

AGENDA

Clallam County Planning Commission

**Virtual/Audio PC Meeting of October 6, 2021
6:00 p.m.**

The Clallam County Planning Commission will conduct a regularly scheduled meeting appearing via Zoom video conferencing on October 6, 2021 at 6pm. No in-person meeting will be held at this time due to the surge in Covid-19. To appear by Zoom please visit <https://zoom.us/join> or call (888) 475-4499 or (253) 215-8782, then enter Meeting ID: 660 165 2237 and Passcode: 12345.

The information provided to the Commission in preparation for this meeting is available at:
<https://websrv7.clallam.net/forms/uploads/PlanningCommissionPacket.pdf>

- A. CALL TO ORDER**
- B. PLEDGE OF ALLEGIANCE**
- C. ROLL CALL**
- D. WELCOME**
- E. APPROVAL OF MINUTES:** August 18, 2021 (no September meetings held)
- F. ANNOUNCEMENTS**
- G. PUBLIC COMMENT** – Please Limit Comments to Three Minutes
- H. UNFINISHED BUSINESS: NONE**
- I. PUBLIC HEARING: NONE**
- J. WORK SESSION ITEMS:** Discussion on Accessory Dwelling Unit Code, CCC 33.50 and proposed changes to existing code.
- K. PUBLIC COMMENT** – Please Limit Comments to Three Minutes
- L. ADJOURNMENT**

Members:

Chair, Jane Hielman & Vice-Chair, Scott Clausen
Robert Miller; Steve Gale; Ron Long; N. Bonnie Booth; M. Ingrid Carmean; Philip Giuntoli

Department of Community Development Staff:

Mary Ellen Winborn, Director; Donella Clark, Principal Planner
Greg Ballard, Senior Planner

MINUTES

Clallam County Planning Commission

*Meeting of August 18, 2021
6:00 PM*

- A. CALL TO ORDER: The meeting was called to order at 6:00 p.m.
- B. PLEDGE OF ALLEGIANCE.
- C. ROLL CALL: Members present were Chair Hielman, Vice-Chair Clausen, Robert Miller, Ron Long, N. Bonnie Booth, M. Ingrid Carmean and Philip Giuntoli. Donella Clark, Principal Planner; and Greg Ballard, Senior Planner represented staff from the Department of Community Development.
- D. WELCOME: Chair Hielman deferred duties to Vice-Chair Clausen, due to uncertainty of her connection online. Vice-Chair Clausen welcomed all in attendance.
- E. APPROVAL OF MINUTES: August 4, 2021 were approved as written.
- F. ANNOUNCEMENTS: County received Ecology's approval of the Shoreline Ordinance, so it will go into effect September 1, 2021.
- G. PUBLIC COMMENT PERIOD: None.
- H. UNFINISHED BUSINESS: None.
- I. PUBLIC HEARING ITEM: **Stormwater Ordinance and Small Project Drainage Manual.**
Planning Commission has had Stormwater in front of them 9 times. DCD has worked with AHBL to draft the ordinance. The Manual will not be adopted along with the Ordinance, but merely added as reference.

One comment letter was received, from Judy Larsen. Commissioners discussed the comment, and staff suggested they add control burn as a land disturbing activity. Staff addressed the idea of a covenant and why the County will rely on the drainage permit to inform new land owners about the drainage facilities. No other comments were received by the public in writing or verbally at the meeting.
- J. WORK SESSION ITEMS: None.
- K. PUBLIC COMMENT PERIOD: None.
- L. ADJOURNMENT: The meeting adjourned at __6:15__ p.m.

33.03.010 Definitions. (2) "Accessory dwelling unit" or "ADU" means a separate dwelling unit, containing habitable space, a bathroom, and a kitchen, within a single-family dwelling or a separate structure associated with a single-family dwelling which is incidental and subordinate to the primary residential use of the property. Accessory dwelling units are further defined as follows:

(a) Detached. Those accessory dwelling units that are lawfully constructed within existing outbuildings, or stand alone, where the ADU does not share a common wall with the primary residential dwelling unit. ADUs that are connected to a primary residential structure only by a covered breezeway or similar appurtenant structure shall be considered detached.

(b) Attached. Those accessory dwelling units that share a common wall or floor/ceiling with the primary dwelling unit and do not meet the definition of detached accessory dwelling unit.

(XX) "Satellite Bedroom" means habitable space (may include a bathroom) that is separate and associated with a single family dwelling. Satellite bedrooms must share water and wastewater disposal systems, when applicable, with the primary residential unit. Satellite Bedrooms do not qualify as vacation rentals or bed and breakfasts.

33.50.010 Purpose and intent. [SHARE](#)

Clallam County recognizes the benefits that accessory housing can provide as a housing alternative where such benefits consider and are balanced with other community goals. The purpose and intent of this chapter is to:

- (1) Ensure that accessory housing remains clearly an incidental and subordinate use to the existing single-family dwelling or business.
- (2) Protect the rural and neighborhood character in areas where accessory housing is allowed.
- (3) Accommodate unique or special housing needs and circumstances such as caretaker housing.
- (4) Increase and diversify available low-income rental housing stock inside the County's designated urban growth areas.
- (5) Provide for the general convenience of area land owners to accommodate family and guests with independent living quarters.
- (6) Allow for accessory apartments above commercial and industrial buildings without consuming valuable commercial and industrial property with residential uses.

- (7) Create alternative housing opportunities that promote more efficient use of existing or planned public and private transportation facilities and utilities.
- (8) Encourage accessory housing where public and private utilities, transportation facilities, and other facilities already exist.

33.50.020 Applicability. SHARE

Accessory housing units are allowed land uses in all zones where otherwise consistent with the standards of this chapter and the Clallam County Code. Accessory housing includes accessory dwelling units (ADUs), accessory apartments, caretaker apartments, and medical hardship dwellings. Accessory housing which conforms to the standards in this chapter shall not be considered to exceed the allowable density for the lot upon which it is located and shall be considered a residential use which is consistent with the comprehensive plan and zoning designation for the lot.

33.50.030 General requirements. SHARE

The requirements listed below apply to all accessory housing:

- (1) Certificate of Occupancy. A certificate of occupancy is required to be obtained from the Building Official pursuant to the Uniform Building Code and shall be obtained from the Building Official and posted within the accessory housing unit. The code inspection required to obtain a certificate of occupancy in an existing structure shall be restricted to the portion of the structure to be occupied by the accessory housing unit and shall apply only to new construction, and not the existing components of the primary dwelling.
- (2) Structure Type. Accessory housing units shall not be travel trailers, recreational vehicles, buses, truck storage containers, or similar manufactured units which are not originally intended to be used for permanent residences. Structures described under WAC [296-150R-0020](#) as “temporary living quarters” shall not be permitted or placed under the provisions of this section. ~~If such structures are occupied for a period of ninety (90) or more consecutive calendar days in the same location, such occupation shall be considered a violation of this chapter and subject to enforcement under Clallam County Code.~~
- (3) Water and Wastewater Disposal.
 - (a) Accessory housing shall be required to utilize the same potable water source as the associated primary residential dwelling, commercial or industrial use.
 - (b) Accessory housing shall not be permitted unless the Environmental Health Division certifies that the water supply and sewage disposal facilities are adequate for the projected number of bedrooms.
- (4) Recording. To ensure continued compliance with owner-occupancy and other ordinance requirements by current, as well as any subsequent owners, a registration of the accessory housing unit in the form of a notice to title shall be filed and recorded with

the Clallam County Auditor. The notice to title shall be on a form provided by the Administrator and filled out completely by the applicant prior to filing. The notice to title shall run with the land and serve as notice to all future purchasers/owners of the subject property of the presence of the accessory housing unit and applicable restrictions regarding accessory housing units contained in the Clallam County Code. Proof of registration, in the form of a copy of the filed document, shall be submitted to the Department of Community Development prior to issuance of a certificate of occupancy. Said registration may only be removed upon a demonstration to the Department of Community Development that the accessory housing unit has been lawfully removed from the subject property, or the portion of the subject property containing the accessory housing unit is legally subdivided from the remainder of the property pursuant to CCC Title [29](#).

(5) Sale or Transfer of Accessory Housing Units. Accessory housing units shall not be sold as separate dwelling lots from the subject property, unless the portion of the subject property containing the accessory housing unit is legally subdivided from the remainder of the property pursuant to CCC Title [29](#).

(6) Density. There shall be no more than one accessory housing unit allowed per lot.

33.50.040 Additional standards for accessory dwelling units. [SHARE](#)

In addition to the general requirements of CCC [33.50.030](#), accessory dwelling units shall be subject to the following requirements.

(1) Size.

(a) Size of Detached ADU. Detached ADUs shall not exceed fifty (50) percent of the gross floor area of the primary dwelling unit, nor exceed 1,250 square feet in gross floor area. ~~This requirement shall not apply to any detached ADU 400 square feet or less.~~

(b) Size of Attached ADU. Attached ADUs shall not exceed thirty-five (35) percent of the gross floor area of the primary dwelling unit.

(2) Density.

(a) The property on which a detached ADU is to be located must be a legally created parcel. ~~Parcels not meeting the minimum lot size may be allowed an attached ADU, but detached ADUs are prohibited.~~

(b) Outside of designated urban growth areas, the property on which a detached ADU is to be located shall be at least 1.5 acres in size. This standard may be waived by the Administrator where it can be demonstrated that the detached ADU will be served by a community water supply and community sewage disposal system.

(c) Inside areas zoned Agricultural Retention (AR), detached ADUs are prohibited except on lots that are subject to the agricultural retention development standards of CCC [33.07.010](#)(4) to CCC [33.07.010](#)(10), or where the existing parcel is thirty (30) acres or larger in size.

(d) Inside areas zoned Commercial Forest (CF), detached ADUs are prohibited.

(3) Occupancy.

(a) The owner of the parcel shall live either in the primary dwelling or ADU as their primary residence. For the purpose of this standard, "permanent residence" shall mean occupancy by the underlying property owner for no less than 120 days during a calendar year.

(b) ADUs may be used for occupation by family members, guests, renters, lessees, and estate caretakers/groundskeepers.

(c) Both the primary dwelling and ADU may not be used as vacation rentals, as defined in CCC 33.51, on the same parcel.

(4) Design. ADUs shall be designed so that the appearance of the lot remains that of a single-family residential development through the following standards:

(a) When development abuts or is accessed by a county road, all building entrances shall be located so that only one entrance faces the road frontage of the development.

(b) On-site parking area shall be provided.

(c) Access for vehicle ingress and egress shall share the same legal access onto a public or private road as the primary dwelling unit and no new access shall be established for the ADU.

(d) The primary dwelling and the ADU may be no more than 300 linear feet from each other.

33.50.050 Additional standards for accessory apartments and caretaker apartments in commercial and industrial zones.

 SHARE

In addition to the general requirements of CCC [33.50.030](#), accessory apartments and caretaker apartments shall be subject to the following requirements.

(1) The gross floor area of an accessory or caretaker apartment shall not exceed 1,250 square feet.

(2) In order to ensure accessory apartments do not constitute an encroachment into commercial areas or otherwise compete with commercial or industrial developments for limited commercial or industrially zoned land, accessory apartments shall only be allowed to locate above the first floor of multi-storied commercial or industrial buildings.

(3) Caretaker apartments shall be permitted in commercial or industrial zones.

~~33.50.060 Additional standards for temporary medical hardship dwellings.~~

 SHARE

~~In addition to the general requirements of CCC 33.50.030, temporary medical hardship dwellings shall be subject to the following requirements.~~

~~(1) The mobile home, manufactured home or the primary single-family dwelling will be occupied by a person who is caring for or being cared for by the person occupying the second dwelling on the same parcel.~~

~~(2) Evidence of the medical hardship shall be documented in writing by a licensed physician practicing in the State of Washington, on a form provided by the County, stating the nature of the medical hardship and verifying that one of the occupants of the temporary hardship dwelling or dwelling specified in subsection (1) of this section requires care by the caregiver living on the parcel due to a documented medical hardship.~~

~~(3) This exception from the single-family dwelling and density standards of the underlying zone does not excuse the applicant from Uniform Building Code, Environmental Health Code, or any other applicable land use or construction regulation. All other applicable permits shall be procured by the applicant prior to construction.~~

~~(4) The mobile home or manufactured home will be removed following termination of the medical hardship within a period not to exceed ninety (90) days from the date the medical hardship terminated, unless the hardship dwelling can be brought into compliance with the requirements of CCC Title 29 (Land Division Code), or the accessory dwelling unit standards of CCC 33.50.040.~~

~~(5) A certificate of occupancy shall be issued by the Clallam County Building Division for the mobile or manufactured home when all applicable requirements and permits have been satisfied. The certificate of occupancy shall be valid for a period not to exceed three (3) years from the date of issue. The applicant shall be allowed the opportunity to renew the certificate of occupancy prior to expiration.~~

~~(6) As a condition of approval for the temporary medical hardship dwelling exception, the applicant must demonstrate to the satisfaction of the Zoning Administrator that suitable living accommodations be provided for consistent with the CCC 33.50.040, Accessory dwelling unit standards. Any waiver by the Administrator shall be based on a finding that it is necessary to accommodate the medical hardship. Any waiver shall be the minimum necessary to accommodate the medical hardship.~~



CLALLAM COUNTY

ACCESSORY DWELLING UNIT CODE UPDATE

BACKGROUND & HISTORY

Original ADU code adopted in December of 1995

- Established 1.5 acre minimum lot size for rural zones
- Established 1200 sq. ft. minimum SFD size for attached ADUs
- Established 35% sq. ft. maximum for attached ADUs
- Established 800 sq. ft. maximum for detached ADUs

ADU code updated in July of 1996

- Increased the maximum size of detached ADUs from 800 sq. ft. to 1250 sq. ft.

Current ADU code adopted in August of 2002

- Established Purposes & Intent of ADU code
- Established General Requirements for ADUs
- Limited Detached ADUs to fifty (50) percent of the gross floor area of the primary dwelling unit
- Established Occupancy Requirements for ADUs
- Established Design Criteria for ADUs
- Established Additional standards for accessory apartments and caretaker apartments in commercial and industrial zones
- Established Additional standards for temporary medical hardship dwellings



PURPOSE & GOALS OF UPDATE

- Evaluate Current ADU code after 19 years of use
- Account for changes in housing needs and preferences
- Increase access to affordable housing by making obtaining ADUs easier
- Clarify design requirements of ADUs
- Help protect affordable housing stock by modifying occupancy requirements of ADUs.



KEY CODE CHANGES

1. Allow for an Exemption from the 50% gross floor area requirement for ADUs 400 sq. ft. or smaller
2. Eliminate requirement for ADUs to be located on parcels meeting minimum lot size requirements
3. Prevent Vacation Rentals from competing with long term rentals by limiting parcels with an ADU to one Vacation rental
4. Ensure incidental and subordinate use of ADU by requiring ADUs to be within 300 feet of primary dwelling
5. Eliminate provisions for temporary medical hardship dwellings



RATIONALE FOR CHANGES

Clallam County recently began permitting “BLU 392s” as a way meeting affordable housing needs within the county while minimizing potential development impacts. A 400 sq. ft. detached ADU exemption would allow the placement of detached ADUs on parcels that were originally developed with small (less than 800 sq.ft.) primary dwellings allowing these property owners to enjoy the benefits of a detached ADU without having to develop a larger primary dwelling.



RATIONALE FOR CHANGES

2. Under the 2002 ADU ordinance, detached ADUs must be placed on parcels meeting the minimum lot size requirements of the underlying zone. There are many legally created parcels (most notably in the RCC3 & RCC5 zones) that have well over 1.5 acres but have less than the required zone minimums because the lots were created prior to current zoning requirements. By changing the wording of the ADU code requirement to reflect on the parcels legality, we are allowing many parcels that were previously unable to have detached ADUs to have detached ADUs. Example: under current requirements a 8 acre parcel in the RCC5 zone would not be allowed a detached ADU, under the proposed requirements this parcel would support a detached ADU.



RATIONALE FOR CHANGES

3. ADUs serve a vital role in Clallam County's ability to meet affordable housing needs. When an ADU is utilized as a Vacation Rental (short term, less than 30 days) it can no longer serve this vital function. When the current ADU code was adopted in 2002 the concept of single family home used as Vacation Rentals was not as ubiquitous in this area as it is now. By limiting parcels to only one vacation rental, this restriction would help ensure that ADUs are being used to meet the long term housing needs of County residents.



RATIONALE FOR CHANGES

4. By requiring detached ADUs to be within 300' of the primary dwelling, this code can help alleviate a portion of the subjectivity built into the phrase "incidental and subordinate". At 300' a primarily dwelling and its ADU can be reasonably assumed to be related with the other design requirements present in the ADU code. Additionally, 300' is enough distance to maintain a level of privacy desirable to property owners seeking an ADU.



RATIONALE FOR CHANGES

5.

Provisions for Temporary Medical Hardships (TMH) were implemented in 2002 and allowed qualifying applicants to avoid the size, density, occupancy, and design requirements of ADUs. As a part of the requirements of a TMH, a certificate of compliance valid for three years would be issued with an option to renew the certificate prior to expiration. The three year gap between issuance and expiration made enforcement of the provisions of the TMH conditions difficult and has lead to confusion related to the structures legality. It has been approved approximately three years since a TMH has been approved which means that there should be no active TMH at this time...(cont.)



RATIONALE FOR CHANGES

(Cont.)... Changes found within this proposed ADU code update along with the contents of the proposed new RV ordinance should allow for county residents in need of alternative housing solutions related to medical hardships should to find reasonable relief. Additionally, county residents always have the ability to request a zoning variance related to the ADU code for situations that fall outside the typical requirements of the code.



ADDITIONAL JUSTIFICATION

ADUs serve a vital role in supplying Clallam County with affordable rental housing as well as providing a potential income source for owners of ADUs. They are not however a solution to all housing needs. To this point, Clallam County staff has begun utilizing the term “Satellite Bedroom” to refer to bedrooms separate but associated with a single family dwelling. These bedrooms may or may not be served by an en suite bathroom, but always require the support of the primary dwelling for kitchen services. It should be noted that in certain situations were detached ADUs are not allowed, the needs of the property owner may be met through the construction of a satellite bedroom. Satellite bedrooms can not be used as vacation rentals or as a part of bed and breakfast.

