

H7062 A – ACCESSORY DWELLING UNITS – Best Practices and Examples

8/13/24

Topic	Source/ Year	Link	Resource Summary	Best Practices
Regulations	APA, 2022	1) <i>Equity in Zoning Policy Guide</i> https://planning-org-uploaded-media.s3.amazonaws.com/publications/download_pdf/Equity-in-Zoning-Policy-Guidev2.pdf	Guidebook proposing zoning regulation and procedure changes to encourage the dismantling of barriers that have separated historically disadvantaged and vulnerable communities. This includes encouraging housing production.	<p>For zoning ADUs:</p> <ul style="list-style-type: none"> • “Reduce or remove limits on single-household minimum lot size requirements for different types of housing and eliminate minimum dwelling size and maximum floor area ratio standards” (Section 3.2 A.) • “Allow accessory dwelling units (ADUs) without the need for a public hearing, subject to only those conditions needed to mitigate potential impacts on neighboring properties.” (Section 3.3 Permitted Use Policy 2) • “While ADUs may support the stability of existing neighborhoods by accommodating extended families or creating an opportunity to generate revenue from tenants, they can also spur speculative investment that displaces current residents, particularly when ADUs are used as short-term rentals. Where allowing short-term rentals may lead to displacement, it may be necessary to limit them to properties where the primary dwelling unit is the owner’s primary residence” (Section 3.3 Permitted Use Policy 2) • “Update home occupation regulations to broaden the types of activities allowed to be conducted from dwelling units of all types.” (Section 3.3 Permitted Use Policy 16)

Topic	Source/ Year	Link	Resource Summary	Best Practices
Regulations, Procedures, Financing	AARP & APA, 2023	<p>2) <i>Expanding ADU Development and Occupancy: Solutions for Removing Local Barriers to ADU Construction</i></p> <p>https://planning-org-uploaded-media.s3.amazonaws.com/publication/download_pdf/Expanding-ADU-Development-and-Occupancy.pdf</p>	Guidebook offering solutions, case studies, and best practices for overcoming barriers to ADUs in local policy	<ul style="list-style-type: none"> ● Overcoming Regulatory Barriers Challenge 1: Few or No Permissible Locations. <ul style="list-style-type: none"> ○ Solutions: 1) Permit one internal or attached ADU and one detached ADU on any lot where a single-family home is allowed. 2) Permit one internal, attached, or detached ADU on any lot where single-family homes are allowed. 3) Permit one internal, attached, or detached ADU on any lot in some zoning districts where single-family homes are allowed. (p. 38) ● Overcoming Regulatory Barriers Challenge 2: Overreliance on Discretionary Approvals <ul style="list-style-type: none"> ○ Solutions: 1) Permit all internal, attached, and detached ADUs “by right”. 2) Permit all internal and attached ADUs by right but require a discretionary use permit for detached ADUs in one or more zoning districts. 3) Permit all internal, attached, or detached ADUs by right in some zoning districts and with a discretionary use permit in others. (p. 44) ● Overcoming Regulatory Barriers Challenge 3: Overly Restrictive Zoning Standards <ul style="list-style-type: none"> ○ Solutions: 1) Do not impose use-specific standards on internal or attached ADUs, and treat detached ADUs like any other permissible accessory

Topic	Source/ Year	Link	Resource Summary	Best Practices
				<p>structure. 2) Require internal, attached, or detached ADUs to meet clear, objective standards related to the unit’s physical relationship to the main house. 3) Require internal, attached, or detached ADUs to meet clear, objective standards related to the unit’s physical relationship to the main house and standards that address local third-rail issues. (p. 51)</p> <ul style="list-style-type: none"> • Overcoming Procedural Barriers Challenge 1: Inexperienced Applicants <ul style="list-style-type: none"> ○ Solutions: 1) Provide one-on-one technical assistance to ADU applicants. 2) Host periodic workshops or educational sessions for potential ADU applicants. 3) Create or use existing fact sheets or guides to explain local requirements, incentives, and procedures. (p. 58) • Overcoming Procedural Barriers Challenge 2: Uncertain Processes <ul style="list-style-type: none"> ○ Solutions: 1) Establish time limits for ADU reviews. 2) Designate ADU experts to streamline reviews. 3) Partner with community-based organizations. (p. 62) • Overcoming Procedural Barriers Challenge 3: Illegal Units

