

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Continued Discussion of Ordinance No. 984 – Amending Chapters 20.30 and 20.50 of the Shoreline Municipal Code to Establish Development Regulations for Cottage Housing, and Resolution No. 512 – Amending the Fee Schedule to Provide For a For-Purchase Affordable Housing Fee In Lieu
<b>DEPARTMENT:</b>	Planning & Community Development
<b>PRESENTED BY:</b>	Elise Keim, AICP, Senior Planner
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

In May 2021, the City Council adopted the Housing Action Plan (HAP), which explores potential City-led actions and initiatives to encourage the production of affordable and market rate housing to meet the needs of a growing and diversifying population now and in the future. Cottage housing regulations were identified in the HAP as a strategy to increase the supply and variety of housing options in Shoreline. Cottage housing regulations were prioritized by Council as a first step to implementing the HAP.

The Planning Commission subsequently reviewed the cottage housing regulations between April 2022 and March 2023, and held a Public Hearing on the regulations on April 6, 2023. The City Council then discussed the Planning Commission’s recommended cottage housing regulations via proposed Ordinance No. 984 at their April 24, 2023, Council meeting.

At their April 24<sup>th</sup> meeting, the Council had several questions for staff which have been researched and responses are included in this staff report. Council also expressed interest in amending the Planning Commission’s recommended Cottage Housing regulations in light of anticipated changes in state law and concerns about the fee-in-lieu option for affordable housing. The Council proposed amendments that were submitted on or prior to May 5<sup>th</sup> are included for consideration in this staff report.

Tonight, staff will present the Council’s proposed amendments to the Planning Commission’s recommended development code amendments for cottage housing development standards. Proposed Ordinance No. 984 (Attachment A) includes the Planning Commission’s recommended amendments. Proposed Ordinance No. 984 is scheduled to be brought back to Council for potential action on June 5, 2023. Council is also currently scheduled to take action on proposed Resolution No. 512 (Attachment B) on June 5, 2023.

**RESOURCE/FINANCIAL IMPACT:**

The proposed Cottage Housing Development Standards will not have a direct financial impact to the City. Cottages would be permitted under existing residential building permits, which allow for multiple buildings on one lot. Over time, an increase to density could increase the demand on some public services. If the option of paying a fee-in-lieu of constructing affordable for-purchase cottage units remains in the code, it would contribute to the City's Housing Trust Fund.

Depending on which Council-proposed amendments are approved and adopted into proposed Ordinance No. 984 there could be additional resource and/or financial impacts. Those impacts are summarized in the Discussion section of this staff report.

**RECOMMENDATION**

No action is requested by the Council tonight as this is a discussion item only. The Planning Commission recommends that the City Council adopt the Cottage Housing Development Standards as shown in Exhibit A to proposed Ordinance No. 984. The City Council is currently scheduled to take action on proposed Ordinance No. 984 and proposed Resolution No. 512 on June 5, 2023.

Approved By:           City Manager **BE**   City Attorney **JA-T**

## **BACKGROUND**

In May 2021, the City Council adopted the Housing Action Plan (HAP), which explores potential City-led actions and initiatives to encourage the production of affordable and market rate housing to meet the needs of a growing and diversifying population now and in the future. Cottage housing regulations were identified in the HAP as a strategy to increase the supply and variety of housing options in Shoreline. Cottage housing regulations were prioritized by Council as a first step to implementing the HAP. Cottage housing regulations were prepared to help increase the housing supply and housing variety in Shoreline so that the City's housing stock can better meet the needs of its residents.

The Planning Commission subsequently reviewed the cottage housing regulations between April 2022 and March 2023, and held a Public Hearing on the regulations on [April 6, 2023](#). The Planning Commission's recommended Development Code amendments included in proposed Ordinance No. 984 were presented to Council at their [April 24, 2023](#) meeting. During that discussion, Council had several questions for staff and indicated their intention to propose amendments to the Planning Commission's recommended Code amendments. The Council proposed amendments that were submitted on or prior to May 5<sup>th</sup> are included for consideration in this staff report.

## **DISCUSSION**

### **Impact of Cottage Housing on Shoreline's Housing Market**

Council was interested in how many cottage developments Shoreline might see upon passage of cottage housing regulations. Cottages are a unique form of housing: buildings are small and face large community spaces rather than private yards or parking lots. Cottage housing developers acknowledge this type of housing doesn't work for every household. With current land prices, interest rates and anticipated state regulation changes permitting more forms of middle housing, it is clear that cottages are just one tool in Shoreline's toolkit for meeting its housing needs. Cottages will not be an appropriate form of housing on every lot in the City. However, public engagement shows it is a desired form of housing by Shoreline residents, especially in retirement. As the housing market adjusts to middle housing regulations, allowing forms of housing that haven't been allowed in much of America since the 1940s, it is difficult to say which form of middle housing will be most popular. Cottages will not solve Shoreline's housing shortage alone; neither will duplexes, or accessory dwelling units. That is precisely why the Housing Action Plan proposes a suite of City-led actions to address the housing shortage, cottages are just one action among many.

### **Density and Cottage Housing**

At the April 24, 2023, meeting Council asked for some scenarios illustrating how the density bonus program works. Four example scenarios are included in Attachment D. Staff can step through a few of the scenarios in detail as part of the May 22 presentation.

Tiers of density bonuses are proposed based on a development's level of green building, its proximity to transit, and its level of affordability. These density bonuses are

allowed to be combined up to a doubling (100%) of the base density of the underlying zone (see table below).

Requirement	Density Bonus Allowed Above the Zoning Base Density
All units within the cottage housing development are certified PHIUS+ or Built Green 4-Star	25%
The cottage housing development is located more than ¼ mile and less than ½ mile from a high-capacity transit service stop (e.g., bus rapid transit, light rail)	25%
All units within the cottage housing development are certified LEED Platinum, Built Green 5-Star, or PHIUS+ Source Zero/Salmon Safe or ZE/Salmon Safe Certification	50%
The cottage housing development is located within ¼ mile of a high-capacity transit service stop (e.g., bus rapid transit, light rail)	50%
20% of for-purchase units shall be affordable to households making 80% or less of the median income for King County adjusted for household size; or 10% of for-purchase units shall be affordable to households making 70% or less of the median income for King County adjusted for household size; or payment of an affordable housing fee-in-lieu for each unit that would have been required to be affordable in accordance with the City of Shoreline Fee Schedule	100%

This proposed density bonus program may be further refined due to the passages of ESSHB 1110, the Middle Housing bill, and EHB 1337, the accessory dwelling unit bill. Staff recommend these refinements occur as part of the Comprehensive Plan and middle housing code update, that way refinements can be looked at holistically and based on an updated comprehensive plan. At this time, the proposed code has been written to comply with the existing Comprehensive Plan goals and policies as they currently exist.

**Affordability and Cottage Housing**

At the April 24, 2023, Council meeting, several Councilmembers expressed concern over the option for a fee-in-lieu for a density bonus. Planning Commission had a similar discussion at their March 16, 2023, meeting. There are pros and cons of allowing a fee-in-lieu of constructing affordable housing (see table below).

Pros	Cons
<p>Fees collected contribute to the Housing Trust Fund the City manages and could help fund housing projects that are available at deeper levels of affordability (60% AMI and below).</p>	<p>By allowing a fee in lieu for this density bonus rather than requiring the construction of affordable for-sale cottages means affordable housing units are not immediately built.</p> <p>Creating a fee-in-lieu option does include the need for some added administrative resources to manage funds and limitations on spending.</p>

The fee-in-lieu option was proposed by staff after consultation with colleagues in Human Services who do not have the resources to administer an affordable home ownership program at this time. The fee-in-lieu option was added as a means to encourage cottage development at greater density while the City establishes a City-wide affordable housing program, which is another suggested action in the Housing Action Plan. As proposed, the code states that once an affordable home ownership program is established, the fee-in-lieu option would no longer be available for cottages thereby requiring the construction of cottages in order to receive the increased density.

At the April 24, 2023, meeting Council asked about the status of the Housing Trust Fund. The Housing Trust Fund, which is funded by multifamily development that pay a fee-in-lieu of constructing affordable units in the MUR-45 and MUR-70 zones, currently has a balance of \$0. This appears to be by design as the affordable housing program in these zones requires the development of affordable rental units on-site and only permits fractional units to pay a fee-in-lieu of their development. These areas also overlap with multi-family tax exemption (MFTE) eligible properties which require units to be built on site and do not allow a fee-in-lieu for the units. Typically, a development is more likely to pursue the MFTE rather than a fee-in-lieu for construction of affordable units.

Because eligibility for MFTE is based on a geographic location designated by the City Council, unless such a designation were to occur, cottage developments would not be eligible for MFTE so there may be more interest in payment of a fee-in-lieu for this type of housing.

The Housing Trust Fund is intended, through a competitive application process, to be used by affordable housing developments (60% AMI or below) to help cover development costs like securing the land, designing the building, and construction costs. Further information on the housing trust fund’s establishment is available in the [March 26, 2018 Staff Report](#) and [Staff Presentation](#) describing the program.

Council requested to see some scenarios detailing how fees-in-lieu would be calculated. These scenarios are included in Attachment D, Scenarios 3 and 4.

**Cottages and Impact Fees**

Council inquired about how cottages would be treated when calculating impact fees. Specifically, Council asked whether cottages would be charged a single-family rate or a

multifamily rate. The current single-family and multifamily impact fee rates are included in the summary table below:

Impact Fee	Single-Family Rate	Multifamily Rate
Transportation	\$8,590.50	\$5,566.35
Park	\$5,227.00	\$3,428.00
Fire	\$2,311.00	\$2,002.00

Based on how the impact fees are administered today, staff expect cottages will be administered as a multifamily impact fee. This does bring up an important consideration as the City evaluates other forms of middle housing consistent with ESSHB 1110. Based on the legislation that was passed, staff anticipate middle housing will need to be called out as a specific category for application of the impact fees. Staff anticipate some additional analysis will be necessary to understand how middle housing, parking, and transit proximity will factor in to the application of impact fees.

### **Council Amendments**

There are 17 Council-proposed amendments to the Planning Commission’s recommendation summarized in the table below. Amendments are in the order they appear in the Shoreline Municipal Code (SMC). Highlighted rows indicate multiple amendments on a specific SMC provision or topic that should be considered together as they interrelate and sometimes conflict with one another.

No.	SMC Provision	Subject of Amendment	Councilmember
1	20.20.014(C)	Deleting minimum size of cottage floor area	Roberts
2	20.40.300(A)	Fee-in-lieu – striking	Pobee
3	20.40.300(A)	Density base and bonus	Roberts
4	20.40.300(A)	Density base and bonus	Roberts
5	20.40.300(C)	Height	Roberts
6	20.40.300(D)	Building coverage	Roberts
7	20.40.300(E)	Hardscape	Roberts
8	20.40.300(G)	Critical area prohibition	Roberts
9	20.50.310(B)	Exempt tree removal	Pobee
10	20.50.350(B)	Tree retention	Pobee
11	20.50.390	Eliminates parking requirements	Roberts
12	20.50.390	Modifies parking w/in ½ mile of major transit stop	Roberts
13	20.50.390	Modifies parking w/in ½ mile of transit stop	Roberts
14	20.50.390	Requires 1 parking stall regardless of cottage size	Roberts
15	20.50.400(G)	Parking study required	Roberts
16	20.50.720(B)(3)	Location of parking	Roberts
17	20.50.730(A)(3)	Threshold for detach cottages with 5 or more cottages in development	Roberts
18	20.50.730(B)	Cottage size	Roberts
19	20.50.730(C)	Tree protection incentives	Roberts

The full text of each amendment is included below. Each proposed amendment includes a brief discussion with staff’s recommendation, the proposed amendatory language (highlighted), and potential amendatory motion language.

- **Council Amendment #1 SMC 20.20.014(C) Definitions**

**Staff Recommendation – Approve**

**Discussion:** Amendment #1 strikes all reference to a minimum unit size in the definition of cottages. This language was included by Planning Commission due to concerns about cottages being developed as a group of “tiny homes.” There may be further refinements to definitions once guidance and a model ordinance is received from Commerce for HB 1110. If Council does not share the concern for cottage housing developments being made up of “tiny homes” then staff recommends approval of this amendment. If this amendment passes, it will also necessitate a revision to SMC 20.40.300(F) which also references minimum unit size. If Council does wish to adopt Amendment #1, staff recommend Council also alter SMC 20.40.300(F) as shown in **blue highlighted text**. A proposed Amendment #1(a) has been prepared to ensure the Council proposed amendment meets the intent.

SMC 20.20.014(C)

Cottage: A dwelling unit located in a cottage housing development that is **no smaller than 700 square feet in gross floor area and** no greater than 1,500 square feet in gross floor area.

SMC 20.40.300(F)

A. Cottage Size: The gross floor area for a cottage shall be a **minimum of seven hundred square feet (700 sq. ft.) and a** maximum of fifteen hundred square feet (1,500 sq. ft.) in gross floor area.