ADUs AROUND THE STATE

Summary of Selected County Accessory Dwelling Unit Ordinances
DRAFT

County, Population & Code	Location (rural)	Owner Occupancy Requirement	Size Requirements	Parking Requirements	Permitting Process required	Design Standards	Other
Clallam County 73,486 §9.5 Accessory Housing	Attached or Detached (must comply w/ zoning) Outside of UGA, detached ADU must be on at least 1.5 acres	Yes, no less than 120 days per year	Detached ADUs shall not exceed 50% of the gross floor area of the primary dwelling unit, nor exceed 1,250 square feet in gross floor area. Attached ADUs shall not exceed 35% of primary residence	One site parking shall be provided.	Public notice is required	Appearance of lot must maintain single family feel. Entrance to ADU cannot face the road (not same direction as primary) Parcels not meeting the minimum lot size allowed an attached ADU, but detached ADUs are prohibited	A certificate of occupancy is required pursuant to the Uniform Building Code. Density, * must comply with the minimum lot size of underlying zone. Parcels not meeting the min lot size, detached ADU prohibited
Clark County* 459,495 PROPOSED AMENDMENT: 40.260.022 Accessory Dwelling Units - RURAL (RADU) *Currently urban only. Proposed new ordinance. Planning Commission in November, Board in January.	Proposing RADU: Rural Accessory Dwelling Unit Attached only	Yes, record a deed restriction and covenant. At least 6 months of the year	Size shall not exceed 1,500 sq ft or 40% of the primary dwelling space, whichever is less	One parking space shall be provided on-site	Subject to a 75% reduction in transportation impact fees	Building height shall meet the requirements of the zone Entrance located on the side or rear of primary dwelling	The dwelling unit that includes the primary unit and the RADU together shall conform to the standards of the zone, including, but not limited to lot coverage and setbacks. Accessibility. To encourage the development of ADA-accessible housing units, reasonable deviation from the requirements of this section for features that facilitate accessibility
Knap County* 260,131 *grandfather clause, may not apply to Thurston County 17 410.060 Provisions applying to special uses.	ADU- Detached with Conditional Use Permit (CUP) ALOs- Attached in rural areas	Yes	Not exceed fifty percent of the square footage of the habitable area of primary residence. For ADU: Or 900sq ft whichever is smaller	Provide additional off street parking	ADU- Hearing Examiner & CUP	ADU * Same side street entrance as primary residence * w/in 150ft of primary residence or conversion of existing structure ALQ: No additional street side entrance	* No mobile homes or recreational vehicles allowed as ADU * Manufactured homes are allowed

DRAFT



ADUs AROUND THE STATE

Summary of Selected County Accessory Dwelling Unit Ordinances
DRAFT

County Population	Location (rural)	Owner Occupancy Requirement	Size Requirements	Parking Requirements	Permitting Process required	Design Standards	Other
Lewis County* 75,882 17,102 Accessory Dwelling Units *In the process of updating policy	Attached or detached		up to 1,196 square feet of gross floor area		condition stabling no future subdivision allowed	Share same primary access as principal unit No more than 2 bedrooms	Establish a bonus density for clustered developments in rural lands that set aside 50 percent or more of a project size as a permanent restrictive easement (see 16.18.090). Permit duplicates as an allowed use on rural lands (see 17.42.040)
Mason County 61,023 17.09.029 Accessory dwelling unit requirement	Either attached or detached	Yes, either principal residence or ADU	The ADU shall not exceed 80% of the square footage of the habitable area of the primary residence or 1,000ft ² , whichever is smaller	Additional off-street parking must be provided	Special Use Permit	All setback requirements must be met by the ADU Detached: Located within 150ft of the principal residence or a conversion of an existing detached structure (i.e. garage)	No recreational vehicles shall be allowed as ADU
Pierce County* 843,954 *Not included in density, grandfather clause. 18A.37.120 Accessory Dwelling Unit (ADU)	Attached or detached	Yes, with affidavit	When located outside an Urban Growth Area, the size may be up to 1,150 square feet	One additional off-street parking space is required	Building permit and ADU application, and record a notice on property title	Detached: the building height of the ADU shall not be greater than the principal dwelling's building height, unless the ADU is above a detached garage. Entrance not directed toward the front yard	Not allowed on Small Lot Design A detached ADU may be any dwelling permitted in the applicable land use classification.
Snohomish County* 772,501 30.28.010 Accessory apartments *Detached allowed, never challenged	"Accessory Apartments" Attached or detached	Yes, declaration of occupancy required	Attached size depends on size of primary residence, based on % Detached shall not exceed 10% of primary, or 850 square feet, whichever is less	One additional off-street parking space required	Administrative Conditional Use Permit	Must match design of primary structure Attached: entrance shall be on the side or rear of dwelling	Mobile home allowed as detached accessory apartment Not allowed on substandard lots: lots smaller than the current zoning

DRAFT



ADUs AROUND THE STATE

Summary of Selected County Accessory Dwelling Unit Ordinances
DRAFT

County Population	Location (rental)	Owner Occupancy Requirement	Size Requirements	Parking Requirements	Permitting Process required	Design Standards	Other
Skagit County 121,946 14-16 710	Attached or detached	Yes, owner or immediate family member on property for 6 months	Max 900sq ft, but no more than 50% principal unit	A total of 3 parking spaces for principal and ADU	ADU application,	Only 1 obvious entrance if attached. Detached must maintain appearance of principal	
Spokane County* 490,945 34-61 & 230 ADU *grandfather clause, may not apply to Thurston County	Attached or Detached	No	Attached: no greater than 35% primary residence, or 900sq ft Detached: no more than 800sq ft on main floor	Off street parking required	Detached: CUP with public hearing	Maintain appearance of primary, if attached the entrance to be located on side or rear of house. No more than 2 bedrooms, and detached within 150ft of primary	Code specifies that ADU does Not count when calculating density
Whatcom County* 212,284 20-36 Rural District ADU *grandfather clause, may not apply to Thurston County	Attached- Accessory Apartment Detached = Accessory unit, but limits on the zones	Yes, either principal residence or ADU	No larger than 1,248 square feet in floor area		A deed restriction is recorded with the Whatcom County auditor prior to building permit issuance	One additional entrance visible from the front yard for detached (not for attached) Meet setback requirements, and location in immediate proximity to primary residence preferred	Outside of an UGA, the minimum lot size for detached ADU shall be on a parcel of no less than 4.5 acres, unless the parcel is large enough to accommodate two dwelling units consistent with the underlying zoning density * Still include temporary medical units in separate code

DRAFT



ADDITIONAL RESOURCES

- Washington State DoC- 2021 Legislative Changes to the Housing Laws: Guidance for HB 1220 and Related Bills
- Jefferson County- The ABCs and 123s of ADUs
- AARP- The ABCs of ADUs
- American Planning Association- Quicknotes: Accessory Dwelling Units



Discussion Draft



2021 Legislative Changes to the Housing Laws: Guidance for HB 1220 and Related Bills

Introduction

The 2021 legislative session produced significant changes to housing laws that will impact updates to the housing element of communities' comprehensive plans. Updating the housing element is a substantial part of a periodic update to a comprehensive plan and development regulations. As housing becomes more costly and homelessness continues to increase, it has never been more critical to have available housing stock. Cities, having power over land use, are key to permitting the types and densities of housing that will allow all Washingtonians to have a place to call home. Of course, expanding funding for the lowest income segments and providing incentives to develop housing is also essential to sustainably increase the available housing supply.

More information is on the Growth Management Services' (GMS) housing web page at [Growth Management Planning for Housing](#). The GMS team will update guidance for the housing element to reflect these new laws in 2022.

For more information, please contact:

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GMA housing goal strengthened

In the 2021 legislative session, [HB 1220](#) substantially amended the housing-related provisions of the Growth Management Act (GMA). These updates strengthened the GMA housing goal from “Encourage the availability of affordable housing to all economic segments of the population” to “Plan for and accommodate housing affordable to all economic segments of the population of this state.” The remaining objectives to “promote a variety of residential densities and housing types, and encourage the preservation of existing housing stock” did not change. Local governments should review local comprehensive plan policies and countywide planning policies to be consistent with the updated goal.

Commerce will provide need projections for housing elements

The housing needs analysis must now take a more detailed look at housing needs for all economic segments of the population and examine need for different housing types, such as permanent supportive housing and shelters. To implement [HB 1220](#), Commerce must supply more detailed projections of housing need, including:

- (i) Units for moderate, low, very low, and extremely low-income households; and
- (ii) Emergency housing, emergency shelters, and permanent supportive housing.

By mid-2022, Commerce plans to provide countywide housing need projections for each income band, along with projections of need for emergency housing, shelters and permanent supportive housing, aligned with the population projections from the Washington State Office of Financial Management (OFM). In this way, each county can de-aggregate the needs at a countywide level, as is currently done for population projections. Commerce will also provide recommendations on how to do this.¹

Updated housing elements must include moderate density housing

The goals and policies of the housing element must now include more specific items. In addition to goals, policies, objectives, and mandatory provisions for the preservation, improvement and development of housing, housing elements must include, within an urban growth area (UGA) boundary, moderate-density housing options, including but not limited to, duplexes, triplexes, and townhomes. This means that for cities and the urban growth area portion of counties, there must be policies supporting moderate density housing options such as “missing middle”² housing. This list may also include cottage housing, four- and six-unit multi-plexes, row houses, and courtyard apartments, with the goal of providing additional housing units at a lower cost than traditional single-family housing. The expectation is to develop and implement development regulations in the near future.

Review of ‘adequate provisions’ for all segments of the community

HB 1220 added specific work items to RCW 36.70A.070(2)(d) regarding “adequate provisions for existing and projected needs of all economic segments of the community.” These include:

- (i) Incorporating consideration for low, very low, extremely low, and moderate-income households;

¹ Counties that have identified housing targets at the jurisdiction level need to ensure the total countywide population projection falls within the range provided by OFM, and review how local zoning allows the development of a sufficient number of housing units of the types that may be needed to accommodate households at each income level.

² Missing Middle Housing is a range of house-scale buildings with multiple units—compatible in scale and form with detached single-family homes—located in a walkable neighborhood.

- (ii) Documenting programs and actions needed to achieve housing availability including gaps in local funding, barriers such as development regulations, and other limitations;
- (iii) Consideration of housing locations in relation to employment locations; and
- (iv) Consideration of the role of accessory dwelling units in meeting housing needs.

Commerce recommends that the housing needs assessment include a section discussing how the community has considered the housing needs of each income segment of the population. This assessment should also identify housing types generally needed and affordable to each segment in your community, then demonstrate that zoning is sufficient to allow the types and number of housing units each income segment is likely to need. The market is unlikely to provide housing affordable to the lowest income segments, so to satisfy part (ii) communities should document programs, funding sources and other actions needed to encourage, support, and provide housing affordable to these groups. This could include housing funds, surplus lands, innovative housing types or programs, incentives, fee waivers or other tools.

This section should also respond to parts (iii) and (iv), stating how the jurisdiction has considered jobs-housing balance within a community, or housing located in proximity to employment, and how accessory dwelling units (ADUs) can meet housing needs. The analysis should point to policies, regulations, incentives or other tools that demonstrate you have considered these factors.

Communities must examine racially disparate impacts, displacement and exclusion

Communities must now review past discriminative land use practices and take steps to address and prevent future displacement. A new component for [RCW 36.70A.070\(2\)\(e\)](#) is to identify local housing “policies and regulations that result in racially disparate impacts, displacement and exclusion.” Such policies and regulations may occur in the following:

- (i) **Zoning that may have a discriminatory effect:** Are there areas that were subject to historic redlining or racially exclusive deed restrictions? Have you reviewed the racial distribution of residents to review how policies may have affected the overall racial distribution? Are there large lot areas that may have been set up to be racially or economically exclusive? In these areas, can you expand moderate density housing uses , such as allowing duplexes, townhouses, detached ADUs, etc.?²
- (ii) **Disinvestment:** Are there areas that may have been lower priority for public investment? Consider a strategy to focus on areas most in need of public investment with subarea plans, incentives for development, infrastructure prioritization, or other tools to increase opportunity. Consider adding parks, transit services, schools, sidewalks, bike facilities or public buildings in these areas to balance investment across the community.
- (iii) **Infrastructure availability:** Are there residential areas within urban growth areas (UGAs) that are not served by public utilities or multimodal transportation options? Could such services increase opportunities for attainable housing or jobs? If an area is difficult to serve due to geographic

² For a broad overview, [Washington Environmental Health Disparities Map](#) and [Justice Map: Visualize race and income data in your community](#), both of which use U.S. Census and other data.

constraints, should it be re-designated to a more appropriate use, or is it appropriate to include within the UGA?

The housing needs assessment should also provide a statement of observations for each of the above categories. After identifying such housing policies and regulations, part (f) of the [legislation](#) requires communities to identify and implement “policies and regulations to address and begin to undo racially disparate impacts, displacement, and exclusion in housing caused by local policies, plans, and actions.”

The housing element should also identify “areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments” under 36.70A.070(2)(g). As you consider changes in zoning, consider developing strategies to address preservation of existing housing units and/or replacing affordable units as new development occurs.³ Your updated housing element should include anti-displacement policies, which consider:

- (h) Preservation of historical and cultural communities as well as investments in low, very low, extremely low, and moderate income housing; equitable development initiatives; inclusionary zoning; community planning requirements; tenant protections; land disposition policies; and consideration of land that may be used for affordable housing.

Commerce intends to provide more detailed guidance to address this section, including methodologies to identify places with racially disparate impacts and displacement risk. Commerce will also provide examples of anti-displacement policies.⁴

Another bill from the 2021 legislative session, [HB 1335](#), provides funding to universities to research recorded documents with potential racial restrictions, such as deeds. Any such provisions are declared void by [RCW 49.60.224](#). [RCW 49.60.227](#) provides ways to legally address such statements on a deed or title.

For ‘buildable lands’ jurisdictions

A last change to the housing element occurs within the section related to the seven counties and associated cities and towns that are required to complete a “buildable lands” assessment under [RCW 36.70A.215](#). These counties should also demonstrate how the housing element links “jurisdictional goals with overall county goals to ensure that the housing element goals are met.” In this case, the housing needs assessment should demonstrate how the local housing element is consistent with countywide planning policies and multicounty planning policies, if applicable. For those within the Puget Sound Regional Council (PSRC) region, this could include a statement of consistency. As local governments develop their buildable lands report, they should take the opportunity to gather data needed to meet new housing element requirements.

Housing element update due with periodic update

An updated housing element is due in the next update cycle.⁶ Commerce is exploring a legislative funding request for local governments to complete a review, and if necessary, revision of local comprehensive plans

³ See [WAC 365-196-835](#) relocation assistance for low income tenants

⁴ Commerce has gathered some example displacement policies from local Housing Action Plans at this [link](#). Cities have taken a variety of approaches to analyzing the risk of displacement. Examples include [Walla Walla, Shoreline](#) (see page 6-9), [Burien](#) (see page 51-53 and 92), [Lynnwood](#) (see page 57, Appendix E: Displacement Memo), [Everett](#) (see page G-12 in Appendix E), and [Spokane Valley](#) (see page 23). The Puget Sound Regional Council’s [anti-displacement risk mapping project can be found here](#) and [technical documentation here](#). Communities might also review “[Dismantling Poverty in Washington State](#).” The resources section has kits for cities already doing this work.

⁶ [Growth Management Periodic Updates - Washington State Department of Commerce](#)

and development regulations. A local government that intends to start early could apply for Housing Action Plan (HAP) funding to update its housing element, which would allow periodic update resources to be used for other parts of the periodic update. Please see the [table](#) at the end of this document showing the relationship between the HAP and new housing element.

Transitional housing, permanent supportive housing and indoor emergency shelters

Sections 3, 4, and 5 of [HB 1220](#) provide specific requirements related to permanent supportive housing, transitional housing and emergency housing. Compliance with this requirement is due by September 30, 2021. The Municipal Research and Services Center (MRSC) has posted guidance at [MRSC - Changing Your Zoning Code to Accommodate Housing and Shelters for the Homeless](#). Commerce suggests that jurisdictions approach this requirement broadly to take advantage of funding for permanent supportive housing, the opportunity to convert hotels to shelters and to other forms of housing, and to respond to pandemic-related housing impacts. With the periodic update, jurisdictions will establish local targets for these types of housing and this ordinance can be revisited then.

New definitions for your code

Section 6 of [HB 1220](#) includes new definitions for the housing types mentioned above within [RCW 36.70A.030](#). During the update, local governments should include the following definitions in their code, or equivalent, as specific by HB 1220:

- (9) **Emergency housing** means temporary indoor accommodations for individuals or families who are homeless or at imminent risk of becoming homeless that is intended to address the basic health, food, clothing, and personal hygiene needs of individuals or families. Emergency housing may or may not require occupants to enter into a lease or an occupancy agreement.
- (10) **Emergency shelter** means a facility that provides a temporary shelter for individuals or families who are currently homeless. Emergency shelter may not require occupants to enter into a lease or an occupancy agreement. Emergency shelter facilities may include day and warming centers that do not provide overnight accommodations. Emergency shelters include overnight shelters which provide safe and dry conditions which save lives.
- (18) **Moderate-income household** means a single person, family, or unrelated persons living together whose adjusted income is at or below 120 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development. This definition is added to the existing definitions in RCW 36.70A.030 for low-income household, very low-income household, and extremely low-income household.

