11) A Pathway for Planners and Advocates

Toward More Permitted Development
Accessory Dwelling Unit (ADU) Potential

Accessory Dwelling Units
Infographic by Ryan Sullivan / www.pasteinplace.com
Change In Household Size from 1940 to 2016
One-Person Households as Share of All Households In Five Major U.S. Cities

- **Austin**: 35%
- **Seattle**: 41%
- **Washington, D.C.**: 45%
- **Denver**: 41%
- **New York**: 33%
Average US Single Family House Size from 1950-2013

BACKDOOR REVOLUTION
The Definitive Guide to ADU Development
Building anADU.com
Practices evaluated against the Standard Oregon home

Reduction in Lifecycle GHG Emissions Compared to the Standard OR Home (2262 sqft)
Percentage of Single-Family Homes Compared to Other Housing Types in 917 US Cities

Number of Analyzed Cities with This Percentage

Percentage of Single-Family Housing Stock
Cons of permitting

• Use restrictions
• Additional parking requirements
• Must go through lengthy, bureaucratic and expensive process
• More expensive to comply with code than not to
• Tax increases
Pros of permitting

• Appraisal value (...and loans)
• Legally rent it—less stress
• Insurance
• Quality assurance
Good news

- ADU neighborhood impacts already exist
- Permitted ADUs would provide safer ADUs
Example ADU
Development Regulations

Maximum Size of ADU
- 800 sq ft or
- 75% of the living area of the primary dwelling

Building Lot Coverage
- Footprint of accessory structures can not exceed 15% of the total lot

Height
- Midpoint of the primary gable must be <20ft high

Exterior finish materials can match the primary house or.....
- Roof pitch = 6/12 pitch or greater
- Trim = 3 ½” or greater
- Siding reveal = 6” or less
- Eaves = 1ft eaves on all side
- Windows must be at least as tall as they are wide on street facades
Breakeven for ADU Development

How long will it take to pay for the cost of the ADU construction via the property’s rental income?

<table>
<thead>
<tr>
<th>Example</th>
<th>Joe's living situation</th>
<th>Rental income</th>
<th>Breakeven period</th>
<th>Breakeven w/ADU value</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Lives in the house and rents out the ADU</td>
<td>$1,500/month for $18K/year</td>
<td>8.9 years</td>
<td>2.2 years</td>
</tr>
<tr>
<td></td>
<td>$18K/year x 8.9 years = $160K</td>
<td></td>
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<tr>
<td>B</td>
<td>Lives in the ADU and rents out the house</td>
<td>$2,500/month for $30K/year</td>
<td>5.3 years</td>
<td>1.3 years</td>
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<td></td>
<td>$30K/year x 5.3 years = $160K</td>
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<tr>
<td>C</td>
<td>Rents out the ADU and the house</td>
<td>$4,000/month for $48K/year</td>
<td>3.3 years</td>
<td>10 months</td>
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<tr>
<td></td>
<td>$48K/year x 3.3 years = $160K</td>
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</tbody>
</table>
Most common ways to fund ADU development:

• **Home Equity Line of Credit Loans** - refinancing existing house if there’s significant equity in the main house. With a “HELOC” you wouldn’t need to refinance the existing property but need enough equity.

• **Cash Out Refinance**: refinancing existing house and taking out cash at a new, fixed, amortized rate.

• **Liquid assets** (savings, stocks, 401K loans)

• **Sweat Equity** - rule of thumb: half for material, half for labor.

• **Family Loans and other non-secured lines of credit**
How Homeowners Are Funding ADUs

- Cash savings
- Personal loans (family or associate)
- Home Equity Line of Credit
- Cash out Refi
- Renovation Loan
- Rehab Loan

