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#### Survey Outcomes:

All respondents from the Builders Survey indicated that there is at least some current demand for ADUs in the regions and communities where they operate. Thirty-seven percent reported a high demand for ADUs in their respective areas. The respondents primarily work in Maryland, the DMV, and Pennsylvania. Because of the obstacles mentioned, only a few ADUs are constructed, leading people to believe there is no demand. If zoning codes do not facilitate the permitting of ADUs, their construction will remain limited. When asked about the types of markets where ADUs are most suitable housing products (e.g., urban, rural, suburban, rapidly growing, slowly growing, high-cost, medium to lower cost, etc.), the responses varied. Many respondents identified urban and suburban markets, including rapidly growing and low-cost markets, as suitable for ADUs. Additionally, many respondents expressed that ADUs are suitable for all markets. The survey also finds that having universal guidelines across counties would be beneficial. It is challenging for interested homeowners when they are confused by unique ordinances and guidelines.

#### Literature Review:

Studies indicate that communities with older adult populations are more inclined to pursue the construction of ADUs, highlighting the influence of a community's average age on ADU demand and proliferation. A 2018 AARP community preference survey of people aged 50 and older revealed that older adults with insufficient retirement savings are interested in staying in their community by either moving into an ADU or constructing one to generate income. The motivations for considering living in an accessory dwelling unit included the desire to be near others while maintaining personal space for 67% of respondents, receiving assistance with daily activities for 63%, and economic factors for 54%. In communities with large numbers of empty nesters the population density decreases as children move away, ADUs can invite 1-2 person households and increase the density. It also enables older adults to afford to live in their communities. This age group's interest in both purchasing or constructing a house with an ADU and moving into an ADU themselves suggests that ADUs may promote population stability in a community. The 2019 AARP study shows that despite similar regulations and incentives, the potential for ADU proliferation varies significantly depending on factors like the percentage of older adults in a neighborhood and lot size.<sup>23</sup> The examples show that neighborhoods with larger lot sizes (over 5000 square feet) and a higher percentage of older adults may have greater potential for ADU development, impacting neighborhood density and market proliferation. Further exploration into the age demographics of Maryland could provide valuable insights into local preferences and trends.

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<sup>23</sup> AARP ADU: Model State Act and Local Ordinance

Examples from Virginia, Oregon, and California show that community engagement and advocacy are significant factors for addressing the communication gap between policy makers and potentially interested homeowners. According to another AARP study, in 2017 Arlington County, VA established an ADU advisory committee comprised of community members to address local ADU concerns while revising ADU regulations.<sup>24</sup> The official numbers show that before 2017 only 19 ADU permits were issued over a 10-year period, After the ordinance revisions in 2019, 66 new ADUs permits were issued in 2.5 years. The same study also mentions that in 2019, during the ADU reform in Beaverton, Oregon, an initial email survey was conducted. However, during subsequent community conversations, participants raised additional issues regarding ADU needs and preferences that had not been addressed in the survey. Even though the study did not mention the 'additional issues', they focused on the importance of multi-layer community engagement such as survey and workshop to emphasize that community engagement works as advocacy by digging deeper into local barriers. This proves that in cities facing acute housing shortages, ADUs are gaining popularity, driven by active community engagement. Understanding market demand for ADUs can be achieved through community engagement in local jurisdictions, which helps identify the market demand for regulatory adjustments and ordinance revisions.

In its 2022 Annual ADU report, the City of Seattle findings indicated that 15% of owners have been renting their ADUs as short-term rentals while 24% renting their ADUs as long-term. However, there was significant uncertainty among these ADU owners about how they want to use ADUs in the future, with 21% considering short-term rentals and 31% willing to rent to family members or strangers. This suggests a potential trend, especially in tourist attraction cities, where ADUs as short-term rentals may become more prevalent. A 2021 academic study also noted that rent controls significantly impact the affordability of rent for ADUs, as their absence permits ADU owners to potentially increase market rents.<sup>25</sup> To address this, making ADU construction accessible to less affluent owners could offer a path to building wealth. The study suggested a solution involving providing development incentives to those in need, contingent upon implementing rent control for a specified duration. However, achieving this goal requires both financing mechanisms and regulatory reforms to streamline ADU construction processes, ultimately fostering equitable access to affordable housing.

