



EXPANDING HOUSING OPTIONS FOR LACEY



MIDDLE HOUSING | WHITE PAPER

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EXPANDING HOUSING OPTIONS FOR LACEY

Introduction

The following guide provides general information about “middle housing”, what it is, where it can be implemented, general legislative requirements for jurisdictions who plan under the Washington State Growth Management Act (GMA), and frequently asked questions.

The information provided here is a compilation of resources developed by The Washington State Department of Commerce, Opticos Design Inc. (design consultant hired by Commerce to produce information materials for middle housing), and House Bill 1110 which serves as the guiding document for local governments to adequately plan for and make all necessary code provisions and updates needed to implement the requirements of the Middle Housing Bill.

Please see appendix A for a complete reference list.

There are many ways that middle housing options are a good idea. The following, though a non-exhaustive list, is helpful to conceptualize why cities will often benefit from increased middle housing varieties:

- **Affordability:** Middle housing offers a more affordable alternative to both single-family homes and high-density developments such as apartments. Its smaller size and design make it inherently more affordable, addressing the needs of a diverse population.
- **Diverse housing Options:** Middle housing introduces a variety of housing types (such as fourplexes and courtyard apartments). This diversity allows for a range of housing options that can cater to different preferences, family sizes, and income levels.
- **Increased Housing Supply:** By allowing for the development of middle housing, there is an increase in the overall housing supply – where units can be built on smaller lots in areas that previously did not allow second or subsequent dwelling units on a lot containing a primary dwelling. This is crucial in addressing housing shortages and creating more opportunities for people to find suitable homes.
- **Increased Density and Walkability:** Middle housing often promotes higher density, contributing to walkable communities.
- **Flexibility in Land Use:** Middle housing provides a more flexible use of land, allowing for the efficient use of available space. This can contribute to smart urban planning and the optimization of land resources.

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- **Social equity:** Middle housing policies can enhance social equity by offering housing options that are more accessible to a broader spectrum of the population. It helps to address housing affordability challenges and promotes inclusivity.
- **Environmental Sustainability:** The smaller size and shared walls of middle housing units contribute to energy efficiency, as they require less energy for heating and cooling. This aligns with sustainable development goals and reduces the environmental impact of housing.
- **Community Building:** The variety of housing types within middle housing developments can foster a sense of community. It allows for diverse groups of people to live in proximity, encouraging social interactions and a vibrant community atmosphere.
- **Adaptability to Changing Needs:** Middle housing is adaptable to changing demographic trends and housing needs. It provides a housing solution that can evolve with the changing preferences and lifestyles of residents over time.

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Washington is in a Housing Crisis

Lacey, along with other cities in Washington, is grappling with a housing affordability crisis. Despite being one of the fastest-growing states in the U.S., the pace of housing production has failed to match the surging demand. The imbalance between the strong demand for housing and the insufficient supply has led to a rapid and unprecedented increase in home prices and rents. Consequently, many residents find themselves significantly rent-burdened, allocating more than 30% of their monthly income to housing costs. This situation has created challenges for residents seeking safe and adequate housing that aligns with their basic needs at an affordable price. The impact is particularly pronounced for lower-income households, which face limited or no affordable housing options within their local community.

What is the purpose of House Bill 1110?

To address the housing challenges faced statewide, the Washington Legislature passed [House Bill 1110](#) (HB 1110) in July, 2023. The aim is to offer Washington residents more housing options, particularly in terms of size and affordability for the long term. This legislation requires local jurisdictions to permit the construction of various traditional housing types, collectively known as “middle housing”, including duplexes, triplexes, fourplexes, fiveplexes, sixplexes, stacked flats, courtyard apartments, cottage clusters, and townhomes. These types of housing are will now be required

MORE HOUSING OPTIONS

DUPLEX



TRIPLEX



FOURPLEX



FIVEPLEX



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in areas where single-family detached housing was exclusively permitted. By expanding the housing supply, the goal is to enhance affordability and meet the diverse housing needs of various demographic groups, including younger and older individuals and those unable to afford large detached houses.

The implementation of HB 1110 involves amending the Lacey Land Use Code, a crucial step in the city's ongoing housing -related initiatives. The Land Use Code serves as a framework governing what, where, and how construction occurs in Lacey. Collaboratively setting regulations that are fair and uphold community values, such as open space preservation - is a collective effort. Updating regulations related to middle housing can streamline the development making it faster, more widespread, cost-effective, and fostering social equity and diversity.

How is Middle Housing Defined?