If a Councilmember is interested in making proposed amendment #1, Council should use the following amendatory language:

**Amendatory Motion #1:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.20.014(C) by eliminating reference to minimum unit size in the definition of a cottage.*”**

If a Councilmember is interested in making proposed Amendment #1(a), Council should use the following amendatory language:

**Amendatory Motion #1(a):**

***“I move to modify the Planning Commission’s recommendation for SMC 20.40.300(F) by eliminating reference to minimum unit size.”*”**

---

**Note:** Council Amendments 2, 3, and 4 all seek to amend SMC 20.40.300(A) and should all be reviewed comprehensively before adopting any amendment as several amendments conflict with one another.

---

- **Council Amendment #2 – SMC 20.40.300(A)**

**Staff Recommendation – Not Approve**

**Discussion:** Proposed Council Amendment #2 requires a cottage development to designate a percentage of units to be affordable in order to achieve a 100% density bonus and that a fee-in-lieu of construction of affordable units not be allowed.

Staff recommend that Council not adopt this amendment. The in-lieu language is included at this time to encourage cottage development at greater density until the City establishes a more robust affordable housing program which includes for-sale units. Administration of an affordable home ownership program exceeds the available resources of the Housing and Human Services coordinator, a .75 full-time-employee. Were this fee-in-lieu option to be removed there would be a direct financial impact to the City in the form of administering an affordable home ownership program.

Amendment #2 strikes the option of a development paying a fee-in-lieu of constructing affordable cottage dwelling units for a cottage density bonus.

If Council does wish to adopt amendment #2, staff recommend the amendment be modified to include the language provided in **blue highlighted text**. A proposed Amendment #2(a) has been prepared modifying the Council proposed amendment. It both strikes the reference to fee-in-lieu and delays the ability of a project to utilize the affordable housing density bonus provision until the city establishes an affordable home ownership program. Amendments 2-4 all deal with the density bonus program and should all be considered before adopting any amendment as several amendments conflict with one another.

A. Density Bonus: The density bonus granted to a cottage development shall consist of an increase over the base density for the underlying zone equal to at least:

<u>Requirement</u>	<u>Density bonus allowed above the zoning designation’s base density(1)</u>
<u>All units within the cottage housing development are certified PHIUS+, or Built Green 4-Star (2)</u>	<u>25%</u>
<u>The cottage housing development is located more than ¼ mile and less than ½ mile from a high-capacity</u>	<u>25%</u>



<u>transit service stop (e.g., bus rapid transit, light rail)</u>	
<u>All units within the cottage housing development are certified LEED Platinum, Built Green 5-Star, or PHIUS+ Source Zero/Salmon Safe or ZE/Salmon Safe Certification (2)</u>	<u>50%</u>
<u>The cottage housing development is located within ¼ mile of a high-capacity transit service stop (e.g., bus rapid transit, light rail)</u>	<u>50%</u>
<u>20% of for-purchase units shall be affordable to households making 80% or less of the median income for King County adjusted for household size; or 10% of for-purchase units shall be affordable to households making 70% or less of the median income for King County adjusted for household size; or <del>payment of an affordable housing fee-in-lieu for each unit that would have been required to be affordable in accordance with the City of Shoreline Fee Schedule – Affordable Housing Fee in Lieu (3)</del></u>	<u>100%</u>

Density calculation methods are described in SMC 20.50.020(B).

If requesting a Density Bonus, the applicant shall submit a proposal to the city requesting a specific Density Bonus and how the proposed development satisfies the requirement for the bonus.

(1) Density bonuses can be combined, up to a maximum of 100 percent of the base density.

(2) The project must be registered with the appropriate third-party certification entity such as the International Living Future Institute, Built Green, US Green Building Council, Passive House Institute US, or Salmon Safe.

(3) Designation of Affordable for-purchase Housing Units. This density bonus shall only be available at such time as the City creates an affordable ownership program. The Director shall review and approve the location and unit mix of the affordable for-purchase housing units, consistent with the following standards, prior to the issuance of any building permit:

a. Location. The location of the affordable housing unit(s) shall be approved by the City, with the intent that the units are generally mixed with all other market rate housing in the development. The affordable unit(s) constructed under the provisions of this chapter shall be included within the parcel of land for which the density bonus is

granted. Segregation of affordable housing units from market rate housing units is prohibited.

b. Unit Size. The affordable housing unit(s) shall consist of a range of the gross floor area and number of bedrooms that are comparable to the market rate housing units in the overall development.

c. Timing/Phasing: The affordable housing unit(s) shall be available for occupancy in a time frame comparable to the availability of the market rate housing units in the development.

d. Affordable Housing Agreement. Prior to the final approval of any land use application subject to the affordable housing provisions, the owner of the affected parcels shall deliver to the City a duly executed covenant running with the land, in a form approved by the City Attorney, requiring that the affordable dwellings that are created pursuant to those sections remain affordable housing for a period of fifty (50) years from the commencement date. The commencement date for for-purchase units shall be the date of settlement between the developer and the first owner in one of the applicable income groups. The applicant shall be responsible for the cost and recording of the covenant.

e. Fee in Lieu. Payments in lieu of providing mandated affordable cottages is subject to the following requirements:

i. Payment of the fee in lieu as established by resolution of the City Council pursuant to Chapter 3.01 SMC. Fees shall be determined at the time the complete application for a building permit is submitted using the fee then in effect.

ii. The fee due shall be calculated based on the total number of mandated affordable cottages, including any fractional units.

iii. The fee shall be due and payable prior to issuance of any certificate of occupancy for the project.

iv. The City shall establish a housing program trust fund and all collected payments shall be deposited in that fund.

v. At such time as the City creates an affordable ownership program this fee in lieu alternative shall no longer be an option.

If a Councilmember is interested in making proposed Amendment #2, Council should use the following amendatory language:

**Note:** *This Amendment may be negated by Amendment #3 or Amendment #4.*

**Amendatory Motion #2:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.40.300(A) by striking all references to a fee-in-lieu program for an increase in cottage density.”***

If a Councilmember is interested in making proposed Amendment #2(a), Council should use the following amendatory language:

**Amendatory Motion #2(a):**

***“I move to modify the Planning Commission’s recommendation for SMC 20.40.300(A) by striking all references to a fee-in-lieu program and that the density bonus for affordable cottages shall only be available at such time as the City establishes an affordable home ownership program.”***

- **Council Amendment #3 SMC 20.40.300(A) Density**

**Staff Recommendation – Not Approve**

**Discussion:** Amendment #3 strikes the density bonus program and seeks to bring cottage density into alignment with HB 1110 and HB 1337 which allow units on a per-lot basis, irrespective of lot size.

Staff recommend Council not approve this amendment. The Planning Commission recommended density bonus program was created to ensure consistency with the City’s Comprehensive Plan, which includes specific language about density in different zones. Compliance with the Comprehensive Plan is a necessary finding for amendments to the development code per SMC 20.30.350 and the Growth Management Act RCW 36.70A.040 which states development regulations are to implement Comprehensive Plans.

ESSHB 1110 and EHB 1337 both require compliance with the new legislation six months after a city updates its Comprehensive Plan. Staff does recognize that ESSHB 1110 and EHB 1337 change the way jurisdictions regulate housing density and are prepared to make the necessary changes to both the Comprehensive Plan and the Development Code to align with the state law. Staff recommends the existing density bonus program remain for the time being to ensure consistency with the City’s Comprehensive Plan and that changes to the City’s approach to residential density be examined holistically as part of the Comprehensive Plan update.

**SMC 20.40.300 Cottage Housing Development.**

**Cottage housing developments shall comply with applicable standards in SMC 20.50 Subchapter 10 – Cottage Housing and the provisions set forth below.**

Cottage housing developments are subject to the dimensional and base density requirements of the underlying zone as set forth in SMC Table 20.50.020(1) except as provided for below:

B. Density Bonus: The density bonus granted to a cottage development shall consist of an increase over the base density for the underlying zone equal to at least:

<b>Requirement</b>	<b>Density bonus allowed above the zoning designation's base density(1)</b>
All units within the cottage housing development are certified PHIUS+, or Built Green 4-Star (2)	25%
The cottage housing development is located more than ¼ mile and less than ½ mile from a high-capacity transit service stop (e.g., bus rapid transit, light rail)	25%
All units within the cottage housing development are certified LEED Platinum, Built Green 5-Star, or PHIUS+ Source Zero/Salmon Safe or ZE/Salmon Safe Certification (2)	50%
The cottage housing development is located within ¼ mile of a high-capacity transit service stop (e.g., bus rapid transit, light rail)	50%
20% of for-purchase units shall be affordable to households making 80% or less of the median income for King County adjusted for household size; or 10% of for-purchase units shall be affordable to households making 70% or less of the median income for King County adjusted for household size; or payment of an affordable housing fee in lieu for each unit that would have been required to be affordable in accordance with the City of Shoreline Fee Schedule – Affordable Housing Fee in Lieu (3)	100%

Density calculation methods are described in SMC 20.50.020(B)

If requesting a Density Bonus, the applicant shall submit a proposal to the city requesting a specific Density Bonus and how the proposed development satisfies the requirement for the bonus.

- (1) — Density bonuses can be combined, up to a maximum of 100 percent of the base density.
- (2) — The project must be registered with the appropriate third-party certification entity such as the International Living Future Institute, Built Green, US Green Building Council, Passive House Institute US, or Salmon Safe.
- (3) — Designation of Affordable for-purchase Housing Units. The Director shall review and approve the location and unit mix of the affordable for-purchase housing units, consistent with the following standards, prior to the issuance of any building permit:
  - a. — Location. The location of the affordable housing unit(s) shall be approved by the City, with the intent that the units are generally mixed with all other market rate housing in the development. The affordable unit(s) constructed under the provisions of this chapter shall be included within the parcel of land for which the density bonus is granted. Segregation of affordable housing units from market rate housing units is prohibited.
  - b. — Unit Size. The affordable housing unit(s) shall consist of a range of the gross floor area and number of bedrooms that are comparable to the market rate housing units in the overall development.
  - c. — Timing/Phasing: The affordable housing unit(s) shall be available for occupancy in a time frame comparable to the availability of the market rate housing units in the development.
  - d. — Affordable Housing Agreement. Prior to the final approval of any land use application subject to the affordable housing provisions, the owner of the affected parcels shall deliver to the City a duly executed covenant running with the land, in a form approved by the City Attorney, requiring that the affordable dwellings that are created pursuant to those sections remain affordable housing for a period of fifty (50) years from the commencement date. The commencement date for for-purchase units shall be the date of settlement between the developer and the first owner in one of the applicable income groups. The applicant shall be responsible for the cost and recording of the covenant.
  - e. — Fee in Lieu. Payments in lieu of providing mandated affordable cottages is subject to the following requirements:
    - i. Payment of the fee in lieu as established by resolution of the City Council pursuant to Chapter 3.01 SMC. Fees shall be determined at the time the complete application for a building permit is submitted using the fee then in effect.
    - ii. The fee due shall be calculated based on the total number of mandated affordable cottages, including any fractional units.
    - iii. The fee shall be due and payable prior to issuance of any certificate of occupancy for the project.

iv. ~~The City shall establish a housing program trust fund and all collected payments shall be deposited in that fund.~~

v. ~~At such time as the City creates an affordable ownership program this fee in-lieu alternative shall no longer be an option.~~

**SMC 20.40.300 Cottage Housing Development.**

Cottage housing developments shall comply with applicable standards in SMC 20.50 Subchapter 10 – Cottage Housing and the provisions set forth below.

A. Number of Cottage Units:

<b>Zone</b>	<b>Lot Size</b>	<b>Cottage Units Allowed</b>
R4, R6, R8	Up to 10,000 sf	3 cottage units(1)
R4, R6, R8	10,000 sf – 15,000 sf	4 cottage units(1)
R4, R6, R8	15,000 sf – 20,000 sf	6 cottage units(1)
R4, R6, R8	Over 20,000 sf	3 additional cottage units for every additional 5,000sf of lot area(1)
R12	N/A	3 cottages per lot or +1 unit to the base density of the lot. No other bonuses are available.

(1) One additional unit permitted for every additional 5,000sf of lot area provided the unit is affordable.

a. For rental housing, an affordable cottage units shall be affordable for a household making 60% area median income adjusted for household size.

b. For owner-occupied housing, an affordable cottage unit shall be affordable for a household making 80% of the area median income adjusted for household size.

If a Councilmember is interested in making proposed amendment #3, Council should use the following amendatory language:

**Note:** This Amendment would strike it is entirety the Planning Commission’s recommended language and would negate Amendment #2 and Amendment #4

**Amendatory Motion #3:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.40.300(A) by eliminating the density bonus program in its entirety and replacing it with a number of cottage units allowed per lot.”***

- **Council Amendment #4 SMC 20.40.300(A)**

**Staff Recommendation:** *Not Approve*

**Discussion:** Amendment #4 is an alternative to Amendment #3. The amendment strikes the Planning Commission recommended density bonus program and seeks to bring cottage density into alignment with ESSHB 1110 and EHB 1337. Rather than granting density as a percentage increase above the base density, this alternative grants entire units as a bonus above the base density’s unit count. This is a new approach to a density bonus program, and would be consistent with the City’s Comprehensive Plan.