Topic	Source/ Year	Link	Resource Summary	Best Practices
				<ul style="list-style-type: none"> ○ Solutions: 1) Create an amnesty program. 2) Provide financial assistance for modifications or repairs. 3) Create a rental licensing program. (p. 69) ● Overcoming Financial Barriers Challenge 1: Planning and Design Costs <ul style="list-style-type: none"> ○ Solutions: 1) Create preapproved building plans for ADUs. 2) Provide grants for planning and design services. 3) Create a feasibility assessment tool. (p. 77) ● Overcoming Financial Barriers Challenge 2: Construction Costs <ul style="list-style-type: none"> ○ Solutions: 1) Create a low-interest (or forgivable) loan program. 2) Partner with homebuilders (including nonprofit homebuilders). 3) Partner with financial institutions (including CDFIs). (p. 83) ● Overcoming Financial Barriers Challenge 3: Development Fees and Charges <ul style="list-style-type: none"> ○ Solutions: 1) Reduce or waive impact fees. 2) Reduce or waive permitting fees. 3) Reduce or waive utility connection charges. (p. 88)
Regulations – Framework	AARP & APA, 2021	3) <i>Accessory Dwelling Units: Model State Act and Local Ordinance</i>	Recommended standards and pre-made templates for state acts (“optimal” and “minimal” versions)	<ul style="list-style-type: none"> ● Standards not recommended in ADU ordinances: <ul style="list-style-type: none"> ○ Density of ADUs ○ Age or size of principal dwelling ○ Tenure of current owner

Topic	Source/ Year	Link	Resource Summary	Best Practices
		https://www.aarp.org/livable-communities/housing/info-2021/adu-model-state-act-and-local-ordinance.html	and local ordinances allowing for ADUs	<ul style="list-style-type: none"> ○ Number, age, relationship and physical condition of persons who can live in the ADU ○ Annual renewal and monitoring of permits ○ Owner occupancy/residency on the same property ● Model State Act “optimal” organization (p. 9, see full report for content and “minimal” organization): <ul style="list-style-type: none"> ○ Findings, Policy and Legislative Intent, Definitions ○ Authorization of ADUs, Local Government Implementation ○ Health and Safety Exemptions ○ Private Deed and Homeowner Association Restrictions on ADUs ○ Local Regulations and Interpretations May Not Be Used to Frustrate Purposes of the Act ○ Utility Connections and Building Codes ○ Local Government ADU Authority, Density Limits and Miscellaneous Matters ○ Standards Governing ADUs ○ Default Provisions Governing Applications for ADUs in the Absence of a Certified Local Ordinance ○ State Oversight and Monitoring ● Model Local Ordinance organization (p. 29, see full report for content): <ul style="list-style-type: none"> ○ General Provisions ○ Standards

