

# Jumpstarting the Market for ADUs: Lessons Learned from Portland, Seattle, and Vancouver

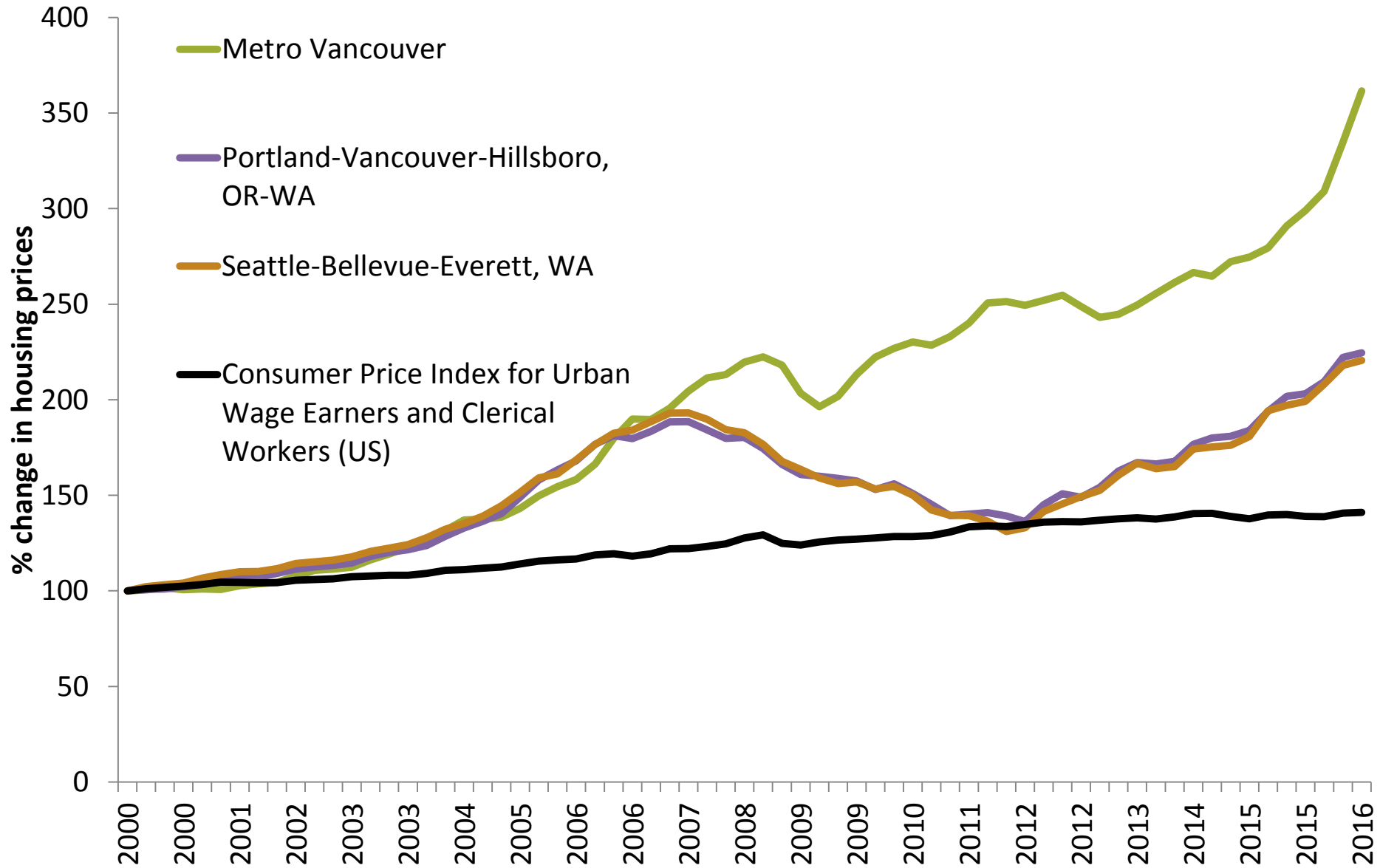
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with Prof. Jake Wegmann (UT-Austin), Farzad Mashhood,  
and Rebecca Coleman





