

# HOUSING FOR NICHE MARKETS

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# Greenwood Avenue Cottages

SHORELINE, WASHINGTON

Greenwood Avenue Cottages is a community of eight tiny houses located on just four-fifths of an acre. The brightly colored houses range in size from 780 to 1,000 square feet and are clustered around a landscaped community green and garden. Each house has its own private yard that is surrounded by a low fence and accessible through a garden gate. Garages and visitor parking are located on the perimeter of the site—a design feature that encourages neighborliness by ensuring that residents walk through the central common to get to their houses. The development also features a communal building that includes a 400-square-foot room for community use and storage lockers.

The project is one of five “pocket” neighborhoods developed in the Puget Sound area by the Cottage Company, a Seattle-based developer, and Ross Chapin Architects. Their concept of pocket neighborhoods is that they provide an option for people seeking well-designed, but not-so-big houses and a sense of community. The Greenwood Avenue cluster fits comfortably into a larger, established neighborhood of single-family houses.

The project was developed under the city of Shoreline’s Cottage Housing Code (CHC), which allows this type of infill development in single-family residential areas.

## Development Process

The city of Shoreline is a first-ring suburb of Seattle located on Puget Sound just beyond the city limits. It is largely built out with post–World War II Craftsman style houses on large lots. Seeking to accommodate growth by increasing density and to provide options for detached in-town housing without compromising the town’s character, the city of Shoreline adopted its CHC in 2000 in an ordinance that is similar to one enacted in 1995 by the nearby town of Langley.

The CHC permits higher densities—four to 12 single-family dwellings per acre—for houses that do not exceed 1,000 square feet of living space. Under the code, cottage housing is specified as a conditional use in single-family neighborhoods. The conditions cottage housing must meet include covered front porches facing a central green space, detached parking, architecture that is compatible with the surrounding

## SIGNIFICANT FEATURES

- Single-family cottages each under 1,000 square feet
- Central courtyard and a communal building
- Developed under a code that allows pocket cottage neighborhoods within lower-density single-family neighborhoods
- Target market of single women and empty nesters

Most Greenwood Avenue residents are single, professional women drawn to the cottage community’s intimate scale.

neighborhood, and maximum roof heights (18 feet for a flat roof and 25 feet for a pitched roof).

In early 2001, Jim Soules of the Cottage Company and architect Ross Chapin bought a vacant .8-acre infill site located off Highway 99, Shoreline's main drag, amid a leafy expanse of meandering suburban development. The site had previously been approved for four 7,200-square-foot lots, but under the new CHC, Soules could develop something very different.

The Cottage Company's first pocket neighborhood development, Third Street Cottages in Langley, had been completed in 1998. The success of this and two later projects led Soules to look for a similar opportunity in Shoreline.

A project in Seattle—Pine Street Cottages—inspired Soules's cottage housing projects. The Craftsman style Pine Street Cottages were built as housing for blue-collar workers in around 1915. They were rehabilitated in 1992 as 400-square-foot, one-bedroom houses clustered about a courtyard, with detached parking.

It was not only the beautiful gardens, the sense of neighborhood, and the feeling of security at the Pine Street Cottages that spoke to Soules, but also the fact that such a marketable project—which was snatched up by eager buyers at high prices and profiled in the national media—could not be legally built under single-family zoning in most localities. Noting that more than half of U.S. households consist of one or two people, Soules saw a market for single-family housing for small households.

Soules established the Cottage Company and began working with Chapin out of a recognition that there is a market for high-quality, small single-family houses. That this market is underserved is indicated by the high—\$750,000—sale price of 1,100- to 1,200-square-foot Craftsman houses on Queen Anne Street in Seattle.

Soules and Chapin's application for the development of cottage housing on the Greenwood Avenue site triggered neighborhood meetings. Neighbors worried that rental or student housing was being proposed (the site is near a community college), that traffic would become worse, and that property values would decrease.

The success of the Third Street Cottages helped smooth the approval process. Eventually, many mem-

bers of the city council, planning commissioners, and neighbors visited Third Street Cottages in Langley to better evaluate what the Cottage Company was espousing for Shoreline.

