



Staff Report

Accessory Dwelling Unit Code Amendments to Comply with Statutory Requirements

To: Planning Commission
From: Community Development Department
Date of Report: May 24, 2025, for the June 4, 2025 Public Hearing
Subject: Accessory Dwelling Unit Code Amendments

OVERVIEW

HB 1337 amended [RCW 36.70A.680](#) and [36.70A.681](#) to require all local governments planning under the Growth Management Act (GMA) to revise their regulations for accessory dwelling units (ADUs) to comply with statutory requirements within six months after the periodic update deadline. These requirements include updates to the following:

1. Minimum number of ADUs per lot
2. Maximum ADU size standard
3. Dimensional Standards
4. Street improvements
5. Owner occupancy
6. Condominium sales
7. Design review
8. Required parking
9. Impact fees

While this statutory requirement does not require adoption until December 2026, the 2025 Planning Commission Docket prioritized this update to address during the current year. The proposed amendments are intended to comply with state law while addressing housing needs in the community by providing smaller, more affordable dwelling units available for rent and purchase.

Accessory dwelling units are defined in RCW as *a dwelling unit located on the same lot as a single-family housing unit, duplex, triplex, townhome, or other housing unit*. The proposed code amendment would allow the construction of both attached and detached ADUs on a single lot containing a residential dwelling unit. As proposed, the amendment is drafted to comply with the requirements of RCW 36.70A.

The Planning Commission reviewed the draft code amendment during their March and May 2025 regular meetings and requested changes to the plan to address lot coverage and parking. Those changes are incorporated into the draft code LMC 18.36.035 Accessory Dwelling Units, and LMC 21.90, Common Definitions (**Exhibit A**).

PUBLIC HEARING NOTICE COMPLIANCE

60-day Agency review	Expedited Review Material ID# 2025-S-8411
SEPA Determination	Exempt per WAC 197-11-800(19) Procedural Action.
Notice of Planning Commission Public Hearing	Published in the Echo: May 21, 2025
Planning Commission Public Hearing	June 4, 2025
City Council Public Hearing:	TBD

PUBLIC/AGENCY COMMENTS

Public comments were received and considered at the various Planning Commission meetings. The proposed amendments were sent to Fire District #3, Chelan County PUD, Chelan County Community Development, and Leavenworth Public Works for agency review, as well as the required Department of Commerce notice.

The public is encouraged to attend the Planning Commission Hearing. The Planning Commission may incorporate public comments and testimony into their recommendation to the City Council. Additionally, the City Council will provide an opportunity for public testimony at the Council Public Hearing.

RECOMMENDATIONS AND FINDINGS

Staff recommends approval of proposed code amendments based on the following findings of fact and conclusions of law:

- 1. The amendment is necessary to resolve inconsistencies in the provisions of the comprehensive plan and/or development regulations or to address state or federal mandates.**

Staff Finding: RCW 36.70A.680 and 36.70A.681 requires the City to revise their regulations for accessory dwelling units to comply with statutory requirements within six months after the periodic update deadline.

Conclusion: The proposed code amendments are necessary to comply with statutory requirements as outlined in RCW 36.70A.680 and 36.70A.681.

- 2. The amendment is consistent with the overall intent of the existing comprehensive plan and the other documents incorporated therein.**

Staff Finding: The Comprehensive Plan provides several goals and policies related to Housing including:

H Goal 2: Promote diversity of residential densities and housing types, being mindful for racial disparities and accommodating a range of housing needs, including elderly, physically challenged, mentally impaired, special needs segments of the population, low-income, workforce and emergency housing needs by:

- *Supporting affordable housing needs for low-income residents.*
- *Encouraging cluster subdivision, planned developments and other zoning techniques that allow for density bonuses or other mechanisms for higher density and greater utilization of land.*
- *Supporting moderate density housing types, including accessory dwelling units, duplexes, triplexes and townhomes within all residential zones.*

Staff Finding: The proposed code amendments may result in diversifying housing types and ownership options.

LU Policy 3.3: Encourage cluster developments with a mix of density and incentives, such as residential density bonuses, variations in allowed housing type, and/or flexibility in regulations through the Planned Development process, if a proposal meets community goals for affordable, senior, size-limited, or other types of innovative housing.

Staff Finding: The proposed code amendment may result in entry-level housing, senior housing, and more ownership opportunities, if smaller dwellings become available for rent and ownership.

Conclusion: The proposed code amendment is consistent with the comprehensive plan

housing goals and policies.

- 3. The amendment is consistent with the assumptions and/or other factors such as population, employment, land use, housing, transportation, capital facilities, economic conditions, etc., contained in the comprehensive plan.**

Staff Finding: The proposed code amendments would provide more home rental and ownership opportunities in the City, but have no direct correlation to population, employment, capital facilities, or economic conditions defined or used in the Comprehensive Plan.