*How did Portland, Seattle, and Vancouver spur the construction of ADUs?*

# Context: The Housing Crisis

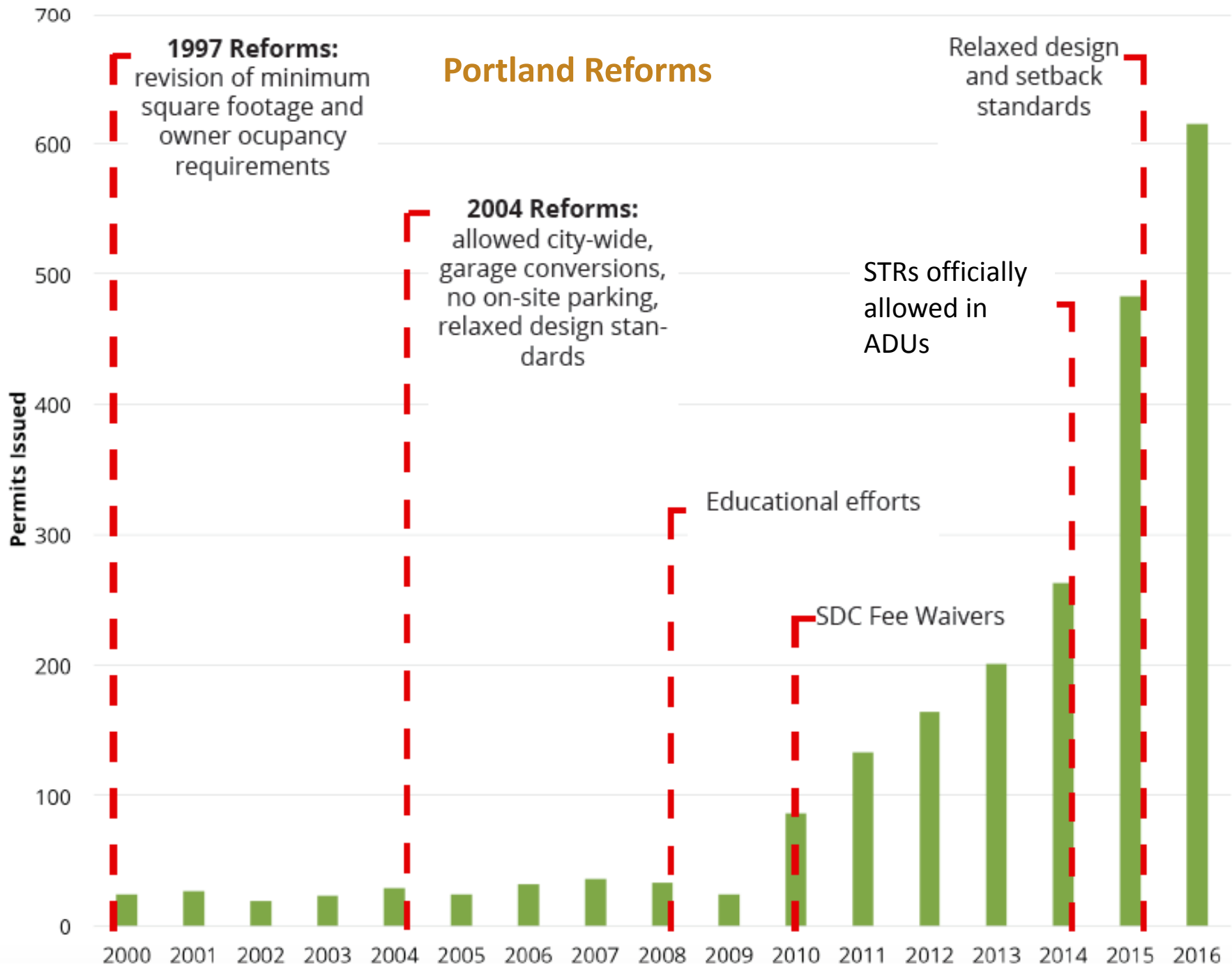




# ADU Permitting in Portland



# Portland Reforms



**1997 Reforms:**  
revision of minimum square footage and owner occupancy requirements

