Vermont State Economic Development Committee

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Presenter
Eli Spevak
Famous ADU dwellers
Today’s ADU dwellers
Vermont ADU stories

Accessory Dwellings
A one-stop source about accessory dwelling units, multigenerational homes, laneway houses, ADUs, granny flats, in-law units...

Brooks & Brian's ADU: Retirement Plan for Mom & Us
As Brian and Brooks explored various options for Brooks’ mother’s next housing situation, they determined an ADU would be the best option for both generations; an ADU would enable Brooks’ mother to live as close as possible while having...
Many historic styles (and different names)

Coach House (IL)  Casita (NM)  Alley Housing (DC)

 Converted Barn (Cape Cod, MA)  Carriage House (NJ)
Detached ADUs

- Tucked in the woods
- Garage conversion
- Corner lot ADU
- Side yard house
- Original small house becomes ADU of new/larger house
- Back yard house
Other shapes, styles and sizes
Legalizing ADUs is just the first step.

Next is to help people actually build them.
Get Real About *Who Actually Builds ADUs*…

Amateur homeowner developers

(Unlike pretty much any other type of housing)
Who builds (and lives in) ADUs?
Get real about...
local real estate & economic conditions

2012
Post local rules for ADUs on-line

- Program Guide
- Zoning codes
- Building codes
- Fees
- Utilities
- Permit sets

Training for Realtors!
National ADU trends
1. Affordable ADU Pilots

Portland, OR

3.5% interest, 20 yr term.
80% MFI for 8 yrs

ADU Loans

CRAFT3 LOAN DETAILS

LOANS FOR ACCESSORY DWELLING UNITS (ADUS)

3.5% interest, 20 yr term.
80% MFI for 8 yrs

Portland, OR
FINANCIAL PROGRAM:
Construction Loan Terms

- Up to $200,000 (Max. amount)
- Second mortgage/DOT
- 36 month term / 20-year amortization
- Interest 5% (int. only Year 1 and P&I Years 2-3)
- Eligible costs: soft and hard costs
- Up to 97% CLTV
- Minimum two year affordability restriction
- Tenant income restriction 80-120% AMI ($72,750-$110,400)
- Tenant may utilize up to 34% of income towards rent
- Rents capped at $2,023 or fair market rent, whichever is less
- Loan amount will be sized based on rent
Carrie, Sterling, and their daughter Brenda’s ADU w/ Habitat for Humanity
Market-based Affordable Housing

![Graph of ADU rents in Portland, circa 2013](image)

- Approximately 20% free or far less than market rate
- Approximately 80% near market rate or higher

From Jordan Palmeri, Oregon DEQ
2. Separate ownership to create affordable starter homes

Sabin Green

Applewood Corner

Woodstock Gardens

Everett Custom homes ADU

Waterlily Homes (Austin, TX)

Waterlily Homes (Austin, TX)
Applewood Corner Condo
3. State laws require funding support for ADUs

- Utah: “requires the executive director of the Olene Walker Housing Loan Fund to establish a two-year pilot program to provide loan guarantees for certain loans related to accessory dwelling units”

- California: “requires that cities and counties develop a plan that incentivizes and promotes the creation of ADUs that can be offered at affordable rent for very-low to moderate-income households.”

- OR – Provides funding for jurisdictions to comply
In just the past few years...

ADUs are allowed state-wide in:

- Oregon
- Washington
- New Hampshire
- California
- Vermont
- Washington, DC
- Connecticut
- Rhode Island
- Utah

Cities welcome both an internal and detached ADU

- Vancouver, BC
- Tigard & Portland, OR
- Seattle, WA
- Fayetteville, AR
- Every city in California
Portland, OR ADUs

2000 - 2018

From 24 to 660 ADUs per year
Los Angeles, CA

Los Angeles has 500,000+ single-family lots.

50% of all developable land in Los Angeles is zoned for single-family homes.
Los Angeles, CA ADUs

2013 - 2019

From 15 to 6,747 ADUs per year!

Data collected by the California Department of Housing & Community Development
BUILDINGANADU.COM
Oregon SB 1051: ADUs

- State requirement to allow ADUs in all cities over 1,000 residents
- Permitted outright for all single-family detached homes
  - Subject only to “reasonable siting and design standards”
  - Subsequent law ensures ADUs can be rented, built without new parking, and allowed by (new) HOAs
California ADUs

- Allow detached and interior ("Junior") ADU on any lot, by right. Cap to total ADU living area of 1,200sf.
- 800sf min – or 1,000sf for 2BR ADUs
- Prohibits owner-occupancy
- Limits parking mins for ADUs
- Waive impact fees for ADUs under 750sf (and for larger ones, only charge if impacts fees are proportional to home size)
Comparing VT with other states

• 1\textsuperscript{st} with state law requiring cities to allow ADUs (WA did it in 1993, but toothless)
• Other states have many more “pre-legal” ADUs (Chicago, DC, NYC, S. CA)
• In NE, more focus on owner-occupancy, family relations. In W, more focus on smaller & less expensive housing options in expensive/exclusive areas
• Density & housing costs less likely to drive high rates of ADU development than other states
Vermont’s marked-up ADU Code

Title 24 : Municipal And County Government
Chapter 117 : Municipal And Regional Planning And Development
Subchapter 007 : Bylaws
(Cite as: 24 V.S.A. § 4412)
§ 4412. Required provisions and prohibited effects
Notwithstanding any existing bylaw, the following land development provisions shall apply in every municipality:

(I) Equal treatment of housing and required provisions for affordable housing.

(E) Except for flood hazard and fluvial erosion area bylaws adopted pursuant to section 4424 of this title, no bylaw shall have the effect of excluding as a permitted use one accessory dwelling unit that is located within or appurtenant to an owner-occupied single-family dwelling on an owner-occupied lot. A bylaw may require a single-family dwelling with an accessory dwelling unit to be subject to the same review, dimensional, or other controls as required for a single-family dwelling without an accessory dwelling unit. An accessory dwelling unit means an efficiency or one-bedroom apartment as a distinct unit that is clearly subordinate to a single-family dwelling, and has facilities and provisions for independent living, including sleeping, food preparation, and sanitation, provided there is compliance with all the following:

- The property has sufficient wastewater capacity.
- The unit does not exceed 30 percent of the total habitable floor area of the single-family dwelling or 900 square feet, whichever is greater. Applicable setback, coverage, and parking requirements specified in the bylaws are met.

(F) Nothing in subdivision (I)(E) of this section shall be construed to prohibit:

- a bylaw that is less restrictive of accessory dwelling units; or
- a bylaw that requires conditional use review for one or more of the following that is involved in creation of an accessory dwelling unit: a new accessory structure; an increase in the height or floor area of the existing dwelling; or an increase in the dimensions of the parking areas regulates short-term rental units distinctively from residential rental units.
A few thoughts...

• “A bylaw may not require a SF dwelling with an ADU to be subject to review, dimensions ... beyond what’s required for a SF dwelling.”

• Change “clearly subordinate to” -> “shares a lot with” ... a single-family dwelling.
  – Note: a 700SF house could have a 900SF ADU

• Consider prohibiting owner-occupancy requirements (like OR and CA) or only allow owner-occupancy requirements where the ADU is used as a short-term rental (like WA bill)

• Prohibit bylaws from requiring additional parking for ADUs (or cap number of additional spaces to 1, or prohibit parking mandates near transit)

• Limit impact fees levied on small ADUs (if this is a local issue)