



STRATEGY Zoning Reforms

OVERVIEW

As one part of a strategy to build more inclusive communities, localities are revising their zoning codes to allow for a greater variety of housing types.

Zoning regulations that permit a full range of housing choices, including lower-cost options like apartments, accessory dwelling units, factory-built homes, smaller houses, micro-units and homes with fewer parking spaces, are essential to meeting the affordability needs of a diverse population.

HOW IT WORKS

Zoning ordinances are the chief tools for implementing a community's long-term land use vision. In specifying what types of residential development are allowed in a community, where they can be located and at what scale, zoning regulations have a major impact on housing affordability.

While an ordinance's list of "permitted residential uses" directly affects the diversity of housing in a community, zoning controls such as density limits, maximum floor area ratios, height limits, minimum unit sizes and parking requirements also shape the mix of housing choices in a community by impacting the scale of housing supply and the feasibility of building lower-cost housing. Parking requirements, for example, necessitate that a developer either encumber a portion of land for parking or build a structured parking facility above or below ground, which can reduce the amount of housing that can be built and/or increase the costs of construction.

Residential zoning restrictions are often adopted, at least nominally, to protect the existing, physical character of neighborhoods, but frequently their impact, if unintentional, has been to exclude lower-income households and racial minorities from communities.

Zoning artificially restricts the housing market in a manner akin to car manufacturers being required to only sell large SUVs. Many older zoning codes, particularly in suburban communities, permit only single-family homes on relatively large lots, and either prohibit smaller homes outright, or allow them only as "conditional" or "special exemption" uses, subject to case-by-case, discretionary approvals. While less restrictive than an outright ban, conditional allowances present barriers of their own and can make development prohibitively costly or risky.

Many decades-old zoning ordinances are ripe for modernization, particularly in communities that are experiencing strong housing demand or demographic and economic changes. Localities can create a more inclusive zoning code that creates housing opportunities to households of all income levels, races, ethnicities and ages by allowing more housing where it is in demand, and by enabling more types of housing choices "by-right" (i.e., without conditional restrictions).

WHERE IT WORKS

Communities with good access to job markets, high-quality schools, transportation and other infrastructure and amenities are opportune areas for allowing greater housing variety and supporting an economically diverse population.

POLICY AND PROGRAM TOOLS

Compact, Multi-family Development

In areas that are predominantly zoned for single-family housing, it can be difficult for low- and moderate-income working families and individuals to find housing that adequately meets their needs at a price they can afford. This can lead to the exclusion of lower-income households from areas with good schools and other amenities, and exacerbate a spatial mismatch between jobs and workers.

Commercial corridors and other areas with good job access and quality transit infrastructure present valuable opportunities for accommodating apartments, townhomes and condominiums. Areas with high-quality transit accessibility are ideal settings for compact development because the clustering of households supports transit operations, and the proximity of transit allows residents to own fewer cars. Compact development is facilitated by zoning districts and zoning overlays that allow for greater intensity of development, taller heights, reduced property line setbacks and lower parking requirements than typically found in single-family residential zones.

In regions where households highly value transit accessibility, new multi-family housing may be expensive in spite of being less costly than single-family homes. For this reason, “upzoning” (i.e., increasing development scale and potential) in areas of high accessibility is increasingly paired with policies to incentivize the production and preservation of deed-restricted affordable housing for lower-income households.

CASE STUDY

TOD Corridors (Arlington County, Va.)

Arlington County, located just outside of Washington, D.C., has been served by two regionally connected Metrorail lines since the late 1970s: the Rosslyn-Ballston Corridor and the Jefferson Davis Corridor. Over the last four decades, planners in Arlington County have aggressively targeted these corridors for compact development, promoting multi-family and mixed-use development in areas close to Metro stations. The county has used strategies such as mixed-use land use designations, targeted infrastructure improvements, incentive zoning, density bonuses and by-right zoning overlays to promote denser development and increase the amount of housing built in these corridors.