Zoning approval came fairly easily with just a few minor difficulties, the biggest of which was providing a turnaround for fire trucks. The site's slope away from the existing storm drain forced the developer to install a deep storm drain that would keep water from running to the east, where residents would not grant a stormwater easement.

Requiring only minor street improvements and being tucked behind existing homes, the project kept a low profile during construction. Upon completion, the project won ready acceptance. The city cosponsored with the Cottage Company its nomination for a regional design award and adopted it as the standard by which it would like other cottage neighborhoods developed. Since the completion of Greenwood Avenue Cottages, two other cottage housing developments have been completed in the city and another is going through the approval process.

### Financing

The Cottage Company is a development company that forms separate limited liability partnerships for each of the projects that it undertakes. For Greenwood Avenue, the partnership was called the Cottage Company LLC with the Cottage Company and the architect Ross Chapin as 50/50 partners.

The project was financed conventionally with a local bank construction loan at 80 percent of appraised value and the balance of the equity coming from the Cottage Company and Chapin. Arriving at an appraised value was problematic, because there were no comparable products in the local market to offer pricing guidance. The appraiser estimated value by pricing the cost of buying a small fixer-upper and bringing it up to the assumed quality of the cottage houses.

The first house closed in March 2002. Seven of the eight houses were sold within two months, and the last sale occurred in June. The smallest unit is 780 square feet; it sold for \$275,000. The 1,000-square-foot properties sold for \$280,000 to \$290,000.





Private frontyards are defined by low wood fences and gates. Porch railings are "sitable."







Site plan.

Neighbors were initially concerned that the small houses would degrade the value of nearby houses. In the end, however, \$300,000 is comparable to the selling price of neighboring 30-year-old, 1,700- to 2,000-square-foot houses on 7,200-square-foot lots. On a square-foot basis, the Greenwood Avenue cottages are twice as expensive as older houses in the neighborhood.

### Planning and Design

Early 20th-century bungalow courtyards inspired the design of the cottages. Seattle has some examples, but far more are found in southern California. These are usually configured with eight to 12 one- or two-bedroom houses clustered around a landscaped courtyard. They were built with the quality and details of Craftsman res-

idences—fine millwork, stained glass, built-ins, ceramic tile, and so forth.

In keeping with the classic cottage, which is one and one-half stories tall, the Greenwood Avenue cottages feature a loft that overlooks the living areas. The lots are approximately 32 feet wide and 45 feet deep. The smallness of the houses and lots makes it necessary to address real and perceived notions of public and private space. The cottages have a yard on one side and abut the lot line on the other side, leaving ten to 14 feet between them. Each cottage has a small private frontyard defined by a two-foot-high picket fence. All the cottages have an 80- or 100-square-foot covered porch.

Concerns about height, privacy, and character informed the design. Site planning was key. Eight houses

clustered on four-fifths of an acre require a precise plan. The challenge of getting the houses to nest together was addressed through interior and exterior design.

For the most part, windows open to the south to the house's private yard. No windows are placed on the north side or they are situated high or take the form of skylights that bring in light without looking directly into the bedroom of the house next door.

Parking is accommodated as unobtrusively as possible. Two detached garages are located on the western edge of the site—one with three spaces and the other with five. Visitor parking is provided near the parking garages. After parking, residents and visitors walk through the common area to enter the private yards. Chapin calls this movement from public space to private space "layering."

A good example of the preciseness in the layering design that is normally not noticed at first but has been an immensely successful feature is the porch railing. Although the railing sets a boundary, it rises only 30 inches tall, which means it is "sitatable." If it were 36 inches or 42 inches high, the railing would have been a barrier instead of a seating opportunity that promotes neighbor-to-neighbor visits. Success is in the details. An energy-efficient, blown-in insulation in the units provides for a high level of sound reduction. The more active rooms, such as the dining area, face the common, allowing residents to keep track of who is on the grounds. The more private rooms are toward the back. The creation of zones within the living space and the clear differentiation between public and private spaces make these small houses function as if they were larger.

Ample natural light that varies throughout the day will make a small house feel larger and more dynamic and vital. The Greenwood Avenue units are designed to bring in daylight wherever possible. For example, the eating alcoves have windows on three sides. In the evening, these windowed alcoves become lanterns that illuminate the common.

