Expanding ADU Development and Occupancy:
Solutions for Removing Local Barriers to ADU Construction

In collaboration with American Planning Association
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About AARP Public Policy Institute

The AARP Public Policy Institute (PPI) is the focal point of public policy research, analysis, and development at AARP. PPI develops creative policy solutions to address our common need for financial security, health care, and quality of life. Founded in 1985, PPI publishes policy analyses and provides updates on a range of topics, including current AARP priorities and emerging issues that affect older adults now and in the future.

Additionally, PPI informs and inspires public debate on the issues we face as we age, frequently convening leading policy experts and think tanks for discussion of key national and state policy matters. In addition, PPI provides critical analytical support for AARP advocacy efforts and campaigns.

About the American Planning Association

The American Planning Association (APA) is an independent, not-for-profit educational organization that provides vital leadership in creating great communities for all. APA and its professional institute, the American Institute of Certified Planners, are dedicated to advancing the profession of planning by offering better choices for where and how people work and live. The nearly 40,000 APA members work in concert with community residents, civic leaders, and business interests to create communities that enrich people’s lives. Through its philanthropic work, APA's Foundation helps to reduce economic and social barriers to good planning. APA is based in Washington, DC, and Chicago. Learn more at planning.org.

Abstract

Accessory dwelling units (ADUs) are a valuable tool to help communities broaden housing choice in single-family neighborhoods. This guide is intended to help community leaders, planners, and housing practitioners and advocates take concrete steps to overcome specific barriers to expanding the local supply and legal occupancy of ADUs.

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# Table of Contents

Introduction ........................................................................... 6
How to Use This Guide .......................................................... 7
AARP and APA’s ADU Collaboration ...................................... 8
ADU Basics ........................................................................... 12
Common Barriers ................................................................... 13
Conclusion ............................................................................ 93
References ............................................................................ 95
Glossary .............................................................................. 101

1 Overcoming Political Barriers ................................. 17
   Challenge 1: Lack of Understanding .................. 18
   Challenge 2: Lack of Inclusivity ....................... 23
   Challenge 3: Local Intransigence ....................... 30

2 Overcoming Regulatory Barriers .............................. 36
   Challenge 1: Few or No Permissible Locations ... 37
   Challenge 2: Overreliance on
   Discretionary Approvals ................................... 42
   Challenge 3: Overly Restrictive
   Zoning Standards ............................................. 48

3 Overcoming Procedural Barriers ............................... 56
   Challenge 1: Inexperienced Applicants ............ 57
   Challenge 2: Uncertain Processes .................... 62
   Challenge 3: Illegal Units ................................. 67

4 Overcoming Financial Barriers ................................. 74
   Challenge 1: Planning and Design Costs .......... 75
   Challenge 2: Construction Costs ....................... 81
   Challenge 3: Development Fees and Charges ... 87

Photo courtesy of Studio Shed
“Regardless of how and why they’re built, ADUs can help ensure that people of all ages, including older adults, have more options in where and how to live in their own communities.”

“Family Friendly Flexible Housing Options”

Photo credit: elenaleonova/E+ via Getty Images
Introduction

An accessory dwelling unit (ADU) is a small house or apartment located on the same lot as a single-family home. While ADUs are common in many older, long-established communities, they are rare in communities where most residences have been built since the end of World War II.

In recent decades, many communities across the United States have identified ADUs as a valuable tool to expand housing choice in established single-family neighborhoods, while fitting within the existing community character and context. Furthermore, many of these communities have updated their zoning codes to make ADUs a legally permissible use. Despite these recent trends, ADUs remain a small fraction of the new housing units built in most communities each year.

This guide is intended to help community leaders, planners, and housing practitioners and advocates identify and overcome specific challenges that limit the local supply and legal occupancy of ADUs.
The remainder of this chapter provides an orientation to this guide; summarizes the results to date of an ongoing collaboration between AARP and the American Planning Association (APA); and presents an overview of basic ADU concepts, the individual and community benefits of ADUs, and common barriers to ADU construction or occupancy.

**How to Use This Guide**

This guide is divided into five chapters. The remainder of this introductory chapter profiles AARP and APA’s collaborative efforts to promote ADU reforms, provides basic background on the ADU concept, and introduces four categories of barriers to increasing the construction and occupancy of ADUs across the United States. The following chapters explore these categories in turn:

- **Overcoming Political Barriers** discusses how a lack of understanding about ADUs, a lack of inclusivity in planning and decision-making processes, and local intransigence are barriers to ADU reforms and analyzes a range of potential solutions for each.

- **Overcoming Regulatory Barriers** discusses how a lack of permissible locations, an overreliance on discretionary approvals, and overly restrictive zoning standards are barriers to ADU construction and occupancy and analyzes potential solutions for each.

- **Overcoming Procedural Barriers** discusses how inexperienced applicants, uncertain processes, and illegal units are barriers to ADU construction and occupancy and analyzes potential solutions for each.

- **Overcoming Financial Barriers** discusses how planning and design costs, construction costs, and development fees and charges are barriers to ADU construction and occupancy and analyzes potential solutions for each.
The primary audiences for this guide are planners, local officials, and housing practitioners and advocates who are interested in expanding opportunities to construct and occupy ADUs in their communities. While the guide allows readers with limited experience with ADUs to progress through a sequence of potential ADU reforms, readers should feel free to skip around, based on their level of experience and the specific needs in their community.

The guide includes numerous references to resources that provide supporting information or more extensive guidance in one or more areas. Each discussion of potential solutions to a specific challenge includes a grouping of resources for further information. The References section at the end includes works cited in framing discussions throughout the guide. Finally, the guide includes a Glossary to clarify the intended meaning of a small number of specialized terms.

AARP and APA’s ADU Collaboration

AARP works on multiple fronts to help communities become more livable, including encouraging programs and policies that expand housing options and increase housing affordability to help people remain in their homes as they age. AARP’s efforts on ADU policy support these goals. APA is focused on promoting effective planning that creates communities of opportunity for all. Housing and zoning reform is a critical area of concern. APA believes that reforming codes and empowering planning are essential elements of addressing the nation’s housing challenges and meeting today’s social, economic, and equity challenges.

AARP and APA’s collaborative focus on ADUs dates back more than 20 years. In 2000, the AARP Public Policy Institute published a model state act and local ordinance for ADUs drafted by APA staff members (Cobb and Dvorak 2000). More recently (2018), AARP and APA conducted parallel surveys that shed light on individual and community experiences with ADUs. Then, in December 2018, AARP and APA jointly convened a group of ADU experts to define the work.
and policies needed to advance and improve the use of ADUs. APA participated in the effort led by AARP to update the model legislation. This vital new resource, AARP’s ADU Model State Act and Local Ordinance, was released in early 2021. AARP and APA are also collaborating on an upcoming review of ADU state legislative activity and trends.

**AARP’s Home and Community Preferences Survey**

In November 2021, AARP surveyed a representative sample of US adults over the age of 18 to learn more about their home and community preferences (Binette 2021). Among other topics, the survey included a series of questions about respondents’ experiences with and feelings about ADUs.

While only 4 percent of all respondents reported having an ADU on their property, 26 percent of those without an ADU would consider adding one if they had the space. The most compelling reasons to have or to consider building an ADU are the ability to provide a home for family or friends or a place for a family member who needs care. However, more than half of these respondents also cite an interest in providing a place for guests or a caregiver to stay, increasing home value, feeling more secure with someone living close by, and earning extra income from rent as major or minor reasons for having or potentially building an ADU.

The survey also documented the reasons why homeowners reported they would not consider adding an ADU to their property. Eighty-one percent of these respondents cited a lack of need as a reason for their disinterest. However, more than half also identified modification or construction costs, a potential increase in property taxes, not wanting to be a landlord, not wanting to go through the permit process, and a lack of permission under local restrictions or zoning laws as major or minor reasons for not adding an ADU.

**APA’s ADU Survey**

In October 2018, APA surveyed a nonrepresentative sample of city and county planning directors in the United States to learn more about ADU zoning practices and permitting and construction trends. Through this effort, APA hoped to test the presumption that local ADU regulations, permitting processes, and construction experiences vary considerably from place to place and to better characterize the prevalence of specific approaches and experiences.

APA received responses from 381 local agencies, including at least one jurisdiction from every state except Hawaii and Rhode Island. Based on cross-tabulations for each question posed to all respondents, responses varied little by jurisdiction type, population, population density, or location.
More than half of all respondents indicated that their jurisdiction had at least one but fewer than 500 ADUs; however, nearly a third of all respondents indicated that they did not know how many ADUs were in their jurisdiction. Additionally, nearly a third of respondents from jurisdictions with at least one ADU did not know what percentage of existing ADUs complied with current regulations.

More than half of all respondents indicated that both local regulations or permitting processes and a lack of familiarity with ADUs represent barriers to increasing the number of ADUs in their jurisdiction. A majority of respondents indicated that both local elected officials and homeowners were somewhat supportive of increasing the number of ADUs in their jurisdiction. More than 60 percent of respondents indicated that their jurisdiction’s zoning ordinance does explicitly permit new ADUs. However, when asked to clarify zoning permissions, only a quarter indicated that their jurisdiction permits at least one ADU by right on any conforming lot that permits a single-family home. Additionally, more than half of respondents from jurisdictions that permit ADUs indicated that all new ADUs must comply with owner-occupancy and minimum off-street parking requirements.

More than 40 percent of respondents from jurisdictions with zoning ordinances indicated that their jurisdiction’s approach to zoning for ADUs was more permissive than it was 10 years earlier. Less than 2 percent indicated that their jurisdiction’s approach was more restrictive. Among respondents whose jurisdiction’s approach had become more permissive, nearly two-thirds indicated that a lack of affordable housing and a lack of housing diversity were significant reasons for this change.

More than half of all respondents indicated property owners can secure permission to construct an ADU in two months or less in their jurisdiction. However, more than three-quarters of respondents from jurisdictions that issue permits for ADU construction reported that their jurisdiction had permitted fewer
than 25 ADUs in the past year. And nearly three-quarters indicated that less than 5 percent of the residential construction permits their jurisdiction issued in this period were for ADUs.

Finally, less than half of all respondents indicated that their jurisdictions offer any form of assistance to help property owners construct ADUs. For jurisdictions that do help property owners, handouts or guides to explain local requirements and procedures and one-on-one technical assistance are the most common approaches.

**AARP and APA’s ADU Innovation Roundtable**

AARP and APA hosted more than two dozen ADU and housing experts at APA’s offices in Washington, DC, for a full-day workshop on ADU issues and opportunities. Through formal presentations and moderated discussion, participants identified and examined several distinct regulatory and financial barriers to dramatically increasing the supply of ADUs across the United States.

A key takeaway from the event is there are at least three distinct stages of ADU market maturity. At the first stage, ADUs are illegal. At the second stage, ADUs are permissible either by right or through a discretionary approval process, but there is very little ADU construction. At the third stage, ADUs are permissible by right, and while only a small percentage of eligible properties have ADUs, there has been a significant uptick in ADU construction.

Participants stressed the importance of developing distinct strategies for different stages of market maturity. For example, at the first stage of maturity, participants identified stakeholder engagement and public education as necessary precursors to policy changes that would legalize ADUs. The primary goals for this stage are to lay the groundwork for making ADUs legal in certain locations or under certain circumstances.
For communities at the second stage of maturity, participants discussed the importance of gathering information and sharing stories about community experiences with existing ADUs to increase awareness about ADU benefits and to test whether initial justifications for specific regulatory standards or procedural requirements still make sense. The primary goals for this stage may be to expand the locations or circumstances where ADUs are legal and to simplify zoning and permitting processes.

For communities at the third stage of maturity, participants emphasized the need for new construction approaches and financing mechanisms to scale up ADU production. The primary goal for this stage is to lower the barrier to entry for potential ADU owners and help to facilitate development.

