

Amendment C20-2014-012: Accessory Dwelling Units

BACKGROUND

Accessory dwelling units have existed for a long time – think of carriage houses, backyard cottages, alley apartments. They have come into the limelight recently because many metropolitan areas are experiencing significant housing pressure due to housing demand outstripping supply. Secondary units, relative to other types of housing, are a low impact way to add housing stock and provide income to property owners. They can be relatively affordable since the land is available at no additional cost.

Accessory dwelling units, also called secondary apartments, granny flats, carriage houses, are second, usually smaller dwelling units on a property with a primary residence. It can be an apartment above a garage or workspace, a small house in the backyard, or an attic apartment. It is a self-contained unit with its own bathroom and kitchen.

Imagine Austin's goals for the City's housing are made clear by the Develop and maintain household affordability Priority Program. It says, "to meet the market demand of our growing and diversifying population, the range of available housing choices must expand throughout the city...The introduction and expansion into the market of housing types such as row houses, courtyard apartments, bungalow courts, small-lot single family, garage apartments, and live/work units can meet this emerging demand." (IACP, p 201) The Housing and Neighborhood building block enumerates policies including P1, which says "Distribute a variety of housing types throughout the City to expand the choices available to meet the financial and lifestyle needs of Austin's diverse population." P15 says, "Protect neighborhood character by providing opportunities for existing residents who are struggling with rising housing costs to continue living in their existing neighborhoods." (IACP, p. 137-8)

Community benefits: because they are small units, they are low impact in terms of energy use and because they are infill housing, they are low impact in terms of infrastructure. If they are built in the central core, where lot and street configurations (and alleys) would most easily accommodate ADUs, they would have good access to transit. ADUs can easily blend into existing neighborhoods; many are not visible from the street. They can diversify the housing/rental stock in a neighborhood while generating income for the property owner. Accessory dwelling units offer great flexibility for property owners; they could provide housing for aging parents, adult children, extended families, friends, renters, etc. As people age, and many wish to age in place, an ADU could accommodate changing needs without leaving the neighborhood. They could provide relatively affordable housing for small households in desirable, single family neighborhoods in an increasingly expensive region.

Demographic facts that highlight a need for more housing options in the City of Austin (2012 American community Survey):

- 55% of households are renters
- 11% of renters do not own a vehicle
- 34% of households are 1 person households
- 8.5% of households are multi-generational
- 8% are 65 years+

EXAMPLES FROM OTHER CITIES

Many cities recognize accessory dwelling units as a *part* of their housing strategy. Portland has had ADU regulations in place since the 1990s and has made amendments to make construction easier. Since 2010, the city has waived development fees to encourage more construction of ADUs. California has passed several laws to lower regulatory barriers to constructing secondary units. A 2003 bill requires that each city in the state have a ministerial process for approving secondary units.

Santa Cruz: "The ADU Development Program is designed to encourage development of small-scale neighborhood compatible housing and to discourage the proliferation of poorly-constructed illegal ADUs. At the same time, construction of ADUs promotes infill development and sustainable land use patterns, resulting in transportation

patterns which in turn reduce pollution.” (<http://www.cityofsantacruz.com/index.aspx?page=1150>) Santa Cruz created a manual to guide homeowners thru the process and a library of designs by local architects.

Seattle: “Backyard cottages are a small but important part of what makes Seattle livable and sustainable.” (Director, Seattle Dept. of Planning and Development)

Vancouver, WA: “The purpose of these code provisions is to: (1) provide homeowners with flexibility in establishing separate living quarters within or adjacent to their homes for the purpose of caring for elderly parents, providing housing for their children, companionship, security, services, or other purposes; (2) increase the supply of affordable housing units within the community; and (3) ensure that the development of accessory dwelling units does not cause unanticipated impacts on the character or stability of single-family neighbourhoods.” (Section 20.91.202 of Municipal Code)

Minneapolis, MN: “Allowing accessory dwelling units in Minneapolis is an important way to provide more housing options in our neighborhoods...people who want ADUs to be allowed for extended families, to help seniors stay in their homes, and to provide a way to add more housing units gradually in neighborhoods over time.” (<http://www.ci.minneapolis.mn.us/cped/projects/ADU>)

WHAT DOES THE RESEARCH SAY?

