

Accessory Dwelling Units *as* Affordable Housing



2021 Joint Planning Conference Webinar Series
October 1, 2021

INTRODUCTIONS



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AGENDA

- What are Accessory Dwelling Units?
- History of ADUs & Recent Trends
- Past and Current Challenges
- Tackling the Affordability Issues
- Recent Regulatory and Legislative Efforts
- Where they have been successful?
- Recommended Minimum Requirements
- Discussion period

What are ADUs

- A dwelling unit that is accessory to the principal dwelling on the lot.
- By definition, they are smaller than the principal dwelling.
- On average, ADUs range from 600 SF to 1,200 SF¹
- Attached, Detached, Internal



Accessory Dwelling Units (ADUs) come in many shapes and styles. Illustrations by RPA, based on AARP's ABCs of ADU's Guide.

What are ADUs

- Self-contained dwelling unit.
- Contains:
 - One or more bedrooms
 - kitchenette or full kitchen
 - full bathroom
 - Separate entrance
- Unable to be bought or sold on their own, independent from the principal dwelling.



What are ADUs

- Commonly referred to as:
 - In-Law Apt
 - Accessory Apt
 - Granny Flat
 - Garage Apt.



THE FONZIE-FLAT



Source: Ally



Source: NewsTimes

History of ADUs

- Common feature of single-family housing in the early twentieth century.²
- Fell out of favor post WWII with the suburbanization of the US and the preference for SFDs.
- Large lots with an emphasis on the nuclear family.
- Growth of the suburbs reinforced the high demand for lower-density development – leading many communities to prohibit ADU construction & MFD altogether.



LEVITTOWN, PA

History of ADUs

- Despite being prohibited, illegal ADU construction continued where the existing housing stock was not meeting demand.
- San Francisco = Defense boom during and after WW II created a high demand for workforce housing.
- By 1960, San Francisco had between 20,000 to 30,000 secondary units, 90% illegal. ³
- 2009 field study of three neighborhoods in LA revealed that 34% to 80% of SFD had illegal ADUs. ⁴



³ www.huduser.gov

⁴ Cuff, Higgins, and Dahl 2010

History of ADUs

- Illegal ADUs Led to valid issues:
 - Concerns for public health and safety.
 - Not compliant with Uniform Fire Prevention & Building Code
 - Parking and overcrowding.
 - Neighborhood impacts.
 - Contributed to negative views of ADUs that persist to this day.



Recent Trends

- Freddie Mac study scanning 600 million MLS transactions dating back to the late 1990s.
- There has not been a universally accepted term.

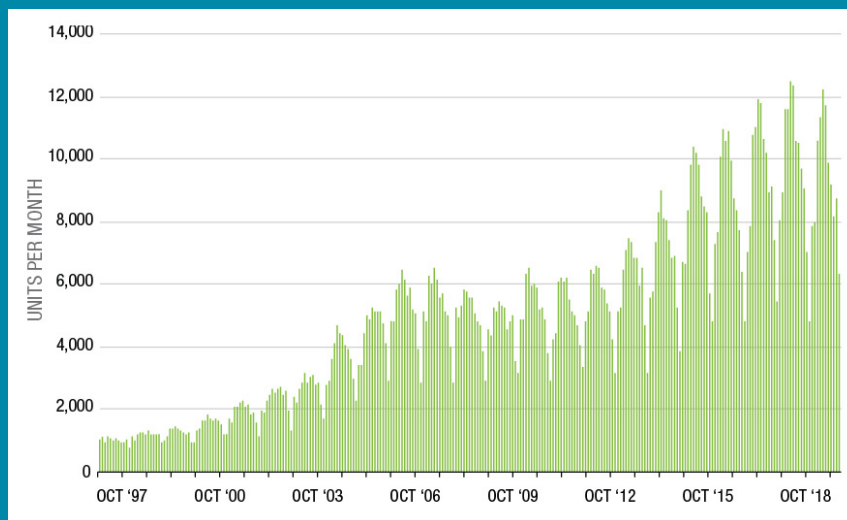
TERMS USED TO DESCRIBE ADUs IN MLS LISTING AND THEIR FREQUENCY OF APPEARANCE



Recent Trends

- Between 2009 and 2019 the number of first time listings of ADUs grew on average 8.6% year-over-year.
- 2000: Only 1.6% of active for-sale listings had ADUs.
- By 2019 the share of active for-sale listings with ADUs had grown to 6.8%.
- From 2003 to 2019 the percentage of rental ADUs increased from 1.2% to 2.9%.