**2004 Reforms:**  
allowed city-wide, garage conversions, no on-site parking, relaxed design standards

STRs officially allowed in ADUs

Relaxed design and setback standards

Educational efforts

SDC Fee Waivers

Permits Issued

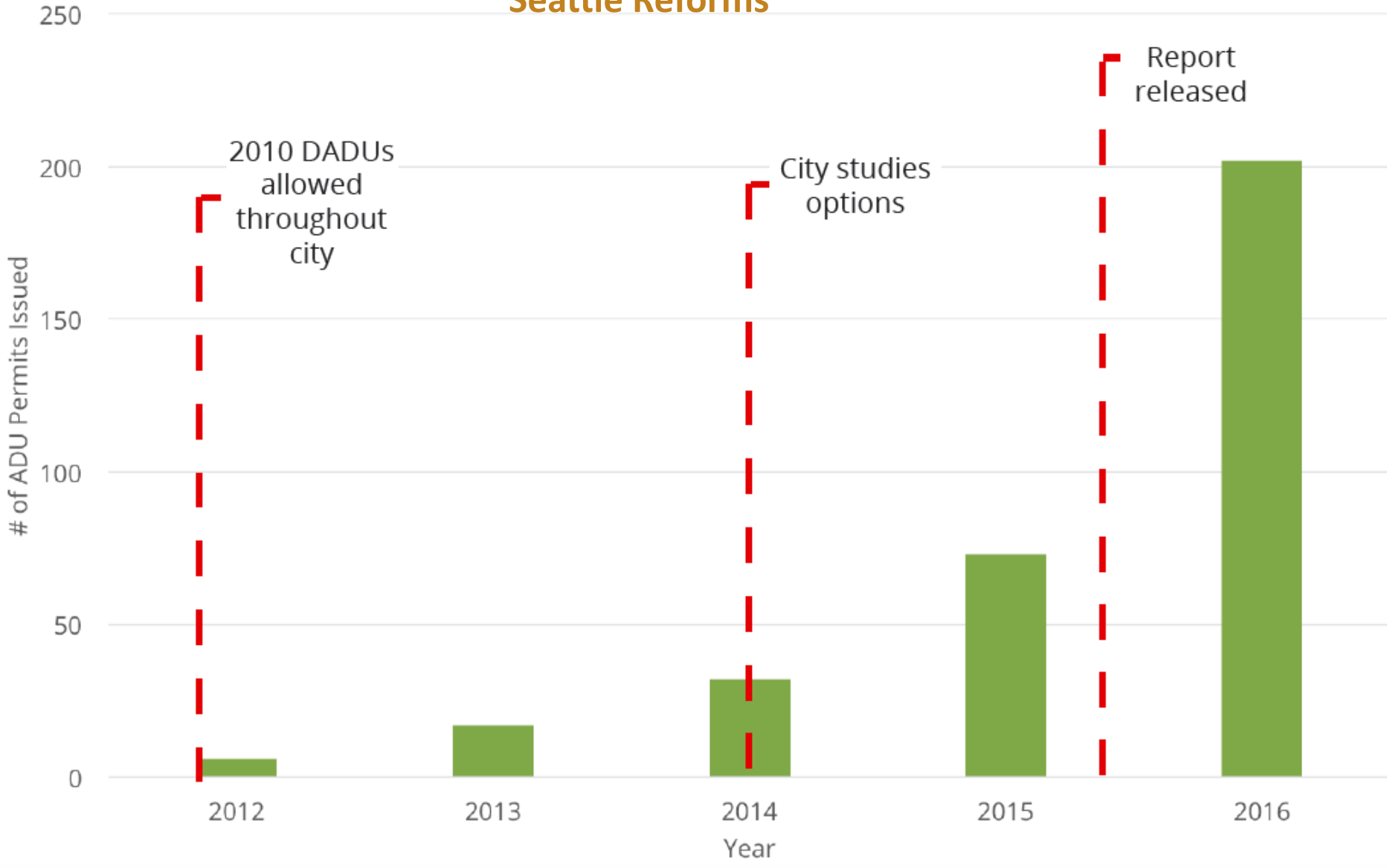
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# ADU Permitting in Seattle



