



Technical Memo

To Lisa D. Key, Director of Planning & Engineering, City of Liberty Lake

From: Shareefa Abdulsalam, AICP, Deputy Project Manager
Christabel Agyei, Planner

Date: February 3rd, 2025

Project: Liberty Lake On-Call Planning (24-000540)
Task Order 5: Housing Policy

Subject: Barriers to Housing Affordability

Introduction

The City of Liberty Lake is updating its housing policy to foster vibrant, livable, and affordable communities. As part of that process, the City wants to identify existing environmental and regulatory barriers to housing affordability and look for opportunities to address those in the policy update.

With fewer new houses being built, demand for housing outpaces availability, and affordability becomes challenging. This is not unique to Liberty Lake. The Washington State Legislature has enacted multiple house bills to address the housing shortage and affordability across the state, and Washington State Department of Commerce (Commerce) has provided numerous tools to guide communities in updating their housing policies.

This memo provides an overview of existing barriers to affordability within Liberty Lake and outlines opportunities to address those barriers. It is broken down into three sections: The first looks at the city's existing environmental constraints and their possible impacts on the feasibility of affordable housing development. The second section identifies regulatory constraints to housing affordability in the existing zoning code, and the final section outlines various opportunities for the City to increase its housing supply and foster a diverse-income community through impactful regulatory and zoning updates.

1 Environmental Constraints

The City of Liberty Lake does not have significant environmentally critical areas that would impact urban development; however, the City does have some areas with severe topography that can make development challenging. Typically, a maximum slope of up to 15 percent is considered suitable for most development

projects. Slopes steeper than 20 percent make standard construction very challenging and may require extensive engineering studies and specialized construction techniques.

Topographic Challenges

Within the City of Liberty Lake, the only larger-lot residential developments are located in topographically challenged areas, adjacent to or encompassing slopes approaching 30 percent, namely in Legacy Ridge, Legacy Ridge West, and platted lots along the City's eastern border. Bella Lago and adjacent, undeveloped properties have significant areas of 30 percent slope, making them challenging and costly to develop.

Topography-related impediments can make housing unaffordable in a range of ways. Physical impediments may require special accommodations that complicate any type of development. One of the most important consequences comes from added construction costs. Hilly ground and steep slopes require a lot of grading, retaining walls, and custom foundations, all adding to the overall development expenses. In a range of cases, topography-related impediments can cause a reduction in the area and number of buildable lands and, therefore, drive housing prices up by limiting the supply of plots.

Topographic challenges also lead to an increase in service costs. Roads, utility installations, and sewer networks are more costly to implement in areas with severe terrain. Once developed, housing in these environments has a larger maintenance burden for owners. Erosion, integrity of foundations, and flood protection require ongoing investment, and long-term affordability is a problem for owners in such environments.

2 Existing Development Regulation Barriers

Commerce prepared a number of checklists to guide communities in developing their housing policies. These checklists track how regulations affect moderate-density housing, low-rise or mid-rise housing, permanent supportive housing, emergency housing, and accessory dwelling units (ADUs). The checklists were completed for Liberty Lake based on existing development regulations in the City, and relevant barriers to housing affordability were identified and are discussed below.

Zoning and Density Restrictions

Zoning laws in Liberty Lake impose limitations on housing development that somewhat restrict affordability, diversity, and accessibility in the local housing market. These regulations reduce land use efficiency and create barriers for moderate-income and vulnerable populations seeking stable, affordable housing.

- The R-1 zone, which covers much of the city's residential land, allows up to four attached single-family dwelling units, and allows for a higher density of development for attached single-family homes (up to six units per acre), as compared to detached single-family homes (which are allowed density up to 4 units per acre). While duplexes, triplexes, and four-plexes are not permitted, their form is similar in appearance to attached, single-family homes. Duplexes are considered compatible in scale with single-family homes and must be permitted in all residential zones per Washington State's HB 1110.
- While ADUs provide a flexible and affordable housing option, Liberty Lake's zoning laws restrict their development by allowing only one ADU per lot and prohibiting them on lots with duplexes or multifamily housing.

