

ACCESSORY DWELLING UNITS



2010

**A Practical Option to Promote
Affordability**

Accessory Dwelling Units

A PRACTICAL OPTION TO PROMOTE AFFORDABILITY

WHAT ARE ACCESSORY DWELLING UNITS?

ADUs are independent housing units created within single-family homes or on their lots. An ADU can provide supplementary housing that can be integrated into existing single-family neighborhoods to provide a typically lower priced housing alternative with little or no negative impact on the character of the neighborhood. Furthermore, ADUs can provide homeowners with a means of obtaining, through tenants, in the ADU or the principal unit, rental income, companionship, security and services.

ADU Types

An ADU can be apartments created within an existing house, added onto a house or above a garage, built as a freestanding cottage, or even designed and constructed as part of a new housing development (National Neighborhood Coalition, 2001). Because the units are usually small, they are more affordable than full-size rentals. There are different types of ADUs.

- Interior - using an interior part of a dwelling.
- Interior with modifications where the outside of the dwelling is modified to accommodate a separate unit.
- Detached - a structure on a residential lot that is separate from the main dwelling, yet by definition still "accessory" and so smaller than the main unit.

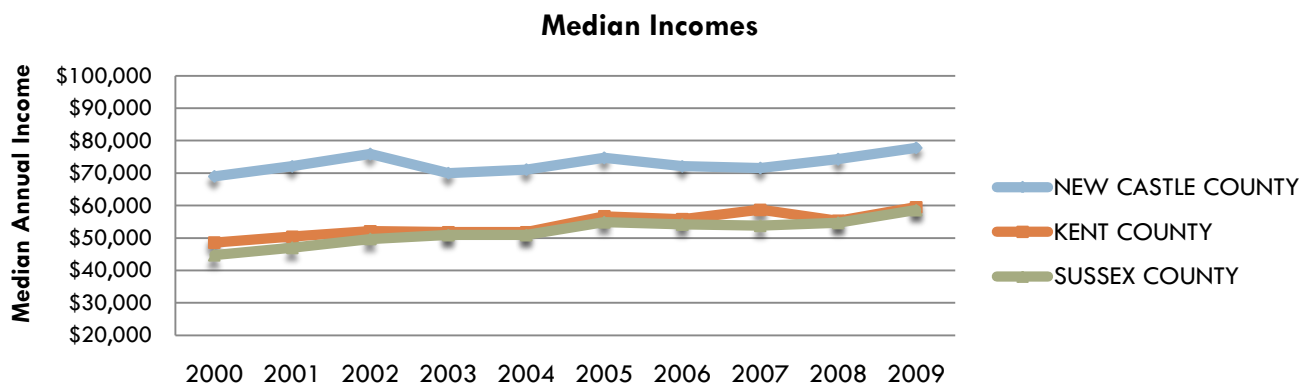
THE NEED FOR ACCESSORY DWELLING UNITS

The growing affordable housing crisis and the changing demographics have spurred interest in accessory dwelling units. The housing crisis caused home prices to balloon beyond what was attainable for many of the middle class. While the housing market is still trying to stabilize, this crisis has left many people searching for safe, affordable housing alternatives. Additionally, demographic data has changed the landscape. The movement for aging in place has grown to new heights with the high number of aging baby boomers. Younger adults, with entry level jobs are searching for somewhere they can call home that is not mom and dad's house, but will not bust their bank.

***"ADUs can add affordable units to existing housing, making housing units available to moderate-income people who might otherwise have difficulty finding a place to live. Develop housing units in a single-family neighborhoods that are appropriate for people at a variety of stages in the life cycle."** – Municipal Research and Services Center of Washington (MRSC)*

