



**What is an Accessory Dwelling Unit (ADU)?**

An Accessory Dwelling Unit (ADU) is a second, smaller dwelling units either developed out of an existing single family house (such as a basement, attic or addition) or as part of an accessory structure (such as a converted garage or carriage house).

**What are the advantages to an ADU?**

Property owners can currently rent out up to 3 bedrooms in their house in single-family districts. The advantage of an ADU is that the unit is separate, accessed by a separate entrance. This provides additional privacy to the property owner and tenant respectively.

**Where in the City of Ann Arbor would ADUs be allowed?**

ADUs would be permitted in R1A, R1B, R1C, R1D, R1E and R2A districts only.

**Where can I put an ADU on my property?**

ADUs can be either inside the existing house in an attic or basement, or all or part of a side or rear addition. In any of those cases, a separate entrance would be required in the side or rear of the house. Any addition would be required to meet existing setback and other zoning requirements.

An ADU can be part of a existing garage, carriage house or other legal, conforming detached accessory structure over 200 square feet. For existing legal accessory structures over 200 square feet, the owner can tear down the structure and rebuild with an ADU if desired.

**Who and how many people can live in it?**

Occupancy in the Accessory Dwelling Unit is limited to two related individuals and their offspring or two unrelated individuals.

**Can I rent it?**

Yes – the property owner could rent either the ADU or the main house. However, the other unit must be owner-occupied for at least 6 months of a calendar year.

**Won't both these properties just turn into rentals?**

The property owner is required to live in one of the two units. A deed restriction on the property will ensure that future owners of the property containing and ADU are aware of the owner-occupancy requirement as well as other standards.



### **How will owner-occupancy be enforced?**

The assessor will be able to assist in some of the monitoring, as owner-occupants will receive the Primary Resident Exemption (formerly known as homestead). If there is a question as to whether or not the owner resides in one of the two units, the assessor can verify through voters registration records, utility bills, drivers licenses and returned mail to verify PRE's.

### **How much will it cost?**

The cost to build an ADU will depend on many factors including, whether or not it's attached to the primary dwelling, the condition of any existing structures being utilized, or if it will be all new construction. For example, an existing basement that already has a bathroom, fire separation, and partial kitchen, might be less expensive to finish into an ADU, than an addition to a house or installation of a second floor of a garage.

Data from a recent Portland, OR survey puts the median cost of an attached ADU at \$45,500 and the median cost for a detached ADU at \$90,000.

### **Will it affect my taxes?**

If the ADU is rented, the Primary Resident Exemption will not apply to it. So if, for example, the accessory unit makes up  $\frac{1}{4}$  of the total property,  $\frac{1}{4}$  of the property will be taxed at the full rate, and the other  $\frac{3}{4}$  would be taxed at the PRE or Homestead rate.

### **How might it impact the neighborhood?**

ADUs are not intended to change the appearance of the primary house or the garage where they are located. If a unit is added to either, any new entrance must be on the side or rear, rather than have another entrance in the front (in the case of a house), or a door in the front of the garage.

### **How big can they be?**

The maximum size of an ADU depends on the size of the lot. For lots at least 5,000 square feet but less than 7,200 square feet, the maximum size of the ADU would be 600 square feet. For lots greater than 7,200 square feet, the maximum size of the ADU would be 800 square feet.

### **Will this increase density?**

There will likely be an increase of the number of people living on the property, however, the ordinance is written that both units should not exceed the total number of residents allowed for a single family residence.

### **Does this support sustainability**

The average household size has reduced by an entire person since 1960. Houses that used to hold larger families, now host about 1.2 people. ADUs will allow for reutilization of some of that space, without considerably expanding the existing footprint.



**Will neighbors be notified if someone wants to build an ADU on their street?**

No – similar to when an addition is put on a house or a garage constructed, no notice is provided to the neighbors.

**How will staff track the location of ADUs?**

Staff is developing a process as part of review and filing that all building permits, housing inspection files and related trade permits will all note that on the ADU parcel, one of the two dwellings must be remained owner-occupied

**How will this be enforced?**

All ADUs are required to be part of the rental inspection program. As such, they will be inspected every 30 months. If there is a complaint related to over-occupancy, staff will investigate a potential zoning violation. If there is a question about owner-occupancy, the assessor’s office can help with the investigation, and may result in violations in both assessing and zoning.