A robust planning and outreach process, as well as regular updates and changes to the zoning code, have allowed for the introduction of a considerable number of new apartments and condominiums along these corridors over the past 30 years.

To address increasing housing costs in the area, Arlington County created “Special Affordable Housing Protection Districts” surrounding the transit stations. Within the protection districts, higher densities are permitted under the requirement that affordable housing is either preserved or replaced. Similar efforts to promote affordable housing development in highly accessible areas can be found in the Inclusionary Housing section of the toolkit.

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Factory-built Homes

Factory-built homes encompass a wide range of housing types—from manufactured homes that are built entirely in production facilities, to modular housing that is transported in pieces and assembled on-site. The design and safety of manufactured homes has improved over the years, as factory-built homes have become more durable and aesthetically pleasing than their mobile predecessors and are able to fit more harmoniously with the character of existing neighborhoods.

While today’s factory-built homes are easily mistakable for site-built homes, their standardized design and components allow for a lower cost of production, making them a more affordable homeownership option. The cost savings can be substantial. For example, in 2008, the average sales price of a new, average-sized factory-built home was \$64,900, while a new single-family site-built home of average size (excluding land) cost \$217,744.

While some municipal zoning ordinances permit factory-built homes, there are a number of changes that can make the use of factory-built homes more feasible. Allowing factory-built homes in all residential districts, rather than just mobile home parks or special districts, is an important step to creating a more inclusive zoning code. Zoning districts that allow factory-built homes are often few in number and confine manufactured housing to less desirable locations, leading to a concentration of low-income residents in these areas.

CASE STUDY

Noji Gardens (Seattle)

Noji Gardens is a development of 75 affordable homes four miles from downtown Seattle. It was built by HomeSight, a community development corporation. The development includes 51, two-story manufactured homes and 24 traditional, site-built homes, and was the first of its kind to introduce the two-story single-family manufactured home. The organization was assisted by local architects to ensure that the appearance of the manufactured homes matched the community’s expectations.

Over the course of a three-year research and planning process, HomeSight engaged with neighborhood councils and ensured the same quality of materials and workmanship went into the manufactured homes as their site-built homes. The development officially opened in March of 2000 and was finished in December 2002. By 2003, all homes had been purchased, the majority of which are affordable for families earning 60 to 80 percent of area median income. Affordability was made possible largely by the 15 percent cost reduction of using factory-built homes. Additionally, HomeSight was able to convert titles to these homes from personal property to real property by securing the units to a permanent foundation. HomeSight has continued to use factory-built homes in more recent developments, such as Kokanee Creek homes in Everett, Wash.

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The promotion of factory-build homes will likely require community education and outreach, and a careful emphasis on design may be important in overcoming negative perceptions of manufactured housing.

Smaller Housing Units

To expand housing opportunities to households along the income spectrum, communities may find it beneficial to promote the production of smaller homes and apartments through the zoning code. Often, large minimum lot size or unit size requirements can exclude smaller house types and create communities that are unaffordable to many households. Reducing the lot size and/or the square footage of a unit can reduce the overall cost of development and help meet the needs of empty nesters, new families, single professionals and low- and moderate-income households. Changing regulations that hinder the development of smaller dwellings can allow for innovative design and greater housing choice.

CASE STUDIES

Cottage Housing Ordinance (Kirkland, Wash.)

Kirkland, Wash., an affluent suburb located outside of Seattle, has undertaken multiple efforts to promote the development of more diverse and innovative housing types. Traditionally a single-family community with large homes, the city's average household size has been decreasing steadily since the 1980s. In response to changing housing needs, the city passed an "Innovative Housing Demonstration Project Ordinance" in 2002. This ordinance allowed for the development of two cottage-style housing developments, including the 16-home Danielson Grove. The two developments were followed by a period of public evaluation, which found wide enthusiasm for this new home style.

