

# Exploring Accessory Dwelling Units



# Who Am I?



James Vayo, AICP

Senior Vice President of  
Planning and Development,  
MPACT Collective

- We are a team of real estate experts dedicated to creating best in class development.

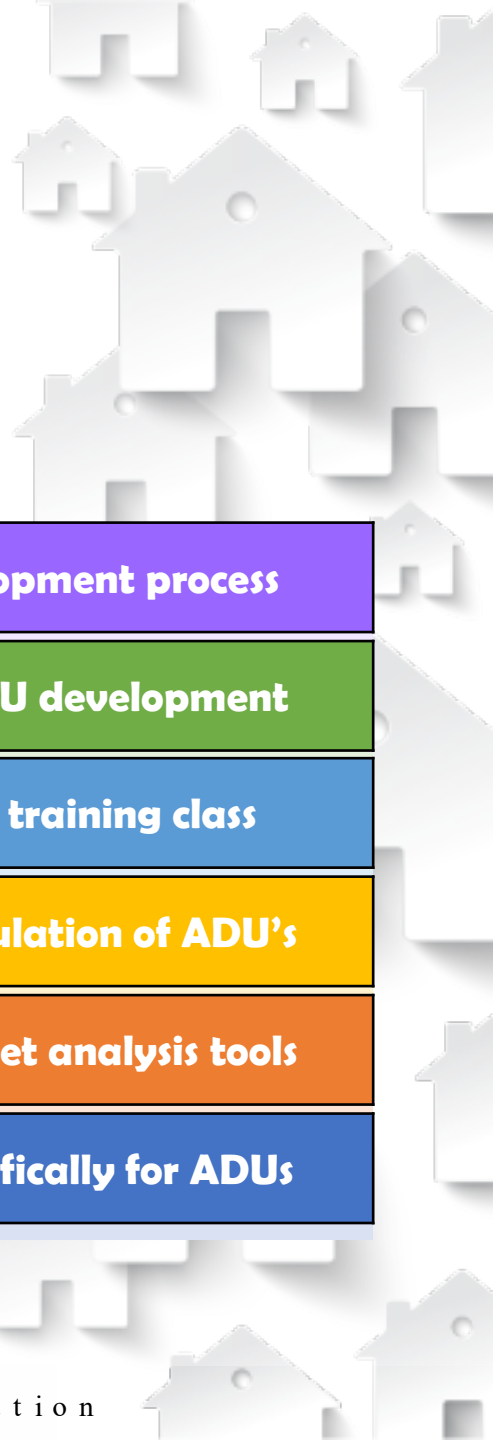
## My Skill Sets...

- Downtown Policy & Planning
- Transportation Planning
- Architecture
- Affordable Housing
- Equity & Environmental Justice



- Planning and Underwriting
- Transit-Oriented Development
- Community Benefits Plans
- Site Programming
- Market Studies





University of New Hampshire

Master of Arts in Development Policy and Practice

# MANCHESTER'S HOUSING OPPORTUNITY:

Understanding the Low Rates of Accessory Dwelling Unit Development by Manchester Homeowners



**24 people to attend class on ADU development process**

**500 homeowners to receive flyers on ADU development**

**5-10 homeowners to attend a landlord training class**

**Draft city ordinance to ease the cost/regulation of ADU's**

**Provide 100 homeowners with developmet analysis tools**

**Increase lending products designed specifically for ADUs**

**Authored By: James M. Vayo**

# MANCHESTER

78% of residential land is zoned for detached single-family homes

Where  
Can  
ADUs  
Go?



# ADU "In-Law" Apartment Questionnaire

PLEASE COMPLETE AND SEND BACK THIS QUESTIONNAIRE BY OCTOBER 1<sup>ST</sup> 2018  
Your answers are completely anonymous and will not be used for enforcement or tax collection purposes. Please do not include your name or address on this form. There is space on the back for additional comments.

## What is an Accessory Dwelling Unit?

- An accessory dwelling unit is commonly known as an "In-Law" apartment, or referred to as an ADU.
- An accessory dwelling unit is a permanent residence that is accessory to your single family home.
- Accessory dwelling units can be attached to, or detached from, the main residence.
- Accessory dwelling units have a separate bathroom and separate food preparation (cooking).

### SECTION A: QUESTIONS 1-11 TO BE ANSWERED BY ALL SURVEY RESPONDENTS

- Are you a decision maker for your household?
  - Yes  No
- Are you the property owner?
  - Yes  No
- How many years have you live there?
  - 1-5 years
  - 6-10 years
  - 11-15 years
  - More than 16 years
- How do you feel about the cost of housing in your neighborhood?
  - Very Expensive
  - Somewhat Expensive
  - About Right
  - Somewhat Inexpensive
  - Very Inexpensive
  - I don't know
- What percent of household income do you spend on housing and associated utilities?
  - < 10%
  - 10%-20%
  - 20%-30%
  - 30%-40%
  - More Than 40%
- If housing costs continue to rise, what action should the city take to address it?
  - Do nothing
  - Abate taxes
  - Allow more housing to be built
  - Put caps on rent increases
- If you lost your income, would you rent out part of your house to remain in it?
  - Yes  No  Maybe
- If you are/were elderly, would you provide board in exchange for home care?
  - Yes  No  Maybe
- How would you feel about not being built in your neighborhood?
  - Very Upset
  - Displeased
  - Unsure/Neutral
  - Pleased
  - Very Happy
- How would you feel if your to build an ADU on their property City of Manchester regulations?
  - Very Upset
  - Displeased
  - Unsure/Neutral
  - Pleased
  - Very Happy
- If your neighbor were to file to build an "In-Law" apartment property, would you attempt to?
  - Yes  No  Maybe

