



## City Council Agenda Bill City of Kenmore, WA

<p><b>Subject/Topic:</b> Presentation by PRR (City’s consultant) on missing middle housing findings: policy and regulation analysis; public engagement and racial equity analysis.</p>	<p><b>For Council Meeting Agenda of:</b> 6/12/23</p> <p><b>Department:</b> Community Development</p> <p><b>Prepared by:</b> Debbie Bent, Community Development Director</p> <table style="width: 100%; border: none;"> <tr> <td></td> <td style="text-align: right;"><b><u>Initial &amp; Date</u></b></td> </tr> <tr> <td><b>Approved by Department Head:</b></td> <td style="text-align: right;"><u>DB 5/26/23</u></td> </tr> <tr> <td><b>Approved by City Attorney:</b></td> <td style="text-align: right;"><u>n/a</u></td> </tr> <tr> <td><b>Approved by Finance Director:</b></td> <td style="text-align: right;"><u>n/a</u></td> </tr> <tr> <td><b>Approved by City Manager:</b></td> <td style="text-align: right;"><u>RK 5/31/23</u></td> </tr> </table> <p><b>Proposed Council Action/Motion:</b> No action.</p> <p><b>Exhibits/Attachments:</b> Attachment #1 PowerPoint presentation</p>		<b><u>Initial &amp; Date</u></b>	<b>Approved by Department Head:</b>	<u>DB 5/26/23</u>	<b>Approved by City Attorney:</b>	<u>n/a</u>	<b>Approved by Finance Director:</b>	<u>n/a</u>	<b>Approved by City Manager:</b>	<u>RK 5/31/23</u>
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**Summary:** At the 6/12/23 Council meeting, representatives from PRR and their team (Michelle Auster, Public Engagement Specialist with PRR; Kyana Wheeler, Senior Director of Diversity, Equity, and Inclusion with PRR; and Clay White Director of Planning with LDC Corp) will give a PowerPoint presentation (see attachment #1) summarizing the findings of their missing middle housing work: policy and regulation analysis; public engagement; and racial equity analysis. The majority of work completed by PRR was funded by a Department of Commerce grant. The final reports from PRR are in progress and will be completed by the end of June.

No Council action is required 6/12/23. The City must adopt regulation changes by June 30, 2025, to comply with recent state legislation passed in May on missing middle housing (HB1110) and accessory dwelling units (HB 1337). The City must ensure that regulations (zoning regulations) are consistent with the Comprehensive Plan which may also require amendment. The State Department of Commerce will be preparing guidance on implementation over the next few months and will also be offering a competitive grant program for the 2023-2205 biennium to assist with implementation of missing middle housing requirements.

The state legislation along with the missing middle housing findings from PRR and the findings from Eastside for All on community-based organization engagement (also funded by the Commerce grant, final report due by the end of June) will be considered when evaluating options for missing middle housing policies, regulations, and any additional public engagement. A strategy and options for implementation will be brought forward for Council consideration for inclusion in the 2024 work program.

**Information/Background:** Even prior to the recent state legislation passing, the State Growth Management Act, multicounty planning policies (Vision 2050) and King County countywide policies all support consideration of missing middle housing in their plans and directives. Kenmore’s plans must be consistent with regional plans. For example, Vision 2050 states that the city should Expand housing capacity for moderate density housing to bridge the gap between single-family and more intensive multifamily development and provide opportunities for more affordable ownership and rental housing that allows more people to live in neighborhoods across the region.” Missing middle housing

is one tool to help reduce the housing crisis by providing more attainable housing and providing more housing choices in the gap between single family homes and apartment buildings.

**Overview of PRR Scope on Missing Middle Housing:** PRR is the consultant the City contracted with to complete work on missing middle housing to satisfy the City's missing middle Department of Commerce grant requirements.

Policy and Regulation Analysis: LDC reviewed the City's 2022 adopted comprehensive plan policies and draft missing middle regulations for duplexes and triplexes (presented to Council in 2022 but not adopted) to assess options along with pros/cons for allowing middle housing types on at least 30% of existing single-family zoned lots (requirement of the Commerce grant). Four options were assessed: 1. Duplexes and triplexes within all single-family zones within ¼ mile transit; 2. Duplexes and triplexes on corner lots in the R-4 and R-6 zone (does not meet the 30% requirement); 3. Permit duplexes and triplexes in the R-6 zone; 4. Permit other missing middle housing types.