In 2007, the city declared the demonstration project a success. Shortly thereafter, the city passed a Cottage Housing ordinance permitting cottage-style housing in all residential zones. The ordinance allows for subdivision developments of up to 24 cottage housing units and requires that one to two of these units be affordable to households earning between 82 and 100 percent area median income.

Most of the city's cottages are designed as one or one-and-a-half story detached homes with the second story built into the pitch of the roof. Cottage subdivisions must include at least 400 square feet of open space per unit. Each cottage is typically built on a 3,000 square foot lot and is restricted to a maximum of 1,000 square feet of gross floor area. While these homes are often built with a traditional single-family design, they are much smaller than the typical single-family home (which, according to the 2010 Census, had a median size of 2,169 square feet).

Kirkland's Cottage Housing Ordinance is primarily for the promotion of cottages, but also allows for other compact single-family homes, as well as duplexes and triplexes, in all single-family zones. Compact single-family homes are allowed up to 1,500 square feet, and duplexes and triplexes are limited to 1,200 square feet. Parking requirements have also been reduced for these housing types to one space per unit, unless the unit exceeds 1,000 square feet in gross floor area, in which case two spaces are required. Developers are also permitted to cluster parking on one section of the site.

Aside from the two demonstration projects permitted in 2002 and continued community support, however, there has yet to be large developer interest in cottage housing development in the city.

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adAPT NYC (New York City)

New York City has been experimenting with innovative policies to meet changing housing needs and to mitigate increasing rents, which rose 11 percent between 2005 and 2012. There are currently 1.9 million one- and two-person households in the city, but only 1.25 million studio or one-bedroom apartments, according to the New York City Mayor's Office.

In 2012, as part of the adAPT NYC Initiative—a program implemented to address these issues—the city requested proposals for a micro-unit development to be built on public land in Kips Bay, Manhattan. The city received 33 applications, one of the largest responses the city had ever received from a request for proposals. The winning design, Carmel Place, features 55 pre-built micro-units, each between 250 and 370 square feet in size. Because the development is being constructed on a city-owned site, the city was able to waive zoning restrictions that would have inhibited the micro-units' construction, such as density limits, lot coverage maximums, setback restrictions and the previous minimum unit size of 400 square feet.

Carmel Place was constructed off-site in the spring of 2015 and then assembled at the Kips Bay site. About 40 percent of the units are classified as affordable, with 11 of the studios offered at \$950 a month and four at \$1,492 a month. The remaining, market rate units are to be rented at rates from \$2,000 to \$2,500 a month, which while still expensive for lower-income households is more affordable than the average Manhattan rent of approximately \$4,300 for one-bedroom apartments and \$3,000 for studios.

For More Info:

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Micro-Unit Code Amendment (Austin, Texas)

Made popular by the nonprofit affordable housing developer Foundation Communities, micro-unit housing has been permitted in Austin for years due to the city's relatively small minimum unit size requirement. In 2014, the city council amended the municipal zoning code to further reduce regulatory costs and barriers to smaller units, as well as to impose affordability requirements. These changes were prompted by developer concerns about density and parking restrictions, and by the city's interest in increasing the affordable housing supply in downtown Austin and attracting more single adults to the city center.

The micro-unit code amendment reduces the parking and density requirements for dwelling units of 500 square feet or less if they meet the city's affordability requirements. For owner-occupied units, developers are required to reserve 10 percent of units as affordable for households earning 80 percent of area median income (AMI), for no less than 99 years. For rental units, developers must reserve 10 percent of units as affordable for households earning 50 percent of AMI, for no less than 40 years. Developments that meet these requirements receive relief from zoning regulations; the minimum site area, which dictates allowed density for developments, is reduced to zero, while the minimum parking requirement is reduced to a ratio of .25 spaces per unit. Additionally, parking is required to be leased separately from the unit to allow for greater affordability and flexibility.

