

# Cottage Housing Development March, 2000

The Housing Partnership  
1301 Fifth Avenue Suite 2400  
Seattle, Washington 98101-2603  
425-453-5123  
425-462-0776 fax  
mluis@seanet.com

**The Housing Partnership** is a non-profit organization (officially known as the King County Housing Alliance) dedicated to increasing the supply of affordable housing in King County. This is achieved, in part, through policies of local government that foster increased housing development while preserving affordability and neighborhood character. The Partnership pursues these goals by: (a) building public awareness of housing affordability issues; (b) promoting design and regulatory solutions; and (c) acting as a convener of public, private and community leaders concerned about housing. The Partnership's officers for 2000 are: **Rich Bennion**, HomeStreet Bank, Chair; **Paige Miller**, Port of Seattle, Vice Chair; **Gary Ackerman**, Foster Pepper & Shefelman, Secretary; **Tom Witte**, Bank of America, Chair, Finance Committee; **J. Tayloe Washburn**, Foster Pepper & Shefelman, Chair, Land Use Committee.

# ***Introduction***

Although a significant number of Americans live in multi-family housing, research shows that single family housing is the overwhelming preference in this country. Surveys by Fannie Mae indicate that upwards of 85 percent of Americans would prefer to live in a detached house, and that they will make major sacrifices to do so.

Why is it that while our cultural cousins in Europe happily live in large urban flats and townhouses, Americans feel deprived if they do not have their own castle? While this question begins to get into scary psychological and sociological territory, dealing with frontier traditions and questions of personal space, we do know a few things. For instance, Housing Partnership research in 1998 showed that King County residents place a very high value on safety, quiet and privacy, three important features of single family, detached housing in low density neighborhoods.

In the end, however, a preference expressed by 85 percent of people does not need to be defended. It demands to be accommodated. In King County we are doing a nice job of accommodating the housing needs of upper-income families with children. We are, however, falling short of meeting the needs of families that cannot afford to pay \$300,000 for a house near their job, or who want a detached house but do not need 2500 square feet of space and a large yard.

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Enter the cottage!

Cottage housing provides an option that preserves the privacy and personal space of a detached house in a smaller and less costly unit. Cottages are usually built in clusters and can introduce a sense of community. In the marketplace they offer an alternative to the two choices most often available: single family houses and condominiums. For those looking for a detached house, cottages provide a way to trade quantity of space for quality of space.

While quite a number of successful cottage developments, both old and new, can be found in the Puget Sound area, this is still not a common style of housing development. But as communities try to find ways to meet their housing needs in the more dense patterns called for in the Growth Management Act, cottage housing offers an option that should be added to the mix.

This short report is intended to be a primer on cottage development and to point the way for cities to develop approaches to cottage zoning that will interest developers and buyers in this attractive form of housing. A follow-up report will provide a case study of the Ravenna cottage project being undertaken by Threshold Housing.

## **Definition**

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There is no precise definition of cottage housing, and it is not clear when a house ceases to be a cottage and becomes a small-lot house, or simply a house. For purposes of this discussion, however, we will assume that cottages are built in clusters, close together, have some common area, and do not have parking adjacent to each cottage. Cottages usually provide some means for neighbors to inevitably run into each other. One person described the Third Street Cottages in Langley as "co-housing without all the meetings."

The following discussion of design features should help round out a picture of cottage housing.

## **Cottage Design Features**

**Size.** Among cottages in the area, the small end of the size range would be found in the Pine Street Cottages in Seattle, which have about 450 square feet on the main floor, plus a 100 square foot loft. This space allows for living room, bedroom, kitchen and full bath. At the larger end of the size spectrum, the Ravenna cottages in Seattle will offer about 950 square feet of space in two stories. This allows for two bedrooms and one and a half baths. The Third Street Cottages in Langley, Washington, range from 600 to 650 square feet on the main floor, plus lofts ranging from 100 to 280 square feet.

The cottage zoning ordinance in Seattle limits cottages to 975 square feet, with no more than one third of that space in either a basement or upper level. Although definitions are squishy, cottage proponents would generally put the upper size limit around 1000 square feet.

**Location.** Both existing and new cottage clusters are located within single family areas. The older clusters, built in the early part of the century, predate the current zoning and have been grandfathered. The Third Street cottages in Langley were built under a special cottage zoning ordinance, and the Ravenna cottages in Seattle are being built under a special design demonstration project ordinance.

Single family neighborhoods will be the optimum location for cottage clusters, both because of the economics of land cost and to achieve the promise of a single-family feel at multi-family prices. One- or two-story cottages would not fit well into a multi-family zone where taller, bulkier structures would overwhelm them. The existing Seattle cottage zoning ordinance, which limits cottage clusters to lowrise multi-family zones, has not resulted in any new cottage projects.

