

# City of Milwaukie

## ADU Working Group

### Meeting Minutes

February 14, 2019

Community Development, 2:00 p.m.

Working Group: Alex Joyce, Cascadia Partners LLC; Garlynn Woodsong, Cascadia Partners LLC; Patrick Quentin, Dweller; Nate Ember, InkBuilt Architects; Tom Bond, Umpqua Bank  
Staff Present: Alma Flores, Denny Egner, Valeria Vidal, David Levitan, Mary Heberling, Dalton Vodden, Tay Stone

#### Introduction

**Alex Joyce** asked for brief introductions and what interests attendees had in Accessory Dwelling Units (ADUs).

- **Tom Bond** works with Umpqua Bank and finances the construction of ADUs.
- **Alma Flores, Community Development Director**, noted the City's interest in working to ameliorate the pressures around affordable housing.
- **Denny Egner, Planning Director**, stated an update of the Comprehensive Plan was currently underway which may have policy implications for changes and would result in changes to the code which regulates ADUs.
- **Mary Heberling, Assistant Planner**, works on the Comprehensive Plan update project with Mr. Egner and Mr. Levitan, and she has processed a number of the ADU applications recently.
- **David Levitan, Senior Planner**, manages the Comprehensive Plan update and was involved in other housing-related projects.
- **Tay Stone, Planning Intern** and graduate student at Portland State University.
- **Valeria Vidal, Housing and Economic Development Coordinator**, works on implementing the Milwaukie Housing Affordability Strategy (MHAS) and exploring ADUs and potential code amendments as part of the project.
- **Dalton Vodden, Associate Engineer**, works on development review for ADUs.
- **Nate Ember** is an architect who designs ADUs and other housing types, and has been involved in land use policy work.
- **Patrick Quentin** builds turn-key modular ADUs.
- **Garlynn Woodsong** is part of Cascadia Partners working with the City on the Cottage Cluster Feasibility Study and review of ADU code issues.
- **Alex Joyce** is Managing Partner of Cascadia Partners and works with Garlynn on the two projects described above.

#### Project Overview

**Mr. Joyce** reviewed the purpose of the ADU feasibility study: Milwaukie is becoming a desirable area, and the supply of housing has not kept up with demand, so the ADU study is a part of a multi-pronged approach to housing pressures. ADUs are a viable option to address growth, and provide more housing in existing neighborhoods, without focusing only on centers and corridors.

#### Pro forma Sensitivity Analysis Results

**Mr. Joyce** described the iterative sensitivity analysis results the consultant group ran on a number of scenarios focused on a particular site. There are a number of ways to incorporate an ADU into an existing property, so scenarios were created based on three of those options: one attached ADU; one detached ADU; and two ADUs, attached and detached. The scenarios also included sensitivity testing of various policy elements to pivot from the existing code, such as: removing parking requirements; softening design guidelines; and reducing or waiving fees and system development charges (SDCs).

**Mr. Joyce** reviewed how the price points of the different scenarios translated into affordability. He explained the concept of Area Median Income (AMI), and gave examples of jobs associated with different AMI thresholds. Where the cost of developing ADUs landed on the AMI scale was shown for each scenario, with a goal of enabling affordability for the 'workforce' housing group (60 to 120 percent of the AMI).

Currently, Milwaukie has been delivering only one type of housing – a larger single-family residence on the higher end of the cost/AMI scale. **Mr. Joyce** summarized each scenario and described how allowing construction of ADUs would split the cost of housing units. The development and construction costs for the scenarios were compared with and without parking requirements and SDCs. Without these added costs, housing units could be produced to be affordable for workforce housing.

**Mr. Joyce** reviewed the impact of SDC costs, and how they were assessed and impacted small units disproportionately. Frontage improvement costs and SDCs were prohibitively expensive which disincentivizes development.

- **Mr. Egner** questioned how the frontage improvements would then be funded and constructed if not for this trigger. Major improvements to or replacement of an existing residence did not trigger frontage improvements in Milwaukie. The trigger was the added impact from an ADU but he agreed that the assessment was not proportionate. He asked how the City would recoup the costs needed to improvements such as constructing curb and sidewalks, stormwater facilities, etc., to progress pedestrian-related goals. It was a policy question that this discussion may not take into account.
- **Mr. Joyce** agreed that this was an issue. He noted that the policy decision that other cities have made was, on-balance, there were other community benefits in delivering ADUs to the market and therefore ADUs should get a pass on those requirements.
- **Mr. Egner** added that as the policies were discussed, that type of transfer of benefit and cost would need to be clearly defined and described.
- **Mr. Woodson** noted that, as a buyer and pedestrian, it mattered little if there was one sidewalk in front of a house rather than a network of sidewalks. A solution could be a local improvement district (LID), to allow an entire district to be improved to provide a completely connected pedestrian network to achieve the desired benefit of a safe, walkable community.
- **Mr. Bond** added that, through his experience and feedback from builders, the frontage improvement and SDC costs made building ADUs in Milwaukie infeasible.

### **Code and Design Issues**

**Mr. Joyce** reviewed the code and design issues that were in place that made it difficult for nonbuilders to understand; it also needed to be readable by homeowners. He suggested taking a critical communication approach to this code and to introduce such methods as graphics and limited cross references, etc. He reviewed the options for creating consistent code and to allow more flexibility for building ADUs.

