

# The Right Size Home

## *Housing Innovation in Washington*

### **Part II: Policy Guide**

This policy guide serves as a companion to the Right Size Home catalog, discussing in greater detail the key features of innovative housing and the issues that communities must address as they embrace new kinds of development. It also provides more detailed explanations of the various housing types included in the catalog and the data used to describe them.

The Housing Partnership would like nothing more than to provide model ordinances and regulatory templates that could be dropped into any municipal code in the state. We stopped short of this approach for two reasons. First, these models continue to evolve, as both builders and communities gain experience with them. Any model ordinance would soon be out-of-date. Second, every market and every community is unique, and what works in one place may not work in another.

Although drafting new codes represents a great deal of work, too many shortcuts and “cut-and-paste” approaches risk creating codes that miss the critical balance between community acceptance and business success for the builder. So, rather than provide exact figures for the various parameters, this guide tries to illustrate the nature of each choice and offer a range of measures. For example, we would contend that cottage housing requires clustering, common open space and some remote parking, but we would suggest that sizes of cottages can range from 500 square feet to as much as 1,200 square feet.

The Right Size Home catalog features only a sample of the many good examples of housing innovation in Washington. This guide can help the user evaluate other models to determine how they might fit into a community’s housing strategy. As the resizing of the housing stock continues, this guide too will evolve to capture new findings and new policy implications that local governments will need to address.

## **Policy rationale: What is the wrong size?**

Changes in public policy should aim to capture an identifiable opportunity or solve an identifiable problem. In the case of the right-sizing of the housing stock, most communities have plenty of room both to capture opportunities and to solve problems.

### **Opportunity: more choice**

In most urbanized areas the vast majority of the housing stock built since World War II has consisted of two product types. The for-sale market has been dominated by detached single family houses on lots of at least 5,000 square feet, in neighborhoods that exclude commercial uses. The dominant feature of the condominium and rental markets has been large complexes, with garden-style walk-ups in the suburbs and stacked-flat buildings in central cities. Other types of housing have been built, but in terms of numbers, large lot single family and large multi-family complexes account for most housing.

These two types can certainly accommodate just about all needs to some degree. But to rely on just two types of housing would be like offering just two types of automobiles: large SUVs and compact cars. Just as the automobile industry produces a wide range of vehicle types – compact, mid-size, full-size, vans, small SUVs, pickups, and a growing array of “crossover” vehicles – the housing industry should be able to provide a range of housing types that can more closely fit the needs of consumers. However, unlike the auto industry which can produce whatever its market researchers say that buyers want, the homebuilding industry must work within the strict parameters of local zoning and regulation.

The opportunity that the Right Size Home can capture, then, is to provide residents of a community with a wider range of choices in housing so they can find something that matches their lifestyle. As these new choices become available, the people buying and renting them are often from the community itself, and are happy to find housing that meets their needs in a neighborhood they know.

### **Problem: high cost of conventional housing**

The problem that the Right Size Home can solve is the shortage of housing throughout much of the state that is driving up prices. In larger and larger areas, the high price of land has driven up the cost of conventional building lots to ridiculous heights, making large lot detached housing unaffordable to all but the wealthiest buyers. In the fall of 2005, lot prices in conventional subdivisions in East King County had reached \$200,000 in East King County and \$135,000 in South King County.

The only way to address the high cost of land is to use less of it per home. And for many people that is just fine. A very small lot still provides the privacy of a detached or semi-detached house, at a lower price and with less maintenance.

Using the Right Size Home as a strategy to improve affordability has the added benefit of allowing people to live closer to their jobs, thereby reducing commutes and traffic congestion. Too many people have moved to distant, more affordable neighborhoods, because the areas around their jobs offered too few affordable, appealing choices.

## **Lifestyle or affordability: getting the solution right**

The two policy rationales just described – more housing types, more affordability – are distinct issues and can lead to quite different solutions. The housing models described in *The Right Size Home* catalog can apply to one or the other, and sometimes both. But communities adopting these housing models must be very clear that they are doing so for the right reason.

### **The lifestyle market**

The opportunity to provide more housing types requires a focus on lifestyles. The lifestyle market typically involves people with enough money to provide themselves with a range of options from which to choose. They may decide to trade in their large suburban home for an urban center condominium, a cottage, a townhouse or other smaller dwelling. But they will not feel they are giving anything up because they are trading quantity of space for quality of space. The kitchen may be half the size, but the counters are granite and the appliances stainless steel.

A key ingredient to providing Right Size Homes to the lifestyle/choice market is the quality of the neighborhood and the availability of amenities nearby. Lifestyle people like to walk, so there should be pleasant sidewalks or trails, with a coffee house in easy reach. Successful lifestyle developments also have their own common open space and/or parks nearby, to serve as a substitute for the missing back yard. The lifestyle markets in urban centers need abundant and interesting restaurants, and perhaps a farmers market.

To some degree, lifestyle builders compete for a pool of buyers and renters who can shop around to find just the right ambience and combination of amenities that appeals to them. Builders who aim at the lifestyle market will provide some of these amenities, but cannot create all of the features needed for a neighborhood to attract these relatively affluent people. Therefore, the lifestyle market requires either a high level of existing amenities or a substantial public and private investment to create them.