% of ADU Funded By This Source

Number of Homeowners Using This Type of Funding
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1.</td>
<td>Funding</td>
</tr>
<tr>
<td>2.</td>
<td>Brainstorm project scope</td>
</tr>
<tr>
<td>3.</td>
<td>Talk to a City planner determine feasibility</td>
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<tr>
<td>4.</td>
<td>Rough sketch some ideas</td>
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<td>5.</td>
<td>Talk to neighbors</td>
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<tr>
<td>6.</td>
<td>Interview architects or designers</td>
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<td>7.</td>
<td>Find builders and subs</td>
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<td>8.</td>
<td>Initiate financing as needed</td>
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<tr>
<td>9.</td>
<td>Designer draws up schematic drawings for consideration</td>
</tr>
<tr>
<td>10.</td>
<td>Integrated Design Process</td>
</tr>
<tr>
<td>11.</td>
<td>Designer refines schematics</td>
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<td>12.</td>
<td>Have designer build a 3D model of the design</td>
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<tr>
<td>13.</td>
<td>Designer finalizes design with input from owner and builder</td>
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<td>14.</td>
<td>Develop drawings and structural engineering calculations for City</td>
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<td>15.</td>
<td>Submit drawings to the City for permit</td>
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<td>16.</td>
<td>Hire land surveyor</td>
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<tr>
<td>17.</td>
<td>Obtain permits</td>
</tr>
</tbody>
</table>
BUILD SMALL, LIVE LARGE

PORTLAND’S ACCESSORY DWELLING UNIT TOUR
SEPT 9TH - 10TH, 2017

FRIDAY, SEPT 8TH
6PM - 9PM
ADU WORKSHOP
GETTING STARTED WITH PERMITTING, FINANCING, & DESIGN
PRESENTED BY KOL PETERSON

SATURDAY, SEPT 9TH
10AM - 4PM
SELF-GUIDED ADU TOUR
NORTHEAST PDX
4PM - 8PM
FREE PARTY AT CARAVAN
THE TINY HOUSE HOTEL
• MUSIC • BEER • S’MORES
OPEN TINY HOUSES ON WHEELS
$10 ADMISSION FOR PUBLIC

SUNDAY, SEPT 10TH
10AM - 4PM
SELF-GUIDED ADU TOUR
SOUTHEAST PDX

EARLY BIRD TICKETS UNTIL AUG 19TH
$25 $25 $50 $75
REGULAR ADMISSION
$30 $30 $60 $90

REGISTER AT:
ACCESSORYDwellings.ORG

Brought to you by: ACCESSORYDwellings.ORG
IN PARTNERSHIP WITH:
ADUs in Los Angeles
ADU Permit Trends in Californian Cities

This data is derived partially from a Terner Center report.
This accounts for permits issued roughly through November 1st, 2017.
Portland’s ADU History

ADUs permitted per year & Applicable Regulations

Pre-1996

50 Permitted ADUs from 1981 to 1996

- ALLOWED BY RIGHT
- NO STREET PARKING
- NO MINIMUM LOT SIZE
- SIZE CAP: PRIMARY HOUSE
- "A" OVERLAY ZONE ONLY
- INTERNAL CONVERSION ONLY
- OWNER OCCUPANCY
- IMPACT FEES
- DESIGN COMPATIBILITY

50 Permitted ADUs from 1981 to 1996
## Portland’s ADU History

### ADUs permitted per year & Applicable Regulations

<table>
<thead>
<tr>
<th>Year</th>
<th>ADU Permitted</th>
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<tbody>
<tr>
<td>1991</td>
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<td>1992</td>
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<td>2017</td>
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<td>2018</td>
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</tbody>
</table>

### Key Regulations

- **Allowed by Right**: No minimum lot size
- **No Off Street Parking**: ALL BY RIGHT
- **Allowed City-Wide**: CAN RENT BOTH UNITS
- **Size Cap**: INTERNAL ADDITIONS DETACHED
- **Owner Occupancy**: Impacts 50% of_owner_occancy
- **Design Compatibility**: ADU Blast Off ??

#### Notes
- **Overlay Zone Only**
- **Impact Fees 33% / 800SF**
Portland’s ADU History

ADUs permitted per year & Applicable Regulations

1996 - 2009

ADU Blast Off ??

- ALLOWED BY RIGHT
- NO OFF STREET PARKING
- ALLOWED CITY-WIDE
- CAN RENT BOTH UNITS
- IMPACT FEES 50%
- DESIGN COMPATIBILITY
- NO MINIMUM LOT SIZE
- SIZE CAP 33% / 800SF
- TYPES: INTERNAL ADDITIONS DETACHED
Portland’s ADU History

ADUs permitted per year & Applicable Regulations

2010 - 2015

- Allowed by Right
- No Off Street Parking
- Allowed City-Wide
- Can Rent Both Units
- Impact Fees Waived
- No Minimum Lot Size
- Size Cap 33% / 800sf
- Types: Internal Additions Detached
- Design Compatibility
Portland’s ADU History