- Houses smaller than 1,200 square feet cannot have an ADU, and detached ADUs must be on lots that are at least 8,000 square feet, limiting that option for homeowners with smaller lots and potentially reducing the overall availability of affordable housing options within the community.
- ADUs are only permitted if the primary unit is owner-occupied, further limiting the ability to develop these relatively affordable housing options across the city.
- In R-2 zones, the maximum density is capped at 12 dwelling units per acre, which falls below the standard 16 units per acre typically associated with moderate-density housing. This lower threshold restricts the development of certain housing types and reduces the land's capacity for housing units.
- Zoning regulations in Liberty Lake impose strict spacing requirements on shelters and permanent supportive housing for individuals experiencing homelessness or needing long-term supportive services, requiring these facilities to be at least 0.75 miles apart and within 0.25 miles of public transit. This significantly limits the number of feasible locations for such services, making it challenging to meet the needs of vulnerable populations.

Owner-Occupancy & Size Restrictions on ADUs

Owner-occupancy and size restrictions in Liberty Lake can hinder the feasibility of ADUs as a flexible and affordable housing option. These limitations prevent homeowners from fully utilizing their properties to create additional housing, particularly for rental purposes or multigenerational living.

- Liberty Lake's zoning laws mandate that the principal structure must be owner-occupied in order to allow an ADU on the property.
- The maximum allowable size for an ADU is limited to 35 percent of the primary structure's size or 900 square feet, whichever is smaller, which is more restrictive than the provisions outlined in House Bill 1337. Additionally, ADUs cannot have more than two bedrooms. These limitations may hinder the ability of ADUs to accommodate families for sustained periods of time, further diminishing their potential as affordable housing solutions.

Parking Requirements

High parking requirements in Liberty Lake contribute to higher development costs and limit the land available for housing, making it more challenging to build diverse and affordable housing options, particularly for moderate-income residents and vulnerable populations.

- Duplexes, triplexes, and other multifamily units are subject to a 1.75-parking space requirement per unit regardless of unit size. This drives construction costs up, reduces available building space, and discourages the development of smaller and more affordable housing types.
- For ADUs, the mandate for one dedicated off-street parking space per unit further restricts their viability, particularly on smaller lots where additional off-street parking can be infeasible. This regulation discourages homeowners from building ADUs, ultimately limiting opportunities for additional rental units and affordable housing options.
- Parking requirements in the city do not take into account the proximity of housing developments to public transit options.

- Parking minimums for Specialty and Supportive housing must have 0.5 spaces per bed plus one space per employee, which imposes unnecessary costs on facilities designed for populations less likely to own vehicles, such as individuals experiencing homelessness, seniors, and those with disabilities. These requirements further reduce the financial feasibility of such projects.

Design Standards & Review Processes

Complex design requirements and prolonged review processes can cause project delays and increase risk for developers. This can drive up development costs and reduce the viability of affordable housing options.

- For moderate-density housing, regulations mandate that ground-floor units and 75% of upper-floor units include patios or decks of at least 35 square feet. While aimed at enhancing livability, these requirements increase construction costs and may not always align with the financial feasibility of smaller, more affordable housing projects.
- For multifamily housing in M-1 zones, developers must incorporate a commercial component regardless of local commercial demand. This requirement adds complexity and risk to potential residential projects.
- Detached ADUs are required to have a six-foot sight-obscuring fence intended to preserve the aesthetic of single-family neighborhoods. However, this regulation imposes extra expenses on homeowners, reducing the affordability of developing ADUs.
- ADUs must have a pitched roof with a minimum slope of 4 and 12, and Manufactured homes must have a pitched roof with a minimum slope of 3 and 12. While this may not be overly burdensome, it is a requirement that does not apply to other housing types.
- Manufactured homes are required to be multi-sectional, with a minimum enclosed floor area of 1,000 square feet, thus precluding “tiny homes”.
- Design review is required for all developments within mixed-use areas, planned unit developments, and large-scale residential developments. Subjective and multiple reviews can drive up costs and discourage developers from pursuing the development process.
- The number of units for Permanent Supportive Housing (PSH) and Emergency Housing is capped at 20, and the number of residents is capped at 40. This limits the capacity to provide much-needed supportive housing.

Restrictions on Support Spaces for Permanent Supportive Housing (PSH) & Emergency Housing

Zoning regulations in Liberty Lake create barriers to integrating essential supportive services within housing developments designed for vulnerable populations.