The group discussed options, including building in the front yard setback, height and size limitations, abnormal lots or site layouts, etc. **Mr. Joyce** also noted the definitions in the code that may apply to ADUs needed to be clarified.

**Mr. Joyce** reviewed the recommendations and asked the group for feedback. **Mr. Woodson** clarified that the recommendations were for by-right approval of ADUs, without the need for discretionary review. There are already provisions in the code to allow for other review or variance options in special cases. The recommendations and discussion was as follows:

- ADUs allowed up to 800 sq ft in size, regardless of primary dwelling size.
  - Current code allowed for up to 75% of the primary dwelling, which is prohibitive when the primary dwelling may only be 800-900 sq ft, for example.
- Basement ADUs allowed over 800 sq ft.
  - Often, basements were more than 800 sq ft, and the current code puts those into a lengthier review process.
- Allow more square footage when accessibility standards are met.
  - Accessibility standards require some additional room for maneuverability.
  - Allowing more space for meeting these standards also offers a “carrot” to encourage the market to deliver a greater number of accessible units, which helps meet the public policy goal of encouraging housing types that allow people to age in community.
- To allow detached ADUs to be up to the same square footage footprint of the primary dwelling.
  - Added bonus of 5% additional lot coverage proposed for a detached ADU.
  - **Mr. Egner** clarified that the current code stated that an ADU could either have up to 800 sq ft area or up to an 800 sq ft footprint.
  - The recommendation was to allow for the footprint to be up to the same as the primary dwelling, regardless of total square footage of the ADU, i.e. two-story ADU options.
  - **Mr. Egner** noted that he felt a concern for the community was conserving green area and to not max out lot coverage.
- To allow ADUs anywhere on the lot and within the setbacks, as lot dimensions and layout varied.
  - Nuances of this recommendation was to define primary and secondary setbacks, and for ADUs located within the setback to be only one story to be more compatible with neighborhoods.
  - **Mr. Egner** stated the single-family residential zones were designed to preserve the pattern of the street and neighborhood, and was geared more toward traditional neighborhood layout.
  - **Mr. Ember** asked how important was it, from a policy perspective, to preserve the idea of the traditional neighborhood? He added that the original intent was to be exclusionary and to conform to a standard which no longer met affordability goals and other goals.
  - **Mr. Bond** noted that if more infill was discouraged, urban neighborhoods would become price prohibitive and would then require an expansion of the urban growth boundary.
  - **Mr. Egner** clarified that the goal was not to limit ADUs but to ensure these units fit on the site and related with the neighborhood.
  - The group agreed that the current code was overly constrictive and discussed less restrictive but reasonable options for allowing ADUs in setbacks.
- Design standards were currently centered on traditional architectural standards.
  - **Mr. Egner** stated that there were function and good design reasons for the design standard options.
  - Although there was functionality to some of the design elements, they may no longer be necessary due to technology, and could be restrictive to diversity, inclusion, creativity, innovation, cost, etc.
  - **Mr. Ember** suggested a porch or recessed entry be standard for a detached structure, and then provide a list of excluded, poor quality materials.
  - **Mr. Woodson** suggested examples of the design elements could be featured at a community open house for feedback.

- **Mr. Quentin** noted that there were no design standards for ADUs that met certain criteria in Portland, but were triggered once the design was outside of that criteria, such as within the setback, above a certain height or size, etc.
- Current design standards were too prescriptive and exclusionary.
- Remove the requirements for owner-occupied dwellings.
  - There was not a policy benefit associated with requiring owner occupancy of the primary or accessory unit. This policy creates a reliance on primary unit property owners to be the sole developers of ADUs, and thus stifles the construction of ADUs by excluding developers or rental properties from developing ADUs.
- Waive SDCs and Street Frontage Improvements
  - Frontage improvements were a Milwaukie-specific requirement and had an outsized effect on ADU development.
  - **Mr. Woodsong** noted that a key recommendation was a well-publicized reduction of SDCs and to broadly advertise the change.
  - To note, 70% of the SDCs were for Clackamas County. However, the City does allow for Bancroft financing of SDCs, although there is limited revenue available to fund that.
  - Financing was also a hurdle, so perhaps there could be public financing of some sort made available for this type of development. The creation of a Municipal Bank for the City of Milwaukie was suggested as a trending policy solution that is being explored by other jurisdictions up and down the West Coast as a solution for these sorts of financing issues; a bill is currently under consideration in the Oregon Legislature to clarify what process municipalities would follow to set up such a bank.
  - **Mr. Bond** stated that there was construction financing available based on the resulting value. He added that building the community would help build the local market for other development, such as restaurants, shops, etc., that Milwaukie currently has a shortage of.

### **Project Next Steps**

**Mr. Joyce** and **Mr. Woodsong** noted that this was the beginning of the conversation around these changes and the group would be in communication regarding other recommendations and upcoming public events. An Open House is set for April 3<sup>rd</sup> for community feedback on these preliminary recommendations from 5:30-7:30pm at Milwaukie's Public Safety Building.