### SECTION B: QUESTIONS 12-20 TO BE ANSWERED BY HOME OWNERS THAT CURRENTLY HAVE NO "APARTMENT ON THEIR PROPERTY ("IN-LAW" OR ADU DEFINED IN THE BOX ABOVE)

- Have you ever considered creating an ADU on your property before?
  - Yes  No
- What are the reasons you would want to build an ADU?
  - ADU Rental Income
  - Primary House Rental Income
  - Housing for Relatives
  - Housing for Caretaker
- Were you aware that attached ADUs are already allowed in the City of Manchester?
  - Yes  No
- If the City's zoning ordinance was changed to permit detached ADUs (such as a garage conversion to apartment), would you be inclined to create one?
  - Yes  No  Maybe
- Do you have an existing structure on your property (e.g. garage or office) that could be easily converted into an ADU?
  - Yes  No  Maybe
- If not, do you have space on your lot available for a detached ADU?
  - Yes  No  Maybe
- Could you accommodate additional off-street parking?
  - Yes  No  Maybe
- Would you like to build an ADU if you lack the knowledge do so?
  - Yes  No  Maybe
- If someone with the financial resources to finance, permit, and construct an ADU was able to assist you with the process, would you consider using that service?
  - Yes  No  Maybe

### SECTION C: QUESTIONS 21-28 TO BE ANSWERED BY HOME OWNERS WHERE THERE IS AN EXISTING "IN-LAW" APARTMENT ON THEIR PROPERTY ("IN-LAW" OR ADU DEFINED IN THE BOX ABOVE)

- Did you seek to obtain a permit to build the ADU on your property?
  - Yes  No  Unsure
- Was that accessory dwelling approved by the City of Manchester?
  - Yes  No  Unsure
- If City of Manchester created an amnesty program for illegal accessory dwelling units to be legalized would you use it?
  - Yes, Absolutely
  - Probably
  - I Don't Know / Unsure
  - Not Likely
  - No, Definitely Not
- Would incentives, such as reduced fees for permitting process, motivate you to build an ADU?
  - Yes, Very Much So
  - Yes, Somewhat
  - I Don't Know / Unsure
  - No, Not Really
  - No, Does Not Motivate Me at All
- Would incentives, such as reduced fees for permitting process, motivate you to build an ADU?
  - Under 500 sq. ft.
  - 500 - 650 sq. ft.
  - 650 - 800 sq. ft.
  - 800 - 1,000 sq. ft.
  - Over 1,000 sq. ft.
- This existing "In-Law" apartment is:
  - Attached to my house
  - Detached from my house
  - In an addition added to my house
  - In a renovated existing space
- What is the monthly rent you charge for the "In-Law" Apartment?
  - \$0, No rent charged
  - \$1-\$500/month
  - \$501-\$900/month
  - \$901-\$1,200/month
  - Over \$1,200/month
- What is the approximate age of the "In-Law" apartment occupant?
  - 18-30 years old
  - 31-45 years old
  - 46-60 years old
  - Over 60 years old

See the other side of this postcard for instructions on how to start the survey

**University of New Hampshire**

**Are you the home-owner?**

**Take a 10-minute survey to share your opinion on housing in your neighborhood.**

A University of New Hampshire graduate student project exploring the housing seeks the opinion of Manchester home-owners about the existence of "In-Law" apartments and their acceptance in the city.

# SURVEY

## MANCHESTER 2018 FINDINGS



## 10. TRAINING RESOURCES & BUDGET

This section will include information on the training resources and effort (number of hours) for each project. It will include a summary of additional financial resources that may be required to develop and deliver end-user training.

Project Effort Required		
Role	Headcount	Effort
Lead Trainer	1	100 hours
Training Co-Instructor Units	5	20 hours (4 hours each)
Grant Administration	1	8 hours
		148 hours

Source of Funds	
Description	Budget
Mini-Grant from NHHFA	\$5,000

In Kind Donation of Materials & Labor	
Donation of venue (3 dates at a value of \$300/date)	\$900
Donation of Instructor Time (assumed \$60/hr. value)	\$1,200
Project Lead Donated Time (assumed \$40/hr. value)	\$4,000
Donation of Printed NHHFA HO Guides (\$32/book)	\$960 (NHHFA)
<b>Total In-Kind Match</b>	<b>\$7,060</b>

Uses of Funds	
Printed Materials for Training Purposes	\$1,500
Food and Drink for Class attendees	\$300
Fiscal Management (Fiscal Sponsor - GSOP)	\$500
Targeted Advertisement via Facebook and Local Paper	\$1,000
Development of Website with project resources	\$1,000
<b>Project Total Budget</b>	<b>\$4,300</b>



**Help your  
community  
embrace new  
housing.**

 **New Hampshire Housing**  
*Bringing You Home*

Grants of up to \$5,000 are available through the Education and Advocacy Mini-Grant Program.