Similar to the Planning Commission proposal, this bonus program is stackable, with additional units being granted to those developments that meet multiple criteria for unit bonuses. On lots ½ acre in size or less, this bonus program often results in a doubling, or greater, of the base density. On lots larger than ½ acre in size, this bonus program, which only grants a maximum of three additional units, does not yield as large a density bonus.

Staff do not recommend approval of this amendment. While this amendment appears to move the density bonus program more into alignment with ESSHB 1110 and EHB 1337 it is a novel approach to density bonuses, the impacts of which staff need additional time to study in conjunction with other forms of middle housing. Staff does recognize that ESSHB 1110 and EHB 1337 change the way jurisdictions regulate housing density and are prepared to make the necessary changes to both the Comprehensive Plan and the Development Code. As part of the City’s work to comply with ESSHB 1110 and EHB 1337 staff anticipate any density bonus program will be refined.

**SMC 20.40.300 Cottage Housing Development.**

Cottage housing developments shall comply with applicable standards in SMC 20.50 Subchapter 10 – Cottage Housing and the provisions set forth below.

Cottage housing developments are subject to the dimensional and base density requirements of the underlying zone as set forth in SMC Table 20.50.020(1) except as provided for below:

- C. Density Bonus: The density bonus granted to a cottage development shall consist of an increase over the base density for the underlying zone equal to at least:

<b>Requirement</b>	<b>Density bonus allowed above the zoning designation's base density(1)</b>
All units within the cottage housing development are certified PHIUS+, or Built Green 4-Star (2)	25%
The cottage housing development is located more than ¼ mile and less than ½ mile from a high-capacity transit service stop (e.g., bus rapid transit, light rail)	25%
All units within the cottage housing development are certified LEED Platinum, Built Green 5-Star, or PHIUS+ Source Zero/Salmon Safe or ZE/Salmon Safe Certification (2)	50%
The cottage housing development is located within ¼ mile of a high-capacity transit service stop (e.g., bus rapid transit, light rail)	50%
20% of for-purchase units shall be affordable to households making 80% or less of the median income for King County adjusted for household size; or 10% of for-purchase units shall be affordable to households making 70% or less of the median income for King County adjusted for household size; or payment of an affordable housing fee-in-lieu for each unit that would have been required to be affordable in accordance with the City of Shoreline Fee Schedule – Affordable Housing Fee in Lieu (3)	100%

Density calculation methods are described in SMC 20.50.020(B)

If requesting a Density Bonus, the applicant shall submit a proposal to the city requesting a specific Density Bonus and how the proposed development satisfies the requirement for the bonus.



- (4) Density bonuses can be combined, up to a maximum of 100 percent of the base density.
- (5) The project must be registered with the appropriate third party certification entity such as the International Living Future Institute, Built Green, US Green Building Council, Passive House Institute US, or Salmon Safe.
- (6) Designation of Affordable for purchase Housing Units. The Director shall review and approve the location and unit mix of the affordable for purchase housing units, consistent with the following standards, prior to the issuance of any building permit:
- a. Location. The location of the affordable housing unit(s) shall be approved by the City, with the intent that the units are generally mixed with all other market rate housing in the development. The affordable unit(s) constructed under the provisions of this chapter shall be included within the parcel of land for which the density bonus is granted. Segregation of affordable housing units from market rate housing units is prohibited.
  - b. Unit Size. The affordable housing unit(s) shall consist of a range of the gross floor area and number of bedrooms that are comparable to the market rate housing units in the overall development.
  - c. Timing/Phasing: The affordable housing unit(s) shall be available for occupancy in a time frame comparable to the availability of the market rate housing units in the development.
  - d. Affordable Housing Agreement. Prior to the final approval of any land use application subject to the affordable housing provisions, the owner of the affected parcels shall deliver to the City a duly executed covenant running with the land, in a form approved by the City Attorney, requiring that the affordable dwellings that are created pursuant to those sections remain affordable housing for a period of fifty (50) years from the commencement date. The commencement date for for purchase units shall be the date of settlement between the developer and the first owner in one of the applicable income groups. The applicant shall be responsible for the cost and recording of the covenant.
  - e. Fee in Lieu. Payments in lieu of providing mandated affordable cottages is subject to the following requirements:
    - i. Payment of the fee in lieu as established by resolution of the City Council pursuant to Chapter 3.01 SMC. Fees shall be determined at the time the complete application for a building permit is submitted using the fee then in effect.
    - ii. The fee due shall be calculated based on the total number of mandated affordable cottages, including any fractional units.
    - iii. The fee shall be due and payable prior to issuance of any certificate of occupancy for the project.

iv. The City shall establish a housing program trust fund and all collected payments shall be deposited in that fund.

v. At such time as the City creates an affordable ownership program this fee-in-lieu alternative shall no longer be an option.

**SMC 20.40.300 Cottage Housing Development.**

Cottage housing developments shall comply with applicable standards in SMC 20.50 Subchapter 10 – Cottage Housing and the provisions set forth below. Cottage housing developments are subject to the dimensional and base density requirements of the underlying zone as set forth in SMC Table 20.50.020(1) except as provided for below:

A. Bonus Units: The bonus units granted to a cottage development shall consist of an increase over the base density for the underlying zone in whole units equal to at least:

<b>Zone</b>	<b>Requirement</b>	<b>Bonus units permitted above the zoning designation's base density</b>
R4, R6, R8	All units within the cottage housing development are certified PHIUS+, or Built Green 4-Star (1)	+2 bonus units to the base density of the zone
R4, R6, R8	A unit is designated affordable (2)	+1 bonus unit to the base density of the zone
R12	All units within the cottage housing development are certified PHIUS+, or Built Green 4-Star (1)	+1 bonus unit to the base density of the zone

Base density calculation methods are described in SMC 20.50.020(B).

If requesting Bonus Units, the applicant shall submit a proposal to the city requesting a specific bonus or bonuses and describe how the proposed development satisfies the requirement for the bonus or bonuses. The Bonus Units can be combined when a project meets criteria for multiple bonuses in a zoning designation.

- (1) The project must be registered with the appropriate third-party certification entity such as the International Living Future Institute, Built Green, US Green Building Council, Passive House Institute US, or Salmon Safe.
- (2) Affordable Cottages:
  - a. For rental housing, an affordable cottage unit shall be affordable for a household making 60% area median income adjusted for household size.

b. For owner-occupied housing, an affordable cottage unit shall be affordable for a household making 80% of the area median income adjusted for household size.

If a Councilmember is interested in making proposed amendment #4, Council should use the following amendatory language:

*Note: This Amendment would strike it is entirety the Planning Commission's recommended language and would negate Amendment #2 and Amendment #3*

**Amendatory Motion #4:**

***"I move to modify the Planning Commission's recommendation for SMC 20.40.300(A) by eliminating the density bonus program in its entirety and replacing it with a whole-unit density bonus program as described on page 16 of the May 22, 2023 staff report."***

- **Council Amendment #5 SMC 20.40.300(C) Height**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #5 increases the height of cottages from 22 to 24 feet since HB 1337 allows ADU height limits to be no shorter than 24 feet. Staff recommend approval of this amendment as it does not make sense to limit the height of cottages to be shorter than the height of ADUs. Please be aware, currently Shoreline does not have a separate height limit for ADUs, the height limit is set by the underlying zone. The City's current ADU size limits are based on the floor area of the primary residence.

Height: Cottages are limited to a maximum height of 2224 feet. except as provided for in SMC 20.50.760, Tree Preservation Incentives.

If a Councilmember is interested in making proposed amendment #5, Council should use the following amendatory language:

**Amendatory Motion #5:**

***"I move to modify the Planning Commission's recommendation for SMC 20.40.300(C) to increase the maximum cottage height to 24 feet and remove reference to height increases for tree preservation."***

---

*Note: Council Amendments 6 and 7 are interrelated and should all be reviewed comprehensively before adopting any amendment. Staff notes that these amendments must either be both passed or both rejected.*

---

- **Council Amendment #6 SMC 20.40.300(D) Building Coverage**

**Staff Recommendation:** *Neutral*

**Discussion:** Amendment #6 reverts cottage homes to the building coverage maximums of the underlying zone. Building coverage is the exterior face of exterior walls of buildings. Updates to SMC Table 20.50.020 footnote 21 will also need to be made. If the amendments proposed below related to parking reductions are passed by the Council, it would increase Staff's support for this amendment. If parking reduction amendments do not pass, staff remain neutral on this amendment. Cottages built in the early 2000s were able to comply with the building coverage limits of the underlying zone, however, regulations at that time greatly restricted a cottage's building footprint. This language was included to encourage livable single-level units.

**Building Coverage: Cottage housing developments may exceed the maximum building coverage for R-4 and R-6 zones by no more than ten percent (10%).**

If a Councilmember is interested in making proposed amendment #6, Council should use the following amendatory language:

**Amendatory Motion #6:**

***"I move to modify the Planning Commission's recommendation for SMC 20.40.300(D) by striking it in its entirety."***

- **Council Amendment #7 SMC 20.40.300(E) Hardscape**

**Staff Recommendation:** *Neutral*

**Discussion:** Amendment #7 reverts cottage homes to the hardscape maximums of the underlying zone. Hardscape includes buildings, rooflines and any paved or gravel areas. Updates to SMC Table 20.50.020 footnote 21 will also need to be made. If the amendments proposed below related to parking reductions are passed by the Council, it would increase Staff's support for this amendment. If parking reduction amendments do not pass, staff remain neutral on this amendment. Cottages built in the early 2000s were able to comply with the building coverage limits of the underlying zone, however, regulations at that time greatly restricted a cottage's building footprint. This language was included to encourage livable single-level units.

**Hardscape: Cottage housing developments may exceed the maximum hardscape coverage for R-4 and R-6 zones by no more than ten percent (10%).**

If a Councilmember is interested in making proposed amendment #7, Council should use the following amendatory language:

**Amendatory Motion #7:**

***"I move to modify the Planning Commission's recommendation for SMC 20.40.300(E) by striking it in its entirety."***

- **Council Amendment #8 SMC 20.40.300(G) – Critical Areas**

**Staff Recommendation:** *Not Approve*

**Discussion:** Amendment #8 adds a new code provision, SMC 20.40.300(G). This amendment would prohibit cottage housing on any lot with critical areas or their buffers. All lands with critical areas or buffers are governed by the critical areas code, regardless of the zoning or proposed use of the site. Staff is not supportive of this amendment as it treats cottage housing different than all other forms of development on sites with critical areas. Under existing code, a site with critical areas that proposes cottages would still be subject to the critical areas code, the same was a site with critical areas and a single-family residence, or a house with an ADU, or a commercial or multifamily building would be. However, this amendment does appear to be consistent with ESSHB 1110 which does not apply to lots with critical areas or buffers. As staff prepare to update the Comprehensive Plan and Development Code to comply with HB 1110, staff are interested whether Council would like the City to mimic HB 1110's approach and exempt lands with critical areas or buffers from all middle housing types.

**SMC 20.40.300(G) Critical Areas: Cottage housing developments are not permitted on any lot designated with critical areas or their buffers.**

If a Councilmember is interested in making proposed amendment #8, Council should use the following amendatory language:

**Amendatory Motion #8:**

***"I move to modify the Planning Commission's recommendation for cottage housing to add language new in SMC 20.40.300(G) that prohibits cottage housing developments any lot designated with critical areas or their buffers."***

---

**Note:** *Council Amendments 9, 10, and 19 all address tree protection standards and should all be reviewed comprehensively before adopting any amendment to ensure consistency.*

---

- **Council Amendment #9 SMC 20.50.310(B) – Exemptions from Permit - Removal**

**Staff Recommendation:** *Not Approve*

**Discussion:** Amendments #9 is proposed in response to anticipated increased housing in residential zones resulting in a loss of significant trees in these zones. Amendment #9 modifies SMC 20.50.310(B)(1) noting that trees 24 inches diameter at breast height (DBH) are not partially exempt trees and that nonexempt trees require tree replacement. The tree code is not proposed to change in Planning Commission's recommendation on the cottage housing development standards. Staff recommend any

changes in the tree code be approached holistically and not as an amendment to an ordinance on cottage housing development standards.

Staff recommend this amendment not be approved as SMC 20.50.310(B)(2) already notes that trees greater than 24 inches DBH require a clearing and grading permit, and are therefore not partially exempt, and through the permit review process the appropriate number of replacement trees will be required. Partially exempt trees do not need to seek a tree removal permit. Furthermore, the proposed language contradicts the existing permit threshold identified in SMC 20.50.310(B)(2). The preferred permit threshold should be clarified, either trees *greater than* 24 inches DBH or trees *greater than or equal to* 24 inches DBH.

**B. Partial Exemptions.** With the exception of the general requirements listed in SMC [20.50.300](#), the following are exempt from the provisions of this subchapter, provided the development activity does not occur in a critical area or critical area buffer. For those exemptions that refer to size or number, the thresholds are cumulative during a 36-month period for any given parcel:

1. The removal of three significant trees on lots up to 7,200 square feet and one additional significant tree for every additional 7,200 square feet of lot area, **except removal of trees 24 inches DBH and larger. Nonexempt trees that are removed require tree replacement per SMC 20.50.360.**
2. The removal of any tree greater than 24 inches DBH shall require a clearing and grading permit (SMC [20.50.320](#) through [20.50.370](#)).
3. Landscape maintenance and alterations on any property that involve the clearing of less than 3,000 square feet, provided the tree removal threshold listed above is not exceeded.