Other housing definitions added to [RCW 36.70A.030](#) in the recent legislative sessions include:

- (2) **Affordable housing** means, unless the context clearly indicates otherwise, residential housing whose monthly costs, including utilities other than telephone, do not exceed thirty percent of the monthly income of a household whose income is:
 - (a) For rental housing, sixty percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development; or

(b) For owner-occupied housing, eighty percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

- (11) **Extremely low-income household** means a single person, family, or unrelated persons living together whose adjusted income is at or below thirty percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.
- (16) **Low-income household** means a single person, family, or unrelated persons living together whose adjusted income is at or below eighty percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.
- (19) **Permanent supportive housing** means subsidized, leased housing with no limit on length of stay that prioritizes people who need comprehensive support services to retain tenancy and utilizes admissions practices designed to use lower barriers to entry than would be typical for other subsidized or unsubsidized rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent supportive housing is paired with on-site or off-site voluntary services designed to support a person living with a complex and disabling behavioral health or physical health condition who was experiencing homelessness or was at imminent risk of homelessness prior to moving into housing to retain their housing and be a successful tenant in a housing arrangement, improve the resident's health status, and connect the resident of the housing with community-based health care, treatment, or employment services. Permanent supportive housing is subject to all of the rights and responsibilities defined in chapter 59.18 RCW.
- (30) **Very low-income household** means a single person, family, or unrelated persons living together whose adjusted income is at or below fifty percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

Minor changes for accessory dwelling units

Section 7 of HB 1220 provided that cities and counties “should consider” policies to encourage the construction of ADUs. This section was vetoed Gov. Jay Inslee because it did not specifically limit the policies to lands within urban growth areas. Commerce recognizes the significant work of the Legislature in recommending these policies and encourages jurisdictions to review them as options in managing ADUs within urban growth areas, where they are most appropriate.⁷ Policies for consideration (only within UGAs) include the following from HB 1220 Section 7:

- Not requiring owner occupancy;
- Not allowing an accessory dwelling unit to be used for short-term rentals;
- Excluding residents of accessory dwelling units against existing limits on the number of unrelated residents on a lot;

⁷ ADUs in rural areas require more considerations due to the potential to increase densities beyond those that may be supported by rural levels of services, and hearings board cases have addressed this issue. Commerce plans to develop guidance to address ADUs; MRSC has a substantive page on ADUs at MRSC - Accessory Dwelling Units

- Reducing minimum gross floor area requirement for accessory dwelling units to that at or below the state building code;
- Making the same allowances for accessory dwelling units' roof decks, balconies, and porches to encroach on setbacks as are allowed for the principal unit;
- Applying abutting lot setbacks to accessory dwelling units on lots abutting zones with lower setback requirements;
- Establishing an amnesty program to help owners of unpermitted accessory dwelling units to obtain a permit;
- Permitting accessory dwelling units in structures detached from the principal unit on any lot that meets the minimum lot size and permitting attached accessory dwelling units on any lot, even if non-conforming.
- Allowing accessory dwelling units to be converted from existing structures, even if they violate current code requirements for setbacks or lot coverage;
- Reducing or eliminating public street improvement requirements as a condition of permitting accessory dwelling units; and
- Not requiring a separate utility connection from an ADU, and if needed, fees should be eliminated, or made proportional to impact.

Other bills of interest

The 2021 legislative session presented additional bills that can shape and influence local housing policies, goals or strategies for achieving them.

SB 5235: Accessory dwelling units and increasing housing inventory

[SB 5235](#) amended [RCW 36.70A.696](#), pertaining to accessory dwelling units. Gov. Inslee vetoed several components of this bill, while sections 2, 5, 6, and 7 were signed into law. Section 2 added two new definitions that could be useful to local governments:

- (8) **Owner** means any person who has at least 50 percent ownership in a property on which an accessory dwelling unit is located.
- (9) **Short-term rental** means a lodging use, that is not a hotel or motel or bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest by a short-term rental operator for a fee for fewer than 30 consecutive nights.

Sections 5, 6, and 7 added the following to chapter 35.21 RCW (cities and towns), 35A.21 (code cities), and 36.01 (counties), limiting the ability of cities to regulate the number of people within a dwelling unit:

Except for occupant limits on group living arrangements regulated under state law (such as assisted living, group homes or adult family homes) or on short-term rentals as defined in RCW 64.37.010 and any lawful limits on occupant load per square foot or generally applicable health and safety provisions as established by applicable building code or city ordinance, a city or town, a code city, or a county may not regulate or limit the number of unrelated persons that may occupy a household or dwelling unit.

Jurisdictions should review their code for definitions of “family” or other definitions that may limit the number of unrelated persons living within a single dwelling unit. See also [MRSC - Group Homes](#) and the sample definitions of “family.”

SB 5287: Major changes to the Multifamily Tax Exemption program

The Legislature passed major revisions to the Multifamily Tax Exemption (MFTE) program in [SB 5287](#), which will open the program to all Washington cities and towns. The legislation requires Commerce to develop guidance, develop and implement an auditing program and conduct a legislative study. In addition, the legislation removed the “high-cost” provision of the program. Any projects already under construction should be completed under their original agreements, but no new certificates should be issued with high-cost provisions. Other provisions, such as offering a 20-year tax exemption for “permanently affordable” housing or extending property tax exemptions, are local options.

HB 1189: Tax increment financing

After many years of consideration, [HB 1189](#) authorized tax increment financing in Washington state. This allows any city, town, county, port district or combination thereof to allocate a portion of local property tax increases to repay local bonds issued to finance infrastructure improvements within designated areas. Each local government may have up to two increment areas and must pass an ordinance designating them as such. Increment areas must sunset after no more than 25 years. MRSC intends to update its TIF web page at [MRSC - Tax Increment Financing \(TIF\) in Washington](#). It took effect July 25, 2021.

HB 1410: Protecting taxpayers from home foreclosures

[HB 1410](#) changes the way that counties may assess property tax interest and penalties, making it more difficult to foreclose on units of fewer than four dwelling units. Beginning in January 2023, the interest rate on unpaid taxes for “all residential real property with four or fewer units per taxable parcel, including manufactured/mobile homes” is lowered, and no penalties may be assessed on such property.

SB 5024: Condominium construction

[SB 5024](#) intends to reduce barriers to condominium construction through minor changes related to financing them. Changes that make it easier to buy an ownership unit in a multifamily building are good for the state’s housing goals. Condos often provide the benefits of home ownership (housing stability and wealth building), with the option to purchase a more affordable unit than most single-family homes. The “leaky condo crisis,” resulting from problems with design and construction in a wetter climate, has led builders (and their insurers) to shy away from this product.

SB 5141: Healthy Environmental for All

The purpose of [SB 5141](#), also known as the HEAL Act, is to reduce environmental and health disparities in Washington state and improve the health of all residents. It implements the recommendations of the Environmental Justice Task Force report titled “[Recommendations for Prioritizing EJ in Washington State Government](#)” (October 2020). The legislation conveys key findings from the task force report:

“Washington state studies and national studies found that people of color and low income people continue to be disproportionately exposed to environmental harms in their communities. As a result, there is a higher risk of adverse health outcomes for those communities. This risk is amplified when overlaid on communities with preexisting social and economic barriers and environmental risks, and creates cumulative environmental health impacts, which this act seeks to prevent and mitigate.”

The act defines environmental justice to mean:

“The fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, rules, and policies. Environmental justice includes addressing disproportionate environmental and health impacts in all laws, rules, and policies with environmental impacts by prioritizing vulnerable populations and overburdened communities, the equitable distribution of resources and benefits, and eliminating harm.”

The bill requires state agencies to consider environmental justice in their work, such as inclusive engagement processes and consideration of the [Washington State Environmental Health Disparities Map](#). This tool is an interactive map that compares communities across our state for environmental health disparities, such as pollution (diesel emissions and ozone), proximity to hazardous waste sites, poverty, and other concerns. The map provides insights into where public investments can be prioritized to overcome disparities. These resources can help local governments understand and address environmental justice within their communities.

HB 1070: Local tax revenue for affordable housing

HB 1070 modifies the activities that the 0.1% sales-and-use tax for affordable housing and the state-shared lodging-tax revenues can be allocated toward. It now specifically authorizes that sales-and-use tax revenues can be used for:

- Constructing or acquiring affordable housing or land for the purpose of emergency, transitional or supportive housing.
- Constructing or acquiring behavioral health-related facilities, or land for these purposes. In addition, housing and facilities for youth who are experiencing homelessness are now allowable uses for state-shared lodging-tax revenues.

Housing Action Plan and Housing Element Requirements

Legend			
•	Required	•	Previous requirement
o	Recommended	•	New requirement

Housing Action Plan RCW 36.70A.600	Housing Element Update RCW 36.70A.070(2)
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Housing Needs Assessment		
• Existing and projected housing needs for all income levels	•	•
• Existing and projected housing needs for emergency housing, shelters and permanent supportive housing	o	•
• Population trends with documentation of projections	•	•
• Employment trends with documentation of projections	•	o
• Land capacity analysis (now to be able to assess housing capacity for all income groups, emergency and permanent supportive housing and moderate density housing)	o	•
Community Engagement		
• Broad public engagement (including residents)	•	•
Housing Policy Framework Review		
• Evaluate progress to meet housing targets (# and types)	•	o
• Evaluate achievement of housing element goals and policies	•	o
• Evaluate implementation of the schedule of programs and actions	•	o
• Review development regulations such as zoning, street standards, etc. and document barriers to housing	o	•
• Review permitting process that impact development of housing and document barriers	o	•
• Review free structures (impact fees, utility connections and permits, that influence housing development and document barriers	o	•
• Evaluate housing programs and local funding, and document barriers	o	•
Mandatory Housing Policies		
• Increase supply of housing affordable to all income levels	•	•
• Preserve existing housing	o	•
• Increase variety of housing types, including moderate density housing options such as duplex, triplex and townhomes within UGAs.	•	•
• Consider the role of accessory dwelling units in meeting housing need	o	•
• Consider housing location in relation to employment location	o	•
• Evaluation of the potential efficacy of proposed strategies	o	N/A
Strategies to Minimize Displacement		
• Identify local policies/ regulations that result in racially disparate impacts including zoning, disinvestment and infrastructure availability	N/A	•
• Identify and implement policies to begin to undo racially disparate impacts, displacement, and exclusion in housing	N/A	•
• Identify areas that may be at higher risk of displacement from market forces that occur with changes to zoning, regulations, and capital investments	•	•
• Establish anti-displacement policies, including preservation of cultural and historic communities, equitable development initiatives, inclusionary zoning, tenant protections, land disposition policies, and land for affordable housing	•	•
Implementation Plan		
• Schedule of programs and actions to implement recommendations	•	o
• Monitoring plan to track outcomes of implemented actions	o	o

The ABCs and 123s of ADUs For Affordable Workforce Housing In Jefferson County WA



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About the Housing Solutions Network (HSN)

HSN was founded in 2018 through a generous grant of the First Federal Community Foundation, and serves as a response to the growing housing crisis in Jefferson County, Washington. We work to facilitate connectivity, communication and the co-creation of new strategies to increase the availability of affordable and attainable housing in our region. We work alongside local housing champions – both individuals and institutions – by providing support and capacity building to ensure success. HSN is an arm of the Jefferson Community Foundation.

HSN fundamentally works to grow a network of housing champions using the Community Network Building approach. The core of this network are our community-driven Housing Action Teams, made up of groups of volunteers who work together to identify obstacles to affordable housing and then craft and implement strategies to create new solutions.

About Jefferson County WA

Jefferson County is located in Northwest Washington State and had a population of 32,221 in 2019. About one-third of the residents live in Port Townsend, the only incorporated city. We acknowledge that in Jefferson County we live on land usurped from indigenous peoples. Jefferson County residents have a median age of 58.3 years, making it the oldest county in WA and one of the oldest counties in the US. As of 2019, Jefferson County had 18,965 housing units of which 74.3% were owner occupied with a median value of \$338,000. From 2015 – 2019 the median gross rent (rent plus utilities) was \$932.

About the ABCs and 123s of ADUs for Affordable Workforce Housing in Jefferson County WA

This document has been prepared by volunteers and staff of the HSN based upon information from a variety of sources, and experience from working with several homeowners. Your feedback for suggestions for improving this document and updating any information are welcome. Please send these to info@jscgives.org

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Introduction

Accessory Dwelling Units, or ADUs, are self-contained living units that exist on the same property as a single-family residence. ADUs can be attached (basement, upper floor, wing) or detached (separate building, part of a detached garage) to the primary residence. Local ordinances limit the size of ADUs and specify other requirements. ADUs can be cost effective to develop since land does not need to be purchased and often no additional public utility hookups need to be purchased. There are many possible uses for ADUs, but the one targeted in this document is for affordable housing for members of the local workforce.

The lack of affordable housing is a severe problem in Jefferson County as it is in many cities and counties across the United States. On one end of the spectrum are unsheltered people living in makeshift tents or vehicles that need to move into supportive transitional housing and onto permanent housing and employment. At the other end of the spectrum are working individuals and families who cannot afford the first rung of ownership with a starter house. This problem has been made worse with the pandemic as frequently full cash, above asking price offers are made by buyers with means. Between these end points on the spectrum are many members of the workforce and community for whom affordable rentals are the desired and most ideal housing solution for them at this point in their lives and careers. The community depends upon these service providers in hospitality & retail sectors, public employees in city & county government & schools, and healthcare workers. And our community and economy are more robust, engaging and resilient with workers in a broad range of sectors including manufacturing, marine trades, agriculture & aquaculture, and the arts & entertainment.

A few metrics illustrate the depth of the problem in Jefferson County: over one-third of the local workforce commutes daily into Jefferson County; a recent issue of the *Leader* advertised 40 job openings and only 1 rental; 47% of renters are cost burdened (paying 50% of their gross income for housing); rental vacancy rates hover between 0-1%.

Some of the root causes of the lack of affordable housing are wage disparity, cost of construction, demographics and policies that favor high-end housing. These are mostly beyond local control. Yet we all need to work together to overcome this problem to maintain a healthy demographic balance and diverse community. The community must pursue multiple avenues to increase affordable housing such as: tiny home communities; transitioning vacant homes into the rental market: home sharing; renting vacant rooms in single family dwellings; creating boarding houses and new apartment buildings; and adding ADUs. ADUs are only one component of a community strategy, and they are the focus of this document.

Part I – *The ABCs: Basics about ADUs* covers the basics. A previously uninformed reader should be “up to speed” on ADUs after reading Part I, while a previously informed reader may find the section to be a helpful organization of information. Topics include:

- A. What is an ADU?
- B. ADU Advantages and Drawbacks
- C. ADU Design Options and Costs
- D. Financing an ADU
- E. Creating an Affordable Rental ADU
- F. Landlord Considerations

Part II – *The 123s: Steps for creating an ADU for an affordable rental* presents a roadmap to getting a unit built and rented. Readers without previous construction project experience will find the roadmap to be a helpful guide, while veterans of construction projects may find this a useful checklist. The roadmap is divided into five phases:

1. Explore – Things to think about early before any decisions are made
2. Decide – Topics to consider in making a go/no-go decision
3. Design – Activities needed to design, permit and finance the ADU
4. Create – The actual building phase
5. Rent – Getting the ADU into the rental market.

Two appendices include the ADU guidelines for Jefferson County and the City of Port Townsend.

Part I – The ABCs: Basics about ADUs

A. – What is an ADU?

An Accessory Dwelling Unit or ADU is a self-contained living unit that exists on the same property as a single-family residence, and is smaller than the residence. “Self contained” means the unit includes both bathroom and kitchen facilities as well as sleeping and other areas. ADU is the accepted legal term for such a unit, but popular terms are often used such as in-law/mother-in-law units, granny flats, secondary dwelling units, casitas, backyard cottages and carriage units.

An ADU may be a structure detached from the primary residence (DADU), or a unit within or attached to the primary residence (AADU). The below figure¹ illustrates possible ADU configurations. One configuration not shown is an ADU apartment above or aside a detached garage.



Jefferson County ADU requirements are given in *Brochure #31 ADU – Accessory Dwelling Unit* available on the county website and included as Appendix 1. Some pertinent requirements include:

- Only one ADU is permitted on each legal lot.
- Maximum allowable size is 1,250 square feet of gross floor area.
- The owner of the subject property shall reside on the premises, either in the main or accessory dwelling (some exceptions for LI and LI/C zones).
- There is no restriction on short term rentals.
- The front of the house shall have only one exterior entrance.
- Proof of potable water and on-site approved septic system is needed.

The document also lays out the steps for obtaining an ADU permit.

¹ © AARP. This graphic will be replaced by an HSN original

The City of Port Townsend summarizes requirements for ADUs in *Accessory Dwelling Unit General Information* available on the city website and included as Appendix 2. Not mentioned in this document, but stated in the municipal code is “One accessory dwelling unit (ADU) may be established only as an accessory use to a single-family, detached residence (and specifically not including a duplex, triplex or fourplex) (PTMC 17.16.020). Other pertinent requirements include:

- An ADU established in an outbuilding shall not exceed 800 square feet in floor area.
- ADUs established within or attached to the primary residence shall not exceed 1,000 square feet.
- The accessory dwelling unit shall NOT be used as a short-term rental (less than 30 calendar days).
- One additional 9-feet wide by 19-feet long on-site parking space is required to establish an ADU, provided the off-street parking requirements for the other uses on the site are continuously met. If the property owner can demonstrate that there is no way to provide parking on-site, an on-street parking space may be proposed, subject to approval by the Public Works Director.
- The front of the house shall have only one exterior entrance.
- The ADU and the home may share a common side sewer line to the sewer main.
- Both the primary residence and ADU may be rented.

There are many other requirements summarized in the document regarding setbacks & lot coverage and building code requirements, as well the application process and a helpful checklist.

Both in the City and County, ADU’s are not required to have separate utility hook-ups, although the capacity of the primary house and site must be adequate. The homeowner may still want to provide separate metering of electricity, but it is optional. This makes adding ADU’s more affordable than the purchase of raw land and the utility hook-ups or the full septic required to service new construction.

Rented rooms within a single-family residence which are not self-contained living units are not considered ADUs. Such rooms might or might not have a bathroom and normally would require a shared kitchen facility.

Detached units on wheels are also not considered to be ADUs. Examples include recreational vehicles, Park Model homes, and tiny homes. These are classified as personal property rather than as real property.

HSN has prepared a number of Permit Navigator videos² which are helpful introductions to topics like: ADU Basics; Walking Through an ADU Permit in Port Townsend; and Walking Through an ADU Permit with Jefferson County.

² <https://housingsolutionsnetwork.org/permit-navigator/>

B. – ADU Advantages and Drawbacks

There are many advantages to a homeowner and to the community for adding an ADU to an existing or newly constructed single family residence³. Combinations of these advantages can be realized, either simultaneously or sequentially over time.

Advantages of ADU to the homeowner include:

- A source of rental income – long-term tenants can provide a steady, predictable stream of income to the homeowner.
- Rental income and help – Tenants might contribute a mix of rent income and help with garden or other services.
- Housing for a caregiver – As the homeowner(s) age and need care, the ADU can be used as living quarters for a caregiver.
- Housing for a family member – The ADU can be used for adult children, family members with disabilities who need to live independently but with support, and parents or other family members needing affordable housing.
- A place to downsize – As children move out or the homeowner ages, the homeowner could move into the ADU and rent out the primary residence to a family or multiple roommates. This allows the homeowner to remain in their neighborhood and community while reducing their housing costs and increasing their income.
- Increased property value – Being considered real property, an ADU will increase the value of the property.
- A source of friendship and connection – The homeowner and tenant may develop a friendship.