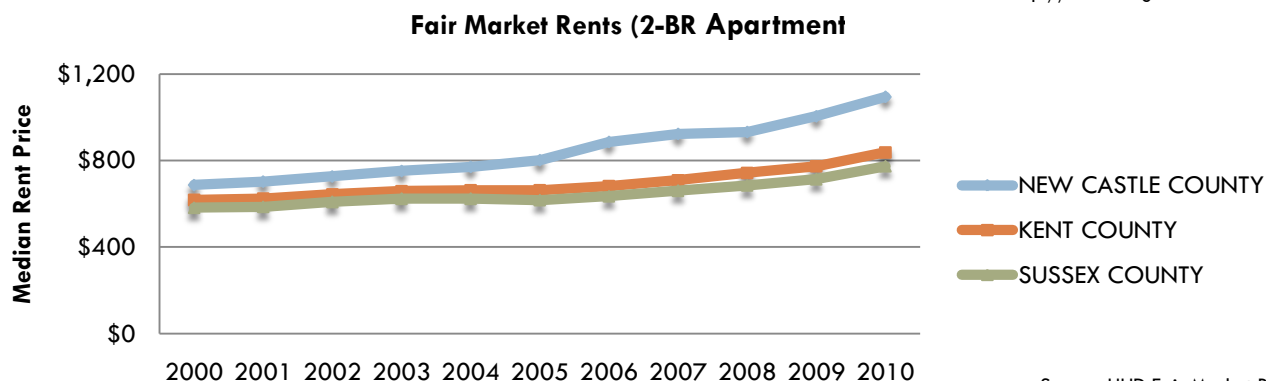
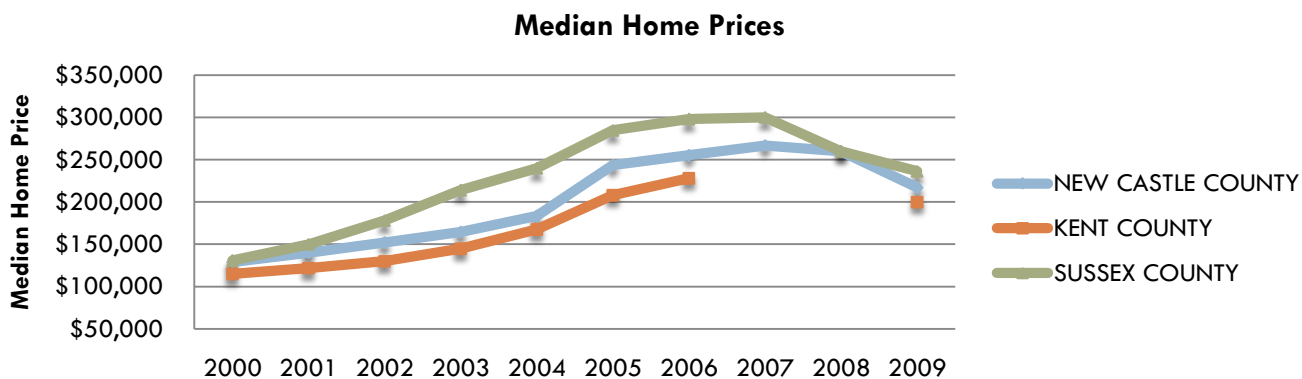
Economic Trends

Incomes have remained relatively stagnant over the past decade. A moderate increase of about five percent has been seen throughout all three counties in Delaware.



Housing Trends

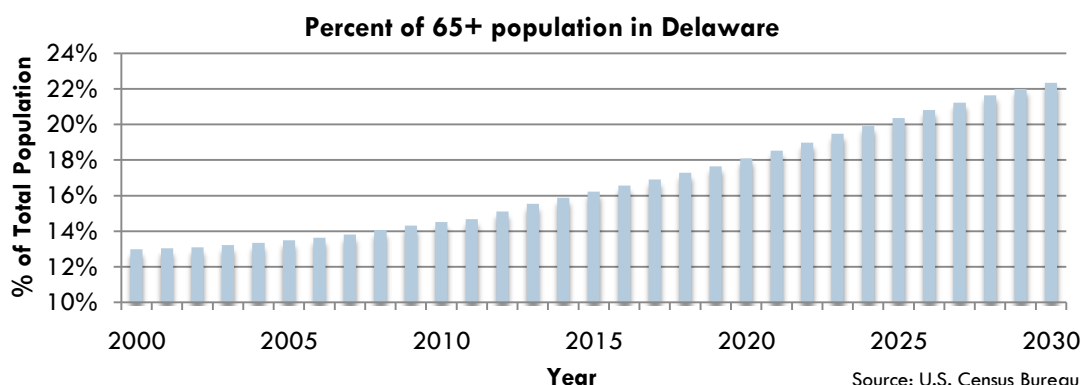
While incomes have seen little real growth, housing prices have skyrocketed out of control. Since 2006, the housing market reached its zenith and began to collapse. Median home prices have dropped somewhat to more realistic prices, yet remain out of reach for many moderate income households. Likewise, rental prices have continued to burgeon.