Two micro-unit developments have been permitted in the city since 2014. Capital Studios in downtown Austin will offer 135 micro-apartments with 100 percent of the units made affordable to individuals earning 50 percent of AMI. A more recent development of 260 micro-unit apartments, the first to be developed without public financial assistance, is set to be complete in 2016. While most units will be rented at market rate, 25 percent will be reserved as affordable to individuals earning 50 to 70 percent of AMI.

For More Info:

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Reduced Parking Requirements

Most zoning ordinances require that new residential development include a certain number of parking spaces per unit or bedroom. These requirements can add significantly to the cost of developing housing and have been found to have a substantial impact on the financial feasibility of affordable housing developments. According to one recent study, requiring one parking space per unit increases the cost of development by 12.5 percent, and two spaces per unit increases costs by 25 percent.

Areas near transit are particularly well-situated for the elimination or reduction of parking requirements. A 2008 report by Robert Cervero and colleagues provides evidence that transit-oriented development requires fewer parking spaces and generates less traffic than conventional development.

CASE STUDY

San Pablo Specific Plan (El Cerrito, Calif.)

As part of the city's 2014 plan for the San Pablo Corridor, the city of El Cerrito adopted a zoning code that generally eliminated parking minimums and instead imposed parking maximums. The code differentiates between mid-intensity and high-intensity transit-oriented developments. Mid-intensity projects are allowed up to 1.5 parking spaces per unit, while high-intensity projects are allowed a maximum of 1.0 space per unit.

While there is technically no minimum parking requirement, developers wishing to include a ratio of between 0 and 1.0 (mid-intensity) or 0 and 0.5 (high-intensity) spaces per unit may be required to submit a parking study to provide a detailed analysis of the parking needs for the project and propose transportation demand management techniques to meet demand without additional parking.

In addition to the city's relaxed parking requirements, the city runs a fee-in-lieu program. This allows developers to pay a fee to the city rather than build the required parking on-site and adds another degree of flexibility for transit-oriented and infill housing developments.

For More Info:

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Accessory Dwelling Units

Accessory dwelling units (ADUs), or self-contained residential units within a larger single-family home, can be an important source of low-cost rental housing for small households. ADUs are most valuable in communities with limited developable land, as well as communities where there are significant concerns about the physical character of their neighborhoods, as they only minimally change the appearance of single-family areas. ADUs can also improve the affordability of single-family homes in the community by providing homeowners with additional income from the ADU rental.

While ADUs are often allowed in communities by conditional use permit, allowing them by right within the zoning code can promote their development on a much larger scale. Eliminating regulations that restrict development to only one residential unit per lot, reducing the minimum lot size for homes with ADUs, allowing ADUs both as part of the primary residence as well as above garages and other accessory uses, and relaxing parking requirements or allowing tandem parking can promote ADU development by easing the design and approval process. Informing the public on how to develop an ADU on their property, bringing illegal ADUs into compliance and incentivizing ADUs in newly developed single-family homes may also be useful strategies for encouraging the development of a substantial number of ADUs.

CASE STUDIES

Accessory Dwelling Unit Ordinance (Santa Cruz, Calif.)

The city of Santa Cruz has struggled with affordability and growth for years. In 2002, the city adopted an Accessory Dwelling Unit Ordinance in order to preserve the local greenbelt while accommodating new growth, transit and affordable housing. The ordinance permits ADUs by-right in designated residential zones and waives development fees for ADUs made available for low- and very low-income households. To support the goals of the ordinance, the city also established an ADU development program that provided technical assistance, a wage-subsidized apprentice construction program and an ADU loan program. In addition, the city published an ADU Manual, and an ADU Plan Sets book, which allows the homeowner to choose a pre-approved ADU design and receive permits in an expedited manner.

Zoning changes have been particularly important to facilitating ADUs in Santa Cruz. Most significantly, the city exempted homes with ADUs from the covered parking requirement, thus allowing homeowners to convert their garages to ADUs. Additionally, the city allowed tandem parking and parking in the front yard setback. In 2014, the city further modified setback requirements, decreased the minimum lot size from 5,000 square feet to 4,500 square feet and allowed exemptions for illegal ADUs in order to bring them into compliance.