**ADU Basics**

The three broad types of ADUs are internal, attached, and detached. An internal (or interior) ADU is an apartment created by converting part of an existing single-family home. An attached ADU is an apartment created by adding floor area to a new or existing single-family home. A detached ADU is a small home or apartment created by building a new accessory structure or converting or adding floor area to an existing accessory structure on the same lot as a new or existing single-family home.

Throughout the country, ADUs are known by many other terms (Brown 2012). Some of these terms, such as basement or garage apartment, carriage house, backyard bungalow, and alley flat, refer to the location of the ADU. Others, such as accessory apartment, secondary dwelling, additional rental unit, guest house and in-law suite, are general synonyms for ADU. Some are defined in state or local laws. For example, California defines a junior accessory dwelling unit as an internal ADU with no more than 500 square feet of floor area (Cal. Gov’t Code §65852.22). Others are simply informal or regional variants.

ADUs provide both individual and community benefits. They can generate supplemental rental income for homeowners, create more affordable rental housing options in single-family neighborhoods, and house multigenerational families without sacrificing privacy. They can enhance the ability to age in place by providing space for a caregiver to live or a living unit for an older adult who is no longer able to navigate the main home. Furthermore, ADUs typically require fewer resources to build and maintain and use less energy for heating and cooling than larger homes—which lowers housing costs, supports local efforts to reduce greenhouse gas emissions, and promotes resource-efficient development. Because they are often located within or behind existing single-family homes, ADUs can help expand and diversify the local housing supply while maintaining a similar
In the decades following World War II, many communities adopted local zoning codes that prohibited multiple residences per lot in low-density residential districts. This, in effect, made it impossible to create new ADUs in many cities and counties across the country and often made it illegal to rent or occupy existing ADUs after a period of vacancy.

Since the 1980s, many communities have taken a renewed interest in ADUs as a potential strategy for increasing housing choice and affordability. While this interest has driven zoning reform efforts and other initiatives that aim to legalize and support the construction and occupancy of ADUs, the percentage of eligible single-family homes with ADUs remains very low, even among cities that have had a sharp increase in ADU construction (Grant et al. 2019).

Common Barriers

The most common barriers to increasing ADU construction and occupancy are a lack of political will, community opposition, exclusionary or onerous local regulations, complex or unpredictable local procedures, and insufficient or inaccessible project financing.

AARP and APA have resources to learn more about ADUs:

- **The ABCs of ADUs** is a primer for those interested in reading more about fundamental ADU development concepts and policy alternatives (Spevak and Stanton 2019).

- **Accessory Dwelling Units: A Step by Step Guide to Design and Development** walks homeowners through key stages and considerations within the design and construction process (Grant et al. 2019).

- **The AARP ADU Model State Act and Local Ordinance** is a resource for state and local elected officials who are considering introducing legislation to allow ADUs in their jurisdictions.

- APA also offers a **Research KnowledgeBase collection on ADUs** with resources that provide background, policy guidance, and examples of local plan recommendations and zoning standards.
Lack of Political Will

In many communities, a lack of political will stymies any effort to make it easier to build or occupy an ADU. Local officials are often reticent to support zoning reforms or other initiatives that could expand the supply of ADUs if they perceive a low level of interest among their constituents. Residents who oppose change of any kind are often disproportionately represented in public meetings, and local officials often have a poor sense of how the broader community feels about ADUs. Consequently, competing priorities can keep ADUs from rising to the top of the local policy agenda, and a small number of vocal opponents can sap political will.

Often, community stakeholders must build awareness and understanding of ADUs to overcome a lack of political will. Furthermore, a lack of inclusivity in planning and decision-making processes may be distorting local officials’ perceptions of how their constituents feel about ADUs. Finally, there are contexts in which a lack of political will requires changes to state law. The chapter titled Overcoming Political Barriers introduces and analyzes a range of potential solutions to these challenges.

Local Regulations

In some communities, local regulations represent an absolute barrier to legal construction or occupancy of ADUs. In others, local regulations may be a substantial or relatively minor barrier, depending on the specific regulatory approach. States grant local governments the authority to adopt zoning and other land-use and development regulations governing the construction and occupancy of ADUs. While a small number of states have preempted some aspects of this authority, municipalities and counties in most states can choose to permit or prohibit ADUs in any zoning district or in association with any building type or land use. Furthermore, local regulations for ADUs often establish site, structure, or occupancy requirements or restrictions that limit permissible ADU construction and occupancy alternatives on a specific lot.

Local regulations that prohibit or severely limit permissible locations for ADUs are the most obvious barrier to expanding the local supply. Meanwhile, an overreliance on discretionary approval processes and overly restrictive zoning standards are common, but more nuanced, barriers. The chapter titled Overcoming Regulatory Barriers introduces and analyzes a range of potential solutions to these challenges.
**Local Procedures**

Few developers specialize in ADU or multigenerational home construction. Therefore, individual homeowners typically make the decision to add an ADU to their property and then manage the ADU design and construction process. As homeowners take on the role of amateur developers, they must navigate local permitting procedures, often for the first time. Meanwhile, many communities that are interested in boosting legal construction and occupancy of ADUs struggle with what to do about existing unpermitted ADUs.

For some homeowners who would otherwise be interested in creating an ADU, complex or inflexible procedures and paperwork requirements are a major barrier. Furthermore, inexperienced applicants often face unpredictable decision-making timelines. Separately, while providing low-cost options for people whose housing needs are unmet, widespread illegal ADUs pose health and safety risks, which can undermine efforts to expand legal ADU construction. Some communities will need to create new procedures to minimize these risks. The chapter titled *Overcoming Procedural Barriers* introduces and analyzes a range of potential solutions to these challenges.

**Project Financing**

ADUs are significant investments, ranging from $50,000 to more than $150,000 (Spevak and Stanton 2019). Generally, homeowners use cash or a home equity line of credit to finance ADU construction (Grant et al. 2019; Spevak and Stanton 2019). While not as significant as construction costs, often “soft” costs associated with planning, design, and approval add to the total project budget.

In many communities, new financing options, grants, lower-cost development approaches, or development incentives may be necessary to dramatically increase ADU production. The chapter titled *Overcoming Financial Barriers* introduces and analyzes a range of potential solutions to these challenges.
“It’s no surprise that ADUs... are becoming popular across the United States. They are beneficial for older adults, multi-generational living, and create more livable communities. They can make communities better when they are included as a part of the types of housing options permitted within a neighborhood or community.”

Cheryl Cort, Coalition for Smarter Growth, “Discovering the Benefits of Guest Cottages”
Overcoming Political Barriers

In most states, local officials have wide discretion to implement regulatory and assistance programs that affect the construction and occupancy of ADUs.

Consequently, local political will is typically a precondition for any ADU reform. To put it another way, communities must overcome their political barriers before implementing any of the potential solutions discussed in subsequent chapters.

The following sections discuss three distinct challenges that can undermine political will: lack of understanding, lack of inclusivity, and local intransigence. Each section offers a range of potential solutions.
Challenge 1: Lack of Understanding

In some communities, a lack of understanding about ADUs and their potential benefits to community members can translate into vocal opposition to ADU reforms.

Individual property owners may worry about how ADUs will affect traffic, parking, community appearance, or other neighborhood conditions. And local officials may be leery of considering actions that could spark vocal opposition. The following subsections analyze potential solutions for improving community leaders’ and members’ understanding about ADUs, highlight a noteworthy example of each solution, and provide references to resources for further information.

Potential Solutions

Listening to community concerns, sharing information about the actual effects of ADUs, and piloting new regulatory or assistance programs can all help fill knowledge gaps and build political support.

Listening sessions can be a valuable early step for any ADU reform process. During a listening session, planners and community leaders invite community members to share their experiences with, preferences for, and concerns about ADUs.

Meanwhile, sharing empirical evidence, visualizations, and testimonials is often the best way to emphasize the benefits and counter common misperceptions about adding ADUs to established neighborhoods. Combining these three approaches can help planners, local officials, and advocates appeal to the intellects and emotions of community members.

Finally, pilot ADU programs can help test assumptions about regulatory, procedural, or financial reforms. Typically, pilot programs apply for a short period and may apply only to a subarea of a community or a limited number of participants.
1 **Host listening sessions**

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<th>WHERE IT WORKS</th>
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<tr>
<td>Any community context</td>
<td>Identifies potential “third-rail” issues or previously unknown concerns</td>
<td>Opinions shared may not be representative of the community as a whole</td>
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<td>Provides outreach to the whole community, including underrepresented</td>
<td>May extend over a long period to reach the whole community</td>
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<td>community members</td>
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<td>Gives community members a chance to shape ADU reforms</td>
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2 **Share empirical evidence, visualizations, and testimonials**

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<th>WHERE IT WORKS</th>
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<tr>
<td>Communities with existing legal ADUs</td>
<td>Emphasizes evidence and personal stories over opinions</td>
<td>Can be difficult to distill important evidence, especially within a short time frame, and craft compelling stories</td>
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<td>Provides background information and data that establish the context for ADUs as a housing solution</td>
<td>Existing experiences with ADUs may be a poor predictor of future experiences under different conditions</td>
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<td>Helps community members understand how ADUs may affect them personally</td>
<td>Personal stories and case studies may not fit within the context of the municipality or resonate with all community members</td>
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### 3 Test reforms with pilot programs

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<td>Communities with some political support for ADUs and a modest tolerance for risk</td>
<td>Tests assumptions and provides an opportunity to see results before committing to a program design</td>
<td>May require a needs assessment or market study to identify appropriate subareas or participants</td>
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<td>Less risky than permanent programs</td>
<td>Pilot may not reach target audience/participants</td>
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<td></td>
<td>Helps to meet the housing needs of community on a small scale</td>
<td>Pilot results may be a poor predictor of a full-scale program and may require further demonstration</td>
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“The option of having [my mother] close to us without necessarily being in our space is a wonderful solution for everybody.”

- Kai

*A Place for Loved Ones to Live: ADUs and Caregiving*
Noteworthy Examples

In 2018, Portola Valley, California, (population 4,456) used a grant from San Mateo County’s Home for All initiative to host a pair of listening sessions in advance of drafting an update to the town’s ADU regulations. The first listening session focused on how the local housing crisis was affecting residents, and the second session focused on how ADUs might fit in the community. The town’s revised ADU regulations reflect much of the feedback offered during these sessions, including a recommendation to allow separate addresses for ADUs at the property owner’s request (§18.36.040.B).

Seattle, Washington (population 737,015), maintains an ADU information hub in the Office of Planning & Community Development section of its website. At the direction of city officials, planners used this hub to share the results of a survey of existing ADU owners and to communicate the potential for growth in ADUs as the city studied an update to its ADU regulations. The city also actively solicits stories from community members who own or live in ADUs and provides links to interactive maps showing the location and timing of ADU permits since 1990.

Between November 2017 and May 2019, Boston, Massachusetts (population 675,647), used a pilot program to test a more permissive approach to regulating ADUs in three neighborhoods. During the pilot, owner-occupants of one- to three-family buildings could apply to add an internal ADU by right, without having to comply with any additional zoning requirements. This pilot helped the city test points of friction in the permitting process and learn more about why some applicants dropped out of the program before obtaining a building permit or a certificate of occupancy. On May 8, 2019, city officials approved a zoning amendment extending the pilot regulations citywide.
Additional Information


Boston (Massachusetts), City of. 2019. “Additional Dwelling Units.”


Portola Valley (California), Town of. 2018. “Community Conversation About Housing.”

Portola Valley (California), Town of. 2019. “Town Meetings and Documents Related to Accessory Dwelling Unit (ADU) Ordinance.”


Challenge 2: Lack of Inclusivity

Traditional public participation methods, such as public workshops, meetings, and hearings, often exclude or undervalue the perspectives and experiences of renters, lower-income households, people experiencing homelessness, people of color, non-English speakers, older adults, youths, people with disabilities, single-parent families, and other marginalized populations.