# Seattle Reforms



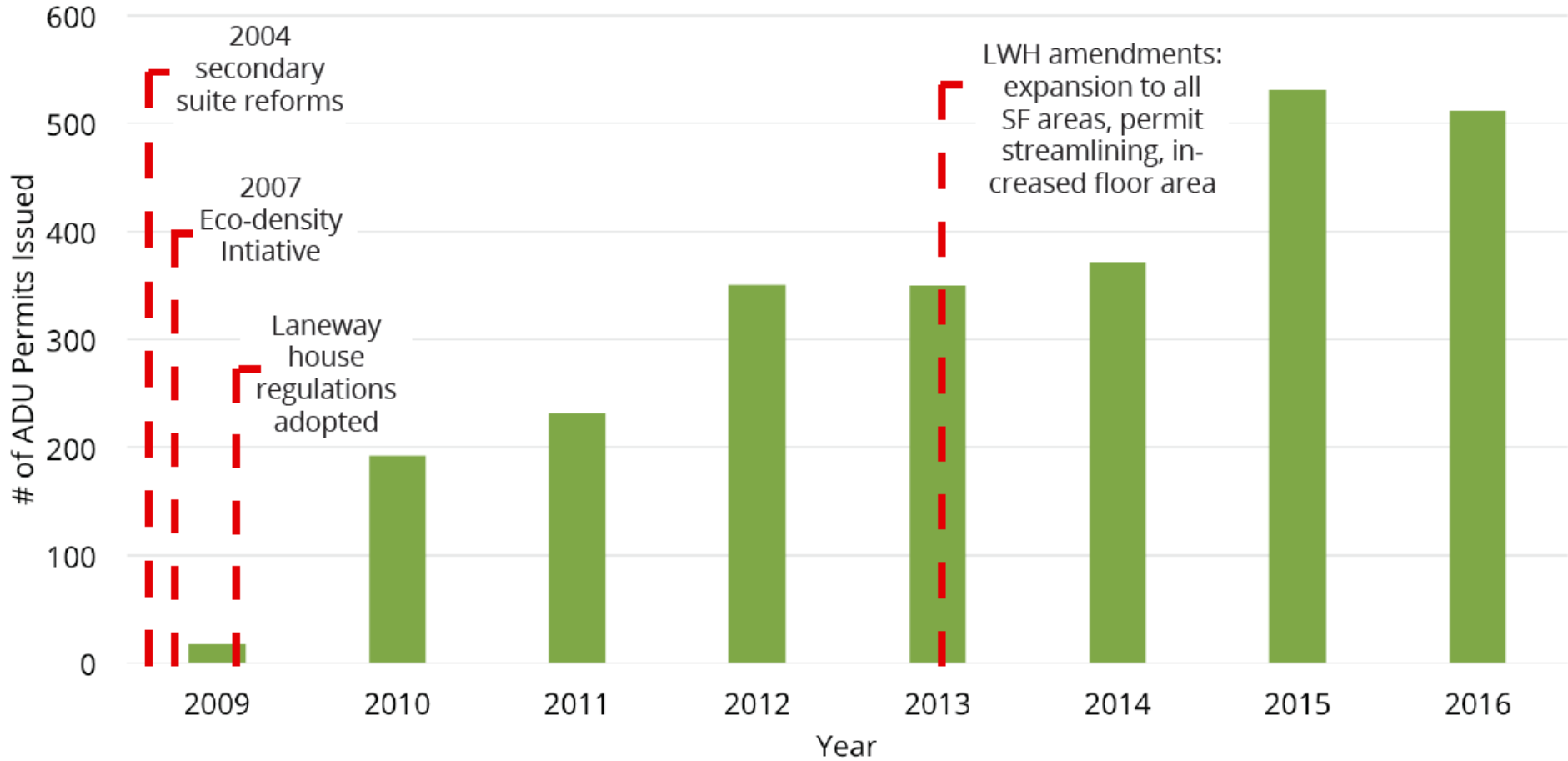


# ADU Permitting in Vancouver





# Vancouver Reforms



# ADU permitting explodes: Permits as share of all residential permits, 2009 vs. 2015



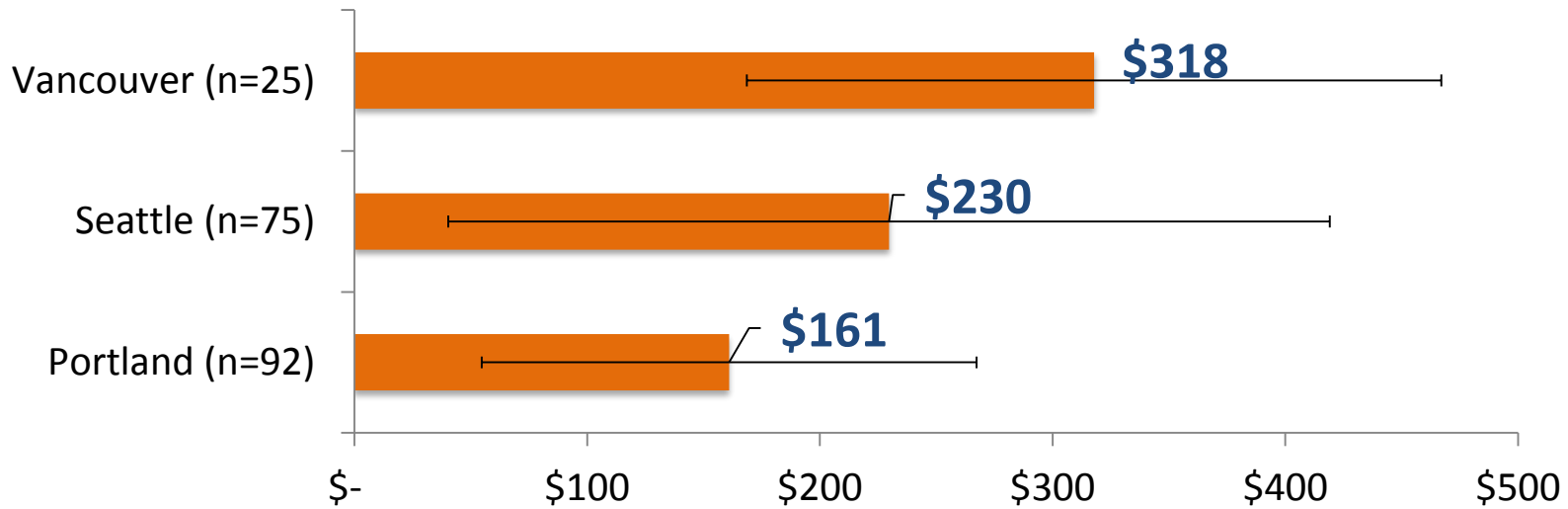
# Homeowner survey

- Contacted 1,837 homeowners who had built ADUs, with 414 responses (23% response rate)
- 87% had built within past five years
- 67% detached, 33% attached
- 81% had one bedroom or less
- Average size of 631 square feet



