

City Council Meeting Date: April 9, 2019

To: Mayor and City Council

From: Scott Tempel, City Planner
Mitzi Baker, Community Development Director

..Title

Discussion on Accessory Dwelling Unit regulations in Chapter 34 - Land Development Code

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Action Requested:

The Northfield City Council provides staff guidance on changes to an ordinance amending Accessory Dwelling Unit regulations in Chapter 34 - Land Development Code.

Summary Report:

As part of the Planning Commission work plan, the City Council Strategic Plan, and the HRA's goals, the Planning Commission has been looking at the regulations regarding Accessory Dwelling Units (ADUs) in an effort to grow the housing supply in Northfield. Northfield's popularity and high quality of life makes it an attractive place to live, thereby increasing demand for all housing types. The limited availability of vacant developable land within city limits places upward pressure on both home prices and rental rates. One result of this has been an increased interest by homeowners in building accessory units.

ADUs have the potential to increase housing affordability (both for homeowners and tenants), create a wider range of housing options within the community, provide additional income for homeowners, enable seniors to stay near family as they age, and facilitate better use of the existing housing fabric in established neighborhoods.

The City currently allows ADUs as carriage houses. The amendments proposed by the Planning Commission were intended to create as much flexibility in the regulations as possible to facilitate the creation of ADUs. The City Council had first reading of the ordinance on January 8, 2019 and voted 5-2 to approve the recommended changes. On February 12, 2019 the Council considered the second reading and delayed action. After more public outreach, the issue is back before the City Council for discussion at a work session.

Background:

The Planning Commission discussed the issue at its meeting on July 19, 2018. At the meeting, the Commission concurred that expansion of the use of ADUs is desirable in Northfield and posed a series of questions for staff to research. Answers to these questions were provided at the August 23, 2018, meeting where the Commission helped to formulate the ordinance revisions.

Final revisions to the ordinance were made at the October 18, 2018, Planning Commission meeting. A public hearing was held on the draft ordinance at the November 15 Planning

Commission meeting. Four people spoke in favor of the amendment and there were no negative comments received.

A draft of the ordinance was discussed with multiple community groups throughout the fall of 2018. The Housing and Redevelopment Authority passed a motion of support for the ADU ordinance at its November 27, 2018, meeting. The Affordable Housing Task force provided input and comment at two of their fall meetings and have fully endorsed the ADU changes. Age Friendly Northfield was also given the opportunity to comment on the ordinance. A letter of support was provided to the City.

The City Council approved ordinance changes on January 8, 2019. At the meeting, the Council asked for clarification on the unit size calculation and the interface with the rental ordinance. Staff discussed the Planning Commission's intent with them at their January 17, 2019 meeting. The City Attorney was also involved in reworking the ordinance. The Planning Commission provided a document detailing the proposed changes and the rationale behind them. Following consideration of the second reading of the Ordinance on February 12, 2019, the Council decided to delay action until after additional public engagement.

On March 20th, Northfield an Open House was held where residents had the opportunity to talk with the mayor, council members, city staff, Planning Commission commissioners, and others. At the Open House, citizens were encouraged to fill out a six-question Accessory Dwelling Unit Public Input Sheet. Fifty-four individuals filled out the questionnaire. *A summary of the public input received at the meeting is attached.*

Highlights of Topic Areas and Discussions with the Public:

Why Consider Free-standing ADUs

There are several common complaints about the current ADU ordinance from applicants. The first is the LDC requirement that ADUs must be part of an attached garage. This limits design aesthetics, floor plans and the ability to give the building that "cottage charm." It also severely limits where on the lot an ADU can be placed (or if it can be placed at all) due to the fact that most properties already have an existing garage. Some newer properties in town have no access to the rear yard, so a detached garage is not an option. This eliminates the possibility of creating an ADU.

The second issue is closely related to the first in that, when adding an ADU to a garage, the size of both the garage and the ADU together are limited to an 864 sq. ft. footprint. As a garage door and driveway must be present to qualify as a garage, this almost always results in the ADU being located above the garage. This is the carriage house model that was intended to increase neighborhood compatibility and follow the 'Old Northfield' aesthetic. However, it also creates problems. Some of the most common problems and resident complaints are as follows:

- The carriage house model with an upstairs unit is unfriendly and unsafe for seniors.
- Many 'Old Northfield' properties do not have a detached garage or have limited lot width to provide access for a detached garage (narrow side setback)

- Residents who do not live in old town have expressed concerns that a carriage house doesn't fit with their neighborhoods. Many properties outside of old town have attached garages.

There are also Building Code difficulties with the carriage house model. Garages are designed for cars and dwellings for people and the two uses combined trigger additional health and safety standards for ventilation and fire protection. Garage conversions can be especially difficult. There seems to be general agreement in the community that free-standing ADUs should be allowed.