This can distort local officials’ perceptions about community experiences and preferences. However, if inclusive engagement is successful, participants may take ownership of the issue and become dedicated champions of ADU-related efforts within the community. The following subsections analyze potential solutions for improving inclusivity in ADU planning and decision-making processes, highlight a noteworthy example of each solution, and provide references to resources for further information.

Potential Solutions

Creating a citizens advisory committee (CAC), removing barriers to meaningful participation and collaboration, and building inclusive coalitions are all promising strategies for increasing political support for ADU reforms.

CACs provide a way for community members from populations and groups that have historically been underrepresented in planning and decision-making processes to play a prominent role in shaping ADU programs. Planners or local officials typically establish a CAC through an open application process or by engaging representatives of a cross-section of
community-based organizations, including housing- or tenant-focused, community development, aging or social services, faith-based, civic, and neighborhood organizations (Angerer 2009; Davis et al. 2013; US EPA 2016).

Meanwhile, the list of potential barriers to participating in any ADU reform process is extensive, including a lack of awareness, perceived relevance, or free time; poor transportation or broadband access; child-care or work schedule conflicts; and low language or technological proficiency. To maximize inclusion, planners and local officials must take steps to make participation possible, convenient, and rewarding. Specific strategies include multilingual materials, meetings, and workshops; online tools and platforms that allow community members to virtually attend meetings or to provide feedback and ideas in ways and at times that work for them; and pairing planning activities with street fairs, festivals, or meetings, in their neighborhoods, hosted by other governmental agencies or community-based organizations (Davis et al. 2013; Garcia et al. 2019; Holley 2016; Spivak 2019).

Finally, coalitions that bring together housing advocates, real estate professionals, neighborhood organizations, and representatives of historically marginalized populations and groups to explore ADU reforms can break through political logjams. Simply put, a coalition is a group of individuals or organizations committed to working together to achieve a shared goal. While some coalitions are informal, temporary associations, others solicit formal commitments from members and may eventually become independent organizations (CCHD 2019).

Creating a citizens advisory committee (CAC), removing barriers to meaningful participation and collaboration, and building inclusive coalitions are all promising strategies for increasing political support for ADU reforms.
1. **Create a citizens advisory committee**

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<th>WHERE IT WORKS</th>
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<tr>
<td>Any community with a commitment to supporting inclusive public engagement</td>
<td>Gives a cross section of community stakeholders a chance to focus on ADU issues and opportunities</td>
<td>Can be time or resource intensive</td>
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<td>Ensures that the perspectives of historically marginalized populations or groups are heard</td>
<td>Can be difficult to engage a representative group of community members</td>
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<td>May be difficult to sustain the group over time</td>
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2. **Remove barriers to meaningful participation and collaboration**

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<tr>
<td>Any community with a commitment to supporting inclusive public engagement</td>
<td>Can boost civic engagement among historically underrepresented segments of the community</td>
<td>Can be time or resource intensive</td>
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<td>Gives underrepresented community members a chance to shape ADU reforms</td>
<td>Conflicting views or priorities may cancel each other out</td>
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<td>May promote cultural competency training or assistance from community-based organizations</td>
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Build inclusive coalitions

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<th>WHERE IT WORKS</th>
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<tbody>
<tr>
<td>Any community context</td>
<td>Helps planners, local officials, and advocates craft proposed ADU reforms</td>
<td>Can be time or resource intensive</td>
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<tr>
<td></td>
<td>Builds consensus on ADU reforms</td>
<td>Can be fragile</td>
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</table>

“[ADU] offers people a way to add to what they already have. That just gives you more opportunity, more reason to stay here because you’ve got some possibilities. Also, as you get older things change.”

- Terri

*Building a Living Space for Family, Friends and More*
Noteworthy Examples

In February 2017, Arlington County, Virginia (population 238,643), convened a citizens advisory committee (the Accessory Dwelling Advisory Working Group) to help staff draft an update to the county’s existing ADU regulations. Members of this committee represented a range of tenant, real estate, housing advocacy, neighborhood, and civic interests. The committee discussed how specific regulatory provisions limited opportunities for ADU development and proposed a series of fixes related to permitting detached ADUs, reducing parking requirements, modifying entrance location standards, and removing annual caps on permits. The county implemented most of the committee’s recommendations through a code update in November 2017. The county reengaged the committee in 2019 to discuss further reforms to boost ADU production and subsequently adopted new ADU regulations for detached ADUs that closely matched the committee’s original proposal. According to staff, before this second round of reforms took effect, the county had approved only 19 ADUs over more than 10 years, but over the next two and a half years, the county approved 66 new ADUs.

In April 2019, Beaverton, Oregon (population 97,494), surveyed residents to learn more about their ADU needs and preferences as part of a larger zoning reform project focused on expanding housing options. The city posted a link to the survey on its website and sent e-mail invitations to the city’s Cultural Inclusion program contacts and Neighborhood Association Committees. Staff also attended a Habitat for Humanity event, a Latino Family Night, and a Somali Empowerment Circle gathering to discuss housing issues and circulate English, Spanish,
Overcoming Political Barriers

I needed to give back. I looked at my garage and said, ‘Well, someone could live there’.

- Scott

Creating a Living Space for the Neighbors

and Somali language paper versions of the ADU survey. During these community conversations, participants discussed some issues that did not surface through the survey, such as the need for large-family homes, higher quality housing, and more housing near places of worship.

Also, in April 2019, the nonprofit **Bay Area Council in California** launched the **Casita Coalition**, a statewide network of advocacy and nonprofit organizations, builders, architects, municipal planners, and homeowners, to boost construction of ADUs. The coalition is focusing on state and local efforts to change overly restrictive zoning standards, high fees, and other codes and requirements that make legal ADU construction infeasible. Ivory Innovations, an applied academic institution at the University of Utah, named the Casita Coalition a Top 25 finalist for its Ivory Prize for Housing Affordability in January 2020.
Overcoming Political Barriers

Additional Information


Arlington (Virginia), County of. 2019. “Accessory Dwelling Regulations Update.”


Casita Coalition. 2022. “ADU Resources.”


Photo credit: coralimages/via Adobe Stock
Challenge 3: Local Intransigence

Local officials often benchmark their communities against neighboring cities, towns, or counties and may be reluctant to act first on ADU reforms. The net effect of this tendency is that local regulations that permit ADUs remain rare across many metropolitan areas.

In these areas, communities consisting predominantly (or exclusively) of established single-family neighborhoods with high rates of owner occupancy may see ADUs as a risky unknown.

While a high degree of local control over land use and development does allow local officials to address context-specific conditions, local control can also reinforce or exacerbate housing shortages and mismatches between the supply of and demand for different types of housing across a region (Hinshaw and DeAngelis 2019). Consequently, in some parts of the country, new state laws may be necessary before local officials will tackle ADU reforms. The following subsections analyze potential state-level solutions for local intransigence, highlight a noteworthy example of each solution, and provide references to resources for further information.

**Potential Solutions**

State legislative reforms that incentivize local ADU ordinances, preempt local prohibitions on ADUs, or establish the maximum level of restrictiveness for local ADU regulations are all promising strategies for increasing political support for ADU reforms.

Planners, local officials, and housing practitioners and advocates can support state legislative proposals that
incentivize the local adoption of ADU ordinances by offering individual or community benefits (Brinig and Garnett 2013). Individual benefits may include grants, low-interest loans, or tax relief for adding an ADU to a property. Community benefits may include technical assistance, model ordinances, housing for targeted populations, or credits toward affordable housing requirements for ADUs.

Additionally, community stakeholders can advocate for state legislative proposals that preempt local zoning regulations that explicitly prohibit all ADUs (Brinig and Garnett 2013). These proposals can require local jurisdictions to permit ADUs in at least some locations while still granting wide discretion to local officials to establish permitting procedures and development and occupancy standards. They may apply to all cities, towns, or counties or only to those meeting specific criteria, such as minimum population or location within a growth management area.

Alternatively, community stakeholders can support state legislative proposals that establish maximally restrictive local regulations for ADUs. These proposals can require local jurisdictions to permit one or more types of ADUs “by right” in certain locations or under certain conditions. Furthermore, they can specify the most restrictive permissible development and occupancy standards for different types of ADUs. In communities without compliant local ADU regulations, local officials must issue ADU permits in accordance with these standards.

### State legislative reforms that incentivize local ADU ordinances

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<tr>
<th>WHERE IT WORKS</th>
<th>BENEFITS</th>
<th>DRAWBACKS</th>
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| States that have prioritized increasing ADU production | Typically less controversial than laws that preempt local control  
Can be paired with other state legislative reforms related to housing, zoning reform, and planning enabled statute modernization | May require a dedicated source of funding  
Can be difficult to identify the most effective incentives |
# State legislative reforms that preempt local prohibitions on ADUs

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<tr>
<th>WHERE IT WORKS</th>
<th>BENEFITS</th>
<th>DRAWBACKS</th>
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<tbody>
<tr>
<td>States with a limited appetite for preempting local land-use and development authority that have prioritized increasing ADU production</td>
<td>Creates a potential path for permission to add new ADUs in every community Typically less controversial than more extensive preemptions of local control</td>
<td>Can be undermined by overly restrictive local ADU regulations</td>
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# State legislative reforms that establish maximally restrictive local regulations for ADUs

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<th>WHERE IT WORKS</th>
<th>BENEFITS</th>
<th>DRAWBACKS</th>
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<tbody>
<tr>
<td>States with widespread local intransigence and acute housing market problems that have prioritized increasing ADU production</td>
<td>Creates a predictable path for permission to add new ADUs in every community Provides maximum political cover for local ADU reforms</td>
<td>Typically highly controversial Can be time or resource intensive to implement</td>
</tr>
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</table>
Noteworthy Examples

In 2004, Florida legislators passed a law encouraging cities and counties to adopt ordinances that permit ADUs rented at affordable rates to low- or moderate-income households in any area zoned for single-family housing (§163.31771). As an incentive, a local jurisdiction can count affordable ADUs toward the affordable housing target in its comprehensive plan. While very few cities or counties have taken advantage of this incentive, it does illustrate one potential approach to connecting ADUs to broader planning priorities and obligations (Gottlieb 2017; Ross 2016).

In 2016, New Hampshire legislators adopted statutes requiring all municipalities to permit, either “by right” or subject to a discretionary approval, attached or internal ADUs in all zoning districts that permit single-family dwellings (§674.72). These statutes also specify how local zoning standards for ADUs can or must address doors between units, parking, dimensional standards, water supply and sewage, owner occupancy, design, relationship status of occupants, number of bedrooms, and qualification for workforce housing status (Morelli 2017). According to the New Hampshire Office of Energy and Planning, most municipalities in the state had updated their ADU regulations to comply with the state statutes by the summer of 2017.

Since 2016, California legislators have passed a series of updates to the state’s ADU statutes that require all cities and counties to permit one internal or attached or one detached and one small internal ADU by right in association with any existing or new single-family home (Government Code §65852.2). These statutes also establish maximally restrictive local ADU regulations. For example, under state law, local ADU regulations cannot require owner occupancy for any dwelling unit on the lot and cannot require any additional parking spaces for
internal or attached ADUs. Following these reforms, ADU production across the state has increased dramatically (Garcia 2017). In 2018, ADUs accounted for 20 percent of all housing unit permits in Los Angeles, up from just 0.9 percent in 2016 (Bertolet and Gabobe 2019).

**Additional Information**


“Communities can benefit when they’re more inclusive and more inclusive communities tend to be more vibrant and support more community amenities. ADUs really are a great first step to start increasing housing choices within these communities by...providing a range of choices.”

Eric Kronberg, Kronberg Urbanists + Architects, “Discovering the Benefits of Guest Cottages”
Most states, cities, towns, and counties have the authority to adopt local zoning regulations that determine whether an individual or family can build or occupy a specific type of ADU in a specific location.

Furthermore, these permissions often vary across zoning districts, land-use categories, or building types.