NUMBER OF ADUs LISTED ON MLS FOR THE FIRST TIME ACROSS THE UNITED STATES 1997 - 2019



Source: Freddie Mac, July 2020

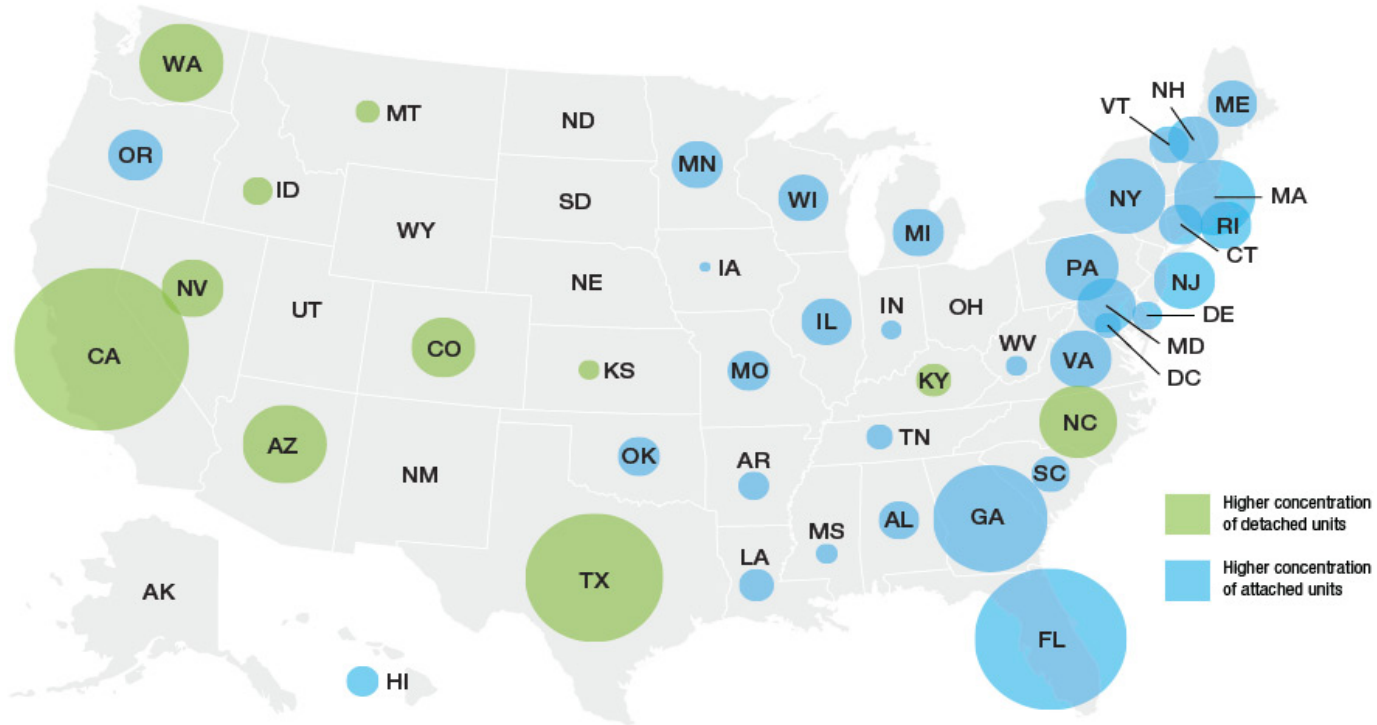
Source: CoreLogic MLS

Recent Trends

EXHIBIT 9

Concentration of attached or detached ADUs and their frequency of appearance

States with a higher concentration of attached units (blue circles) predominate in the East, while states with a higher concentration of unattached units (green circles) predominate in the West.



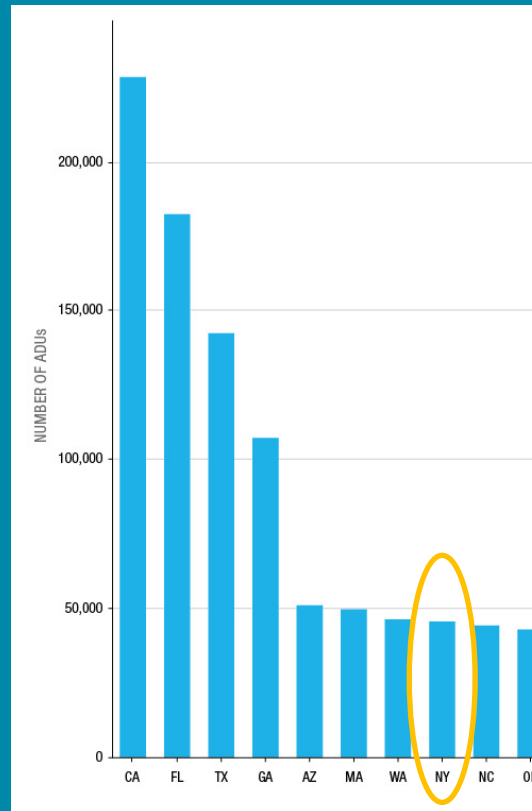
Source: CoreLogic MLS

Source: Freddie Mac, July 2020

Recent Trends – Where Does NYS Stand?

- Between 2010 and 2019: California, Florida, Texas, and Georgia accounts for half of the 1.4 million ADUs identified.
- New York ranks 8th in the nation (under 50,000 ADUs).