LDC also assessed options for small scale commercial development that would support neighborhood walkability and missing middle housing. This assessment can be used to develop future zoning code amendments.

Given the recent state legislation on missing middle housing and accessory dwelling units, LDC considered what these bills mean for Kenmore and potential options for moving forward, so this will be the focus of the 6/12/23 presentation. A final report will be provided by the end of June and this report will help support options for comprehensive plan and zoning code amendments to comply with state law.

Public Engagement: PRR reviewed and built on prior community participation on missing middle housing completed in 2021 and 2022. Outreach included five small group virtual meetings held in April, an online non-statistically valid survey and a community event held June 3<sup>rd</sup>. The community engagement approach used the Tipping Point framework. Tipping Point framework refers to thresholds – the point in time during change at which the forces of innovation pushing for change outweigh the forces working to maintain the status quo. The purpose of Tipping Point framework is not to drive change, rather it is to cultivate and leverage residents' abilities to adapt and grow as change takes place.

In all, the small group meetings had 53 registrants and 35 participants. Many registrants who could not attend the meetings reached out to ask about other ways to participate and give feedback on Kenmore's housing future. Throughout the five small group meetings, participants showed overall support for including more Missing Middle housing in Kenmore. While supportive, participants did raise concerns regarding the future of housing in Kenmore. The most common themes were about green space, supportive infrastructure, and variety in home offerings and affordability. The survey findings and findings from the 6/3/23 event are not yet available. The presentation 6/12/23 will provide an update on findings and a final report will be due by the end of June.

There were three goals for engagement:

- Goal 1: Engage specific audiences with the objective of conducting inclusive and equitable engagement to learn about shared values in housing. There was particular interest in engaging groups and individuals who have not been as engaged in housing discussions including: youth; older adults; people who rent their homes; members of the Hispanic community; and the BIPOC community (members of the Black, Indigenous, People of Color and other marginalized groups).

- Goal 2: Build positive relationships with community members and community-based organizations.
- Goal 3: Bring the community along in preparation for missing middle housing and understand community feedback.

Racial Equity Analysis: PRR conducted a racial equity analysis to help the City establish anti-displacement policies for housing policies and regulations. The analysis focused on no net displacement of very low-, low- or moderate-income households or individuals from racial, ethnic, and religious communities which may have been subject to discriminatory housing in the past. The analysis recommends considering the historical context, identity and demographic impacts, equity impacts of zoning and housing types, public health impacts and the regional context of Kenmore’s location and designation as a high-capacity transit city. PRR also attended a DEIA Advisory Committee meeting in April. The presentation 6/12/23 will provide an overview of the process and recommendations. Final report due by the end of June.

**Summary of Recent State Legislation on Accessory Dwelling Units (EHB 1337) and Missing Middle Housing (E2SHB1110)**

Accessory Dwelling Unit Summary (EHB 1337) amended RCW 36.70A to add changes to local government roles for regulating accessory dwelling units (ADUs). The legislation requires jurisdictions (Kenmore included) to allow the construction of two ADUs per lot by six months after the next comprehensive plan periodic update. For Kenmore this means by the end of June 2025. Any action taken by a city or county to comply with the requirements are not subject to legal challenge under GMA or SEPA. The bill also addresses restrictive covenants and deed restrictions, protecting any local government from civil liability if a permit is issued for an ADU on a lot with a covenant restricting an ADU.

In 2020 the Council amended ADU regulations. Below is a Table providing a summary of current city regulations compared to the recent state legislation.

<b>Standards</b>	<b>State Legislation</b>	<b>Current City ADU Regulations</b>
# ADU’s and lot size	Two ADUs per residential lot attached, detached, or a combination of both, or may be conversions of existing structures.  Allowed on all lots that meet minimum lot size in zoning districts that allow for single-family homes.	One ADU either an attached or a detached accessory dwelling unit per primary single detached dwelling unit.  No minimum lot size required for an ADU.
ADU Size	Must allow an ADU of at least 1,000 square feet	Attached ADU shall not exceed a floor area of 1,000 square feet or 50 percent of the living area of the primary residence, whichever is greater; unless the use of pre-existing floor area on a single level of