# Affordable by design

## Reported Average ADU Project Cost per Square Foot



**Average cost = \$156,000, timeframe < 18 months**

**33% labor**

**34% materials**

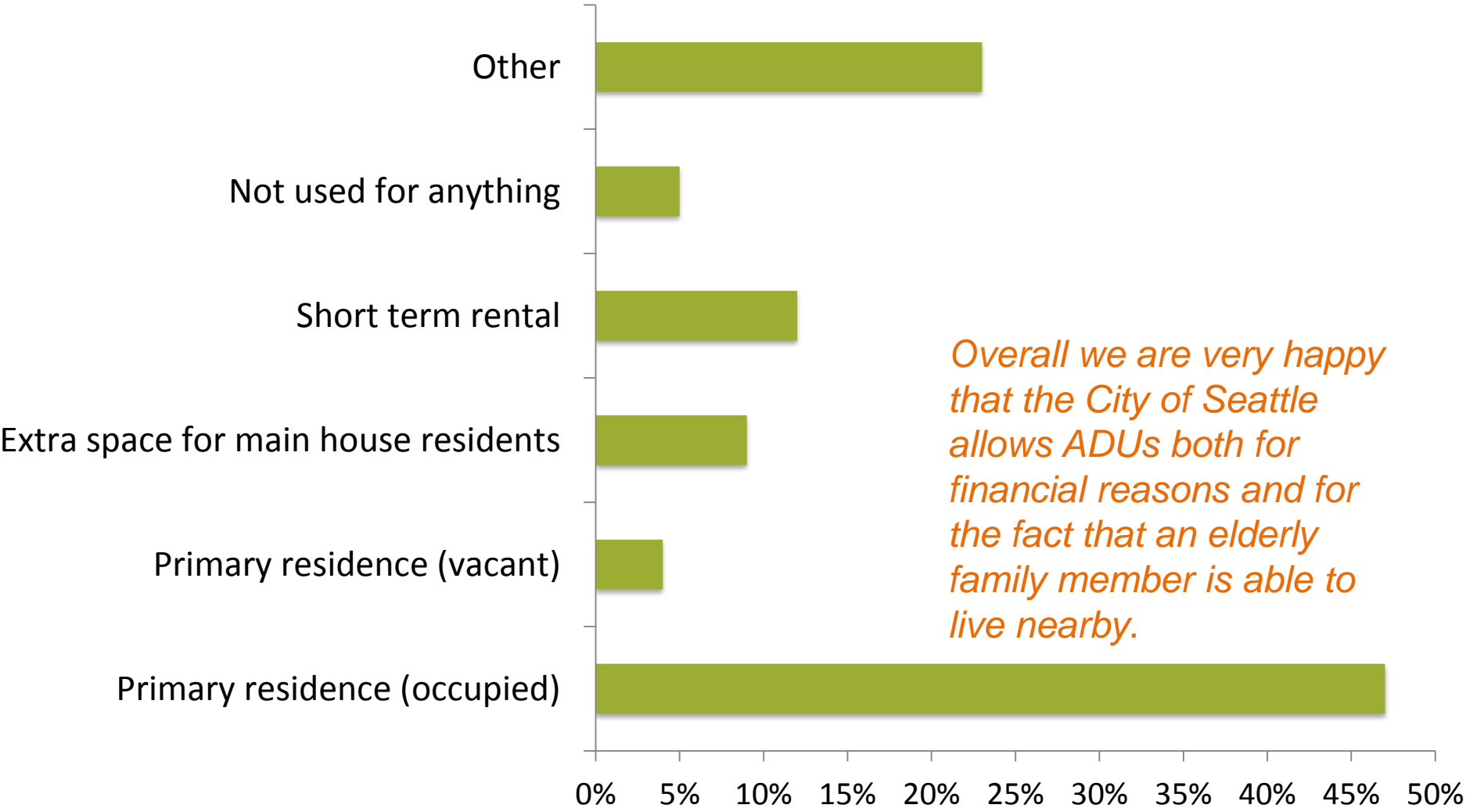
**8% architecture and engineering**

**8% permits**