TOP 10 STATES FOR ADUs



Source: Freddie Mac, July 2020

METROPOLITAN AREAS WITH THE FASTEST GROWTH IN ADUs ENTERING THE MARKET FOR THE FIRST TIME 2015 - 2018

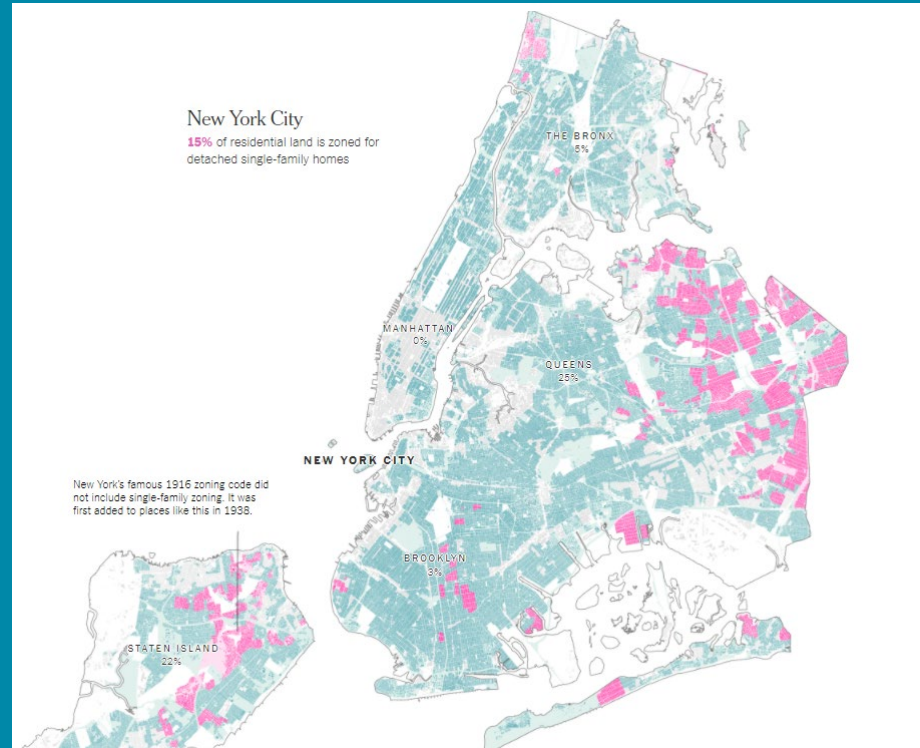
METROPOLITAN AREA (CITIES & STATES)	REGION	AVERAGE GROWTH (% YOY)
Portland-Vancouver-Hillsboro, OR-WA	West	22.3
Dallas-Plano-Irving, TX	South	18.8
Seattle-Bellevue-Kent, WA	West	17.5
Los Angeles-Long Beach-Glendale, CA	West	14.8
Miami-Miami Beach-Kendall, FL	South	14.6
Chicago-Naperville-Evanston, IL	Midwest	13.7
Austin-Round Rock-Georgetown, TX	South	13.6
Orlando-Kissimmee-Sanford, FL	South	12
Virginia Beach-Norfolk-Newport News, VA-NC	South	10.6
Fort Worth-Arlington-Grapevine, TX	South	10.6
Atlanta-Sandy Springs-Alpharetta, GA	South	9.7
West Palm Beach-Boca Raton-Boynton Beach, FL	South	7.8
Anaheim-Santa Ana-Irvine, CA	West	7.5
Tampa-St. Petersburg-Clearwater, FL	South	7.4
Sacramento-Roseville-Folsom, CA	West	6.6
San Diego-Chula Vista-Carlsbad, CA	West	6.4
Charlotte-Concord-Gastonia, NC-SC	South	4.9
Riverside-San Bernardino-Ontario, CA	West	4.9
North Port-Sarasota-Bradenton, FL	South	2.9
Jacksonville, FL	South	2.8
Denver-Aurora-Lakewood, CO	West	2.7
Columbus, OH	Midwest	2.3
Houston-The Woodlands-Sugar Land, TX	South	1.6
Las Vegas-Henderson-Paradise, NV	West	-0.9
Phoenix-Mesa-Chandler, AZ	West	-13.2

Source: CoreLogic MLS

Challenges

- Zoning Laws have consistently sought to preserve the separation between single-family homes and higher density housing.
- Some locales with higher percentage of SFD zoning are seeing more ADUs construction

