



MEMORANDUM

TO: Mayor and Council

FROM: Greg I. Guernsey, AICP
Director, Planning and Development Review

DATE: October 13, 2014

SUBJECT: Tiny Houses (Council Resolution No. 20140807-101)

Council Resolution No. 20140807-101 directed the City Manager to identify obstacles to building, parking, and living in single-family detached homes that are less than 500 square feet in size and are often on wheels (tiny houses). The resolution required a report back to Council that includes solutions for making tiny houses legal and viable, including an assessment of the potential impact of any proposed code changes on neighborhoods and a recommendation regarding whether any of the proposed code changes should be considered in the CodeNext code revision process.

Attached for your information is the associated report. Please feel free to contact me at (512) 974-2387 or Jerry Rusthoven at (512) 974-3207 should you have any questions or concerns.

Attachment

Cc: Marc A. Ott, City Manager, CMO
Sue Edwards, Assistant City Manager, CMO
Michael McDonald, Deputy City Manager, CMO
George Adams, Assistant Director, PDRD
Carl Wren, Assistant Director, PDRD
Jerry Rusthoven, Current Planning Division Manager, PDRD

Outline

This memo is a response to Council Resolution 20140807-101. The following information is included:

1. Tiny houses in other cities: what they are and why they are being built.
2. Barriers to building tiny houses in Austin: zoning code and building code.
3. Possible ways to remove constraints.
4. Potential impacts on Austin neighborhoods.
5. Consideration of the CodeNEXT process.

1. Tiny houses in other cities: what they are and why they are being built.

What is a tiny house?

A tiny house is fairly self-descriptive: it is a very small dwelling unit that is free-standing, usually styled to look like a site-built home. Tiny houses typically range from 100 to 400 square feet in size, and often come mounted on a wheeled trailer chassis so that they can be towed behind a vehicle. Similar to a micro-unit, the space in a tiny house usually has convertible or modular furniture that plays different roles, depending on what activity is taking place. Tiny houses on wheels typically have recreational vehicle-style utility hookups – powered with electricity, external holding tanks; those that venture off the grid can rely on solar or even no electricity at all. Diminutive domiciles that are permanent structures (not on wheels) tie-in to utilities in the manner of a traditional house. Tiny houses should not be confused with mobile homes, which are generally more than 600 square feet in size, and are transported via semi-trailer truck to a destination where they are placed permanently or semi-permanently.

Why are tiny houses being built?

The tiny house movement that exists today has several drivers, one of which is a desire to downsize. For most people this means a smaller space in which to live, a smaller mortgage (or up front purchase cost), and fewer possessions. Prices for tiny homes on wheels can range from \$10,000 for basic construction, up to \$60,000 or more for boutique-style custom construction. Prices for site-built tiny houses can be even higher since the square footage can exceed what is feasible for a wheeled chassis. Similar to micro-units, the per-square-foot cost of a tiny house is typically higher than that of a traditional home, but the lower fixed monthly cost of living appeals to the bottom line. In Austin the median rental rate has increased 49% since 2003, the median sales price of a home has increased 47% since 2004, and median incomes have barely improved.

Shifting demographics are also driving interest in micro-units. Single individuals are the most likely occupants of tiny houses, although two people could also share such a space. In the US today, singles make up more than 50% the population, up from 37% in 1976. In Austin this number is higher, at nearly 60% of the population being single, and 34% of the city's *households* comprised of single individuals. This percentage has been fairly consistent over the last 20 years, but the total number of single-person households continues to grow in step with Austin's population.

2. Barriers to building tiny houses in Austin: zoning code and building code.

Zoning code constraints – it's all about the wheels

Austin's zoning code does not prohibit the construction of permanent tiny houses or place minimum size requirements on dwelling structures. A site-built (not on wheels) tiny

house could today be used as a dwelling under the Single-Family Residential use or as a secondary unit under the Two-Family Residential use. That is, the zoning code treats a tiny house the same way any other single family home is treated.

The zoning code *does* constrain what can be done with a tiny house on wheels. The current code treats a tiny house on wheels like an RV, which means a person could only inhabit a tiny house on wheels if it were located on property zoned CS, CS-1, CH, or LI, with a Campground use. Recreational vehicles, if stored on a residentially-zoned property, may not be inhabited or hooked up to utilities. This means that a tiny house on wheels, located on residentially-zoned property, can be stored but not inhabited. A tiny house on wheels must meet federal motor vehicle standards and be registered as a travel trailer with the Texas Department of Motor Vehicles.

Building code constraints – it's still all about the wheels

Austin uses the International Residential Code (IRC) to evaluate residential projects that contain two or fewer dwelling units and are permanent (not on wheels). Under the IRC, a dwelling must have 120 square feet of living area, with additional space required for a bathroom, making a feasible minimum space of approximately 150 square feet. With most tiny houses in the 100-400 square foot range, the IRC does not pose any real obstacle, unless the house is at the very small end of the spectrum.

The IRC *does not* apply to tiny houses that are on wheels, since they are not permanent structures. Some builders construct their mobile tiny houses to meet IRC requirements anyway, and most builders manufacture to RV specifications.

3. Possible ways to remove constraints.

Since the IRC does not pose a major hindrance to tiny houses, it may be more fruitful to look at potential changes to Austin's zoning code. As stated above, anyone can live in a tiny house today, if it is on residentially-zoned property, as long as it is a *permanent* structure. The challenge lies with where tiny houses *on wheels* are allowed – currently only at sites that have been designated as Campground use, with commercial or industrial zoning. If Council's intent is to allow tiny houses on wheels to function as secondary dwelling units or even primary dwelling units on residentially-zoned property, a significant change would need to be made to residential base zoning districts to make it legal – in effect, to allow parking and living in an RV on residentially-zoned property. This activity is illegal in most cities in the US, although county regulations are usually less stringent.

4. Potential impact on Austin neighborhoods.

Potential impacts to Austin neighborhoods are difficult to estimate at this time, simply because the scope of proposed changes is not known yet. Staff would consider any change to base zoning district regulations to be a serious undertaking, since zoning district standards are well established and generally understood by the public. It might help to compare potential tiny house amendments to the accessory dwelling unit (ADU) amendments that are currently ongoing, presuming that tiny houses (whether on wheels or permanent) will be used as secondary units in most situations. As with the ADU code amendment, a discussion about tiny houses would need to include consideration of whether changes should be made city-wide, which zoning districts would be impacted, and whether site development standards like required parking would be changed. The potential exists for a large impact across the city, or a narrower, localized impact.

5. Consideration of the CodeNEXT process.

The CodeNEXT process, currently ongoing, will work over the next two years to revise Austin's Land Development Code (LDC) through an extensive public participation process. This revision of the LDC presents both opportunities and challenges for handling new code amendments. For most proposed changes the code amendment process works just fine: they are simple enough that they can be processed (relatively) quickly, or are so specific that they risk being lost in the broader CodeNEXT process and are better handled on their own. Expansive proposed changes (or changes that have the *potential* to be expansive), such as the tiny house item, are trickier. The benefit of handling expansive amendments on their own, outside of CodeNEXT, is that they can receive a lot of attention, and when finished can help inform the CodeNEXT process. The drawback, however, is that a lengthy code amendment process risks running concurrently with CodeNEXT, causing duplication of staff effort and public participation burnout, and that broader proposed changes might be better discussed holistically, in tandem with other LDC changes, and not in a vacuum.