# ADU Community

This page is dedicated to the exchange of information and sharing of knowledge to help homeowners reach their ADU goals.



## ADU Regulations

Follow

54 views | 2 posts

This space is for posting news about state and local regulations which impact the development and permitting ...

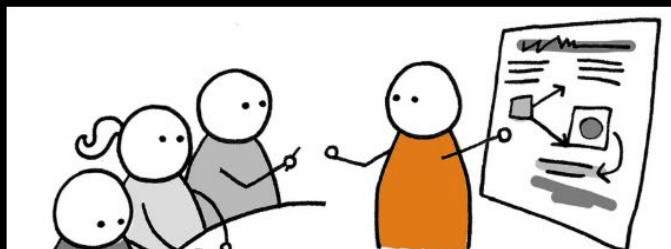
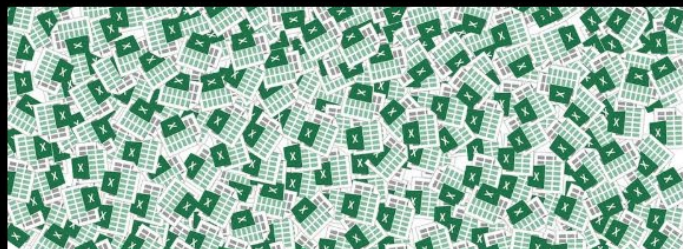


## Share Your Story

Follow

125 views | 1 post

Welcome to MHTforADUs, a forum to gather support for Accessory Dwelling Units



# A BACKYARD COTTAGE

## INVESTING IN AN ACCESSORY DWELLING UNIT

### A SMALL DEVELOPER

BUILDING YOUR OWN ACCESSORY DWELLING UNIT



**HOLLY HUNTER**  
"I love how small spaces encourage me to find new design solutions."

#### HOW MUCH DOES AN ADU COST?

The estimated tax bill for an ADU is \$1,200 per year, although values can range. Consider this, ADUs rarely require new infrastructure, such as roads, water, or sewer. ADUs also come without the need for new services to the community. The new tax revenue helps offset the need local governments to raise property taxes to cover budgets.

#### TAX BENEFITS

The estimated tax bill for an ADU is \$1,200 per year, although values can range. Consider this, ADUs rarely require new infrastructure, such as roads, water, or sewer. ADUs also come without the need for new services to the community. The new tax revenue helps offset the need local governments to raise property taxes to cover budgets.

You can learn more about how to plan for, advocate, and build an ADU in your backyard by finding the Manchester Community "MHTforADUs" on Facebook.

In 2016, the State of New Hampshire passed legislation which makes the development of accessory dwelling units easier for homeowners to build. Additionally, the City of Manchester is also exploring options for easing restrictions on backyard cottages like the one in this flyer. To learn more about how you can develop an ADU, Google "MHTforADUs" to access resources for building an ADU.

### ACCESSORY DWELLING UNITS in Manchester

WHAT ARE THEY & WHY ARE THEY BECOMING MORE POPULAR?

**WHAT ARE ADUs?**  
An ADU is an accessory dwelling unit on a single-family property equipped with its own kitchen and bathroom. An ADU may or may not be attached to the home. Often called in-law apartments, ADUs may be occupied by family members or rented out.

**TYPES OF ADUs**

- Basement apartments
- Converted garages or attics
- Converted carriage houses
- Freestanding structures

**ADVANTAGES OF ADUs**

- AFFORDABLE HOUSING**  
ADUs can provide affordable housing options in desirable neighborhoods.
- OPEN RENTAL MARKETS**  
ADUs can open up light rental markets and create more housing options for students, seniors, etc.
- INCOME OPPORTUNITY**  
ADUs can be used to house family members, but can also be rented out as an extra source of income.
- INCREASED DIVERSITY**  
More affordable rental options help make the best neighborhoods accessible to everyone.
- LESS DEVELOPMENT**  
By building on existing properties, ADUs can reduce the need to build on undeveloped land.
- HIGHER HOME VALUE**  
Adding an ADU can significantly increase a home's value, earning the homeowner more when selling.

**LOCAL HOUSING MARKET**

- 1.96% NH vacancy rate for 2 bedroom apartments
- 7% National apartment vacancy rate
- 19% 5-year rent increase for Hillsborough Co.

More affordable housing options are needed - and ADUs can help!

