

MEMORANDUM

TO: Wendy Rampson, Planning Manager
FROM: Matt Bourke, Planning Intern
RE: Accessory Dwelling Units
DATE: October 21, 2014

Overview

Housing affordability in Ann Arbor continues to pose a problem: many who work in town cannot afford to live in town. One potential solution to this problem is to increase the number of accessory dwelling units (ADU's) in the city. Planners attempted to loosen the requirements of the existing ADU ordinance in the early 2000's in hopes of expanding their presence, but dropped the effort of the face of strong neighborhood opposition and lack of mayoral support.

This memo is a first, investigative step in reopening that effort. It begins by comparing Ann Arbor's restrictive ADU ordinance to those of similar communities, identifies best practices for ADU ordinances, and uncovers the current presence of ADU's in Ann Arbor. It then offer perspective from similar communities dealing with ADU's and closes by considering the limited impact a more permissive ADU ordinance would be likely to make.

ADU ordinances: Ann Arbor vs. similar communities

Ann Arbor's ADU ordinance is restrictive relative to similar communities. The requirements in the ordinance include:

- No rent may be charged for the unit
- The unit may be occupied by family members or employees only
- Detached buildings may not be used for the unit
- A minimum of three off-street parking spaces must be provided for the home and the unit

Boulder, Santa Cruz and Grand Rapids have less restrictive zoning requirements for ADU's. In all three cities, rent may be charged for the unit, units can be either attached or detached from the primary dwelling, and occupancy is not restricted to family members or employees (see chart for more info).

Ann Arbor's ordinance does share some similarities with these communities. All four ordinances require owner-occupancy in the primary unit and limit the size of ADU's to varying degrees. In Ann Arbor, Boulder and Grand Rapids, ADU's are conditional uses, while in Santa Cruz ADU's are permitted by right.

Model ADU ordinances

AARP and the State of Massachusetts (for its Smart Growth/Smart Energy Toolkit) have both created model ordinances for communities interested in increasing ADU's to use as a guide. The two models share a number of recommended provisions:

- The property owner must occupy either the primary or accessory unit
- No limits should be placed on who can occupy the accessory unit

- Extra off-street parking is required subject to certain conditions (for instance, the availability of off-street parking or nearby transit options)
- Accessory units can contain a maximum of two bedrooms
- Attached accessory units are allowed by right (Massachusetts' model ordinance recommends that detached units be allowed conditionally, while AARP's recommends all ADU's be allowed by right)

AARP's model ordinance further recommends that no density limit be imposed, that rental permits for accessory units be regularly renewed, and that accessory units be allowed on new or existing lots.

Illegal ADU's in Ann Arbor

An investigation into ADU's in Ann Arbor (including research into permits, field observations, searches on rental and real estate websites, complaints from neighbors and input from planning staff) suggests that some do exist in spite of the city's restrictive ordinance. The suspected units were frequently:

- Second story studios above a garage
- Flagged in some capacity by the City's permit tracking systems
- Accessory to well-maintained homes

Additionally, ADU's appeared to be fairly evenly distributed throughout the city, and street parking did not seem to be negatively affected by the presence of ADU's (although, field observations were done during normal work hours). Almost every additional trip for field observations resulted in finding additional ADU's, suggesting that more exist than is currently recognized.

Perspective from other communities' planning departments

Boulder and Berkeley are also grappling with housing affordability challenges and how ADU's might play a part. In Boulder, the debate about housing affordability has become contentious. There has been a push from some community members to relax the current ADU ordinance to create more affordable housing opportunities, while other community members have been vocal in their opposition to such a change. Residents in neighborhoods that abut student housing areas in particular are concerned that a more relaxed ADU ordinance will lead to students invading their neighborhoods.

In Berkeley, there is a broad base of support in the community for ADU's, with realtors and smart growth proponents in particular leading the lobbying effort for a new ordinance. Responding to this support, city council recently asked the planning department to draft a new, less restrictive ADU ordinance. But when the planning department presented those amendments to the council, they decided to table the debate in the face of vocal opposition. The experiences of Boulder and Berkeley demonstrate that the challenges Ann Arbor faced in the last effort to amend its ADU ordinance are not unique.

What impact are ADU's likely to make?

Evidence suggests that even in places where the zoning ordinance encourages ADU's, they are an uncommon occurrence. For instance, in Portland, OR, considered one of the most progressive cities in the U.S. for ADU's, only 800 registered units exist out of a possible 148,000 properties where they are permitted. (Although, since Portland waived a fee that reduced the cost of developing ADU's by

close to \$10,000, there has been a sharp increase in the number of ADU permit applications.) So while ADU's could have some impact on housing choices in Ann Arbor, that impact is likely to be limited, barring a similar financial incentive. Seen another way, the evidence that ADU's are unlikely to proliferate could be used to quell fears about the spread of ADU's into neighborhoods.

Conclusion

Accessory dwelling units offer one potential solution to mitigate the housing affordability challenges that Ann Arbor faces. The current ordinance, though, is too restrictive for ADU's to become a viable housing option. Although resources exist to guide Ann Arbor in creating a more permissive ordinance, political opposition is likely to continue to pose a strong barrier, as the recent experiences of Boulder and Berkeley demonstrate.

Sources

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