In Portland, financing, construction costs and design constraints were the most common barriers. Rental income and housing family members were the two most frequently cited reasons for building an ADU. The difference between the vacancy rate of ADUs and comparably sized regular apartments is minute and is not statistically significant. About 80% of ADUs were used for long-term permanent housing. An ADU is associated with reduced demand for parking, 0.46 cars parked on the street. (Palmeri, Jordan, *Accessory dwelling units in Portland, Oregon: evaluation and interpretation of a survey of ADU owners*, State of Oregon Department of Environmental Quality, June, 2014)

In the East Bay of SF Bay area, parking requirements, zoning codes, procedural requirements and lack of financing options are noted as barriers to building an ADU. About 85% of ADUs provide housing. The authors’ “survey showed that households occupying secondary units are disproportionately likely to have no cars at all: 23% have zero cars, versus 17% of households overall in the study areas.” (Chapple, Karen, *Yes in My Backyard: Mobilizing the market for Secondary Units*, Center for Community Innovation, June, 2012)

CURRENT REGULATIONS

25-2-774 TWO-FAMILY RESIDENTIAL USE

(A) For a two-family residential use, the base zoning district regulations are superseded by the requirements of this section.

(B) For a two-family residential use the minimum lot area is 7,000 square feet.

(C) The second dwelling unit:

- (1) must be contained in a structure other than the principal structure;
- (2) must be located:
 - (a) at least 15 feet to the rear of the principal structure; or
 - (b) above a detached garage;
- (3) may be connected to the principal structure by a covered walkway;
- (4) may not have an entrance within 10 feet of a lot line;
- (5) unless the second dwelling unit has vehicular access from a rear alley, it must be served by a paved driveway, and the portion of the driveway that crosses the front yard must be at least 9 feet and not more than 12 feet wide;
- (6) may not exceed a height of 30 feet, and is limited to two stories; and
- (7) may not exceed a gross floor area of:

- (a) 850 total square feet; or
- (b) 550 square feet on the second story, if any.