**Clustering.** Cottages tend to be clustered together around some common open space, such as a courtyard or walkway. If the land is in condominium ownership (the easiest, but maybe not the most popular method) agreements will specify the areas that are subject to common maintenance and those that are the owners' responsibility.

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*The surest way to destroy public support for cottage development would be to build cheap little boxes that add density while degrading the aesthetics of the neighborhood. . . . such development will inevitably erode support for the higher densities necessary for long-term affordability.*

Some utility features may also be clustered or in common. For instance, the Pine Street Cottages have a shared, off-street parking area. The Third Street Cottages have a shared workshop building and a separate building with storage lockers. The Ravenna cottages have storage areas under one cottage, taking advantage of a drop in grade.

A less tangible part of the clustering concept is the relationships that develop among the occupants. In clusters where the front doors face each other (Bungalow Court, Greenbush Court, Third Street, Ravenna) neighbors are bound to run into each other. The Pine Street Cottages have a landscaped courtyard that acts as everyone's back yard. To foster a sense of community beyond that which might emerge naturally from common spaces or owners associations, the developer may raise an implicit or explicit expectation to buyers that the cottage cluster is no place for hermits.

To maximize the chances of a good social atmosphere in a cottage cluster, it is generally believed that there should be at least four cottages in a cluster, and no more than twelve. Furthermore, to preserve both the original feel of the neighborhood as well as the special atmosphere of cottages, clusters should not be built too close together in the same area.

**Land Use.** The efficiency of land use is gained by clustering the cottages relatively closely together. The Pine Street cottages feature 10 units on about a third of an acre, clustered around a common courtyard. The Ravenna project clusters six cottages plus a garage with three carriage units on about a quarter acre. The Third Street Cottages in Langley provide a little more space, placing eight cottages and two common utility buildings on two-thirds of an acre. These densities range from 12 units/acre to 36 units/acre. The Seattle ordinance requires a minimum of 1,600 square feet per cottage (i.e. no more than 26 units per acre), and 6,400 square feet for the whole cluster (suggesting a minimum of four cottages).

**Softening impacts.** In spite of higher densities, experience has shown that cottage clusters can fit very nicely with their surroundings. Older clusters, like Pine Street on Capitol Hill or the Bungalow Court on First Hill, mirror the craftsman architecture of the surrounding homes. Newer clusters also employ more traditional architectural styles. In all cases, careful attention to design detail and landscaping softens the impact of higher densities.

Going one step further, a design goal should be that the cottage cluster actually improve the surrounding neighborhood, rather than having just a neutral impact. Off-street parking, landscaping, interesting facades and other design features can result in a better streetscape than single-family houses might yield. A cottage cluster can present less mass than single family houses that maximize the building envelope. The pedestrian orientation of cottages puts more people on the sidewalk, enhancing neighborhood security.

The surest way to destroy public support for cottage development would be to build cheap little boxes that add density while degrading the aesthetics of the neighborhood. While very inexpensive cottages may provide affordability in the short run, such development will inevitably erode support for the higher densities necessary for long-term affordability.

## **The Market for Cottages**

Although some question the market attractiveness of cottages and very small houses, those that have been on the market in the Puget Sound region have tended to sell very well and to hold their value. So although experience is limited, there is clearly a market for cottages. Following are some key market considerations.

*The predominant buyers of cottages in recent years have been single people. . . The buyer profile developed for the Ravenna cottages indicates that the majority of buyers will be women.*

**Singles.** The predominant buyers of cottages in recent years have been single people. These individuals have the option of buying a condominium or an older house, but opt for cottages because they offer the privacy of a single family house with the low maintenance requirements of new construction or a condominium. The buyer profile developed for the Ravenna cottages indicates that the majority of buyers will be women.

**Couples and single parents.** Cottages can work well for couples or single parents. To work for small children care would need to be taken to enclose open space.

**Seniors.** Cottages can work well for seniors, especially those wanting to stay in a detached house in their neighborhood, but unwilling or unable to care for their current house. The loft approach will present problems for residents less able to negotiate steep stairs.

**Space-quality trade-off.** Implicit in the cottage concept is the trade-off between space and the quality of construction. Some of the savings from land cost and building size can be put into better finishes, interesting design elements, appliance and fixture upgrades and landscaping. This is especially important for that segment of the market that could afford a full-sized house, but chooses a smaller space.

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## **Economics of Cottage Housing Development**

Cottages, like any other form of housing, can come to market in a wide range of prices, depending on what the potential buyers in that area might be willing to pay.

At the low end, for example, a cluster of eight cottages on a third of an acre in an outlying area with modest amenities could come in at around \$130,000 per cottage. At the higher end, a cluster of six cottages on a half acre, in a desirable close in neighborhood, with high grade finishes and amenities, might come in at \$300,000.

