



## City Council

### Consideration of an Ordinance Related to Missing Middle Housing

**Agenda Date:** 9/11/2018  
**Agenda Item Number:** 6.A  
**File Number:** 18-0836

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**Type:** discussion **Version:** 1 **Status:** Filed

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#### Title

Consideration of an Ordinance Related to Missing Middle Housing

#### Recommended Action

##### Committee Recommendation:

The Planning Commission recommends adoption of the attached ordinance, amending the Olympia Municipal Code to address infill housing and directing a study of the methodology for calculating impact fees and general facilities charges.

The Land Use and Environment Committee received several briefings on this analysis throughout 2017 and early 2018. The City Council held a study session on the Planning Commission's recommendations on August 14, 2018.

##### City Manager Recommendation:

Consider the attached ordinance, amending the Olympia Municipal Code to address infill housing and directing a study of the methodology for calculating impact fees and general facilities charges.

#### Report

##### Issue:

Whether to adopt the attached ordinance as recommended by the Planning Commission to permit Missing Middle housing types in additional areas of the city.

##### Staff Contact:

Leonard Bauer, Deputy Director, Community Planning & Development, 360.753.8206

##### Presenter(s):

Leonard Bauer, Deputy Director, Community Planning & Development

#### Background and Analysis:

The term "Missing Middle" refers to a range of multi-unit housing types that are compatible in scale with single-family homes. In other words, they provide "middle" density housing. There have been relatively few of these types of housing constructed in Olympia (and nationwide) over the past 40 years compared to single-family homes - thus, they are referred to as "missing." Missing Middle housing types addressed in the ordinance include cottage homes, townhouses, duplexes, triplexes,

fourplexes, courtyard apartments, single-room occupancy buildings, and accessory dwelling units.

The Missing Middle Housing analysis was initiated to implement several policies of the Olympia Comprehensive Plan, as listed on the Missing Middle web page on the City's website (see attached link). The analysis included a review by an appointed Work Group of existing city regulations - such as zoning, permit fees, development standards, utility connection charges, etc. - for potentially disproportionate effects on the ability to provide for a variety of housing types in the City's low-density, residentially zoned areas. The Work Group held eight monthly meetings in 2017, and examined 14 issue papers that included review of other jurisdictions' approaches and alternatives. The Missing Middle web page contains detailed information on the entire Missing Middle review process, public outreach, draft staff recommendations, written public comments to the Planning Commission, and the Determination of Non-Significance issued February 27, 2018, under the State Environmental Policy Act.

#### Planning Commission Recommendations

A summary of the draft code revisions recommended by the Planning Commission are attached.

Maps are attached which show all properties (developed or vacant) that meet the recommended minimum lot sizes for the three housing types recommended to be permitted within 300 feet of transit routes or commercial areas in the R4-8 zones (triplex, fourplex and courtyard apartments). As shown on these maps:

- In the R4-8 zone, out of the 3,036 total lots within 300 feet of transit routes or commercial areas, 262 lots would be eligible for these three housing types. Thirty-one percent of those 262 lots are currently vacant, and 69% are currently developed.
- In the R6-12 zone, out of the 4,158 total lots, 237 lots would be eligible, with 43% vacant and 57% currently developed.

During its deliberations, the Planning Commission received a briefing from Intercity Transit regarding its analysis of potential minor adjustments to existing transit routes. The Commission's recommendation was that any new Missing Middle zoning provisions related to transit routes reflect the routes adopted by Intercity Transit at that time. These maps reflect the updated transit routes recently adopted by Intercity Transit, which will go into effect prior to the effective date in the draft Missing Middle ordinance.

#### City Council Study Session - Requested Information

At the August 14, 2018 City Council study session, Councilmembers requested staff to provide additional information regarding several topics:

1. Distribution of existing rental housing - attached are two maps from the U.S. Census Bureau. One shows the number of Olympia households who rent in each census block group; the second shows multi-family housing units in Olympia. Data for both is from the American Community Survey 2012 - 2016, which is aggregated from annual surveys of statistical samples of the community during that period.
2. Existing rental costs - A link to the most recent (Spring Quarter 2018) WA State Apartment Market Report from the University of Washington Center for Real Estate Research is attached. Data is from surveys of property management companies combined with field data in individual geographic regions. The report shows average monthly rent for all units in Thurston County is \$1,187. One-bedroom apartments average \$979/month, and two-bedroom

apartments average \$1,048/month.

For context related to affordability, the U.S. Department of Housing and Urban Development estimates the FY2018 Fair Market Rents (including utilities) for a one-bedroom apartment in Thurston County at \$904, and a two-bedroom apartment at \$1,120.

3. Distribution of owners of rental properties - A Councilmember requested information on how many owners of Olympia rental properties were local residents, and how many owners were individuals vs. professional property managers. Staff were unable to identify a reliable data source that accurately identifies and differentiates among various ownership entities and their residential or business locations.
4. Councilmembers also requested a document summarizing staff and Planning Commission recommendations. This document is attached. It also provides a section for Councilmembers' individual notes on each recommendation.

### **Neighborhood/Community Interests (if known):**

The Missing Middle Housing Analysis has garnered significant community and neighborhood interest. There is a large e-mail list of interested parties, and the Coalition of Neighborhood Associations has had regular briefings and discussions monthly during 2017 and 2018. Staff have provided updates and taken comment at numerous meetings with neighborhood associations and other organizations. A summary of public outreach events is attached, with more detail available on the Missing Middle web page. The City Council has received extensive written comments on the Planning Commission recommendations.

### **Options:**

1. Adopt the attached ordinance, amending the Olympia Municipal Code to address infill housing and directing a study of the methodology for calculating impact fees and general facilities charges.
2. Adopt the ordinance with specific amendments.
3. Refer to Land Use and Environment Committee for additional consideration and recommendation of specific issues.
4. Refer back to Planning Commission for additional consideration and recommendation of specific issues.
5. Choose not to take any action related to Missing Middle infill housing.

### **Financial Impact:**

The Missing Middle analysis was included as part of the adopted City budget. Draft recommendations may have long-term impacts to property tax revenues and infrastructure expenditures for the City.

### **Attachments:**

Ordinance

Summary of Planning Commission Recommendations

Comparison Worksheet - Staff & Planning Commission Recommendations

Link to Missing Middle web page

Map of Properties Along Transit Routes Larger Than Proposed Minimum Lot Sizes

Map of Olympia Households Who Rent

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Map of Multi-Family Housing Units  
Link to UW Apartment Market Report  
Public Outreach Summary