ADUs permitted per year & Applicable Regulations

- Allowed by Right
- No Off Street Parking
- Allowed City-Wide
- Can Rent Both Units
- Impact Fees Waived
- No Minimum Lot Size
- Size Cap 75% / 800SF
- Types: Internal Additions Detached
- Design Compatibility

2010 - 2015
Portland’s ADU History

ADUs permitted per year & Applicable Regulations

- ALLOWED BY RIGHT
- NO OFF STREET PARKING
- ALLOWED CITY-WIDE
- CAN RENT BOTH UNITS
- IMPACT FEES WAIVED
- NO MINIMUM LOT SIZE
- SIZE CAP 75% / 800SF
- TYPES: INTERNAL ADDITIONS DETACHED
- DESIGN COMPATIBILITY

2015 - 2016
ADU Permits Issued in Portland, Oregon from 2000-2016

- No minimum lot size
- No parking requirement
- Allowed by right
- No owner occupancy
- Internal/detached ADU
- Up to 800 sq ft
- Reduced impact fees

- Relaxed design compatibility
- SDC waiver begins in 2010

BACKDOOR REVOLUTION
The Definitive Guide to ADU Development
Building anADU.com
Lots in the new 'a' overlay would be allowed these additional housing types, provided they meet minimum lot size requirements.
Steps to Improving ADU Codes in Cities

Prerequisites:
- Housing Crisis
- Overdominance of Single Family Zoning
- Political Leadership

Attached/Detached

Detached already allowed

Poison pill regulations

Poison pill regulations

Pilot neighborhoods

Ripened ADU Program

Review Administrative Fees and ADU Program Guide

Perks to Kickstart Development
Preconditions of an ADU Movement

• Affordable Rental Housing Crisis & High Land Values
• Predominance of ‘Single Family’ Residential Zoning
• Political Leadership
• Reasonable Zoning and Flexible Development Regulations
  • No poison pill regulations, reasonable design standards
• Faith in Government
• Permitting Office Transparency
• Access to Capital (typically from Increased Home Equity due to Land Value Inflation)
Accessory Dwellings

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

Caleb & Tori Bruce's ADU: Existing Home Becomes Secondary Dwelling

As a builder, contractor, and cabinet maker, Caleb Bruce builds boxes for a living, but he has also developed a knack for out-of-the-box thinking. Here's the story of how Caleb turned an existing house into a secondary dwelling (or an accessory dwelling as we call them in Portland, OR).

Stephanie & Sam Dyer's ADU: A Guest Cottage Off Mississippi Ave

Although their parents would have “first dibs,” the couple realized that they could also rent out the space through VRBO when neither set of parents were in town. Stephanie and Sam were interested in this additional income potential and both sets of parents liked the investment potential of the property.
BUILDING AN ADU

Your online resource for accessory dwelling units

GET THE BOOK: BACKDOOR REVOLUTION
“Over the last seven years, I’ve witnessed Kol’s leadership in the small house movement first-hand, from starting the first tiny house hotel, to educating thousands of homeowners on how to develop ADUs, to his advocacy work on small housing policy.”

— DEE WILLIAMS, author of *The Big Tiny*

“*Backdoor Revolution* is an A–Z manual on how to create ADUs, written by one of the most passionate, knowledgeable and experienced people in this burgeoning movement. Kol leads the reader through the challenges of permitting, financing and building ADUs, and lays out the opportunities for bringing this grassroots phenomenon into a viable housing option.”

— ROSS CHAPIN, author of *Pocket Neighborhoods*

ACCESSORY DWELLING UNITS are a form of residential infill housing that are poised to revolutionize housing in the U.S. Unlike other urban development trends, this one is being driven by homeowners, not professional developers.

Through case studies, expert interviews, first-hand anecdotes, images, and data analysis, *Backdoor Revolution* reveals the opportunities, challenges and best practices of ADU development for homeowners, including costs, financing, design, zoning barriers, and regulatory loopholes.

With sections written for policymakers and small housing advocates, *Backdoor Revolution* offers insightful analysis and succinct prescription for solutions to municipal and institutional barriers for ADU development.

KOL PETERSON is an ADU expert based in Portland, Oregon, who has helped catalyze the exponential growth of ADUs over the last decade through advocacy, education, consulting, and policy work. He owns Caravan – The Tiny House Hotel, organizes Portland’s popular ADU Tour, co-edits AccessoryDwellings.org, and has taught ADU classes to thousands of homeowners and realtors. Kol has a master’s degree in environmental planning from Harvard’s Graduate School of Design.