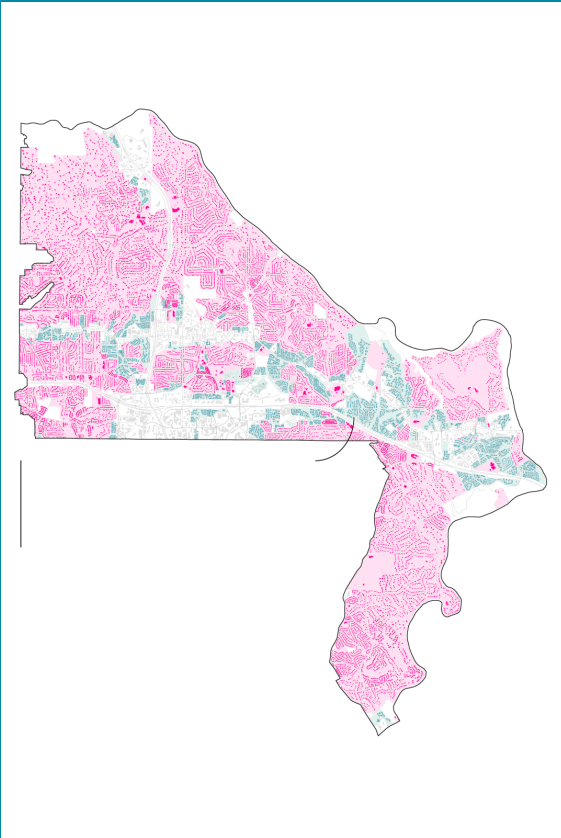
NYC: 15% OF RESIDENTIAL LAND IS ZONED FOR DETACHED SFDs



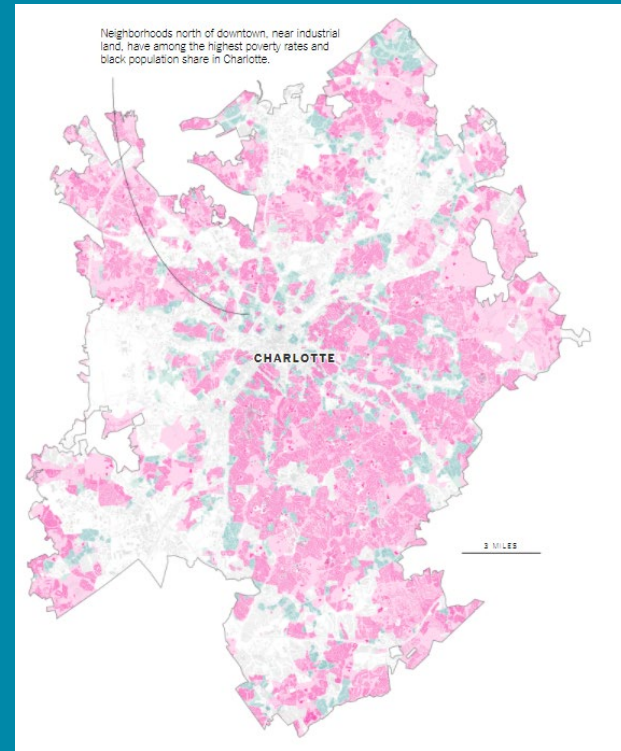
Badger, E., Bui Q., (2019) Cities Start to Question an American Ideal: "A House With a Yard on Every Lot." *The New York Times* 18 June.

Challenges

SANDY SPRINGS, GA. 85%



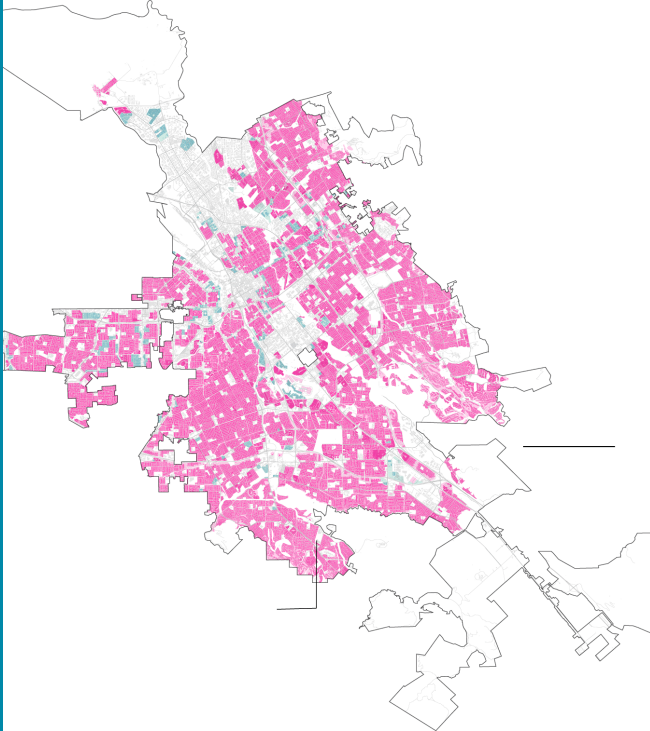
CHARLOTTE, NC. 84%



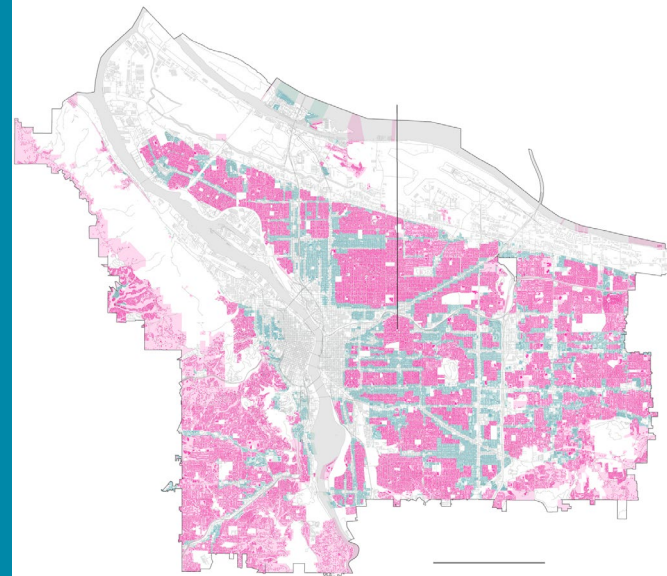
<https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html>