If a Councilmember is interested in making proposed Amendment #9, Council should use the following amendatory language:

**Amendatory Motion #9:**

***“I move to modify the Planning Commission’s recommendation for cottage housing to clarify in SMC 20.50.310(B)(1) that trees 24 inches DBH and larger are not considered partially exempt and require tree replacement.”***

- **Council Amendment #10 SMC 20.50.350(B) – Exemptions from Permit – Retention**

**Staff Recommendation:** *Not Approve*

**Discussion:** Amendment #10 is proposed in response to anticipated increased housing in residential zones resulting in a loss of significant trees in these zones. Amendment #10 increases the minimum tree retention to 35% for all sites and prohibits the removal of any tree 24 inches DBH or greater unless it is hazardous or dead as determined by

an arborist. The amendment also requires a fee be paid to the City for removal of any trees 24 inches DBH or greater in addition to tree replacement. The tree code is not proposed to change in Planning Commission's recommendation on the cottage housing development standards. Staff recommend any changes in the tree code be approached holistically and not as an amendment to an ordinance on cottage housing development standards.

Staff recommend this amendment not be approved as staff have some serious questions about terms in the amendment and what they would mean for implementation and enforcement. For example, the amendment says "If a tree 24 inches DBH or larger is approved by the Director to be removed for development, a fee must be paid to the City Tree Fund..." The term "development" is a defined term in SMC 20.20.016:

*The division of a parcel of land into two or more parcels; the construction, reconstruction, conversion, structural alteration, relocation, or enlargement of any structure; any mining, clearing, or grading; changes to surface or ground waters; or any use, change of use, or extension of the use of land.*

This amendment would mandate a fee be paid for any tree 24 inches DBH or greater if a tree were proposed to be removed for a residential remodel or addition or any tree removal permit application as these activities count as "development."

The amendment also prohibits the removal of a tree 24 inches DBH or greater unless it is hazardous or dead as determined by an arborist. The amendment goes on to state that tree removal of trees 24 inches DBH or greater can be approved by the Director, but gives no criteria for the Director allowing removal of trees 24 inches DBH or greater.

B. Minimum Retention Requirements. All proposed development activities that are not exempt from the provisions of this subchapter shall meet the following:

1. At least 25 ~~35~~ percent of the significant trees on a given site shall be retained, ~~excluding critical areas, and critical area buffers; or~~

~~2. At least 30 percent of the significant trees on a given site (which may include critical areas and critical area buffers) shall be retained.~~

2. No tree 24 inches DBH and larger can be removed unless a tree is determined to be hazardous or dead, as determined by a certified arborist. If a tree is determined to be hazardous or dead, tree replacement per SMC 20.50.360 is required.

a. If a tree 24 inches DBH or larger is approved by the Director to be removed for development, a fee must be paid to the City Tree Fund in the amount of \$9,000 for a 24 inch to 30 inch DBH tree; \$16,000 for any tree greater than 30" in diameter, plus tree replacement per SMC 20.50.360.

3. Tree protection measures ensuring the preservation of all trees identified for retention on approved site plans shall be guaranteed during development

through the posting of a performance bond equal to the value of the installation and maintenance of those protection measures.

4. The minimum amount of trees to be retained cannot be removed for a period of 36 months and shall be guaranteed through an approved maintenance agreement.

5. The Director may require the retention of additional trees to meet the stated purpose and intent of this title, as required by the critical areas regulations, Chapter [20.80](#) SMC, or Shoreline Master Program, SMC Title [20](#), Division II, or as site-specific conditions demand using SEPA substantive authority.

If a Councilmember is interested in making proposed amendment #10, Council should use the following amendatory language:

**Amendatory Motion #10:**

***“I move to modify the Planning Commission’s recommendation for cottage housing to amend SMC 20.50.350(B)(1) to change the minimum significant tree retention percentage to 35% to strike SMC 20.50.350(B)(2) in its entirety and replace it with the proposed language prohibiting tree removal for trees 24 inches DBH or greater unless the tree is hazardous or dead as determined by a certified arborist and to add a new section SMC 20.50.350(B)(2)(a) requiring payment of a fee for removal of a tree 24 inches DBH or greater in addition to required tree replacement.”***

---

**Note:** Council Amendments 11, 12, 13, and 14 all seek to amend SMC 20.50.390 and should all be reviewed comprehensively before adopting any amendment as several amendments conflict with one another.

---

- **Council Amendment #11 SMC 20.50.390 Parking**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #11 eliminates parking requirements for cottages to help preserve open space. This could have impacts on street parking, which was a concern of neighbors during public outreach. Staff is supportive of this amendment but recommends the City have a curb/parking management program in place before waiving parking that has no relationship to transit proximity.

**Cottage Housing Development 1 per unit 1,250-sf or less, 1.5 per cottage over 1,250-sf 0 per unit**

If a Councilmember is interested in making proposed amendment #11, Council should use the following amendatory language:

**Note:** This Amendment would negate Amendments #12, 13, and 14



**Amendatory Motion #11:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.50.390 by reducing the amount of required parking for cottages to 0 stalls per unit.”***

- **Council Amendment #12 SMC 20.50.390 Parking**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #12 eliminates parking requirements for cottages within ½ mile of a major transit stop to help maintain consistency with HB 1110. Based on the definition of major transit stop in HB 1110 this would waive parking for cottages within ½ mile of light rail and bus rapid transit stops. This language appears consistent with HB 1110, though Commerce has not yet issued any guidance or a model ordinance. HB 1110 says no parking is required for middle housing forms within ½ mile *walking distance* of a major transit stop but does not define walking distance. This is one of several questions staff is preparing to submit to Commerce for guidance on the bill. In this amendment parking farther away from a major transit stop is proposed to remain the same for cottages as the Planning Commission recommendation. Staff recommend approval of this amendment and will seek guidance from Commerce on the meaning of walking distance in ESSHB 1110.

**Cottage Housing Development 1 per unit 1,250-sf or less, 1.5 per cottage over 1,250-sf 0 parking within ½ mile of a major transit stop**

If a Councilmember is interested in making proposed Amendment #12, Council should use the following amendatory language:

**Note:** *This Amendment would negate Amendments #11, 13, and 14*

**Amendatory Motion #12:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.50.390 to not require parking within ½ mile of a major transit stop.”***

- **Council Amendment #13 SMC 20.50.390 Parking**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #13 eliminates parking requirements for cottages within ½ mile of *any* transit stop, not just major transit stops (light rail or BRT). This amendment goes beyond HB 1110 waiving parking requirements for any transit stop, regardless of level of service. This would increase the areas eliminating parking requirements for cottages. Staff is supportive of this amendment, however, bus service throughout the City varies in hours and days of operation as well as headways (time between bus

arrivals). A level of transit frequency and predictability is more useful to residents and encourages them to live a car-free or car-lite lifestyle. Amendments 11-15 all deal with parking standards and should all be considered before adopting any amendment as several amendments conflict with one another.

**Cottage Housing Development 1 per unit 1,250-sf or less, 1.5 per cottage over 1,250-sf 0 parking within ½ mile of a transit stop**

If a Councilmember is interested in making proposed Amendment #13, Council should use the following amendatory language:

**Note:** *This Amendment would negate Amendments #11, 12, and 14*

**Amendatory Motion #13:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.50.390 to not require parking within ½ mile of a transit stop.”***

- **Council Amendment #14 SMC 20.50.390 Parking**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #14 requires one parking stall per cottage unit, regardless of unit size. Staff are supportive of this amendment. Thoughtfully designed and located cottage developments can attract residents who do not need more than one personal vehicle per household. Cottages are not meant to suit every household, so staff expect some level of self-selection for residents choosing this form of housing.

**Cottage Housing Development 1 per unit 1,250-sf or less, 1.5 per cottage over 1,250-sf**

If a Councilmember is interested in making proposed Amendment #14, Council should use the following amendatory language:

**Note:** *This Amendment would negate Amendment #11, 12, and 13*

**Amendatory Motion #14:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.50.390 to require only one parking stall per cottage unit.”***

- **Council Amendment #15 SMC 20.50.400(G) – Parking Study**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #15 requires cottage developments with five or more cottages with a parking ratio of less than 1 parking stall per unit to require a parking management plan. In order to maintain compliance with HB 1110, this provision would not apply within ½ mile of a major transit stop. Depending on what earlier parking amendments

are passed, staff recommends approval of this amendment. If earlier parking amendments are not passed, staff does not recommend approval of this amendment as Planning Commission's recommendation is for a parking ratio of between 1-1.5 stalls per cottage.

If Council does wish to adopt Amendment #15, staff recommend the amendment be modified to include the language in **highlighted blue text** noting the provision does not apply within ½ mile of a major transit stop. A proposed Amendment #15(a) has been prepared modifying the Council proposed amendment.

**SMC 20.50.400(G)**

**When a development more than ½ mile from a major transit stop contains five or more cottages, and at least one parking stall is not provided per unit, the applicant must prepare a parking management plan is prepared by the applicant according to criteria established by the Director**

If a Councilmember is interested in making proposed Amendment #15, Council should use the following amendatory language:

**Amendatory Motion #15:**

***"I move to modify the Planning Commission's recommendation for cottage housing to add a new provision in SMC 20.50.400(G) requiring a parking management plan be submitted for all cottage developments with five or more cottages that have a parking ratio of fewer than 1 parking stall per cottage."***

If a Councilmember is interested in making proposed Amendment #15(a), Council should use the following amendatory language:

**Amendatory Motion #15(a):**

***"I move to modify the Planning Commission's Recommendation for cottage housing to add a new provision in SMC 20.50.400(G) requiring a parking management plan be submitted for all cottage developments with five or more cottages that have a parking ratio of fewer than 1 parking stall per cottage if they are more than ½ mile from a major transit stop."***

- **Council Amendment #16 SMC 20.50.720(B)(3) Parking Location**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #16 simplifies the parking location preference noting that parking shall be in the rear or to the side of a development. Please be aware, all design standards in this section can pursue administrative design review for a departure from the standard. Staff is supportive of the more direct and simplified language in this amendment.

The priority order of the location of parking access shall be as follows:

- a. Located in the rear of the development, accessed from an alley; Parking shall be located in the rear of the development if accessed by an alley;
- b. Located on the side of the development accessed by a private driveway; Parking shall be located on the side of the development if accessed by a private driveway, or arterial, or non-arterial street;
- c. Located on the side or front of the development and accessed by a non-arterial street;
- d. Located on the side or front of the development and accessed via an arterial street;
- e. If accessing from the street and the site has multiple street frontages, the frontage with the lowest street classification shall be the primary access point.
- f. If parking cannot be provided in a priority location, the applicant shall demonstrate the design is not feasible or that a lower priority location better meets the intent of minimizing visual impact. The applicant may request a waiver from the Director with a demonstration that the parking area is not feasible and that parking shall be screened from public view.

If a Councilmember is interested in making proposed Amendment #16, Council should use the following amendatory language:

**Amendatory Motion #16:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.50.720(B)(3) by modifying subsections (a), (b), and (f), and deleting in their entirety subsections (c) and (d) as shown on page 29 of the May 22, 2023 staff report.”***

- **Council Amendment #17 SMC 20.50.730(A)(3) Attached Cottages**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #17 provides a threshold for when there is a minimum number of detached cottages required to developments with five or more cottages. Staff is supportive of this amendment. The Planning Commission was supportive of additional sets of cottages being attached within a development.

Cottages may be attached or detached. A maximum of two cottages may be attached to one another. **When five or more cottages are in a development, detached** cottages must comprise at least 49% of the total number of cottages per cottage housing development.

If a Councilmember is interested in making proposed Amendment #17, Council should use the following amendatory language:

**Amendatory Motion #17:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.50.730(A)(3) to apply this standard only when a development meets the threshold of five or more cottages.”***

- **Council Amendment #18 SMC 20.50.730(B) Cottage Size**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #18 modifies all cottage size requirements of SMC 20.50.730(B) to only apply to cottage housing developments with five or more cottages. This amendment acknowledges that some design standards may be more appropriate for larger cottage developments, which will likely be more impactful, than smaller cottage developments. Staff is supportive of this amendment.

B. **Cottage Size. When a development contains five or more cottages:**

1. At least sixty percent (60%) of the gross floor area of a cottage shall be on the ground floor.
2. A minimum of twenty percent (20%) of cottages shall vary at least two hundred fifty square feet (250 sq. ft.) above or below the average gross square footage of cottages in the development.
3. A minimum of twenty percent (20%) of all cottages within a development shall not exceed 15 feet in height.
4. Cottages that exceed 15 feet in height shall have a pitched roofline. The roofline may not exceed the maximum height permitted and must be between a 12:6 and 12:12 pitch. Dormers must also meet this pitch requirement.

