

Considering ADUs as a Strategy for Increasing Housing Supply in Middle Neighborhoods

Accessory Dwelling Units (ADUs) are becoming popular as a strategy to increase housing supply and affordability, with potentially less public resistance than other kinds of development. They may also be a wealth-building opportunity for the main property owner and help seniors age in place while family members provide close-at-hand support. These small, independent units are generally on the same land as a single-family home, either as units attached to or detached from the main property. They function independently and have their own kitchen, bathroom and sleeping area. Although they are separate units, they are considered ‘part’ of the larger parcel (meaning they cannot be sold separately from it). State laws can impact ADUs in several ways, including requiring cities to allow them, pre-empting local zoning, or encouraging permissive zoning, and many local governments have additional zoning, policy or other obstacles that restrict the homeowner’s ability to even consider building one.



Identifying and Resolving Barriers

The first step to exploring an ADU strategy is to identify the legal parameters for them in your community. The most common challenges include limitations related to zoning and permitting. Financing for ADUs is another area that is often challenging, as well as designs, costs and finding qualified contractors. Effective and durable solutions will likely require research as well as new partnership efforts.

Updating Zoning Laws: To start, check your state laws governing ADUs; your local city planning department will know what state laws exist. Then, look at local zoning laws and building codes that

Owner occupancy requirements that restrict use for family members or care givers is sometimes put into place to dissuade investors from adding ADUs. Research from the JCHS at Harvard University, however, shows that these units are mostly built by homeowners who live in the primary residence rather than investors.

affect the development of ADUs, including rules on lot size, density, and so on. Some also have built-in restrictions that include parking or owner occupancy rules, further prescribing development. Adopting new laws or facilitating updates and strategies to correct these limitations will require conversations with local governments. This may require a report or presentation to local government representatives and board members to explain the value and importance of allowing this development. (AARP has a [wealth of information](#) to assist in ADU advocacy, including a presentation slide deck and model legislation.) Your community may need a new process for special use or conditional permits for ADUs, which will ultimately need to be accepted and adopted by local government.

Streamlining Permits: Creating clear policies and building designs to streamline the permitting process can greatly reduce the time required and challenges associated with obtaining a building permit. This includes identifying efficiencies for the permitting process and adding templates and step-by-step guidelines for homeowners. In addition, some locales have adopted building plans and design blueprints that are allowable in the community. This provides homeowners who want to consider an ADU with model options (for example, up to 10 design options) that allow building permits to be accepted and issued quickly. Be sure to include water and sewer options in these plans as they can be complicated for the homeowner to resolve without help.

Financing: Financing options have historically been scarce for ADU production, meaning interested homeowners would need to use equity or savings. This results in fewer designers and builders who understand unique site considerations needed for developing ADUs. Improved legislation at the state and local level can consequently improve the financing options for ADU production. Prohibitive building codes can also put limits on financing options and materials costs can create further challenges. Financing solutions may include low-interest special loan products for ADU development. Also, incorporating standard designs should decrease costs for the homeowner since they will not have to hire an architect.

Finding Contractors: Another common challenge is the availability of local contractors who can or are willing to learn how to build or install an ADU. Contractor shortages are difficult to resolve but once the policies and zoning issues are corrected, local contractors may be more likely to take this on. Once a streamlined process is developed, start an outreach and education campaign to educate local contractors and explain the opportunity and permitting process. Making the process cheaper and easier for developers, especially if there are already approved designs, will help.



Benefits of and Concerns About ADUs

The benefits of ADU production include economic, environmental, social and health impacts. ADUs provide affordable housing opportunities and rental income for homeowners. The affordable options help the neighborhood and city overall and provide opportunities for inter-generational living and aging in place, plus can help younger generations find independence.

Not everyone is on board with ADUs, however. Some residents have concerns about increased traffic and potential increases in already-high property values, or the attraction of investors who may see this as an opportunity to increase density and a reason to buy more single-family homes in a neighborhood. It may take a slow and respectful process of education and discussion to gain widespread support.

Tips for Success

Adopt Multiple Designs	Multiple accepted blueprints of ADU designs will expedite permits, create efficiencies for builders, and save the homeowner money.
Create Step-by-Step Process	This will help streamline the permitting process for homeowners and builders.
Review Parking Limitations	Allow for additional automobiles on the lot or street parking.
Address Owner Occupancy	Make sure owner occupancy rules and limitations specific to ADUs are addressed.
Include ADU in Education	Include information on ADUs in pre- and post-purchase education opportunities and include landlord education.
Educate Contractors	Educate contractors and create a marketing campaign to recruit builders.
Provide Examples	Create templates for local government so they can adopt special use or conditional use permits that allow owners to add an ADU.
Increase Financing Options	Work with local banks to develop financing products serving the local community. Reduced zoning and code restrictions can help.
Offer Tax Rebates	Offer property tax rebate or abatements to exempt taxpayers from an increase in property value for a period of time, like up to 10 years.
Conduct Ongoing Reviews	Review zoning and building codes annually and compare with local trends to see if updates are needed.
Consider Creative Options	Consider adaptive reuse and conversion of existing structures in your community.
Consider Prefab Options	Prefabricated ADUs are cheaper than new construction and faster to install. Research options that are available locally.
Create Partnerships	Work with nonprofits, government, etc. to create a comprehensive plan that benefits individuals and the community as a whole.
Focus on Affordability	An ADU strategy will not work if people cannot afford it. Find ways to build efficiently and offer financing that is accessible and affordable.

Resources

[AARP](#) resources for ADU advocacy: fact sheets, presentation slides, model legislation and more.

[Learning from State Efforts to Encourage Accessory Dwelling Units](#)

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This research is accessible to all types of readers and provides an overview of state and local laws, benefits of ADUs, and data on production of ADUs under different legal environments.