Challenges

SAN JOSE, CALIF. 94%



PORTLAND, ORE. 77%



<https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html>

Challenges

- By their definition, ADUs are accessory to an existing dwelling, primarily single-family dwellings.
- Inserting higher density development in historically SFD-zoned suburbia has not been traditionally embraced.
- Attempts to provide additional housing options can be stalled, stopped or result in “well-meaning” but unworkable & unrealistic regulations.



Challenges

REGULATORY BARRIERS

UNNECESSARY REVIEW PROCESS



Special Use Permits

PREFERRED REVIEW PROCESS



As-of-right



Site Plan Review

OWNER-OCCUPANCY REQUIREMENT



Principal dwelling must be owner-occupied.



Tenant must be a relative of property owner.



These requirements disincentivize ADUs, are generally unworkable and difficult to enforce without a rental registration process.

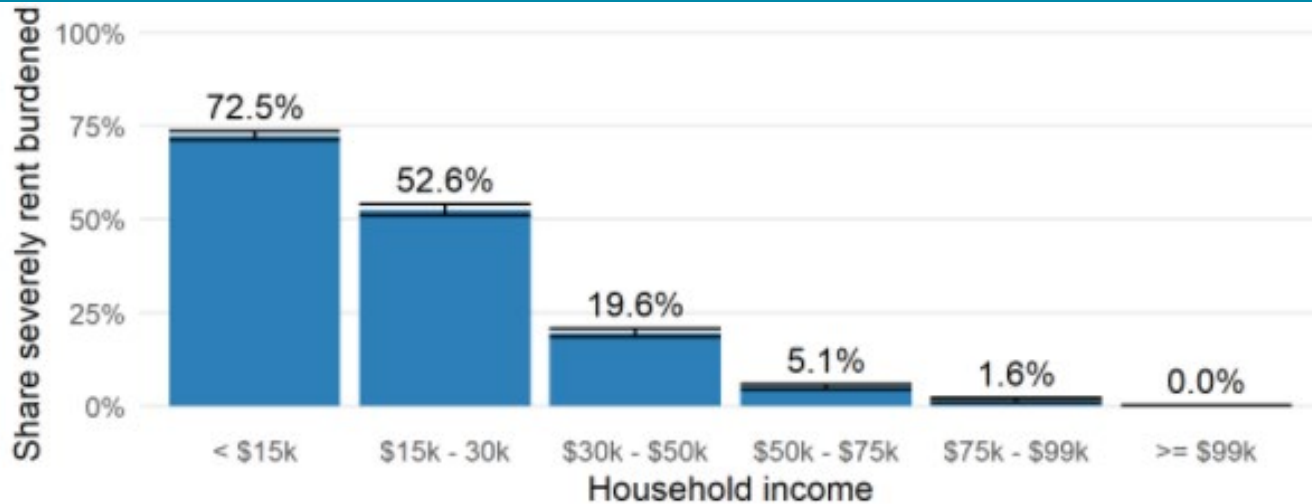
Challenges

REGULATORY BARRIERS

- ✗ Increased lot size requirements.
- ✗ Must be attached or internal.
- ✗ Considered a temporary use
- ✗ *Parking Requirements – although in certain situations, these concerns can be entirely valid.*
- ✗ *Maximum Size – arbitrary maximum SF (e.g., % of principal dwelling SF) – Should be no larger than principal dwelling and meet all setbacks.*
- ✗ *Maximum bedroom limits*