### **The affordability market**

Like the lifestyle market, the affordability market reflects a trade-off, but one done perhaps a bit begrudgingly. People looking at the Right Size Home for affordability reasons would much prefer the larger home and the larger lot, but simply cannot afford it, or are unwilling to put up with the commute from less expensive large-lot subdivisions on the periphery. These buyers have decided to trade off quantity of space for quantity of time. They would rather arrive at a small house in a half hour than to a large house in 90 minutes.

The key to meeting the needs of the affordability market is to provide many of the features of a large house in a smaller package. This means keeping the two-car garage, the master bath, the third bedroom and the main floor powder room, while giving up the formal dining room, bonus room and utility room. Careful market research is required to get exactly the right floor plan into 1,600 square feet.

Lot sizes in formal subdivisions and masterplanned communities have been shrinking steadily, to the point where a 2,000 square foot lot is not unusual. But like the lifestyle market, the affordability market depends on public spaces to make up for the missing private spaces. Compact neighborhoods that target the affordability market do not necessarily need a nearby coffee shop, but they need generous parks and play areas and safe streets. If the back yard cannot fit a play structure, there had better be a nice one in the park just down the block.

## **Plan for the right market**

Before undertaking a Right Size Home strategy, a community needs to understand the degree to which it should use the strategy to attract the lifestyle market or to improve affordability, or to try to serve both markets.

Most communities in the Central Puget Sound region, as well as areas of Whatcom and Clark counties, have experienced substantial housing price increases in recent years, suggesting a focus on affordability. In other areas of the state land prices have not yet made large lots unaffordable, suggesting that an affordability strategy may not work. Where land is inexpensive and septic systems will work, small lots can be a difficult sell.

Many areas have targeted the lifestyle market, although they may not know it. Urban Centers are mostly lifestyle oriented, since mixed use buildings with underground parking are quite expensive and cannot compete on price with garden-style apartments or condominiums in the area. In any case, targeting the lifestyle market requires more than just a plan. It requires substantial public investment in amenities, and if that investment is not forthcoming, lifestyle-oriented projects are unlikely to get built.

## **Four key policy objectives**

A Right Size Home strategy requires balancing of objectives among the key participants in local housing market and local public policy. Policies need to aim at four key objectives:

### **The Right Size for the customer**

Whether targeting the lifestyle or affordability markets, the Right Size Home offers just the space that the customer needs – no more, no less. The Right Size Home is sought by households that need more space, privacy and features than found in a typical apartment or condominium, but less space, both interior and exterior, than found in a typical detached house. Important parameters for Right Size Homes include:

Density and lot size. The examples in the catalog range from a net density of between 12 and 30 units per acre. This translates into per-unit land area of between about 1,500 square feet and 3,600 square feet. This range of densities lies between single family developments and typical multi-family complexes. Typical single family developments have no more than 8 units per acre, or lot sizes of at least 5,000 square feet. Multi-family complexes with surface parking start at around 20 units per acre, and high rises with structured parking can have several hundred units per acre.

Unit size. The catalog examples range from cottages and carriage units of 450 square feet up to small lot houses with over 2,000 square feet. Although these sizes are within the range of more traditional housing types, the configurations are quite different. For example, a 600 square foot cottage may have the same spaces as a typical one-bedroom apartment, but offers a much different living experience.

Parking. The number and configuration of parking spaces can drive all other features of a project. The Right Size Home does not waste space on unneeded parking, with that space used instead for living space or landscaping. Even in suburban settings where parking is

usually abundant, Right Size projects have the minimum necessary. And to save circulation space, Right Size projects often have parking separated from the living spaces.

As noted above, policies governing unit size, density and parking must acknowledge the target market. For example, a cottage ordinance that places a size cap of 1,000 square feet will allow units that attract the lifestyle market, but will fail to meet the needs of the affordability market. Homes aimed at the lifestyle market can usually get by with less parking than homes aimed at larger households.

Success in serving the affordability market begins with controlling the price of finished building lots, so policies need to aim at minimizing land development costs. Development regulations such as lot size, setbacks, street widths, parking requirements and on-site open space will determine the degree to which a developer can offer a more affordable product. In the affordability market, the customer looks for the Right Size mortgage payment!

### **The Right Size for the neighborhood**

By restricting development on the periphery, the GMA pushes the housing market into the undeveloped or underdeveloped spaces in existing neighborhoods. This means introducing Right Size homes into areas with more traditional, low density development patterns, raising concerns about the impact of higher densities on existing residents. With care on the part of both developers and local governments, Right Size Homes can fit well into existing neighborhoods.

A Right Size Home strategy should take a new approach to evaluating projects that depart from existing zoning. Rather than the usual measures of density – unit counts or lot sizes – the focus should be on the impacts that emanate from the envelope of the project. After all, not every housing unit has the same activity going on inside or the same impact on its surroundings.

The idea of “performance zoning” makes particular sense in conjunction with a Right Size strategy that targets the lifestyle market. Lifestyle-oriented homes rarely have children at home, and the residents lead relatively quiet lives. As such, noise, trip generation and automobile ownership are all typically far less than in more family-oriented developments. As such, a lifestyle-oriented development can meet the needs of more households while having no greater impact than a more standard single-family development.

