A) for Accessory Dwelling Units, the proposed change is to increase the size of ADUs to 850 square feet. It is noted it correctly in 18.04.060(A)(3) but the correct size is not noted in the maximum size in 18.04.060(A)(4) which includes a maximum size for ADUs of 1,000 square feet. The maximum size for ADUs, as recommended by both the Planning Commission and LUEC, is eight hundred fifty (850) square feet. The ordinance has been updated in second reading to reflect this correction.

The City of Olympia is planning under the Growth Management Act (GMA). This means the City plans for population growth, including where and how that growth will occur. The City is planning for about 20,000 new residents between 2015 and 2035.

Housing to accommodate growth is planned for at various levels of neighborhood density. For example, high rise apartments can locate in high density neighborhoods, 2-3 story apartment buildings and mixed housing types can develop at medium density levels, and traditional single-family housing and a variety of housing types at lower densities can be in low density neighborhoods.

As is required by the GMA, the City is working to ensure there are adequate housing options for people at all income levels. The City plans for housing in all neighborhoods - whether low, medium, or high-density. Most of the new growth will be directed to the areas designated as High-Density Neighborhoods in the Comprehensive Plan, such as in the Downtown where we are seeing new multifamily housing units.

Olympia is growing and there is not enough housing stock needed to accommodate that growth. The City has a 2.4 percent vacancy rate, which means for every 100 housing units in our City, less than three are available to someone looking for a place to live. Olympia needs more housing, and it also needs a more diverse variety of housing styles to meet the varied lives of our residents as community demographics continue to change. More than fifty percent of Olympia residents rent their homes. And the makeup of households is changing too - almost 22% of our households are couples with no children. And almost half (48.6%) are one-person or non-family households. Housing options need to keep pace with our changing community.

It is important to note that this particular effort is not specifically aimed at providing subsidized or low-income housing. Rather, it is intended to provide more market rate, middle income housing options in residential neighborhoods across the City.

Background

In November 2019, the City Council issued a referral to the Planning Commission asking the Commission to consider it a high priority to provide a greater variety of housing types in low density neighborhoods, consistent with the Comprehensive Plan. It directed the Commission to consider three of the twelve options listed that cities are encouraged to take in order to increase residential building capacity.

The list of housing options was included in Section 1 of House Bill (HB) 1923 (attached) adopted in 2019 (later codified in state law 36.70A.600, Revised Code of Washington). The Council referral directed the Commission to develop an ordinance that would implement at least two of the three options below, as identified by the Council. Below is a summary of the three housing options to be considered:

- 1. Accessory Dwelling Units (ADUs)** - Allow ADUs on all parcels containing a single-family home but do not require additional parking, do not require the property owner to live on-site, do not limit the size to less than 1,000 square feet, and do not prohibit separate sale. Cities have local flexibility to address other issues. Note: This language was modified in 2020 by the adoption of House Bill 2343.
- 2. Duplexes on Corner Lots** - Allow duplexes on each corner lot within all zoning districts that

permit single-family residences.

- 3. Duplexes, Triplexes, or Courtyard Apartments** - Allow at least one duplex, triplex or courtyard apartment on each parcel in one or more zoning districts that permit single family residences - unless the city documents a specific infrastructure or physical constraint that makes this unfeasible. Note: This language was modified in 2020 by the adoption of House Bill 2343.

The Planning Commission was informed of this referral at its last meeting of 2019 and began working on the proposal in January 2020. The Commission had briefings on this topic in 2020 on January 27, February 24, May 18, June 15, and July 20.

Public information meetings were held on February 6 and 12, 2020 to answer questions and receive feedback. The March Public Open House and Planning Commission briefing were cancelled due health concerns related to COVID-19. These two meetings in March were intended to share information about the staff recommendations on how to implement these housing options, which were issued on March 6, 2020. Alternatively, the information that would have been presented at the Open House was turned into recorded presentations and a virtual open house and comment period were provided online. The draft code language and recorded presentations can be accessed from the project webpage, attached.

In addition to the Planning Commission meetings and Information Session meetings, other public meetings were held before and after the virtual open house. E-newsletters and emails to Parties of Record were also provided. A summary of public meetings and public outreach is attached.

Near the end of March, the state approved HB 2343, which amended the state law language under consideration (Section 1 of HB 2343 is attached). The revised language separated the ADU provisions into distinct sections so they could be implemented independently of each other; it modified the language about the size of ADUs; and it added more housing types (quadplexes, sixplexes, stacked flats, and townhouses) to the option about duplexes, triplexes, and courtyard apartments. The provisions in HB 2343 went into effect in June 2020. As a result of these revisions, staff revised its original recommendations that were proposed in early March. The revised staff recommendation was to allow any ADU to be up to 800 square feet in size. This is the current maximum size for an ADU in the City of Olympia, but the proposed revision would eliminate the existing code language that restricts the size of the ADU to no more than two-thirds the size of the primary home, up to a maximum of 800 square feet.