Topic	Source/ Year	Link	Resource Summary	Best Practices
				<ul style="list-style-type: none"> ○ Utility Connections and Building Codes ○ ADU Application and Review Procedures ○ Fees ○ Legalizing ADUs
Regulations, Financing	NAHB, 2019	4) <i>Diversifying Housing Options with Smaller Lots and Smaller Homes</i> , Ch 2: Code Analysis and Best Practice. Section: Ordinance and Code Analysis by Jurisdiction Ordinances and Built Examples of ADUs (nahb.org)	This chapter zooms into the city and state level to look at their ADU policies, including what is allowed, what is restricted, effects on ADU numbers, incentives, and challenges.	<ul style="list-style-type: none"> ● Lessons from Portland, OR <ul style="list-style-type: none"> ○ Note on income effects: “According to Spevak, due to the high cost of building, ADU construction is mostly happening in the higher value parts of the city, concentrated in specific areas. It is more profitable than building in low value areas, where rental rates are lower. In the lower land value areas, the choice to build an ADU is typically a lifestyle choice (needing room for family or caregiver) rather than an economic one. Over time, though, the ADU typically increases the value of the property.” (p. 37) ○ The zoning code amendment removed fees that were originally required to build an ADU, but that comes with a covenant on the ADU restricting short-term rental use for 10 years (p. 37) ○ Creative financing options (not very popular): 1) County pays for the ADU and property owner houses homeless resident for a few years. 2) Private company builds the ADU in exchange for portion of rent (p. 37) ○ ADUs do not constitute a rezone (as determined by the State), avoiding increases in property taxes (p. 37) ● Lessons from New Hampshire

Topic	Source/ Year	Link	Resource Summary	Best Practices
				<ul style="list-style-type: none"> ○ Water and sanitary systems for the ADU can be shared with the property, reducing construction costs. However, modification may be necessary, which also comes with costs (p. 39) ○ Most municipalities require owner occupancy, which restricts development (p. 39) ● Lessons from Austin, TX <ul style="list-style-type: none"> ○ One property can be turned into two condos, opening up more affordable home ownership opportunities (p. 41) ○ Construction costs are prohibitive at middle-income levels (p. 41) ○ Minimum lot size requirements, maximum second floor area, maximum FAR, height restriction, all restrict development (p. 41) ○ ADUs increase the appraised value but also the property taxes (p. 41) ○ Reduced parking required if located near transit (p. 41) ● Lessons from Los Angeles, CA <ul style="list-style-type: none"> ○ Meeting California energy codes came with high costs (p. 43) ○ Existing garages that fell within power line easements were hurdles for owners wanting to convert them to ADUs (p. 43) ○ Most people have to take out home equity loans to cover construction costs – financing is the biggest challenge (p. 43)

Topic	Source/ Year	Link	Resource Summary	Best Practices
Financing	Villa Homes, Date unknown	5) "ADU Aid Programs Across the U.S." ADU Aid Programs Across the U.S. Villa (villahomes.com)	Descriptions of various aid programs from different cities to help homeowners finance ADUs	<p>Notable best practices:</p> <ul style="list-style-type: none"> • Austin, TX – The Alley Flat Initiative: Funded by a collaboration between universities and neighborhood organizations. Grants permitting fee waivers, expedited permitting, and reduced professional fees for choosing a pre-selected home model • Los Angeles, CA – The Backyard Homes Project and the LA ADU Accelerator Program: Funded by a community organization and the City, respectively. Grant incentives for homeowners renting to Section 8 Housing or elderly residents, respectively. • Mad River Valley, VT – ADU Program: Funded by a community organization. Offers construction grants if homeowner agrees to rent the unit at affordable rates for 5 years. • Santa Cruz, CA – ADU Forgivable Loan Program and Habitat for Humanity's An ADU for You: City offers a 20-year deferred loan up to \$40k with forgiveness at the term end, if the homeowner agrees to rent at an affordable rate for those 20 years. Collaboration with Habitat for Humanity.

Topic	Source/ Year	Link	Resource Summary	Best Practices
Procedures	Housing Assistance at Cape Cod and the Islands, 2021	6) “New Assistance for Homeowners to Build ADUs,” New Assistance for Homeowners to Build ADUs - Housing Assistance (haconcapecod.org)	Explanation of Housing Assistance’s technical assistance program for homeowners building ADUs, My Home Plus One	“This program will include a standard checklist and process for helping homeowners determine what can be built on their property based on Title V and zoning. As part of this service, HAC staff will provide technical expertise to homeowners to facilitate work with contractors, town permitting, and their local bank throughout construction and lease-up of the project.”