If a Councilmember is interested in making proposed Amendment #18, Council should use the following amendatory language:

**Amendatory Motion #18:**

***“I move to modify the Planning Commission’s recommendation for SMC 20.50.730(B) to only apply to developments of five or more cottages.”***

- **Council Amendment #19 SMC 20.50.730(C) Tree Protection Incentives**

**Staff Recommendation:** *Approve*

**Discussion:** Amendment #19 would alter the tree protection incentives, replacing the existing incentives for reductions to open space, increases in height, increases in upper floor area and parking reductions with park impact fee reductions for preservation of significant trees. If earlier amendments pass which reduce parking and increase height,

staff would be supportive of this change in the tree preservation incentive approach. If earlier amendments do not pass, staff recommend the existing language remain.

**C. Cottage Housing developments that retain significant trees over 24-inches DBH in quantities greater than required by SMC 20.50 Subchapter 5 may choose from the following incentives in addition to adjustment set forth in SMC 20.50.350(C):**

Number of retained Significant Trees > 24-inch DBH	Reduction of Common Open Space	Increase in Cottage Height for all units in the Development	Increase in allowed Upper Floor Area for all units in the Development (1)	Parking Reduction
1 or 2	5%	3 feet	5%	5%
3	10%	3 feet	10%	5%
4	15%	3 feet	10%	15%
5+ (2)	20%	3 feet	10%	15%

(1) This does not permit an increase in gross floor area above 1,500sf.

(2) Preservation of more than five significant trees greater than 24-inches DBH in quantities greater than required by SMC 20.50 Subchapter 5 can count as an amenity. A weather resistant interpretive sign is required to be permanently affixed near the tree(s) identifying the tree(s) as an amenity and identifying a tree's genus and species.

**Cottage Housing developments that retain significant trees over 24-inches DBH in quantities greater than required by SMC 20.50 Subchapter 5 shall receive a 30% fee reduction in the park impact fee for each 24-inch DBH tree retained (up to a 90% reduction)**

If a Councilmember is interested in making proposed Amendment #19, Council should use the following amendatory language:

**Amendatory Motion #19:**

***"I move to modify the Planning Commission's recommendation for SMC 20.50.730(C) to strike all proposed incentives and replace them with a reduction in park impact fees."***

**RESOURCE/FINANCIAL IMPACT**

The proposed Cottage Housing Development Standards will not have a direct financial impact to the City. Cottages would be permitted under existing residential building permits, which allow for multiple buildings on one lot. Over time, an increase to density could increase the demand on some public services. If the option of paying a fee-in-lieu of constructing affordable for-purchase cottage units remains in the code, it would contribute to the City's Housing Trust Fund.

Depending on which Council-proposed amendments are approved and adopted into proposed Ordinance No. 984 there could be additional resource and/or financial impacts. Those impacts are summarized in the Discussion section of this staff report.

### **RECOMMENDATION**

No action is requested by the Council tonight as this is a discussion item only. The Planning Commission recommends that the City Council adopt the Cottage Housing Development Standards as shown in Exhibit A to proposed Ordinance No. 984. The City Council is currently scheduled to take action on proposed Ordinance No. 984 and proposed Resolution No. 512 on June 5, 2023.

### **ATTACHMENTS**

Attachment A – Proposed Ordinance No. 984

Attachment A, Exhibit A – Planning Commission Recommended Draft Development Code Amendments

Attachment B – Proposed Resolution No. 512

Attachment C – Table of Cottage Housing Development Regulations

Attachment D – Density and Affordability Scenarios

**ORDINANCE NO. 984**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON  
AMENDING CHAPTERS 20.30 AND 20.50 OF THE SHORELINE  
MUNICIPAL CODE TITLE 20, THE UNIFIED DEVELOPMENT CODE,  
TO ESTABLISH DEVELOPMENT REGULATIONS FOR COTTAGE  
HOUSING.**

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington, and planning pursuant to the Growth Management Act, Title 36.70A RCW; and

WHEREAS, Shoreline Municipal Code (SMC) Title 20 sets forth the City's Unified Development Code; and

WHEREAS, in 2021, the City Council adopted a Housing Action Plan that discusses housing needs and challenges within the City and set forth tools to address housing supply and variety; and

WHEREAS, one of the tools the City Council elected to implement first was the development of regulations for cottage housing so as to address "missing middle housing;" and

WHEREAS, on April 21, 2022, December 1, 2022, February 2, 2023, and March 16, 2023, the Planning Commission discussed cottage housing regulations; and on April 6, 2023, the Planning Commission held a public hearing on the proposed regulations so as to receive public testimony; and

WHEREAS, at the conclusion of the public hearing, the Planning Commission voted that the proposed regulations as presented by staff be approved by the City Council; and

WHEREAS, on April 24 and May 22, 2023, the City Council held study sessions on the proposed regulations; and

WHEREAS, pursuant to RCW 36.70A.370, the City has utilized the process established by the Washington State Attorney General so as to assure the protection of private property rights; and

WHEREAS, pursuant to RCW 36.70A.106, the City has provided the Washington State Department of Commerce with a 60-day notice of its intent to adopt the amendment(s) to its Unified Development Code; and

WHEREAS, the environmental impacts of cottage housing regulations resulted in the issuance of a Determination of Non-Significance on March 17, 2023; and

WHEREAS, the City provided public notice of the amendments and the public hearing as provided in SMC 20.30.070; and



WHEREAS, the City Council has considered the entire public record, public comments, written and oral, and the Planning Commission’s recommendation and has determined that the amendments to Title 20 are consistent with and implement the Shoreline Comprehensive Plan and serves the purpose of the Unified Development Code as set forth in SMC 20.10.020;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:**

**Section 1. Amendments - Unified Development Code.** Title 20 of the Shoreline Municipal Code, Unified Development Code, is amended as set forth in Exhibit A to this Ordinance.

**Section 2. Transmittal of Amendments to Washington State Department of Commerce.** Pursuant to RCW 36.70A.106, the Director of Planning and Community Development, or designee, is directed to transmit a complete and accurate copy of this Ordinance and Exhibit A to the Washington State Department of Commerce within ten (10) calendar days of the date of passage of this Ordinance.

**Section 3. Corrections by City Clerk or Code Reviser.** Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this Ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

**Section 4. Severability.** Should any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this Ordinance or its application to any person or situation.

**Section 5. Publication and Effective Dates.** A summary of this Ordinance consisting of the title shall be published in the official newspaper and shall take effect five days after publication.

**PASSED BY THE CITY COUNCIL ON JUNE 5, 2023.**

\_\_\_\_\_  
Keith Scully, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik Smith  
City Clerk

\_\_\_\_\_  
Margaret King  
City Attorney

Date of Publication: , 2023  
Date of Transmittal to Commerce: , 2023  
Effective Date: , 2023

**SMC 20.20.014 C Definitions**

Cottage Housing Development:

A residential development consisting of a minimum of 2 and a maximum of 24 cottages that comply with cottage development standards.

Cottage:

A dwelling unit located in a cottage housing development that is no smaller than 700 square feet in gross floor area and no greater than 1,500 square feet in gross floor area.

**SMC 20.20.040 P Definitions**

Pollinator Habitat

A landscaped area which is entirely comprised of native plants, of which at least eighty percent (80%) are pollen or nectar producing, includes at least one educational sign, and is managed without the application of pesticides. The intent of pollinator habitat is to provide an area for native pollinator foraging, increase the connectivity of all pollinator habitats, and educate residents on the importance of pollination.

**SMC 20.30.297 Administrative Design Review (Type A)**

A. Administrative design review approval of departures from the design standards in SMC 20.50.160 through 20.50.190, 20.50.220 through 20.50.250, 20.50.450 through 20.50.510, SMC 20.50.530 through 20.50.620, and SMC 20.50.720 through 20.50.750 shall be granted by the Director upon their finding that the departure is:

1. Consistent with the purposes or intent of the applicable subsections; or
2. Justified due to unusual site constraints so that meeting the design standards represents a hardship to achieving full development potential.

## Chapter 20.40 Zoning and Use Provisions

### Subchapter 2.

### Permitted Uses

#### SMC 20.40.120 Residential Uses

Table 20.40.120 Residential Uses

NAICS #	SPECIFIC LAND USE	R4-R6	R8-R12	R18-R48	TC-4	NB	CB	MB	TC-1, 2 & 3
<b>RESIDENTIAL GENERAL</b>									
	Accessory Dwelling Unit	P-i	P-i	P-i	P-i	P-i	P-i	P-i	P-i
	Affordable Housing	P-i	P-i	P-i	P-i	P-i	P-i	P-i	P-i
	<u>Cottage Housing Development</u>	<u>P-i</u>	<u>P-i</u>						
	Home Occupation	P-i	P-i	P-i	P-i	P-i	P-i	P-i	P-i
	Manufactured Home	P-i	P-i	P-i	P-i				
	Mobile Home Park	P-i	P-i	P-i	P-i				
	Multifamily		C	P	P	P	P-i	P	P
	Single-Family Attached	P-i	P	P	P	P			
	Single-Family Detached	P	P	P	P				
<b>P = Permitted Use</b> <b>C = Conditional Use</b>					<b>S = Special Use</b> <b>-i = Indexed Supplemental Criteria</b>				

**SMC 20.40.300 Cottage Housing Development.**

Repealed by Ord. 408.

Cottage housing developments shall comply with applicable standards in SMC 20.50 Subchapter 10 – Cottage Housing and the provisions set forth below.

Cottage housing developments are subject to the dimensional and base density requirements of the underlying zone as set forth in SMC Table 20.50.020(1) except as provided for below:

- A. Density Bonus: The density bonus granted to a cottage development shall consist of an increase over the base density for the underlying zone equal to at least:

<u>Requirement</u>	<u>Density bonus allowed above the zoning designation’s base density(1)</u>
<u>All units within the cottage housing development are certified PHIUS+, or Built Green 4-Star (2)</u>	<u>25%</u>
<u>The cottage housing development is located more than ¼ mile and less than ½ mile from a high-capacity transit service stop (e.g., bus rapid transit, light rail)</u>	<u>25%</u>
<u>All units within the cottage housing development are certified LEED Platinum, Built Green 5-Star, or PHIUS+ Source Zero/Salmon Safe or ZE/Salmon Safe Certification (2)</u>	<u>50%</u>
<u>The cottage housing development is located within ¼ mile of a high-capacity transit service stop (e.g., bus rapid transit, light rail)</u>	<u>50%</u>
<u>20% of for-purchase units shall be affordable to households making 80% or less of the median income for King County adjusted for household size; or 10% of for-purchase units shall be affordable to households making 70% or less of the median income for King County adjusted for household size; or payment of an affordable housing fee-in-lieu for each unit that would have been required to be affordable in accordance with the City of Shoreline Fee Schedule – Affordable Housing Fee in Lieu (3)</u>	<u>100%</u>

Density calculation methods are described in SMC 20.50.020(B)

If requesting a Density Bonus, the applicant shall submit a proposal to the city requesting a specific Density Bonus and how the proposed development satisfies the requirement for the bonus.

- (1) Density bonuses can be combined, up to a maximum of 100 percent of the base density.

- (2) The project must be registered with the appropriate third-party certification entity such as the International Living Future Institute, Built Green, US Green Building Council, Passive House Institute US, or Salmon Safe.
- (3) Designation of Affordable for-purchase Housing Units. The Director shall review and approve the location and unit mix of the affordable for-purchase housing units, consistent with the following standards, prior to the issuance of any building permit:
  - a. Location. The location of the affordable housing unit(s) shall be approved by the City, with the intent that the units are generally mixed with all other market rate housing in the development. The affordable unit(s) constructed under the provisions of this chapter shall be included within the parcel of land for which the density bonus is granted. Segregation of affordable housing units from market rate housing units is prohibited.
  - b. Unit Size. The affordable housing unit(s) shall consist of a range of the gross floor area and number of bedrooms that are comparable to the market rate housing units in the overall development.
  - c. Timing/Phasing: The affordable housing unit(s) shall be available for occupancy in a time frame comparable to the availability of the market rate housing units in the development.
  - d. Affordable Housing Agreement. Prior to the final approval of any land use application subject to the affordable housing provisions, the owner of the affected parcels shall deliver to the City a duly executed covenant running with the land, in a form approved by the City Attorney, requiring that the affordable dwellings that are created pursuant to those sections remain affordable housing for a period of fifty (50) years from the commencement date. The commencement date for for-purchase units shall be the date of settlement between the developer and the first owner in one of the applicable income groups. The applicant shall be responsible for the cost and recording of the covenant.
  - e. Fee in Lieu. Payments in lieu of providing mandated affordable cottages is subject to the following requirements:
    - i. Payment of the fee in lieu as established by resolution of the City Council pursuant to Chapter 3.01 SMC. Fees shall be determined at the time the complete application for a building permit is submitted using the fee then in effect.
    - ii. The fee due shall be calculated based on the total number of mandated affordable cottages, including any fractional units.
    - iii. The fee shall be due and payable prior to issuance of any certificate of occupancy for the project.
    - iv. The City shall establish a housing program trust fund and all collected payments shall be deposited in that fund.
    - v. At such time as the City creates an affordable ownership program this fee-in-lieu alternative shall no longer be an option.