The developer, in deciding what price range to aim for, looks at the alternatives available to the prospective buyer. As noted above, cottages occupy a place in the market between small, older houses and condominiums. So, for a \$130,000 cottage to compete with an older rambler at \$160,000 it needs to emphasize the low maintenance advantages of new construction. At the other end, the cottage in a desirable area can

easily compete with condominiums that easily top \$300,000 by offering that crucial space between neighbors.

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From a policy perspective, then, cottages can be part of an affordability strategy. A \$200,000 cottage in North Seattle may be beyond the range of middle wage earners, but is still less expensive than most existing houses and certainly less than other new construction houses in the area. Furthermore, cottages can take pressure off the single family market by providing an alternative to those who like the privacy of single family houses but need less space.

All of these assumptions about unit pricing are based on land prices that predominate in single family zones. The big economic edge for cottages is low land cost per unit, and this cannot be achieved on most multi-family zoned land which is much more expensive. In a cottage project built in a single family zone, land cost will be 15 to 20 percent of total sales, in contrast to the 25 to 30 percent of sales that is customary in single family development.

## **Development Standards**

To ensure that cottage projects fit well into existing single family neighborhoods, careful thought needs to be given to specific development standards. These standards must achieve a balance so that they protect neighborhood character and at the same time provide incentives for cottage development.

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Three cottage zoning ordinances exist in the region. The Seattle ordinance was adopted in 1994, but restricted cottages to the lowest density multi-family zones. The city of Langley, on Whidbey Island, adopted a cottage ordinance using the Seattle model, but allowing cottages in single family zones. The City of Shoreline adopted a cottage zoning ordinance modeled after Langley. The issues that follow will reference the Seattle ordinance, but that should not suggest that it's standards are the only approach.

**Lot coverage.** The Seattle ordinance limits overall lot coverage for a cottage cluster to 35 percent (for lowrise duplex/triplex zones) or 40 percent (lowrise 1 zones). In addition, individual cottages are not to exceed 650 square feet of lot coverage.

**Setbacks.** The Seattle ordinance requires a 10 foot setback in the front and rear yards, and allows the centerline of an alley to count as the reference point for the rear yard. The Seattle ordinance requires a five foot side yard setback. The space between cottages must be at least six feet. The side with the main entrance door must be 10 feet from the next cottage.

**Height and Bulk.** In Seattle, concern was raised about the prospect of "skinny houses," that might overwhelm their neighbors. To guard against this prospect, first, a requirement was written that restricts a second floor to no more than half the square footage of the first floor. Second, height restrictions were written that effectively limit cottages to one and a half stories (i.e., parts of the second story do not have a full eight-foot height).

**Open Space.** The Seattle ordinance requires at least 400 square feet of usable open space in duplex/triplex zones, and 300 square feet in lowrise 1 zones. In both cases, this space is evenly divided between private space adjacent to the unit, and space available to everyone in the cluster. In all of these spaces, the horizontal dimensions must be at least 10 feet, but this requirement is not met in existing or planned cottage developments.

**Parking.** As with so many development issues, parking is central to the acceptability of cottages. The Seattle ordinance requires one parking space per cottage, and does not allow those spaces to be built between cottages. Although the Pine Street Cottages predate this requirement, they do provide one off street space per cottage in a secured lot behind the courtyard. The Ravenna Cottage project includes a nine-car garage structure with three carriage units on top (i.e. one space per cottage and per carriage unit). Neither the existing Bungalow Court nor the Greenbush Court in Seattle provide off-street parking. The Third Street Cottages in Langley provide one space per unit with a couple of guest spaces available.

**Dispersion.** To help allay fears about a rapid increase in densities in Seattle, and to protect the uniqueness of the cottage concept, the original cottage zoning proposal contained a dispersion requirement. (At this point in the legislative process the ordinance had still allowed cottage clusters in single family zones.) Under the dispersion requirement, no cottage cluster could be built within one block of another.

## **Conclusion**

*Nearly all housing being built today consists of either single family houses on full lots, or multi-family units in large buildings. Cottage housing offers a middle ground that will be attractive to some segments of the market.*

If we are to achieve our goals of more compact urban development, we need to expand the range of housing types available to consumers. Nearly all housing being built today consists of either single family houses on full lots, or multi-family units in large buildings. Cottage housing offers a middle ground that will be attractive to some segments of the market.

Design and economic considerations suggest that cottages will work best if allowed in single family zones. Experience shows that cottages can fit nicely into existing neighborhoods, but experience also shows that density increases are always a tough sell. As with so many questions of density, the policy challenge is to find ways to ensure that cottage development in single family areas follows good design principles. Cottage housing is a wonderful idea that could be killed off with just a few bad experiences.

If we begin now, builders, consumers, local governments and neighbors will soon figure out how to add cottages to the box of tools we need to achieve our growth visions.