**Isn’t our housing inspection program already behind?**

Currently there are 34,000 rentals in the City of Ann Arbor and 6 full time inspectors. The Housing Department reports that they are up to date on inspections and feel that the small addition of a few ADUs a year will not impact their ability to stay on top of the inspection schedule. Additionally, a zoning ordinance officer was recently added in late 2015, and will be able to assist with enforcement.

**How can we prevent ADUs from just becoming Air BnBs that get used by noisy people on football weekends?**

The proposed ordinance does not allow for rental for less than 30 days. As Air BNB is the main vehicle for advertising, staff can check on complaints or suspected violators online.

**Having the owner-occupant on the premises seems like it will help with tenant selection, and for keeping things quiet and orderly – but why are they allowed to be gone for 6 months?**

The existing ordinance had indicated that “temporary absences” were allowed, but did not define the time frame. In talking with community members and staff, 6 months seemed to be appropriate for home-owners who may winter in warmer locations and/or be on sabbatical for a semester.

**What if an LLC is listed as an owner?**

We will follow state law for assessing on this one, that indicates that if an LLC is listed as an owner, then the property cannot take the Primary Residence Exception PRE as a homeowner. Short version, LLC ownership is not considered owner-occupancy.



### **Can a family member of the owner be considered the owner-occupant?**

The owner of a property is whoever is listed on the title, only.

### **Why isn't more parking required?**

This is a balancing act between sustainability goals as well as the expectation that market forces will support parking when needed. To prevent back yards becoming paved and/or other loss of green space, the requirement that one additional parking space be provided only applies when not within ¼ mile of a bus stop or in cases where tandem parking can be provided in the drive (provided it's not in the required front yard).

Note that in many cases, home-owners will determine that they would like an additional space and need only apply for a grading permit to add a space. Staff found that in single-family neighborhoods this happens when there are multiple family members driving.

### **Will the units be affordable?**

Affordability for ADUs is considered in two ways – for the renter, and for the home-owner. The size of the units can affect the rent, as will condition, location and amenities.

The average rental price per square foot in Ann Arbor is \$1.25 - \$2. Applying this to an ADU of 600 square feet, the estimated cost would be \$750 to \$1,200. Based on surveys of ADU owners in Portland and Boulder – 20-25% of all occupants pay no rent – which would be beyond any affordability standard. This may include family and friends, older adults, family or friends with disabilities, or others who need help with costs.

For owners, additional income can help with ongoing costs. In the case of seniors and others on fixed incomes, rental income can offset mortgage, tax or other costs allowing individuals to age in place. According to the AARP, 90% of seniors want to continue living in their own homes as they age. ADU income can help with

### **The idea of seniors aging in place is a good one, but what if they don't have the ability to manage the property.**

One asset about living in Ann Arbor is the variety and availability of property management companies to assist with upkeep and overall management. This way an owner who is inexperienced or perhaps not interested in managing a rental property, or a portion of it, can find support.



### **What's the difference in renting out a room and having an ADU?**

An ADU does not share access with the primary residence. There is a separate entrance and no interior link, unless desired by the property owner. Renting a room could require sharing of bathroom, kitchen or other common areas.

### **Can I build an ADU in my garage?**

For legal conforming garages built before December 31, 2016, all or a portion of the garage can be converted to an ADU subject to other zoning and building standards. Legal and conforming means that all zoning and building code requirements have been met.

### **What if I have a garage, but it doesn't meet the 3 foot setback requirement, for example.**

If the garage existed before December 31, 2016, you could demolish and rebuild the garage and include an ADU if it meets all current and building code requirements for both.

### **It sounds like tiny houses will not be allowed.**

Separate tiny houses would not be allowed under the proposed ordinance. One goal was that ADUs blend into a neighborhood. A tiny house would stand out as a separate, smaller home in the style of a single family home that would be distracting from the neighborhood character.

### **How tall can they be?**

In existing, legally detached structures, ADUs cannot exceed 25 feet.

### **Can an ADU be an addition on the house or garage?**

Yes, as long as all other zoning requirements like height and yard dimensions are met.

### **Can I build an ADU if I have a non-conforming lot?**

If your lot meets the minimum lot size of 5,000 square feet, you will be able to have an ADU, noting that any addition must meet side and rear yard requirements.

