



TO: Elizabeth Pauli, City Manager
FROM: Peter Huffman, Director, Planning and Development Services
COPY: Government Performance and Finance Committee; Andy Cherullo, Director, Finance; Claire Goodwin
PRESENTER: Stephen Antupit, Planning and Development Services
SUBJECT: ADU Accelerator
DATE: August 1, 2022

PRESENTATION TYPE:

Informational Briefing

SUMMARY:

Planning and Development Services (PDS) staff will provide a status report on the City’s activities to support Accessory Dwelling Units (ADUs). It is the first in a series of briefings exploring possible additional support the City might choose to expand implementation of this housing option. It could include a focus on reducing barriers facing resource-constrained residents who might otherwise not pursue detached ADUs, or Detached Accessory Dwelling Units (DADUs).

BACKGROUND:

ADUs and DADUs are infill housing options that are integral to low-scale residential contexts. They contribute to affordable housing options and choice, respond to changing household needs and lifestyles, add to the City’s housing supply, and contribute to neighborhood stability. As the names indicate, the former type is included within a primary dwelling’s structure, while the latter is a stand-alone, detached structure. Like many jurisdictions, Tacoma currently allows both ADUs and DADUs. City Council action in 2019 most recently modified the prior regulations. A design handbook and associated tip sheets provide detailed information on permit requirements and some resource information related to water and power considerations provided by Tacoma Public Utilities (TPU).

While the City has continued to support further implementation of this housing option through successive actions, stakeholder input and best practices implemented in other jurisdictions indicate additional opportunities to accelerate ADU production in Tacoma. Notwithstanding those factors, the City’s current work to implement Home in Tacoma (Phase 2) will consider numerous land use provisions that could dramatically increase the opportunities for ADUs as additional units in the low scale-designated residential areas. With the Home in Tacoma Phase 2 process via the City Council’s Infrastructure, Planning, and Sustainability Committee clearly in mind, the current focus of this Committee’s deliberations center on concerns and opportunities other than those that would be addressed in the Land Use Code.

Local jurisdictions notably provide enhanced support for DADUs by their nature as simple, self-contained and easily replicable structures. This priority acknowledges and avoids the complexity of custom design and construction issues associated with ADUs, which are constructed inside existing dwellings of countless variations.

Some cities’ DADU programs simply facilitate implementation by providing reduced design expenses through an online galleries of plan concepts. Seattle took this approach by hosting a design competition and selecting a group of designs available for purchase directly from the respective architects. Other cities have hired architects and secured rights for residents to use those plans free of charge (e.g.,



Olympia/Tumwater/Lacey). The City of Renton has taken further advantage of the certainties and predictability of pre-approved plans it procured. Since 2021, Renton now offers city staff assistance to residents with no-cost site design, utility coordination, and permit fee waivers.

Providing DADU design resources are only one part of supporting the expansion of DADUs. Some cities have hosted educational events to connect homeowners with local financial institutions that are more favorably disposed to the challenges of construction lending for DADUs. More comprehensive programs that include direct financial assistance and construction management support to homeowners (not developers) focus on low-to-moderate income homeowners (e.g., Oakland and Pasadena, California) as an anti-displacement strategy. Regional-level programming in northeast Los Angeles is available to any owner-builder agreeing to rent restrictions and participation as a Housing Choice Voucher landlord. CalHFA offers up to \$40,000 to income-qualified homeowners in California for pre-development and non-recurring ADU development costs.

ISSUE:

ADU construction continues throughout Tacoma, with 109 units permitted in 2021 and 43 units permitted in the first half of 2022 alone. Of those, new DADU permits totaled 55 in 2021, with 22 permits for new DADUs issued in the first half of 2022. The issue before this Committee is to identify additional actions (outside of Land Use and Building Code amendments) the City of Tacoma could take to further accelerate DADU production. Furthermore, the City’s Affordable Housing Action Strategy (AHAS) Strategy 1.8 would support DADU investments and actions centered on supporting resource-constrained homeowners, consistent with the City’s Anti-Displacement priorities.