Advantages to the community include:

- Addition of an affordable rental unit for members of the community workforce. – This use is the primary focus of this document and more information will follow.
- Gentle densification – It is generally agreed that one path to creating more affordable housing units is to “increase density,” i.e. having more housing units per area of land. ADUs can do this in a “gentle” rather than a “disruptive” way to the neighborhood, and without requiring zoning changes.
- Workforce housing near employment locations – Many opportunities for ADU locations are near employment locations, lessening travel time for employees and impact on roads and climate.
- Use of infrastructure – ADUs use existing roads and utilities, saving the expense of adding new infrastructure.
- Environmentally beneficial – Adding ADUs to existing property can lessen the need to clear trees and add pavement. ADUs are generally compact and energy efficient, further reducing the environmental impact created by a growing community.

³ It is feasible for the first built unit to be the ADU, with the primary residence being later built.

- Increased tax revenue – The increased property value generates additional property tax without investing in more infrastructure.

Possible drawbacks to the homeowner include:

- Impact on privacy with the sharing of outdoor spaces, and/or ADU ingress or egress.
- For an attached ADU, noise through adjacent walls or a ceiling/floor.
- Disruption during construction.
- The homeowner, as landlord, will have responsibilities for maintenance, rent collection or other administrative duties.

Possible drawbacks to the neighbors include:

- Disruption during construction.
- Impact on the neighborhood with additional traffic or parking.

Overall, the advantages of ADUs to both the homeowner and community considerably outweigh the drawbacks. With proactive forethought, the drawbacks can be fully or partially mitigated.

C. – ADU Design Options and Costs

Deciding on a design is one of the most important aspects of adding an ADU to your property. The design will drive the cost and will determine how successful the unit will be in meeting the expectations of both the homeowner and ADU occupant. This section gives some information about design options to help orient the interested homeowner. For a detached ADU, and for an attached ADU added wing, the homeowner will need a carefully thought out site plan. Since each site plan is unique, addressing this topic fully is beyond the scope of this document.

Attached ADUs

Generally speaking, attached ADUs will cost less to create than detached ADUs since less structure will need to be built. If a detached ADU is being created by remodeling an existing detached structure, the cost may be less than that of a completely new structure. If either an existing inside or detached space is being remodeled/adapted to an ADU, the cost will be influenced by the condition of the existing structure and the degree to which it conforms to current building codes. The homeowner will need to engage an architect or builder for advice on their specific project. As exterior modifications or expansions are added to a primary residence, the costs will increase more significantly.

Design options for attached ADUs are entirely dependent on the space being remodeled or added. This document does not attempt to provide floor plans and or cost estimates for what are wide-ranging possibilities and desires for each site and homeowner. The interested homeowner might do online searches or check out a book from the library for remodeling examples. One local example is given in Exhibit A. Costs are best controlled by the homework

done before beginning the actual construction process. And for some homeowners, there may be features or other additions that are desirable but not part of the rental ADU consideration and economics.

Detached ADUs

Choices for designing and creating a detached ADU can be grouped into five categories, summarized in the following paragraphs.

Custom stick-built designs – These represent the traditional approach of working with an architect or designer to develop a design that meets the requirements and desires of the homeowner. The homeowner then would engage a contractor to build the custom design, or the homeowner might do part or all of the construction. The term “stick-built” reflects the construction process of building the house out of board lumber. This category can include using Structural Insulated Panels (SIPs) or other modular building products. SIPs are becoming more available and often have lower overall costs and improved energy efficiency compared to some traditional stick-built construction.

Cost of construction depends on the cost of materials and labor which can vary with market conditions and the choice of finishing features, appliances, etc. In the context of this document it is assumed that since the interested reader will be thinking of affordable housing, those choices will be driven by a cost conscious approach. Given that, for planning purposes construction costs including site work might range from about \$200 to \$300 per sf (square foot). For example, a 400sf ADU which would provide adequate housing for a single person or couple could cost \$80,000 to \$120,000. Achieving affordable costs will require cost conscious choices and construction management.

One example of a stick-built ADU in Jefferson County is given in Exhibit B. This family engaged a local design-build contractor to create a 432sf 1BR ADU for under \$90,000 by doing some of the work themselves.

Another example of a stick-built design profiled in Exhibit C is a 550sf 1BR Habitat for Humanity home designed by Terrapin Architecture. Although not built as an ADU, the design would be quite suitable for that purpose. Recently, the construction cost was estimated at about \$250 per sf for a total cost of \$137,500 including site work.

Pre-approved stick-built designs – Several communities have adopted standard designs which have been pre-approved for permits by a city or county. Pre-approved designs reduce permitting costs and time, and allow creating standard bill of materials for expediting the ordering of lumber and other building supplies. As of this date, neither Jefferson County or the City of Port Townsend have available pre-approved stick-built or pre-built ADU designs. In time these options may be available. A permit would still be required for the site plan to cover setbacks, impervious surface coverage and other site specific factors.

One example illustrating pre-approved designs is given on the City of Seattle's ADUniverse website⁴. The city engaged a number of architects to submit ADU designs, and selected ten of varying size, type and style as shown on their website. This innovative approach might spark some interest in Jefferson County. The Seattle designs might be of interest locally, although not pre-approved in either the city or county.

Another example comes from Clallam County where the director of the Department of Community Development, who is also an architect, developed plans for a 392sf studio style ADU that has been pre-approved by the county (Exhibit D). The county provides the plans and up to five inspections for a fee of \$392. Cost for a Do-It-Yourself owner is estimated to be under \$40,000, and the estimated cost for a contractor built unit is \$60,000.

Pre-built Designs – A number of companies offer factory pre-built ADU-size dwellings which can easily be installed on a site-prepared foundation. There is a wide variation in costs for such units, from under \$200 per sf to well over \$500 per sf. The upper end of this range is not pertinent to the affordable workforce housing focus of this document, but may still be of interest to homeowners with other priorities. In considering pre-built designs, the homeowner will want to carefully consider what is and is not included in the pre-built model. The homeowner will need to estimate the other costs to finish the unit for ADU occupancy.

As with everything, there are both advantages and possible drawbacks to pre-built designs. Advantages can include:

- Circumventing the time consuming and sometimes nerve wracking process of developing a custom design by “letting your fingers do the walking” through online catalogs.
- Buying a guaranteed product with customer support.
- Possibly lower costs per square foot than a stick built design.
- There may be several options for customizing aspects of the design.

Drawbacks may include:

- Limitations in shape – Pre-built units tend to be long and narrow to fit on the back of a flatbed truck.
- Limitations in materials or finishing, although options may be available.
- Styles which might not meet the homeowner's tastes or fit with the existing home style.
- Lack of local knowledge of or experience with vendors.
- Understanding how the unit will be delivered and “fit” to the homeowner property and what that will cost.

HSN maintains a list of pre-built and kit-built vendors on their website⁵. One example is Wolf Industries⁶ of Battle Creek WA which offers Modular Tiny Homes and Prefab ADUs. They have a

⁴ <https://aduniverse-seattlecitygis.hub.arcgis.com/pages/gallery>

⁵ <https://housingsolutionsnetwork.org/adu/>

⁶ <https://wolfind.com>

partnership with BackhomeADU and Craft3 to supply twenty ADUs for the greater Portland area⁷. Wolf Industries currently offers a range of products from a 300sf 1BR unit with a starting price of \$64,500 to 616sf 2BR units with a starting prices of \$92,500. Their designs are relatively long (30' to 44') and narrow (10' to 14') to fit on a flatbed truck, and have shed style roofs. For additional fees, Wolf will provide complete project management, including obtaining permits and installing the foundation.

Kit-built designs – These are similar to pre-built designs with standard floor plans and components produced at a factory, but differ in being delivered in pieces to be assembled onsite. At this time, no known local examples are available.

Conversions – This category includes converting existing detached structures such as a garage, shed or other outbuilding into an ADU. Since each conversion is unique, it is hard to provide general information. Often such buildings are old, have not been in use for some time, and may need upgrades to meet current building codes.

D. – Financing an ADU

The ability to finance an ADU is often a determining factor in moving forward with a project. Conventional home mortgage products are not designed for ADUs. This section contains an overview to assist the homeowner to navigate through the available and possible sources of financing.

Self financing – A place to start is for the homeowner to examine their liquid assets (savings, market investments, etc.) to determine if they have adequate resources to pay for the project. The remaining options covered in this section are for homeowners who are not in a position to self finance or opt not to do so.

For several of the following mortgage, home equity products and renovation loans, future rental income from the ADU is normally not allowed to be included in the income used for loan qualification. Once the rental is established, some conventional lending options do allow consideration of that rental income.

There are many specifics such as interest rates, Loan to Value⁸ limits, required credit scores, loan origination fees, and other factors that enter into qualification and repayment details. The reader should contact lending institutions for specifics. A list of local lending institutions with contact information is given in Part II.

Refinancing – Homeowners who have owned their residences for three, five or more years may have developed sufficient equity that they can refinance at a higher level of borrowing and use

⁷ <https://www.backhomeadu.org/how-it-works>

⁸ Lenders consider the value (or equity) you have in your home and limit the percentage of that they will lend you. This is called the LTV ratio. Depending on the product it could be as low as 70% and as high as 100%.

the resulting cash to fund the creation of their ADU. If they are refinancing at the same interest rate and loan duration, their monthly mortgage will increase. However, rental income from the ADU may be adequate to service the increased mortgage payments. On the other hand, if interest rates have decreased, or they take a longer duration loan, their monthly mortgage increase will be less, and in some cases might even remain the same. Refinances of mortgages generally result in a lump sum loan made available at one time to finance the ADU project and construction as it moves forward. Interest and monthly payment changes begin when the funds are made available to the homeowner.

Home Equity Loan – Homeowners who have built up considerable equity in their homes but who have limited liquid assets may could consider using a home equity loan to finance their ADU. As with first mortgages or refinances of first mortgages, home equity loans tend to be a lump sum loan made at one time. Whether it is preferable to take out a home equity loan or refinance their first mortgage would depend on prevailing interest rates, fees and available durations of these different products. Home Equity Loans have fixed rates of interest. Home Equity Loans and HELOCs (below) usually have shorter allowable loan durations than first mortgages.

Home Equity Line of Credit (HELOC) – Similar to home equity loans, this product is available to homeowners who have built up adequate equity in their primary residence. As the name implies, a HELOC establishes a line of credit with a lending institution against which the borrower can withdraw cash as needed, rather than all at once as with Home Equity Loan. This can be helpful for an ADU project where expenditures may be spread over many months. HELOCs usually require interest only payments for a period of time, say 5 or 10 years, and have variable interest rates. At or before the end of this period of time, the borrower is required to repay on an amortization schedule with a fixed interest rate.

Renovation Loans – Several products are available to finance the renovation of your home, including adding an attached or detached ADU. Fannie Mae, the FHA, and the VA all offer such loans. Terms differ between these products, but they all generally require that the renovations be done by a licensed contractor within a six-month time period, and allow longer repayment times than home equity products. Renovation loans have not been widely used recently due to a number of factors including changing construction costs and prolonged construction windows. However, they remain an attractive option.

Local Investors – Jefferson County has a large cadre of local investors, many of whom are members of the Local Investors Opportunity Network, or LION⁹. LION is a network that connects those seeking financing to local investors. LION is not an investment group. Each LION member makes their own investment decisions. LION members have historically invested mainly in local businesses, along with some lending to non-profits and financing of some real estate transactions. Recently some LION members have become interested in lending for affordable housing. Local investors generally lend for shorter durations than the commercial

⁹ <http://jeffersonlion.org/>

products listed above. One attractive possibility is for local investors to provide bridge loans for homeowners to create and bring their ADU into the rental market before applying for refinancing with a commercial product. Since loans would be negotiated between individual lenders and borrowers, LION investor terms and conditions can be more varied. For example, some terms might call for interest-only payments during the ADU construction, and then begin principal and interest payments after the unit is approved for occupancy. Full repayment could be made when the conventional financing is secured.

Combination of the above – The homeowner might combine two or more of the above options to create their ADU. Exhibit B presents one such example where the homeowners refinanced their home to cover about half the cost of the ADU, and local lenders provided the other half.

E. – Creating an Affordable Rental ADU

The commonly accepted guideline for affordable housing is that the monthly cost of housing should not exceed 30% of the household's gross income. For renters, housing costs include rent and utilities. This guideline or "rule" goes back to the 1969 amendment to the 1968 Fair Housing Act¹⁰. The 30% rule is almost universally used to determine if housing costs are "affordable," even though many of its assumptions are simplistic and broad. It is also generally accepted that households spending 50% of their gross income on housing are "severely burdened."

Based on the 30% rule and HUD data on Jefferson County 2021 household Area Mean Incomes (AMI) of \$67,400, Table E.1 illustrates a range of affordable rentals for different household incomes.

Table E.1 – 2021 Affordable Monthly Housing Costs for A
Range of Household Incomes for Jefferson County WA

Household Income	Equivalent Hourly Wage	Monthly Costs
120% of AMI \$80,800	\$38	\$2022
AMI \$67,400	\$32	\$1,685
60% of AMI \$40,400	\$19	\$1011
Min Wage \$28,475	\$13.69	\$711

¹⁰ https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html

Another perspective on what qualifies as affordable housing is given by HUD's Fair Market Rents (FMR) which are published annually for each city or county. The FMRs represent the 40th percentile of recent past rents, and are used for establishing Section 8 vouchers.

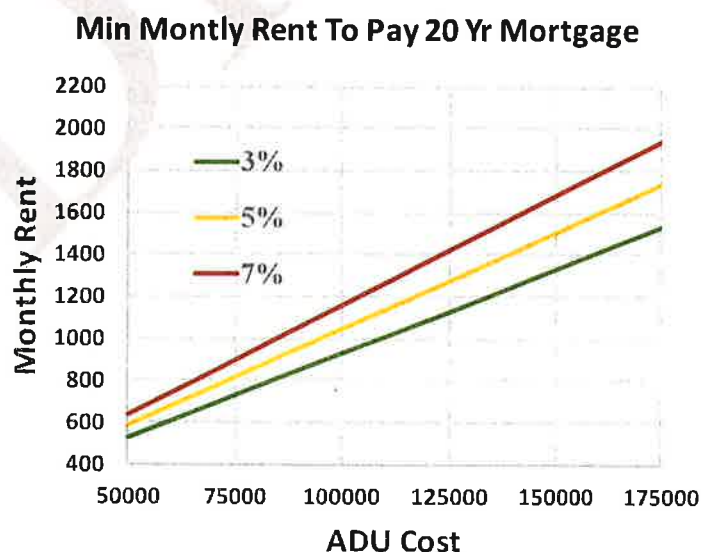
Table E.2 – 2021 Fair Market Rents
For Jefferson County WA

Unit	FMR
Efficiency	\$638
One bedroom	\$771
Two bedroom	\$964
Three bedroom	\$1,380
Four bedroom	\$1,663

Using the above data as guidelines, units renting from about \$700 to \$1,700 per month, including utilities, could be considered as affordable housing for workforce households in Jefferson County WA in 2021.

The question that one might ask is “given the cost of construction and operations, can homeowners benefit from creating and renting ADUs at affordable rates?” A brief response might be “yes, but making everything pencil out requires close attention to the design and construction choices and costs for the ADU.” Let's take a closer look.

There are many costs a homeowner will incur for operating a rental ADU, including: loan payments; increased property taxes; utilities included in the rent; maintenance; insurance; and tax on the net rental income. The below figure shows the rent that would need to be collected for different ADU construction costs and twenty-year loan interest rates, after factoring in estimated values for the above expenses and assuming that the unit is rented eleven out of twelve months each year.



To illustrate how to use the above chart, consider an example of a 1BR ADU that cost \$100,000 to construct and is being financed with a 20-year loan with a 5% interest rate. The unit would need to rent for \$1040 per month for the homeowner to break even. Assuming the homeowner would like some net income, they might set a rental rate of \$1,250. This would exceed the HUD Fair Market Rental rate, but would provide affordable housing to a household earning \$50,000 per year such as a household of two minimum wage earners each working 40 hours a week, or a single person earning about 75% of the Area Median Income.

To summarize, ADUs can contribute to affordable rentals for the Jefferson County workforce, but the “design space” to make everything “pencil out” is very constrained. Careful attention must be paid to minimizing construction costs and seeking favorable financing.

F. – Landlord Considerations

Building a comfortable ADU and managing the financial aspects is a big step towards creating an affordable rental. But for complete success, both the landlord and the tenant need to have a good experience. The ABCs section wraps up with introductory tips and guidance for the landlord.

Whether you are a new landlord or an experienced one it would be good to watch the 75 minute HSN video *How to Be a Good Landlord*¹¹ by Barney Burke. Barney is a long time resident of Port Townsend, an experienced landlord, and an advocate for affordable housing. The video is full of tips and information on finding tenants, handling leases, setting rental rates and rent increases, practical tips for maintaining the property, and guidance on how to have a good landlord experience. In this ABCs section an overview is given of four landlord responsibilities: Inclusiveness, Relationships; Transactions; and Maintenance.

Inclusiveness – People need safe and affordable housing – some claim this is a right. Yet collective individual behaviors of those with means as well as government priorities and policies have left many members of our community without access to this basic need. If you have reached this section of the document, you are likely interested in contributing to the stock of affordable housing in the community. Also important is making that housing equally available to everyone, independent of their race or color, national origin, religion or creed, sexual orientation, gender identification, familial and marital status, disability, or veteran/military status. As the landlord of a single unit, you would not be legally required to conform to national and state fair housing laws if your rental does not involve a realtor. Regardless, as a citizen of Jefferson County HSN expects you will make your ADU available to any qualified renter.

Relationships – Developing and maintaining good relationships with your tenants is a key part of having a successful landlord experience. This involves establishing mutual trust and respect

¹¹ <https://housingsolutionsnetwork.org/how-to-be-a-good-landlord-an-introduction-to-residential-rentals/>

through open and honest communication and treating your tenants as if they were your neighbors – which they are. Careful screening of applicants can contribute to a positive relationship. By responding in a caring way to tenant inquiries and needs, they in return will likely display good behavior. Most tenants will be responsible people. The occasional “bad apple” is an exception.

Transactions – Be prepared to deal with many transactions such as responses to ads, applications, leases, rent collections, tracking expenses, filing income tax forms, and more. Although time consuming and requiring good organization, transactions are straight forward compared to developing good relationships. Sample forms for many of these transactions are available on-line. The HSN website¹² has examples of applications and leases.