It should be noted that a resident pointed out, and staff confirmed, that banks do not typically grant mortgages for a second, separate structure on a property as a dwelling unit. Homeowners wishing to add a detached ADU will need to have excellent credit, equity and capital to get special financing to create the unit. This will have a natural limiting effect on the creation of free-standing ADUs.

Suggested clarification:

Current LDC regulations allow 1-,2-, and 3-dwelling unit structures as a use by right. The ADU amendments intended to broaden the classification of ADUs to include attached units. Since the current land use regulations cover the main building, ***staff is recommending the ADU regulations be clarified to apply to detached units only.***

Size of units

The current ADU regulations allow for up to 864 sq. ft. of floor area (living area) and 24 feet in height when part of a detached garage with a footprint limit of 864 sq. ft. The Planning Commission proposed increasing the allowable ADU footprint to 1,000 sq. ft. and 24 feet in height, but also removed the provision that it must be part of a detached garage. This effectively increased the floor area (living area) to up to 2,000 sq. ft. The overwhelming majority of the community feedback is that ADUs should be smaller than the main dwelling.

Suggested modification:

Staff is suggesting revising the ordinance to ***allow ADUs to be up to 50% of the sq. ft. of gross living area per county records or 1,000 sq. ft. of living area, whichever is less.***

Rental Restriction

Another major limiting factor is the City's rental ordinance. Currently, the owner of the principal building on the property must reside on the property to create an ADU. Possible rationale for this are that homeowners will be more likely to maintain the property if they also live there. Owner-occupancy requirements are also thought to have the added benefit of ensuring better tenant management, since resident owners will be more likely to enforce appropriate behavior standards, however, these are not guarantees. The same rationale, that homeowners will be more likely to maintain the property and enforce appropriate behavior standards if they also live there, supports allowing homeowners to add an ADU even if a rental license is not available on their block due to the 20% licensing restriction. Granting homeowners the opportunity for a rental license to add an ADU could expand housing options, increase density near downtown, add to

the affordable housing stock, and benefit homeowners with rental income, all while continuing to maintain single-family, owner-occupied neighborhoods. These units would then be licensed and inspected by the City as well.

Suggested Modification:

There appears to be strong community support for ***allowing an exemption from the 20% rental licensing restriction for ADUs on properties where the owner occupies one of the dwellings.***

Lot coverage

Allowing free-standing ADUs, separate from a garage triggers different provisions for size limitations. Northfield has a 30% Building Area Ratio (BAR) limit for most residential properties. This is the area of a lot covered by the footprint of a principal building, detached garage, and covered porches, expressed as a percentage of the total lot area. Oftentimes this is a barrier to adding a unit. Excluding ADUs from the lot coverage limit opens flexibility for ADUs to be placed on most residential lots and increase overall community density. Community support for the lot coverage exemption is mixed.

One of the main arguments against the exemption is stormwater management. However, the BAR is not a calculation of impervious surface on a property, and does not limit lot coverage with patios, sport courts, driveways, etc.

Building Standards

Allowing ADUs on a lot as a free-standing structure could potentially open the door for Tiny Houses. It is the recommendation from the Building Official and City Planner that all ADU's, including Tiny Houses, be required to have permanent building stands and utility hookups, plus minimum insulation standards to ensure safety and compliance with the new Energy Code. **All accessory dwellings will need to comply with the Building Code.** As the Building Code could change in the future, staff will monitor State level changes that may impact administering the code at the local level. Some excerpts of the regulations are:

- Every dwelling unit shall have at least one habitable room of 120 square feet.
- Bathrooms shall have 3 square feet of natural light and 1.5 square feet of natural ventilation.
- Basements, habitable attics and every sleeping room must have at least one operable emergency escape and rescue opening; minimum opening area must be 5.7 square feet.

Parking

Owners are now required to provide one off-street parking space for an ADU. This requirement is a deviation from the rental ordinance requirement that two parking spaces be provided for each dwelling unit. Generally, the garage itself or the driveway leading up to it accomplishes this. Allowing an ADU would trigger an additional parking space from the rental ordinance. On larger lots, this can be accommodated easily. For smaller lots it can be problematic or impossible. Technically, parking is not allowed in rear yards per the LDC parking standards, but occurs naturally when the garage is in the rear of the property. The recommendation from the Planning Commission is to remove the requirement for an additional parking space by exempting ADUs

from the parking provisions of the rental ordinance. Community input has supported retaining the parking requirement of one additional space for ADUs.

Suggested Modification:

Staff can ***support retaining the parking requirement if the proposed policy were modified to incorporate an administrative waiver process when certain circumstances (tbd) exist.*** An example would be when the property owner can document availability of existing parking on the same property.

Design & Compatibility:

The current ordinance does require consideration of design and compatibility and requires ADU's to conform to the following language:

An accessory dwelling unit shall be constructed so as to be compatible with the existing principal dwelling, as well as the surrounding neighborhood in terms of design, form, height, materials, and landscaping.