The units lack (space-wasting) hallways. Taking advantage of the slope of the land, two cottages have basements that can be used for storage.

Fiber cement (a product made from recycled sawdust) and other low-maintenance materials are used on

the exterior of the units instead of wood. Fiber cement endures, needs little maintenance, and holds paint well.

The common area was designed to feel like everyone's front yard. It is encircled by a landscaped border that along with the low picket fence (the wood was scrap from an old cedar mill) separates the common from private space. It features two different concepts: a multipurpose lawn and a formal walking garden—the "knot" garden—with a sculpture.

### Target Market and Resident Profile

The Cottage Company did not want the cottages to be perceived as retirement housing, starter housing, or low-cost housing. The assumption by some city council members that 1,000-square-foot houses would cost half as much as a 2,000-square-foot house had to be laid to rest. Sewer fees, electrical service, and water connections cost about the same for small and large houses.

The developer's target market was single, professional woman and empty-nester couples. Buyers fit this



Top: The "pocket" neighborhood is designed to fit comfortably into its suburban context.

Bottom: Parking for residents and visitors is accommodated unobtrusively on the edge of the site



target precisely: 63 percent of the homeowners are single women and 27 percent are empty nesters. All households include a working professional, among which are a college professor, a commercial appraiser, and a nurse. One single-parent household includes two children, the only resident children. One single woman shares her cottage with her elderly mother.

Compared with households in the surrounding area, Greenwood Avenue Cottage residents are older. Many of them are homeowners in their 50s or 60s who have decided to downsize.

Greenwood Avenue homebuyers were attracted by the project's high quality and attention to detail. The detached house format was also attractive, offering an alternative to apartment condominiums. A further attraction was the seamless integration of this project into its surrounding single-family residential neighborhood.

### Marketing and Management

Publicity and the reputation of the Cottage Company marketed this project. The developer did a limited amount of advertising, held a home tour in June 2002, and placed a sign out front.

As the first cottage neighborhood to be built under the Shoreline code, the development was well covered by the local press. Greenwood Avenue Cottages was included in a couple of feature articles in the real estate section of the *Seattle Times*. Furthermore, the Cottage Company has earned a reputation for innovative development and people express interest in its projects before actual development starts.

The developer's Web site attracts thousands of visitors a month. Some of this traffic is due to widespread interest in the idea of cottage housing from all over the United States and Canada as well as from other places around the globe.

The Cottage Company directly sells all its cottages. They are not listed with brokers or multiple listing services. The developer does not provide selling commissions to brokers who come in with a buyer. The company feels that it is important to be a direct seller—it wants to understand how the buyers of its houses live and what they are looking for. This gives it key information for selling its next development.

The common grounds take up very little area and no third-party property manager is required. The homeowners set up a garden and facilities committee, which established a monthly homeowners association fee. They decide how much work to do themselves and how much is to be done by a gardener. The committee creates a list of chores—including a once-a-week inspection of the common buildings.

### Experience Gained

- The task of providing a level of comfort to neighbors and educating the city's planning staff on the suitability of putting eight houses on a site that ordinarily would fit only four was challenging. With this experience under its belt, the developer expects that its ability to invite the residents of functioning cottage communities to the planning meetings for future cottage housing projects and to arrange for decision makers to visit actual communities will facilitate this task.
- Including a small private yard for each unit simplifies operations. The common areas for two subsequent cottage projects in Shoreline that have no private yards are too large for resident maintenance and thus must be maintained by outside management companies.
- Homebuyers did not appreciate some of the important, underlying features of the Greenwood Avenue Cottages development—for example, the superior ventilation system with an inaudible fan, the high-quality insulation, and an innovative stormwater management system—because they were not well explained by the developer.
- It would probably have been better to start serious marketing earlier to capture market interest at the beginning stages of the project when it was getting a lot of press.
- In order to end up with neighborhoods to which residents are personally attached and willing to contribute time for maintenance, cottage housing clusters should not have more than 12 houses. The residents of the eight-unit cluster at Greenwood Avenue illustrate the degree of neighborliness that can be achieved by the fact that they celebrate many holidays together in the common room.