**A 2018 survey of Manchester residents found lack of information, but interest in ADUs.**

- 50 PERCENT Respondents who were unaware the ADUs are permitted in Manchester
- 77 PERCENT Respondents who said they would eat almost a city meeting to oppose an ADU
- 04 PERCENT Of the 10k single family homes in Manchester less than half of 1% have an ADU

**ADUs IN MANCHESTER**

City regulations require that residents get a conditional use permit from the Planning Board to build an ADU on their property. Regulations only allow for ADUs attached to primary homes. Because detached ADUs are not allowed in the city, there are fewer housing choices for residents. Visit the MHTforADUs website or Facebook page for more information.

Presented by MHTforADUs



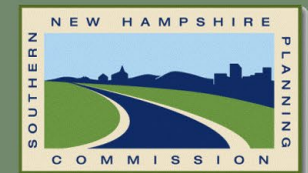


# How-to-do an ADU

A virtual workshop on creating an Accessory Dwelling Unit in your own home



With  
Financial  
Support from  
**AARP**<sup>®</sup>  
New Hampshire



**SNHPC**

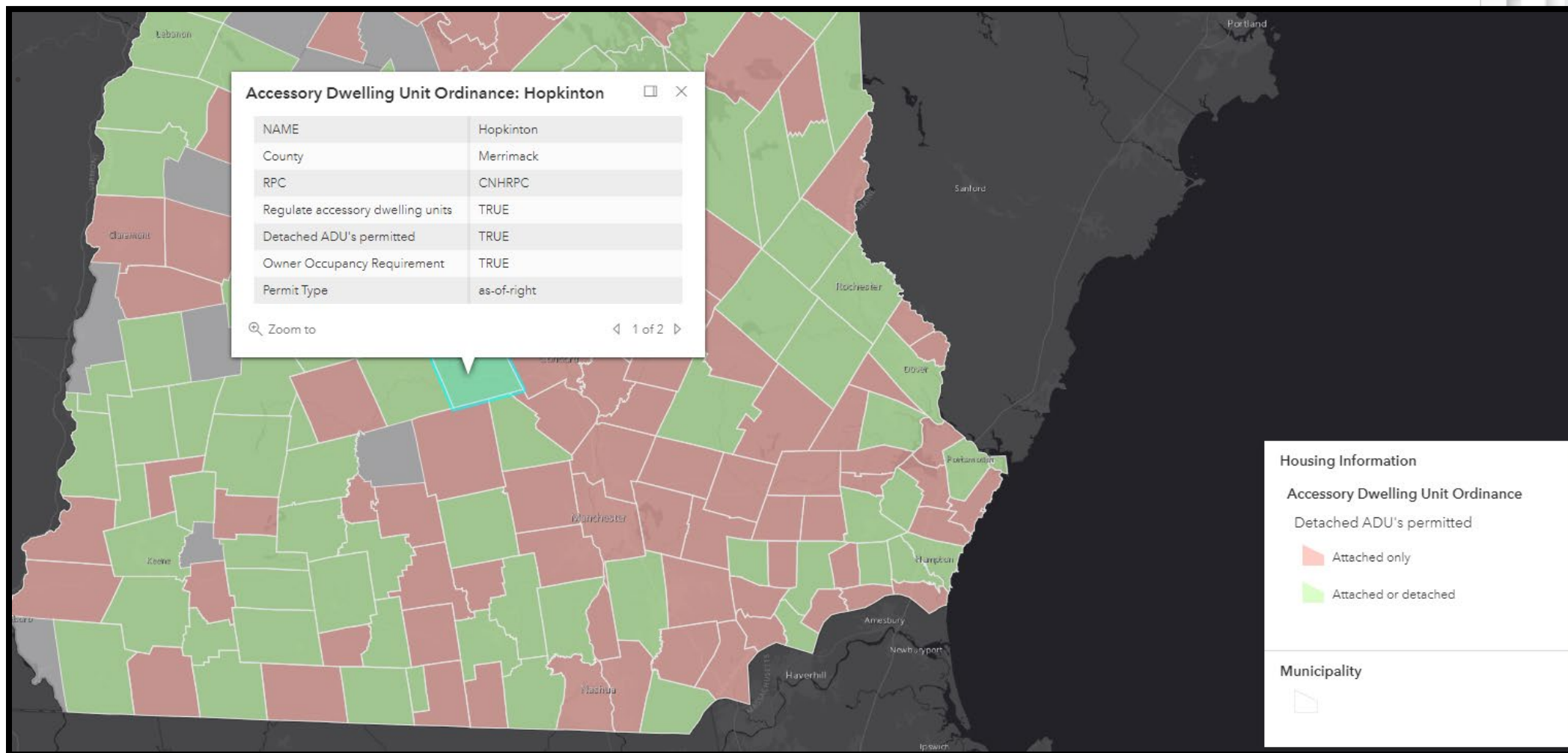
# So... What Exactly is an ADU?