Analysis

To develop the staff recommendations for which two or three of the housing options to potentially implement, staff reviewed how the options relate to the Comprehensive Plan text, goals, policies, and maps. Staff proposed recommendations to implement the options and be consistent with the adopted Comprehensive Plan. Staff also reviewed the Development Regulations (primarily Title 17 - Subdivisions, and Title 18 - Unified Development Code) to consider how future development would be reviewed and how the various code sections would be applied to development under proposed code changes.

The draft code language requires design review for each of these housing types under the City's Infill and Other Residential design review standards. These standards require consideration of existing

homes on the same street where these housing types are proposed. As such, the proposed homes must address certain placement and design features to better blend in with the surrounding neighborhood. Other standards were drafted to ensure these housing types would not be allowed to surpass the maximum number of stories or building heights allowed for single family homes in the same neighborhoods.

Staff recommended a new provision be added to the density section of Chapter 18.04 of Olympia Municipal Code. The proposed language would require the City to review the achieved densities that result from these code amendments for areas of the City that are designated as Low Density Neighborhood in the Future Land Use Map of the Comprehensive Plan. If the achieved density approaches or exceeds the density anticipated in the comprehensive plan, the city will then have the responsibility to make revisions needed to maintain consistency between the Comprehensive Plan and development regulations.

Planning Commission

The Planning Commission considered the three Housing Options Code Amendments included in the referral from Council. The Commission, after three nights of deliberations, is recommending code amendments to implement all three of the options. In addition, it considered the housing types (fourplexes, sixplexes, stacked flats) added in HB 2343 to the option about duplexes, triplexes, and courtyard apartments. Staff noted these housing types were added to the language in the state law at public meetings beginning in April and May. These additional housing types were discussed at Planning Commission briefings and the public hearing. The Planning Commission recommendation includes provisions to add triplexes and fourplexes to the Residential R 4-8 Zoning district and fourplexes and sixplexes to the Residential R 6-12 zoning district. All housing types allowed in these amendments would be limited to two stories and the same building height limits established for single family homes, with the exception of in the Residential Low Impact (RLI) zoning district which currently allows three story residential structures and is not proposed to change at this time.

The Commission considered the ADU standards and ultimately recommends the maximum size of the ADU be up to 850 square feet, which is the same size allowed by the City of Lacey. The Commission also made a recommendation that does not result in immediate revision of the city code. That recommendation is for the City to review its use of the term “multifamily” and make changes, if necessary, to the Unified Development Code (OMC Title 18).

Neighborhood/Community Interests (if known):

Community interest in this topic is high. The City has been accepting public comments on this proposal since January 2020. Public comments were received during the process, at the public hearing on September 23, 2020, and through the close of the public hearing comment period, on September 30, 2020. All public comments received by September 30, 2020 have been posted to the project webpage.

At the July 20, 2020, Planning Commission meeting, City Staff provided an overview of the public comment themes that had been received up until that time and staff’s responses to them. Staff responses to comment themes are attached. The primary concerns raised focused on:

- Housing Supply, Shortage, and Affordability

- Neighborhood Character/Design Review
- Compatibility and Scale of New Structures
- Parking
- Traffic and Schools
- Infill and Housing Variety
- Tear Downs
- Other/Miscellaneous

Supportive comments and issues were also noted but staff did not respond to them specifically:

- Will help reduce sprawl and to be a more sustainable City
- Will protect surrounding farm and forest lands
- Will help to return to historic residential development patterns
- ADUs will support and allow for more upward social and economic mobility
- The adopted Comprehensive Plan calls for a mix of housing types
- Supports a variety of housing types for all kinds of people
- Supports greenhouse gas emission reduction, promotes more walking/bicycling/transit use
- Makes better use of existing infrastructure
- Would allow more housing units in Historic Neighborhood without tearing down existing structures
- Support for more options to allow people to age in place
- Support for pre-approved ADU plans

Other comments received were realistically beyond the Planning Commission's purview but were acknowledged as well. Those types of issues are noted at the end of the response to comment themes summary.

Options:

1. Approve the Housing Options Code Amendments, as proposed.
2. Approve the Housing Options Code Amendments, with specific revisions.
3. Do not approve the Housing Options Code Amendments.

Financial Impact:

The costs associated with development and implementation of the proposed amendments is covered in the Community Planning and Development Department's base budget.

Attachments:

Ordinance
Referral
Outreach Summary
Planning Commission Recommendation
Planning Commission Minority Dissent Letter
Webpage with Links to Public Comment
Public Comment Themes
Infill Design Review
House Bill 1923, Section 1
House Bill 2343, Section 1

