

Director's Report and Recommendation Permanent Home Occupation Amendments

Background and Summary of Proposal

The current proposal originated with a request by Councilmember Strauss to evaluate and propose code amendments to achieve permanent home occupation regulations similar to the interim regulations adopted by Ordinance 126293. The intent is to create flexibility on a permanent basis for Seattle residents to operate home occupation businesses, as an accessory use at their residence. The current proposal retains most of the flexibility enacted in Spring 2021 by Ordinance 126293, intended in part, as a response to COVID-19, which expired in November 2022. It also makes a few other adjustments to the provisions to similarly achieve flexibility. Home occupation provisions are in Section 23.42.050 of the Land Use Code.

Proposed amendments to Section 23.42.050 include:

1. Eliminate the requirement that customer visits are by appointment only;
2. Eliminate restrictions on the visibility of the home occupation from the exterior of a structure and allow interior and exterior alterations of structures that would accommodate home occupations so long as development standards are met;
3. Allow home occupations to be conducted in outdoor areas, while retaining provisions that prohibit spillover impacts such as noise, odor, dust, light and glare;
4. Eliminate a limit of two employees who are not residents;
5. Allow for increases in on-street parking congestion or traffic in the vicinity related to home occupation uses, except for automotive retail sales and services uses;
6. Clarify that a home occupation-related vehicle may park anywhere that parking is permitted on the lot, including required parking spaces;
7. Prohibit a home occupation from being a drive-in business;
8. Increase the limit of home-occupation-related vehicles that operate at the home occupation site from 2 to 6;
9. Clarify that the limit of number of vehicles associated with a home occupation refers to the number of vehicles operating at the home occupation site and not to other vehicles that are not at the site;
10. Eliminate a limit on the number of daily deliveries allowed to a site. The current limit is one per weekday and zero on weekends and holidays.

Proposed amendments to sign regulations in Chapter 23.55 include:

11. Allow one sign up to 5 square feet (720 square inches) bearing the name of the home occupation, an increase from the prior limit of 64 square inches.

Analysis

What are home occupations?

A home occupation is defined as “a non-residential use that is clearly incidental and secondary to the use of a dwelling for residential purposes and does not change the character of the dwelling.” It is also referred to as an “accessory” use.

Section 23.42.050 of the Land Use Code contains the City’s provisions for home occupation uses. The provisions accommodate people engaging in entrepreneurial activities, many of which are conducted through everyday activities occurring in residential uses – writing, computer-based work, telephone, and face-to-face conversations.

Existing home occupation businesses widely vary but the most common types are self-employed professional or administrative services, child care, and activities such as food and beverage production, craft work, and equipment or vehicle repair.

What is the City’s regulatory approach to home occupations?

The City’s home occupation provisions work together to define the range of acceptable activities and site improvements that are related to accessory uses.

- Pre-2021, home occupations were meant to occur within a structure – a legal principal dwelling unit, accessory dwelling unit or other structure, although occupation-related activities that are typical of residential uses are also allowed. But the interim ordinance gave more flexibility in what outdoor activities may occur.
- For a child-care use, the current and proposed rules accommodate outdoor play areas that are minimum requirements to be licensed and operate a child-care per State requirements.
- The pre-2021 provisions had discouraged any features of a home occupation use from being visible at the front of the property. Even building alterations to support home occupations that would be visible to passerby were restricted. The interim ordinance eliminated this restrictiveness.
- Pre-2021, the limited visibility principle included minimizing the size of an occupation’s sign to be less than one square foot in size. But the proposal now is to increase the permissible sign size to a maximum of 5 square feet, consistent with the interim ordinance.
- Pre-2021, improvements to a site also needed to meet the development standards – such as setbacks and lot coverage limits – depending on the site’s zoning. The interim ordinance granted flexibility from this provision. The proposal retains the pre-2021 approach that seeks adherence to development standards.
- Side effects of the home occupation use – noise, odor, smoke, dust, light and glare, electrical interference, and other similar impacts – must not be detectable from locations at or beyond the property line of the property. This allows for enforcement actions when necessary. This provision was included in the pre-2021 and the interim ordinance, and is proposed to be retained in the current proposal.

- In both the pre-2021 and the interim ordinance, limiting the number of deliveries and the number of vehicles operating at the location of the home occupation were strategies meant to limit overall activity levels. The current proposal is to eliminate the limit on number of daily deliveries to a home occupation, and to increase the number of home-occupation-related vehicles operating at the location from two to six vehicles.
- The pre-2021 provisions indicated that a home occupation “shall not cause a substantial increase in on-street parking congestion or a substantial increase in traffic within the immediate vicinity.” But the interim provisions applied this criterion only to “automobile sales and service” uses. The current proposal maintains the interim provisions’ approach.

In practice, the set of proposed provisions will support the continued ability to avoid adverse side effects from occurring where home occupations are operating. SDCI staff have been able to effectively apply these kinds of provisions to a wide range of home occupation-related enforcement questions.

Why are adjustments proposed?

This proposal seeks to thoughtfully adjust the home occupation provisions to remove barriers in a measured manner. This would increase the flexibility for people to pursue entrepreneurship at their residence without facing a high degree of restrictions on home occupation-related activities, or features visible to the public. This will encourage individuals’ creativity and chances for success in their home occupation endeavors in support of themselves and their families.