According to the Revised Code of Washington (RCWs), "Middle Housing" means buildings that are compatible in scale, form and character with single-family houses and contain two or more attached, stacked, or clustered homes including duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, stacked flats, courtyard apartments, and cottage housing.

MORE HOUSING OPTIONS

SIXPLEX



TOWNHOUSES



STACKED FLATS



COURTYARD APARTMENTS



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The state has mandated regulations based on population determined by the 2020 Office of Financial Management (OFM) statistics. Lacey's Middle Housing regulations are based on a population of 53,526 – establishing Lacey as a Tier II city where population is 25,000 < 75,000.

Under House Bill 1110, [RCW 36.70A.635](#) (1)(a)(i)-(iii) – Minimum residential density, states "...any city that is required or chooses to plan under [RCW 36.70A.040](#) must provide by ordinance and incorporate into its development regulations, zoning regulations, and other official controls, authorization for the following":

- (a)(i) The development of at least two units per lot on all lots zoned predominantly for residential use, unless zoning permitting higher densities or intensities applies;
- (a)(ii) The development of at least four units per lot on all lots zoned predominantly for residential use, unless zoning permitting higher densities or intensities applies, within one-quarter mile walking distance of a major transit stop. *As per definition of major transit stop, this provision does not apply to Lacey as the city does not have major transit stops.*
- (a)(iii) The development of at least four units per lot on all lots zoned predominantly for residential use, unless zoning permitting higher densities or intensities applies, if at least one unit is affordable housing, unless zoning permitting higher densities or intensities.

MORE HOUSING OPTINONS

COTTAGE HOUSING



Cottage housing means residential units on a lot with a common open space that either: (a) Is owned in common; or (b) has units owned as condominium units with property owned in common and a minimum of 20 percent of the lot size as open space.

Courtyard apartments means up to four attached dwelling units arranged on two or three sides of a yard or court.

Stacked flats means dwelling units in a residential building of no more than three stories on a residential zoned lot in which each floor may be separately rented/owned.

Townhouses means buildings that contain three or more attached single-family dwelling units that extend from foundation to roof and that have a yard or public right of way on not less than two sides.

Why Middle Housing?

The Washington State Growth Management Act (1991) Housing Element was amended to make provisions for moderate density housing and identify capacity for duplexes, triplexes and townhomes. There is continued need for the development of housing at all income levels, including Middle Housing that will provide a wider variety of housing options and configurations to allow Washingtonians more diverse options.

When is Lacey required to adopt a Middle Housing Ordinance?

Lacey must provide The Washington State Department of Commerce with proof of a final adopted Middle Housing Ordinance...no later than December 31, 2025. Lacey staff anticipate that the city will reach compliance by this deadline.

What House Bill 1110 does NOT do

- Prohibit a city from permitting detached single-family residences;
- Require the issuance of a building permit, if requirements for a building permit are *not* met;
- Affect or modify the responsibilities of a city to plan for or provide urban governmental services.

Is middle housing the same as affordable housing?

NO

Who is served by middle housing?

- Middle housing may not be affordable to households at lower income brackets but it can be attainable for people at the moderate-income brackets.
- Housing for lower income households generally can only occur with subsidies such as funding help from a non-profit group or a governmental agency at the federal, state, county or city level.
- However, middle housing can be built by the private market and provide options for people in the moderate-income bracket. Actual costs will vary by jurisdiction, in large part based on the land cost within each community.

Tier II affordability requirements

Tier II cities must allow 4 units per lot when 1 unit is affordable and must plan for the following:

- Affordable rental housing available at or below 60 percent of the area median household income;
- Affordable owner-occupied housing available at or below 80 percent of the area median household income with a 50-year duration of affordability for both affordable rental housing and affordable owner-occupied housing.

What are some advantages of middle housing?

Middle housing, suitable for renters or owners, offers cost advantages due to smaller size and reduced land use compared to typical detached houses. This affordability enhances opportunities for home ownership, recognized as a pathway to household and generational wealth. The implementation of middle housing addresses Washington State's broader housing needs, providing diverse options to combat rising costs, displacement, and homelessness.

The introduction of various housing choices supports moderate-income workers, like firefighters, healthcare professionals, and teachers, in residing close to their workplaces. The adaptability of middle housing accommodates the rising trend of single-person households,

Did you Know?

- Middle housing types are compatible in scale and form to detached houses.
- Middle housing provides a way of adding house-scaled infill to residential neighborhoods.
- Middle housing can be new infill, adaptive reuse, incremental development, and a building block for large lot and greenfield development.
- Middle housing can be added to existing neighborhoods in several ways: dispersed within residential neighborhoods, along corridors, as a transition between detached neighborhoods and adjacent development.
- Middle housing types can be coordinated with existing context.

comprising about 29% of all US households in 2022.