The scale of Right Size Homes can also provide a better fit with existing neighborhoods. Many close-in neighborhoods feature the smaller homes typical of the 1950, and 1960s, and a new development of larger structures can easily overwhelm the neighboring homes. If a builder in an infill setting must conform to existing single family zoning, the resulting homes will typically be large, but given an opportunity to use smaller lots, a builder can build smaller homes that fit better with the surroundings. The catalog shows examples of this approach.

### **The Right Size for the future**

The Growth Management Act aims to channel future growth into more compact neighborhoods, relieving pressure to expand urban development into rural and resource lands. Although this means that fewer new homes will be built on large lots, the alternative does not have to be high density multi-family complexes. Most people still prefer detached housing, and many will commute long distances to have homes they can afford.

A strategy that presents a stark choice between long commutes and large multi-family buildings will fail. The Right Size Home strategy, as a component of larger growth management strategies, promotes compact development that meets the needs of a variety of households. It does this in two principal ways.

Lifestyle products free up single family houses. Many households have far more space than they need or want, but do not feel they have attractive alternatives. Many people stay in their large homes because they do not like the idea of moving from the privacy of their home in their familiar neighborhood to a condominium in another neighborhood. More empty nesters and retirees will make their large homes available to larger families if they have attractive alternatives in their neighborhood that meet their new lifestyle needs.

Affordability products cut commutes. For those who cannot afford a traditional detached house near their job, the alternative is often a long commute from an affordable area. Not only does this create more traffic, but it also pushes demand in that distant neighborhood to an even more distant one. This phenomenon, which has been moving up and down Interstate 5 for many years, can be alleviated by providing attractive alternatives to unaffordable detached housing. As noted above, a household that cannot afford a traditional detached house may give up certain features if they can find other key features in a smaller, more affordable product.

Because a Right Size Home strategy has such a strong customer focus, communities that employ it will have much better success meeting their GMA-mandated housing targets, and providing a strong base of housing to support local employers and retailers. Over time, communities will develop a housing stock with a variety of choices that will allow both a higher level of turnover, and more stable demographics. In other words, a Right Size Home strategy helps create stable, diverse, healthy communities that can sustain schools and other institutions over time.

### **The Right Size for homebuilders.**

Homebuilding is an inherently conservative business, where success comes from consistently meeting market needs with quality products and maintaining disciplined business practices. Few homebuilders can take large financial risks with radical new products, so the Right Size Home must not depart too far from established housing models. Builders have experimented with different models for the past 10 or 20 years, and continually refine site designs and floor plans to take advantage of experience.

For most builders, the Right Size Home represents an alternative to the more traditional products they have been accustomed to building and selling, so they need a strong sense that their business will succeed after they shift to a new direction. In general, the financial results of the Right Size Home should be better than the financial results of building more traditional homes, since the new products will carry a slightly higher risk.

The challenge for local governments is to make it easier to build the Right Size Home than to build more traditional products. This is counterintuitive, since most alternative forms of development often carry extra reviews and safeguards that make permitting more difficult. If those extra processes – PUDs, PRDs, design review – remain in place, their impact should be balanced by incentives that outweigh the added costs.

To encourage Right Size Homes in infill settings, local governments need to simplify and remove costs from their permitting processes so they do not burden small projects. Often small projects carry the same permitting requirements as larger projects, but with fewer units to spread those costs onto. As the GMA pushes development onto smaller and smaller sites, the cost of developing those sites needs to drop.

## **Building a Right Size Home strategy**

The Right Size Home strategy puts local governments and communities in more active roles with respect to the local housing market. A program like the Housing Partnership's *Community Housing Strategies* provides a framework for governments, builders and communities to work together to promote Right Size Homes. As this process looks at various models of the Right Size Home, participants will confront a series of important issues.

### **What constitutes innovation?**

The whole idea of the Right Size Home is to introduce new types of housing into the local housing stock, departing from typical practices. This does not, however, suggest overly radical or unusual forms of housing. In fact, many of the models shown in the Right Size Home catalog take a step back in time to housing forms that were common in the past but have fallen out of favor. Some of the models shows innovation in a number of different ways, and some of them are relatively conventional, but show innovation in some key aspect of the development that makes a major difference.

All of the projects fit within a range of densities described above. The innovation comes in creating practical and enjoyable living spaces, as well as good investment values, within those higher densities. The Right Size Home can demonstrate innovation in:

Unit size. The floor areas and spaces shown in various Right Size Homes can be found in more conventional products, but the departure comes in applying a size of unit to a model of housing. For example, cottage homes often have the same floor area as stacked flats, but feature full detachment and light on four sides.

Site plan. Allowing much less land per unit requires a more careful use of exterior space. Many projects emphasize common open spaces over private open space. Parking and access can be arranged to minimize the amount of site taken up by driveways, leaving more of the site for building or landscaping.

Streets and rights of way. In conventional subdivisions rights of way occupy a significant amount of the site. This provides ample parking and emergency access, but uses land inefficiently and presents an unattractive streetscape. Many innovative developments feature narrow streets, less parking, planting strips and other techniques to provide an efficient, attractive streetscape.

Child-friendly. Large-lot subdivisions, with big back yards and low-traffic cul de sacs provide a very friendly environment for families with children. Several Right Size Home models show how more compact, affordable developments can also work well for children, so their parents do not have to make the choice between a safe neighborhood and a long commute that gives them less time at home.