While many cities, towns, and counties have reformed their zoning regulations to make it easier to build or occupy ADUs, many others have not. Even among communities that explicitly permit one or more types of ADUs, regulations vary widely from place to place and can still act as major obstacles to creating new ADUs (Brinig and Garnett 2013; Spevak and Stanton 2019).

The following sections discuss three distinct challenges that represent common regulatory barriers for ADUs: few or no permissible locations, an overreliance on discretionary approvals, and overly restrictive zoning standards. Each section offers a range of potential solutions.
Challenge 1: Few or No Permissable Locations

Outright prohibitions on new ADUs remain relatively common in local zoning regulations.

For example, a systematic review of ADU regulations on New York’s Long Island in 2017 found that more than 60 percent of the islands’ 107 suburban cities, towns, and villages prohibited all new ADUs (Moore 2017). As of 2018, nearly a third of the 100 cities and towns surrounding Boston, Massachusetts, prohibited new ADUs (Dain 2018).

Apart from bans on ADUs, some local jurisdictions permit new ADUs only in a small number of zoning districts for single-family homes. Additionally, some establish limits on the percentage of lots within a zoning district that can have ADUs or the total number of permissible ADUs.

The following subsections analyze potential solutions for a lack of permissible locations for new ADUs, highlight a noteworthy example of each solution, and provide references to resources for further information.

Potential Solutions

The three common alternatives for establishing ADUs as a permissible use through local zoning regulations are (a) permitting multiple ADUs on any lot where a single-family home is allowed, (b) permitting one ADU on any lot where a single-family home is allowed, and (c) permitting one ADU per lot in some zoning districts that permit single-family homes.

Local officials can amend zoning regulations to permit one internal or attached ADU and one detached ADU on any lot with an existing or planned single-family home. This creates the opportunity for up to three dwelling units on the lot, provided two of the three units are clearly subordinate to the main house.
Alternatively, local officials can amend zoning regulations to permit one internal, attached, or detached ADU on any lot with an existing or planned single-family home. This creates the opportunity for up to two dwelling units on the lot, provided one of the units is clearly subordinate to the main house.

Finally, local officials can amend zoning regulations to permit one internal, attached, or detached ADU on any lot with an existing or planned single-family home in some zoning districts that permit single-family homes. Depending on the number of permissive zoning districts and the mapped extent of those districts, permissible locations may be widespread throughout a community or concentrated in a small subarea.

### Permit one internal or attached ADU and one detached ADU on any lot where a single-family home is allowed

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<tr>
<th>WHERE IT WORKS</th>
<th>BENEFITS</th>
<th>DRAWBACKS</th>
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<tbody>
<tr>
<td>Communities with a high demand for infill housing and strong political support for ADUs</td>
<td>Maximizes the total permissible number of ADUs&lt;br&gt;Can dramatically increase rental housing opportunities in single-family neighborhoods</td>
<td>May require infrastructure upgrades to maintain level of service&lt;br&gt;May lead to obvious changes in neighborhood appearance&lt;br&gt;May face local opposition to increased density</td>
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Permit one internal, attached, or detached ADU on any lot where single-family homes are allowed

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<th>WHERE IT WORKS</th>
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<tr>
<td>Communities with strong political support for ADUs</td>
<td>Can send the message that an ADU is a “customary” accessory use for single-family homes</td>
<td>May require infrastructure upgrades to maintain level of service</td>
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<td>Can dramatically increase rental housing opportunities in single-family neighborhoods</td>
<td>May face local opposition to increased density</td>
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Permit one internal, attached, or detached ADU on any lot in some zoning districts where single-family homes are allowed

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<tbody>
<tr>
<td>Communities with moderate political support for ADUs and multiple zoning districts that permit single-family homes</td>
<td>Can build community experiences with ADUs and lay the groundwork for future reforms</td>
<td>May have a small overall effect on ADU construction and occupancy</td>
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<td>Can help planners and local officials concentrate ADUs in designated growth areas or areas with good access to transit and services</td>
<td>May be perceived as unfair by homeowners in districts that do not permit ADUs</td>
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<td>May face local opposition to increased density</td>
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Noteworthy Examples

In November 2018, local officials in Tigard, Oregon, (population 54,539) approved updated ADU regulations to allow each single-family home to have two ADUs (Ordinance 18-23; §18.220.050). These ADUs may both be internal or attached, or they may be one internal or attached ADU and one detached ADU. Between 2000 and 2018, Tigard averaged fewer than two ADU permits a year. Over the next three years, the city approved 79 ADUs, including 16 permits for two ADUs on the same lot (Tigard 2022).

In December 2014, local officials in Minneapolis, MN (population 429,954), adopted new ADU regulations to allow each single-family home (and each two-family home) to have one internal, attached, or detached ADU. According to staff, as of March 2022, the city has approved 218 and issued building permits for more than 170 ADUs, including both illegal units brought up to code and new internal, attached, and detached units.

In July 2014, local officials in Durango, Colorado, (population 19,071), adopted a new land-use and development code that permitted one internal, attached, or detached ADU per lot in multiple residential zoning districts (Ordinance 2014-0024 §2-3-2-3). Because the city had many existing unpermitted ADUs, it also established a registration process to legalize units in districts where ADUs were now permissible (Flint 2016). Between July 2014 and February 2019, the city permitted more than 25 new ADUs and registered 300 preexisting units (Durango 2022). Based on the program’s success, local officials approved updated ADU regulations in March 2019 that permitted ADUs in all residential zoning districts (Ordinance 2019-07 §2-3-2-3). And local officials are still looking for ways to fine-tune the city’s ADU strategy. In a March 2022 city survey, more than half of respondents identified construction costs, parking requirements, and setback standards as the biggest remaining barriers to ADU construction (Durango 2022).
Addisonal Information


Durango (Colorado), City of. 2019. “ADU Program Information.”


Challenge 2: Overreliance on Discretionary Approvals

The two broad categories of use permissions in local zoning are *by right* and *subject to discretionary approval*.

When a city, town, or county permits ADUs by right (or subject to ministerial approval), anyone who complies with a set of clear, objective regulations can build or occupy an ADU. In contrast, local officials approve or deny discretionary use permits (i.e., conditional, special, or special exception use permits) based on their interpretation of whether a specific ADU application satisfies subjective criteria or could satisfy those criteria if the applicant accepts additional development or occupancy conditions. Typically, local zoning regulations also require local officials to hold a public hearing before they decide on a discretionary use permit.

Many communities require discretionary approvals for one or more types of ADUs, either in specific zoning districts or communitywide. For example, more than 85 percent of the cities and towns surrounding Boston, Massachusetts, that allow ADUs require discretionary use permits (Dain 2018). Meanwhile, a review of ADU regulations across metropolitan Minneapolis-St. Paul in Minnesota found that more than a quarter of cities that permitted ADUs required a discretionary use permit (FHF 2019).

Discretionary approvals allow planners and local officials to consider the compatibility of each ADU with its surrounding area on a case-by-case basis. While this provides opportunities to craft conditions of approval that can help ADUs better fit into established neighborhoods, it also creates delay and uncertainty for applicants. When local officials require discretionary use permits for most or all ADUs, it sends a clear signal to the community that ADUs...
are not “customary” accessory uses for single-family homes.

The following subsections analyze potential solutions for an overreliance on discretionary approvals for ADUs, highlight a noteworthy example of each solution, and provide references to resources for further information.

**Potential Solutions**

The three common alternatives to requiring discretionary approvals for all ADUs are (a) by-right zoning for all ADUs, (b) by-right zoning for all internal and attached ADUs and discretionary approvals for detached ADUs in one or more zoning districts, and (c) by-right zoning for one or more types of ADUs in one or more districts and discretionary approvals for all other ADUs.

Local officials can amend zoning regulations to allow all types of ADUs by right (or subject to ministerial approval) in all permissible zoning districts. This approach eliminates reliance on subjective decision-making without eliminating the option of requiring all ADUs to comply with clear, objective development or occupancy standards.

Alternatively, local officials can amend zoning regulations to allow all internal and attached ADUs by right (or subject to ministerial approval) in all permissible zoning districts but require a discretionary use permit for detached ADUs in one or more zoning districts. This approach reduces reliance on subjective decision-making while still acknowledging that some detached ADUs may require special treatment to address specific community concerns.

Finally, local officials can amend zoning regulations to allow internal, attached, or detached ADUs by right (or subject to ministerial approval) in a limited number of permissible zoning districts. This approach reduces reliance on subjective decision-making while emphasizing that each zoning district is intended to foster different development outcomes.
### Permit all internal, attached, and detached ADUs “by right”

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<tr>
<th>WHERE IT WORKS</th>
<th>BENEFITS</th>
<th>DRAWBACKS</th>
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<tbody>
<tr>
<td>Communities with strong political support for ADUs</td>
<td>Provides maximum certainty to applicants about whether they can add an ADU to their property</td>
<td>May be time and resource intensive (education and outreach)</td>
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<td>Typically shortens the time between application and approval for ADU permits</td>
<td>May require additional, ADU-specific standards to ensure neighborhood compatibility</td>
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<td>May face community opposition</td>
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### Permit all internal and attached ADUs by right but require a discretionary use permit for detached ADUs in one or more zoning districts

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<th>WHERE IT WORKS</th>
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<tr>
<td>Communities with strong political support for ADUs but neighborhood-specific concerns about the effects of detached ADUs on community appearance or privacy</td>
<td>Provides certainty to applicants about whether they can add an internal or attached ADU to their property</td>
<td>May require additional, ADU-specific standards to ensure neighborhood compatibility</td>
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<td>Typically shortens the time between application and approval for internal and attached ADU permits</td>
<td>May discourage some otherwise interested detached ADU applicants</td>
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### Permit all internal, attached, or detached ADUs by right in some zoning districts and with a discretionary use permit in others

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<th>WHERE IT WORKS</th>
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<tr>
<td>Communities with moderate political support for ADUs and neighborhood-specific concerns about the effects of ADUs on community appearance or privacy</td>
<td>Builds community experience with ADUs and lays the groundwork for future reforms. Provides opportunities to locate ADUs in designated growth areas or areas with good access to transit and services</td>
<td>May discourage some otherwise interested ADU applicants. Can be time and resource intensive to manage discretionary approval processes</td>
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**Expanding Housing Through Policy: ADUs in Ashland, OR**

