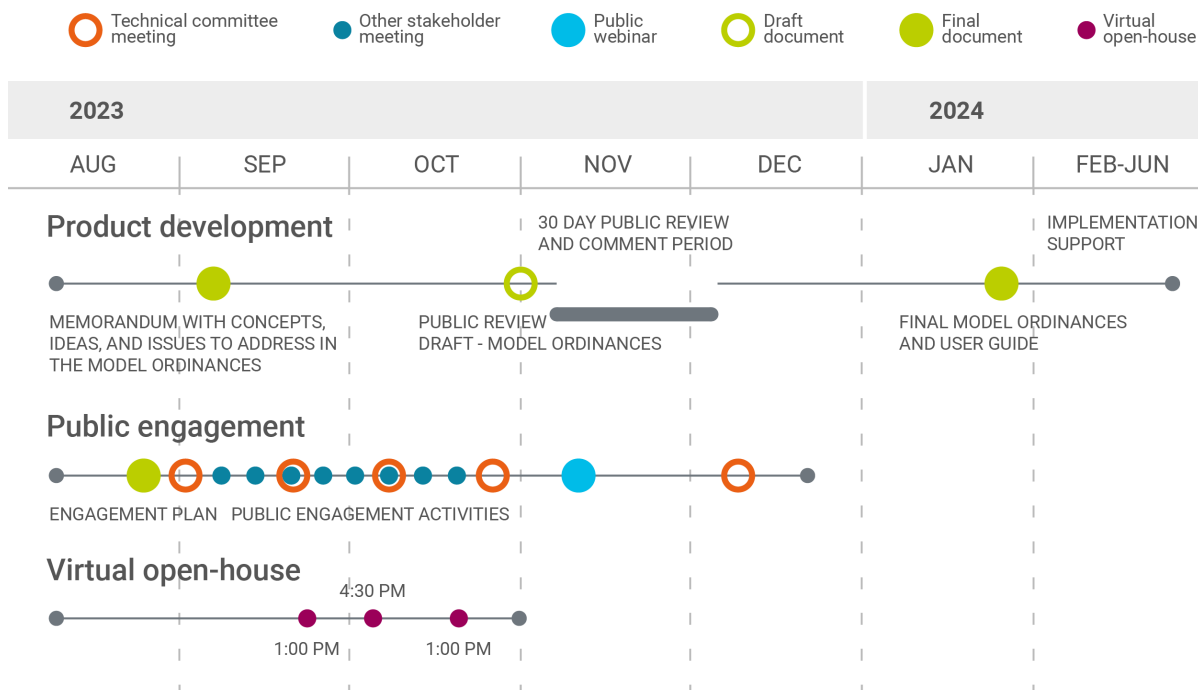


# Middle Housing Model Ordinances Public Engagement Report

In April 2023 the Washington Legislature passed Engrossed Second Substitute House Bill 1110 (“HB 1110”), also known as the “middle housing” bill. The new law requires certain Washington cities to adopt regulations that allow for the development of middle housing types in residential areas. The Department of Commerce, which provides growth management services for Washington cities, was directed by the Legislature to publish model ordinances to assist cities in implementing HB 1110. Commerce prepared model ordinances and a user guide starting in August 2023 and the model ordinances were published by the January 23, 2024 legislative deadline for completing the work.

Even within a condensed timeframe to complete the model ordinances, it was important for the planning process to be open and transparent, and for the project team to listen and consider input from cities, housing and land use stakeholders, and the interested public. To promote transparency the project team developed an [engagement plan](#) with multiple opportunities to convey information and receive feedback. Engagement activities included five technical committee meetings, seven focus group meetings, three virtual open house sessions, presentations at conferences, a public webinar, and a 30-day public comment period. Additionally, the project [webpage](#) made available technical committee presentation slides and other project documents.

This report summarizes public engagement activities, the themes of input received, and the key concepts incorporated into the final project documents.



# Public Engagement

## Technical Committee Meetings

The Technical Committee (“Committee”) is an advisory group made up of planners from a mix of city sizes and geographies subject to HB 1110. Commerce staff recruited the Technical Committee and hosted five meetings. The Technical Committee membership is listed on the acknowledgements page of the user guide.

The role and objectives of the Technical Committee included:

- Assist the project team in making the model ordinances successful for local governments and Washingtonians in need of housing options.
- Discuss concepts and approaches for various model code topics, identify where current practices vary between cities, and find where research is needed on design, legal, and economic issues.
- Review and discuss input from other stakeholders and the general public, and how the input should inform the model ordinances.
- Raise awareness of the model ordinances with local governments, planning and related professions, and the general public.