Neighborhood fit. Housing styles change dramatically over time, and new housing often does not fit well into older neighborhoods, in terms of both scale and design. Several Right Size Home models emphasize a close fit with the existing homes in the area.

There will always be a place for a few truly radical projects in any community – idiosyncratic homes and apartments that catch the eye. But the Right Size Home strategy needs to move beyond demonstrations and one-off projects and bring innovation to the mainstream of the market. The vast majority of homebuyers and investors are very conservative when they invest in homes or income properties – they do not want risky properties that depart too far from the norm. Right Size Homes provide the features and ambience that buyers want, while using innovation both to create attractive new living environments and to mitigate the impacts of higher densities on both residents and neighbors.

### **These models are for targeted markets**

Even with a very aggressive strategy, Right Size Homes will make up only a fraction of new housing. And since the overall housing stock increases only between one and one and a half percent each year, innovative housing types will not constitute a substantial portion of the housing stock for decades. Because of the huge base of traditional housing models already in place, the vast majority of homes available for occupancy at any one time will continue to fall into the two major types: large lot single family and multi family in large complexes. For those seeking those types of housing, there will be ample supply.

Many of the models of Right Size Homes will not appeal to most buyers or renters. But that is not important. The whole idea is to get away from the one-size-fits-all approach of housing markets and provide a wider range of housing types that can more closely fit the needs and desires of targeted niche markets. If builders know that they will have the regulatory flexibility to build a variety of different types of products, they can study the preferences of various market segments and produce homes closely tailored to those segments.

The first step in the Community Housing Strategies process is to undertake a market research process that will identify underserved markets. With those markets identified, communities and builders can zero in on the specific models of Right Size Homes that will meet market needs. Over time, experience with various models will help local governments and builders adjust both regulations and products to keep pace with evolving market demand.

The models shown in the Right Size Home catalog are not for everyone. But those models have also proven successful in the market, indicating that demand for alternatives remains strong.

### **The challenge of affordability**

Affordability of housing depends on two factors: the price or rent of the home, and the income of the household. The Right Size Home strategy does not address income issues, which can really only be helped with public subsidies to those households that cannot earn enough to operate in the marketplace.

The price side of the equation depends on the relationship between the supply of housing and the demand for it. In recent years, the supply of housing in the Puget Sound area and elsewhere in Washington State has not kept up with strong demand. Even with the sagging economy of the early 2000s, prices continued to rise, as buyers and investors chased a limited supply of homes

and apartment buildings. With the anticipated expansion of employment in the state over the next several years, the market will come under even more pressure.

A Right Size Home strategy can address rising home prices in several ways:

Overall housing supply. The most important determinant of housing prices is the overall supply of homes for sale or rent. By fitting more housing units on a given piece of land, Right Size Homes expand the housing supply and take pressure off prices.

Relieve pressure on traditional single family housing. With a limited choice of products on the market, traditional single family housing becomes the default choice for many buyers who might otherwise choose something else, if it were available. Alternatives that provide some of the advantages of traditional neighborhoods will attract some buyers away from those markets. For example, a couple without children for whom privacy is important, might choose a small lot house or cottage, rather than a large lot house, but would not choose a stacked flat condominium.

Increase turnover. A couple can find themselves with an empty nest while in their late 40s or early 50s, and look forward to another 30 or 40 years of independent living. A lot of people in this position would like to move into a smaller home while staying in the neighborhood. Providing lots of choices for empty-nesters and retirees increases the turnover of large-lot single family housing, making it available for younger families that need all the bedrooms.

Lower prices for new construction. Smaller homes on smaller lots will be less expensive than the larger homes in the neighborhood. This does not mean that Right Size Homes will meet any definitions of “affordable,” with respect to income criteria. They will, however, be affordable in a relative sense, offering buyers a chance to live in a neighborhood they otherwise would not have access to. Right Size Homes play a critical role in efforts to achieve a balance of jobs and housing, allowing middle income households to live in areas with abundant jobs but expensive housing.

A Right Size Home strategy will not contribute directly to the construction of “affordable housing.” The vast majority of the low cost housing stock remains older homes with few upgrades in less fashionable neighborhoods. Except for the limited production of new, affordable housing by housing authorities and non-profit developers, high land prices prohibit the private-sector development of new-construction low-cost housing. The Right Size Home will, however, contribute powerfully to the challenge of keeping housing markets functioning smoothly and reining in prices. With enough supply and choice on the market, older housing can stay affordable and not get bid up to prices far beyond its value.

### **The need for quality**

When communities confront the possibility of new types of housing, neighbors often fear that higher density housing will degrade their surroundings and lower property values. Although instances of such things happening with market-rate housing are quite rare (new housing is almost always higher quality than existing housing, and density makes little difference in value) perception counts for a great deal. To fit well into existing neighborhoods, Right Size Homes should maintain a high standard of design and materials. In addition to design and scale considerations mentioned above, developers of Right Size infill should pay attention to:

Exterior detailing and finish. Details such as façade articulation and detailing, high quality siding, window trim on four sides, contextual roofing materials and contextual paint colors can all cost more, but, at the same time, send a clear message of project quality.