Maintenance – As a landlord, you will be responsible for maintenance of your ADU, as well as occasional replacements for things like appliances and carpets. If this is “not your bag,” there are property management firms available who can do this, and who can also handle many or all of the transactions. However, that will be an additional operational cost.

It is hoped that this ABCs section provides the orientation needed for you to get started. If so, continue onto Part II – *The 123s: Steps to creating an ADU for an affordable rental*.

¹² <https://housingsolutionsnetwork.org/how-to-be-a-good-landlord-an-introduction-to-residential-rentals/>

Exhibit A – Creating a Basement ADU

A contractor who was installing a half bathroom in the basement level of a retired couple's uptown home suggested the basement space could be converted into a rentable apartment unit. He said he would be happy to do the work which he estimated would cost about \$40K. Over the next 6 months the couple thought about his suggestion. As they aged, it could be a place for a live-in caregiver. And as they read about the community's need for affordable rentals, they realized it could serve that role until the time came. Financially, they could afford the project, and would be happy if the rent could just repay the costs. The space was below their kitchen and dining room (rarely used) and they would need to be conscious of making noise in the kitchen. They were concerned about how to locate a tenant, and if it would work out having someone living in their home. Balancing concerns with opportunities, they decided to proceed.

The contractor was fabulous to work with, did a fine job, but worked at his own pace so the project took eight months. He did the design and all the construction except electrical which was subcontracted. The unit is about 400 square feet with an entrance door that opens onto a parking area that the owners do not use. It has a full kitchen, $\frac{3}{4}$ bath, access to washer/dryer, and screened off bedroom area which the contractor created with a dresser and armoire. The owners decided to fully furnish the unit to avoid damage with furniture moving in and out. Extra insulation was added as a noise buffer between the apartment and the main living area.

The total cost of the project was \$45-\$50K including all appliances and furniture. After asking people about affordable rental rates, the owners decided to charge \$1200 per month including all utilities, wifi, and TV. With help from a lawyer they drew up an agreement that requires an initial rental period of 3 months, followed by month-to-month rent. A damage deposit equal to one months rent, and a post rental cleaning fee are required. Once they have some history on utility costs, they may lower the rent.

The owner's original goal was to make the unit available to visiting or newly arriving workers at Jefferson Healthcare. After finding little need for that at present, an advertisement on Craig's list drew many inquiries. They showed the apartment to four people. Their first choice withdrew after her work required she live in Sequim. The present tenant moved in a week ago and plans to stay there for several months as she navigates through personal changes in her life. With the exception of one person who rented at the \$1200 rent, others felt it was a good price. So far the rent has gone well, and initial concerns about tenants have not materialized.



Exhibit B – Creating an ADU with Help from Local Investors

This section is out for review.

DRAFT

Exhibit C – Repurposing a Habitat for Humanity 1 BR Home Design

This section is out for review.

DRAFT

Exhibit D – Clallam County Pre-approved ADU 392sf Design

The Clallam County Department of Community Development announced on July 8, 2020 a pre-approved design for a 392sf studio style ADU. Designed by DCD Director and architect Mary Ellen Winborn, the affordable ADU design was developed to help address the lack of affordable housing in Clallam County and give people the opportunity for affordable home ownership. DCD provides the drawings for the 14' x 28' building and up to five inspections for a \$392 fee. Estimated 2020 construction costs for a contractor built unit were about \$60,000 and \$37,000 for a Do-It-Yourselfer. Since the announcement, Clallam County DCD has received a least one inquiry a week and has permitted five units. The increase in materials costs has been a factor affecting people's interest in moving forward with a build.

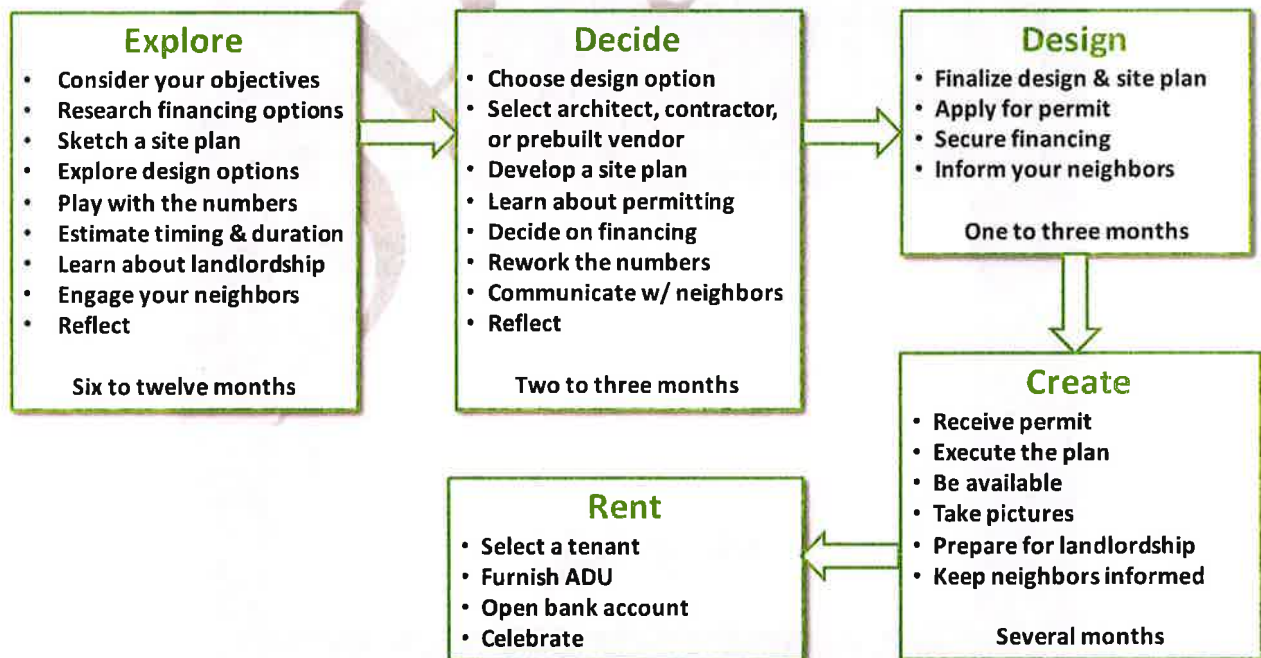


Part II – The 123s: Steps for creating an ADU for an affordable rental

Creating an ADU and bringing it to the rental market is a project. One characteristic of a project is that there is a start and finish, or a beginning and an end. Each reader may be at a different starting point, but the end point will be the same – renting the ADU. The objective of The 123s is to help make that project go smoothly by avoiding wasted resources, unanticipated delays, rework, and frustration. The reader can expect the project to take one to two years from start to finish. Rushing headlong is counter productive. Experience shows that time spent in the early stages of the project to consider options and carefully weigh choices will end up saving time and money later on. Correcting for poor choices once construction starts is very costly, while living with a compromised design is extremely frustrating.

The below roadmap is intended to help guide the journey. As with any roadmap – think of your vacation trip plan – you may not spend the same amount of time as others at any stop. You will want to tailor the roadmap to your needs. Every project has some “long poles in the tent” – those aspects which seem particularly challenging. Different projects might have different long poles. Yours might be financing, while another person’s might be site constraints on their design, and another’s might be a neighbor who has difficulty accepting change. Most of the activities in the roadmap apply to both attached and detached ADUs. An exception might be that a site plan would not be needed for an AADU unless it is an addition to the residence. Consider the roadmap as a helpful checklist to plan your project journey. The rest of The 123s will walk through this process map block by block to elaborate on each activity.

Roadmap for Creating a Rental ADU



1. – Explore

This stage of the project should take the longest time – allow six months to a year. You will be exploring all the options and considerations surrounding creating an affordably rentable ADU. You will likely find yourself leaning in one direction (e.g. considering a pre-built unit), only to change to another direction when you learn new information (e.g. discovering a local builder who can create a less expensive unit that you like better). As you progress through the Explore phase, your thoughts should start to firm up.

A good starting point is to **consider your objectives** for creating an ADU. If you are aligned with the focus of this document, you will want to create an affordable rental unit for the local workforce. Revisit Section E of The ABCs to recall information on affordable rental rates. Beyond that, you may want to think of future uses of the ADU. For example, if you envision moving into the ADU someday – be it an AADU or DADU – and renting your primary residence, then you will want to make sure the ADU meets your needs as well as being a rental unit. Your objectives may evolve as you talk with friends or family members and gather information.

You will want to **research financing options** to see what is best for your situation. A good starting place is to review the options listed in Section D of The ABCs. You might explore some of the available loan products by contacting several local lenders. HSN maintains a list of local lenders and lending products on its website¹³.

You probably have in mind a location on your property or in your primary residence where you envision putting your ADU. Start **sketching a site plan**, taking into accounts required setbacks, total lot coverage, egress, parking, privacy, views, and other factors that will influence your ADU design. You might need to engage an architect or other professional. If you live within the City of Port Townsend, the information provided in Appendix II will be helpful. If you live in the county, look at the zoning requirements for your property, and investigate if your septic and water systems will be an issue. The HSN Permit Navigator webpage¹⁴ has several videos related to septic systems and stormwater basics.

Explore design options for your ADU. If you are remodeling an interior space, start playing with possible layouts to see if the floor plan will be feasible and if code requirements can be met. If you are adding a new detached structure, refer to Section C of The ABCs for pre-built or stick-built options. The list of pre-built products on the HSN website¹⁵ could be a helpful starting point. If you are considering a custom stick-built design, start thinking about desired size, floor plan, siting and other factors. Often it is helpful to look online or at the library for examples of already built structures. If you will be converting a garage or other existing structure, it would be good to talk with a builder to learn what this might entail.

¹³ URL

¹⁴ <https://housingsolutionsnetwork.org/permit-navigator/>

¹⁵ URL

In general, when designing for affordable construction, simpler designs are more budget-friendly. That does not mean that the ADU needs to be boring or not fit the architecture of your house or the character of the neighborhood. Complex roofs, angled walls, etc., generally add construction costs. Loft spaces can provide inexpensive extra square feet. And don't forget that outdoor spaces are often living areas in this part of the world. Using dimensions that are multiples of 4' and 8' match standard lengths or dimensions of lumber, plywood and the like. Putting plumbing fixtures (i.e. the kitchen and bath) in the same area within the unit also helps to control costs. More square footage does not always mean more functionality or attraction. Understand the energy efficiency of your ADU and what options you may have there as well.

Play with the numbers to grasp the operating finances of your ADU and learn about the constraints on making it pencil out. A helpful tool is the HSN ADU Calculator¹⁶ – a downloadable Excel spreadsheet. This calculator is ideal for doing “what if” explorations, like “what if I get a 5% loan for 20 years?” or “what if I charge \$1200/mo rent?”

Estimate the **project timing and duration**, and how it fits into your calendar and other commitments. Think about how much time you can devote to this project and whether that could be a barrier.

Learn about landlordship. Spend 75 minutes viewing the HSN How to Be a Good Landlord¹⁷ video to become familiar with landlord roles and responsibilities. This webpage also has links to a number of helpful documents.

Engage your neighbors to share your early thoughts about adding an ADU. Neighbors may have concerns about disruptions during construction or increased traffic or noise. Share with them that you are contributing to a community need for affordable housing. You might ask them how many of their restaurants or retail stores have difficulty hiring staff, or mention that the hospital and government bodies have difficulty hiring people as there is no housing available. You might want to cite some numbers from the introduction to this document. Perhaps they will become interested in considering an ADU addition.

Reflect on your objectives, financial needs, time commitment and other factors related to this project. If your feelings are positive, progress to the Decide phase. Otherwise, continue to Explore, or maybe put this aside for now.

2. – Decide

Feeling positive about adding an ADU, it is time to move into the decision phase which will result in a go or no-go commitment. Expect to spend two to three months in this phase.

¹⁶ URL

¹⁷ <https://housingsolutionsnetwork.org/how-to-be-a-good-landlord-an-introduction-to-residential-rentals/>

Choose a preferred **ADU design option**. If you will be remodeling an interior space or detached structure or if you will be going with a custom built detached ADU, **select an architect or a contractor** who does design-build work. Ask about their fees and availability. With them, develop conceptual designs. If you are opting for a pre-built unit, **select a preferred vendor** and model. Be sure to find out about their backlog and delivery schedule. If you are a Do-It-Yourself type, determine what part of the project you will take on. Whichever option you choose, get a ball park cost estimate for your financial projections, and then add 10% for contingencies.

Work with your contractor or architect to **develop a site plan** which will meet code requirements and take into consideration you and your neighbor's expectations. If you live in the county, evaluate the suitability of your septic and water systems¹⁸.

Learn about permitting requirements and processes. The HSN Permit Navigator website (see above footnote) has videos that walk you through the ADU permitting process for both the city and county. Although you will not apply for a permit until the Design stage, go through a mock exercise to gather all the needed information and documents so that you fully understand what will be required. Also be sure you know the expected time it takes to receive a permit. Your contractor or builder can help with these matters.

Decide on how you will **finance** your project, and secure financing if you will need resources for the Design phase. If you will be applying for a loan, select a commercial lender and get the application process started. If you plan to seek financing from local investors, start the engagement process.

As your project costs come into focus, **rework the numbers** using the HSN ADU Calculator to make sure the ADU will pencil out. You are likely to go through this exercise many times as you make decisions on the ADU design, site plan and financing.

Continue to **communicate with neighbors**, sharing your plans and letting them know you are taking their concerns into consideration.

Reflect on your progress and envision the future. If you are feeling comfortable, make the decision to move to the Design phase. Otherwise, pause or end the project.

3. – Design

As you move to the design phase, expenditures will start to accrue as your plans take shape. Allow one to three months for this phase. Delays tend to accumulate, so be mindful to keep on top of things.

¹⁸ See the HSN Navigator Video website <https://housingsolutionsnetwork.org/permit-navigator/> for helpful videos.

It is now time to **finalize your design and site plan**. If you are working with an architect or builder, they will produce construction drawings¹⁹ corresponding to your conceptual design. These will be needed to apply for a building permit, ordering materials, and onsite construction. If you are going with a pre-built, it is time to make your final choice and select options or customization if appropriate. If you live in the county you need to finalize your water or septic system upgrades if needed.

Apply for a permit as soon as you have the needed information and documents. Be prepared to pay the permitting fees. Be sure to submit all the needed documentation to avoid delays. Ask the permitting department for an expected date for approval so you can plan ahead.

It is also time to **secure your financing** and to time it with your need for expenditures.

This is also a good time to **inform your neighbors** of likely construction dates. They may be concerned about noise or dust. Respond as best you can to their concerns, and keep them informed.

4. – Create

The **receipt of the permit** is the “go-ahead” trigger to start creating the ADU. Since expenditures will start accruing, you need to also have your financing secured. Be sure to have your contractor lined up. Plan on about three months for construction. If you have opted for a pre-built unit, the vendor’s lead time needs to be factored in, but the on-site construction will be much shorter.

It is now time for your contractor to **execute the design plan** for the site work and construction. Design changes during the Create phase inevitably make a project more expensive. This is where your homework in the early steps pays off. In this phase, you should be making choices more than changes. But if it becomes evident that a design feature will compromise the functionality of the ADU, consider correcting it.

Be available to make decisions or choices on all sorts of details related to the construction and outfitting of your ADU. Even the best designs won’t capture detailed features that need specification. You will likely meet with your contractor on a weekly or more frequent basis. If you are doing some of the work yourself, you need to have a clear understanding with your contractor when your work will start and need to be completed.

Take pictures as the work progresses to share with friends and eventually to make into a project book.

¹⁹ The HSN Permit Navigator website <https://housingsolutionsnetwork.org/permit-navigator/> has a video on how to read building plans.

As this phase progresses, you will need to **prepare for landlordship**. This is a good time to revisit the *How to Be a Good Landlord*²⁰ video and begin to prepare for seeking a tenant, and getting a draft lease together. You will need to decide whether to rent the ADU unfurnished or furnished. If the unit will be furnished, start looking for what will be needed. Either way, you will be buying appliances. You will also need to decide if pets will be allowed and other expectations you will have for your tenants. If you have any questions about fair housing act regulations, call the WA Human Rights Commission at (800) 233-3247. They are available to help landlords.

Keep your neighbors informed. If you have established good relations with them, they could be as excited as you to see the project come to fruition.

5. – Rent

As the completion date for the construction becomes set, it is time to seek your first tenants to occupy the ADU.

Advertise, interview, screen candidates and **select a tenant**. Timing for this might be a month before you expect to receive the Certificate of Occupancy. Prospective tenants may need a few weeks to get ready to move in, so don't wait until the last minute to start this process.

Furnish the ADU according to the plan you have developed.

You may want to **create a separate bank account** to deposit rent and pay for expenses. Security deposits shouldn't be co-mingled with personal accounts.

If your financing involved a bridge loan, you will need to secure your final financing and pay off the bridge loan lenders.

Celebrate! Hold an open house for your neighbors, people who have helped with your project and friends. Make a picture book of the project using one of the online vendors. Adding an ADU is an accomplishment in itself. Providing a solution for a person or family to the affordable workforce housing crisis is even better.

The ADU project is now complete, and it is time to transition to being a landlord! Thank you!

²⁰ <https://housingsolutionsnetwork.org/how-to-be-a-good-landlord-an-introduction-to-residential-rentals/>

Appendix 1 – Jefferson County *Brochure #31 ADU – Accessory Dwelling Unit*

Appendix 2 – City of Port Townsend *Accessory Dwelling Unit General Information*



The ABCs of ADUs

A guide to
Accessory Dwelling Units
and how they expand housing options
for people of all ages



BASEMENT ADU



DETACHED ADU



ATTACHED ADU



SECOND-STORY ADU



GARAGE-CONVERSION ADU

AARP
Real Possibilities



Websites: AARP.org and AARP.org/Livable
Email: Livable@AARP.org
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Twitter: @AARPLivable
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AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 or older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, AARP strengthens communities and advocates for what matters most to families: health security, financial stability and personal fulfillment. The AARP Livable Communities initiative works nationwide to support the efforts by neighborhoods, towns, cities, counties, rural areas and entire states to be livable for people of all ages.