		<p>the primary single detached dwelling unit is being proposed for the ADU.</p> <p>Detached ADU for lots equal to or greater than 6,000 sq.ft. 10% of the lot area up to a maximum floor area of 1,500 sq. ft.</p> <p>Detached ADU for lots for lots with an area less than 6,000 sq.ft. maximum floor area of 600 feet.</p>
Owner Occupancy	Prohibits owner occupancy requirements.	Either the primary dwelling unit or the ADU shall be owner occupied for a minimum of six consecutive months after completion of the ADU. At the end of the six-month period, the owner occupancy requirement shall be extinguished.
ADU's as short-term rentals	Allows restricting the use of ADUs as short-term rentals.	Not addressed in the current code.
Impact Fees	Places a cap on impact fees at 50% of those charged on houses.	No impact fees are currently assessed for ADU's.
Height	Legalizes ADU height up to 24' feet (or the max. height for houses if height is greater than 24')	<p>Maximum height for a detached ADU shall be 35'; however, the detached ADU may not exceed one story over a detached garage or two stories if built at ground level.</p> <p>Height limit for a single-family home is 35'.</p>
Parking	<p>Prohibits off-street parking requirements within one-half mile walking distance from a major transit stop.</p> <p>On lots smaller than 6,000 square feet, no more than one off-street parking space may be required per ADU before any zero lot line subdivisions.</p> <p>On lots greater than 6,000 square feet, no more than two off-street parking spaces per unit may be required.</p>	No additional off-street parking spaces shall be required for an ADU.

Critical areas	ADU's not required to be allowed on lots with critical areas.	Must comply with critical area regulations.
Setbacks and other standards	may not impose setback requirements, yard coverage limits, tree retention mandates, restrictions on entry door locations, aesthetic requirements, or requirements for design review for ADU's that are more restrictive than those for principal units.	In a rear setback in the R-4 and R-6 residential zones, an accessory dwelling unit shall be permitted; provided, that the accessory dwelling unit shall be no closer than ten feet to the rear lot line. (minimum rear setbacks in the R-4 and R-6 zones are otherwise twenty feet).  No design review currently required for ADU or principal unit.  Same requirements for yard coverage, tree retention for ADU's and principal unit.
Allow separate sale of ADU's	Legalizes the sale of ADUs as condominiums and requires that a city allow separate sale of units.	Not addressed in the current code.
Right-of-way improvements	Prohibits requirements for public right of way improvements.	Right-of-way improvements not required.

Missing Middle Housing Summary (E2SHB 1110): Requires cities to authorize minimum housing development densities in residential zones depending on their population size, ranging from a minimum of two to at least six units per lot. The legislation focuses on the minimum number of dwelling units on a lot which is different than the traditional way zoning regulates land by dwelling units per acre. This approach needs to be considered when amending comprehensive plan policies and adopting zoning regulations.

In November 2022 Council adopted ordinances that included Comprehensive Plan Policies that would allow Medium Density Housing (missing middle housing) within one-quarter mile of the City's two main transit corridors. Based on Council direction these adopted ordinances did not include any changes to zoning regulations that would allow duplexes or triplexes in the R-6 zone and that further discussion of Missing Middle Housing would be deferred to 2023. To comply with new state law, the City must adopt implementing zoning regulations by June 2025. The housing and land use elements of the Comprehensive Plan may also require further amendment.

The City's 2020 population of 23,914 means that Kenmore would fall into the Tier 3 category, cities with a population under 25,000. Two dwelling units per lot on all lots zoned predominantly residential must be allowed.

The Office of Financial Management 2022 population estimate for Kenmore was 24,090. Once Kenmore passes the 25,000 population threshold it moves into the Tier 2 category, cities with

populations between 25,000 and 75,000. This category requires four dwelling units per lot within ¼ mile of a major transit. A “Major transit stop” is defined as light rail, commuter rail, and bus rapid transit.

Other key points in the legislation:

- Parking mandates are lifted within a quarter mile of a major transit stop.
- An alternative to the density requirements allows cities to implement the requirements in at least 75 percent of lots zoned single-family if the remaining portion of lots meet certain criteria.
- A city may allow accessory dwelling units to help achieve the unit count, but also must allow middle housing types (such as a duplex) that can satisfy the minimum density (i.e., unit count per lot).
- Does not prohibit cities from adopting more restrictive design and development standards for middle housing than for single-family detached housing, provided that those standards are “objective” and are applied through an administrative design review process. There is also the flexibility for standards to be less restrictive.
- Requires that a city allow separate sale of units.