Landscape. Both common and private areas need high quality landscape to mitigate higher densities. Like exterior finishes, landscaping should mirror the dominant themes of the neighborhood where appropriate.

Maintenance covenants. Many developments of Right Size Homes have condominium ownership, ensuring that exterior finishes and common area landscaping receive consistent maintenance. With projects under fee simple ownership, strong homeowners association covenants can provide the same level of maintenance. Developers need to communicate the existence of strong maintenance arrangements to neighbors. The examples in the catalog note the ownership arrangements.

### **Quality vs. quantity of space**

One key to understanding the Right Size Home strategy is the relationship between quality of space and quantity of space. The lifestyle market, in particular, makes a conscious trade-off, preferring smaller spaces with high quality design, fixtures and finishes. Figure 1 in the design catalog shows how the quality/quantity relationship plays out in various product types.

### **Housing types**

Right Size Homes fit into a number of basic categories, based on both their design and target market. The categories are not rigid, and with experience the definitions can change. But the basic descriptions provide some guidance in deciding which types to target in a Right Size Home Strategy.

#### **Cottage cluster**

No type of housing innovation has received more attention in the past 15 years than cottage clusters. Although the definition of cottage housing has become well-established, marketers have not shied away from calling almost any small detached house a “cottage,” whether it meets the definition or not. Imitations notwithstanding, cottage housing is characterized by two key features:

Clustering. Cottage developments tend to deemphasize private exterior space and emphasize common space. Cottage developments typically cluster between four and eight units around a common green space or courtyard, with the front porch facing the common space. Units will have minimal separations and rear setbacks in order to maximize the common space. The common space itself can be either active, with furnishings and inviting spaces, or passive, with grass and paths.

Remote parking. In order to create clusters and maximize the landscaped space, cottage developments move all or part of the parking away from the units. Early cottage developments, such as Pine Street and Third Street, moved all the parking away from units. Some later developments have included attached garages where the site plan allows. In any case, the site plan must minimize the space taken up by driveways and adjust the parking arrangement accordingly.

Cottages range in size from as low as 400 square feet to as large as 1,200 square feet. Some one-story cottages have lofts that add storage or guest sleeping space that does not get counted in the square footage. Early cottages tended to have one bedroom, while later developments have moved toward two-bedroom floor plans.

Cottage developments have proved successful in a variety of settings. Clusters can be found in urban and suburban neighborhoods as well as masterplanned communities. Part of the attraction of cottages comes from their location within single family zones. Cottages provide the quiet setting of single family surroundings with the higher density typically found in multi-family zones.

Most cottage developments have aimed at the lifestyle market. Their small size, lack of private yards and high per-square-foot cost makes them less attractive to households with children. Conversely, urban settings, efficient layouts, high spec levels and common exterior maintenance make them attractive to singles, empty nesters and retirees.

Most, but not all, cottage projects have condominium ownership. The details of the condominium can vary, with more or less of the exterior spaces under individual control. Unlike the weaker option of covenants and owners associations, condominiums provide protections for the integrity of the exterior spaces, landscaping, and often exterior finishes.

### **Cottages with Carriage Units**

When cottage developments cluster parking in multiple-space garages, there is an opportunity to use the space above the garages for additional living units. These add to the population density of the site, but only a fraction of the carriage unit is added to the site coverage (the carriage unit itself will need a parking space, so that extra space is added to the site). Carriage units typically add a more affordable component to the project.

The size of carriage units depends on the number of parking stalls underneath. A typical one-car garage space measures about 12 feet by 20 feet, providing 240 square feet for living space above. So, two spaces would provide a studio unit of 480 square feet, three spaces would provide a one-bedroom unit of 720 square feet, etc. As shown in the Ravenna and Ashworth cottages in the catalog, generous height limits allow a second story in the carriage units.

### **Small lot detached**

The size of standard single family building lots in urbanized settings (defined, in this case, by the availability of sewer service that eliminates the need for septic drainfields) varies, but rarely drops below 5,000 square feet. Older cities were laid out with 50 foot by 100 foot lots in the first half of the 20<sup>th</sup> century, with lots in post-war suburban subdivisions growing to between 7,200 and 10,000 square feet. More recently, subdivisions have moved back down to lots between 5,000 and 6,000 square feet.

But even lots at 5,000 square feet have become prohibitively expensive in many areas, with high land cost and rising costs for infrastructure. Although the ratio of lot cost to home price has shifted in recent years, the cost of the finished building lot still drives the cost of new detached homes, so the only way to bring in a lower priced home is to start with a lower cost per building lot. Shrinking lot sizes lowers cost by requiring less land and by requiring fewer feet of street and utility pipe per lot.

Early small lot developments pushed lot sizes to the 3,500 to 4,000 square foot range. More recent developments have gone as low as 2,000 square foot lots. Unlike cottage housing, however, small lot developments do feature attached parking and distinct private open spaces, even if very small. And whereas cottage developments can have condominium ownership, small lot projects usually sell homes on a fee simple basis. Exteriors and landscaping are protected by covenants and owners associations, although these arrangements can weaken over time.

When lots get much below 5,000 square feet, some things need to change from standard practice used in traditional subdivisions:

Setbacks and building separations. These need to shrink in order to provide an adequate footprint. Increased height limits can allow a third story on very narrow lots. Alleyways for parking and access provide a more attractive streetscape while still permitting two-car garages.