### Conclusion:

Local discussions and surveys indicate that unique ordinances contribute to confusion and may inaccurately portray low demand for ADUs. Despite this, there is a clear local demand for multigenerational housing, and ADUs can serve as an excellent option to meet this need. According to respondents from a Builders Survey, there is a general demand for ADUs in Maryland, the DMV area, and Pennsylvania, with 37% of respondents indicating high demand. Older adults and owners of larger lots express greater interest in ADU construction. Urban and suburban markets, including those experiencing rapid expansion and affordability, are particularly suitable for ADUs.

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<sup>24</sup> Expanding ADU Development and Occupancy: Solutions for Removing Local Barriers to ADU Construction

<sup>25</sup> Less Is Not More: The False Promise of Accessory Dwelling Units for San Francisco's Lowest-Income Communities

ADUs offer a promising solution to address land scarcity, particularly when their design harmonizes with the neighborhood's characteristics. However, the impact of ADUs on neighborhoods, transitioning from single-family to duplexes, triplexes and multifamily, is influenced by various factors including housing demand, lot size, property value, and neighborhood typology and effective communication is essential to understand community demand accurately. Community engagement initiatives play a vital role in addressing contextual challenges that hinder ADU development, ultimately leading to an increase in the number of ADUs. In affluent neighborhoods, ADUs may be out of reach for low-income individuals and only feasible for middle-income earners. The escalating cost of development presents hurdles for ADU owners seeking to offer affordable rentals, potentially resulting in a rise in short-term ADU (if allowed in the jurisdiction) rentals, or worse, a foreclosure. To encourage affordable rentals, some suggest implementing rent control for a set period in long-term rentals, in exchange for financial incentives.

### Neighborhood Livability

As we examine the acceptance and impact of ADUs on local markets, it's crucial to consider their effects on quality of life. Due to various factors both physical (geographical or geological limitations) or political (growth policies or infrastructure investment), jurisdictions may only be equipped to accommodate a specific population size or rate of growth. The introduction of ADUs could potentially strain existing infrastructure and services, affecting residents' overall well-being. Balancing housing needs with maintaining the integrity of community resources is paramount in evaluating the broader impact of ADUs.

### How ADUs impact neighborhood livability in relation to the provision of public facilities, sustainability, affordability, and other related factors

The Task Force's fourth question explores the anticipated impact of ADUs on neighborhood livability concerning public facility provisions, sustainability, affordability, and overall quality of life. The inquiry delves into existing literature, panel discussions, and surveys to assess how ADUs have influenced neighborhood livability, considering concerns raised by local participants. To mitigate negative impacts and promote affordability, ADU policies and regulations can be crafted to address specific neighborhood needs, balancing housing expansion with sustainability measures and community well-being.

### Focus Groups and Panel Discussions:

Participants from the AORAA Focus Group noted that ADU legislation often mandates owner occupancy, which they see as a significant barrier to development. But they stressed that requiring landlords to reside on-site with ADUs can mitigate issues associated with absentee landlords and contribute to neighborhood stability. The Housing Organization Focus Group also agrees that having the owner living on-site is beneficial for ensuring a vested interest in the property and the neighborhood.

Additionally, the AORAA Focus Group highlighted the lack of affordable and accessible housing as a critical issue. They advocated for ADUs to be designed with accessibility in mind and added to a searchable database for accessible housing. They emphasized the importance of ADUs being adaptable for persons with disabilities, focusing on inclusive design elements such as entrance accessibility, lighting, and climate sensitivity.

Moreover, the ORAA Focus Group underscored the prevalence of unpermitted and illegal ADUs, which they believe could be substandard housing, posing risks to public health and safety. They suggested that implementing amnesty programs could help prevent tragedies associated with such structures. Planning Directors also discussed the potential for homeowners to address nonconforming ADUs and proposed considering grandfathering these legal uses as a solution.