Addressing the Housing Need

2018 NYS Share of Renter Households Severely Rent Burdened (More than 50% of Income)



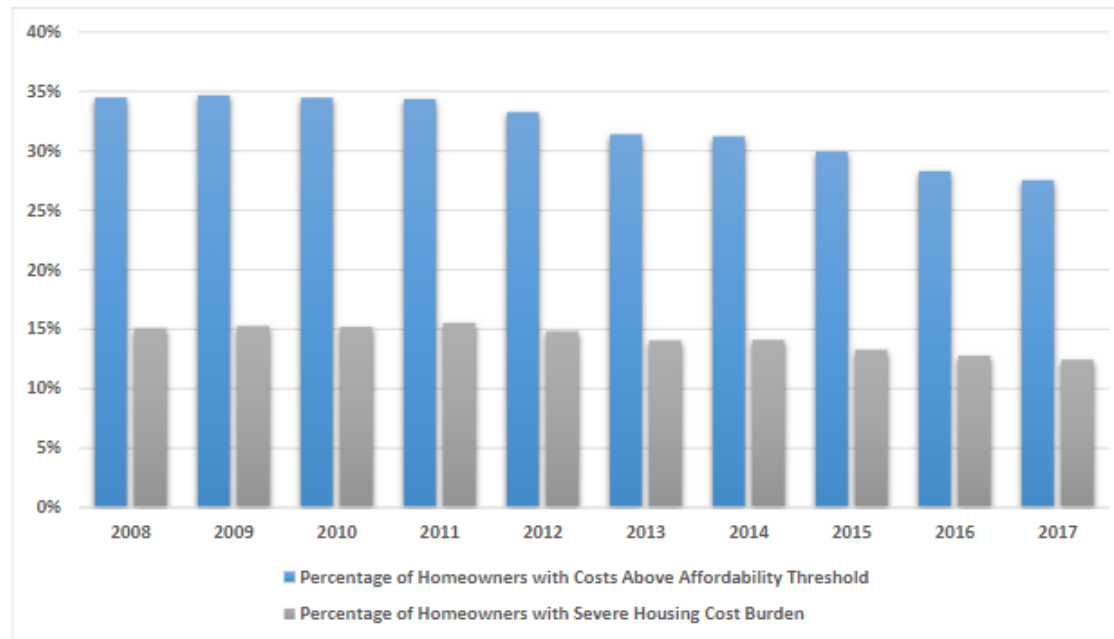
Notes: Severely rent burdened households are those paying more than 50% of monthly household income on gross rent. Error bars represent 90% confidence intervals, and value labels reflect point estimates

Sources: American Community Survey (2018), IPUMS USA, NYU Furman Center

Addressing the Housing Need

Homeowners face similar affordability challenges

Percentage of New York State Homeowners with Housing Costs Above the Affordability Threshold



Sources: U.S. Census Bureau

2019 Housing Affordability in NYS, Office of the NYS Comptroller

Addressing the Housing Need

- Lack of available rental housing in general.
- COVID-19 Pandemic exacerbating the lack of more affordable housing.

CAPITAL DISTRICT

County	Population	Median Household Income \$	% Below Poverty Level	% Rental Units	Rent-Burdened* Households
Albany	307,426	64,535	12.0%	43.5%	48.7%
Columbia	60,919	63,032	11.9%	27.9%	49.2%
Greene	47,617	53,617	13.3%	25.9%	62.0%
Rensselaer	159,431	65,851	12%	36.9%	46.6%
Saratoga	227,377	80,839	6.2%	28.2%	39.8%
Schenectady	154,883	63,785	11.4%	33.5%	49.5%
Warren	64,480	59,813	10.5%	29.1%	51.0%
Washington	61,828	54,114	12.0%	27.1%	53.4%

Data Sources: U.S. Census Bureau, 2018 American Community Survey 5-Year Estimates and U.S. Census Bureau, 2018 ACS Population Estimates

Note: American Community Survey (ACS) data is survey-based and subject to sampling error. Since ACS variables change over time, some areas or subjects must be compared with caution, or not at all.

*Households spending at least 30% of gross income on rent

Source: NYS Association for Affordable Housing

Addressing the Housing Need

ULSTER COUNTY HOUSING ACTION PLAN 2021

MEDIAN
HOUSEHOLD INCOME

+16%

-1%

MEDIAN RENT

SINCE 2010

AVERAGE SALE PRICE
OF A SINGLE FAMILY DWELLING

+17%

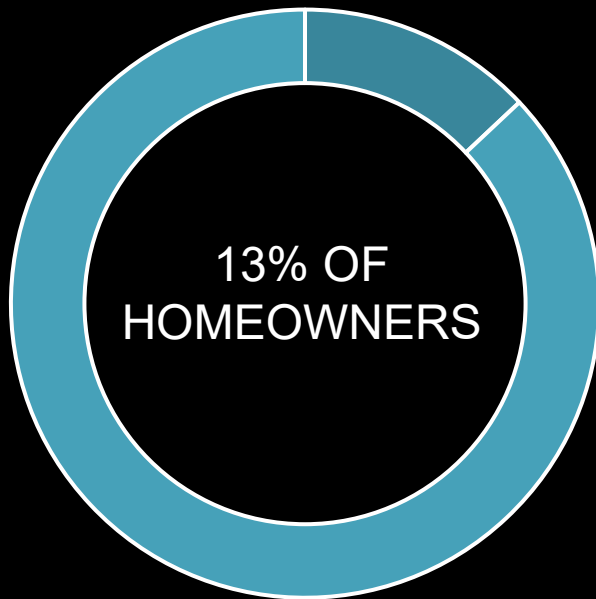
FROM 2013 - 2019

www.ulstercountyny.gov

The Housing Need

ULSTER COUNTY HOUSING ACTION PLAN 2021

Severely Rent Burdened



ULSTER RESIDENTS WHO SPEND
MORE THAN HALF OF THEIR TOTAL
INCOME ON HOUSING COSTS

www.ulstercountyny.gov

Addressing the Housing Need

ULSTER COUNTY HOUSING ACTION PLAN 2021*

AVG. SIZE OF ALL HOMES BUILT
IN ULSTER COUNTY SINCE 2015

2,245 SF

MEDIAN SALES PRICE

\$425,000

www.ulstercountyny.gov

Addressing the Housing Need

- *Do they serve mainly as extra living spaces, offices, or sources of short-term rental income?*
- 2013 Survey of permitted ADU owners in Portland = nearly 80% all were being used as long-term residences.*
- Follow-up study: from 2015 to 2018 shows that ***¾ of listings where rented between 262 to 371 days:*** Texas, California, Florida, Georgia, and Arizona.