- Office space is not permitted in the R-1 zone, which hinders service providers who work within the specialty housing system from offering on-site assistance.
- In the R-2 zone, office uses require a conditional use permit (CUP), adding an extra layer of approvals, costs, and uncertainty to projects. These restrictions limit the ability of supportive housing developments to provide in-house services which are essential for supporting residents with complex needs.

3 Development Regulation Opportunities

Liberty Lake has a relatively progressive zoning code that allows a variety of middle housing options in multiple zoning districts. The code language is easily understandable and utilizes graphics to convey complex ideas, making the code clear and accessible.

Despite existing barriers to affordable housing development in Liberty Lake, several opportunities for regulatory reform could increase housing options and supply for the City. Liberty Lake can implement targeted changes to accommodate population growth better and create a more balanced housing market. An important and potentially impactful opportunity is to update the code to meet the requirements of recent state legislation, such as HB 1110 and HB 2321 regarding middle housing and HB 1337 for ADUs.

This section of the memo groups opportunities into general categories relating to zoning, parking, development standards, and opportunities for specialty supportive housing.

Zoning and Density

To address housing challenges in Liberty Lake, several zoning changes could increase housing options and improve affordability. The City already permits the development of moderate-density housing types such as duplexes and multifamily housing in R-2 and R-3 zones, as well as attached, single-family homes in the R-1 zone. Manufactured homes, a cost-effective alternative to traditional site-built homes, are also allowed as a limited use in all residential zones.

Opportunities

- **Expanding housing options for R-1 zones to allow duplexes** and other two-unit middle housing configurations (stacked flats, courtyard apartments, cottage housing) would increase the supply of housing units while maintaining the character of established, low-density neighborhoods.¹ Liberty Lake may wish to consider allowing triplexes and four-plexes in the R-1 zone, with densities similar to those provided for attached, single-family homes already allowed in the R-1 zone.
- **Expanding allowable housing options, such as tiny homes and co-living developments in certain residential and mixed-use zoning districts**, can enhance housing affordability. Tiny homes are often prefabricated and relatively inexpensive to build. Co-living tends to be more affordable than renting a studio or a one-bedroom apartment. With shared spaces and amenities, both housing options often foster a sense of community for their residents.
- **Increasing the maximum density for attached housing in R-2 zones to 16 units per acre** to better align with typical moderate-density housing, making more efficient use of available land and providing more homes within a given area.
- **Allowing up to two ADUs per lot** can considerably increase the housing supply in Liberty Lake. Additionally, permitting ADUs on any lot that meets the minimum lot size required for the underlying zone would expand access for a broader array of residents to build them.²

¹ Required by HB 1110 and HB 2321

² Required by HB 1337

- **Allowing ADUs to be built with duplexes in R-1 zones** can further increase the housing supply.

Parking Requirements

Current parking mandates in Liberty Lake increase development costs and reduce available land for housing. By adjusting parking requirements, the city can lower costs, promote more efficient land use, and increase housing feasibility, particularly for affordable and diverse housing options.

Opportunities

- **Reducing parking requirements for moderate-density housing based on unit size or number of bedrooms** could help make smaller housing units, like studios and one-bedroom apartments, more affordable by aligning parking needs with actual usage. Lowering parking mandates for these units would decrease the space and costs associated with parking, allowing more units to be developed on a given property.
- **Limiting the required spaces to one off-street parking space per unit for two-unit middle housing types in R-1 zones** on lots smaller than 6,000 square feet can make the development more feasible. Additionally, not requiring any off-street parking for middle housing within one-half mile walking distance of a major transit stop encourages targeted density of transit use.³
- **Revising parking requirements for ADUs based on proximity to transit** and lot size could make it easier and more cost-effective for homeowners to build ADUs. The city can implement similar parking standards to ADUs as those for middle housing by not requiring off-street parking for ADUs within one-half mile walking distance of a major transit stop.
- **Adjusting parking mandates for permanent supportive housing (PSH)** and emergency housing would eliminate burdensome costs, as residents in these facilities are less likely to own personal vehicles. This adjustment would free up space for more supportive services and housing.

Design and Development Standards

Some design and development standards in Liberty Lake limit the potential for more diverse and affordable housing options. The city can improve design flexibility, accelerate project timelines, and reduce development costs, which would help foster a more affordable and diverse housing market.