At the same time, the proposal seeks to maintain a balanced approach, like the pre-2021 provisions, that will continue to prohibit substantial spillover impacts on neighbors – by maintaining the prohibition on spillover side effects such as elevated noise levels and odor impacts, and requiring home occupations to continue meeting minimum development standards of the Land Use Code. Continued enforcement of complaints per codes, under the proposal, would help avoid, reduce, or resolve the range of future spillover impact situations that might occur.

The proposed amendments reduce the emphasis on limiting visible changes to structures to conformity with the development standards in place for residential areas. This recognizes that to effectively conduct a home occupation business, building additions or remodeling may be necessary to better accommodate a mix of home and work-related activities.

The proposal also reduces the pre-2021 restrictiveness in control of home occupation-related activity levels. It would allow customer visits without appointments, unlimited numbers of deliveries, more home occupation-related vehicles to visit the site on a daily basis, outdoor activities associated with home occupations, and would allow more than two employees at a home occupation site (except child care uses that already can have more). The City should accommodate home occupations that may in some cases generate regular customer flows, movement of automobiles and other vehicles, and other necessary activity consistent with the background activity level in a residential zone in an urban area. If a home occupation grows over time, this could lead to more employees working at a property, potentially more outdoor activity,

and more parking activity and street traffic volumes on local streets. Such activity should be able to occur as long as it does not create excessive impacts on street operations or other side-effects.

Many home occupations will never generate high traffic levels, but those with a growing customer base should not be subject to uncertainties about future enforcement related to parking and traffic volumes they might generate that fit within the range of parking and traffic volumes typically experienced in an urban area. The proposal retains existing limitations against “substantial” parking and traffic congestion with respect to automobile sales and service uses, which might be higher traffic generators. The City (SDOT, SDCI, SPD) would continue to enforce situations that would substantially disrupt normal traffic operations on streets, including double parking, driveway blockages, or other public disturbances as they arise. SDCI enforcement staff are accustomed to reviewing the facts of complaint situations and determining the best course of action for resolution on a case by case basis.

Number of home occupations operating since 2021

Business license data and complaint enforcement data provide insights into home occupations that have operated since the interim ordinance was in effect in early 2021. While these data capture more than just home occupations (because business licenses may be obtained at a listed address but conducted elsewhere), the following observations about business types are made:

- SDCI does not require permits for home occupations, also called home businesses. SDCI enforces on a complaint basis. Home businesses are required to get business licenses to operate in the city.
- New business licensing in 2022 has increased over activity in 2020 and 2021 in neighborhood residential (NR) zones and residential small lot (RSL) zones, to approximately 642 in Q2/Q3 (April 1 through September 30, 2022)¹. The pace of licensing in these quarters of 2022 is more than 40% greater than the pace of the COVID-affected 2020, and is greater than any recent year except 2019. See table below.

Year	Q2 + Q3 Licenses Opened
2018	573
2019	924
2020	451
2021	565
2022	642

- Within the NR and RSL zones, the 2022 business licensing year-to-date (approximately

¹ This data portrays activity in these zones because they are low-density residential zones where home business-related activity may be easier to discern than in generally denser, busier commercial and mixed-use zones.

1,150 licenses) is dominated by real estate-related businesses (41%) and personal and professional service businesses (39%), with 11% of businesses involved in goods production or sales, 7% in mechanical and construction trades' services, and 2% in child-care and educational services. The data do not establish how many of these businesses involve work-related activity or daily customer visits at the residential addresses listed in the licenses. But they likely are illustrative and comparable to business activities occurring in these residential zones.

Home Business Code Complaints

Since 2017, SDCI has documented 3 to 4 complaints about home businesses per year, including in 2022. Complaints received by SDCI related to home businesses as reported by Code Compliance staff typically are about noise, activity levels, signs, or parking effects. None of the complaints indicate a specific home occupation business choice taken in relation to the interim ordinance's flexibility.

Conclusions from data

While the data do not show a clear causal link between adoption of the interim legislation and an increase in home businesses in neighborhood residential zones, the reforms have merit in responding to the changes in the economy and self-employment. The reforms also simplify Code requirements in a way that maintains compatibility with residential uses.

The pre-2021 provisions for home occupations are old, largely put in place in the 1980s. Given the wide variety of activities in neighborhood residential zones, and broader diversity in how people are employed or operate home businesses, they are a better fit for the neighborhoods now than they were in the 1980s. The reforms in the interim regulations have been helpful for people to employ themselves where they live, and provide goods and services to their neighbors.

Relationship to Plans and Policies

The non-project action supports flexibility in land use provisions to support home-based business and employment, to maintain or restore economic opportunity, vibrancy, and related social benefits. These are objectives aligning with Comprehensive Plan goals and policies relevant to the city, such as:

Goal GS G1 *Keep Seattle as a city of unique, vibrant, and livable urban neighborhoods, with concentrations of development where all residents can have access to employment, transit, and retail services that can meet their daily needs.*

Goal LU G9 *Create and maintain successful commercial/mixed-use areas that provide focus for the surrounding neighborhood and that encourage new businesses, provide stability and expansion opportunities for existing businesses, and promote neighborhood vitality, while also accommodating residential development in livable environments.*

Conclusion

This Director's Report summarizes Councilmember Strauss's proposal, provides information and analysis of the proposal for further public discussion and City Council consideration.