*Source: Brown & Palmeri 2014

Addressing the Housing Need

- Decision to construct ADUs appears to be driven by homeowner need (care for elderly parent, guest house, extra space, rental income).
 - Affordable alternative for families to provide independent living spaces for their family.
- Increasing local affordability may not be a major focus of homeowners.



Addressing the Housing Need

- Generally, costs to construct an ADU is cheaper than a traditional SFD as no additional land is required to be purchased.
- Pre-fabricated ADUs/Tiny Homes can range from around \$30,000 to well over \$100,000.
- *Does not include costs for installation, utility hookups, local approvals, etc.*
- Can purchase building plans.



Addressing the Housing Need

- Should be considered one tool communities can utilize to increase access to affordable housing – ADUs can help diversify the local housing stock.
- There is a need for more diverse options.
- Needs to be combined with an overall increase in housing options:
 - Reducing or completely eliminating SFD-only districts.
 - Incorporate additional options including duplexes, triplexes, and multi-family.
 - Allowing Tiny Homes.



Addressing the Housing Need

MISSING MIDDLE HOUSING

A range of house-scale buildings with multiple units – compatible in scale and form with detached single-family homes – located in a walkable neighborhood.



Opticos. www.missingmiddlehousing.com

Addressing the Housing Need

✓ They can be built at an individual level rather than on a large-scale basis.

✓ ADUs are a great opportunity to incrementally introduce higher density in traditional suburban areas.



Gentle Density Increase

Addressing the Housing Need

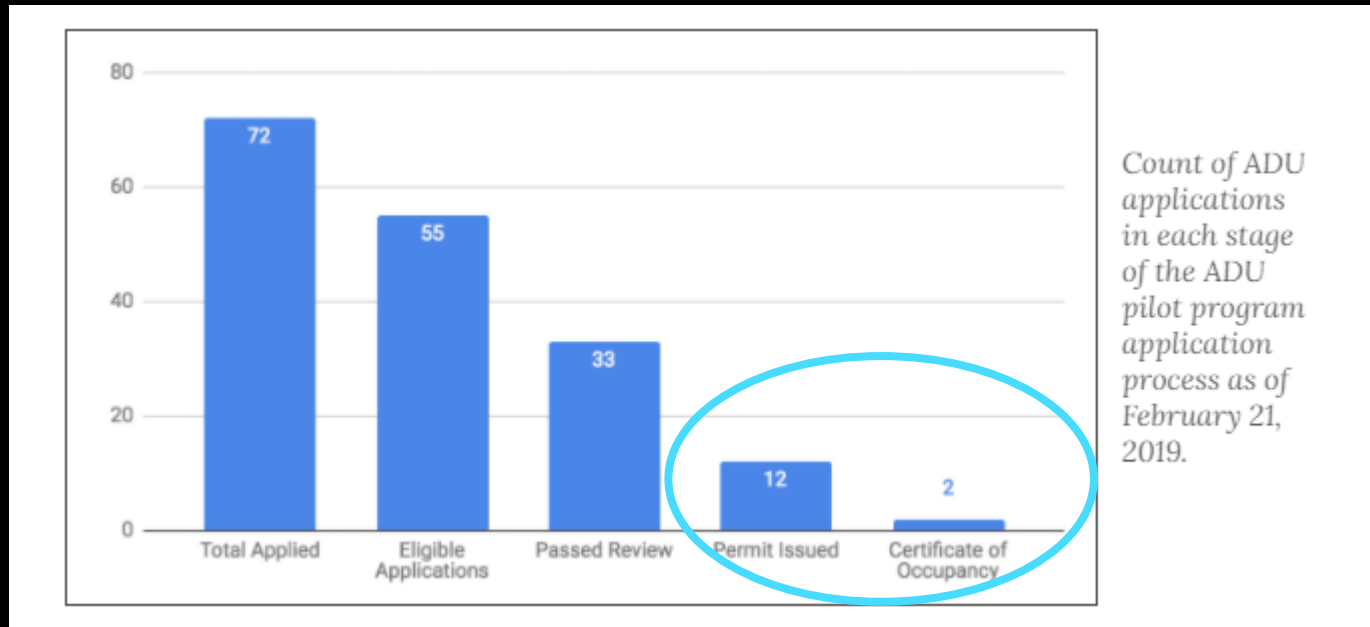
- ✓ This approach has an advantage in that their impact doesn't alter neighborhood character or add significant numbers of new cars to the roads.
- ✓ They are more of a small tool than a full-scale solution to the affordability issues.
- ✓ Can enhance affordability for renters and help supplement homeowner income.