- B. Setbacks: Front, rear, and side setbacks for a cottage housing development site shall either meet the setback standards for the underlying zone or may pursue an aggregate setback standard as described below:
  - a. The total of setbacks shall be no less than the sum of the minimum front yard, rear yard, and side yards setbacks.
  - b. No rear or side yard setback shall be less than five feet.
- C. Height: Cottages are limited to a maximum height of 22 feet except as provided for in SMC 20.50.760, Tree Preservation Incentives.
- D. Building Coverage: Cottage housing developments may exceed the maximum building coverage for R-4 and R-6 zones by no more than ten percent (10%).
- E. Hardscape: Cottage housing developments may exceed the maximum hardscape coverage for R-4 and R-6 zones by no more than ten percent (10%).
- F. Cottage Size: The gross floor area for a cottage shall be a minimum of seven hundred square feet (700 sq. ft.) and a maximum of fifteen hundred square feet (1,500 sq. ft.) in gross floor area.

**SMC Table 20.50.020 (1)**

<b>Residential Zones</b>								
<b>STANDARDS</b>	<b>R-4</b>	<b>R-6</b>	<b>R-8</b>	<b>R-12</b>	<b>R-18</b>	<b>R-24</b>	<b>R-48</b>	<b>TC-4</b>
Base Density: Dwelling Units/Acre	4 du/ac (21)	6 du/ac (7) (21)	8 du/ac (21)	12 du/ac (21)	18 du/ac	24 du/ac	48 du/ac	Based on bldg. bulk limits
Min. Density	4 du/ac	4 du/ac	4 du/ac	6 du/ac	8 du/ac	10 du/ac	12 du/ac	Based on bldg. bulk limits
Min. Lot Width (2)	50 ft	50 ft	50 ft	30 ft	30 ft	30 ft	30 ft	N/A
Min. Lot Area (2) (13)	7,200 sq ft	7,200 sq ft	5,000 sq ft	2,500 sq ft	2,500 sq ft	2,500 sq ft	2,500 sq ft	N/A
Min. Front Yard Setback (2) (3) (14)	20 ft	20 ft	10 ft	10 ft	10 ft	10 ft	10 ft	10 ft
Min. Rear Yard Setback (2) (4) (5)	15 ft	15 ft	5 ft	5 ft	5 ft	5 ft	5 ft	5 ft
Min. Side Yard Setback (2) (4) (5)	5 ft min.	5 ft min.	5 ft	5 ft	5 ft	5 ft	5 ft	5 ft
Base Height (9)	30 ft (35 ft with pitched roof) (21)	30 ft (35 ft with pitched roof) (21)	35 ft (21)	35 ft (21)	35 ft (40 ft with pitched roof)	35 ft (40 ft with pitched roof) (16)	35 ft (40 ft with pitched roof) (8) (16)	35 ft (16)
Max. Building Coverage (2) (6)	35% (21)	35% (21)	45%	55%	60%	70%	70%	N/A
Max. Hardscape (2) (6)	45% (21)	50% (21)	65%	75%	85%	85%	90%	90%

Exceptions to Table 20.50.020(1) and Table 20.50.020(2):

*This section has been edited to include references to cottage housing developments.*

...

(5) For developments consisting of three or more dwellings located on a single parcel, the building setback shall be 15 feet along any property line abutting R-4 or R-6 zones. Please see SMC 20.50.160. This standard shall not apply to cottage housing developments.

...

(21) For cottage housing developments, see the density and dimensional standards as described in SMC 20.40.300.



**SMC 20.50.390 Minimum Off-Street Parking Requirements – Standards**

*This section has been edited to include the parking requirements for cottage housing developments.*

**Table 20.50.390A – General Residential Parking Standards**

<b>RESIDENTIAL USE</b>	<b>MINIMUM SPACES REQUIRED</b>
Single-family detached:	2.0 per dwelling unit.
Single-family attached:	2.0 per dwelling unit. 1.0 per dwelling unit in the MUR zones.
Multifamily dwelling:	
Studio units:	0.75 per dwelling unit
One-bedroom units:	0.75 per dwelling unit
Two-bedroom plus units:	1.5 per dwelling unit
Accessory dwelling units:	1.0 per dwelling unit
Mobile home park:	2.0 per dwelling unit
<b><u>Cottage Housing Development</u></b>	<b><u>1.0 per unit 1,250-sf or less, 1.5 per cottage over 1,250-sf</u></b>

**Table 20.50.390E – Electric Vehicle (EV) Charging Infrastructure Parking Standards**

<b>RESIDENTIAL USE</b>	<b>MINIMUM EV SPACES REQUIRED</b>
Single-family detached/single-family attached/ <u>cottage housing development</u> :	An EV-ready space for each private garage or private parking area provided for a dwelling unit
Multifamily Dwelling/ <u>Cottage housing development</u> :	A minimum of 20 percent of EV-ready spaces in shared parking garages or shared parking spaces
Nonresidential:	A minimum of 10 percent EV-ready spaces of the required parking spaces

**SMC 20.50.410 Parking Design Standards**

*This section has been edited to include the parking requirements for cottage housing developments.*

A. All vehicle parking and storage for single-family detached dwellings, cottage housing developments, and duplexes must be in a garage, carport or on an approved impervious surface or pervious concrete or pavers. Any surface used for vehicle parking or storage must have direct and unobstructed driveway access.

**SMC 20.50.480 Street trees and landscaping within the right-of-way – Standards**

*This section has been edited to include the parking requirements for cottage housing developments.*

- A. When frontage improvements are required by Chapter 20.70 SMC, street trees are required for all commercial, office, public facilities, industrial, multifamily developments, and for single-family subdivisions, and cottage housing developments on all arterial streets.

**SMC 20.50.490 Landscaping along interior lot line – Standards.**

- A. Type I landscaping in a width determined by the setback requirement shall be included in all nonresidential development along any portion adjacent to single-family and multifamily residential zones or development. All other nonresidential development adjacent to other nonresidential development shall use Type II landscaping within the required setback. If the setback is zero feet then no landscaping is required.
- B. Multifamily development shall use Type I landscaping when adjacent to single-family residential zones and Type II landscaping when adjacent to multifamily residential and commercial zoning within the required yard setback. Cottage housing developments shall include a five-foot Type II landscaping buffer combined with a six-foot-tall solid fence or wall along side and rear property lines. Single-family attached and mixed single-family developments shall use Type I landscaping when adjacent to R-4 or R-6 zoning, and Type II landscaping when adjacent to all other zoning districts. Single-family attached and mixed single-family developments that have a shared access drive with an abutting property are exempt from this requirement on the side with the shared access drive.

**SMC 20.50.500 Internal Landscaping for Parking Area**

*This section has been edited to include the requirements for cottage housing developments.*

Required parking area landscaping shall include landscape areas that are located in areas within or adjacent to parking areas. However, landscaping designed to meet perimeter landscaping requirements cannot also be used to meet parking lot landscaping requirements.

- A. Multifamily developments and Cottage housing developments with common parking areas shall provide planting areas in parking lots at a rate of 20 square feet per parking stall.

## **SMC Subchapter 10 Cottage Housing**

### **SMC 20.50.700 Purpose**

The purpose of this subchapter is to establish standards for cottage housing developments in R-4, R-6 and R-8 and R-12 zones. All cottage housing developments shall meet the design standards contained in this subchapter. Standards that are not addressed in this subchapter will be supplemented by the standards in SMC 20.40.300 and the remainder of Chapter 20.50 SMC. In the event of a conflict, the standards of this subchapter shall prevail. The purposes of this subchapter are as follows:

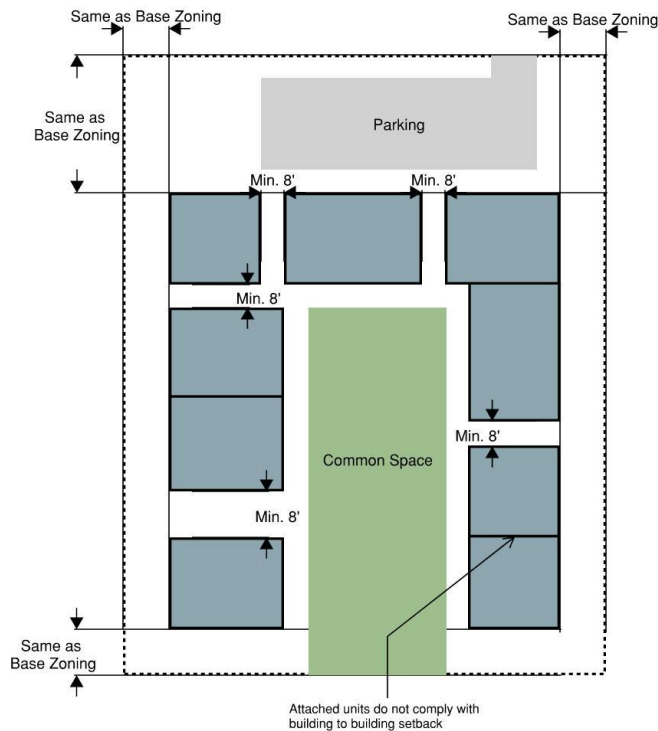
- A. To increase the supply and variety of housing choices available in the city to better meet the needs of residents, especially those in smaller households.
- B. To encourage development of attractive infill residential communities that are compatible with other forms of low-density residential uses.
- C. To enhance the aesthetic appeal of new cottage housing development by encouraging a variety of home sizes and heights, in an architecturally cohesive development.
- D. To encourage site design which maximizes the preservation of existing large trees in order to provide habitat for wildlife, protect biodiversity, and enhance the environmental quality of the development.
- E. To provide a site design that fosters community interaction, a sense of safety, and connection to the environment by orienting cottages around accessible, usable, common open space while reducing the dominance of vehicles on the site.
- F. To provide a cottage design that encourages community interaction through usable front porches while maintaining a resident's privacy within the home.

### **SMC 20.50.710 Administrative Design Review**

- A. Administrative design review approval under SMC 20.30.297 is required for all development applications that propose departures from the design standards contained in this subchapter.

### **SMC 20.50.720 Site Design – Standards**

- A. Setbacks
  - 1. The building-to-building setback between units shall be a minimum of eight feet (8 ft) except for those units that are attached by common vertical walls.

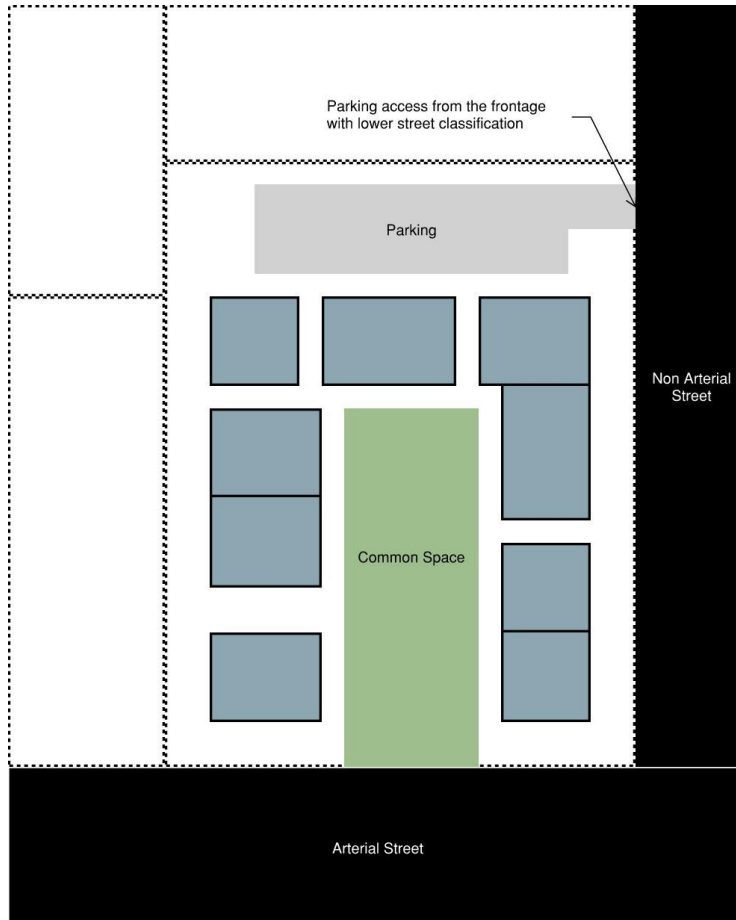


**Figure 20.50.720 (A)(1): Cottage Setbacks and Building to Building Placement**

**B. Parking**

1. Parking shall be clustered within a common parking area that is accessible but peripheral to the units.
2. Parking shall be located to minimize visual impact on the site while limiting the amount of hardscape devoted to vehicles. Parking shall be screened from public view and shall not visually dominate the site frontage.
3. The priority order of the location of parking access shall be as follows:
  - a. Located in the rear of the development, accessed from an alley;
  - b. Located on the side of the development accessed by a private driveway;
  - c. Located on the side or front of the development and accessed by a non-arterial street;

- d. Located on the side or front of the development and accessed via an arterial street;
- e. If accessing from the street and the site has multiple street frontages, the frontage with the lowest street classification shall be the primary access point.