**5% utility connections**

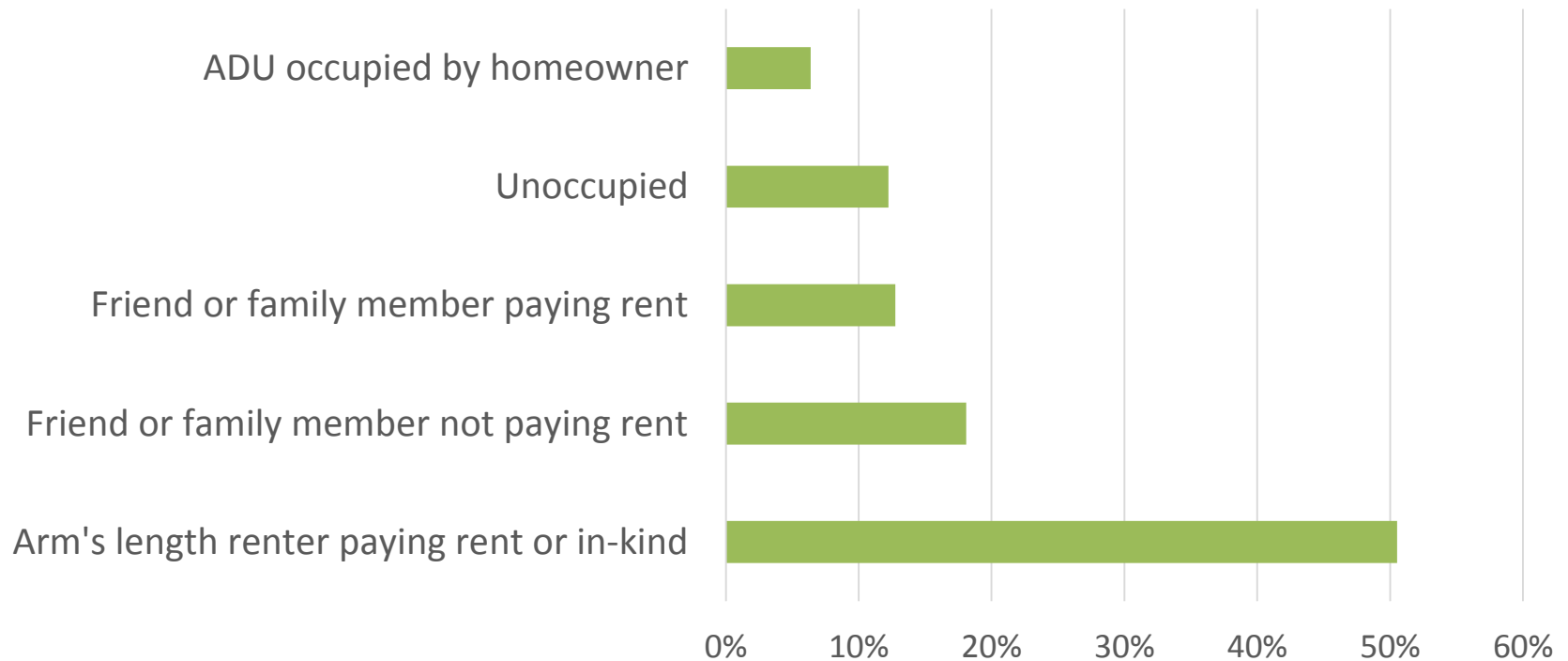
**13% other**

# Current use



*Overall we are very happy that the City of Seattle allows ADUs both for financial reasons and for the fact that an elderly family member is able to live nearby.*