## Key Themes

A key focus of the meetings was hearing how different cities presently regulate middle housing and how they were contemplating amending their development regulations in response to HB 1110. The Committee provided insights on the issues planners consider when integrating new state legislation in local codes.

Significant topics during the meetings included:

- Housing type definitions
- Relationship between middle housing and new legislation on ADUs (HB 1337)
- How to establish dimensional standards, design standards, and parking standards for a variety of city contexts
- Critical areas and environmental protection
- Exemptions related to parking, affordable housing, and other issues
- Potential conflicts with infrastructure standards and planning needs
- Affordable housing programs, administration, and implementation
- HB 1110 alternative compliance options

## Other Stakeholder Meetings and Focus Groups

The project team conducted seven focus group meetings to interview stakeholders and get insights from individuals familiar with certain topics. The focus group interviews included conversations with individuals in these sectors:

- Building and fire safety
- Public works
- Housing finance
- Realtors
- Housing providers and developers
- Housing advocacy
- Environmental advocacy

In addition, Commerce and the Department of Licensing co-hosted a listening session with the appraiser industry.

## Building Industry Focus Group

This focus group consisted of representatives from the building code and inspections professions, fire marshals, sewer and water districts, and homebuilders. Participants noted that their colleagues are excited for increasing housing options in Washington.

Highlights from this conversation include:

- **Removing barriers.** Participants shared concerns that cities will intentionally write codes that technically “allow” for middle housing, but with requirements which result in limited middle housing production. There was a desire for as much flexibility for builders as possible, but not flexibility for cities to restrict middle housing.
- **Building code.** There are building code professionals starting work on an appendix to the International Residential Code (IRC) to help match the scope of HB 1110 and allow up to six units under the IRC.
- **Fire safety.** Fire safety professionals flagged parking standards as a potential point of conflict in areas with narrow roads, and that more on-street parking could hinder fire vehicle movements. There was also discussion fire sprinkler requirements, which will not be directly addressed in the Model Ordinance.
- **Utility fees.** There was concern about interpreting HB 1110 to restrict fees that can be set for utility connections, since utility providers typically charge rates that are designed to be self-sustaining.

## Housing Finance Focus Group

Banking and credit union professionals participated in this focus group. Overall, participants shared information on the current finance system barriers builders are facing and how financial institutions will likely create better tools in the future once more middle housing projects get constructed.

Highlights from this conversation include:

- **High costs for new projects.** Supply chains, permitting times, contractor availability, lumber prices, and interest rates are all having impacts on project costs.
- **Typical unit threshold for loans.** One to four units is typically the “sweet spot” for credit union loan financing. Developments with more than four units trigger different loan and regulatory requirements.
- **Larger projects are attractive.** Larger projects with better economy-of-scale (more units) will be more attractive to investors. A sixplex would generally fall in the “small” category that banks use and would typically be financed by a credit union, while banks will finance larger apartment building projects.
- **Alternative ownership options.** Co-op financing is resource intensive. For condominiums, the combination of homeowner association (HOA) fees and current interest rates are tough for condominium development even if Washington’s strict condominium laws were to be relaxed. Streamlined land ownership like a unit lot subdivision makes certain forms of financing easier for attached units.
- **Industry adjustments.** The increasing interest in accessory dwelling units is an example of where the lending industry has responded with new financial modeling and appraisal tools in the last five years. Similar changes may occur once middle housing becomes more common.

## Housing Providers Focus Group

The housing providers focus group discussed affordable housing, considerations for homeownership versus rentals, and the opportunities for affordable housing providers presented by HB 1110.

Highlights from this conversation include:

- **A need to do more.** While increasing housing supply puts downward pressure on prices, some stakeholders were concerned that HB 1110 will not result in a meaningful number of affordable units until state and federal subsidies are available to match the need. The private market is unlikely to build middle housing rental units affordable to people earning 60% and below the area median income (AMI).
- **Keep affordable housing providers competitive.** By increasing areas where middle housing can be built, the one or two unit affordable housing bonus increase in Tier 1 and 2 cities helps keep nonprofit affordable housing providers competitive when competing for land with market-rate developers.
- **Compliance management.** The administration and compliance for affordable units may pose challenges to cities in the early years of implementing HB 1110. However, affordable housing providers already have experience partnering with market-rate developers to handle administration and compliance in instances where affordable units comprise a subset of the total units in a project.
- **Larger housing units.** Some affordable housing providers are experiencing a trend where it is harder to find residents for units with 3+ bedrooms than units with 1-2 bedrooms. That being said, the focus group liked the idea of more flexibility in the model ordinances and increased floor area ratio limits for the option of larger housing units.
- **Zero parking minimums.** Zero parking minimums would be a significant positive policy change for affordable housing. At most, require no more than one parking space per unit.