Demographic Trends

Consequences of recent demographic changes have been a growing need and demand for smaller housing. Many single parents, single persons, and young families either cannot afford, or do not need, a large home. At the same time, many parents of baby boomers are now empty nesters who live in homes that were originally built to hold families of five or six. The decline in household size has left many of these empty nesters and other homeowners with unused, surplus housing space. The coincidental increase in the demand for smaller homes and the presence of surplus housing space has led many communities to consider ADUs as an efficient and low cost strategy for increasing affordable housing opportunities (Municipal Research and Services Center of Washington (MRSC), October 1995 No. 33).

- **Elderly Population:** A growing elderly population has led to an increase in the proportion of households with only one or two persons. Many of the elderly live in homes that have surplus space, and, while most want to stay in their homes, they often do not need and in some cases can no longer take care of a large home. Adding an ADU to their homes may allow many of these homeowners to remain in their homes for a longer time (MRSC). The percentage of Delawareans over 65 years of age will increase from 12% in 2005 to 22% by 2030.



- **Smaller Households:** As shown in table below, the Census reports that the average household size in Delaware and all three Counties decreased from 1990-2000. The overall reduction in household size reflects broad demographic and economic changes in society, including deferred age of first marriage, increased divorce rates, and longer life expectancy, growing elderly population, decreasing family size preferences. While there were small increases from 2000 to 2008 as measured by the American Community Survey, these were small compared to the declines from 1980 – 2000.

	1980	1990	2000	% Change	2008
Delaware	2.79	2.61	2.54	-2.7	2.58
New Castle County	2.79	2.61	2.56	-1.9	2.60
Kent County	2.88	2.70	2.61	-3.3	2.66
Sussex County	2.73	2.54	2.45	-3.5	2.48

Source: U.S. Census Bureau

BENEFITS OF ACCESSORY DWELLING UNITS

COMMUNITY BENEFITS

ADUs can help increase the supply of affordable housing without the necessity of local government expenditures or subsidies. ADUs encourage efficient use of existing housing stock and infrastructure and encourage better housing maintenance and neighborhood stability (MRSC). ADUs help communities' meet smart growth and affordable housing objectives by increasing density in an existing neighborhood without changing its character or requiring additional infrastructure (NNC). The community benefits from the addition of affordable housing within the existing housing stock for little or no public expense.

HOMEOWNER BENEFITS

ADUs make it possible for adult children to provide care and support to a parent in a semi-independent living arrangement and can provide homeownership with extra income to help meet rising homeownership costs (MRSC). Homeowners benefit from the additional rental income that they can use to pay part of their mortgage payment or to help with the upkeep on their homes.

TENANT BENEFITS

ADUs often rent for less than average market rent levels because ADUs do not require the development of new land and are cheaper to build than conventional rental units (MRSC). ADUs provide affordable rental housing in single-family neighborhoods. ADUs can also increase housing opportunity for people with disabilities who can live independently in their home, but remain close enough to others to provide assistance. (MRSC).

If 1 in every 10 of America's owner-occupied single-family homes built before 1975 were to devote space to an accessory unit, 3.8 million rental units would be generated, increasing the supply of rental housing by about 10 percent.

"Not In My Backyard": Removing Barriers to Affordable Housing
Advisory Commission on Regulatory Barriers to Affordable Housing, U.S. Department of Housing & Urban Development.