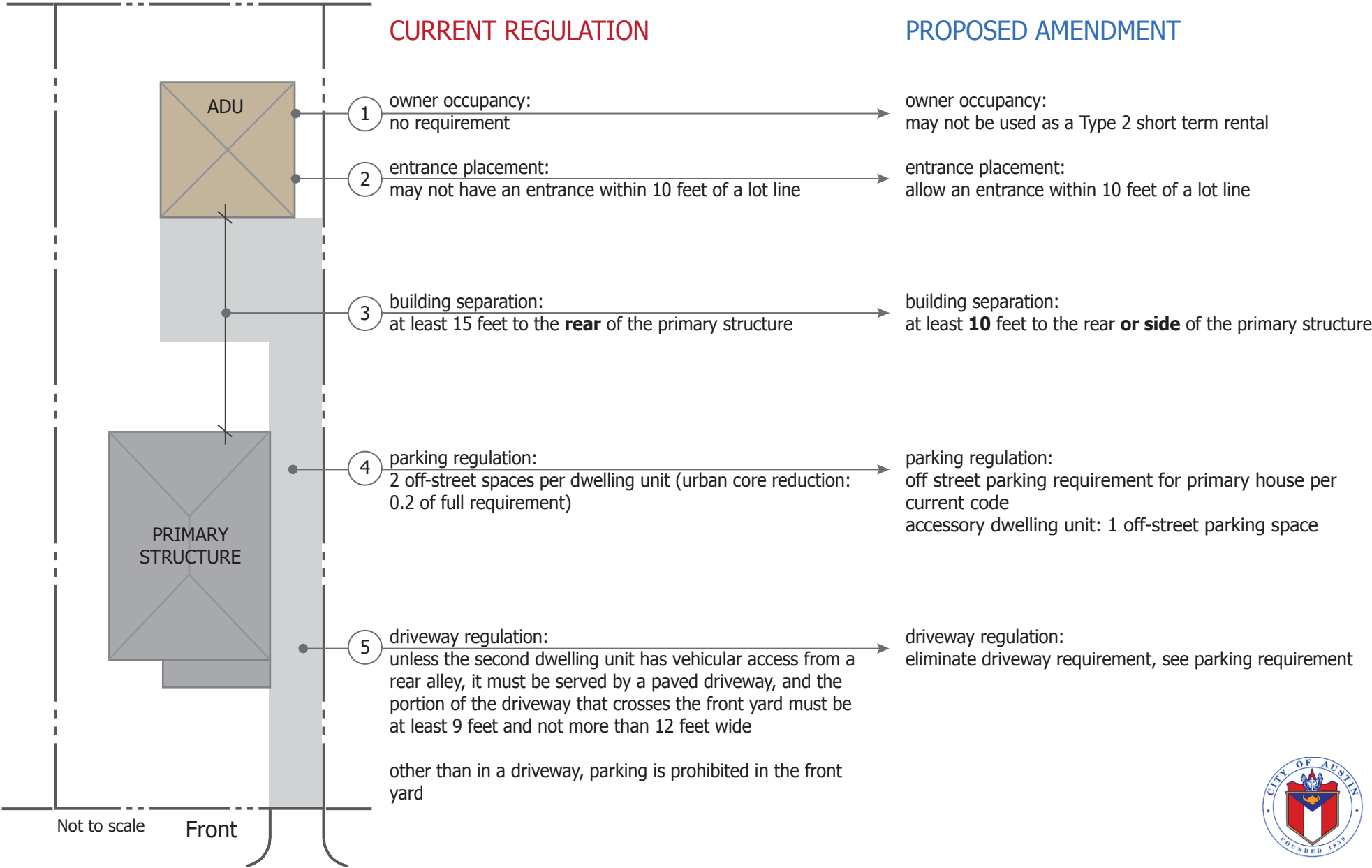
- (D) Impervious cover for the site may not exceed 45 percent.
- (E) Building cover for the site may not exceed 40 percent.
- (F) Other than in a driveway, parking is prohibited in the front yard.

25-2-1463 SECONDARY APARTMENT REGULATIONS

- (A) A secondary apartment is not permitted in combination with a cottage or urban home special use.
- (B) A secondary apartment must be located in a structure other than the principal structure. The apartment may be connected to the principal structure by a covered walkway.
- (C) A secondary apartment:
 - (1) must be contained in a structure other than the principal structure;
 - (2) must be located:
 - (a) at least 15 feet to the rear of the principal structure; or
 - (b) above a detached garage;
 - (3) may be connected to the principal structure by a covered walkway;
 - (4) may not have an entrance within 10 feet of a lot line;
 - (5) unless the secondary apartment has vehicular access from a rear alley, it must be served by a paved driveway, and the portion of the driveway that crosses the front yard must be at least 9 feet and not more than 12 feet wide;
 - (6) may not exceed a height of 30 feet, and is limited to two stories; and
 - (7) may not exceed a gross floor area of:
 - (a) 850 total square feet; or
 - (b) 550 square feet on the second story, if any.
- (D) Impervious cover for the site may not exceed 45 percent.
- (E) Building cover for the site may not exceed 40 percent.
- (F) Other than in a driveway, parking is prohibited in the front yard.