Orange Splot LLC

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Orange Splot LLC is a development, general contracting and consulting company with a mission to pioneer new models of community-oriented, affordable green housing developments. Orange Splot projects have been featured in the *New York Times*, *Sunset Magazine* and on NBC's *Today* show. (The detached ADUs on page 3 and the back cover are by Orange Splot.) Company founder Eli Spevak has managed the financing and construction of more than 250 units of affordable housing, was awarded a Loeb Fellowship by the Harvard University Graduate School of Design, cofounded the website AccessoryDwellings.org and serves as a vice chair of Portland, Oregon's Planning and Sustainability Commission.

The ABCs of ADUs

A guide to Accessory Dwelling Units and how they expand housing options for people of all ages

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A NOTE TO READERS: Many of the photographs and project examples in this publication are from Portland, Oregon, one of the first municipalities in the nation to encourage the creation of accessory dwelling units.

Visit AARP.org/ADU
to download
or order this free
guide and find
more resources
about accessory
dwelling units.

Welcome! Come On In

AARP surveys consistently show that the vast majority of people age 50 or over want to remain in their homes and communities as they age rather than relocate

We know from surveys by AARP and others that a majority of Americans prefer to live in walkable neighborhoods that offer a mix of housing and transportation options and are close to jobs, schools, shopping, entertainment and parks.

These preferences — coupled with the rapid aging of the United States' population overall and decrease in households with children — will continue to boost the demand for smaller homes in more compact neighborhoods.

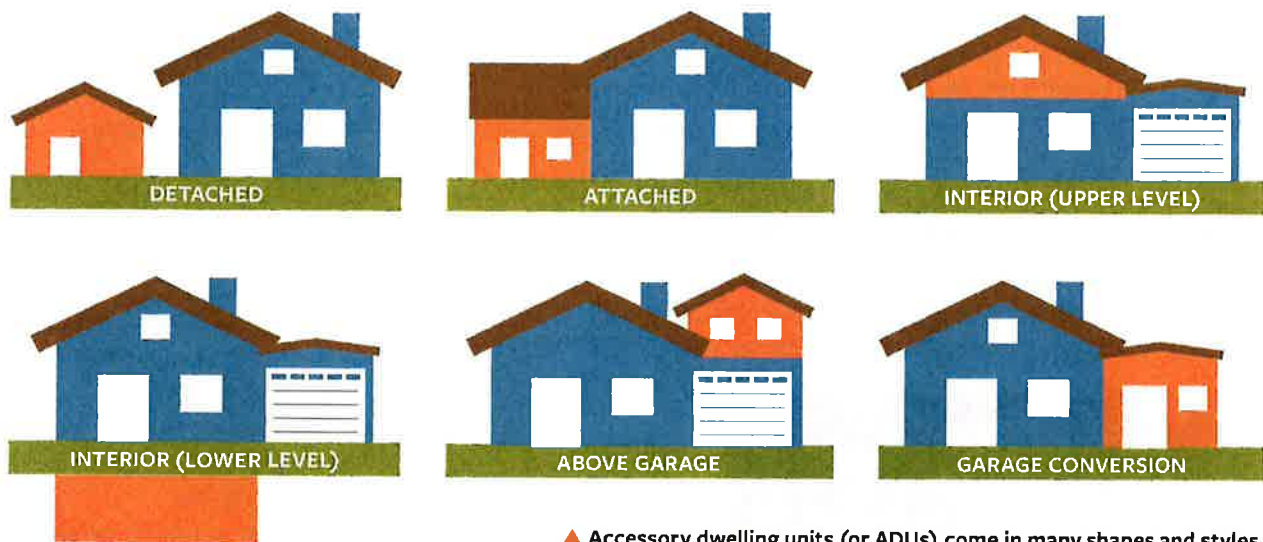
As small houses or apartments that exist on the same property lot as a single-family residence, accessory dwelling units — or ADUs — play a major role in serving a national housing need.

This traditional home type is reemerging as an affordable and flexible housing option that meets the needs of older adults and young families alike.

In fact, in the 2018 AARP Home and Community Preferences Survey, people age 50-plus who would consider creating an ADU said they'd do so in order to:

- provide a home for a loved one in need of care (84%)
- provide housing for relatives or friends (83%)
- feel safer by having someone living nearby (64%)
- have a space for guests (69%)
- increase the value of their home (67%)
- create a place for a caregiver to stay (60%)
- earn extra income from renting to a tenant (53%)

Since ADUs make use of the existing infrastructure and housing stock, they're also environmentally friendly and respectful of a neighborhood's pace and style. An increasing number of towns, cities, counties and even states have been adapting their zoning or housing laws to make it easier for homeowners to create ADUs.



The ABCs of ADUs is a primer for elected officials, policymakers, local leaders, homeowners, consumers and others to learn what accessory dwelling units are and how and why they are built. The guide also suggests best practices for how towns, cities, counties and states can include ADUs in their mix of housing options.

ADUs Come in Many Shapes and Styles

ADUs are a family-friendly, community-creating type of housing the nation needs more of

Although many people have never heard the term, accessory dwelling units have been around for centuries (see page 6) and are identified by many different names. To be clear about what's being discussed:

- An ADU is a small residence that shares a single-family lot with a larger, primary dwelling
- As an independent living space, an ADU is self-contained, with its own kitchen or kitchenette, bathroom and sleeping area
- An ADU can be located within, attached to or detached from the main residence
- An ADU can be converted from an existing structure (such as a garage) or built anew
- ADUs can be found in cities, in suburbs and in rural areas, yet are often invisible from view because they're positioned behind or are indistinct from the main house
- Because ADUs are built on single-family lots as a secondary dwelling, they typically cannot be partitioned off to be sold separately
- An ADU can provide rental income to homeowners and an affordable way for renters to live in single-family neighborhoods
- An ADU can enable family members to live on the same property while having their own living spaces — or provide housing for a hired caregiver
- Unlike tiny houses (see page 17), ADUs are compact but not teeny, so they're a more practical option for individuals, couples and families seeking small, affordable housing
- For homeowners looking to downsize, an ADU can be a more appealing option than moving into an apartment or, if older, an age-restricted community
- ADUs can help older residents remain in their community and “age in place”



CREATIVE COMMONS

▲ Accessory dwelling units show up in neighborhoods throughout the country — and even in pop culture. One example: In the sitcom *Happy Days*, Fonzie (right) rented an above-garage ADU from the Cunningham family in 1950s-era Milwaukee, Wisconsin.

ADUs are also known as ...

Although most local governments, zoning codes and planners in the United States use the term *accessory dwelling unit* or *ADU*, these small homes and apartments are known by dozens of other names. The different terms conjure



▲ Renting out this 350-square-foot garage-conversion ADU in Portland, Oregon, helps the property owner, who lives in the lot's primary residence, pay her home mortgage.

up different images. (Who wouldn't rather live in a “carriage house” than in an accessory or “ancillary” unit?) Even if you've never heard of accessory dwelling units or ADUs, you have likely heard of — and perhaps know the locations of — some of the home types noted at right.

- accessory apartment
- alley flat
- back house
- backyard bungalow
- basement apartment
- carriage house
- coach house
- garage apartment
- granny flat
- guest house or cottage
- in-law suite
- laneway house
- mother-daughter house
- multigenerational house
- ohana unit
- secondary dwelling unit
- sidekick

PHOTO AND LIST FROM ACCESSORYDWELLINGS.ORG

Since ADUs can be created in many different shapes and styles, they're able to fit discreetly into all sorts of communities, including suburban subdivisions, row-house streets (either with or without back-alleys), walkable town or urban neighborhoods — and, of course, large lots and rural regions.



▶ A **DETACHED ADU** (aka DADU) is a stand-alone home on the same lot as a larger, primary dwelling. Examples include backyard bungalows and converted outbuildings.

Location: Portland, Oregon | Photo by David Todd



▶ An **ATTACHED ADU** connects to an existing house, typically through the construction of an addition along the home's side or rear. Such units can have a separate or shared entrance.

Location: Davidsonville, Maryland | Photo by Melissa Stanton, AARP



▶ A **GARAGE ADU** makes use of an attached or detached garage by converting the space into a residence. Other options involve adding a second-story ADU above a garage or building a new structure for both people and cars.

Location: Portland, Oregon | Photo by Radcliffe Dacanay

An **INTERNAL ADU** is created when a portion of an existing home — an entire floor, part of a floor, or an attic or basement — is partitioned off and renovated to become a separate residence.

▶ Access to an **UPPER-LEVEL ADU** can be provided through a stairway inside the main home or directly from an exterior staircase. This 500-square-foot ADU sits atop a 1,900-square-foot primary dwelling.

Location: Portland, Oregon | Photo by Eli Spevak, Orange Splot LLC



▶ A **LOWER-LEVEL ADU** is typically created through the conversion of a home's existing basement (provided that height and safety conditions can be met), during construction of the house, or (see page 7) as part of a foundation replacement and house lift.

Location: Portland, Oregon | Photo by Derin Williams

ADUs Are Good for People and Places

Communities that understand the benefits of ADUs allow homeowners to create them

ADUs are an affordable housing option

- ADUs can generate rental income to help homeowners cover mortgage payments or simply make ends meet. The income provided by an ADU tenant can be especially important for older people on fixed incomes.
- Since the land on which an ADU is built already belongs to the homeowner, the expense to build a secondary residence is for the new structure only. The lot is, in a sense, free.
- ADUs are typically owned and managed by homeowners who live on the premises. Such landlords are less likely to raise the rent once a valued tenant has moved in. Many ADUs are created for family members to reside in for free or at a discounted rate.
- Although market rate rents for ADUs tend to be slightly more than for similarly sized apartments, they often represent the *only* affordable rental choices in single-family neighborhoods, which typically contain no studio or one-bedroom housing options at all.
- Some municipalities are boosting ADUs as part of affordable housing and anti-displacement strategies. Santa Cruz, California (see opposite), is among the cities with programs to help lower-income households build ADUs or reside in them at reliably affordable rents.

ADUs are able to house people of all ages

- An individual's housing needs change over time, and an ADU's use can be adapted for different household types, income levels, employment situations and stages of life.
- ADUs offer young people entry-level housing choices.
- ADUs enable families to expand beyond their primary home.
- ADUs provide empty nesters and others with the option of moving into a smaller space while renting out their larger house or letting an adult child and his or her family reside in it.

ADUs are just the right size

- Generally measuring between 600 and 1,000 square feet, ADUs work well for the one- and two-bedroom homes needed by today's smaller, childless households, which now account for nearly two-thirds of all households in the United States.

ADUs are good for the environment

- ADUs require fewer resources to build and maintain than full-sized homes.
- ADUs use significantly less energy for heating and cooling. (Of all the ADU types, internal ones tend to have the lowest building and operating costs.)

ADUs are community-compatible

- ADUs offer a way to include smaller, relatively affordable homes in established neighborhoods with minimal visual impact and without adding to an area's sprawl.
- ADUs provide a more dispersed and incremental way of adding homes to a neighborhood than other options, such as multistory apartment buildings. As a result, it's often easier to get community support for ADUs than for other housing types.

Big houses are being built, small houses are needed

Do we really need more than three times as much living space per person as we did in 1950? Can we afford to buy or rent, heat, cool and care for such large homes?

YEAR	1950	2017
Average square footage of new single-family homes	983	2,571
Number of people per household	3.8	2.5
Square feet of living space per person	292	1,012

Fact: ADUs house more people per square foot of living area than single-family homes do.

SOURCE: NATIONAL ASSOCIATION OF HOME BUILDERS (AVERAGE HOME SIZES), U.S. CENSUS BUREAU (AVERAGE HOUSEHOLD SIZES)

HOME VISIT #1

Attached ADU Addition

Santa Cruz, California

Size: 500 square feet



AARP



▲ The area with the darker roof shingles is the ADU that was added onto the home of Carrie and Sterling Whitley.

👉 The Whitleys' ADU (that's Carrie showing off the front yard's new paths and plantings) has its own entrance on the side of the home and is being rented to the couple's daughter so she can help her elderly parents when needed.

When Carrie and Sterling Whitley bought their house in 1971, they paid less than \$15,000. Nearly 50 years later, similar homes on their street have sold for more than \$1 million.

THE PROBLEM: The Whitleys, who are in their 80s, own the house outright and don't want to move. But the financial and physical demands involved in maintaining the house are a challenge.

A SOLUTION: To help low-income homeowners age 62 or older live independently and keep their homes, the Monterey Bay affiliate of Habitat for Humanity and the City of Santa Cruz launched My House My Home: A Partnership for Aging-in-Place. The pilot program builds accessory dwelling units so older homeowners can downsize into a new, aging-friendlier home and earn rental income from their original house. Or such homeowners can remain in their house and rent out the new, smaller residence. Participating homeowners are required to charge an affordable rental rate.

REALITY CHECK: When the Whitleys' project broke ground in April 2017, they were the first homeowners to receive an ADU through the program, which worked with them to design the ADU as an addition to their existing home. Since the dwelling was built with accessibility features, Carrie and Sterling know they can downsize into it if they ever need to. Until then, their daughter, Brenda, resides in the addition.

REAL LIFE: "I'm right next door to my parents in case they need me or need any help," Brenda says.

Design: Historic Sheds | Builder: Historic Sheds | Cost to build: \$158,000 in 2017 (not including volunteer labor) | Photos by Michael Daniel | Article adapted from Where We Live: Communities for All Ages (AARP 2018)



ADU ADVICE: With an attached ADU, privacy between the two residences can be achieved by locating the ADU bedroom(s) and bathroom(s) as far as possible from the main house. Providing the ADU with its own yard or outdoor space is helpful too.

ADUs Are an American Tradition

While today's interest in ADUs may be new, the housing type is centuries old

Early settlers often built a small home to live in while constructing their larger, primary house nearby.

When farming was a source of survival for most of the nation's households, families routinely constructed additional homes on their land when needed.

People with wealth and acreage regularly populated their lands with secondary mansions and ancillary buildings independent of the main estate house.

In fact, until the 20th century, people with land built as many homes as they wished. There were few or no zoning rules, municipal services or infrastructure (utilities, roads, schools, trash collection, first-responders) to consider.

A historic precedent for the modern day accessory dwelling unit is the "carriage house," or "coach house." Originally built for horse-drawn carriages, the structures associated with grander homes were frequently large enough to double as living quarters for workers and stable hands.

Decades later, in response to housing shortages and economic needs, many surviving carriage houses were

converted into rental homes. By becoming landlords, the owners gained income from their otherwise unused outbuildings.

Automobile garages have a similar history. Some were originally built with a housing unit upstairs. Over time, many garages were converted (often illegally or under zoning codes no longer applicable today) into small homes when the spaces became more valuable for housing people than vehicles.

With the rise of suburban single-family home developments following World War II, ADUs practically ceased to be built legally in the United States. Then as now, residential zoning codes typically allowed only one home per lot, regardless of the acreage and with no exceptions. Attached and detached garages occupied yard space that might otherwise have been available for ADUs.

Some cities, including Chicago, grandfathered in pre-existing ADUs — but only if the residences remained consistently occupied. In Houston's historic and trendy Heights neighborhood, old and new garage apartments are common and desired.

But elsewhere, even in rural areas with ample land, property owners are often prohibited from creating secondary dwellings. Many communities today don't allow new ADUs, even if they did in the past — and even if ADUs currently exist there. (Countless units in single-family homes or yards are technically illegal or are allowed simply because they were created when such residences had been legal.)

ADUs began making a comeback in the 1980s as cities explored ways to support smaller and more affordable housing options within single-dwelling neighborhoods. In 2000, in response to a growing demand for ADU-supportive guidelines, AARP and the American Planning Association partnered to release an influential model state act and local code for ADUs.

More recently, there's been renewed interest at the state and local levels (see page 8) in legalizing and encouraging the creation of ADUs, driven by the increasingly high cost of housing and, in some places, the belief that homeowners with suitable space shouldn't be so restricted in the use of their property.

▼ **This carriage house containing a one-bedroom, one-bath ADU above a two-car garage sits behind a six-level, Gilded Age, Hoboken, New Jersey, townhome that was built in 1883. The dual residence property was on the market in 2018 for \$5 million.**



HOME VISIT #2

Garage Apartment ADU

Denver, Colorado

Size: 360 square feet



▲ The apartment above the garage can be reached from inside the garage or from an exterior side entrance accessed from the yard it shares with the primary residence.

“I see our ADU as something very similar to a student loan,” says Mara Owen. “It’s something you invest in the future with. It was cheaper than buying a house for Mom, and it lets her have independence. It’s great knowing we can check in on her whenever.”

AH-HA MOMENT: Owen, her partner, Andrew, and their three dogs were sharing a one-bedroom, one-bath house with her mother, Diane. When Owen learned that ADUs were allowed in the city, she decided the best way to get more space for her small home’s many residents would be to remove their “leaky and defunct” garage and build a new two-car garage with an apartment above it.

WISE ADVICE: “Get a really great builder and architect,” says Owen. “Interviewing architects was similar to a first date. It’s not just who you feel connected with. That’s important, but get to the values. It’s a niche market, so see if you can find someone who has built ADUs before, because ADUs are a little different.”

FUTURE PLANS: The stairs to Diane’s apartment are wide enough for a stair lift, if it’s ever needed. The roof was built at the correct slope for the eventual installation of solar panels.

Design: Hive Architecture | Builder: Hive Architecture | Cost to build: \$167,000 in 2016 | Photo by Mara Owen | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org. Visit the website to read about and see photographs of more ADU projects.

HOME VISIT #3

Basement ADU

Portland, Oregon

Size: 796 square feet

The transformation of this colorful Victorian was both a preservation and expansion project.

TEACHING MOMENT: “Here’s a very welcome breath of fresh air, especially in the face of so much gentrification that is going on in Portland!” declared Mark Lakeman, principal of Communitecture, an architectural, planning and design firm, about the pictured remodel. Writing on his company’s website, he says the project provides a lesson in how to “adapt and reuse our precious historic houses so they can accommodate more people while also providing more income to support the existing home.”

HOW’D THEY DO IT? To add a basement rental unit, engineers lifted the house. The resulting ADU is roughly four feet underground and four feet above.



▲ By lifting the house and digging beneath it, designers, engineers and builders turned a two-story, single-family home into a three-story, multifamily residence.

THE ACHIEVEMENT: Adds Lakeman: “Unlike the seemingly pervasive method of simply tearing down existing buildings so that new, giant ones can be built, this approach achieves upgrades in energy efficient living places and adds density while retaining the continuity of our beloved historical urban environment.”