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“ADUs are a really great way to get rental units within an existing neighborhood. A lot of times older lots are larger lots so there is space in the back for second little unit.”
- Maria
```

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"Expanding ADU Development and Occupancy"
Noteworthy Examples

In July 2017, local officials in Salem, Oregon, (population 175,535), adopted new regulations that permit internal, attached, and detached ADUs by right in all zoning districts that permit single-family homes (Title X §700.007). The city has since approved 124 dwelling permits for ADUs through February 2022 (Salem 2022).

In March 2016, local officials in Lexington, Massachusetts, (population 34,454), updated the town’s ADU regulations to permit all internal and attached ADUs by right in two zoning districts that permit single-family homes while still requiring discretionary use permits for all detached ADUs (§135-6.7). The town’s previous ADU regulations required discretionary use permits for internal ADUs in all homes that were less than five years old and all attached and detached ADUs. Following adoption of the new regulations, the city has issued 23 building permits for ADUs through January 2022 (Lexington 2022).

In October 2018, local officials in Salt Lake City, Utah, (population 199,723), updated the city’s ADU regulations to allow internal, attached, and detached ADUs in all residential zoning districts (§21A.40.200). The new regulations permit all ADUs by right in most residential districts but require a discretionary use permit for single-family zoning districts. Previously, the city allowed ADUs only within a half mile of transit service. Between October 2018 and December 2021, the city received 108 applications for new ADUs, with 47 units either completed or under construction (Salt Lake City 2022).
**Additional Information**


Lexington (Massachusetts), Town of. 2016. “Accessory Apartments.”


Salem (Oregon), City of. 2019. “Create an Accessory Dwelling Unit on Your Property.”

Salt Lake City (Utah), City of. 2020b. “Building an ADU: Guide to Accessory Dwelling Units.”

Challenge 3: Overly Restrictive Zoning Standards

Under local zoning, permissible uses must meet district-specific zoning standards, which commonly address minimum lot sizes and setbacks and maximum unit density, building heights, and lot coverage.

Beyond this, many local zoning codes include use-specific standards to mitigate potential problems associated with certain uses. Use-specific standards may address physical development characteristics or operational characteristics. They may be objective or subjective, and they may supplement or modify district-specific standards.

Many, if not most, communities that explicitly permit ADUs subject them to use-specific standards. These standards commonly restrict where an ADU can be sited on a lot; limit the size, height, and tenure or occupancy of an ADU; or specify the number of dedicated parking spaces an applicant must provide for an ADU. For example, in a 2018 survey of 168 California cities with ADU regulations, 91 percent reported having maximum unit size standards and 68 percent reported having minimum off-street parking requirements for ADUs (Pfeiffer 2018). Meanwhile, 31 of the 68 cities and towns surrounding Boston that permit new ADUs limit occupancy to family members or caretakers, and all but one of the remaining munici-

Photo courtesy of SnapADU

palities have minimum off-street parking requirements for ADUs (Dain 2018).

Some use-specific standards for ADUs, such as maximum unit size and height, serve primarily to clarify how the unit will be subordinate to the main house. Others exist primarily to address potential “third-rail” issues. Third-rail issues are controversial subjects that public officials are sometimes reluctant to address due to strong public opinions,
neighborhood opposition, or political polarization. Third-rail issues associated with ADUs include property tenure and the availability of dedicated parking spaces. While use-specific standards can be essential to the process of building community support for ADUs, overly restrictive standards can severely limit opportunities for ADU construction or occupancy (Dain 2018; Decker 2018; Moore 2017; Pfeiffer 2018; Spevak and Stanton 2019).

The following subsections analyze potential solutions for overly restrictive ADU standards, highlight a noteworthy example of each solution, and provide references to resources for further information.

**Potential Solutions**

The three common approaches to adopting narrowly tailored but context-sensitive zoning standards for ADUs are (a) requiring ADUs to satisfy only district-specific standards; (b) requiring each ADU to meet clear, objective standards related to the unit’s physical relationship to the main house; and (c) requiring each ADU to satisfy use-specific standards addressing both the unit’s physical relationship to the main house and one or more local third-rail issues.

Many, if not most, communities that explicitly permit ADUs subject them to use-specific standards. These standards commonly restrict where an ADU can be sited on a lot; limit the size, height, and tenure or occupancy of an ADU; or specify the number of dedicated parking spaces an applicant must provide for an ADU.

Local officials can skip use-specific standards for ADUs. In practice, this means the local definition of ADU must address unit size to clarify how the ADU will be subordinate to the main house. Additionally, district-specific standards governing setbacks and built form for permissible accessory structures would also apply to detached ADUs. This approach makes it clear that ADUs are a “customary” accessory use and assumes that district-specific standards are enough to promote context-sensitive development.

Alternatively, local officials can require all ADUs to meet a set of clear, objective use-specific standards that clarify the physical relationship of the ADU to the main house. These standards typically address...
the maximum size and height of ADUs as well as other dimensional standards that govern placement on the lot or lot coverage. These standards may also address the location of ADU stairs or entrances or the appearance of the ADU as it relates to the main house. This approach focuses on what makes an ADU a distinct development type, without introducing standards rooted in unfair assumptions about future ADU residents.

Finally, local officials can require all ADUs to meet clear, objective use-specific standards addressing both the unit’s physical relationship to the main house and one or more local third-rail issues. In many communities, existing residents of established neighborhoods fear that a dramatic increase in ADU construction and occupancy will have spillover effects. Common concerns include on-street parking shortages, declining property values, rapid demographic shifts, and even overall neighborhood decline. While there is little to no empirical evidence supporting these fears, many communities assuage concerns through use-specific standards for ADUs (Brown 2014; Dain 2018; Hannon and Madrid-Davis 2021; Moore 2017; Pfeiffer 2018; Spevak and Stanton 2019). This approach allows planners and local officials to craft nuanced responses to potential spillover effects.

“I started researching housing options, which included additions to the house. We also considered remodeling and looked at the cost for all of those options. Once we made the decision to build an ADU, I looked at lots of plans that allow for aging in place in that home.”

- Marilyn

A North Carolina ADU Story: Keeping Family Close By

Overcoming Regulatory Barriers
Do not impose use-specific standards on internal or attached ADUs, and treat detached ADUs like any other permissible accessory structure

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<th>WHERE IT WORKS</th>
<th>BENEFITS</th>
<th>DRAWBACKS</th>
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<tbody>
<tr>
<td>Rural communities</td>
<td>Gives property owners maximum flexibility to add and use ADUs</td>
<td>May be especially difficult to monitor for code compliance</td>
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<td>Easier to administer as a planner and to follow as an applicant if coupled with a by-right approval process</td>
<td>May require infrastructure upgrades to maintain level of service</td>
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<td>Outreach to inform and engage the public and key stakeholders on standards would be time and resource intensive</td>
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Require internal, attached, or detached ADUs to meet clear, objective standards related to the unit’s physical relationship to the main house

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<tbody>
<tr>
<td>Urban and suburban communities with strong political support for ADUs</td>
<td>Gives property owners wide discretion in how they use ADUs</td>
<td>Can be difficult to define appropriate and effective standards</td>
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<td>Potential to dramatically increase rental housing opportunities in single-family neighborhoods</td>
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3 Require internal, attached, or detached ADUs to meet clear, objective standards related to the unit’s physical relationship to the main house and standards that address local third-rail issues

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<th>WHERE IT WORKS</th>
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| Urban and suburban communities whose political support for ADUs is contingent on addressing specific issues | Potential to increase the likelihood that ADUs will serve local policy goals  
Eases neighbors’ concerns about new ADUs | Limits ADU construction and occupancy  
May be infeasible to enforce standards that address third-rail issues |
Noteworthy Examples
Since October 2001, rural Smyth County, Virginia’s (population 29,800), have permitted internal, attached, and detached ADUs in agricultural zoning districts, subject only to district-specific development standards (Appendix A §3-1.1 and §3-2.1). However, the county’s definition of “accessory dwelling” explicitly limits the size of ADUs to 1,000 square feet (Appendix A §10-22).

In February 1998, local officials in Portland, Oregon, (population 652,503), updated the city’s ADU regulations to eliminate use-specific standards requiring owner occupancy and additional off-street parking spaces (Ordinance No. 171879). Since then, the city has permitted internal, attached, and detached ADUs citywide, subject to use-specific standards that focus narrowly on the physical relationship of the ADU to the main house (§33.205). Between 2000 and 2009, Portland issued an average of 27 permits a year for ADUs, but that number has jumped dramatically since 2010, when the city started waiving impact fees for ADUs (Peterson 2019). Between 2000 and 2019, Portland issued an average of 290 permits for ADUs each year (Peterson 2020). The rate of permits has slowed since then, but the city still permitted 149 new ADUs in 2020 and 146 in 2021 (Portland 2022).

Since January 1995, zoning regulations in Bellingham, Washington’s (population 91,482), have permitted internal and attached ADUs in all districts that permit single-family homes, subject to use-specific standards that address both the physical relationship of the ADU to the main house and the additional standards intended to mitigate potential spillover effects (§20.10.036). These additional standards require one dedicated off-street parking space for each ADU, stipulate that either the main house or the ADU must be owner occupied, and cap the total number of ADU occupants at four. In May 2018, local officials updated the city’s ADU regulations to permit detached ADUs citywide, subject to the same...
standards as other ADUs plus additional standards addressing their placement and built form (Ordinance No. 2018-5-009). The city has issued a total of 282 ADU permits through January 2022, including 177 permits since June 2018 alone (Bellingham 2022).

**Additional Information**


Bellingham (Washington), City of. 2018. “Accessory Dwelling Units (ADUs).”


Portland (Oregon), City of. 2020a. “Accessory Dwelling Units (ADUs).”

Spevak, Eli and Melissa Stanton. 2019. _The ABCs of ADUs: A Guide to Accessory Dwelling Units and How They Expand Housing Options for People of All Ages_. Washington, DC: AARP.
“While many cities, towns, and counties have reformed their zoning regulations to make it easier to build or occupy ADUs, many others have not. Even among communities that explicitly permit one or more types of ADUs, regulations vary widely from place to place and can still act as major obstacles to creating new ADUs.”

Photo courtesy of SnapADU
Overcoming Procedural Barriers

Most states grant cities, towns, and counties the authority to design their own land-use or building permit processes for ADUs. While some communities have created special processes for ADUs—including for legalizing existing unpermitted units—many others rely on universal zoning compliance or building permit processes.

Individual homeowners typically initiate and often manage the construction process for ADUs (Grant et al. 2019; Spevak and Stanton 2019). For many potential ADU owners, the prospect of navigating unfamiliar permitting processes can be intimidating. Complex or time-consuming procedural requirements can discourage some applicants from adding an ADU to their property and motivate others to add units without securing the proper permits.

The following sections discuss three distinct challenges that represent common procedural barriers for ADUs: inexperienced applicants, uncertain processes, and illegal units. Each section offers a range of potential solutions.
Overcoming Procedural Barriers

Challenge 1: Inexperienced Applicants

While some home builders specialize in building single-family homes with ADUs, most ADUs postdate the construction of their main house.

For example, new single-family homes with ADUs accounted for only 12 percent of the 1,248 total ADU permits in Portland in 2017 and 2018 (Peterson 2019). In communities with less mature ADU markets, this percentage is likely to be even lower. This means the majority of ADUs result from decisions made by individual homeowners.

Successful professional developers quickly learn how to navigate local permitting processes. However, most homeowners are not professional developers, and most owners who make the decision to add an ADU to their property will do so only once in their lifetime. This leaves these owners with two possibilities:

1. They can hire design and construction professionals to manage the permitting process for them.
2. They can learn to navigate the permitting process themselves.

In the first scenario, the homeowner must still manage unfamiliar contractual relationships and put trust in those contractors. In the second scenario, the homeowner must have the time and dedication to follow through on application requirements. Both scenarios can be intimidating to inexperienced applicants.

The following subsections analyze potential solutions for inexperienced applicants, highlight a noteworthy example of each solution, and provide references to resources for further information.
Potential Solutions

The three common approaches to shorten the learning curve for inexperienced ADU applicants are (a) providing one-on-one technical assistance to ADU applicants; (b) hosting periodic workshops or educational sessions for potential ADU applicants; and (c) creating fact sheets or guides to explain local requirements, incentives, and procedures.

Planners or housing practitioners can work with each ADU applicant individually to help them understand regulatory requirements, steps in the process, and any available assistance programs. This approach focuses on the specific needs of the applicant.