# ADUs as affordable housing



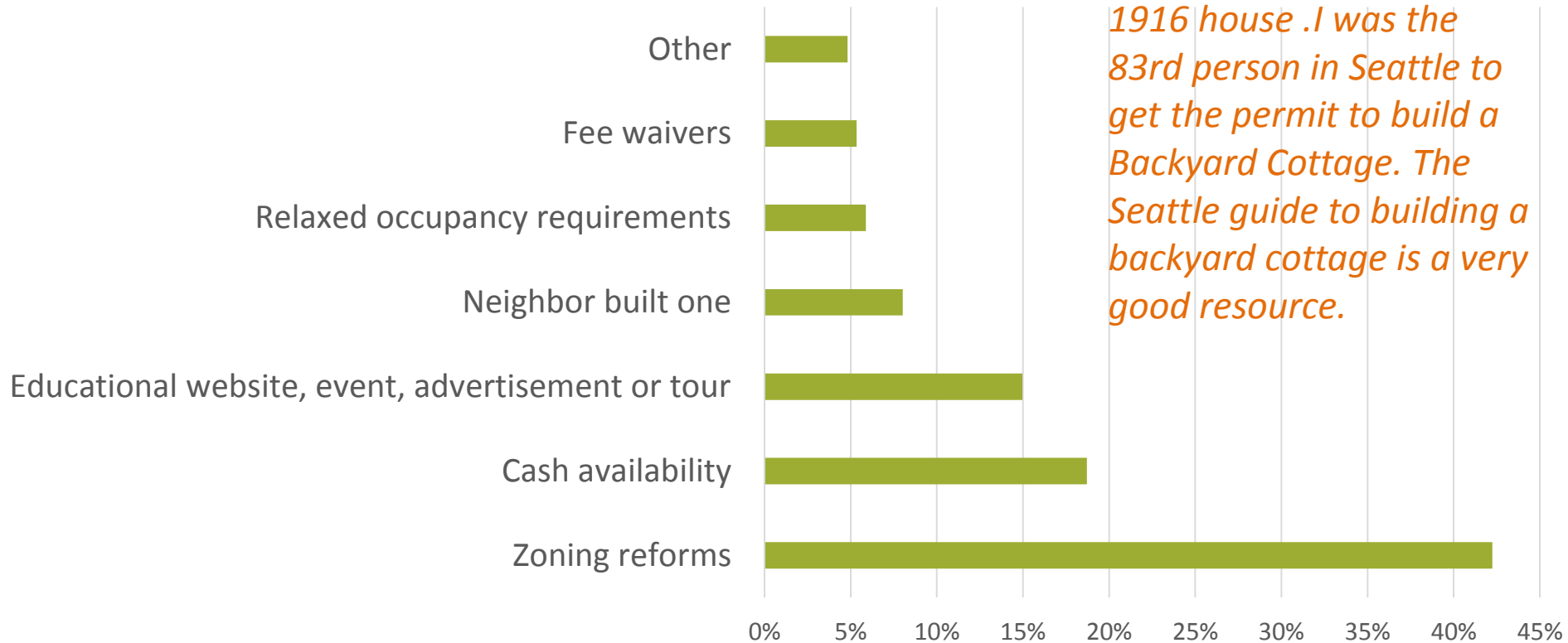
**Average rent = \$1,298**

**58% of ADUs rent for below-market rent**



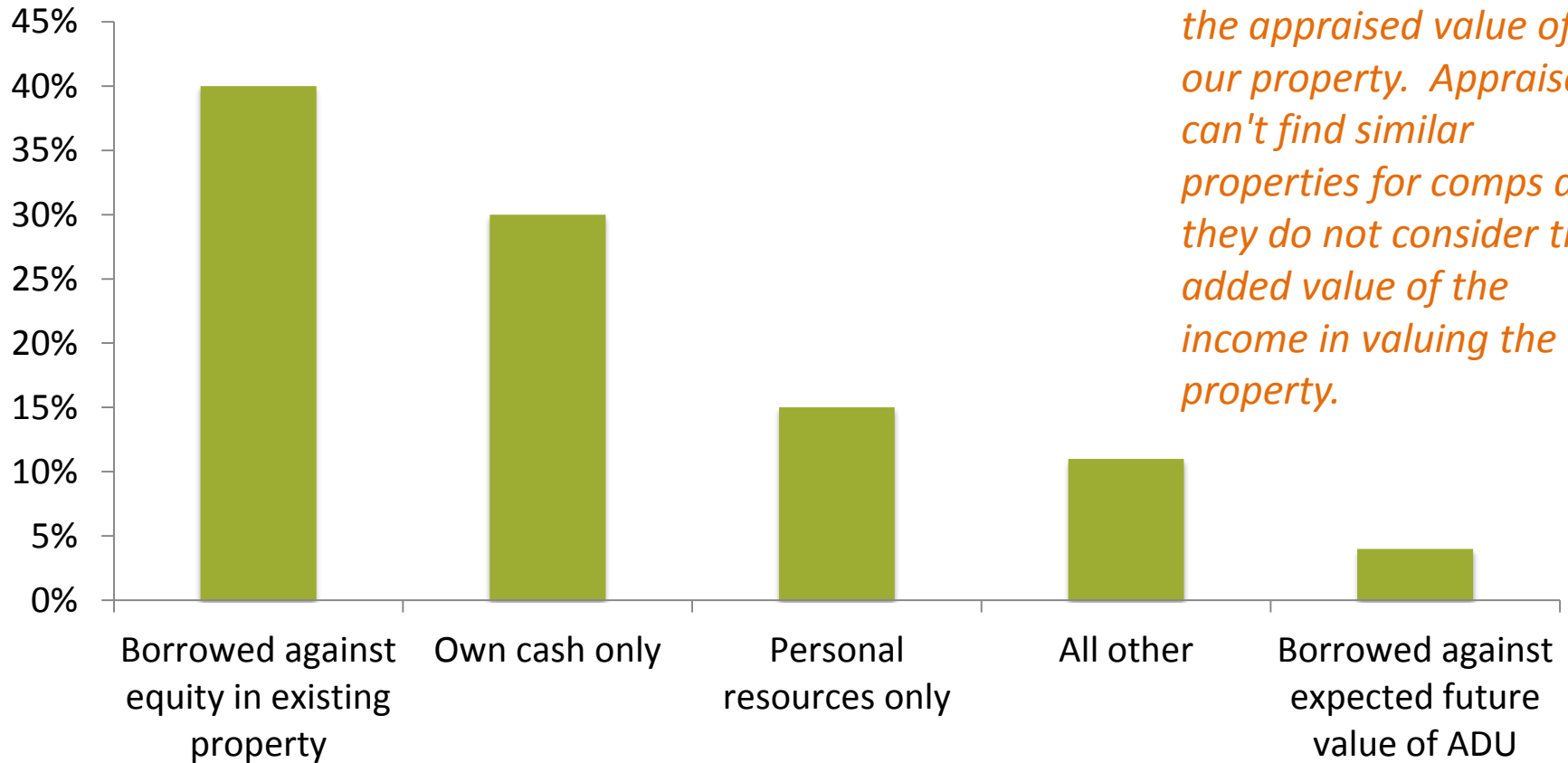
# Why build now?

*I LOVE my DADU . All my neighbors love it too. .It is very cute and fits right into its setting behind our 1916 house .I was the 83rd person in Seattle to get the permit to build a Backyard Cottage. The Seattle guide to building a backyard cottage is a very good resource.*