Design: Communitecture | Home Lift: Emmert International | Builder: Tom Champion | Cost to build: \$125,000 in 2015 | Photos by Communitecture (before) and Chris Nascimento (after)

The Time Is Now

Rules for ADUs continue to evolve and frequently differ from one town to the next

Some communities allow almost any home to be set up with an ADU — so long as size limits, property line setbacks and placement caveats in relation to the primary dwelling are met.

Other communities start with those basic standards and then layer on extra requirements (see page 14) that can make it challenging to create an ADU.

Municipalities nationwide have been relaxing their restrictions against ADUs, and some states have been encouraging their creation by requiring communities to allow them.

- In 2017, California required all of its cities and counties to allow ADUs so long as the property owner secured a building permit. In Los Angeles, Mayor Eric Garcetti has said ADUs could provide the city with a needed 10,000 housing units. He's touted ADUs as a "way for homeowners to play a big part in expanding our city's housing stock and make some extra money while they're at it."
- That same year, a New Hampshire law established that local zoning codes had to allow ADUs nearly everywhere single-family housing was permitted. The change stemmed in large part from the frustration of builders who couldn't construct the type of amenities, such as backyard cottages and garage apartments, that their clients desired.
- Oregon requires cities and counties of certain sizes within urban growth boundaries to allow ADUs in all single-family neighborhoods.
- As of 2019, major cities that allow ADUs include Anchorage, Alaska; Atlanta, Georgia; Austin, Texas; Denver, Colorado; Honolulu, Hawaii; Houston, Texas; Philadelphia, Pennsylvania; Phoenix, Arizona; Seattle, Washington; and Washington, D.C. Communities in Massachusetts, Kentucky, Illinois, Indiana and Oregon have sought advice from AARP and Orange Spot about revising their zoning codes to allow ADUs.

► The unique floor plan of this single-family Maryland farmhouse allows for a first floor residence (accessed through the door on the right) and an upper-level ADU that can be reached through the entrance at left.

To Encourage ADUs

LOCAL OFFICIALS can ...

- allow all ADU types (detached, attached, interior)
- simplify the building permit process for ADUs
- waive or reduce permit and impact fees
- let garages be converted into ADUs without requiring replacement off-street parking
- allow a second ADU if one of the homes on the property meets accessibility standards

COMMUNITY PLANNERS can ...

- adopt simple, flexible but nondiscretionary ADU rules about setbacks, square footage and design compatibility with the primary dwelling

LENDERS can ...

- work with homeowners to finance the construction of ADUs by using renovation loans

ADVOCATES can ...

- organize tours of completed ADUs in order to inform and inspire the community
- educate homeowners, real estate agents, architects and builders about local zoning regulations and the permit process

REAL ESTATE AGENTS can ...

- educate themselves and their clients about rules for the construction of ADUs

LOCAL MEDIA can ...

- report on how and why homeowners build ADUs



PHOTO BY MEISSA STANTON, AARP

HOME VISIT #4

Internal ADU (Main Level)

Portland, Oregon

Size: 220 square feet

Even small homes can have enough space for an ADU. An underused main floor bedroom in this 1.5-story, 1,500-square-foot bungalow was transformed into a studio apartment.

AH-HA MOMENT: According to Joan Grimm, who owns the home with Rita Haberman: “What we were looking for in terms of a community and aging in place was right under our noses. Remove a fence and create a shared open space. Build a wall and create a second dwelling unit. It doesn’t have to be complicated.”

REAL LIFE: “Creatively carving out an ADU from the main floor of our house saved on design and construction costs,” Grimm adds. “It provides an opportunity for rental income, with no significant compromise to the livability of our home.”



▲ The steps and side entrance (top) lead to the studio apartment ADU, which was crafted out of an existing space. The covered porch to the right leads to the primary residence. The ADU contains a kitchen, small dining and living area, sleeping area, bathroom and laundry area.

*Design: Rita Haberman | Builder: RS Wallace Construction | Cost to build: \$55,000 in 2015 (with some work done by the homeowners)
Photos courtesy Billy Ulmer | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org*

HOME VISIT #5

Internal ADU (Lower Level)

Portland, Oregon

Size: 795 square feet

“We were looking for a way to live in our house for the rest of our lives and to generate at least some income in the process,” Robert Mercer and Jim Heuer wrote for the program guide of the annual Portland ADU Tour when their home was part of the lineup. “An ADU offers the possibility of caregiver lodging in the future or even a place for us to live while we rent out the main house if we get to the point where we can’t handle the stairs any longer.”

THE SOUND OF SILENCE: Internal ADUs often require that soundproofing insulation be installed between the primary dwelling and the accessory unit that’s below, above or beside it. In Portland, the building code for duplex residences requires a sound insulation rating of at least STCC45. To property owners thinking about a similar ADU setup, the duo advise: “Think about how you live in your home and

▼ The door to the right of the garage leads to a ground-floor ADU with windows along the back and side walls. The upper-level windows seen below are part of the main residence.



how having downstairs neighbors will change what you can and can’t do with your space and what investment you are prepared to make in sound insulation.”

AN ADDED BONUS: “We are pleased that we have been able to provide more housing density on our property and still be in keeping with the historic character of our home.”

Design: DMS Architects | Builder: Weitzer Company | Cost to build: \$261,000 in 2016 | Photo by Melissa Stanton, AARP | Article adapted from the 2017 ADU Tour project profiles on AccessoryDwellings.org

Bringing Back ADUs

The reasons for creating or living in an ADU are as varied as the potential uses

ADUs are flexible. Over time, a single ADU might be used in many ways as an owner's needs and life circumstances change. Following are just a few reasons why ADUs are created and by whom:

EMPTY NESTERS can build an ADU and move into it, then rent out the main house for supplemental income or make it available to their adult children.

FAMILIES WITH YOUNG CHILDREN can use an ADU as housing for a nanny or au pair or even a grandparent or two, who can then help raise their grandkids and be assisted themselves as they age.

INDIVIDUALS IN NEED OF CARE can reside in an ADU to be near family members, or they can use the ADU to house a live-in aide. (In fact, ADUs can be an affordable and more comforting alternative to an assisted-living facility or nursing home.)

HOME BUYERS can look forward to the rental income from an ADU to help pay their mortgage or finance home improvements, especially in expensive housing markets.

HOME-BASED WORKERS can use an ADU as their office or workshop.

HOMEOWNERS can use an ADU for guests or as housing for friends or loved ones who:

- aren't yet financially independent, such as new high school or college graduates
- need temporary housing due to an emergency or while renovating their own home
- have disabilities but can live independently if family reside nearby



▲ The zoning code in Evanston, Illinois, permits accessory dwelling units, creating an opportunity for the owners of this 1911 home with an outbuilding in the backyard.

Planning and Paying for ADUs

Most new homes are built by developers, entire subdivisions at a time. Apartments are also built by pros.

But ADUs are different.

Although ADUs are occasionally designed into new residential developments, the vast majority are created by individual homeowners after they move in. In other words, ADUs are usually created by enthusiastic and motivated *amateurs*.

An ADU may present the ultimate chance for a do-it-yourselfer to build his or her small dream home. More often, homeowners bring in a combination of architects, designers and construction contractors to do the work, much as they would for a home addition or major kitchen remodeling. The local municipality's planning department can provide guidance on the rules for ADUs and information about what permits, utility connections and fees are involved.

ADUs aren't cheap, and they are often the most significant home improvement project a homeowner will undertake.

Although internal ADUs can sometimes be built for about \$50,000, new detached ADUs often exceed \$150,000. Most ADUs are financed through some combination of savings, second mortgages, home equity lines of credit and/or funds from family members (sometimes a relative who ends up living in it).

In some areas, the cost of building an ADU can be recouped after a few years of renting it. If that's the plan, it's worth estimating the expenses versus the potential income before undertaking an ADU project.

A few cities, nonprofits and start-ups are experimenting with creative financing options that could put ADUs within reach for more homeowners and their families, as well as prospective renters.



HOME VISIT #6

Detached ADU (One-Story)

Decatur, Georgia

Size: 800 square feet

When Walt Drake decided to downsize, his son Scott purchased his dad's house for himself and his family and built a detached ADU (or DADU) for Walt.

"From not finding what we wanted for Dad, we decided to create it," says Scott. "Neighborhoods built in the 1920s have carriage houses. Building an ADU was a modern day version of something people have been doing on their property in this area for a hundred years."

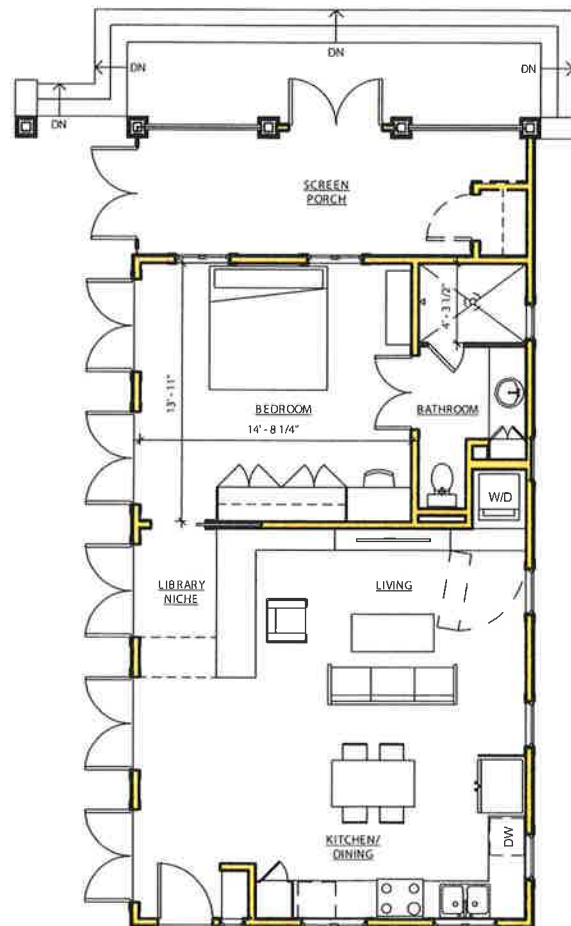
NEAR AND FAR: "We wanted the houses to be separate and to feel like we're each on our own property, but we're there for each other," says Scott.

AGING-FRIENDLY: Building the ADU meant Walt didn't have to sell his home and leave his neighborhood. "He was able to keep his own stuff and turn over what he didn't need to us," says Scott. "It kept my dad in place, which I think was important."

FUTURE PLANS: Scott says the ADU is "serving its intended purpose" but that someday down the road it could be used as a long- or short-term rental. "The ADU could turn into lots of different things over the course of its lifetime."

Design: Adam Wall, Kronberg Wall | Builder: Rob Morrell | Cost to build: \$350,000 in 2014 | Photo by Fredrik Brauer | Floor plan by Kronberg Wall Architects | Article adapted from "ADU Case Studies" by Lina Menard on AccessoryDwellings.org

▲ Walt Drake's Southern-style, one-bedroom ADU has an outdoor, wraparound porch that can be accessed without using steps. The design is in keeping with other buildings in the neighborhood.



ADUs Are Age-Friendly Housing

New-construction ADUs can be created with “universal design” features

An “age-friendly” home has a zero-step entrance and includes doorways, hallways and bathrooms that are accessible for people with mobility differences. Garage conversions (such as the one pictured on page 2) are among the easiest and least expensive ADU solutions for aging in place since they’re preexisting structures and generally have no-step entries. To learn more about making a home aging-friendly, download or order the AARP HomeFit Guide at AARP.org/HomeFit.

HOME VISIT #7

Detached ADU (Two-Story)

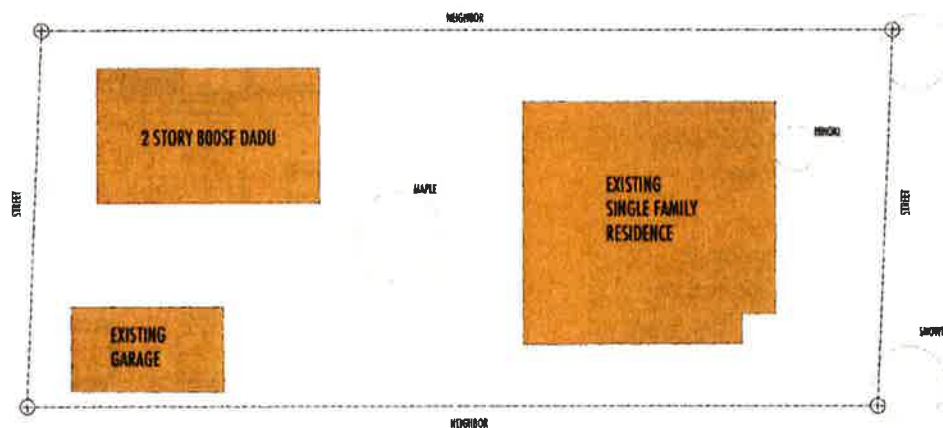
Seattle, Washington

Size: 800 square feet

Evelyn Brom’s plan was to build a backyard cottage and rent it out. She would keep living in her two-bedroom home.

AH-HA MOMENT: As the design developed, Brom realized that *she* wanted to live in the stunning wood-and-glass ADU. It was a good decision. A week before moving in, Brom was laid off from her job.

REAL LIFE: The \$3,000 a month Brom receives in rent for the main house (which is occupied by a three-generation family) provides a needed income. “Being laid off has made this arrangement a lifesaver,” Brom says. If the stairs in the cottage ever become too hard to navigate, she can move back into her original one-story house and rent out the cottage instead. “Now I have options,” she says.



▲ There’s a powder room, open kitchen and living room on the first floor, with a bedroom and bathroom upstairs.

◀ Although Brom’s property is only 0.13 acres, it’s large enough to accommodate two homes, a patio, a lawn and a garage. A slatted wood fence with a gate divides the space between the two houses and provides privacy.

Design: Chrystine Kim, NEST Architecture & Design | Builder: Ian Jones, Treebird Construction | Photo by Alex Hayden | Cost to build: \$250,000 in 2014
Article adapted from *Where We Live: Communities for All Ages* (AARP 2018)

HOME VISIT #8

Detached Bedroom

St. Petersburg, Florida

Size: 240 square feet

Bertha and her son John talked about someday buying a house with a mother-in-law suite. “Then one day someone came along and wanted my house, so I up and sold it,” she explains. “But that left me homeless. I asked John if I could build a small house in his backyard and he agreed.”

CREATIVE THINKING: A detached bedroom is a permanent, accessory structure that, unlike ADUs, lacks a kitchen. But that’s what makes these cabin-like homes more affordable to build than many ADUs and even tiny houses.

WHAT’S INSIDE: Bertha’s home contains a sleeping and living area and a full bathroom. “I paid for the little house and it’s on my son’s property. So I figured, if I’m cooking I can do it at my son’s house,” she says. (Her laundry is also done at his house.)



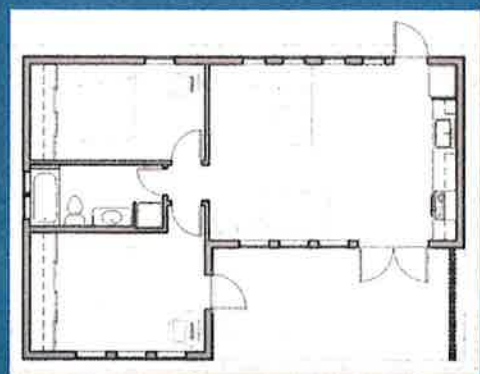
▲ A detached bedroom, which contains a bathroom but no kitchen, can provide housing for a loved one or serve as a home office or guest cottage.

REAL LIFE: “Having access to my son’s house makes it livable. Otherwise, I personally would not be happy. It’s very comforting to know that John is close by. Hopefully this will be my home forever.”

Design: Historic Sheds | Builder: Historic Sheds | Cost to Build: \$50,000 in 2017 | Photo by Historic Sheds | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org

A Sustainable and Sunny ADU

Tired of living in a house with so many walled off and dark spaces that the sun couldn’t shine in, the home’s owners built and moved into the bright, airy, modern and very accessible ADU they created in their yard. (The original, larger home has become a rental.) The ADU is located within a conservation district and was constructed using sustainable materials and environmentally friendly techniques. One such feature is the deck trellis, which allows light in while diffusing the heat of the afternoon sun.



▲ Although this ADU has only 721 square feet of living space, there is room enough for two bedrooms.

Design: Propel Studio | Builder: JLTB Construction | Photo by Josh Partee | Cost to build: \$185,000 in 2017 | Article adapted from “ADU Case Studies” by Lina Menard on AccessoryDwellings.org

Practical Solutions for ADUs

Local laws can both allow and appropriately control the creation of accessory dwellings

There are more than 19,000 cities, 16,000 towns and 3,000 counties in the United States. Regulations about ADUs are typically written or adopted at the local government level.

Where it's legal to build ADUs, homeowners still need to follow rules about where it can be done, how tall they can be, how many square feet they can contain, what they can look like and how they can be used. These rules can be found in the local zoning code.

Over the past few decades it has become clear that there's a balance to strike between the strictness of ADU regulations and how often ADUs get built.

For instance, after Portland, Oregon, relaxed its ADU rules in 2010 and waived impact fees (a savings of up to \$12,000), the number of ADUs built there increased from about 30 per year between 2000 and 2009 to practically one ADU a day in 2015.

Changes in California's ADU laws allowed Los Angeles to achieve an even more dramatic increase, going from 80 permit applications in 2016 to nearly 2,000 in 2017. Allowing both an ADU and a "Junior ADU," or JADU — an interior ADU of 500 square feet or fewer — on properties in Sonoma County were among the urgent

policies adopted in the wake of Northern California's many devastating fires.

Meanwhile, in many jurisdictions, well-intentioned but burdensome rules can stymie the creation of ADUs. ADU-related zoning codes should be restrictive enough to prevent undesirable development but flexible enough that they actually get built.

When a community is worried about a potentially undesirable outcome, it can — and many do — craft regulations to prevent particular building types, locations or uses. A city concerned about the environmental impact of new structures might prohibit placing detached ADUs in precarious locations, such as on steeply sloping lots. Communities wary of ADUs becoming, for instance, off-campus student housing could establish occupancy rules.

Every community has its own priorities and concerns, and there's a wide enough range of regulatory controls that communities can write appropriate ADU rules.

This inherent flexibility in the form and function of ADUs allows them to pass political muster and get adopted in a wide range of places. (See page 16 for more about uses and rules.)