Alternatively, communities can host regular events where potential ADU applicants can learn more about local ADU programs and project planning considerations. These events may be programmed workshops or educational sessions or more casual open-house gatherings. This approach focuses on group learning and connecting potential applicants to planners and local officials, housing practitioners and advocates, and local ADU design and construction professionals.

Finally, communities can create educational materials to help potential ADU applicants understand local zoning standards, permitting processes, and available assistance programs. While many cities, towns, and counties have produced these materials in-house, others have partnered with universities or community-based organizations. This approach emphasizes plain-language explanations of legal requirements and administrative processes and can provide quick answers to frequently asked questions.

1 Provide one-on-one technical assistance to ADU applicants

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<th>WHERE IT WORKS</th>
<th>BENEFITS</th>
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<tbody>
<tr>
<td>Communities with strong political support for ADUs and planning or development services staff capacity</td>
<td>Provides an opportunity for staff to identify potential problems before applicants submit paperwork</td>
<td>Can be time or resource intensive to implement and maintain</td>
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<td></td>
<td>Takes the guesswork out of the process for inexperienced applicants</td>
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2. **Host periodic workshops or educational sessions for potential ADU applicants**

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<th>WHERE IT WORKS</th>
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<tr>
<td>Communities with strong political support for ADUs and a high degree of interest among existing homeowners</td>
<td>Applicants can evaluate whether they want to pursue an ADU in a group learning setting. Provides valuable feedback to planners and local officials about interest levels and perceived barriers among potential applicants.</td>
<td>Can be time or resource intensive to implement and sustain. Potential applicants may be discouraged after learning about regulatory and procedural requirements and substantial financial investment.</td>
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3. **Create or use existing fact sheets or guides to explain local requirements, incentives, and procedures**

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<th>WHERE IT WORKS</th>
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<tr>
<td>Communities with at least moderate political support for ADUs</td>
<td>Potential to develop quickly and cheaply in-house. Inexperienced applicants can evaluate whether they want to pursue an ADU on their own time.</td>
<td>Potential applicants may be discouraged after learning about regulatory or procedural requirements. Potential applicants may not know where to find reputable contractors.</td>
</tr>
</tbody>
</table>
**Noteworthy Examples**

Since 2000, planning department staff members in **Barnstable, Massachusetts**, (population 48,916), have provided one-on-one technical assistance to homeowners interested in creating new affordable ADUs in existing homes or detached accessory structures. To qualify, owners must agree to rent their new ADUs to income-eligible tenants. The town offers interest-free loans to cover construction and rehabilitation work, with repayment deferred until the owner sells, transfers, refines, or loses the ADU. Town planners work with potential applicants throughout the process to determine their eligibility to participate in the program, explain the permitting process, and complete the funding application. As of March 2022, the program has 111 affordable ADUs (Barnstable 2016; Barnstable 2022).

In February 2020, **Lacey, Washington**, (population 53,526), hosted a free one-hour ADU workshop for any community member interested in learning more about ADU opportunities. The workshop discussed ADU benefits and building costs, the permitting process and site analysis considerations, project financing, landlord–tenant laws, and property management. During the last portion of the workshop, local ADU design professionals and city staff fielded questions from the packed audience about homeowners’ association restrictions on ADUs and the availability of preapproved building designs.

Since January 2017, **Los Angeles** (population 3,898,747) has followed California’s default ADU zoning standards (see the Noteworthy Examples under Local Intransience mentioned earlier). While the city continues to deliberate over new local regulations, cityLAB—an urban design think tank within the University of California, Los Angeles—has published a guide to help community members evaluate opportunities to create new ADUs on...
their property. The graphic-rich document walks owners through key considerations for ADU projects and includes a permitting process flowchart, space to practice sketching out an ADU on an existing lot, frequently asked questions, and city contacts. The demand for high-quality guidance is clear: ADU permit applications jumped from 257 in 2016 to 3,818 in 2017 (Bertolet and Gabobe 2019).

**Additional Information**


Barnstable (Massachusetts), Town of. 2020. “Accessory Affordable Apartment Program.”


Cuff, Dana and Jane Blumenfeld. 2017. “Building an ADU: Guidebook to Accessory Dwelling Units in the City of Los Angeles.” Los Angeles: cityLAB at the University of California, Los Angeles.


Lacey (Washington), City of. 2023. *Accessory Dwelling Units.*

Los Angeles (California), City of. 2020. “LA ADU Accelerator Program.”


Challenge 2: Uncertain Processes

Local ADU permitting processes vary considerably from place to place. This variation includes the number and names of necessary permits, the number and sequence of process steps, and the minimum (or average) time it takes an applicant to secure all necessary permits.

In some communities, process steps, procedures, requirements, and timelines are clear. However, in others, ADU applicants face uncertainty about how and when they will be able to build an ADU. This uncertainty is rooted both in a lack of project design and management experience and in highly variable timelines for process steps.

The following subsections analyze potential solutions for uncertain permitting processes, highlight a noteworthy example of each solution, and provide references to resources for further information.

Potential Solutions

The three common approaches to reducing uncertainty in permitting processes for inexperienced ADU applicants are (a) establishing time limits for all reviews, (b) designating ADU experts to streamline reviews, and (c) partnering with community-based organizations.

Local officials can set a time limit for the ADU permitting process. The time limit may apply only to ADU permits or to all projects requiring the same type of review and approval process. If local staff or officials fail to decide on a complete application before the deadline, they must consider the application approved. This approach focuses on decision-making without addressing specific steps in the process.
Alternatively, local officials can designate ADU experts in each department or section involved in the ADU permitting process. Some communities route ADU applications through multiple departments to check for compliance with multiple types of codes and standards, including zoning, building, environmental, or design standards. While staff members who routinely review ADU applications may be well versed in local regulations and policy priorities for ADUs, others may have little experience with ADUs. Therefore, communities can streamline review processes by fostering ADU expertise in all staff groups that participate in ADU reviews. This approach focuses on the quality—or added value—of each step in the process.

Finally, local officials can partner with local universities or community-based organizations to provide project planning, design, and permitting assistance to homeowners interested in adding ADUs to their property. These partnerships may target specific neighborhoods or operate communitywide. Often, in exchange for assistance, owners must agree to rent new ADUs to income-eligible households. This approach leverages external resources to provide community benefits.

1 Establish time limits for ADU reviews

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<th>WHERE IT WORKS</th>
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<tr>
<td>Communities with strong political support for ADUs and planning or development services staff capacity</td>
<td>Gives ADU applicants certainty about approval timelines</td>
<td>May require additional regulatory or procedural reforms to be feasible</td>
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<td>May require additional applicant assistance to improve ADU approval rates</td>
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2. **Designate ADU experts to streamline reviews**

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<th>WHERE IT WORKS</th>
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<tr>
<td>Communities with strong political support for ADUs and complex development</td>
<td>Shortens the time required to complete the ADU permitting process</td>
<td>May require staff training or reorganization</td>
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<td>review procedures</td>
<td>Improves the consistency of review feedback</td>
<td>May require additional applicant assistance to improve ADU approval rates</td>
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3. **Partner with community-based organizations**

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<tr>
<td>Communities with strong political support for ADUs and civic-sector capacity</td>
<td>Shortens the time required to complete the ADU permitting process</td>
<td>Can be time or resource intensive to establish and maintain</td>
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<td>Improves the quality of ADU applications and projects</td>
<td>Few local organizations with ADU expertise may be available</td>
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</table>
Noteworthy Examples

Local officials in Hood River, Oregon, (population 8,313), have established a 21-day time limit for all ministerial land-use decisions, including ADU permits (§17.09.020.D; §17.23). Between 2007 and May 2019, the city approved 38 ADU permits, the highest number of ADU permits per capita in Oregon (Hood River 2019). Local officials approved updated ADU regulations in 2019, which removed owner occupancy, off-street parking, and local employment criteria for occupants. And, according to planning department staff, the city has approved 16 ADUs under the new regulations through the end of February 2022.

In July 2016, local officials in San Francisco (population 873,965) adopted an update to the city’s ADU regulations to permit internal and detached ADUs in existing accessory structures citywide. However, many applicants had trouble navigating the city’s ADU permitting process (Sabatani 2018). The following September, the city’s mayor issued an executive directive charging all city departments to collaborate on streamlining approval processes for housing development projects (Executive Directive 17-02). In response, staff members from San Francisco’s planning, building, and fire departments joined forces to produce checklists for applicants and to offer preapplication meetings to identify potential problems before submittal. Between 2019 and 2021, the city approved 1,092 ADUs, an 82 percent increase over the previous three years (San Francisco 2022).

Since 2005, the University of Texas at Austin has partnered with two community-based organizations, the Guadalupe Neighborhood Development Corporation and Community Powered Workshop (formerly Austin Community Design and Development Center) to help homeowners develop detached ADUs in Austin (population 961,855). The Alley Flat Initiative provides...
participating homeowners with project planning, design, and permitting assistance in exchange for committing to the city’s Safe, Mixed-Income, Accessible, Reasonably-Priced, Transit-Oriented (SMART) Housing program. The SMART Housing program offers owners fee waivers for permitting and some development fees, expedited review, and staff assistance to help resolve issues during interdepartmental reviews. Owners must agree to rent their new ADUs to households with incomes at or below 80 percent of the median family income. According to Community Powered Workshop staff, the Alley Flat Initiative has helped create 18 new ADUs through February 2022.

**Additional Information**


Austin (Texas), City of. 2015. “Accessory Dwelling Units.”


Hood River (Oregon), City of. 2019. “Council Removes Barriers to ADU Development.”

Hood River (Oregon), City of. 2021. “Planning Department Application Instructions: Accessory Dwelling Unit (ADU).”

Morales, Margaret. 2018. “Could Your Backyard Help Ease the Affordable Housing Crisis?” *Sightline,* October 22.


Challenge 3: Illegal Units

Unpermitted ADUs are commonplace in many communities (Infranca 2014; Moore 2017; Sage Computing 2008). While some of these unpermitted ADUs are legally nonconforming uses that predate local zoning, most are not.

Multiple studies over the past 35 years indicate that unpermitted ADUs may account for 25 percent or more of new rental units for low-income households each year (Brown et al. 2020; Wegmann and Chapple 2014; Wegmann and Mawhorter 2017; Wegmann and Nemirow 2011). In Los Angeles County, California, alone, there may be 50,000 illegal ADUs (Mukhija 2014).

Illegal ADUs pose potential health and safety risks for occupants. They also complicate efforts to promote new, legal ADU development. While unpermitted ADUs are inherently difficult to track, this task can be even more difficult in cities, towns, and counties with new regulations that allow ADUs in all residential zoning districts. This is because most communities rely on reactive enforcement, which works best for uses and activities that are not permissible.

The following subsections analyze potential solutions for illegal ADUs, highlight a noteworthy example of each solution, and provide references to resources for further information.

Potential Solutions

The three common approaches for addressing unpermitted ADUs are (a) creating an amnesty program, (b) providing financial assistance for modifications or repairs, and (c) creating a rental licensing program.

Local officials can create a program that provides
a path to legalization for existing unpermitted, illegal ADUs. Typically, local ADU amnesty programs establish a registration or permitting process for illegal ADU owners, with a built-in expiration date. Participating owners agree to fix some or all building code violations in exchange for explicit permission to continue renting the ADU. Many communities create amnesty programs as a complement to new ADU regulations. This approach focuses on units that already meet (or that would require minor variances from) current zoning or building code standards for ADUs.

Additionally, local officials can provide financial assistance to help owners make modifications or repairs to unpermitted ADUs to bring them into compliance with building codes. The financial assistance could be a grant or low-interest loan, or it could be a tax benefit, such as a property tax deferral for an increase in assessed value or sales tax reduction for materials. This approach focuses on units with relatively minor code violations.

Finally, local officials can require all owners to comply with rental licensing requirements as a precondition for leasing their ADUs. Local rental licensing programs typically require owners to register rental units and submit to periodic inspections to proactively address building or property maintenance code violations (Mallach 2019). Owners who violate program terms must pay fines, which may escalate over time or in response to repeated problems. This approach focuses on promoting responsible landlord practices.