Opportunities

- **Modifying or removing the requirement for balconies or patios** in multifamily housing developments would reduce costs and design constraints, allowing developers to explore more cost-effective designs and create affordable housing options with fewer barriers to construction.
- **Increasing design flexibility for accessory dwelling units (ADUs)**, such as increasing the maximum unit size to 1000 square feet⁴, removing the fence requirement, and eliminating minimum number of bedrooms would make them a more suitable housing option for more residents.

³ Required by HB 1110 and HB 2321

⁴ Required by HB 1337

- **Allowing separate ownership of duplex units or ADUs** on the original lot through condominiumization or subdivision can increase affordability and enable homeownership for groups with lower incomes.⁵
- **Streamlining the approval process for moderate-density and multifamily housing**, particularly by eliminating design reviews in R-1, R-2, and R-3 zones, or following an administrative design review⁶ would accelerate development timelines and lower costs, making project reviews more predictable.
- **Allowing more flexibility in commercial space requirements for housing developments in neighborhood-oriented mixed-use zones** would reduce unnecessary risks on some projects. This would enable developers to prioritize housing units while maintaining some commercial space.
- **Enabling adaptive reuse and encouraging the conversion of existing non-residential buildings into housing developments by easing the design and development standards required for those buildings.** Restoration and repurposing of existing structures often reduce construction costs while maintaining the sense of history and place. This can expand the City's housing supply, revitalize vacant spaces, and enhance affordability.

Requirements for Permanent Supportive Housing (PSH) & Emergency Housing

Current spacing and location requirements for PSH and emergency housing limit the ability to effectively site these critical facilities. Additionally, integrating supportive services within housing developments is essential for promoting long-term housing stability and self-sufficiency for residents. By removing or adjusting these restrictions, Liberty Lake can increase the availability and accessibility of housing options for individuals and families needing supportive and emergency services.

Opportunities

- **Removing spacing requirements between shelters and permanent supportive housing (PSH) facilities** would eliminate unnecessary limitations on where these essential services can be located, especially in areas close to transit services.
- **Adjusting transit proximity requirements** for PSH and emergency housing to 0.5 miles would provide greater flexibility in site selection and increase capacity to meet the growing demand for supportive housing.
- **Ensuring that offices are allowed in conjunction with PSH and emergency housing** across all residential zones would enable the integration of on-site case management and other support services, such as counseling, job training, and healthcare. This would enhance residents' housing stability by providing easy access to critical resources.

⁵ Required by HB 1110 and HB 2321

⁶ Per the Washington Department of Commerce, *Administrative design review* means a development permit process whereby an application is reviewed, approved, or denied by the planning director or the planning director's designee based solely on objective design and development standards without a public pre-decision hearing, unless such review is otherwise required by state or federal law, or the structure is a designated landmark or historic district established under a local preservation ordinance. A city may utilize public meetings, hearings, or voluntary review boards to consider, recommend, or approve requests for variances from locally established design review standards.

- **Removing arbitrary limitations on the number of units and residents at a facility**, and instead, utilizing parameters such as occupant load per square foot or generally applicable health and safety provisions to determine appropriate occupancy.⁷
- **Introduce temporary or short-term rental programs as transitional housing options for specific groups.** These programs would have a specific time limit, usually ranging from a few months to a couple of years, during which participants are provided with housing and supportive services. Including qualifiers for developing these short-term rentals and screening prospective residents would ensure they are not used for tourism and recreational purposes.

Conclusion

The City of Liberty Lake has clear and easily understandable development regulations that include existing laws permitting a variety of medium-density housing options across several zoning districts. However, several areas within the code currently place barriers to housing affordability. The city's code contains restrictive regulations relating to zoning and density, parking requirements, design standards, review processes, and more. In addition, existing topographical constraints and severe slopes in areas within the City further hinder the feasibility of developing affordable housing options.

Nevertheless, through regulatory reforms such as revising zoning codes, updating parking requirements, and simplifying approval processes, Liberty Lake can foster a thriving mixed-income housing community. This memo outlines numerous options for the City to not only meet recent housing-related state requirements but also to enhance overall housing diversity and supply.

⁷ Required by RCW 35A.21.314