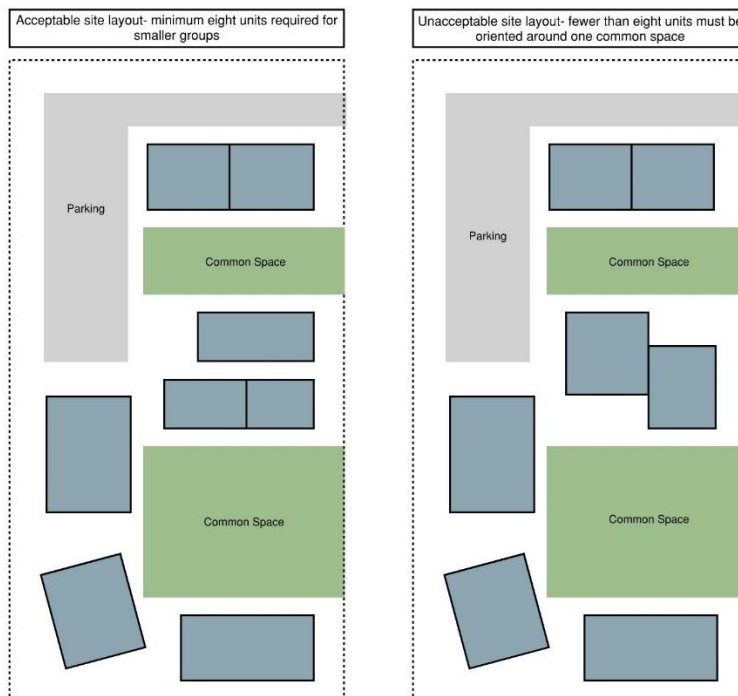
**Figure 20.50.720(B)(3): Preferred Parking Configuration through Rear Access Driveway**

- f. If parking cannot be provided in a priority location, the applicant shall demonstrate the design is not feasible or that a lower priority location better meets the intent of minimizing visual impact.
- 4. Garages. Parking provided in garages shall meet the following standards.
  - a. Garages shall meet location and parking access standards set forth in SMC 20.50.720(B).
  - b. Garage elevations visible from a public street shall be designed to minimize visual impact through the use of fencing, lattices, landscaping, or other screening methods.

- c. Garages shall use materials and architectural design elements that are consistent with the architecture of the cottages.
- d. Garages shall not be attached to cottages and shall be a minimum of eight feet from a cottage.
- e. Up to four garages may be attached to one another.
- 5. Surface Parking. Parking outside of garages shall meet the following standards.
  - a. Parking shall be screened per SMC 20.50.470.
  - b. Internal landscaping for parking areas shall be consistent SMC 20.50.500 (A) and (C) – (E).
  - c. Required perimeter landscaping shall not count towards parking area landscaping requirements.

C. Site Configuration

- 1. Cottage developments may have flexibility in how cottages are placed if a minimum of eight cottages are proposed. Applicants may provide multiple common open space areas to meet the requirements of SMC 20.50.720(H) Common Open Space. If multiple common open space areas are provided, cottages can be divided into smaller common-area oriented groups.



**Figure 20.50.720(C): Flexible Site Configuration with Multiple Common Open Space Areas**

D. Site Access and Circulation

- 1. Vehicle access requirements are set forth in the Engineering Development Manual and SMC 15.05.050 Fire Code.

2. Each cottage shall have a paved on-site pedestrian pathway, providing access to a public sidewalk, common open space, common parking areas, common buildings and common solid waste areas, if provided.
3. Pedestrian pathways shall be a minimum of four feet wide and shall be illuminated as provided in SMC 20.50.740 – Outdoor Lighting Standards

E. Storage Space and Staging Area for the Collection of Solid Waste

1. Developments with nine or fewer cottages shall comply with one of the following options for providing solid waste storage and staging areas:
  - a. If the storage space is provided in a garage belonging to an individual cottage, the storage space shall be its own dedicated area and shall not conflict with space needed for required vehicle parking.
  - b. Staging areas for solid waste collection shall comply with one of the following:
    - i. Solid waste bins shall be placed in the amenity zone if there is adequate area and placement does not conflict with above-grade infrastructure or services, including, but not limited to, fire hydrants, electrical poles, mailboxes, and street trees; or
    - ii. Solid waste bins shall be placed within the front setback, provided the area needed to accommodate the bins does not preclude compliance with other codes and standards; or
    - iii. Solid waste bins shall be placed along one side of the access drive, provided placement does not interfere with vehicular access and circulation, and the City’s solid waste purveyor provides written confirmation it will service the location of the bins.
  - c. If the storage space and staging area are provided in a common indoor trash room or rooms or a common outdoor enclosure or enclosures, it shall comply with all the following:
    - i. Access to and maintenance of the trash room(s) or enclosure(s), and financial responsibility, shall be addressed in a covenants, conditions and restrictions document to be recorded prior to development permit issuance;
    - ii. The City’s solid waste purveyor provides written confirmation it will service the location of the trash room(s) or enclosure(s); and
    - iii. If the storage space is provided in an outdoor enclosure or enclosure(s), it shall be completely screened from pedestrian view from the public right(s)-of-way by a solid enclosure such as a fence or wall, or dense landscaping.
2. Developments with 10 or more cottages shall comply with one of the following options for providing solid waste storage space and a staging area:
  - a. If the storage space is provided in a garage belonging to an individual cottage, the storage space shall be its own dedicated area and shall not conflict with space needed for required vehicle parking.
  - b. Staging areas shall abut vehicle access drives, but shall not obstruct vehicle circulation, and shall comply with one of the following:
    - i. The vehicle access shall not dead-end, but provide a through connection to a public right-of-way; or

- ii. The site shall contain a turnaround that meets the standard detail required by the Public Works Director.
- c. If the storage space and staging area is provided in a common indoor trash room or room(s), or in a common outdoor enclosure or enclosure(s), it shall comply with the following:
  - i. Access to and maintenance of the trash room(s) or enclosure(s), and billing, shall be addressed in a covenants, conditions and restrictions document to be recorded prior to development permit issuance; and
  - ii. The City's solid waste purveyor provides written confirmation it will service the location of the trash room(s) or enclosure(s); and
  - iii. If the storage space is provided in an outdoor enclosure or enclosure(s), it shall be completely screened.

F. Utility and Mechanical Equipment

- 1. Mechanical and utility equipment shall be located and designed to minimize visibility by the public. Preferred locations are abutting alleys, access drives, within, atop, or under buildings, underground, or other locations away from the public right-of-way. Equipment shall not intrude into required common open space or pedestrian pathways.

G. Private Open Space.

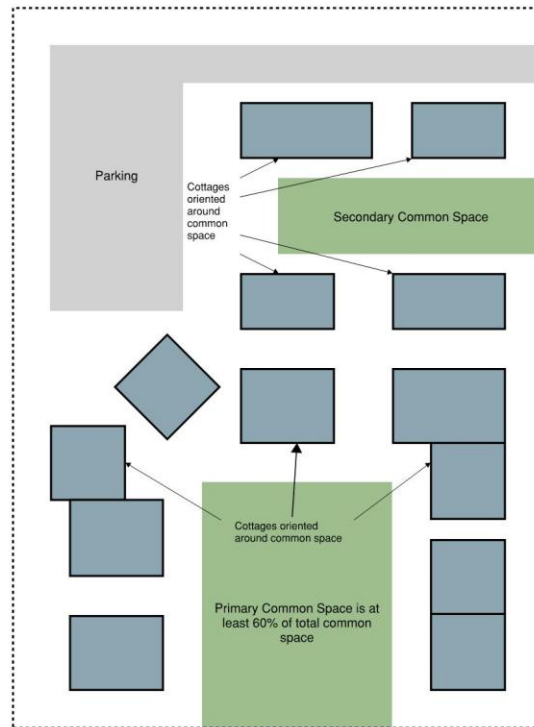
- 1. Each cottage shall be provided private open space. Private open space shall be directly contiguous to and accessed from each cottage.
- 2. Dimensional Requirements:
  - a. Each cottage shall be provided with no less than three hundred square feet (300 sq ft) of private open space.
  - b. No open space with a dimension less than six linear feet (6 ft) shall count towards private open space requirements.
  - c. Required porch areas may be counted as private open space.
  - d. Required perimeter landscaping shall not be counted as private open space.
- 3. Porches:
  - a. Each cottage shall have a covered front porch which equals no less than ten percent (10%) of the total gross floor area of the cottage.
  - b. All required porches shall be attached to the cottage, provide access to the cottage, and have a minimum lineal dimension of six feet (6 ft).
  - c. Porches shall be oriented toward the common open space, or right of way.

H. Common Open Space

- 1. A cottage development shall provide a minimum of two hundred fifty square feet (250 sq. ft.) of common open space per cottage.
- 2. Common open space shall serve as a focal point for the development, be landscaped, and provide usable open space for recreation and community activities for the development.



- a. Common open spaces may be comprised of lawns, gardens, plazas, trees, or similar features.
  - b. Common open spaces may include seating areas.
  - c. Covered but unenclosed permanent structures such as gazebos may count as both common open space and as a required amenity.
  - d. Common open space shall be designed and located to protect existing stands of trees. See SMC 20.50.760 Tree Preservation Incentives.
    - i. The dripline of on-site significant trees greater than 24-inches DBH can count as common open space area on a per square-foot basis.
  - e. Common open space areas shall be a maximum of 60% lawn area. For the purposes of this subsection lawn area is an open space covered with soil and planted with grass which is cut regularly.
  - f. A minimum of ten percent (10%) of the common open space area shall be dedicated as pollinator habitat.
    - i. If at least 20% of the required common open space is dedicated as pollinator habitat it may count as a required amenity.
3. Accessibility:
- a. Common open space shall be located and made accessible to all residents of the cottage housing development.
  - b. Common open space shall be connected to other areas of the development through on-site pedestrian pathways.
4. Dimensional Requirements:
- a. No space with any dimension less than twenty linear feet (20 ft) Or an area of less than 500 square feet shall count towards common open space requirements, except that the drip line area of a significant tree greater than 24-inches DBH that is providing common open space is not subject to these standards.
  - b. Required perimeter landscaping shall not count towards common open space.
  - c. For developments with a minimum of eight cottages, common open space is permitted to be separated into smaller areas, subject to the following:
    - i. Total common open space and dimensional requirements of this subchapter are satisfied. A separate common area is permitted for every four (4) cottages. There shall be a primary common open space that comprises a minimum of 60% of the total common open space area.



**Figure 20.50.720(H)(4)(c): Cottage Open Space Sample Layout**

5. Amenities: Amenities shall be provided within common open space. For the purposes of this subsection an amenity is defined as interactive social or recreational spaces and/or equipment. An amenity can either be outdoors or inside a community building.
  - a. A minimum of one amenity shall be provided for every four cottages.
  - b. At least one outdoor amenity must be provided in each development.
    - i. Outdoor amenities include, but are not limited, to gazebos, community gardens, landscape structures, permanently affixed tables and chairs or communal lounging areas, or a pollinator habitat that is at least 20% of the common open space.
    - ii. Outdoor amenities shall comply with lighting standards in SMC 20.50.740.
6. Community Buildings: Community buildings, clubhouses, or structures are optional and can be counted as a required amenity provided the following requirements are satisfied:
  - a. Community buildings shall be on-site and permanently affixed.
  - b. Community buildings shall be consistent with the architectural design of the development.
  - c. Community buildings shall not exceed 1,000 square feet in gross floor area and 15 feet in height.
  - d. Enclosed community buildings may not be counted towards the area requirements for common open space.

I. Perimeter Landscaping:

1. As required by SMC 20.50.490, a perimeter landscaping buffer is required along the side and rear property lines.
2. Required perimeter landscaping shall not count towards private open space, common open space, or parking area landscaping requirements.

**SMC 20.50.730 Building Design – Standards**A. Building Orientation

1. Cottage front facades shall face a common open space or a right of way.
2. Site layout shall ensure privacy between cottages. Cottage orientations, window locations, landscaping, and staggering cottages are examples of strategies that support privacy.
3. Cottages may be attached or detached. A maximum of two cottages may be attached to one another. Detached cottages must comprise at least 49% of the total number of cottages per cottage housing development.

B. Cottage Size:

1. At least sixty percent (60%) of the gross floor area of a cottage shall be on the ground floor.
2. A minimum of twenty percent (20%) of cottages shall vary at least two hundred fifty square feet (250 sq. ft.) above or below the average gross square footage of cottages in the development.
3. A minimum of twenty percent (20%) of all cottages within a development shall not exceed 15 feet in height.
4. Cottages that exceed 15 feet in height shall have a pitched roofline. The roofline may not exceed the maximum height permitted and must be between a 12:6 and 12:12 pitch. Dormers must also meet this pitch requirement.

C. Cottage Variety:

1. Architectural techniques to create a variety of cottage designs are required. A development shall select a minimum of three techniques to diversify cottages, including but not limited to: windows, articulation, variation, trim, and varied rooflines. Other architectural features may be considered by the city if the design meets the purpose of this subchapter in SMC 20.50.700.
2. Cottages with identical architectural designs shall not be placed directly adjacent to one another and shall be separated by at least one other non-identical cottage. Variation in materials or colors between adjacent cottages are required to create distinct cottages within a development.