“Really, having the ADU policy in place made it much easier, because once you prove that your plan is within the perimeters, they said go ahead and build it, which was wonderful.”

- Michelle

*Minnesota Family Builds ADU for Grandpa*
1. **Create an amnesty program**

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<tr>
<td>Communities with strong political support for ADUs and existing unpermitted ADUs</td>
<td>Encourages owners to legalize existing unpermitted ADUs</td>
<td>May be ineffective for illegal ADUs with extensive code violations</td>
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<td>Reduces health and safety risks to ADU occupants</td>
<td>Can be time or resource intensive to administer</td>
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2. **Provide financial assistance for modifications or repairs**

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<tr>
<td>Communities with strong political support for ADUs and existing unpermitted ADUs</td>
<td>Encourages owners to legalize existing unpermitted ADUs</td>
<td>May have a modest effect on reducing the total number of illegal ADUs in tight housing markets</td>
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<td>Reduces health and safety risks to ADU occupants</td>
<td>May require a dedicated source of funding</td>
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<td>Can be time or resource intensive to administer</td>
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### Create a rental licensing program

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| Communities with a high percentage of rental housing | Encourages owners to legalize existing unpermitted ADUs  
Reduces health and safety risks to ADU occupants | Can be time or resource intensive to administer |

“It is gratifying to be able to have people live in this beautiful neighborhood at reasonable rates and it’s been a relief to have that income.

- Shirley

*Florida Homeowner Rents ADU for Additional Income*
Noteworthy Examples

In 2007, local officials in Marin County, California, (population 262,321), created an amnesty program to help clear a backlog of code enforcement issues with unpermitted ADUs and to document new units that the county could credit toward its regional share of affordable housing (Chapple et al. 2012). The county incentivized participation by offering fee reductions and flexible development standards and partnered with utility providers to ease the connection process. During the two-year amnesty period, the county legalized 60 existing unpermitted ADUs. The county has adopted multiple updates to its ADU regulations since 2008 to make it easier for owners to create legal ADUs (Ordinance No. 3729; §22.32.120).

From May through December 2017, local officials in Glenwood Springs, Colorado, (population 9,963), offered amnesty to owners of existing unpermitted ADUs who were willing to submit to a building inspection and correct code violations (Resolution 2017-19; Resolution 2017-37; Resolution 2017-57). The primary purpose of the program was to correct health and safety violations (Stroud 2017). To incentivize participation, the city offered a sales and use tax rebate for materials. While the city has allowed ADUs since 1999, it had permitted only a total of 15 ADUs between 2009 and 2016. In 2017 alone, the city issued 10 ADU permits (Glenwood Springs 2020).

In 2015, local officials in Lawrence, Kansas, (population 94,934), expanded the city’s existing rental licensing program to include all rental units citywide, including all ADUs rented to nonfamily members (§6-1301 et seq.). Owners must renew their rental license annually and submit to inspections on a three-year cycle. The city uses the program both to identify illegal ADUs and to correct code violations in legally permitted ADUs (Hulse 2015). Between 2015 and 2017, inspectors identified a total of 6,636 violations across all rental units (Lawrence 2022).
Additional Information


ChangeLab Solutions. 2014. “Model Proactive Rental Inspection Ordinance.”


Glenwood Springs (Colorado), City of. 2020a. “Accessory Dwelling Units.”

Lawrence (Kansas), City of. 2017. “Residential Accessory Dwelling Units, Accessory Structures & Room Additions.”

Lawrence (Kansas), City of. 2022. “Rental Licensing.”


Photo credit: asbe/E+ via Getty Images
“Depending on your lifestyle or stage of life, a single-family home may not be the best fit. Guest homes can diversify the housing market by providing more options and choice for potential buyers and investors.”

Sherry Taylor, Durham Community Land Trustees, “Discovering the Benefits of Guest Cottages”
ADUs are small and typically cheaper than single-family homes. However, they can cost more to develop on a per-square-foot basis (Spevak 2014).

To add an ADU to their property, homeowners must have access to enough cash to self-finance or have enough equity in their home and income to secure financing from a bank or credit union (Grant et al. 2019; Peterson 2015).

Currently, many commercial lenders provide first-mortgage refinancing or second-mortgage options that owners with high incomes and at least 20 percent equity in their homes can use to finance ADU development. Beyond this, many banks and credit unions offer renovation loans that high-income owners with high credit scores can use to finance ADU projects. However, in most communities, low- and moderate-income homeowners have few, if any, ADU financing options beyond personal or family loans or credit card debt (Grant et al. 2019; Oregon DEQ 2014).

The following sections discuss three distinct budget categories representing common financial barriers for ADUs: planning and design costs, construction costs, and development fees and charges. Each section offers a range of potential solutions.
Challenge 1: Planning and Design Costs

Planning and design costs for ADUs include professional service fees associated with assessing the feasibility of an ADU on a specific site and designing the ADU.

Owners typically incur most of these costs before they receive permission to build an ADU. Together, planning and design often represent 15 to 20 percent of total development costs (Grant et al. 2019). For example, an ADU with total development costs of $75,000 may have planning and design costs of $11,000 to $15,000.

The following subsections analyze potential solutions for reducing planning and design costs, highlight a noteworthy example of each solution, and provide references to resources for further information.

Potential Solutions

Three promising approaches to reduce ADU planning and design costs are (a) designating preapproved building plans, (b) providing grants for planning and design services, and (c) creating a feasibility assessment tool.

Local officials can designate preapproved building plans for ADUs to give homeowners an alternative to contracting for design services. Officials may commission these plans or solicit them through a competition or call for proposals, and the preapproved plans may be for site-built or prefabricated structures. This approach focuses on standardization without addressing the feasibility of a standard design on a specific lot.

Alternatively, local officials can provide grants to cover planning and design costs. The program may offer cash or a grant of services. In the first instance, participants contract independently with design services.
professionals and pay out-of-pocket for fees in excess of the grant. With a grant of services, program administrators match participants with design professionals. This approach is designed to motivate potential ADU owners who have the means to secure financing for construction.

Finally, planners, housing practitioners or advocates, and data science professionals can create an ADU feasibility assessment tool for prospective ADU owners. This is a tool that aggregates public or proprietary data sets into an online platform that homeowners use to evaluate the physical possibility and economic implications of various ADU designs. This approach focuses on helping owners quickly evaluate their ADU development options.

“For us, if we live here as we age, it's very convenient.”

- Deborah

*Meeting Housing Needs Today and Tomorrow: Aging in an ADU*
### 1. Create preapproved building plans for ADUs

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<th>WHERE IT WORKS</th>
<th>BENEFITS</th>
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| Communities with strong political support for ADUs | Eliminates design costs from the ADU development budget  
Typically simplifies the development review process | May not be feasible on all eligible lots  
May be perceived as contributing to architectural monotony |

### 2. Provide grants for planning and design services

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<tr>
<td>Communities with strong political support for ADUs</td>
<td>Reduces or eliminates planning and design costs from the grantee’s ADU development budget</td>
<td>May require a dedicated source of funding</td>
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3 Create a feasibility assessment tool

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<tr>
<td>Communities with up-to-date real-property and permitting data</td>
<td>Reduces planning costs in the ADU development budget</td>
<td>Can be time or resource intensive to develop</td>
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<td>Helps planners and local officials assess the effects of potential ADU reforms</td>
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“Development in the city of Durham is going full swing. We need more housing units for everyone. Real estate prices in Durham have escalated to a point where it’s very, very unaffordable to buy here and even rent here. Renters, low income folks, people of color, those who have less than a bachelors degree are easily displaced. We want to be able to provide those opportunities for folks and do it in a way that honors them, and is easy, and safe.”

- Sherry

A North Carolina ADU Story: Keeping Family Close By
Noteworthy Examples

In August 2019, local officials in **San Jose, California**, (population 1,013,240), launched the city’s preapproved master plan program for detached ADUs (San Jose 2019). Through this program, vendors can submit ADU master plans for approval by the city, and potential ADU owners can select from a catalog of preapproved plans. Applicants who select preapproved plans (without needing modifications) can obtain permits over the counter. As of March 2022, the city had approved 13 vendors, several of whom offer prefabricated units, and a total of 35 new ADUs under the program (San Jose 2022).

Local officials in **San Mateo County, California**, (population 764,442), approved a new **One Stop Shop Pilot Program** in August 2019 to provide homeowners with up to 100 hours of no-cost ADU planning and project management assistance from the nonprofit Hello Housing (Hello Housing 2022; San Mateo County 2022). The program is a partnership of the county, the nonprofit, and three cities in the county: East Palo Alto, Pacifica, and Redwood City. Participating owners must live in one of the three cities or unincorporated San Mateo County and must agree to take a landlord training course and rent their new ADU, subject to rent caps, for a minimum of three years. The county is funding the program through a half-cent sales tax, with matching funds from the three participating cities. Hello Housing plans to help up to 18 homeowners in the first round.

In September 2019, the University of Washington’s eScience Institute teamed with **Seattle’s Office of Planning and Development** to create **ADUniverse**, a working demonstration tool designed to help homeowners assess the feasibility of an ADU on their property (UW eScience Institute 2019). ADUniverse integrates property data from the county assessor,
After the completion of the demonstration project, Seattle Mayor Jenny Durkan issued an executive order directing the city’s information technology department to explore launching a public-facing version of the tool (Executive Order 2019-04).

Environmental data from the city, and real estate market data into an interactive spatial and economic assessment tool. While the data are specific to Seattle, the project team’s methodology is replicable, and they have shared their work on GitHub (Mohler and Welch 2020).

Additional Information


Maxable. 2019. “San Jose’s Pre Approved ADU Plans Initiative.”


San Jose (California), City of. 2022. “Preapproved ADUs.”

San Mateo (California), County of. 2022. “One Stop Shop Pilot Program.”

Photo credit: monkeybusinessimages/iStock by Getty Images
Challenge 2: Construction Costs

Construction costs for ADUs include building, surfacing, and landscaping materials as well as site preparation and labor costs. Owners typically incur these costs after they receive permission to build an ADU.

Construction costs generally represent 70 to 80 percent of total development costs (Grant et al. 2019). For example, design costs may be $52,500 to $60,000 for an ADU with total development cost of $75,000.

Surveys of ADU owners in Portland, Oregon; Portland, Eugene, and Ashland, Oregon; and Seattle, Washington; Portland, Oregon; and Vancouver, British Columbia, all found that most owners financed construction of their ADU with cash or by borrowing against their existing home equity (Brown and Palmeri 2014; Chapple et al. 2018; Gebhardt et al. 2018; Horn et al. 2013). In most communities, low- and moderate-income homeowners have few, if any, options to finance ADU construction. Many of these homeowners may have sufficient equity to develop an ADU but no means to tap into that potential funding source because of financing requirements.

The following subsections analyze potential solutions for reducing construction costs, highlight a noteworthy example of each solution, and provide references to resources for further information.

Potential Solutions

Three promising approaches for broadening the potential pool of ADU owners are (a) creating a local loan program, (b) partnering with homebuilders, and (c) partnering with financial institutions.

Local officials can create a low-interest (or forgivable) loan program to finance ADU construction.
Typically, cities and counties use state or federal grants, local option user fees or taxes, or development impact fees to fund loan programs. Because the local government sets the terms of financing, local officials can require participants to offer new ADUs at rents affordable to low- or moderate-income households. This approach focuses on homeowners who may be unqualified, or only marginally qualified, for more traditional ADU financing options.

Alternatively, local officials can partner with homebuilders, including community development corporations or nonprofit homebuilders, to create ADUs. The local government may pay homebuilders market rates for construction, or homebuilders may offer discounted rates for materials or labor as a way of giving back to the community. As with offering ADU loans, local officials can require future ADU owners to offer new ADUs (or the main house) at rents affordable to low- or moderate-income households. This approach focuses on increasing the supply of ADUs without financial institutions acting as intermediaries.

Finally, local officials or community-based organizations can partner with financial institutions, including banks, credit unions, and community development financial institutions (CDFIs). In its simplest form, this partnership may be primarily an information-sharing arrangement, where planners or housing practitioners refer potential ADU owners to financial institutions that have specialized ADU financing products. However, this partnership could also be part of a more comprehensive program designed to help potential ADU owners throughout the development process. This approach emphasizes the income-generating potential of ADUs.