Open space. Since the homes will have little private open space, the development needs to provide ample and attractive public open spaces. Two of the examples in the catalog – Greenbrier and the Orchards – feature large parks in the center of the development, within easy and safe walking distance from the homes.

Streets. The excessively wide streets and rights of way in standard subdivisions do not fit well with small lots. Narrower streets with planting strips and limited parking provide a more comfortable streetscape that does not overwhelm the houses that sit very close to the curb. Narrow streets also encourage slower driving, making a walk to the park safer for children.

Small lot developments appeal mostly to the affordability market. They should be child-friendly and provide good investment value for first-time buyers, offering the opportunity to get new construction homes in an area buyers could not otherwise afford. In making the trade-off of space for neighborhood, these buyers will still look for the privacy and basic functionality of the larger home they would ideally like to have. This distinguishes small lot developments from cottage developments, in which buyers willingly give up many of the features of larger homes.

### **Detached accessory units**

State law requires larger jurisdictions to permit accessory housing (separate apartments on a single family parcel). But not all local governments allow accessory units in separate structures. Having an accessory apartment as a stand-alone cottage or above a detached garage provides a higher level of privacy for both the owner and the tenant, and permits the homeowner to retain all spaces within the original house.

Single people make up the primary market for accessory housing. Most units are small, and owners seek tenants with the least potential to disrupt the main residence. On occasion, the owner of the property will occupy the accessory unit, and rent out the principal residence.

Although some accessory units do actually house a mother-in-law or other relative, most owners build them for the added rental income. A few new developments – including the Woodside development shown in the catalog – offer accessory units in new construction, allowing an owner to capture some revenue from the land they have just purchased.

### **Small multiplex**

Most jurisdictions draw a bright line between multi-family zones and single family zones, prohibiting any multi-unit buildings from being built in single family neighborhoods. Since multi-family zones often lie along arterials and near commercial areas, the choice to live in a multi-family unit implies a choice to live in a setting with more traffic, noise, light and a generally less-peaceful ambience. Just as accessory housing offers the chance to live in an affordable unit within a quiet neighborhood, small, contextual multi-family buildings can fit into single family zones.

Such buildings can often be found in older areas of cities that developed before strict zoning regulations drew bright lines between building types. The same footprint that would accommodate a single family house can support a four-unit building. The example in the catalog – Malden Court – fits five townhouse units into each of two structures that resemble large houses, with parking provided below-grade.

Duplexes and triplexes can also fit into single family neighborhoods almost unnoticed. One technique allows duplexes on corner lots, as long as the front doors face different streets. Neighborhoods in Vancouver B.C. allow front-and-back duplexes with only one entrance visible from the street, and the other entrance behind.

This type of housing leans toward the lifestyle market. Small buildings with structured parking will be expensive to build and cannot compete on price with larger multi-family complexes. These buildings do, however, offer the opportunity for smaller spaces and lower maintenance while staying in a quiet neighborhood.

### **Townhouse**

Townhouses have become the workhorse of urban infill and affordability. This versatile style of building can be adapted to a wide variety of settings and development sizes, and can meet the needs of both the affordability and lifestyle markets. Most townhouse projects fall within a range of 15 to 30 units per acre. They can be sold as fee simple, zero-lot-line homes or as condominiums.

With the high cost of land and utilities, townhouses offer the affordability of higher density with the privacy of direct-entry parking and individual front and rear entrances. Luxury townhouses offer a lower-density alternative to condominiums in expensive urban settings. In lower cost areas they offer a more affordable alternative to detached housing, especially for first-time buyers.

As with small multi-plexes, townhouses have the potential to fit seamlessly into single family neighborhoods. The key is to avoid a streetscape consisting of garage doors, by using alley entrances or underground parking.

### **Auto court**

This variation on townhouses moves parking and access to the center of the development, minimizing driveways and maximizing open space to the rear. In some ways auto courts are the opposite of cottage developments, which move parking to the side and maximize open space in the center of the development. Auto courts provide a more attractive streetscape by moving garages to the interior.

## **The data**

Developing a Right Size Home strategy requires a common language and a set of measures and descriptions to identify and evaluate various housing models. Following are descriptors used in the catalog.

### **Unit Size**

The approximate size or range of sizes of the living spaces is provided, as reported by the developer or architect. The data given can mask two sources of inaccuracy.

First, it is not clear whether the data represents gross square feet (measuring to the exterior of the building walls and including all interior walls) or net square feet (adding up the actual floor area of each living space). The difference can be significant, especially since the width of walls remains the same, regardless of the size of the rooms, making the difference between net and gross larger in smaller units. For example, each Ravenna Cottage has 936 gross square feet but only 815 net square feet.

Second, Both regulation and architectural practice dictate that spaces with low ceiling clearance do not count toward living space. Since small units often employ lofts and low spaces under rooflines, usable floor space can exceed the official measurement.

In writing regulations for a Right Size Home strategy, measurement of unit size must be very clearly spelled out in order to avoid confusion and to ensure that builders can size units to meet identified market requirements.

### **Density**

Measures of density can create even more confusion than measures of unit size. It does not help that local zoning codes use a wide variety of different zoning designations, making it difficult for the layperson to visualize what is happening on the ground. The Right Size Home catalog tries, where possible, to show density of a project in terms of both units-per-acre and lot size, since both measures are commonly employed.