COMPARISON OF OTHER CITY REGULATIONS

| | AUSTIN, TX | PORTLAND, OR | SANTA CRUZ, CA | SEATTLE, WA | VANCOUVER, WA | MINNEAPOLIS, MN |
|-----------------------------|------------------------------|---------------------------------------|----------------|-----------------------|---------------|-----------------|
| Maximum SF | 850 | 800 | 500-800 | 600-1,000 | 800 | 800-1,000 |
| Maximum Ht. | 30' (2 stories) | 18' (+ garage) | 22' | 23' | 25' | 20' |
| Minimum lot size | 7,000 SF (5,750 in some NPA) | detached structures <15% of site area | 5,000 SF | 4,000 SF | 4,500 SF | None |
| Minimum building separation | 15' | 6' | 10' | 5' | | 20' |
| Parking required | 2 (1 in urban core) | None | 1 (2 for 2 BR) | 1 (0 in urban center) | 1 | None |
| Owner occupied | No | No (64% are) | Yes | Yes | Yes | Yes |
| Attached ADU allowed | No | Yes | Yes | Yes | Yes | Yes |



UNCHANGED REGULATIONS

25-2-774 Two-Family Residential

For a two-family residential use, the base zoning district regulations are superseded by the requirements of this section.

For a two-family residential use the minimum lot area is 7,000 square feet.

Second dwelling unit:

1. Must be contained in structure other than principal structure
2. Can be located above a garage
3. May be connected to a principal structure by a covered walkway
4. May not exceed 30 feet in height and is limited to 2 stories
5. May not exceed gross floor area of 850 square feet or 550 square feet on the second story, if any

Impervious cover for site may not exceed 45 percent.

Building cover for site may not exceed 40 percent.

25-2-1463 Secondary Apartment

A secondary apartment is not permitted in combination with a cottage or urban home special use.

A secondary apartment:

1. Must be contained in structure other than principal structure
2. Can be located above a garage
3. May be connected to a principal structure by a covered walkway
4. May not exceed 30 feet in height and is limited to 2 stories
5. May not exceed gross floor area of 850 square feet or 550 square feet on the second story, if any

Impervious cover for site may not exceed 45 percent.

Building cover for site may not exceed 40 percent.

25-2-1462 Secondary Apartment Permitted in certain zoning districts

1. SF-1 through SF-3, SF-5 and SF-6
2. MF-1 through MF-6
3. MU





City of Austin, Neighborhood Housing and Community Development Office
P.O. Box 1088, Austin, Texas 78767
(512) 974-3100 Fax (512) 974-3161 www.cityofaustin.org/housing

FY 2015 Area Median Family Income
For Travis County, Texas
\$76,800 (4-person household)
MSA: Austin – Round Rock, TX.

2015 HOME Program Income Limits by Household Size

Effective Date: May 1, 2015

| Median Income Limit | 1 Person Household | 2 Person Household | 3 Person Household | 4 Person Household | 5 Person Household | 6 Person Household | 7 Person Household | 8 Person Household |
|---|----------------------|----------------------|----------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| 20% | 10,750 | 12,300 | 13,800 | 15,360 | 16,600 | 17,800 | 19,050 | 20,300 |
| * 30% | 16,150 | 18,450 | 20,750 | 24,250 | 28,400 | 32,550 | 36,750 | 40,900 |
| (30% MFI is defined by HUD as extremely low-income) | | | | | | | | |
| 40% | 21,500 | 24,600 | 27,650 | 30,720 | 33,200 | 35,650 | 38,100 | 40,550 |
| * 50% | 26,900 | 30,750 | 34,600 | 38,400 | 41,500 | 44,550 | 47,650 | 50,700 |
| (50% MFI is defined by HUD as very low income) | | | | | | | | |
| * 60% | 32,250 \$806/mo. | 36,850 \$921/mo. | 41,450 \$1036/mo. | 46,080 \$1152/mo. | 49,750 | 53,450 | 57,150 | 60,850 |
| 65% | 34,950 \$874/mo. | 39,950 \$999/mo. | 44,950 \$1124/mo. | 49,920 \$1248/mo. | 53,900 | 57,900 | 61,900 | 65,900 |
| 70% | 37,650 \$941/mo. | 43,000 \$1075/mo. | 48,400 \$1210/mo. | 53,760 \$1344/mo. | 58,050 | 62,350 | 66,650 | 70,950 |
| * 80% | 43,050 \$1076/mo. | 49,200 \$1230/mo. | 55,350 \$1384/mo. | 61,450 \$1536/mo. | 66,400 | 71,300 | 76,200 | 81,150 |
| (80% MFI is defined by HUD as low-income) | | | | | | | | |
| 100% | 53,750 \$1344/mo. | 61,450 \$1536/mo. | 69,100 \$1727/mo. | 76,800 \$1920/mo. | 82,950 | 89,100 | 95,250 | 101,400 |
| 120% | 64,500 | 73,750 | 82,950 | 92,160 | 99,550 | 106,900 | 114,300 | 121,650 |
| 140% | 75,250 | 86,000 | 96,750 | 107,520 | 116,100 | 124,700 | 133,300 | 141,950 |