COMPONENTS OF ACCESSORY DWELLING UNITS

Housing Need

When planning for an ADU ordinance the policy-makers need to determine the current need and demand for rental units in general and ADUs in particular. Many communities conduct a housing needs assessment that includes an inventory of existing housing stocks and an analysis of housing needs. This type of information can help policy-makers in evaluating zoning alternatives for ADUs. For example, the existence of low rental vacancy rates may suggest that there is a high potential demand for additional rental units, including ADUs. High vacancy rates also serve to reduce the risk for homeowners who want to install an ADU (MRSC).

After an analysis is done the policy makers need to determine how many units should be built. The analysis can look at the breakdown of housing types and prices, and the income levels of the community's residents to determine what type of housing should be built to fulfill housing needs. The presence of many illegal units would be one indication of the demand for this housing option (MRSC).

Communities have adopted regulations that attempt to limit, either directly or indirectly, the number of ADUs that can be installed to ensure that ADU conversions do not result in too many units that will surpass the community's need.

Housing Stock

Policy-makers should also have some familiarity with the makeup and composition of the community's existing housing stock, including any evidence of current or projected surplus space in single-family housing. A high percentage of homes with extra habitable space may be another indicator of the potential for ADU conversions in the community (MRSC).

Zoning Definitions

Policy makers should determine a good definition of the term ADUs. This allows for a common understanding of what an accessory dwelling unit is and may also be useful to establish basic requirements and limitations. A good definition is important to provide a common understanding of the term and may also be useful to establish basic requirements and limitations. ADUs are most commonly defined as a self-contained living unit created within or detached from a single-family dwelling. Many ordinances also highlight the existence of separate cooking, sleeping, and sanitation facilities as distinguishing ADU features. The term "accessory" in "accessory dwelling unit" denotes a use that, under zoning regulations, is commonly understood to be one that is subordinate in size, location, and function to the principal unit.



Locations Permitted

Policy makers need to determine where ADUs will be permitted and the minimum lots size.

Review and Approval Procedures

ADUs can be regulated by either as a permitted use, with an administrative review, or as a conditional use, subject to public hearing (MRSC).

Design and Appearance

Many communities want to preserve the character of their single-family homes. Policy makers can make provisions that govern the design and appearance of homes with ADUs to preserve the visual and single-family character of the neighborhoods (MRSC).

Attached or Detached

Another consideration when determining the regulations and standards of the ordinance is whether ADUs can be attached, detached, or both allow depending on zoning regulations.

Keys to Success

Achievable standards, fast track processing for units meeting standards, and sensitivity to compatibility within existing neighborhoods are all techniques to encourage second unit development.

Develop specific performance standards dealing with such issues as minimum lot size, maximum unit size, parking standards, setback and height requirements.

Limits on the maximum number of units within a neighborhood, requirements for owner occupancy, and high parking requirements may be necessary to ameliorate community concerns, but they may deter construction of second units.

If second unit approvals can be made without a conditional use permit or other action requiring public hearing, property owners will find it less burdensome to add second units.

Financial or technical assistance can encourage second unit development and improve their affordability.

Allow for the legalizing and upgrading of existing units so as to conform with health and safety requirements. This can be encouraged by establishing building code requirements to achieve minimum health and safety requirements and by streamlining the conformance process.

*Blueprint for Bay Area Housing
Association of Bay Area Governments, et al.*

(Municipal Research and Service Center of Washington October 1995 No. 33)

COMMUNITY CONCERNS

Opposition: Opposition to ADUs usually arises from neighborhood concerns about the perceived impacts of ADUs with respect to such issues as:

- Higher density,
- Decrease in property values,
- Changes in neighborhood appearance, and

- Increased parking and traffic congestion (MRSC).

A homeowner may view ADUs as a potential threat to the stability of single-family neighborhoods that should either not be allowed or, at least, closely controlled to avoid any potential negative impacts (MRSC).

Response: In response to these concerns, communities have adopted regulations designed to deal with such issues as:

- The size of units,
- Their exterior appearance,
- Off-street parking, and their concentration in neighborhoods,
- Homeowner has to live on site of the ADU.