## Characteristics that Define an ADU

- Building code requires four core elements of a dwelling
- State [RSA 674, Section 71](#) gives a definition for an ADU
  - [Section 72](#) defines other allowances and limits on ADUs
  - [Section 73](#) empowers towns to also allow detached ADUs



# Quick Reference for Allowance of Attached vs. Detached ADUs



<https://nhosi.maps.arcgis.com/apps/Styler/index.html?appid=a1602aecc4b44df59cfb6842ceedb74>

# So... What Exactly is an ADU?

## Characteristics that Define an ADU

- Building code requires four core elements of a dwelling
  - **Sleeping Arrangement**



# So... What Exactly is an ADU?

Characteristics that Define an ADU

- Building code requires four core elements of a dwelling
  - Sleeping Arrangement
  - **A Full Bathroom**



# So... What Exactly is an ADU?

## Characteristics that Define an ADU

- Building code requires four core elements of a dwelling
  - ❑ Sleeping Arrangement
  - ❑ A Full Bathroom
  - ❑ **A Kitchen with a Stove**



# So... What Exactly is an ADU?

## Characteristics that Define an ADU

- Building code requires four core elements of a dwelling
  - ❑ Sleeping Arrangement
  - ❑ A Full Bathroom
  - ❑ A Kitchen with a Stove
  - ❑ **A Place to Eat**



# Why Accessory Dwellings?

ADUs have a unique array of benefits...

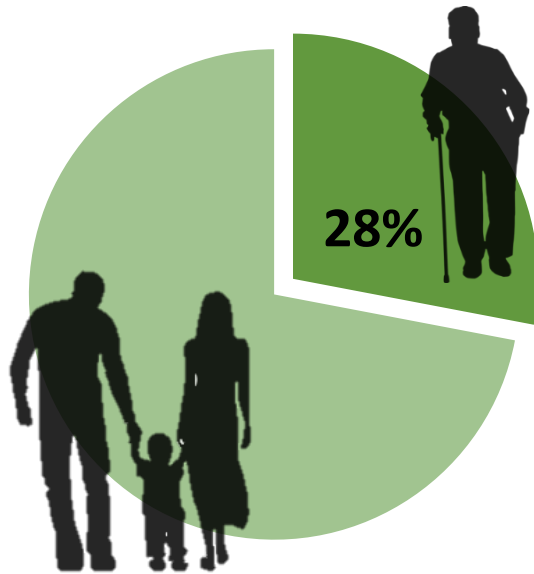
User/Theme	Economic	Social	Environmental	Governance
Owners	Additional Revenue	Flexible Use of Space Over Time	More Efficient Use of Property	Buy-In for Housing Solutions
Renters	Rental Options in New Locations	Community Attachment	Living closer to Destinations	Relationships with Homeowners
Families	Co-Location of Children/Parents	Multi-Generation Living	Fewer Cul-de-Sacs	Resilience to Misfortunes
Seniors	Cost Effective Downsizing	Ability to Age In Place	Reduced Home Emissions	Retained Autonomy
General Considerations	Leverages Low Value Backyards	Addresses Housing Demand	Uses Existing Infrastructure	Grows Local Economies



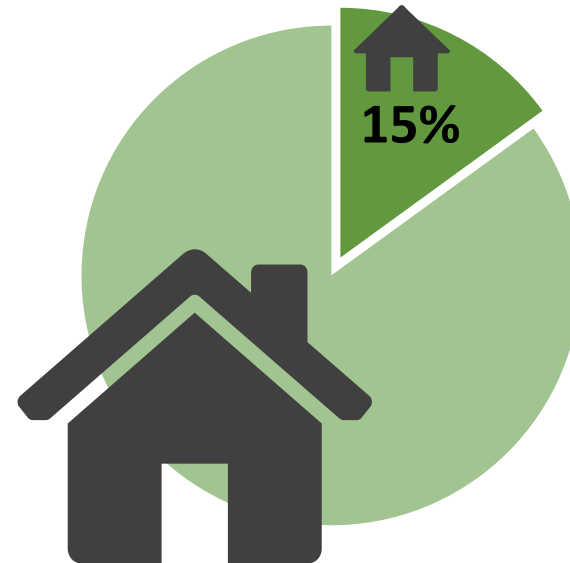
# Mismatch Between Households and Homes

Fewer People in Households...More Bedrooms in Homes

- 28% of households one person...
  - Only 15% of homes have less than 2 bedrooms.



Source: U.S. Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements.