As previously stated, the Planning Commission sought to reduce potential expenses and optimize the opportunity for units to be more affordable. Since architectural controls can increase the cost of developing ADUs, the planning commission recommended removing this language.

Many responses from community members who provided verbal or written comments, support maintaining the existing language and compatibility requirements.

Suggested Modification:

Staff can support ***retaining the existing LDC language relating to design and compatibility.*** The language is broad enough to provide staff the ability to work with applicants. It also contains a reference to height, which could prevent the addition of a two-story ADU to a property with a single story home.

Approval Criteria and Suggested Findings for LDC Text Amendments:

The planning commission and city council shall review the necessary submittal requirements, facts, and circumstances of the proposed amendment and make a recommendation and decision on the application based on, but not limited to, consideration of the following criteria:

- (1) The specific policies, goals, objectives, and recommendations of the comprehensive plan and other city plans, including public facilities and the capital improvement plans.

Criterion met:

Strategic Plan (2018-2020) Affordable Housing, *A Community Where Everyone Can Afford to Live*

- Review Best Practices for items such as opportunities for alternative housing types and styles, including mixed-use neighborhoods, accessory or mother-in-law apartments, modular homes, manufactured home parks and other innovative approaches to housing

Comprehensive Plan:

- HS1 Housing will strengthen the unique physical character of the community.
 - HS1.2 - Revise zoning and subdivision ordinances to ensure opportunities for development of alternative housing types and styles, including mixed-use neighborhoods, accessory or mother-in-law apartments, modular homes, manufactured home parks and other innovative approaches to housing.
 - HS1.6 -Establish standards for compact residential development and intensified land uses.
- HS3 The City should assist in providing affordable housing.
- LU4 Facilitate the creation of residential areas with strong neighborhood qualities.
- LU4.6 - Permit accessory structures as residential housing units (granny flats or mother-in-law apartments) within existing neighborhoods, especially near downtown.

- (2) The purpose and intent of this LDC, or in the case of a map amendment, whether it meets the purpose and intent of the individual district.

The City of Northfield carries out the policies of the comprehensive plan by classifying and regulating the uses of land and structures within the city. This Land Development Code is adopted to protect and promote the public health, safety, morals, and general welfare of the city. **The LDC lists sixteen purposes for these regulations. All of the proposed ordinance alternatives under consideration meet the following eight:**

- Maintain and enhance the community's distinct small town character.
- Encourage growth in infill locations as the desired location of development with expansion on the edge of the city a secondary priority.
- Create residential community areas with strong neighborhood qualities including pedestrian-friendly streets, community gathering spaces, and basic commercial needs within walking distance.
- Encourage the development of neighborhoods that incorporate a variety of housing types to serve the needs of a diverse population.
- Allow for places with a mixture of uses that are distinctive and contribute to the city's overall vitality.

- Promote an ethic of sustainability in all activities to ensure that proposed development and redevelopment will, at a minimum, conserve energy and natural resources.
- Minimize vehicle traffic by providing for a mixture of land uses, pedestrian-oriented development, compact community form, safe and effective multi-modal traffic circulation (e.g., pedestrian, bicycle, and vehicular), and adequate on- and off-street parking facilities.
- Encourage vibrancy in the downtown core and fringe areas.

(3) The adequacy of infrastructure available to serve the proposed action.

Criterion met: Accessory Dwelling Units are by definition infill projects which are already served by municipal infrastructure. The system has sufficient capacity for growth.

(4) The adequacy of a buffer or transition provided between potentially incompatible districts.

Criterion met: No buffer or transition required between residential uses.

Recommendation for consideration:

1. Allow exemption from 20% rental restriction where the owner occupies one of the dwelling units.
2. Require one parking space, but create an administrative waiver process if adequate parking is available or no additional car will be present.
3. Revise the pending ordinance to allow –ADU’s up to 50% of gross living area sq. ft. per county records or 1,000 sq. ft. of living area, whichever is less
4. Revise pending ordinance language to retain the existing ordinance compatibility language
5. Revised pending ordinance language to clarify the ADU’s and accompanying policies apply to **detached** dwelling units located on a property with an existing dwelling.
6. Retain pending ordinance language referring to exemption of ADU’s from being calculated in the maximum 30% lot coverage

Recommend consideration to initiate changes to the current rental ordinance to:

- a) Allow exemption from the 20% rental cap per block (where applicable) if one unit is owner occupied and one unit is an ADU (reconcile difference between LDC and rental ordinance)
- b) Remove parking language and requirements from the rental code. Parking requirements are specified in the LDC for each land use type. Rental code requirements are not consistent with the LDC parking requirements and the LDC is the superior location to include parking requirements for different land uses across the community.
- c) Consider other revisions to clean up language and also to clarify performance standards for maintaining a rental license and a process for license revocation when standards are not met.

Timeline:

Planning Commission Public Hearing and recommendation to City Council October 18, 2018

City Council 1st reading January 8, 2019

City Council Work Session April 9, 2019