Accessory Dwelling Units

In a Nutshell

An Accessory Dwelling Unit (ADU) is an additional living space on a single-family lot with kitchen and bathroom facilities, either attached or detached from existing housing, to increase the affordability of housing with little or no impact on the neighborhood. An ADU is not a separate property; it has the same owner as the primary dwelling. ADUs can assist homeowners by offering a chance for extra income, can offset property taxes, and can offset the cost of home maintenance and repair.

The “How To”

The Goal of Accessory Dwelling Units

Accessory Dwelling Units are intended to provide efficient housing options without changing the character or structure of a community. The goal is that more affordable housing options will become available using the already-established infrastructure and buildings. Residents who wish to create an ADU typically have to follow local zoning ordinances and/or state laws.

Basic Steps for Creating an Accessory Dwelling Unit

According to A Regional Coalition for Housing, there are twelve potential steps in the process of establishing an ADU. Divided into three different stages, the twelve steps are listed below. Stage one, Pre-Construction/Permitting, comprises Steps 1-8. Stage two, Construction Management, comprises Step 9. Stage three, After Construction, comprises Steps 10-12. Not all of these steps are applicable to every example, and the steps may be rearranged for the construction of your ADU.

1. Arrange pre-loan approval for your ADU
2. Develop a design for your ADU
3. Apply for approval from your city
4. Select an architect
5. Select a contractor
6. Get a bid from your contractor
7. Arrange financing
8. Prepare a construction contract for your project
9. Constrution management
10. Loan
11. Record the city's covenant agreement
12. Ready to use

Types of Accessory Dwelling Units

According to the Massachusetts Smart Growth/Smart Energy Toolkit, there are three types of ADUs:

1. Interior - using an interior part of a dwelling;
2. Interior with modifications where the outside of the dwelling is modified to accommodate a separate unit (this could include a unit over the garage if the garage is attached)
3. Detached - a structure on a residential lot that is separate from the main dwelling, yet by definition still "accessory" and still smaller than the main unit (this would include a unit over the garage if the garage is detached).

The Massachusetts Smart Growth/Smart Energy Toolkit reports that conditions that are conducive to successful ADU programs include:

- Available housing stock
- Preservation goals
- Aging demographic
- Entry-level job growth
- Supportive neighborhoods
- Supportive local public policies

Planning & Zoning

The United States Department of Housing and Urban Development's Case Study on Accessory Dwelling Units states, "A community can tailor ADU ordinances to suit its demographic, geographic, and socioeconomic characteristics ... In order for an ADU program to succeed, it has to be flexible, uncomplicated, include fiscal incentives, and be supported by a public education campaign that increases awareness and generates community support."

The American Planning Association (APA), by request of the Public Policy Institute, created a document outlining model legislation that would assist residents, planners, and government officials in creating local ordinances and state laws regarding ADUs in their communities. The sample model legislation provided is intended to help promote the availability of ADUs to people of all ages and indicates that ADUs can be cost-effective housing solutions.

The APA and AARP also partnered to create a guide with resources to overcome barriers to ADUs.

Portland, Oregon, has incorporated ADUs in its zoning code. Information regarding applying for a permit, planning a review process, inspecting an ADU, and more is available online. When applying for an ADU building permit, the applicant must include a site plan, architectural plans, and structural plans. The City of Portland also provides an easy-to-follow checklist and permit processing flowchart to aid applicants through the process.

This webinar from the American Planning Association of Florida shares successes, challenges, and best practices many municipalities have found as they pass ordinances to allow ADUs.

Dollars & Cents

Value Added to Properties by the Presence of Accessory Dwelling Units

Martin John Brown, a writer and researcher, and Taylor Watkins, a certified residential appraiser, studied the

value added to properties that were permitted to contain an ADU. In their research, the authors examined 14 properties in Portland, Oregon, and found that ADUs provide a "substantial proportion of appraised value" (page 9). The authors examine ADUs through two methods: the land discount formula, and the rent discount formula. The results of their study is summarized below. Click here to learn more about the formulas and read the study.

Land Discount Formula

- Contributory Value of ADUs: $67,460 - $152,157
- Percentage of Total Appraised Value of Property: 17 - 38%
- Average Contributory Value of Total Appraised Value of Property: $99,076

Rent Discount Formula

- Contributory Value of ADUs: $93,406 - $210,679
- Percentage of Total Appraised Value of Property: 23 - 48%
- Average Contributory Value of Total Appraised Value of Property: $137,183

In summary, the findings of this study indicate that real estate professionals have been misunderstanding ADUs. As the authors indicate, besides the environmental and social benefits they can provide, ADUs have legitimate income potential. When income generated by the ADUs is the primary basis for placing value on them, perceptions of the value of ADUs can change dramatically.

Measuring Success

According to the Massachusetts Smart Growth/Smart Energy Toolkit, ADUs increase the affordability of housing to both renters and homeowners; expand housing opportunities within a community; concentrate development and mix uses; maximize the use of existing infrastructure; reduce the pressure on open space and farmlands from sprawling development; and offer financial benefits, including reduced utility costs and increased tax revenue.

Holly M. Fellows found that an ADU ordinance implementation in rural Benton County, Oregon can positively influence the health of tenants. Ill, aging, and disabled residents can live in ADUs and have better access to food sources, caregivers, and emergency medical personnel. Fellows shows that the environmental and financial benefits of urban ADUs are not the only potentially successful aspects.

Discover More

AccessoryDwellings.org defines itself as a, "one-stop source about multigenerational homes, ADUs, granny flats, backyard cottages, in-law units, accessory dwelling units..."

The Municipal Research and Services Center of Washington published a manual designed to assist residents wishing to build ADUs. The manual is geared specifically for the state of Washington but also discusses issues that are applicable in many other municipalities.

In the United States Department of Housing and Urban Development's Case Study on Accessory Dwelling Units, there is a history of ADUs, a description of different types, a summary of the benefits, and examples of ADU ordinances and programs.

Residents of the State of Florida reported having low amounts of affordable and low-income housing. The State responded by enacting ADU policies for rental and affordable units. Notably, the Department of Community Affairs worked with the Florida Legislature to determine the desired outcome regarding ADUs and what is the best method for achieving this outcome. This can be found in the 2007 Accessory Dwelling Units Report to the Florida Legislature.

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