*** Income provided by HUD.**

Other income limits calculated by NHCD based on the formula used by HUD.

HUD rounds to the nearest \$50 dollars

MFI Chart was expanded to include other percentages used by NHCD.

\$\$/mo. - indicates 30% of gross income for rent, which is considered affordable



MEMORANDUM

To: Mayor and Council Members

From: Greg Meszaros, Director, Austin Water

Date: April 9, 2015

Subject: Resolution 20141211-105 - Submetering

On December 11, 2014, City Council adopted Resolution No. 20141211-105 directing the City Manager to identify possible code amendments and associated administrative rules necessary to encourage submetering water use of each unit within two-, three-, and four-unit residential developments. As indicated in the resolution, the direction reflected the desire of Council to encourage water conservation while simultaneously reducing construction costs and increasing affordability for these housing types.

Austin Water analyzed the costs of installing private submeters versus public meters for each unit of two-, three-, and four- residential unit complexes. Our analysis indicates that on a project typical of the kinds of applications that Austin Water has been receiving lately for new or converted garage apartments in the central city, the cost of the public meter when compared to a private submeter was approximately \$400 more (this includes the cost of the meter itself and the associated inspection and capital recovery fees).

It should be noted that regardless of whether a public meter is used for each unit or private submeters are used, there may be a need to upgrade the water service line to accommodate the increased water demands created by the additional unit(s). (The water service line is the section of public water line in between the public water main in a street and the public water meter.) Any construction issues with the upgrade in water service (such as street cuts and repairs) would apply in either case.

While the \$400 cost of installing a public meter is not insignificant, there are concerns associated with private submeters. Mainly,

- *Collateral damage from disconnection of water service.* If submeters are used and water is shut off to the primary household (for example, for failure to pay a water bill), all units will temporarily lose water service until the default is cured.
- *Potentially higher billing tiers for accessory dwelling units or multiple units.* If there are multiple units on one property that are submetered and are served by one meter at the primary household, the volumetric billing rate is determined by the combined use of all units through the one meter. This situation can result in some of the units being charged a disproportionate amount than if each of the units used public meters because the

entire property is billed at a higher volumetric rate. Additionally, it could reduce the financial incentive to conserve water as noted in a 2004 joint study conducted by the Environmental Protection Agency, multi-family associations, and water utilities, which found that customers in multi-family properties reduce water use by 15% when billed directly for the water they use, whereas tenants who pay for their water through allocated bills or homeowners associations do not.

- *The potential loss of billing protections for accessory dwelling units or other units.* The Public Utilities Commission regulates multi-family residences (greater than four units) to ensure that rules and regulations related to fair billing practices are applied to tenants. Such regulations do not cover two-, three-, and four- residential unit complexes. Thus, if there were any billing irregularities or issues, tenants would not have regulatory assistance from the Public Utilities Commission. The use of a public meter for each unit ensures that the tenant has a greater role in current City billing regulations and practices.

Given these issues, Austin Water staff believes the benefits of a public meter outweigh the relatively minor cost. Austin Water staff does not recommend the allowance of private submeters in two-, three-, and four-unit residential complexes.

However, the importance of increasing affordability for Austin residents cannot be dismissed, and Austin Water will continue to seek other ways to reduce construction costs and increase affordability.

If you need clarification or have additional questions concerning this information, please feel free to contact me at 512-972-0108.

cc: Marc A. Ott, City Manager
Robert Goode, P.E., Assistant City Manager