Conclusion: The proposed code amendment does not impact the assumptions or other factors within the Comprehensive Plan.

- 4. The amendment is consistent with the requirements of the Growth Management Act and the county-wide planning policies.**

Staff Finding: The existing Comprehensive Plan is compliant with the Growth Management Act and the County-Wide Planning Policies. The proposed amendments would implement the goals and policies of the Comprehensive Plan.

Conclusion: The proposed code amendment is consistent with the requirements of the Growth Management Act and the county-wide planning policies.

- 5. The amendment is consistent with and does not adversely affect the supply of land for various purposes which are available to accommodate projected growth over a twenty-year period.**

Staff Finding: The overall land available for development will not change as a result of the proposed new code. By allowing an additional residential unit on an existing lot, the overall land supply will remain unchanged. This code amendment is anticipated to produce more small infill units for rent and ownership.

Conclusion: The proposed code amendment is consistent with and does not adversely affect the supply of land for various purposes which are available to accommodate projected growth over a twenty-year period.

- 6. Where applicable, conditions have changed such that assumptions and/or other factors such as population, employment, land use, housing, transportation, capital facilities, economic conditions, etc., contained in the comprehensive plan have been revised and/or enhanced to reflect said conditions.**

Staff Finding: The proposed code amendment does not pose any change to the Comprehensive Plan.

Conclusion: Not applicable.

- 7. Amendments to the comprehensive plan land use designation map(s) are either consistent and/or compatible with, or do not adversely affect, adjacent land uses and surrounding environment.**

Staff Finding: The proposed code amendment will not change the Comprehensive Plan maps.

Conclusion: Not applicable.

- 8. The proposed amendments are consistent with and do not negatively impact public facilities, utilities, and infrastructure, including transportation systems, and any adopted levels of service.**

Staff Finding: The proposed code amendment will not change the requirements for concurrent infrastructure; however, ADUs will have reduced impact fees and will not

require road improvements. Currently the Public Works Director has the authority to waive road improvements for infill development.

Conclusion: The proposed amendment does not negatively impact public facilities, utilities, and infrastructure.

9. The proposed amendment does not adversely affect lands designated resource lands of long-term commercial significance or critical areas.

Staff Finding: There are no designated resource lands within the City limits. The proposed code amendment will not change to the requirements for environmental review and compliance with critical area regulations.

Conclusion: The proposed code amendment does not adversely affect lands designated resource lands of long-term commercial significance or critical areas.

SUMMARY

In Summary, HB 1337 is intended to address the housing needs of Washington State residents, as noted in the [RCW 36.70A.680](#), legislature findings (as follows):

- (a) *Washington state is experiencing a housing affordability crisis. Many communities across the state are in need of more housing for renters across the income spectrum.*
- (b) *Many cities dedicate the majority of residentially zoned land to single detached houses that are increasingly financially out of reach for many households. Due to their smaller size, accessory dwelling units can provide a more affordable housing option in those single-family zones.*
- (c) *Localities can start to correct for historic economic and racial exclusion in single-family zones by opening up these neighborhoods to more diverse housing types, including accessory dwelling units, that provide lower cost homes. Increasing housing options in expensive, high-opportunity neighborhoods will give more families access to schools, parks, and other public amenities otherwise accessible to only the wealthy.*
- (d) *Accessory dwelling units are frequently rented below market rate, providing additional affordable housing options for renters.*
- (e) *Accessory dwelling units can also help to provide housing for very low-income households. More than 10 percent of accessory dwelling units in some areas are occupied by tenants who pay no rent at all; among these tenants are grandparents, adult children, family members with disabilities, friends going through life transitions, and community members in need. Accessory dwelling units meet the needs of these people who might otherwise require subsidized housing space and resources.*
- (f) *Accessory dwelling units can meet the needs of Washington's growing senior population, making it possible for this population to age in their communities by offering senior-friendly housing, which prioritizes physical accessibility, in walkable communities near amenities essential to successful aging in place, including transit and grocery stores, without requiring costly renovations of existing housing stock.*
- (g) *Homeowners who add an accessory dwelling unit may benefit from added income and an increased sense of security.*
- (h) *Accessory dwelling units provide environmental benefits. On average they are more energy efficient than single detached houses, and they incentivize adaptive reuse of existing homes and materials.*
- (i) *Siting accessory dwelling units near transit hubs, employment centers, and public amenities can help to reduce greenhouse gas emissions by increasing walkability, shortening household commutes, and curtailing sprawl.*

The legislature intends to promote and encourage the creation of accessory dwelling units as a means to address the need for additional affordable housing options.

EXHIBIT A: Proposed Amendments

EXHIBIT B: Reference Materials