## Realtor Focus Group

The realtor focus group noted there is a lot of support for middle housing and there is pent-up demand for middle housing types in the market.

Highlights from this conversation include:

- **Neighborhoods will change slowly.** In general, the realtor profession does not expect instantaneous demolition of small single-family homes for replacement with middle housing. The initial opportunities will likely be vacant lots and larger single-family lots (e.g. 10,000 square feet or more).
- **Middle housing demand.** Middle housing will be attractive to first time homebuyers and seniors who are downsizing.
- **New paths to homeownership.** Many people are transitioning away from the typical homeowner vision of having a big house. Especially in high-cost areas like the Central Puget Sound, Vancouver, Bellingham, and Spokane, people are getting more creative on how to become a homeowner. Realtors are talking more about accessory dwelling units and duplex buildings as ownership options. Unit lot subdivisions are a good option for homeownership.
- **Reducing barriers.** Participants felt high parking minimums and strict tree retention standards could be the largest barriers to middle housing getting built. Homeowner association covenants prohibiting middle housing are also a considerable issue, especially near transit stops.

## Environmental Organizations Focus Group

Natural resources, farmland, ecology, and environmental policy professionals participated in the environmental organizations focus group.

Highlights from this conversation include:

- **Reduce barriers.** There is a desire to reduce pressure to develop farmland, animal habitat, and forested areas for new housing. These organizations are looking for a model ordinance that practically allows infill housing to be built.
- **Urban tree canopy.** Participants have heard a lot of concern from their constituents that urban tree canopy will be negatively impacted with density changes. They are looking for solutions to increase density without adverse effects on urban trees. Some stakeholders noted that trees are an equity issue with higher-income neighborhoods tending to have more tree cover that could be lost while lower-income neighborhoods tend to have less tree canopy to begin with.
- **Stormwater opportunities.** New development incentivized by HB 1110 is an opportunity to improve stormwater infrastructure, be more resilient for climate change, and advance the recovery of marine habitats.
- **Resources for the user guide.** The focus group noted that the model ordinance may not be the best tool for detailed tree or stormwater standards, but emphasized that the user guide could have helpful links and resources for cities to refer to.

## Public Works Focus Group

City public works staff participated in a focus group with the project team. Participants shared their city standards and offered infrastructure-related comments.

Highlights from this conversation include:

- **Garbage and waste pickup.** One big challenge is how to handle garbage and waste collection for middle housing. Each housing unit could have collection for three bins (e.g. trash, recycle, compost), which could add up when considering multiple units on a property. Flexible standards and coordination with solid waste service providers is needed.
- **Fire safety.** It is common for public works and fire safety staff to discuss approaches for individual projects which require some design flexibility. The focus group emphasized that planners should discuss middle housing fire safety with their local fire authority before seeing an increase in development.
- **Alleys.** Cities vary in their alley requirements. Some cities require new development to pave alleys for the width of the lot, and others do not require paving for alleys. Some participants noted that alley paving contributes to additional stormwater requirements.
- **Water and sewer connections.** Cities should provide flexibility in how water and sewer lines are designed and metered. An HOA could have a master meter and manage a single bill for the entire development, or there could be separate meters for every unit. Side sewers should be allowed to be shared with a connection charge for each unit, though there is some consideration needed for potential future lot splits or changes in ownership structure.
- **Infrastructure for ADUs.** A discussion about how cities are handling infrastructure for ADUs was informative for similar decisions that may be needed where middle housing is new for cities.

## Housing Advocates Focus Group

The housing advocates focus group noted their concern that cities may try to enact new codes in ways that are restrictive. The focus group would like to see Model Ordinances that are progressive and provide the framework for middle housing to be built.

Highlights from this conversation include:

- **Portland development standards.** Portland, Oregon’s new standards which allow up to four units per lot were referred as a good city to study for development standards. New development under those standards is frequently resulting in fourplexes and townhomes with no off-street parking.
- **Design standards.** Philosophically, participants leaned towards having less design standards in the model ordinance, but understand cities may go towards having some level of design standards to provide some minimum level of design certainty for community members.
- **Reduce minimum setback standards.** There was emphasis on reducing setbacks as much as possible.