Source: U.S. Dept. of Commerce, Index of Housing Characteristic Tables

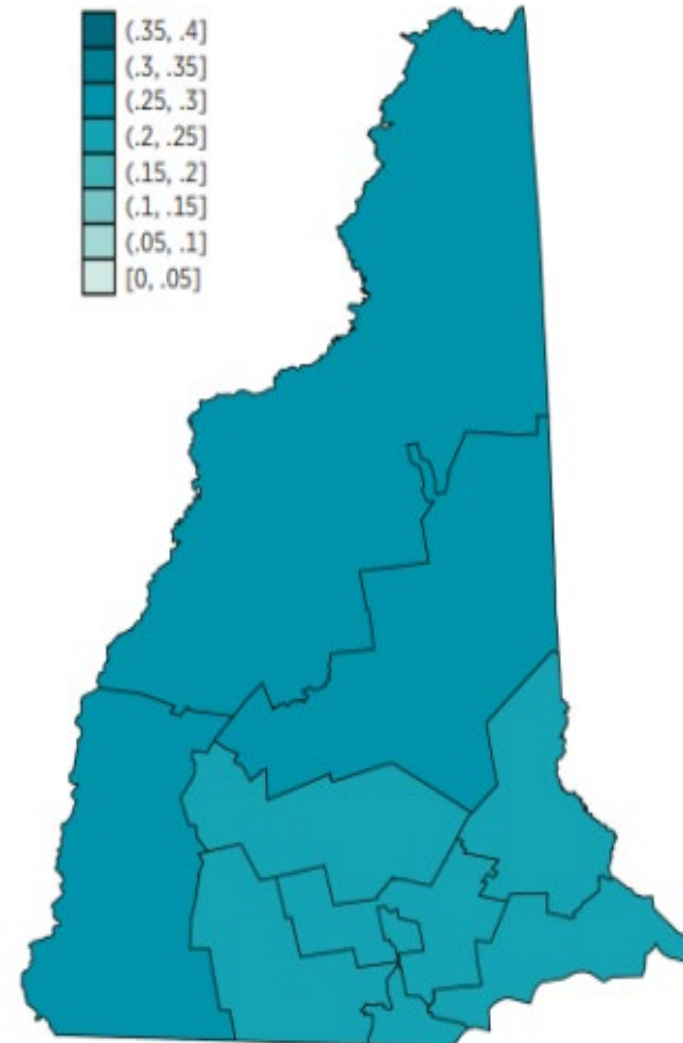


# Mismatch Between Households and Homes

Percent of "Extra" Bedrooms in New Hampshire

Fewer People in Households...  
More Bedrooms in Homes

- Recent [Mercatus Institute Study](#) noted more than one-third of all households in New Hampshire have an extra bedroom in their home.
  - (3 Bedrooms for a 2 Person HH, so on)

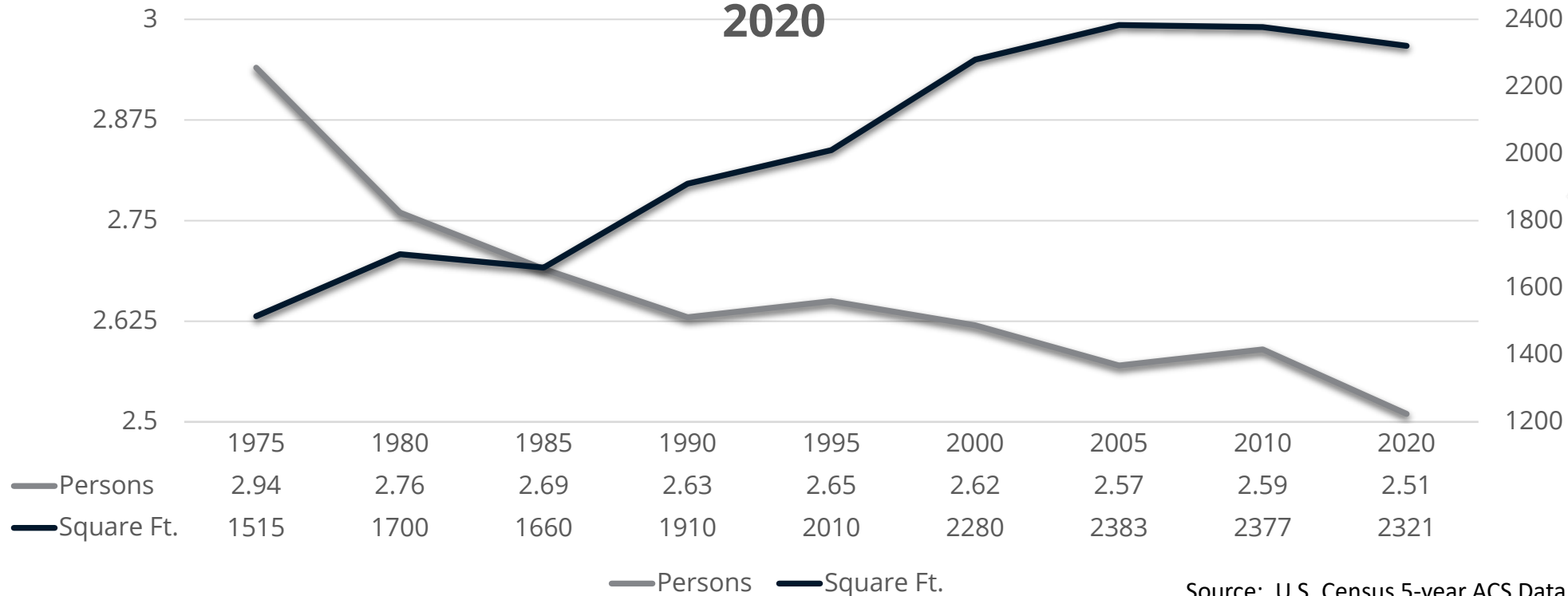


# Smaller Households and Larger Homes

Average Household Size increased 50%, is this sustainable?