The general intent of these types of regulations is to calm neighborhood fears by controlling the number of conversions, minimizing neighborhood change, and upholding prevailing standards (MRSC).

DELAWARE EXAMPLES OF ACCESSORY DWELLING UNITS

Though there are many restrictions against ADUs in Delaware, there are exceptions. Kent County, Delaware has unique opportunity for ADUs for elderly or disabled parents. Elderly Cottage Housing Opportunity (ECHO) units are allowable under specific guidelines. This ordinance allows for a mobile home to be placed in the yard of a single-family residence for one elderly or disabled parent. However, this ordinance states that once the parent has left the property, the unit must be removed and cannot be rented or lived in by anyone else. Kent County also allows for ADUs that are attached to the main home on the property. They do not allow for detached units such as guest houses or detached garage-apartments.

- The majority of Delaware has zoning restrictions against ADU development.
- Most large municipalities in Delaware (those over 2,000 residents) do not allow ADUs in their current ordinances.
- Delaware's Counties have varying ADU ordinances. New Castle County recently adopted an ADU ordinance. Sussex County does allow ADUs but they cannot be full living facilities with a kitchen.
- Several municipalities, though they do not explicitly allow ADUs through their ordinances, do offer residents the option of applying for a special use permit in extenuating circumstances, such as in the case of an ill parent.

Ideally, ADU ordinances would allow for both the existence of and the ability to rent accessory apartments, both detached and attached, without restriction to only a single elderly parent. This could allow for the full benefits of ADUs such as extra income, help around the house, and increased affordable housing in the area.

However, ordinances could still restrict the appearance and structure of ADUs to maintain a community's character and reduce negative impacts. Examples of these kinds of regulations are square footage limits, appearance consistent with the main house, and restrictions on entrances visible from the street.

IMPLEMENTATION OF ACCESSORY DWELLING UNITS

Local jurisdictions have the flexibility in creating the ADU ordinance to cater to their community's need and character. Ordinances need to have clearly defined definitions and regulations: Below are examples of questions to discuss when creating the ordinance:

- Purpose: What is the purpose of an ADU ordinance?
- Definitions: Clearly define ADUs as allowed in ordinance
- Requirements for ADU:
 - Where are ADUs permitted;
 - Owner Occupancy;
 - Number of Occupants;
 - Subdivisions;
 - Size and Scale;
 - Location;
 - Entrances;
 - Additions;
 - Detached Structures
 - Attached Structures;
 - Parking Requirements.
- Permitting and Enforcement of ADUs
 - Application Process;
 - Zoning Codes;
 - Inspections;
 - Permits;
 - Enforcement (code enforcement of ADUs)
 - Vacancy Regulations/Eliminations of ADUs not maintained or that violate code.

CURRENT DELAWARE ADU ORDINANCES

Municipality (over 2,000 population)	Allows ADUs	Does Not Allow ADUs	Exceptions
Bethany Beach		x	Some ADUs exist that were built before zoning ordinance (grandfathering)
Camden	x		Only allowed in one zoning district – R-5
Dover		x	
Elsmere		x	Can apply for special permit for ADU, but uncommon
Harrington	x		Allowed in R-2 zones with lot coverage requirements
Laurel		x	Can apply for special permit for ADU use and can be rented with restrictions
Lewes		x	Some ADUs exist through grandfathering
Milford		x	Considering changing ordinance to allow granny flat ADUs
Millsboro		x	
Milton		x	May have attached ADU, but cannot have detached dwelling unit with kitchen
New Castle		x	Some ADUs exist through grandfathering
Newark		x	
Rehoboth Beach		x	Some ADUs exist through grandfathering
Seaford		x	Can request special permit for “granny flat”, no rental
Selbyville		x	
Smyrna	x		Allowed in certain zones
Wilmington		x	

County	Allows ADUs	Exceptions
New Castle	X	Detached ADU must be on a 2 acre or more lot.
^A Kent	X	Attached only and ECHO units
Sussex County	X	ADU cannot have kitchen

New Castle County's ADU ordinance, adopted by County Council in April, 2007, has proven a successful balance of restrictions and encouraging development of ADUs. From the adoption of the ordinance in April 2007 through May 2009, 47 residential building permits and 36 Certificates of Occupancy (Cos) were issued for properties containing an ADU.