## Appraisers Listening Session

The Department of Commerce and Department of Licensing co-hosted a November 13, 2023 listening session with the appraiser industry, due to concerns raised about industry practices and potential effects on licensing standards for appraisers. Some residential appraisers submitted comments on the model ordinances and user guide regarding the underlying legislation (rather than comments directly regarding the draft documents).

The most common concern is that the appraisal profession’s standard of “highest and best use” may restrict residential appraisers from appraising residential properties, especially in Tier 1 cities. The specific concern is residential appraisers are only allowed to appraise properties involving one to four units. Because HB 1110 has a pathway for six units per lot, six units is the basis for “highest and best use” analysis of all properties in Tier 1 cities, even for properties with one to four units.

The Department of Licensing is continuing this conversation with appraisers, as issues involve matters of licensing.

## Virtual Open Houses

Commerce hosted three virtual (Zoom) 90-minute open houses open to members of the public. The open houses were an opportunity for education on HB 1110 and a space to share ideas and comments on the model ordinance. Commerce staff presented general information on the model ordinance project and the middle housing granting program.

## Key Themes

Key questions arising throughout the virtual open houses included:

- Where does HB 1110 apply (e.g, what cities are subject to HB 1110?)
- How will the implementation impact critical area protections?
- Will affordability bonuses incentivize development? How will cities track affordability requirements?
- How does middle housing affect displacement risk and development opportunity for the average Washington homeowner?
- How will middle housing be implemented in areas with restrictive covenants, especially restrictions created by homeowner associations?
- How will Commerce review alternative compliance proposals from cities?
- How can jurisdictions make accurate land capacity analyses within their comprehensive plans?

## Public Comment Period & Webinar

The draft Model Ordinances and draft User Guide were posted on November 6, 2023, initiating a 30-day public comment period that ended December 6, 2023.

The project team hosted a public webinar on November 9, 2023, to present the draft Model Ordinances and User Guide. The purpose of the webinar was to raise awareness of the 30-day public comment opportunity with stakeholders such as city planners, local elected officials and planning commissioners, professionals in the building and real estate industries, and the general public. 192 people registered for the webinar. Questions were submitted during the public webinar, which was video recorded and posted on the Commerce middle housing web page.

At the close of the 30-day public comment period, approximately 450 official comments had been submitted via an online comment form.

## Key Themes

### General public

- **Floor area ratio.** The most frequently raised concern related to floor area ratio (FAR) for Tier 1 and Tier 2 cities. Comments suggested increasing the maximum FAR (often citing the specific figure of 1.5 FAR for six units) or removing FAR standards altogether. The reasoning provided by many public comments was that larger middle housing buildings need to be allowed, particularly on small urban lots, to improve economic feasibility and provide housing options for larger families/households.
- **Design standards.** Comments suggested removing all design standards or specifically removing the “unit articulation” standards. The reasoning provided was that aesthetic design standards place a burden on builders and architects, add costs to development of middle housing, and stifle housing supply goals. Besides unit articulation, there were few or no comments on the other specific design standards.
- **Dimensional standards.** Some comments suggested more flexible dimensional standards, including increased maximum building height and lot coverage, and reduced minimum setbacks.
- **Parking standards.** Many comments suggested either reducing or removing the minimum parking requirements. Reasons cited included economic feasibility of development, site design for small lots, and environmental protection.
- **Tree protection.** A common concern from other commenters was that the Model Ordinances did not adequately protect urban tree canopy, which was noted as a benefit for ecology and urban heat islands. These comments often suggested specific tree planting standards for middle housing.
- **Appraisal industry.** A number of appraisers commented about the underlying HB 1110 legislation’s effect on appraisal industry business practices.



## City Governments

Approximately 16 local governments commented on the drafts, represented by planning staff, councilmembers, and planning commissioners. While some comments included the general themes above, local government comments included the following more specific issues:

- **Required versus optional.** The Model Ordinances should clearly distinguish what standards in the model ordinances are required by HB 1110, and what standards are voluntary or optional.
- **Code language.** Some comments suggest revisions to reflect more common code styles of writing.
- **Definitions.** There is strong interest in flexibility for local definitions of middle housing types, and there were questions about approaches cities may take for definitions.
- **Unit density.** Clarity is requested for how to interpret and apply the unit per lot density standards and the integration of accessory dwelling unit requirements.
- **Unit lot subdivisions.** Many comments addressed standards and procedures for unit lot subdivisions, which is a new concept for some cities.
- **Dimensional and design standards.** Some comments, especially from larger cities, suggest deleting or revising certain dimensional standards and design standards because of conflicts with a city's current practice. Comments from smaller cities tended to be favorable to including design standards.
- **Planning guidance.** Additional guidance and resources are needed for multiple topics including, but not limited to, applying critical areas ordinances, infrastructure planning, comprehensive planning, and land capacity analyses.

