

# Jumpstarting the Market for Accessory Dwelling Units:

## *Lessons Learned from Portland, Seattle, and Vancouver*

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### Why Accessory Dwelling Units?

Across the United States, communities are experiencing challenges in building the housing they need to maintain affordability and accommodate future growth. Accessory dwelling units (ADUs), or separate small dwellings embedded within single family properties, are an effective solution due to their low cost and immediate feasibility, with homeowners building in their own backyards.

Many cities and states have recently passed legislation easing zoning and permitting regulations for ADUs, most notably Senate Bill 1069/Assembly Bill 2299 in California, signed into law on January 1, 2017. Yet, a widespread surge of ADU construction has not materialized. To find out why, this study looks at three cities in the Pacific Northwest of the United States and Canada that have seen a spike in construction in recent years: Portland, Seattle, and Vancouver. Each city has adopted a set of zoning reforms, sometimes in combination with financial incentives and outreach programs, to spur ADU construction. Due to these changes as well as the acceleration of the housing crisis in each city, ADUs have begun blossoming.



*ADUs provide great flexibility for homeowners; Photo courtesy of Portland Photos, [accessorydwellings.org](http://accessorydwellings.org).*

Based on a homeowner survey and key informant interviews, this report shows that homeowners in these cities have embraced ADUs because of the flexibility these units provide, with the ability to use the space as housing or office, for rental income or a friend in need, depending on the circumstances. Because construction costs are relatively low, the housing produced is generally affordable: the majority of new ADUs are leased for below-market rents. Many homeowners experienced barriers in terms of zoning, permitting, or finance, but solutions emerged, often due to city actions.

### Findings

**ADUs are relatively inexpensive to build.** The average ADU in our sample cost its owner approximately \$156,000 to build, albeit with almost double the cost per square foot in Vancouver as in Portland. For 83% of homeowners, the entire process from design to conception took just 18 months or less.

**Homeowners use a variety of development team types.** A design-build contractor was used in 25% of cases, while a traditional architect-contractor structure was more common (40%). In 16% of cases, only a contractor (not doing design work) was involved in the project.

**Most use the ADU for housing.** Sixty percent of ADUs are or will be used for the purposes of permanent housing, as compared to 12% for short term rentals.