Were the City to provide additional resources to accelerate DADU production, opportunities fall into several categories for this Committee’s consideration, including:

1. Purchase of architectural, engineering, and energy code analysis services for Pre-Approved Plans
2. Adding City staff for DADU customer support at the PDS counter
3. Permit fee reductions, waivers, and/or reimbursement
4. Establishing an infrastructure improvement fund
5. Outreach, information, and individualized DADU project management support for income-qualified homeowners



1. Pre-Approved Plans

Currently, PDS is developing a budget proposal to acquire and pre-approve DADU plans. While that budget proposal would be considered as part of the upcoming biennial budget process, this current Committee discussion could refine and focus the emphasis of that proposed DADU resource. For example, would the pre-approved plans be available free of charge to any PDS customer? Or should they be limited to homeowners, excluding builders/developers? Or available only to income-qualified homeowners?

2. Adding staff capacity to support PDS customers

To leverage the efficiency and investment in pre-approved plans, a dedicated DADU specialist in PDS could be funded and assigned to manage and coordinate the necessary site planning, utility coordination, and related permit and inspection services for getting pre-approved DADU designs built. This enhanced service could be limited to income-qualified homeowners. Such an additional staff position in PDS would be modeled on an existing PDS staff position dedicated to facilitating affordable multifamily housing projects.

Separately and unconnected to supporting the needs of resource-constrained customers, additional PDS plan review and inspection staff capacity for serving current DADU builder/developers was noted from the Government, Performance, and Finance Committee (GPFC) roundtable discussion on July 26, 2022.

3. Permit Fee Reductions, Waivers and/or Reimbursement

Permit fees in PDS for new DADUs could be waived, reduced, or reimbursed for qualifying homeowners. Linking this incentive to new DADUs follows the simplicity of those designs, relative to the permit review of design and construction of ADUs in existing structures and/or conversion of existing structures into DADUs. Further limiting this incentive to resource-constrained homeowners and their use of pre-approved plans would further simplify the process, and would provide a “cap” on the City’s investment in individual DADUs.

4. Establishing an infrastructure improvement fund

The scope of DADU construction includes varying infrastructure extensions and/or components to serve the DADU. While overall infrastructure system requirements and investments are the focus of an interdepartmental Home in Tacoma work group, there are opportunities to support DADUs for individual resource-constrained homeowners in advance of that larger strategic policy discussion.

The biggest single utility expense is new electric service and metering. It sometimes requires the new electrical to be underground, and that gets very expensive. The other option involves installation of a new electrical pole connected to the meter and connected to an approved electrical street pole that is easier and less costly. These are determined by a TPU engineer. The other significant infrastructure expenses are new sewer and water connections. These can be connected to the existing home's existing utilities. Regardless, the DADU will require water and sewer installations and then extended to the main. Public Works’ current requirements generally relate to any code-mandated replacement parking (to serve the existing home – no off-street auto storage is required for newly constructed DADUs), driveway access, and the like. Any or all of these expenses could be offset or reimbursed with new City funds.



5. Outreach, accessible information, and individualized DADU project management support for income-qualified homeowners

As evidenced by the GPFC roundtable discussion on July 26, 2022, the issues facing professional builders, developers, and designers were made plainly known and are very different from the needs of individual, resource-constrained homeowners who might be interested in investing in a DADU. Most of the concerns of the former, professional group center on technical barriers they have identified, can articulate, and should anticipate would be addressed through the Home in Tacoma low-scale Land Use Code decision process.

The challenges facing individual homeowners without access to those design and construction resources are, however, significantly more complex, require nuanced understandings, cultural competencies and soft infrastructure resources well beyond what is currently centered on this challenge in Tacoma. Furthermore, those resource needs are separate and apart from the major financial risks and hurdles of building a DADU.

A holistic, comprehensive program of culturally competent outreach, information, and individualized project management support could be articulated and piloted, were the City to invest in deepening the capacity and centering a new program in partnership with key community organizations. The four components of [Oakland's Keys to Equity](#) program illustrate the magnitude of this opportunity. They are:

- Education,
- Financial Counseling and Lending,
- Project Management, and
- Design and Construction

Notable in that precedent, the city itself does not provide direct services to individuals, but rather serves as the convener of funders and direct service providers, setting out the anti-displacement policy priorities of the effort. At this juncture, the Committee could consider hosting a deeper discussion with key partners to identify needs and resources required to replicate such an effort.

ALTERNATIVES:

This is an information briefing only. There are no alternatives presented.

FISCAL IMPACT:

This is an information briefing only. There is no fiscal impact.

RECOMMENDATION:

This is an information briefing only. There is no recommendation.

ATTACHMENT:

DADU Developer Roundtable Summary of Comments from July 26, 2022