## Other Outreach

Department of Commerce staff participated in other public outreach activities as opportunities presented themselves and upon request, such as conferences and forums to discuss middle housing. For example, between June 2023 and December 2023 Commerce staff attended and presented at:

- Association of Washington Cities Conference
- Housing Washington State Conference
- Washington American Planning Association State Conference
- Washington State American Planning Association Puget Sound Section
- Master Builders of King and Snohomish Counties Built-Green Conference
- Master Builders of King and Snohomish Counties Housing Roundtable
- Infrastructure Assistance Coordinating Council State Conference
- Creative Housing Solutions Real Estate Event
- Washington State Association of Boundary Review Boards
- Affordable Housing Advisory Board
- Associate Development Organization's Housing Summit

In addition to the above, Commerce staff have made several presentations about HB 1110 to city planning commissions and city councils across the state. Commerce also collected an "interested parties" list through an online form and sent ongoing email updates to 70 subscribers.



# Commerce Response

## Addressing Comments and Feedback

Development of the Model Ordinances within the statutory timeline and the supporting User Guide would not have been possible without the hard work and insights provided by the technical committee, stakeholders, and the general public. The project team shares its thanks for every comment and conversation provided.

Key themes and questions that arose throughout all the public engagement include:

- Providing development standards to allow for larger middle housing units.
- Removing or reducing the scope of design standards, with a particular focus on articulation standards.
- How does HB 1110 integrate with other recently passed State legislation, and planning processes?
- How do cities administer and manage affordable housing under HB 1110?
- A desire for the model ordinances to set a high standard for reducing barriers for middle housing.
- A desire to increase tree protection and tree replacement requirements through the model ordinances.

Besides revisions to the Model Ordinances, integrating stakeholder comments into various sections of the User Guide was a common method used to address comments. Many sections in the User Guide come from thoughts and conversations started during the Technical Committee meetings, focus group discussions, and virtual open houses. Additionally, comments related to definitions and ways to clarify provisions were taken by the project team and integrated into the final documents.

In response to public comments, the following major changes were made (numerous smaller edits also made in response to public comments are not reflected in the list below).

- The User Guide introduction was updated with a clearer explanation of mandatory and optional standards, particularly in relation to whether or not a city has adopted regulations to implement HB 1110 by its statutory deadline. Formatting of the Model Ordinances was also revised to offer greater clarity between mandatory and optional standards.
- Maximum floor area ratio (FAR) standards for Tier 1 and 2 cities were increased. The maximum FAR increased to 1.6 for six units (from 1.0), 1.2 for four units (from 0.8), and 0.8 for two units (from 0.6).
- The minimum rear alley setback is decreased for Tier 1, 2, and 3 cities from five feet to three feet.
- The maximum lot coverage for six units in Tier 1 cities is increased from 50% to 55%.
- Design standards for Tier 1 and 2 cities were reduced in scope, including moving unit articulation standards into the User Guide. .
- The User Guide emphasizes that middle housing tree retention and canopy requirements should be addressed by cities as part of a broader package of tree and canopy standards that considers multiple uses and issues rather than just in relation to middle housing. .
- Unit lot subdivision standards are removed in the Model Ordinances due to concerns about timing and implementation, with model language moved into the User Guide.

## Ongoing Engagement

Even with publication of the Model Ordinances and User Guide, Commerce's public engagement will continue in the form of presenting the Model Ordinances and User Guide as opportunities arise. This may include conferences, stakeholder meetings, and direct technical assistance with jurisdictions working on HB 1110 implementation.

Additional technical assistance related to the Model Ordinances and User Guide may be developed over time as jurisdictions work on HB 1110 implementation. Potential legislative changes that may affect the Model Ordinances and the User Guide will also be monitored. Supplemental information may need to be prepared as new topics arise or as existing topics need to be revisited.

Any future documents providing additional guidance related to the Model Ordinances and User Guide will be posted on the Commerce Middle Housing webpage:

[Planning for Middle Housing - Washington State Department of Commerce](#)