#### **Background on the Planning Commission and Council Direction Regarding Missing Middle Housing**

- In January 2021, the City Council assigned to the Planning Commission review of the Comprehensive Plan Vision Statement and the Land Use, Housing and Capital Facilities Elements, as part of the State mandated 2024 Comprehensive Plan update. The Council also directed that the Commission assess “Missing Middle” housing opportunities.
- On 6/27/22 the Planning Commission presented recommendations to the Council for proposed Comprehensive Plan amendments that would allow medium density housing within one-quarter mile of the city’s two main transit corridors. The Commission also presented proposed implementing zoning regulations that would permit duplexes and triplexes in the R-6 within one-quarter mile of the city’s two main transit corridors.
- On 7/18/22 and 7/25/22 the City Council continued review of the Planning Commission recommendations. At the 7/25/22 Council meeting most of the Council expressed support for considering additional amendments to the comprehensive plan to allow medium density housing (missing middle housing) throughout the R-6 zone and support for implementing zoning regulations to allow duplexes and triplexes throughout the R-6 zone. The council asked staff to prepare amendments for review in September.
- At the 9/12/22 Council meeting, the Council reviewed proposed amendments based on direction given 7/25/22. A public hearing on proposed amendments was held 9/26/22 and continued to 10/3/22.
- At the 10/17/22 City Council meeting, the Council gave direction to bring back an ordinance to a future council meeting to approve amendments to the Comprehensive Plan that would allow Medium Density Housing (missing middle housing) within one-quarter mile of the City’s two main transit corridors. Any implementing (zoning regulations) consistent with the Comprehensive Plan policy would be brought forward in the future.



- At the 11/7/22 City Council meeting, the Council adopted Ordinances 22-0558 and 22-0566 consistent with direction given 10/17/22. Based on Council direction these ordinances did not include any changes to zoning regulations that would allow duplexes or triplexes in the R-6 zone and that further discussion of Missing Middle Housing would be deferred to 2023.

**Missing Middle Housing Contracts and Grants:**

- Washington State Department of Commerce Grant: On 7/25/22 the City Council authorized the City Manager to sign a Middle Housing grant contract (contract 23-63326-012) from the Washington State Department of Commerce (Commerce) in an amount up to \$120,000. \$20,000 of this total is to be used for work with community-based organizations, proposed through a Memorandum of Agreement with other ARCH cities. On 11/28/22 the City Council authorized the City Manager to execute an increased grant award contract of \$170,000 with Commerce. This increased the original contract from \$120,000 to \$170,000. Grant funds need to be expended by 6/30/23.
- PRR Contract: On 11/28/22 the City Council authorized the City Manager to execute Contract 22-C2845 with PRR, Inc. in an amount not to exceed \$150,000 for a scope related to a missing middle housing analysis, public engagement, and racial equity report. On 4/10/23 the City Council authorized the City Manager to execute Amendment #1 to Contract 22-C2845 with PRR, Inc to increase the contract by \$17,000 for a total contract of \$167,000.
- Memorandum of Agreement for Community Based Organization Engagement: On 11/28/22 the City Council authorized the City Manager to execute the Memorandum of Agreement Contract 22-C2869 between the Cities of Bellevue, Redmond, Bothell, Kenmore and Newcastle Concerning the Sharing of Costs Related to Middle Housing Community-Based Organization Engagement. \$20,000 of the Department of Commerce Grant funding is intended for this work. ARCH contracted with Eastside for All to conduct the engagement process. Input is being gathered by surveys and at group events hosted by local organizations in April and May, ending on May 25th. A final report will be available by the end of June.

**Fiscal Consideration:** Contract 23-63326-012 with the Department of Commerce for a \$170,000 grant for missing middle housing, of which \$20,000 is to be used for work with community-based organizations proposed through a Memorandum of Agreement with other ARCH cities (Contract 22-C2869). On 11/28/22 Council authorized up to \$150,000 for Contract 22-C2845 with PRR, Inc for scope related to middle housing analysis, public engagement, and racial equity report. On 4/10/23 Council authorized Amendment #1 to Contract 22-C2845 with PRR, Inc to increase the contract by \$17,000 for a total contract of \$167,000. The \$17,000 for Amendment #1 is funded from City funds. \$20,000 of City funds was identified in the Community Development Department budget for Comprehensive Plan implementation.

**City Council Priority or Budget Objective Being Addressed:** Council 2023-2024 priorities to be addressed include: (2) Increase and preserve the options for affordable housing stock; (3) Develop and implement a diversity, equity, and inclusion policy and program; and (11) Engage and educate the community on growth and development in Kenmore.