NATIONAL ADU EXAMPLES

King County, Washington

A nonprofit organization located in King County, Washington, A Regional Coalition for Housing (ARCH) promotes ADUs as part of the solution to address the region's shortage of affordable housing. More than 300 ADUs exist in the Puget Sound area. Complete with kitchen, bathroom and sleeping facilities, ADUs are located inside, attached to, or detached from the primary home (PD&R: Field Works). **Visit www.archhousing.org for more information and to view the ADU Homeowner Packet**

Santa Cruz, California

Santa Cruz, California is one of the least affordable housing markets in the nation. The City of Santa Cruz has implemented a series of permitting and zoning changes meant to encourage the construction of accessory dwelling units, also known as "granny" or "in-law flats." These housing units are small, self-contained secondary apartments on the same lot as residential buildings, built either within the building envelope or as an addition or conversion of a detached garage or carriage house (15 Community Investments).

Santa Cruz encourages the construction of ADUs through simpler and shorter permitting processes, and offers incentives such as technical assistance for homeowners seeking to design and construct ADUs, wage subsidies for ADU builders who employ graduates from the county's building trades training program, and low interest rate loans to owners making their units affordable to persons below 80% of the Area Median Income. The ADU program led to the creation of 35 rental units in its first year, a significant accomplishment for a city of 56,000 residents. With all of the program's components now in place, the city predicts that some 40 to 50 new ADUs will be built annually over the next five years.

The City has also published a manual for ADU production. Santa Cruz's ADU program won the American Planning Association's 2005 National Outstanding Planning Award for a Program. **Visit <http://www.ci.santa-cruz.ca.us> for more information.**

Portland, Oregon

Portland, Oregon's Development Services office has established an ADU ordinance for the city allowing ADUs to be used for single family dwellings, rowhomes, and manufactured housing. ADUs are allowable in the following forms: a. Converting existing living area, b. Finishing an existing basement or attic, c. Building a new structure, and d. Making an addition to an existing structure (portlandonline.com)

Portland's ordinance states that the ADU may be no more than 33% of the total living area of the house or a maximum of 800 square feet, whichever is less. There are a variety of design and use standards, which apply to the creation of an ADU. These include limiting the overall number of residents in both units, limitation with respect to home occupations, the location of entrance doors and size of the ADU. Furthermore, only one entrance can be located on the facade facing a street, meaning new construction of ADUs must place entrances on the side or rear if an entrance to the home already exists on the street. This maintains the appearance of single-family homes, but still allows for ADUs.

Portland provides detailed instructions for residents to apply for and be approved for the building or conversion of ADUs. Portland also provides design guidelines which address community concerns over ADUs and their perceived effect on a community. This user-friendly system allows the average resident to expand their homes easily. **Visit www.portlandonline.com for further information.**

REFERENCES

Santa Cruz, California ADU Program: <http://www.ci.santa-cruz.ca.us/>

ADU Design Guide: <http://www.archhousing.org/adu2/>

ADU Examples Across the U.S.:

<http://www.huduser.org/rbc/newsletter/index.html> (Regulatory Barriers Clearinghouse, Volume 3 Issue 1)

"Granny Flat Add Flexibility and Affordability" (New Urban News, December 2001):
<http://www.newurbannews.com/>

www.mrsc.org/Publications/textadu.aspx Municipal Research and Services Center of Washington (MRSC) "Accessory Dwelling Units". Washington 1995-Report No. 33

National Neighborhood Coalition (NNC) "Affordable Housing and Smart Growth Making the Connection." Washington, DC 2001

"Livable Communities as an AARP Priority", speech given by William Novelli, AARP CEO, June 15, 2005. http://www.aarp.org/research/international/speeches/22005-06-15-novelli_remarks.html