Addressing the Housing Need

Where they are targeting affordable housing issues:

- Additional Dwelling Unit Loan Program in **Boston** allows low- and moderate-income homeowners to receive a zero-interest loan of up to \$30,000 for ADU remodeling project (*within the existing structure*).



Source: City of Boston

Addressing the Housing Need

Where they are targeting affordable housing issues:

- La Mas Backyard Homes Project – Los Angeles
 - *Well-designed rentals L.A. can afford*
 - Homeowners agree to rent their ADU to a Section 8 voucher holder for a minimum of 5 years.
 - In exchange, the homeowners receive affordable design and construction, free project management and favorable financing.
- City of Napa, CA. – Junior Unit Initiative Program
 - Provides forgivable financing of up to \$50,000 to create a junior unit (internal apartment) and up to \$25,000 in financing (deferred interest free loan) for ADUs in existing accessory structures.
 - Provides homeowners with technical assistance.

Regulatory and Legislative Efforts

- **NYS Legislature: Senate Bill S4547**
 - Appears to still be under Judiciary Committee review.
 - Would direct municipalities to make certain that ADUs are legal under local law without imposing overly-onerous restrictions for homeowners.
 - Direct NYS Dept. of State to work with local govts. to make sure local laws meet state requirements – reviews local laws.
 - Designated areas shall include all areas zoned for SFD and MFD and all lot with an existing residential use.
 - Prohibits short-term rentals.
 - Limits to 50% of principal dwelling.
 - ADUs shall not be counted towards allowable residential density.

Regulatory and Legislative Efforts

- **NYS Legislature: Senate Bill S4547**
 - Municipalities shall not set:
 - Minimum square footage requirement greater than 200 SF.
 - Maximum square footage requirement less than 1,500 SF.
 - Setback requirements greater than accessory structures.
 - *No parking requirements.*
 - Requires ministerial approvals – without discretionary review or a hearing.
 - 60-day review and approval process.
 - Existing ADU regulations that fail to meet the requirements of the law will be null and void.
 - Owner-occupied requirement for up to one year.

Regulatory and Legislative Efforts

- **NYS 2020 Residential Code Appendix Q Tiny Houses – effective March 2020**
 - Defines Tiny House: A dwelling that is **400 SF** or less in floor area (excluding lofts).
 - Specific requirements to ceiling height, room area, loft access, escape and rescue openings, and electrical, heating, kitchen and toilet facilities.



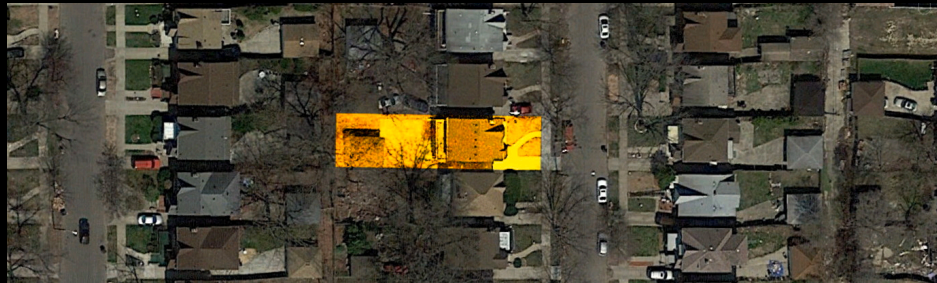
Prefabreview.com

Regulatory and Legislative Efforts

- City of Albany's Unified Sustainable Development Ordinance:
 - ADUs allowed with limited permitting.
 - For single-family detached dwellings and for a non-residential use in mixed-use districts.
 - No additional parking requirements.
- City of Kingston:
 - Undergoing Comprehensive Zoning Update – FBC.
 - Originally sought to significantly expand ADUs – on-hold.
 - Issued an RFP for a Tiny Home Community – to house up to 30 homeless or low-income individuals in 15 units within 1st year.
 - Similar programs in Ithaca and Syracuse

Regulatory and Legislative Efforts

- Town of Esopus, Ulster County - Recent Comprehensive Zoning Update
 - Allows for internal, attached and detached ADUs.
 - Does not count towards residential density.
 - 5-year prohibition on short-term rentals.
 - Building Permit for most, except when exterior/detached ADU proposed on smaller lots require site plan approval.
 - General standards to maintain existing neighborhood character.
 - One off-street parking space required.



<https://handbuiltcity.org/2016/06/26/the-adu-as-community-development-tool/>

General Recommendations to Expand AUDs

- Allow as-of-right with reasonable requirements that are dependent upon the surrounding neighborhood (on vs. off-street parking).
- *Site Plan for challenging locations?*
- Do not count against residential density.
- Allow internal, attached and detached.
- Allow manufactured structures.
- Allow as a caretaker unit for a nonresidential use (City of Albany Unified Sustainable Development Code).
- Limited owner-occupied requirements.
- Consider pre-approved designs for faster permitting.
- State-wide financing/incentive programs would be beneficial.

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Questions & Answers

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American Planning Association
New York Upstate Chapter