- The Long-term Trend of Larger Homes is Flattening Out

**Average HH Size Vs. New Home SF (Northeast) 1975 - 2020**

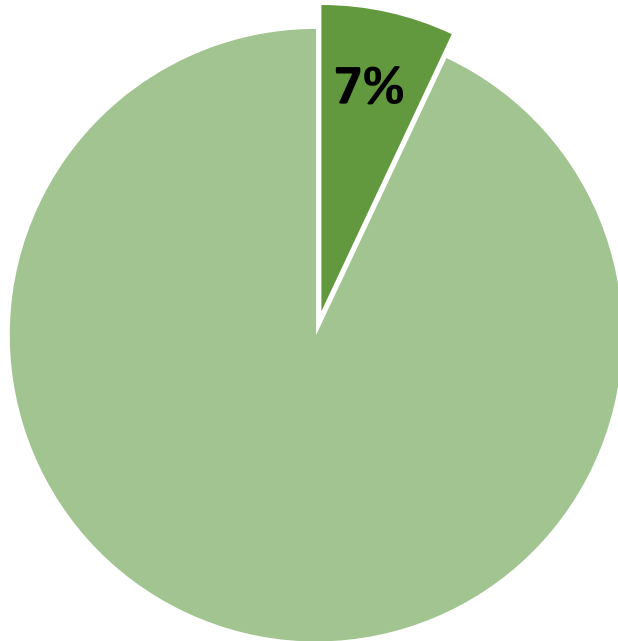


Source: U.S. Census 5-year ACS Data, [Median SF Floor Area New SF Homes](#)

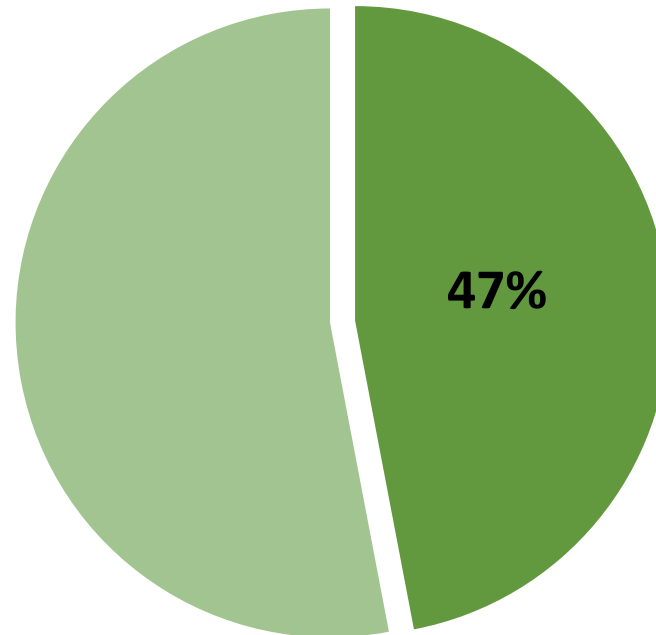
# A Large Untapped Market

## Few ADUs, Many Homeowners

(Survey) NH Residents 45+ with an ADU on property



(Survey) NH Residents 45+ who would consider building ADU



**(Survey) 86% of NH Residents 45 and older support making it easier for homeowners to create an ADU**

Source: [AARP 2020 Vital Voices Survey](#)

# Development of ADUs

## The Steps to Building an Accessory Dwelling Unit

- Zoning Regulation and Building Code Review
  - Determination of ADU development allowance
    - *Meeting with town's planning department to verify plans*
- Establishing an initial budget for the project
  - Work with professionals on the design and permitting
    - *Hire a surveyor / Civil engineer, Hire an architect / general contractor*
- Determine financing options
  - Cash/Credit, Refinance, Home equity, and Construction Loans
- Construction!
  - GC begins work when permits pulled (generally)
  - GC ends work when certificate of occupancy received (generally)



# Where are the Challenges with ADUs?

## Pre-development Pit-falls

- Homeowners need to take the initial risk on an ADU project
- Hiring professionals and obtaining permits is costly
  - Obtaining board approvals and permits can be 20% of the budget
    - *Hiring professionals and paying fees does not grantee a board approval*
      - 20% of the project budget may be 100% of a homeowner's cash
      - All this before a shovel even goes in the ground!

For the average homeowner...

# It is too risky!



# What can be Done? Remedies to Risk...

Policy, Program, and Financial Interventions

- **Pre-Approved ADU Plans: [Seattle, WA](#)**



 [ADU Universe](#) [Step-by-Step Guide](#) [Pre-approved DADUs](#) [Property Search](#) [ADU Rules](#) [Data](#) [Annual Reports](#) ▾