In most communities, low- and moderate-income homeowners have few, if any, options to finance ADU construction. Many of these homeowners may have sufficient equity to develop an ADU but no means to tap into that potential funding source because of financing requirements.
1. Create a low-interest (or forgivable) loan program

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<tr>
<td>Communities with strong political support for affordable ADUs</td>
<td>Expands the pool of potential ADU owners</td>
<td>Typically requires a dedicated source of funding</td>
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<td>Expands the supply of affordable housing in established neighborhoods</td>
<td>Can be time or resource intensive to administer</td>
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2. Partner with homebuilders (including nonprofit homebuilders)

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<td>Minimizes the dependence of the local ADU market on homeowners serving as amateur developers</td>
<td>Can be time or resource intensive to administer</td>
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### Partner with financial institutions (including CDFIs)

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<td>Communities with strong political</td>
<td>Expands the pool of potential ADU</td>
<td>May require a dedicated source of funding</td>
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<tr>
<td>support for ADUs and permissive ADU</td>
<td>owners</td>
<td>Can be time or resource intensive to administer</td>
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<td>regulations</td>
<td>Normalizes ADUs as a distinct loan</td>
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“People have a tendency to think that these types of units [ADU’s] are out of their price point. They assume an apartment might be cheaper, or maybe they’re worried about their privacy, and I think it’s the opposite. It’s very hard to control the environment when you live in an apartment complex. To me, there is no question that this is a better choice.”

- Sandra

*Florida Homeowner Rents ADU for Additional Income*
Noteworthy Examples

In May 2019, local officials in Denver, Colorado, (population 715,522), approved a forgivable loan program to complement the nonprofit West Denver Renaissance Collaborative’s West Denver Single Family Plus (WDSF+) pilot program (Denver 2019). WDSF+ provides planning, design, financing, and construction assistance to low- and moderate-income homeowners in West Denver who are interested in adding an ADU to their property. The city’s new loan program offers up to $25,000 each for up to 20 WDSF+ participants to help cover ADU construction costs. If the owners ensure that rent on either the main house or the ADU remains affordable to households earning 80 percent of the area median income for 25 years, the city forgives the loan.

In September 2015, local officials in Santa Cruz, California, (population 62,956), partnered with nonprofit homebuilder Habitat for Humanity Monterey Bay (HHMB) to create the My Home, My House (MHMH) program. Under MHMH, the city provides financing to HHMB to help construct new accessible ADUs on the property of extremely low-income senior homeowners. Once it is completed, the homeowner can have a caregiver move into the ADU, or the owner can move into the ADU and either have family move into the main house or rent out the main house to an income-eligible household through a property management company (Menard 2019). As of June 2019, the program had created three new ADUs, with a fourth in progress (Santa Cruz 2019).

In November 2018, LA Más, a nonprofit urban design organization in Los Angeles, launched the Backyard Homes Project in partnership with several nonprofit community-based organizations, the city’s public housing authority, and three financial institutions: JP Morgan Chase, Genesis LA Economic Growth Corporation
Overcoming Financial Barriers

Overcoming Financial Barriers

Photo credit: Bulgac/E+ via Getty Images

(Genesis LA), and Self-Help Federal Credit Union (SHFCU). The program offers homeowners in Northeast Los Angeles ADU project management, design and construction services, and landlord training and support in exchange for agreeing to rent their new ADU to a Section 8 voucher holder for a minimum of five years (LA Más 2020). Participants also have the option of financing their ADU with a specialized permanent mortgage product developed by Genesis LA (a CDFI) and SHFCU (LA Más 2018). This product allows homeowners with enough equity to refinance their existing mortgage at a fixed rate and take out funds to pay for ADU construction costs. Through the end of 2021, LA Más had secured commitments from five homeowners interested in participating in the program (LA Más 2022).

Additional Information


Denver (Colorado), City of. 2019. “Denver City Council Approves Accessory Dwelling Unit Loan Program.”


Photo credit: Bulgac/E+ via Getty Images
Challenge 3: Development Fees and Charges

Development fees and charges for ADUs include land-use or building permit processing and inspection fees, development impact fees, and utility connection charges.

Owners typically incur most costs associated with permits before they receive permission to build an ADU and development impact fees and utility connection charges once construction is complete. Together, development fees and charges often represent 3 to 5 percent of total development costs (Grant et al. 2019). For example development fees and charges may be $2,250 to $3,750 for an ADU with total costs of $75,000.

The following subsections analyze potential solutions for reducing development fees and charges, highlight a noteworthy example of each solution, and provide references to resources for further information.

**Potential Solutions**

Three alternative approaches for reducing ADU development fees and charges are (a) reducing or waiving development impact fees; (b) reducing or waiving land-use or building permitting fees; and (c) reducing or waiving utility connection charges.

Local officials can reduce or waive development impact fees (also known as system development charges) for new ADUs. Communities typically charge these fees on all new residential development to fund public facility or service expansions. Common impact fee categories include transportation, schools, public safety, and parks. While some communities may choose to exempt ADUs from these fees as a development incentive, others may discount fees for ADUs to better match the actual proportional effects of
smaller units in established neighborhoods. For example, communities may elect to base impact fees for ADUs on the square footage of the unit (FHC 2019). This approach acknowledges that ADUs often have relatively minor impacts when compared with new single-family homes on undeveloped sites.

Additionally, local officials can reduce or waive land-use or building permitting (and inspection) fees for new ADUs. Generally, cities and counties use permitting and inspection fees to cover the direct costs associated with staff reviews of permit applications. While some communities may choose to exempt ADUs from these fees as a development incentive, others may discount fees for ADUs in association with efforts to simplify ADU permitting processes. For example, communities with preapproved plans for ADUs may incur minimal application review costs for ADUs that follow those plans. This approach focuses on common administrative fees, for which applicants generally pay out of pocket.

Finally, local officials can reduce or waive utility connection charges. Generally, utilities use connection charges to cover direct costs associated with staff services to establish new connections and may, in some instances, use them to finance service upgrades or system expansions. While private utility companies may have little incentive to reduce these charges, cities and counties that own their own utilities may discount or waive these charges as a development incentive or to better reflect the marginal costs of connecting new ADUs on lots with existing utility services. This approach focuses on costs that can take applicants by surprise near the end of the ADU development process.

1 Reduce or waive impact fees

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| Communities that charge impact fees for all new dwelling units | Eliminates impact fees from the ADU development budget  
Matches impact fees to actual public facility and service needs for ADUs | May require additional revenue from other sources to avoid decreased levels of service  
May be difficult to maintain due to budget concerns |
### Reduce or waive permitting fees

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<td>Communities with strong political support for ADUs</td>
<td>Can eliminate permitting fees from the ADU development budget</td>
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### Reduce or waive utility connection charges

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<td>Communities with strong political support for ADUs and public utilities</td>
<td>Can eliminate utility connection fees from the ADU development budget</td>
<td>May require additional revenue from other sources to avoid connection delays</td>
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<td>Matches connection fees to actual utility connection service costs for ADUs</td>
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Noteworthy Examples

Since January 2008, local officials in Hillsborough County, Florida, (population 1,459,762), charged each new ADU a de minimis impact fee of $100 (§40-57(e)). Meanwhile, impact fees for multifamily units range from $4,071 to $22,468, depending on location and living area (Hillsborough 2022).

In July 2016, local officials in Honolulu, Hawaii, (population 1,016,508), approved an ordinance temporarily waiving plan review and building permit fees for ADUs and reimbursing applicants for fees paid since the city and county adopted regulations for ADUs in September 2015 (Ordinance 16-19). The ordinance also exempted new ADUs from wastewater and park impact fees and permitting fees associated with site preparation. While initially set to expire on June 30, 2018, local officials extended the waivers through June 30, 2020 (Ordinance 17-30). By the end of 2021, Honolulu had issued 1,304 ADU permits (Honolulu 2022).

In December 2016, local officials in Lyons, Colorado, (population 2,126), approved an ordinance eliminating municipal utility connection fees and system development charges for ADUs (Ordinance No. 1005).

Much of the town’s affordable housing was destroyed during a flood in 2013, and local officials adopted new regulations for ADUs in 2014 to promote new affordable housing development in existing neighborhoods (§16-10-70). However, because utility fees and charges for new housing typically cost owners $20,000 to $40,000, few took advantage of the new regulations. After eliminating the utility fees and charges, the town approved nine new detached ADUs through February 2022 (Lyons 2022).
Additional Information


Honolulu (Hawaii), City and County of. 2020. “Mayor’s Office of Housing: Accessory Dwelling Unit (ADU) Material.”

Lyons (Colorado), Town of. 2020. “ADUs and You!”


Photo credit: Westend61/via Getty Images
“While some communities may choose to exempt ADUs from these [impact] fees as a development incentive, others may discount fees for ADUs to better match the actual proportional effects of smaller units in established neighborhoods. ... This approach acknowledges that ADUs often have relatively minor impacts when compared with new single-family homes on undeveloped sites.”
Conclusion

Local communities have many opportunities to pursue reforms that can expand ADU construction and occupancy. While the strategies discussed here may seem to follow a linear progression, reforms are often iterative, and no community is likely to tackle every barrier listed here in a single effort.

It is our hope that communities will return to these strategies for inspiration as they continue to build understanding and fine-tune their approaches. Though not explored in this report, localities can also leverage opportunities for collaboration with local stakeholders, such as community organizations, financial institutions, and experienced homeowners, to raise awareness and expand the presence of ADUs. The recent surge in ADU construction and occupancy in states and communities that have embraced regulatory reforms shows that even simple changes, such as defining ADUs as a distinct permissible use in the zoning code, can have a profound effect on ADU opportunities.
“Three quarters of people over the age of 50 want to be able to age in their home and their communities, and yet they don’t have the right kind of options available to them to do just that. So think differently about space, about what your neighborhood might look like if ADUs were a part of that. And imagine how that might benefit you and your neighbors.”

*Family Friendly Flexible Housing Option*
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San Mateo (California), County of. 2022. “Board of Supervisors Meeting Minutes, August 6, 2019.”

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Tigard (Oregon), City of. 2022. “Community Development’s Online Services.”


Glossary

Accessory dwelling unit
A small house or apartment located on the same lot as a single-family home.

Accessory dwelling unit, attached
An apartment created by adding floor area to a new or existing single-family home (or an attached garage).

Accessory dwelling unit, detached
A small home or apartment created by building a new accessory structure or converting or adding floor area to an existing accessory structure on the same lot as a new or existing single-family home.

Accessory dwelling unit, internal
An apartment created by converting part of an existing single-family home.

Accessory use
A use that is subordinate and reasonably related to a separate, dominant use on the same lot. An accessory dwelling unit is an accessory use to a single-family home, which is the dominant, or principal, use of the lot.

Accessory use, customary
A use that is commonly associated with a separate, dominant use on the same lot. Local zoning ordinances seldom provide an exhaustive list of permissible accessory uses, relying instead on the intent of the zoning ordinance and a common understanding of relationships between uses. Accessory dwelling units have not, traditionally, been viewed as customary accessory uses to single-family homes.

Accessory structure
A structure that is subordinate and reasonably related to a separate, dominant structure on the same lot. A detached accessory dwelling unit is an accessory structure to a single-family home, which the dominant, or principal, structure on the lot.

Built form
The shape and configuration of buildings as well as the relationship of buildings to streets and open spaces.

Spillover effects, land use
The physical, economic, or social effects of one land use on other neighboring or nearby land uses or on the community.
**Third-rail issues**
Controversial subjects that public officials often avoid to preserve their political effectiveness or popularity. Common third-rail issues associated with ADUs include property tenure and the availability of dedicated parking spaces.

**Use, “by right” or ministerial**
A use that is permissible in a specific zoning district, provided it satisfies all objective district- and use-specific zoning standards. In some communities, staff issue ministerial zoning use permits to acknowledge compliance. In others, staff simply check for zoning compliance when issuing a building permit, business license, or certificate of occupancy.

**Use, discretionary**
A use that is permissible in a specific zoning district if local officials determine that it satisfies all objective and subjective zoning standards. In most communities, local officials make decisions about discretionary uses following a quasi-judicial public hearing.