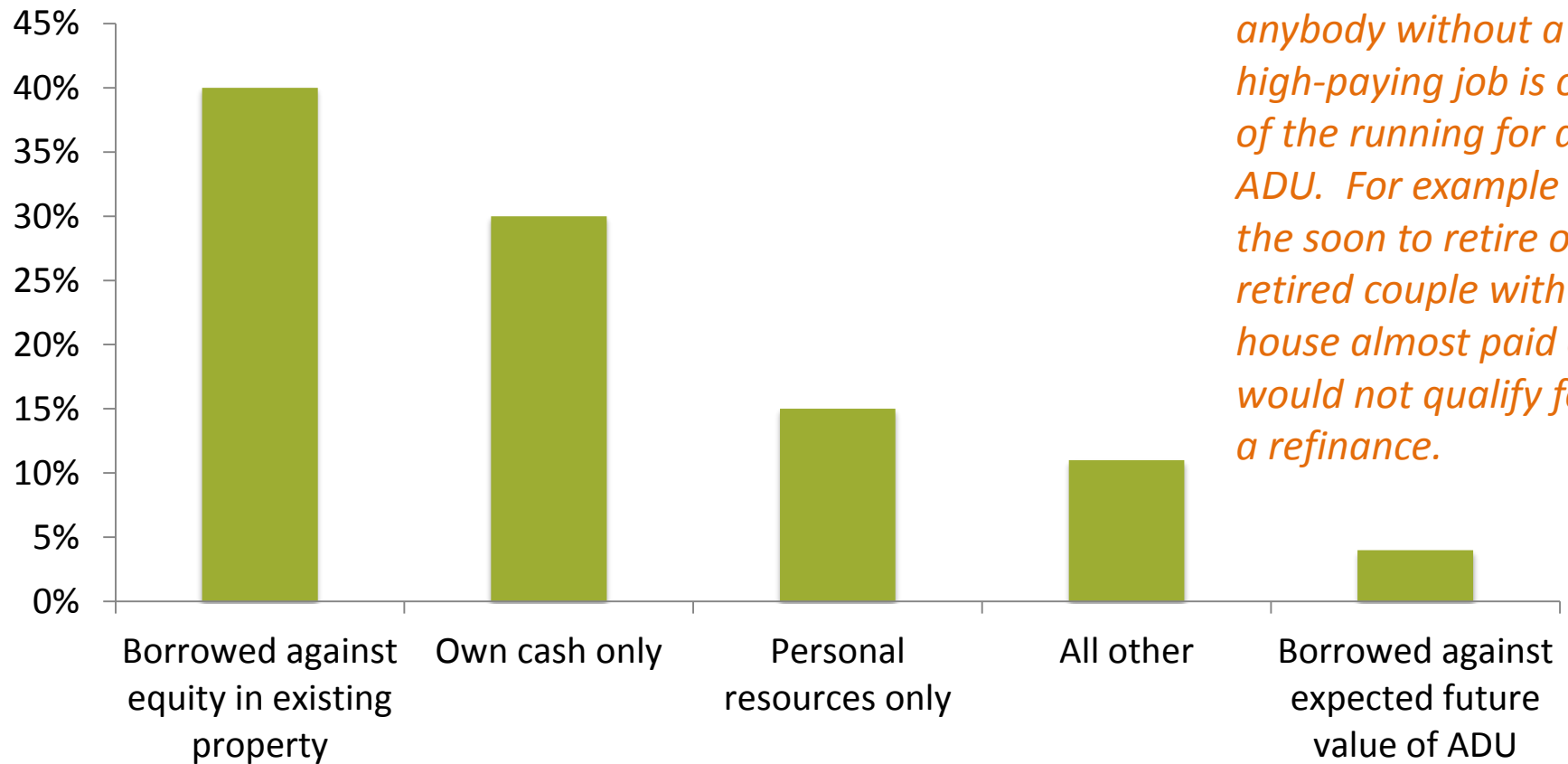


# Challenge #1: Finance!

*It has been 15 years since we completed our ADU. I am disappointed in how it has affected the appraised value of our property. Appraisers can't find similar properties for comps and they do not consider the added value of the income in valuing the property.*



# Challenge #1: Finance!



*Financing is critical. With changing bank requirements for income, it seems anybody without a high-paying job is out of the running for an ADU. For example the soon to retire or retired couple with a house almost paid off would not qualify for a refinance.*



# Common issues

Just 19% turned down for a permit, but over a third had problems:

- *I have discovered that our local building codes and inspection regime add significant cost without, in many cases, adding significant value in terms of function or safety. -- Seattle homeowner*
- *Working with the City of Portland was a MAJOR pain. First acquiring information, then going through the multitude of steps. Information seemed to change as the project went along. It was SUPER frustrating.*
- *-- Portland homeowner*
- *On the whole, I can see the value in work being inspected, but the permitting process isn't something I'd ever hope to go through again. Next time I build a small house it'll be on wheels.-- Seattle homeowner*

# What would have helped? TA

R A C E S T U D I O

## Manual

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GETTING STARTED

SECTION ONE

### 1 Introduction to ADU Development

Understanding the basics

### 2 How Do I Start?

Planning an ADU project

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DESIGNING YOUR ADU

SECTION TWO

### 5 Neighborhood Compatibility

Being a good neighbor

### 10 Planning Your New ADU

Understanding your needs

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BEING A PROJECT MANAGER

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Moving through the planning and building permit process

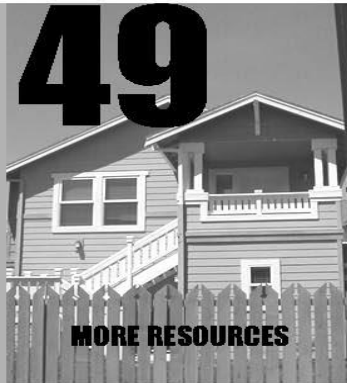
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Development basics

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Landlord basics

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City Department Contacts  
Useful Web Sites  
Building Codes  
ADU Definitions  
ADU Plans Checklist  
ADU Permit Fees  
ADU Zoning Regulations  
Sample Lease Agreement

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# Next steps for California?

Continue to reform zoning regulations:

- minimum lot size
  - building height
  - design review
  - owner occupancy
  - use regulations
  - and monitor implementation by cities!
- Waive fees
  - Education and outreach to homeowners

# Thank you!



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