



Partnership for ADU Development (PAD)

The problem: many homeowners cannot create the housing zoning allows without support

Last year, Seattle updated its Comprehensive Plan and adopted new zoning to allow more housing choices, a critical step toward building the 112,000 new homes Seattle needs by 2044. As required by the state's middle housing law, Seattle's new rules allow at least four homes on all residential lots, expanding how property owners can use their land, from ADUs to duplexes to small stacked flats. For owners and investors with the resources and know-how to take advantage of them, these changes unlock opportunities to develop infill housing, produce rental income, or generate wealth through the subdivision and sale of new homes.

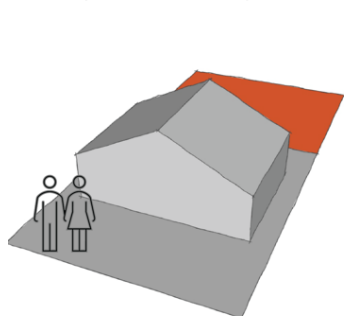
But many homeowners face barriers preventing them from realizing these benefits, including the complexity of design and permitting, limited financial resources, difficulty qualifying for financing, and the burden of overseeing construction. Without support to participate in development themselves, many existing homeowners feel stuck between watching their neighborhood grow around them or selling to a developer and leaving.

The proposal: a partnership that helps homeowners add housing to their land

The City is piloting a new approach to helping homeowners realize their property's potential, create infill housing, and stay in place. We call this model the **Partnership for ADU Development (PAD)**. Through PAD, homeowners overcome the barriers they face to undertaking a development project on their own.

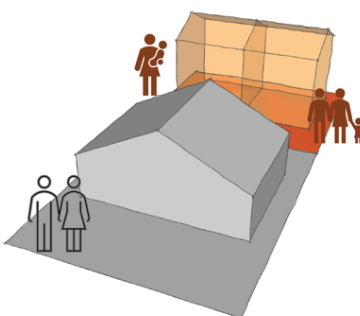
How it works

PAD is a co-development model that provides low- and moderate-income homeowners with the ongoing guidance, technical assistance, and financial support they need to create infill housing on their property. Through the PAD pilot, the City aims to catalyze a partnership between **Homeowners** seeking to build on their land and one or more nonprofit **Partners** with development expertise and community trust who develops two homes in their backyard through a combination of conventional financing and zero-interest funding from the City. The homeowner retains full ownership of their entire property, while the Partner operates the backyard homes as workforce rental housing. During this period, the Partner uses cash flow from the rental units to pay the Homeowner a ground lease payment, cover expenses like maintenance and taxes, and pay down the construction loan. After 10 years, the Homeowner can buy out the Partner by paying the remaining loan balance to take full ownership of the backyard homes.



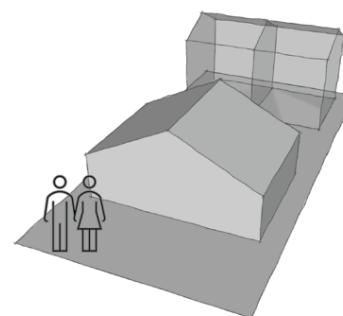
1. Lot split and ground lease

The Partner helps the Homeowner execute a **lot split** and **enters into a ground lease** for the backyard.



2. Design-build-operate-maintain

The Partner **delivers** infill housing, **rents** the two units to income-eligible tenants, and makes a monthly **ground lease payment** to the Homeowner.



3. Handoff to homeowner

Over time, the Homeowner invests a portion of their lease income and **buys out the Partner** after 10 years, letting them own the units outright.

How it helps

By removing blockers to infill development for existing homeowners, PAD spurs middle housing production, creates rental homes where they're scarce, and stabilizes homeowners.

For the homeowner, PAD...

- removes the need to take on risk, debt, and burden of managing construction
- provides technical knowledge and capital for development
- provides income through ground lease payments
- allows them to retain ownership of their land
- creates an income-generate asset for future generations

For the city, PAD...

- boosts housing production on scarce land in desirable urban neighborhoods
- produces workforce rental housing (at 80 percent of area median income)
- creates a replicable model for housing production that's efficient, economical, and predictable
- stabilizes existing homeowners and prevents displacement
- repairs harm created by past exclusionary land use practices

The PAD pilot

As a proof of concept, OPCD proposes to pilot PAD with **10 homeowner projects over five years**, constructing two backyard homes on each site for a total of 20 units. Eligibility for a PAD project to receive City construction funding would likely require that the homeowner's income does not exceed 120 percent of AMI, the property has been in continuous ownership for at least 10 years, and the site located in a pilot geography and meets criteria for suitability and financial viability.

Through these 10 projects, the PAD pilot aims to test and refine the elements of this new model. The City would identify and select one or more Partners and coordinate the pilot, including setting program terms, providing funding, and offering in-kind staffing, design, and permitting support. Acting as developer, the Partner assembles financing, completes permitting, oversees construction, and manages the rental units. Each homeowner retains full and continuous ownership of their property, receives monthly ground lease payments, and has a path to creating and owning infill housing on their land.

Next steps

OPCD is actively working to secure both public and conventional funds to launch the first PAD pilot projects. Potential Partners, as well as architects, investors, funders, and other practitioners interested in providing support, are encouraged to reach out to the City.

To learn more or discuss opportunities to collaborate, contact Rico Quirindongo, OPCD Director, rico.quirindongo@seattle.gov and Nick Welch, Senior Planner, nicolas.welch@seattle.gov.