Lot size refers to just the land owned as part of a unit. It does not take into account rights-of-way or tracts held in common ownership, such as tot-lots or stormwater ponds. Lot size will, however, include areas used in common or by neighbors under an easement.

Like unit size, a density measure of units-per-acre can be either gross or net. The gross measure divides all the land in the development by the number of units. The net density calculation excludes stormwater ponds, public streets, parks, and other public spaces or commonly-owned tracts. Net density equates to the average lot size, such that, for example, 7,200 square foot lots have a net density of six units per acre.

These measures have different but equally valid uses. Net density and lot size are relevant to understanding the marketability of a project: buyers want to know how close they will be to their neighbor and how much space belongs to them. Gross density provides an indication of the impact of the project on the surroundings. The distinction between gross density and net density/unit size becomes very important in cases where projects cluster units to avoid sensitive areas or to create large common open spaces. In such projects, the gross density can be low while lot sizes are still quite small.

In many ways, however, these measurements of density miss the point of The Right Size Home. By treating all housing units the same, these measurements say nothing about the actual impact of a project on its surroundings. As part of a Right Size Home strategy, jurisdictions should consider using an alternative measure such as floor-area-ratio (FAR – the combined floor area of all units in the project divided by the total land area). Using FAR, three 1,000 square foot cottages would count the same in a density calculation as a single 3,000 square foot home. Such equivalence seems fair, considering that the cottages would likely have just one occupant and the house would likely have at least four.

### **Parking**

Parking represents perhaps the biggest challenge of the mid-levels of densities targeted in a Right Size Home strategy. The homes and developments have little land to spare for excessive parking or circulation, but cannot support expensive underground parking. Most have the minimal amount of surface or direct-entry parking for each unit, plus whatever guest parking will fit in driveways and on the streets.

Parking is another area where the lifestyle/affordability distinction comes into play. The urban location of many lifestyle-oriented projects encourages lower car ownership and more use of transit, walking, biking or services such as Flexcar, and the units themselves do not often lend themselves to entertaining large numbers of guests. In contrast, projects oriented toward affordability will tend to attract families with the possibility of multiple cars, and will need more guest parking for soccer parties, scout meetings and other activities.

From a regulatory point of view, current parking requirements may not fit the new types of development contemplated in a Right Size Home strategy. Rather than simply looking at the form of the projects, planners need to take into account the target market when deciding how much parking to require. Many of the projects in the catalog are old enough that residents and neighbors can report the success of the parking formulas used in them.

Local governments and builders should consider using off-site and shared parking, especially in urbanized areas. By contracting with commercial or institutional buildings with complementary uses, residents can have extra parking available on evenings and weekends. Condominium or owners associations can manage parking contracts over time.

### **Access**

Roads and driveways provide another opportunity to save space while retaining essential functionality. The Right Size Home is served by the right size street, or perhaps a path, alley or woonerf (a street that also serves as a walkway, with cars and pedestrians having equal access). Access rights-of-way can be publicly-owned or private, with private roads and driveways held in tracts or arranged through easements.

As noted above, roads, sidewalks and paths serve as part of the open space of a Right Size community. With smaller or non-existent back yards, residents will spend more time in front yards and sidewalks, or strolling or biking through the neighborhood or to the park. As such, the design and maintenance of rights-of-way must be more than strictly utilitarian. In fact, they can be less utilitarian by having narrow lanes that encourage slower driving and having fewer parking spaces that eat up pavement.

A central part of a Right Size Home strategy that includes townhouse developments, small lot subdivisions and other large projects is the revisiting of street standards. Road widths and sidewalk configurations that made sense for large-lot subdivisions in the 1950s and 1960s do not make sense for more compact developments taking place today.

### **Open Space**

As noted in several places, Right Size Home developments tend to stress community and public open space over private open space. Although back and side yards may not disappear entirely, they will shrink dramatically, providing enough space for privacy, but not enough for a ball game.

Development regulations often contain specific requirements for minimum private open space for each unit and a minimum per-unit community open space. Early versions of these regulations involved some guesswork and references to more conventional development styles. Like parking, the experience in developments completed in the past decade should provide guidance for open space requirements.

The site plans and landscape plans of cluster developments need to make a clear distinction between the community space and the private space of each unit. While cottages and other cluster developments encourage sociability, each unit does need its own private envelope. This can be accomplished through fencing, decking and plantings.

### **Spec level**

This provides an overall sense of the quality of the interior fixtures and finishes. Decisions about the quality of flooring materials, cabinetry, appliances, trim and other interior features depend on the price and target market. In general, for-sale products are built with higher spec levels than rentals, and lifestyle-oriented products will have higher spec levels than affordability-oriented ones. Since the possible combinations of fixture and finish levels are nearly infinite, the assessment of spec levels is rough.

Various non-discretionary cost factors can drive spec levels. When high land cost or construction cost drive up prices, builders need to offer a higher spec level to justify the higher overall home price. The difference between a \$300,000 house built on a \$90,000 lot and a \$750,000 house built on a \$200,000 lot can be found mostly in the fixtures and finishes that distinguish a luxury home from an entry-level one.

