

Accessory Dwelling Units: An Important Strategy to Make Homes Affordable

By the Affordable Housing Implementation Task Force Public Outreach and Education Subcommittee and Community Council Staff*

College Place residents, Joe and Laura Dixson, were searching for a home that would meet the needs of their growing family, as they had a toddler who shared their bedroom with them. At the same time, Joe's 75 year-old mother was struggling to meet her housing costs on her fixed income. The family's concerns about long-term affordability for Joe's mother and their need for more bedrooms led them to consider living together. However, few homes were available, and the high price of larger homes put the prospect of combining households out of reach. In March 2020, after searching for months, the Dixsons found a home in College Place with a separate, self-contained daylight basement apartment. Joe's mother moved into the apartment, which provided them all with the benefits of independent living spaces and regular mutual support. The move has allowed the family to be more available to Joe's mother and provided a childcare solution while Joe and Laura work.

Our region-- Columbia and Walla Walla counties and the Milton-Freewater area-- is struggling with an affordable housing crisis. Four out of every ten households that pay rent or a mortgage live in homes they can't afford. This crisis is due in part to low supply of homes, low rental vacancy rates, and high demand for homes. Accessory dwelling units (ADUs), like the apartment Joe's mother lives in, are a useful tool to increase our supply of affordable homes without increasing city infrastructure and taking up more land.

Backyard cottages, granny flats, basement apartments, and in-law apartments-- these are all ADUs. ADUs are not a new idea. Simply stated, these are small, self-contained, second dwellings on the same grounds as single-family homes. Some homeowners have ADUs to house adult children or aging parents who need a boost in a challenging housing market. For others, renting out ADUs allows them to generate additional income to help make ends meet. And some people choose ADUs because they have a lower environmental impact.

College Place resident, Jennifer, rents a property that has a basement ADU. Initially, she used the ADU for short-term rent-free housing for community members who needed a place to stay. But as she began to face financial difficulty, she decided to sublet the ADU. After checking with the homeowner, she found a renter for the ADU. This allowed her to cover her rent and meet her other financial obligations. Besides helping her with

additional income, renting out the ADU below her provided an affordable living situation for someone else.

One couple in Walla Walla is using their detached garage apartment as an ADU for their adult son who has autism. This allows him to live safely near his parents but not with them. He is able to be independent, yet has access to adult caregivers to support his needs.

Another senior couple in Walla Walla installed a small modular home on their daughter's property to be closer to family and keep their housing costs affordable. As they age, they will have family nearby to assist with their changing needs. By adding this ADU, the family was able to share some of the property development costs, such as water, electrical, and driveway, which brings down their expenses and keeps their housing costs within their budget.

ADUs are coming back into favor for a number of reasons. ADUs can provide rental income for homeowners. Renting out an ADU can assist with mortgage payments, home improvement, or simply putting savings in the bank. ADU rental income can increase the appraised value of a property. Some federal agencies and mortgage companies offer favorable loan terms, making ADUs appealing to homeowners. Some cities provide waived impact fees if the ADU is below a certain square footage. Incentivizing ADU development can be an effective part of a city's affordable housing strategy. For example, College Place recently took steps to incentivize ADUs so that homes for people who are struggling to afford housing will be added to the city. The city reduced the water and sewer capital charges for ADUs from \$7000 down to \$1000. College Place also allows ADUs in all residential districts, and has reduced ADU parking requirements.

Communities also benefit from ADUs, because they increase the variety of homes and create opportunities to meet diverse housing needs. ADUs are sometimes called "infill development", because they increase housing density while taking advantage of existing infrastructure. Increased diversity of housing types can also promote economic diversity in neighborhoods. Single-family homes may be out of financial reach for some households, but ADUs may be well within their financial means. Our region has many single-person households and ADUs can be a great option for singles.

Two successful examples of utilizing ADUs to improve the housing market are found in Portland, Oregon and Vancouver B.C. Though they are large metropolitan areas, the steps they took and results they achieved are still valuable to explore, because like our region, they also have experienced major challenges with housing affordability.

Portland began by creating new financial and regulatory incentives for homeowners to build ADUs. Over a 10-year period, Portland set out to educate residents on the benefits of ADUs and waive permit fees for ADUs. In response to the city's new policies, ADU production increased more than 20 times. This increase in ADU building resulted in almost doubling Portland's annual total housing production. Part of the reason for the success was that the steps the city took to incentivize ADU production-- education and decreasing fees-- were simple.

In Vancouver, BC, homeowners have been adding ADUs for decades. Vancouver's success in building more than 26,000 ADUs has been largely due to removing restrictions, such as an off-street parking requirement and a requirement that the ADU owner live on site. One neighborhood in Vancouver was originally developed for two- and three-bedroom single-family homes. Now, thanks to the addition of garage conversion, basement units, and granny flats, this same neighborhood boasts more than twice the original density.

Community members and local governments across our region are currently taking steps to address our affordable housing challenges. Incorporating ADUs and incentivizing their production can help. ADUs are an important tool to keep housing costs down because they use existing infrastructure and bring homes into neighborhoods where amenities already exist. Gently making our neighborhoods denser and housing people near existing services contributes to public health, as people walk more and socialize more, and preserves our valuable agricultural land and open space.

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