

WORK SESSION AGENDA ITEM SUMMARY

City Council



STAFF

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SUBJECT FOR DISCUSSION

Accessory Dwelling Unit Discussion

EXECUTIVE SUMMARY

The purpose of this item is to discuss the requirements of becoming an Accessory Dwelling Unit Supportive Community per House Bill 24-1152 (HB24-1152). HB24-1152 requires subject jurisdictions to permit Accessory Dwelling Units (ADUs) in zone districts where single-unit dwellings are permitted and on lots where a single-unit dwelling exists. Council adopted Ordinance No. 009, 2025 to amend the Land Use Code to comply with HB24-1152.

HB24-1152 creates a grant program for jurisdictions that qualify as an ADU Supportive Community. This grant program provides funding to offset the costs of constructing ADUs, providing technical assistance to persons converting or constructing ADUs, and/or waiving, reducing, or providing financial assistance for ADU associated fees and other costs for ADU Supportive Communities. To become an ADU Supportive Community, eligible jurisdictions must implement one of ten potential programs outlined in HB24-1152. The City has already implemented two of the ten potential eligible programs. Based on the potential impact of two potential programs, this Agenda Item Summary provides an overview of a fee waiver program and pre-approved ADU plans for consideration by Council.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What is Council's feedback on the current level of support for ADUs?
2. Does Council want staff to pursue additional policies for the development of ADUs? If so, which policies?

BACKGROUND / DISCUSSION

House Bill 24-1152 Overview

HB24-1152 requires jurisdictions within a metropolitan planning organization with a population of at least 1,000 residents to allow ADUs. Specifically, an ADU may be built on lots where a single-unit dwelling exists or where a single-unit dwelling could be built. State law requires jurisdictions to comply with this bill by June 2025. The following is a summary of the requirements of HB24-1152:

- Permit ADUs where the Land Use Code permits single-unit dwellings.
- ADU must be built on the same lot as a primary dwelling.
- ADU may be attached or detached to the primary dwelling.
- Allow existing accessory buildings to be converted into an ADU.
- Allow an ADU to be at least 750 square feet in size.
- May not require setbacks to be greater than minimum for the primary dwelling.
- May not require more restrictive design standard than are applied to the primary dwelling.
- May not require a new off-street parking space for the ADU.
- May not require owner occupancy of one of the units on the lot.
- ADU proposals must be reviewed and decided by local government staff based solely on objective standards and cannot be elevated to an elected or appointed public body including a hearing officer.

In addition to these requirements, the bill also allows subject jurisdictions to:

- Require that a historic preservation commission to offer a recommendation to the local government staff.
- Restrict an ADU from being used as a short-term rental.
- Apply and enforce safety codes.
- Require a statement from the water service provider regarding the capacity of the service.

HB24-1152 also includes provisions for local governments to become a certified "Accessory Dwelling Unit Supportive jurisdiction." ADU Supportive jurisdictions become eligible for grant funding from the Department of Local Affairs (DOLA). The grant money from DOLA can be used to:

- Offset the costs incurred in connection with developing pre-approved ADU plans
- Providing technical assistance to persons converting or constructing ADUs
- Waiving, reducing, or providing financial assistance for ADU associated fees and other costs.

In order to become an ADU Supportive Community jurisdictions must enact one of the following programs and submit a report to DOLA demonstrating compliance with the bill:

1. Waiving, reducing, or providing financial assistance for ADU related fees that are incurred by low- and moderate-income households.
2. Enacting local laws or programs that incentivize the affordability of ADUs used primarily to house the local workforce.
3. Providing pre-approved plans for the construction of ADUs.
4. Implementing a program to provide education and technical assistance to homeowners to construct or convert an ADU.
5. Implementing a program to regulate the use of ADUs for short-term rentals.
6. Enacting local laws that incentivize the construction and conversion of accessible and visitable ADUs.
7. Assisting property owners with ensuring that pre-existing ADUs comply with local laws.
8. Enabling a pathway for separate sale of an ADU.
9. Enacting local laws that encourage the construction of ADUs that are factory-built structures.

10. Any other strategy that is approved by DOLA and that encourages the construction, conversion, or use of ADUs.

On February 4, 2025, Council adopted Ordinance No. 009, 2025 amending the Land Use Code to align with HB24-1152. This Ordinance amended the Land Use Code to permit ADUs in all zone districts that permit single-unit dwellings and on lots where single-unit dwellings exist.

Becoming an ADU Supportive Community

The City must implement one of the ten program options outlined in HB24-1125 to potentially become an ADU Supportive Community. Below is a table indicating which of the ten program options the City is already implementing. The table also contains information on how much effort it would require for the City to implement the program and how much of an impact the program would likely have on the development of additional ADUs.