Interior views. Although only 780 to 1,000 square feet in size, each cottage contains two bedrooms and usable loft space, as well as a living room, kitchen, and dining nook.



**GREENWOOD  
AVENUE COTTAGES  
PROJECT  
INFORMATION**

**CONTACT INFORMATION**

**DEVELOPER**

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**ARCHITECT**

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**DEVELOPMENT SCHEDULE**

Site under Contract:	May 2000
Planning Started:	June 2000
Construction Started:	June 2001
Sales Started:	September 2001
First Closing:	March 2002
Construction Completed:	May 2002
Sales Completed:	June 2002

**LAND USE INFORMATION**

Site Area:	34.755 square feet (.8 acre)
Dwelling Units:	8
Residential Density:	10 units per gross acre

**LAND USE PLAN**

	SQUARE FEET	PERCENT OF SITE
Housing	9,355	27 %
Streets	5,900	17
Common Open Space	9,900	28
Private Open Space	9,600	28

**RESIDENTIAL UNIT INFORMATION**

UNIT TYPE	SIZE (SQUARE FEET)	NUMBER OF UNITS	INITIAL SALE PRICE RANGE
2 Bedrooms/ 1 Bath	780-1,000	8	\$275,000- \$289,000

**DEMOGRAPHIC PROFILE**

	PERCENT OF ALL HOUSEHOLDS	NUMBER OF RESIDENTS
<b>HOUSEHOLD TYPE</b>		
Singles	50 %	4
Singles with Children	13	3
Couples without Children	37	6
<b>GENDER<sup>1</sup></b>		
Male	—	3
Female	—	10

1. Gender of 11 adult residents and two children.

**DEVELOPMENT COST INFORMATION**

SITE ACQUISITION COST	\$310,200
SITE IMPROVEMENT COST <sup>1</sup>	185,000

**CONSTRUCTION AND SOFT COSTS**

Structures <sup>2</sup>	690,000
Plumbing/Gas/Water Heaters	76,000
Electrical	63,000
Finishes	193,000
Hardscape <sup>3</sup>	32,000
Landscape	34,000
City Fees and Permits	36,000
Engineer/Consultants	35,000
Supervision	45,000
General Conditions	27,000
Loan Fees and Interest	87,000
Architectural Services	36,000
Development Services	48,000
Other Costs <sup>4</sup>	23,000
Direct Marketing	10,000
TOTAL	1,435,000

TOTAL DEVELOPMENT COST	\$1,930,200
Development Cost per Unit	241,275

1. Includes grading, sewer, water, stormwater, curbs, gutters, side-walks, and paving.

2. Includes foundations, framing, roofing, siding and trim, drywall, insulation, doors, windows, and porches.

3. Includes walks, fences, and benches.

4. Includes administration, insurance, legal services, and condominium costs.



**First Floor**  
 Kitchen/Living Room 13'-6" x 21'-6"  
 Dining Alcove 12'-0" x 10'-6"  
 Bedroom 1 8'-6" x 13'-6"  
 Bedroom 2 8'-6" x 13'-6"  
 Bathroom 1 full  
 Covered Porch 12'-0" x 10'-0"

**Second Floor** >5'  
 Bedroom 3 13'-0" x 21'-6"  
 Bathroom 2 three quarter

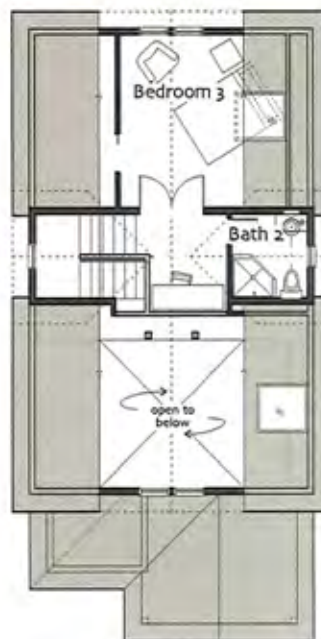
**Total Area:** 1224 sq ft



First- and second-floor plans for one of the cottages; the loft space is used for a third bedroom.



First Floor Plan



Second Floor Plan