Allowing middle housing also grants property owners' flexibility in land use, facilitating the addition of rental units to offset homeownership costs, support aging in place, or cater to multi-generational housing needs.

Moreover, incorporating middle housing into low-density residential zones mark a progressive step away from historically restrictive single-family zoning, associated with higher housing costs and the exclusion of underrepresented populations in many neighborhoods.

Is middle housing more affordable than a detached house?

Middle housing offers cost advantages over detached houses in terms of construction, heating, and maintenance, primarily due to its smaller size and reduced land use. Individual units in middle housing structures are typically smaller (800 to 1,200 square feet) compared to detached houses (2,500 to 3,500 square feet). Cost factors, including land prices, housing type, construction status, parking requirements, and market conditions, contribute to the overall affordability.

Enabling middle housing increases the supply of market-rate housing, potentially making it more affordable than single-family detached housing. This affordability makes middle housing accessible to moderate-income households (above 80% of the area's median income).

Does middle housing "pencil"?

- The development industry has answered this question in the [affirmative](#). Statewide and regional organizations of builders and realtors have stated that there is a market demand and that the private sector will respond if more cities allow middle housing types.
- The feasibility and production of housing depends on lumber, labor, lending and land. Though the first three are outside the control of local governments, "land" is within the purview of cities in particular who can influence and control the feasibility of housing through their development regulations (permitted uses, development standards and permit processes) and the public infrastructure they build and maintain.
- Adoption of middle housing development regulations, standards and processes is a way to remove barriers to implementing the GMA housing goals and provide moderate density housing types.

Moreover, middle housing supports diverse configurations suitable for multi-generational households, downsizing seniors, “empty-nesters”, and small families.

Research indicates that constructing “middle-priced” housing contributes to long-term regional affordability through a process known as filtering. As higher-income individuals move into new market-rate housing, older but decent housing becomes available for those with lower incomes.

Why is middle housing called “house-scaled” and what will middle housing look like?

Middle housing types, designed at a “house-scale,” closely match the height, width, and overall mass of detached homes. In contrast to a typical 3,600-square-foot house on a 10,000-square-foot lot, a triplex on the lot, with similar dimensions, can accommodate three households in smaller 1,200-square-foot units each. With well-crafted design standards, middle housing like duplexes, triplexes, fourplexes, and cottage housing can seamlessly integrate into lower density residential neighborhoods.

Small and medium-sized middle housing types easily blend into residential areas due to their resemblance to existing detached houses. Slightly larger options, still maintaining a “house-scale”, can be strategically placed in selected

Middle Housing “Sweet Spot”



- When assessing results of middle housing implementation, there are three important criteria. These include feasibility, attainability and livability. All three should be present and work hand-in-hand to provide overall success of middle housing development.

residential zones near higher-intensity areas like mixed-use centers, transit nodes, commercial corridors, or on the edges of downtowns, providing a smooth transition to detached and smaller middle housing options.

Why should local jurisdictions plan for middle housing?

Beyond meeting legal requirements, local governments have practical reasons to plan for middle housing. The Washington State Department of Commerce projects a need for 1.1 million homes in the state over the next 20 years due to anticipated growth, with the Central Puget Sound Region requiring over 600,000 units by 2044. Enabling middle housing could potentially contribute up to 200,000 units, a significant portion of the overall demand.

Middle housing provides additional benefits, fostering a more sustainable and climate resilient city by situating housing closer to employment, transit and amenities. This reduces long commutes, lessens vehicle miles traveled, and mitigates greenhouse gas emissions and urban heat islands. Moreover, it supports the regional economy by enhancing attainable workforce housing, making it easier for employers to attract employees with diverse housing options near workplaces. This, in turn bolsters neighborhood-scale businesses by encouraging both customers and employees to live in proximity to establishments offering goods and services.

Tree Canopy



- The impact of middle housing on tree canopies hinges on local regulations governing tree retention and replacement.
- To align with single-family neighborhoods, middle housing adheres to similar tree regulations as single-family development. Certain middle housing types are conducive to tree placement in shared grounds, with the potential for maintenance and protection through easements and covenants.
- Addressing tree canopy concerns comprehensively, is typically achieved through an urban forestry management program that encompasses all activities, not solely housing development.

Can a city still use design standards for middle housing?