Rules that discourage ADUs

- ADU-specific regulations that don't also apply to primary dwellings (e.g., owner-occupancy requirements)
- complex design compatibility criteria and approval steps
- off-street parking requirements beyond those required for the primary dwelling
- restrictions that limit ADUs to certain geographic areas, particular zoning categories or to large lots
- caps on square footage relative to the primary house that make it easy to add an ADU to a large home but hard or impossible to add one to a small home

TRADING SPACES: An ADU is always the smaller of two dwellings on a property, but it's possible for an existing home to become the ADU when a larger house is built and becomes the primary dwelling.

Are ADUs allowed in your community?

Find out by calling the office in charge of land use and permits or stopping by in person. You can also search for and read the zoning code through the local government's website.

- If ADUs are allowed, ask what conditions, permit needs and impact fees apply.
- If ADUs are not allowed in your community and you want them to be, ask an elected official or the local department of zoning and planning for information about how the codes can be updated. Then get organized and start advocating!

Creating (or Understanding) an ADU Zoning Code

The ADU section of a community's zoning code needn't be overly complicated. It just needs to establish clear, objective and fair rules for the following:

1. A Definition: A good zoning code clearly defines its terminology. Here, for example, is a useful outline for what, in the real world, is a very fluid term: "An ADU is a smaller, secondary home on the same lot as a primary dwelling. ADUs are independently habitable and provide the basic requirements of shelter, heat, cooking and sanitation."

2. The Purpose: This is where the code describes key reasons a community allows ADUs. They should:

- increase the number of housing units while respecting the style and scale of single-dwelling development
- bolster the efficient use of existing housing stock and infrastructure
- provide housing that's affordable and respond to the needs of smaller, changing households
- serve as accessible housing for older adults and people with disabilities

3. Eligibility: Who can build an ADU and on what type of property? A statement in this part of the code clarifies that an ADU can be placed only on a "residentially zoned, single-family lot." (Some communities provide lot size standards, but many don't.)

4. Creation: This is where the code sets out how an ADU can be built. For instance: "An ADU may be created through new construction, the conversion of an existing structure, as an addition to an existing structure or as a conversion of a qualifying existing house during the construction of a new primary dwelling on the site."

5. Quantity: Most municipalities that permit ADUs allow one per lot. Vancouver, British Columbia; Sonoma County, California; and Tigard, Oregon, are among the few that allow two per lot (typically one internal and one external). Some communities also allow duplexes or townhomes to have ADUs, either in the backyard or on the ground floor.

6. Occupancy and Use: A code should state that the use-and-safety standards for ADUs match those that apply to the primary dwelling on the same property. (See page 17 for more about ADU uses.)

7. Design Standards:

- **Size and height:** A zoning code might specify exactly how large and tall an ADU is allowed to be. For instance, "an ADU may not exceed 1,000 square feet

or the size of the primary dwelling, whichever is smaller." Codes often limit detached ADUs to 1.5 or 2 stories in height. (An example of that language: "The maximum height allowed for a detached ADU is the lesser of 25 feet at the peak of the roof or the height of the primary dwelling.")

- **Parking:** Most zoning codes address the amount and placement of parking. Some don't require additional parking for ADUs, some do, and others find a middle ground — e.g., allowing tandem parking in the driveway and/or on-street parking. (See page 16 for more about parking.)
- **Appearance:** Standards can specify how an ADU's roof shape, siding type and other features need to match the primary dwelling or neighborhood norms. Some codes exempt one-story and internal ADUs from such requirements. (See page 16 for more about making sure that ADUs fit into existing neighborhoods.)
- **Entrances and stairs:** Communities that want ADUs to blend into the background often require that an ADU's entrance not face the street or appear on the same facade as the entrance to the primary dwelling (unless the home already had additional entrances before the ADU was created).

8. Additional Design Standards for Detached ADUs:

- **Building setbacks:** Many communities require detached ADUs to either be located behind the primary dwelling or far enough from the street to be discreet. (A code might exempt preexisting detached structures that don't meet that standard.) Although this sort of rule can work well for neighborhoods of large properties with large rear yards, communities with smaller lot sizes may need to employ a more flexible setback-and-placement standard.
- **Building coverage:** A code will likely state that the building coverage of a detached ADU may not be larger than a certain percentage of the lot that is covered by the primary dwelling.
- **Yard setbacks:** Most communities have rules about minimum distances to property lines and between buildings on the same lot. ADUs are typically required to follow the same rules.

Visit [AARP.org/ADU](https://aarp.org/ADU) to see examples of ADU zoning codes from selected cities.

ADU “Hot Topics”

As communities allow ADUs or update existing zoning codes and rules to be more ADU-friendly, they inevitably wrestle with some or all of the following issues:

Adding ADUs to neighborhoods

Recognizing that ADUs may represent a new housing type for existing neighborhoods, communities often write special rules to ensure they'll fit in well. These guidelines typically address visual compatibility with the primary dwelling, appearance from the street (if the ADU can be seen) and privacy for neighbors. Rules that help achieve these goals include:

- height and size caps mandating that ADUs be shorter and smaller than the primary dwelling
- requirements that detached ADUs be behind the main house or a minimum distance from the street
- mandates that the design and location of detached ADUs be managed the same way as other detached structures (e.g., garages) on the lot
- design standards for larger or two-story ADUs so they architecturally match the primary dwelling or reflect and complement neighborhood aesthetics
- encouragement for the creation of internal ADUs, which are often unnoticed when looking at the house

Each community can strike its own unique balance between strict rules to ensure that ADUs have a minimal impact on neighborhoods and more flexible rules that make them easier to build.

Providing places to park

ADU regulations often include off-street-parking minimums on top of what's already required for the primary dwelling. Such rules can prevent homeowners from building ADUs if there's insufficient physical space to accommodate the parking. However, additional parking often isn't needed.

Data from Portland, Oregon, shows that there are an average of 0.93 cars for each ADU, and that about half of all such cars are parked on the street. With fewer than 2 percent of Portland homes having ADUs (the highest percentage in the country), there is about one extra car parked on the street every six city blocks. This suggests that any impacts on street parking from ADUs are likely to be quite small and dispersed, even in booming ADU cities.

More-realistic parking rules might:

- require the creation of new parking only if the ADU displaces the primary dwelling's existing parking
- waive off-street-parking requirements at locations within walking distance of transit
- allow parking requirements for the house and ADU to be met by using some combination of off-street parking, curb parking, and tandem (one car in front of the other) parking in a driveway

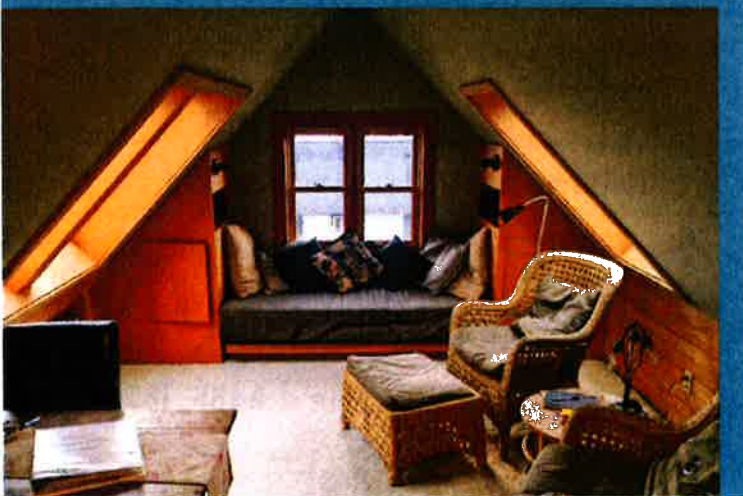
Dealing with unpermitted ADUs

It's not uncommon for homeowners to convert a portion of their residence into an ADU in violation (knowingly or not) of zoning laws or without permits.

Such illegal ADUs are common in cities with tight housing markets and a history of ADU bans. One example is New York City, which gained 114,000 apartments between 1990 and 2000 that aren't reflected in certificates of occupancy or by safety inspections.

Some cities have found that legalizing ADUs, simplifying ADU regulations and/or waiving fees can be effective at getting the owners of illegal ADUs to “go legit” — and address safety problems in the process.

♥ A top floor ADU can be a suitable rental for a student or someone who travels a lot for work. ADU expert Kol Peterson grew up in a home with an attic ADU that was usually rented to law school students. “They had to walk up the primary house's interior stairs in order to access the affordable attic unit,” he writes in *Backdoor Revolution: The Definitive Guide to ADU Development*. “Over the years that each of them lived there, the tenants became parts of our family.”



Allowing and Restricting Uses

Communities get to decide whether to let ADUs be used just like any other housing type or to create special rules for them. Some municipalities take a simple approach, regulating ADUs just as they do other homes. So if a home-based childcare service is allowed to operate in the primary dwelling, it is also allowed in an ADU. Conversely, communities sometimes adopt ADU-specific regulations in order to avoid undesirable impacts on neighbors. Examples include:

Limiting short-term rentals

ADUs tend to work well as short-term rentals. They're small and the owner usually lives on-site, making it convenient to serve as host. However, if ADUs primarily serve as short-term rentals, such as for Airbnb and similar services, it undermines the objective of adding small homes to the local housing supply and creating housing that's affordable.

In popular markets, short-term rentals can be more profitable than long-term ones, allowing homeowners to recoup their ADU expenses more quickly. In addition, short-term rentals can provide owners with enough income that they can afford to occasionally use the ADU for friends and family.

A survey of ADU owners in three Pacific Northwest cities with mature ADU and short-term rental markets found that 60 percent of ADUs are used for long-term housing as compared with 12 percent for short-term rentals.

Respondents shared that they "greatly value the ability to use an

ADU flexibly." For instance, an ADU can be rented nightly to tourists, then someday rented to a long-term tenant, then used to house an aging parent. ADUs intended primarily for visiting family are sometimes used as short-term rentals between visits.

Cities concerned about short-term rentals often regulate them across all housing types. If there are already rules like this, special ones might not be needed for ADUs. An approach employed in Portland, Oregon, is to treat ADUs the same except that any financial incentives (such as fee waivers) to create them are available only if the property owner agrees not to use the ADU as a short-term rental for at least 10 years.

Requiring owner-occupancy

Some jurisdictions require the property owner to live on-site, either in the primary house or its ADU. This is a common way of addressing concerns that absentee landlords and their tenants will allow homes and ADUs to fall into disrepair and negatively impact the neighborhood.

Owner-occupancy rules are usually implemented through a deed restriction and/or by filing an annual statement confirming residency. Some cities go further, saying ADUs can be occupied only by family members, child- or adult-care providers, or other employees in service of the family.

Owner-occupancy requirements make the financing of ADUs more difficult, just as they would if applied to single-family homes. But as ADUs have become more common, owner-occupancy restrictions have become less so, which is good. Such requirements limit the appraised value of properties with ADUs and reduce options for lenders should they need to foreclose.

Enforcing owner-occupancy laws can be tricky, and the rules have been challenged in courts, sometimes successfully. However, according to a study by the Oregon Department of Environmental Quality, more than two-thirds of properties with ADUs are owner-occupied even without an owner-occupancy mandate.

While not technically ADUs, tiny houses can serve a similar purpose

► Because tiny houses — such as the 100-square-foot "Lucky Penny," pictured — are built on a trailer with wheels rather than on a fixed foundation, they are typically classified as recreational vehicles (RVs) rather than permanent residences. Although tiny homes are usually smaller than 400 square feet, many of them do contain a kitchen and bathroom.



Design and Builder: Lina Menard, Niche Consulting | Photos by Guillaume Ditiilh, PhotoXplorer



ABOVE-GARAGE ADU



DETACHED-BEDROOM ADU



DETACHED ADU

- An accessory dwelling unit is a small residence that shares a single-family lot with a larger primary dwelling.
- As an independent living space, an ADU is self-contained, with its own kitchen or kitchenette, bathroom and living/sleeping area. (Garage apartments and backyard cottages are each a type of ADU.)
- ADUs can enable homeowners to provide needed housing for their parents, adult children, grandchildren or other loved ones.
- An ADU can provide older adults a way to downsize on their own property while a tenant or family member resides in the larger house.
- Since homeowners can legally rent out an ADU house or apartment, ADUs are an often-essential income source.
- ADUs help to improve housing affordability and diversify a community's housing stock without changing the physical character of a neighborhood.
- ADUs are a beneficial — and needed — housing option for people of all ages.

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order or download**

The ABCs of ADUs

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QUICKNOTES

Accessory Dwelling Units

Accessory dwelling units (ADUs) are small, self-contained living units that typically have their own kitchen, bedroom(s), and bathroom space. Often called granny flats, elder cottage housing opportunities (ECHO), mother-daughter residences, or secondary dwelling units, ADUs are apartments that can be located within the walls of an existing or newly constructed single-family home or can be an addition to an existing home. They can also be freestanding cottages on the same lot as the principal dwelling unit or a conversion of a garage or barn.

The benefits to the home owner and the ADU occupant are many. For the home owner, ADUs provide the opportunity to offer an affordable and independent housing option to the owner's grown son or daughter just starting out or to an elderly parent or two who might need a helping hand nearby. The unit could also be leased to unrelated individuals or newly established families, which would provide the dual benefit of providing affordable housing to the ADU occupant and supplemental rental income to the owner. Supplemental income could offset the high cost of a home mortgage, utilities, and real estate taxes. Finally, leasing an ADU to a young person or family can provide an elderly home owner with a sense of security and an opportunity to exchange needed work around the house and yard for a discount on rent.

Despite the benefits, some communities resist allowing ADUs, or allow them only after time-consuming and costly review procedures and requirements. Public resistance to ADUs usually takes the form of a perceived concern that they might transform the character of the neighborhood, increase density, add to traffic, make parking on the street more difficult, increase school enrollment, and put additional pressure on fire and police service, parks, or water and wastewater. However, communities that have allowed ADUs find that these perceived fears are mostly unfounded or overstated when ADUs are actually built.

ADUs are a particularly desirable option for many communities today considering the current economic climate, changes in household size, increasing numbers of aging baby boomers, and the shortage of affordable housing choices. They provide a low-impact way for a community to expand its range of housing choices.

LOCALITIES AND STATES GET INTO THE ACT

Towns, cities, and counties across the country have done the right thing by proactively amending local zoning ordinances to allow ADUs. This is typically done either as a matter of right or as a special or conditional use. In either case, reasonable conditions may be imposed. Some states, including California, have enacted legislation that limits the ability of localities to zone out ADUs.

In 2001 AARP retained APA's Research Department to write a guidance report for citizens interested in convincing local and state officials of the benefits of allowing ADUs and showing them how to do it. Entitled *Accessory Dwelling Units: Model State Act and Model Local Ordinance*, the monograph provides alternative statute and ordinance language useful to implementing all forms of ADUs.

The *Model Local Ordinance* suggests recommendations for communities. Additionally, the intent of the ordinance describes the permitting process for eligibility and approval, and further outlines standards for ADU approval pertaining to lot size, occupancy, building standards, parking and traffic, public health, and how to deal with nonconforming ADUs. The *Model State Act* provides findings and policies encouraging the approval of ADUs and names local governments as the entities entitled to authorize

"Towns, cities, and
counties across the
country have done
the right thing by
proactively
amending local
zoning ordinances
to allow ADUs."

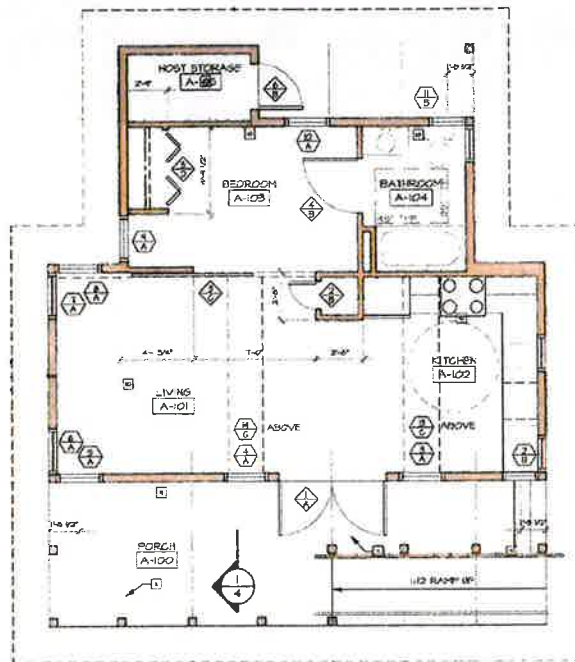


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adoption of an ADU statute. It specifies the limits to which local governments may prohibit ADUs and outlines default permitting provisions if a locality does not adopt an ADU ordinance. It details optional approaches for adopting ADU ordinances, certifying local ADU ordinances, gathering data on ADU efforts, preparing reports and recommendations, and forming a statewide board overseeing ADUs.

WHAT ISSUES ARISE WHEN A PROPOSED ADU ORDINANCE IS CONSIDERED?

ADU ordinances offer a variety of benefits to local communities but the road to implementation may not be an easy process. While ADUs are more widely accepted now than in years past, skeptics still remain and some still oppose ADU zoning. The following describes some issues or decision points that communities must address in order to successfully navigate the perilous waters of public acceptance. The approach that is right for your city or town will be unique, based on local physical, political, social, and economic conditions.



Single story ADU floor plan.

By-right Permitting. Should permits for ADUs be issued as a matter of right (with clear standards built into the ordinance) or should they be allowed by discretion as a special or conditional use after a public hearing?

Occupancy. Should ordinance language allow an ADU only on the condition that the owner of the property lives in one of the units?

Form of Ownership. Should the ordinance prohibit converting the ADU unit into a condominium?

Preexisting, nonconforming ADUs. How should the ordinance treat grandfathered ADUs? How do you treat illegal apartments that want to apply for an ADU permit?

Unit Size: Should the ordinance limit the square footage of the ADU to assure that the unit is truly accessory to the principal dwelling on the property?

Adequacy of Water and Sewer Services. How do you guarantee there is enough capacity in sewer lines, pumping stations, and treatment facilities to accommodate ADUs?

These are not easy issues. However, communities would do well to seriously consider adopting an approach that: allows ADUs by right with clear written conditions; does not require owner occupancy; prohibits condominium ownership on the basis that a condo could not be considered accessory; provides a simple procedure for legalizing preexisting or formerly illegal apartments provided the unit is inspected; provides a generous size standard; and provides a water and sewer adequacy standard. □

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For a complete list of references visit <http://www.planning.org/pas/quicknotes/>

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For more information on this topic visit www.planning.org.

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QUICKNOTES

3. Case Law

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