**CAST Architecture**  
Cedar Cottage

467 SQUARE FEET • 1-2 BED • 1 BATH



**Fivedot Architects**  
Schooner

1,000 SQUARE FEET • 2 BED • 2 BATH



**Ahouse Studio**  
The Family

808-964 SQUARE FEET • 2-3 BED • 2 BATH

# What can be Done? Remedies to Risk...

Policy, Program, and Financial Interventions

- Pre-Approved ADU Plans
- **Pre-Development Loans: [California Housing](#)**

**\$100**   
**MILLION**  
**IN GRANTS**

**\$40,000**  
**MAXIMUM**  
**PER FAMILY**   


 **2,500**  
POTENTIAL ADUs  
**FINANCED**  




# What can be Done? Remedies to Risk...

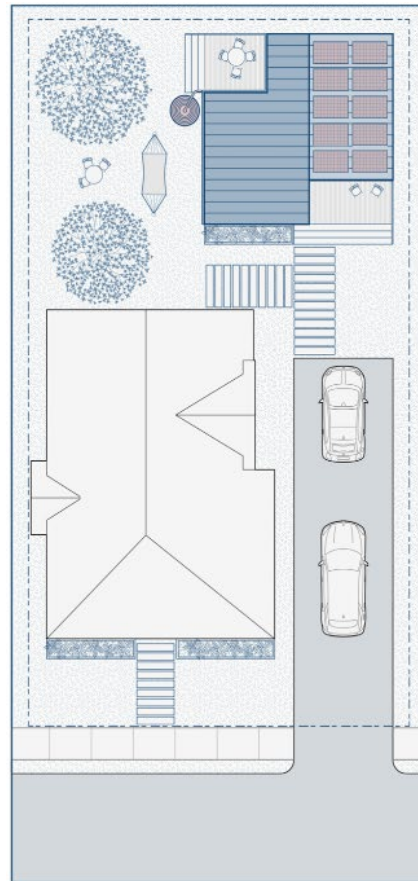
## Policy, Program, and Financial Interventions

- Pre-Approved ADU Plans
- Pre-Development Loans

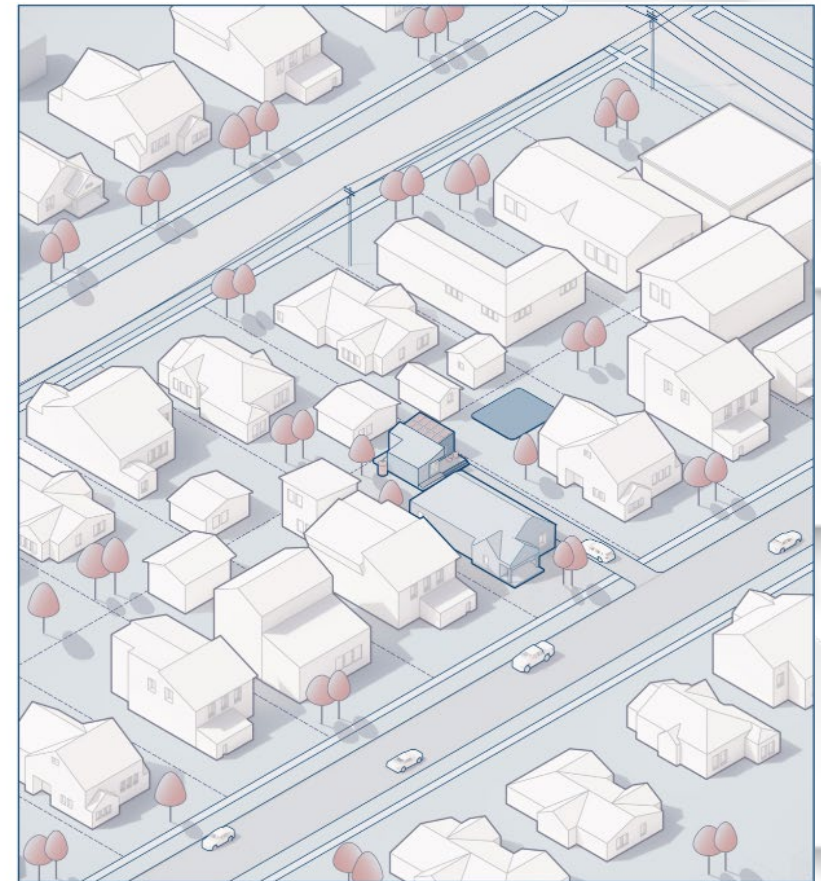
- **ADU Design Competitions**



“[Double House](#)” – Winner of Houston ADU Competition



Site Plan 1/8"=1'-0"



Adam Berman + Siobhan Finlay, Rice Architecture



# What can be Done? Remedies to Risk...

## Policy, Program, and Financial Interventions

- Pre-Approved ADU Plans
- Pre-Development Loans
- ADU Design Competitions
- **Modular ADU Construction**



**PREFAB ADU HITS THE MARKET FOR UNDER \$100,000**  
Available in many sizes and configurations, the new accessory dwelling unit from LivingHomes is built in a factory and delivered to the site.

Living Home 10 – By [Plant Prefab](#)

# What's Next? Consider a Pilot Project...

Replicate Innovative Projects!

**Hacienda CDC**, led a pilot project to demonstrate how modular housing built with mass timber could provide a more efficient, faster, and less expensive way to build housing.

The pilot was funded by the Oregon Legislature.



# Thank You!

James Vayo, AICP

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