A city may choose to continue using design guidelines and design review boards for certain project permits (e.g., commercial development) but should not do so for middle housing. Permit review for middle housing would be similar to that of large-lot detached housing in most communities, which depends on objective design standards reviewed through an administrative permitting process. Some design guidelines could be re-written to serve as objective design standards, without creating barriers to middle housing.

Will middle housing be available as a rental or ownership product? Will lots with middle housing be subdivided?

Middle housing can be offered by builders as either rental or homeownership options with the decision to subdivide a lot depending on market preferences and local regulations.

For jurisdictions aiming to promote homeownership, they can implement “unit lot subdivision” regulations, facilitating fee-simple ownership of individual parcels while co-owning shared spaces within the “parent-parcel.”

Unit lot subdivisions offer a simpler land

Parking



- Parking requirements for middle housing should consider context, including proximity to amenities and transit, as well as on-street parking availability. Given the smaller household sizes in middle housing, which may result in fewer vehicles, some jurisdictions have lowered off-street parking requirements.
- Right-sizing parking to actual needs is crucial, as excessive parking can increase nit costs and make accommodating a viable number of units unfeasible.
- Moreover, reduced parking allows for additional space on the property dedicated to amenities like decks, patios, landscaping, and trees.

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subdivision process for middle housing compared to condominiums. Alternatively, middle housing can utilize condominium ownership, although this method is more costly and time-consuming but is still an option.

What is a Unit lot subdivision?

Unit lot subdivision development regulations allow for *fee-simple ownership* of each individual parcel, along with co-ownership of any shared spaces (such as a driveway) within the “parent-parcel”. Unit lot subdivisions provide a simpler way to subdivide land for middle housing units, compared to a condominium process.

Aren't builders the primary beneficiaries of allowing middle housing?

Small-scale builders, functioning as small businesses, navigate risks and competition in constructing homes.

They engage in negotiations for land, contend with labor shortages, and operate in a market where pricing and success are influenced by demand, existing housing, and economic conditions. The building industry, essential for housing production, generates economic benefits, creating jobs and fostering generational wealth.

Will allowing middle housing make single-family homes in my community illegal?

- Allowing middle housing as a permitted type in a zoning district will not make single-family homes in that zoning district illegal. Expanding housing choices for those living in our State does not mean reducing the choice for those who wish to build, remodel or live in detached single-family homes.



Addressing the state's housing needs is crucial with a 76% concern about housing costs and availability, as highlighted in a December 2022 survey by the Washington State Department of Commerce/Puget Sound Regional Council. Middle housing emerges as a responsive solution to these concerns.

What are some of the organizations that support middle housing?

Numerous non-profit organizations, including AARP, the League of Women Voters of Washington State, and Habitat for Humanity Seattle – King County & Kittitas Counties, advocate for the adoption of state and local laws to increase the supply of middle housing.

AARP emphasizes the need for walkable, affordable housing for middle income households, asserting that it is often scarce. They highlight the versatility of middle housing, providing size and affordability options, especially beneficial for older adults. The League of Women Voters of Washington State and Habitat for Humanity Seattle – King & Kittitas Counties testified in support of the 2023 Middle Housing Bill, underscoring the importance of informed citizen participation and the commitment to eliminating substandard housing through construction and advocacy.

How will open space be addressed in middle housing development?

Middle housing, akin to other land uses, adheres to local jurisdiction standards such as setbacks, maximum height, and lot coverage. For smaller "house-scaled" types like duplexes and triplexes, these standards may effectively address open space, similar to detached houses.

Larger middle housing types might have unique open space requirements potentially necessitating a shared courtyard. The specifics of open space, setbacks, and lot coverage are determined by local jurisdiction codes.

APPENDIX

Washington State Department of Commerce Resources

The following list contains information produced and published by the Washington State Department of Commerce. Jurisdictions are encouraged to make the information accessible. If you are unable to establish a connection when clicking on a link, please contact the city of Lacey for further assistance.

[Middle Housing Introduction](#)

[Middle Housing Images](#)

[Middle Housing Building Types](#)

[Middle Housing Lot and Block Models](#)

[Middle Housing Study](#)

[Middle Housing What, How and Where? \(PPT\)](#)

[Middle Housing – How Do We Get More? \(PPT\)](#)

[Middle Housing Summary of Resources \(PPT\)](#)

[Link to Middle Housing Presentation Videos](#)

[Washington Puget Sound Study](#)

State Guiding Documents

[Revised Code of Washington \(RCW\) 36.70A.635](#)

[Engrossed Second Substitute House Bill 1110](#)