For More Info:

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Accessory Dwelling Unit Regulations (Mercer Island, Wash.)

Mercer Island promotes accessory dwelling units through its zoning code. Faced with high housing costs and limited developable land, ADUs provided an opportunity for Mercer Island to expand its housing stock and increase affordability without changing the character of existing neighborhoods. Similar to Santa Cruz, ADUs on Mercer Island are allowed by-right in all single-family residential zones and are subject to a series of restrictions. The property owner is required to live in either the principal unit or the ADU. Units must be a minimum of 220 square feet and a maximum of 900 square feet. Most single-family homes are required to have at least three parking spaces, including two covered spaces, one of which must be available for the tenant of the ADU.

Within the first five years of its adoption, Mercer Island's ADU ordinance had encouraged the development of over 150 ADUs on an island of 24,000 residents. While there has not been a recent study of ADU affordability on the island, a 2000 study by King County, Wash., found that the average rent of a Mercer Island ADU was affordable to households earning 60 percent of median income.

For More Info:

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RESOURCES

Research and WebTools

- Right Size Parking: Multi-family Parking Strategies Toolkit (Right Size Parking Project, King County Metro, 2015)
- Compact Units: Demand and Challenges (NYU Furman Center for Real Estate and Urban Policy, 2014)
- Parking Requirement Impacts on Housing Affordability (Victoria Transport Policy Institute, 2014)
- Parking Reform Made Easy (Richard Willson, 2013)
- Parking Code Guidance: Case Studies and Model Provisions (MTC Smart Growth Technical Assistance: Parking Reform Campaign, 2012)
- Searching for the Right Spot: Minimum Parking Requirements and Housing Affordability in New York City (NYU Furman Center for Real Estate and Urban Policy, 2012)
- Parking Requirements as a Barrier to Housing Development: Regulation and Reform in LA (Michael Manville, Donald Shoup, UCLA, 2010)
- Accessory Dwelling Units: Case Study (U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2008)
- Effects of TOD on Housing, Parking, and Travel (Center for Transit Oriented Development, Transit Cooperative Research Program, 2008)
- Zoning as a Barrier to Multifamily Housing Development (U.S. Department of Housing and Urban Development, 2008)
- Overcoming Opposition to Multifamily Rental Housing (National Multi Housing Council, 2007)
- “Mobile” Homes No More: Policy Innovations in Manufactured Housing (David Buchholz, 2005)
- Higher-Density Development Myth and Fact (Urban Land Institute, 2005)
- An Examination of Manufactured Housing as a Community and Asset-Building Strategy (Joint Center for Housing Studies of Harvard University, Neighborhood Reinvestment Corporation, 2002)
- Landscapes2 Toolkit (Chester County Planning Commission)
- Regulatory Barriers Clearinghouse (U.S. Department of Housing and Urban Development)
- Rethinking Residential Parking: Myths & Facts (Non-Profit Housing Association of Northern California, 2001)
- Smart Growth/Smart Energy Toolkit: Zoning Decisions (State of Massachusetts)
- Visualizing Density (Lincoln Institute of Land Policy)

Organizations

- **A Regional Coalition for Housing (ARCH)**. A quasi-governmental organization in King County, Wash., that helps suburban municipalities develop and preserve affordable housing, including ADUs.
- **adAPT NYC**. The New York City initiative created to test micro-housing.
- **Duany Plater-Zyberk & Company**. An architectural firm specializing in sprawl repair.
- **HomeSight**. A nonprofit affordable housing developer in the greater Seattle area.
- **Manufactured Housing Institute (MHI)**. A national trade organization representing all segments of the factory-built housing industry.
- **National Modular Housing Council (NMHC)**. A national organization representing modular manufacturers, suppliers and builders.
- **The Cottage Company**. A design firm specializing in small, cottage housing.