**SMC 20.50.740 Outdoor Lighting Standards**

- A. Light Trespass Standard. All light sources, such as a lamp or bulb, shall be shielded within a fixture, and fixtures shall be located, aimed or shielded to prevent direct light trespassing from the development to adjacent properties or directly up towards the sky.
- B. On-site pedestrian pathways shall be illuminated with at least two foot-candles of light.
- C. Cottage entries shall be illuminated with at least four foot-candles of light.
- D. Prohibited Lighting. The following types of lighting are prohibited:
  1. Outdoor floodlighting by floodlight projection above the horizontal plane;

2. Search lights, laser source lights, or any similar high intensity light; and
3. Any flashing, blinking, rotating or strobe light illumination device located on the exterior of a building or on the inside of a window which is visible beyond the boundaries of the lot.

Exemptions:

- d. Lighting in swimming pools and other water features governed by Section 321 (Lighting) of the International Swimming Pool and Spa Code, or Chapter 246-260 WAC, as applicable.
- e. Signs and sign lighting regulated by Chapter 20.50 SMC, Subchapter 8.
- f. Holiday and event lighting (except for outdoor searchlights and strobes).
- g. Lighting triggered by an automatic emergency or security alarm system.

**SMC 20.50.750 Fences and Walls – Standards**

- A. **Front Yard** Fences and walls located within the required minimum front yard setback shall be a maximum of three feet, six inches high and shall be no more than 60 percent opaque.
- B. **Side and Rear Yards.** A six-foot-tall solid fence or wall is required along the side and rear property lines.
- C. **Private Open Space Fences.** Fences delineating private open space are optional and shall be a maximum of three feet, six inches high.
- D. **Materials.** Fences and walls shall be constructed of wood, wrought iron, brick, stone, or other high quality material. All chain link, electric, razor wire, and barbed wire fences, and other similar types of security fences are prohibited.
- E. **Height.** The height of a fence located on a retaining wall shall be measured from the finished grade at the top of the wall to the top of the fence. The overall height of the fence located on the wall shall be a maximum of six feet.

**SMC 20.50.760 Tree Preservation Incentives**

- A. The tree retention regulations in SMC 20.50. Subchapter 5 shall apply.
- B. Flexibility in site design shall be granted to applicants preserving existing significant trees on the site in quantities greater than required by SMC 20.50 Subchapter 5.
- C. Cottage Housing developments that retain significant trees over 24-inches DBH in quantities greater than required by SMC 20.50 Subchapter 5 may choose from the following incentives in addition to adjustment set forth in SMC 20.50.350(C):

<u>Number of retained Significant Trees &gt; 24-inch DBH</u>	<u>Reduction of Common Open Space</u>	<u>Increase in Cottage Height for all units in the Development</u>	<u>Increase in allowed Upper Floor Area for all units in the Development (1)</u>	<u>Parking Reduction</u>
<u>1 or 2</u>	<u>5%</u>	<u>3 feet</u>	<u>5%</u>	<u>5%</u>
<u>3</u>	<u>10%</u>	<u>3 feet</u>	<u>10%</u>	<u>5%</u>
<u>4</u>	<u>15%</u>	<u>3 feet</u>	<u>10%</u>	<u>15%</u>
<u>5+ (2)</u>	<u>20%</u>	<u>3 feet</u>	<u>10%</u>	<u>15%</u>

- (1) This does not permit an increase in gross floor area above 1,500sf.
- (2) Preservation of more than five significant trees greater than 24-inches DBH in quantities greater than required by SMC 20.50 Subchapter 5 can count as an amenity. A weather

resistant interpretive sign is required to be permanently affixed near the tree(s) identifying the tree(s) as an amenity and identifying a tree's genus and species.

D. Tree protection requirements for trees preserved as part of this incentive program shall be recorded as a notice to title or on some other legal document that runs with the property.

**RESOLUTION NO. 512**

**A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON  
AMENDING THE FEE SCHEDULE TO PROVIDE FOR A FOR-  
PURCHASE AFFORDABLE HOUSING FEE IN LIEU.**

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington, and planning under the Growth Management Act, chapter 36.70A RCW; and

WHEREAS, pursuant to SMC 3.10.010, the City Council is to establish fees by resolution; and

WHEREAS, RCW 36.70A.540 permits the City to create affordable housing programs and to allow a payment of money in lieu of constructing housing units if the City determines that the payment achieves a result equal to or better than providing the units on-site; and

WHEREAS, after the adoption of the 145<sup>th</sup> and 185<sup>th</sup> Light Rail Station Subarea Plans, the City established an affordable housing fee in lieu of constructing any fractional portion of mandatory affordable rental housing with the passage of Ordinance No. 817; and

WHEREAS, pursuant to a Washington State Department of Commerce grant, the City developed regulations for cottage housing and, in exchange for providing affordable for-purchase units, these regulations provide a density bonus of up to 100 percent, Ordinance No. 984; and

WHEREAS, these cottage housing regulations allow for a payment in lieu of constructing the affordable for-purchase cottage housing units a developer was required to provide under the density bonus provision; and

WHEREAS, for-purchase affordable housing fee in lieu payments for cottage housing will be deposited into a Housing Trust Fund, a special revenue fund, established within SMC Chapter 3.35 Funds; and

WHEREAS, the City Council has determined that creation of the for-purchase affordable housing fee in lieu for cottage housing units, in addition to the existing affordable rental housing fee in lieu, will be in the best interest of the public health, safety, and welfare; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,  
WASHINGTON, HEREBY RESOLVES:**

**Section 1. Amendment Fee Schedule.** The Affordable Housing In Lieu Fee, as shown on the Fee Schedule, as adopted by Resolution No. 496, is amended as provided below:

**Affordable housing fee in lieu**

<b>2023 Adopted</b>		
<b>A. Rate Table</b>		
<b>Zoning district</b>	<b>Fee per unit if providing 10% of total units as affordable</b>	<b>Fee per unit if providing 20% of total units as affordable</b>
MUR-45	\$229,417.00	\$176,330.00
MUR-70	\$229,417.00	\$176,330.00
MUR-70 with development agreement	\$282,504.00	\$229,417.00
<p>Note: The fee in lieu is calculated by multiplying the fee shown in the table by the fractional mandated unit. For example, a 0.40 fractional unit multiplied by \$212,755 would result in a fee in lieu of \$85,102.</p>		

<b><u>2023 Adopted</u></b>		
<b><u>B. Rate Table</u></b>		
<b><u>Development Type</u></b>	<b><u>Fee per unit if providing 10% of total units as affordable</u></b>	<b><u>Fee per unit if providing 20% of total units as affordable</u></b>
<u>For-purchase cottage housing</u>	<u>\$229,417.00</u>	<u>\$176,330.00</u>
<p><u>Note: The fee in lieu is calculated by multiplying the fee shown in the table by the total number of mandated units, including fractional units. For example, if 1.2 units are mandated when providing 10%, then 1.2 is multiplied by \$229,417.00 and would result in a fee in lieu of \$275,300.40.</u></p>		

**Section 2. Corrections by City Clerk or Code Reviser.** Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this resolution, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or resolution numbering and section/subsection numbering and references.

**Section 3. Severability.** Should any section, subsection, paragraph, sentence, clause, or phrase of this resolution or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this resolution or its application to any person or situation.

**Section 4. Effective and Expiration Date.** This Resolution shall go into effective upon its passage by the City Council. The fee in lieu established by this Resolution shall terminate and no longer be available when the City establishes a for-purchase affordable housing program.

**PASSED BY THE CITY COUNCIL ON JUNE 5, 2023.**

\_\_\_\_\_  
Mayor Keith Scully

ATTEST:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk



### Cottage Code Summary Table

STANDARD	REQUIREMENT
Density	Density Bonus Program
Max. Building Coverage	Same as underlying zone requirements Exceptions: R-4 and R-6 zones may increase by 10%
Max. Hardscape	Same as underlying zone Exceptions: R-4 and R-6 zones may increase by 10%
Min. Floor Area	700 sq ft
Max. Floor Area	1,500 sq ft
Max. Cottages per Development	24 units
Min. Cottages per Development	2 units
Min. Lot Size	Same as underlying zone requirements
Unit size variety	Min 20% of units must vary at least 250 sq ft above or below average size
Building Height max.	22 feet
Pitch roof requirement	Structures greater than 15 feet in height must have a roof pitch between 12:6 and 12:12
Minimum percent of cottages 15 feet or shorter in height	20%
Minimum total floor area on ground floor	60%
Front setback for development	Same as underlying zone or aggregate
Rear setback for development	Same as underlying zone or aggregate
Side setback for development	Same as underlying zone or aggregate
Minimum distance building to building	8 feet <sup>1</sup>
Parking stalls per cottage with 1,250 square feet or less	Min. 1 stall
Parking stalls per cottage with more than 1,250 square feet	Min. 1.5 stalls
Interior parking lot landscaping	Min. 20 square feet per stall
Interior parking lot trees	Min. 1 tree for every 5 stalls
Parking lot islands	Min. 1 island for every 6 stalls
Min. common space amenities	Min. 1 amenity for every four cottage units

<sup>1</sup> Building to building setbacks are not required when two units are attached.

Common space per cottage	Min. 250 square feet per every cottage
Common space linear dimension	Min. 20 feet
Max. lawn allowance	60% of common open space
Min. pollinator habitat	10% of common open space
Community structure height	Max. 15 feet
Private open space min.	300 square feet per cottage
Porch size	Min. 10% of cottage square footage
Porch min. depth	6 linear feet

### Density and Affordability Scenarios

Scenario	Density Calculation	Affordable Units
Scenario #1  Site Area: 0.8 acres Zoning: R-8 Density Bonus: 75%	Base density: $0.8 \times 8 = 6.4$  Bonus density: $6.4 \times .75 = 4.8$  Allowed density: $6.4 + 4.8 = 11.2$  <u>11 units allowed</u>	N/A  Not utilizing affordable housing incentive
Scenario #2  Site Area: 0.5 acres Zoning: R-6 Density Bonus: 50%	Base density: $0.5 \times 6 = 3$  Bonus density: $3 \times .50 = 1.5$  Allowed density: $3 + 1.5 = 4.5$  <u>5 units allowed</u>	N/A  Not utilizing affordable housing incentive
Scenario #3  Site Area: 0.25 acres Zoning: R-8 Density Bonus: 100%	Base density: $0.25 \times 8 = 2$  Bonus density: $2 \times 1.00 = 2$  Allowed density: $2 + 2 = 4$  <u>4 units allowed</u>	<p><b><u>Option 1: 20% of units at 80% AMI</u></b></p> <p><b><u>Option 1a:</u></b> Construct units  <math>4 \times .20 = 0.8</math> (rounds to 1 unit)   <u>Outcome 1a: 1 affordable unit built</u></p> <p><b><u>Option 1b:</u></b> Fee in lieu  <math>\\$176,330 \times 0.8 = \\$141,064</math> fee in lieu   <u>Outcome 1b: \$141,064 fee in lieu</u></p> <p><b><u>Option 2: 10% of units at 70% AMI</u></b></p> <p><b><u>Option 2a:</u></b> Construct units  <math>4 \times .10 = 0.4</math> (rounds to 1 unit)   <u>Outcome 2a: 1 affordable unit built</u></p> <p><b><u>Option 2b:</u></b> Fee in lieu  <math>\\$229,417 \times 0.4 = \\$91,766.80</math>   <u>Outcome 2b: \$91,766.80 fee in lieu</u></p>

Scenario	Density Calculation	Affordable Units
<p>Scenario #4</p> <p>Site area: 0.75 acres Zoning: R-6 Density Bonus: 100%</p>	<p>Base density: <math>0.75 \times 6 = 4.5</math></p> <p>Bonus density: <math>4.5 \times 1.00 = 4.5</math></p> <p>Allowed density: <math>4.5 + 4.5 = 9</math></p> <p><u>9 units allowed</u></p>	<p><b><u>Option 1: 20% of units at 80% AMI</u></b></p> <p><b><u>Option 1a:</u></b> Construct units <math>9 \times .20 = 1.8</math> (rounds to 2 units)</p> <p><b><u>Outcome 1a:</u></b> <i>2 affordable units built</i></p> <p><b><u>Option 1b:</u></b> Construct whole units and pay fee in lieu for fractional unit <math>9 \times .20 = 1.8</math> Construct 1 unit, 0.8 remaining <math>\\$176,330 \times 0.8 = \\$141,064</math></p> <p><b><u>Outcome 1b:</u></b> <i>1 affordable unit built and fee in lieu \$141,064</i></p> <p><b><u>Option 1c:</u></b> Fee in lieu <math>\\$176,330 \times 1.8 = \\$317,394</math> fee in lieu</p> <p><b><u>Outcome 1c:</u></b> <i>\$317,394 fee in lieu</i></p> <p><b><u>Option 2: 10% of units at 70% AMI</u></b></p> <p><b><u>Option 2a:</u></b> Construct units <math>9 \times .10 = 0.9</math> (rounds to 1 unit)</p> <p><b><u>Outcome 2a:</u></b> <i>1 affordable unit built</i></p> <p><b><u>Option 2b:</u></b> Fee in lieu <math>\\$229,417 \times 0.9 = \\$206,475.30</math></p> <p><b><u>Outcome 2b:</u></b> <i>\$206,475.30 fee in lieu</i></p>