Program Option	Effort	Impact	Implementation Status
Fee waivers/reductions for ADU fees incurred by low- to moderate-income households	High	High	
Affordability incentives	High	Low	
Pre-approved plans for construction of ADUs	High	High	
Education and technical assistance program	Medium	Low	
Program to regulate use of ADUs as short-term rentals	Low	Low	<input checked="" type="checkbox"/>
Incentives for creating accessible and visitable ADUs	High	Low	
Assisting property owners with ensuring that pre-existing ADUs comply with local laws	Low	Low	
Enable a pathway for the separate sale of an ADU	Low	Low	<input checked="" type="checkbox"/>
Encourage construction of factory built ADUs	Medium	Medium	

Ordinance No. 009, 2025 prohibits the use of new ADUs as short-term rentals and permits the separate sale of an ADU. Due to this, staff believes that the City would already qualify as an ADU Supportive Community.

Staff want to highlight two program options for Council’s consideration at this work session based on their potential impact: a fee waiver program and pre-approved ADU design program.

Fee Waivers

Fees for new ADUs are similar to fees for new single-unit detached buildings. For an ADU with an estimated job value of \$125,000, fees can be up to \$25,000. In this example fees represent 20% of the total estimated cost of building an ADU. Due to this, fees end up being a barrier for the construction of ADUs.

Communities that want to incentivize the construction of ADUs have waived or reduced fees for ADUs. One prominent example is the City of Portland. According to a study by the Cato Institute, the City of Portland only permitted one ADU per year prior to their fee waiver program. From 2010-2018 the City of Portland waived fees for ADUs. During this time the City of Portland permitted 1,458 ADUs.

Staff put forward the following considerations for Council if Council wants to pursue a fee reduction or waiver program:

- Fee waivers and reductions will reduce the cost of ADUs while reducing revenue for many City departments.
 - Waivers could impact the ability of the City to fund upgrades to critical backbone infrastructure and streets.
 - Historically, City has backfilled fee waivers for other fee waiver programs.
- The definitions for ADUs are not aligned between the Land Use Code, Municipal Code, and other rules and regulations throughout the City.
 - Some Codes consider any building with more than one unit to be a commercial building and thus requires a commercial service rather than residential service.
 - ADUs on a condo lot could mean that the Utility would require separate water meters and services for each unit.
- Other communities like Portland, Oregon have offered fee waivers for a limited time to limit the impact of the fee waiver program on their infrastructure.

Staff would need to perform additional analysis to determine the viability of a fee waiver program and its impacts.

Pre-approved ADU Plans

Another significant cost for people trying to build an ADU is the design of the ADU. The design of an ADU can cost tens of thousands of dollars. Other communities have sought to reduce this barrier by creating a library of pre-approved ADU plans.

Staff researched how other communities have created a pre-approved ADU program. Most communities followed these steps when creating their pre-approved ADU program:

1. Assess community needs and demand through surveys and stakeholder engagement.
2. Develop architectural guidelines in compliance with local zoning and building codes.
3. Engage architects and designers to create ADU plans.
4. Approve plans through permitting agencies to ensure code compliance.
5. Launch an online plan library and promote the resource to homeowners and builders.
6. Provide ongoing support, periodic updates, and community education.

Community members are then able to select one of the pre-approved designs and build them on their lot. Some jurisdictions levy a fee for utilizing one of the pre-approved plans (\$1,500-\$5,000) while others do not levy a fee. In all cases staff researched, the jurisdiction compensates the architect for the use of pre-approved ADU plans.

In addition to creating a pre-approved ADU program, some jurisdictions held a design competition to support this program. The design competitions staff research encouraged innovative and affordable ADU designs while emphasizing design that fits into specific neighborhood contexts. A design competition could then allow community members to vote on winning designs, building community buy-in for certain designs.

Staff offers the following considerations for creating pre-approved ADU designs and a potential design competition:

- Planning does not have funds or dedicated staff to develop and administer this program currently.
- Estimated start-up costs of \$50,000–\$200,000 for initial design development (varies based on scope and number of designs) (City of Seattle ADUniverse, 2023).
- Ongoing staff support required for plan updates, public inquiries, and permitting assistance.
- Additional costs for public outreach, website maintenance, and program promotion.
- Design competition would require staff coordination and funding for prizes.
- ADU designs will require review by legal as well as review by development review staff to ensure compliance with all local laws.
 - Pre-approved plans would require stamp by several staff members.
- Potential partnerships with local design schools, nonprofits, and private sector sponsors to increase participation and reduce program costs.
- Public engagement strategies, such as community voting, to select preferred designs.
- Program would not guarantee use of pre-approved plans.

NEXT STEPS

Staff will submit a report to DOLA outlining the City’s compliance with HB24-1152 with the goal of obtaining ADU Supportive Community status. This report is due by June 30, 2025. DOLA has 90 days to review the report and issue their findings.

ATTACHMENTS

1. ADU Background Research
2. Presentation