### **Prices & Ownership**

The Right Size Home catalog shows original sales prices or a range of prices for the development, along with the dates of sale. Projects will have one of two basic types of ownership:

Fee simple. With fee simple ownership, the purchaser buys a legal parcel along with the home. Most Right Size Home developments with fee simple ownership place covenants and restrictions on the units, and require owners to help pay for maintenance of commonly-held tracts like parks and stormwater ponds. Unlike traditional subdivisions in which building lots are sold to individual builders, Right Size Home developments are usually planned and built as a whole, requiring strong owners associations and close cooperation to maintain the original quality over time.

Condominium. Many Right Size Home developments are under condominium ownership, with all land held in common. Condominium rules will dictate the degree of control that owners have over various aspects of maintenance and modification. In order to control maintenance of exteriors and landscaping, many cottage and small lot projects have condominium ownership even though the units are not attached.

### **Re-sales and appreciation**

Re-sales and appreciation of property are key indicators of the success of a Right Size Home development. Higher than average appreciation indicates that the project was underpriced in the beginning or that it meets a significantly under-served market. Lower than average appreciation indicates that the project has failed to compete against more conventional alternatives.

Many of the projects in the Right Size Home catalog have been around long enough to see re-sales of units. The average price appreciation was calculated for all re-sold units in smaller projects, and for a sample of units in larger projects.

### **Market**

Marketing issues have been discussed extensively above, with respect to the overall concept of the Right Size Home and the target markets for various housing types. The catalog identifies markets that builders originally aimed for, but the reader should recognize that markets and appeal can change over time.

### **Entitlement**

The Right Size Home catalog features many projects that required some exception to the zoning and development regulations that originally applied to the property. As noted, the great majority of residential land is locked up in either low-density single family zones or higher density multi-family zones in busy areas, with too little land available for mid-level densities in quiet settings. Alternative entitlements (not all of which are represented in catalog examples) include:

Demonstration projects. Several projects in the catalog resulted from opportunities presented by local governments to demonstrate innovative housing techniques. Unfortunately, few demonstrations have resulted in permanent changes to development codes.

Masterplanned communities. With large tracts of land to work with, developers can toss out the existing zoning code and start from scratch to create entire communities under a new set of rules. Masterplanned communities account for a large amount of the housing innovation in Washington State over the past two decades.

Rezones. The most straightforward, but often most difficult, way to create an innovative development is to rezone the property to a higher density.

Conditional use. This procedure allows developers to propose an alternative to the existing zoning, subject to strict criteria. Several ordinances that allow cottage housing have used this technique, which is also used for neighborhood institutions like churches.

Planned Unit Development. Many cities and counties have procedures that allow developers to negotiate alternatives to the underlying zoning. PUDs usually involve some set of trade-offs between the developer and the local government that achieve a public purpose, such as open space or environmental enhancements.

The whole point of the Right Size Home strategy is to get away from the rigidity of zoning and allow developers the flexibility to meet market demand in creative ways. But zoning codes are meant to protect communities from the unknown and the dangers that too much “creativity” can bring. Zoning may create a monotonous, cookie-cutter built environment, but as the saying goes, the devil you know is better than the devil you don’t know. So, the challenge for the Right Size Home strategy is to find entitlement alternatives that allow cost-effective variation from zoning while still maintaining essential community protections.

### **Financing**

Nearly all the projects in the catalog used conventional construction financing and mortgage lending. In a Right Size Home strategy, projects must stand on their own financially, and fit with the business objectives of mainstream builders. Reliance on exceptional financing or public subsidies, while understandable for demonstration projects and low income or special needs housing, needs to be set aside as the strategy matures.

### **Conclusion**

The great weakness of Washington State’s Growth Management Act is that it does not provide positive tools to help communities shape growth and meet housing and economic development needs. The GMA provides only tools for regulation, but no community can regulate its way toward a desired result. Regulation can only stop bad things from happening. Attempts to use regulation to create desired outcomes rarely works. The purpose of the Right Size Home strategy is to use a positive force -- the energies of the marketplace – to move toward that magical point at which people’s desires for living space correspond with the community’s desires for its built environment.

The Right Size Home strategy, in keeping with traditional land use practice, begins and ends at the local level. The guide and catalog can provide ideas and guidance, but the answers will emerge from a cooperative local effort. To succeed at the local level, the strategy needs a much higher level of trust than currently exists in most traditional arms-length, rigid regulatory structures. Such systems provide safety and predictability, which are good things, but which do not lend themselves to creative outcomes. Abandoning the safety net of rigid regulation requires that:

Builders trust local government. Easing the rigidity of regulation implies that local governments will have more discretion to approve – or disapprove – innovative projects. Builders must trust that local officials will exercise this discretion fairly and without internal agendas.

Local governments trust builders. Not every detail of a project gets spelled out up-front, and projects do change after regulatory approvals. Local governments must trust that builders will follow through on plans and stick to the quality of project they promised.

Communities trust everyone. Both local governments and builders must give neighbors reason to believe that the devil they don’t know will be better than the devil they know.

Fortunately, as the catalog demonstrates, builders in Washington State have established an excellent track record of producing innovative Right Size Homes that meet a variety of needs. Local governments, builders and communities can use the lessons learned in these projects to find the Right Size Homes for them.