The HOA and Community Association Focus Group expressed concerns about ADUs and single-family to multi-family conversions potentially contributing to urban blight and straining municipal services in communities with struggling housing markets. However, the Housing Organization Focus Group suggests that ADUs represent a form of slow densification. To ensure neighborhood stability, they mention that regulating lot coverage is an important issue. They suggest that the height of the ADU should be regulated and perhaps limited to one story; setbacks should be sufficient to avoid impacts on neighboring properties. Minimum lot size could be an effective way to manage these elements to avoid negative impacts on adjacent properties. The AORAA Focus Group emphasizes that properties with sufficient space for an additional unit and parking, while blending well with the neighborhood, are ideal for ADU development. They stress the importance of regulating appropriate sizing for both the property and the unit. The Planning Directors Panel also suggests considering the limitations of aging infrastructure when determining suitable locations for ADUs.

From focus group discussions, there's a recognition of the need to consider the impact of ADUs on community facilities and infrastructure, including municipal capacities, trash removal, and transportation in blue-collar communities. Planning Directors note that lot requirements have generally not been problematic in their communities, but parking issues vary between communities, with some still assessing the impact of recent ordinances. They stress the need for long-term studies to understand the full impact of ADU ordinances on the housing market, including parking considerations. Additionally, they suggest implementing annual statements from property owners regarding the status of ADUs to ensure compliance.

The AORAA Focus Group advocated for flexible parking requirements in ADU ordinances, tailored to the specific needs of different communities such as downtown areas versus suburbs, considering factors like transit access. They emphasized the importance of parking flexibility to accommodate various community types. The Housing Organization Focus Group suggested that if parking is the issue, then it should be addressed first rather than using the lack of parking to limit ADUs.

The HOA recommended limiting ADUs to areas served by public sewer and water to maintain water quality and protect the environment, particularly in regions with septic systems. They advocated for regulations



addressing public health, safety, stormwater management, and infrastructure impact, with enforcement through restrictive covenants if necessary. They also suggested that ADU owners may need to pay additional fees to offset their impact on services and infrastructure.

#### Survey Outcomes:

The Builders Survey respondents said there is a practice of renovating spaces, essentially creating ADUs in every aspect except a specific element of a household, (an example is a stove) to get around the strict rules around defining a dwelling unit in some counties. Then later a stove is added, and the SDU is not properly permitted, creating an illegal ADU. Making all ADUs legal is essential for ensuring health and safety. This is an issue of enforcement. ADUs seem to be most prevalent on large lots with spacious houses, but there are numerous reasons they are suitable for everyday homes as well.

In response to inquiries about neighborhood livability, all respondents from the Builders Survey indicated that ADUs support aging in place. Additionally, 84% believed that ADUs increase housing values in the neighborhood and contribute to housing affordability. Furthermore, 79% stated that ADUs diversify neighborhood demographics, while 74% expressed that ADUs support moderate densification. The respondents also believed that ADUs increase the likelihood of service workers residing in the community rather than commuting long distances to access jobs. This enables teachers, maids, vet techs, and others to live closer to their workplaces.

According to respondents from the builder survey, the most significant current impact of ADUs is creating affordable housing options in wealthier neighborhoods. More affordable rental units would be feasible in these areas if homeowners were not required to live in either the primary home or the ADU. However, this option may not be popular in some neighborhoods due to concerns about investors taking over.

#### Literature Review:

Comprehending the livability concerns of local communities regarding ADUs can inform the development of both local or unified state policies and regulations. Findings from the 2021 AARP survey of a representative sample of US adults aged 18 and above shows a notable 26% of individuals are open to integrating ADUs into their living arrangements, especially to address multigenerational and guest living needs.<sup>26</sup> In the book titled 'Remaking the American Dream: The Informal and Formal Transformation of Single-family Housing Cities', the author describes a 2012 California survey of neighborhood council members who expressed their top concerns about ADUs. 32% mentioned fear of the lack of parking spaces, 24% feared increased density, 9% were concerned about infrastructure capacity, and another 9% mentioned an increase in disorder and crime. From the neighborhood livability perspective, parking and density emerge as the most prioritized concerns. Conversely, while identifying positive attributes of ADUs, 26% of respondents mentioned housing for extended family, 15% believed ADUs would increase property value and rental income, 15% believed affordable housing supply would increase, and 6% thought of ADUs as a more effective approach to increasing density. The survey also underscored support for second units with strict design standards and community consent, highlighting their attractiveness as housing options.<sup>27</sup>

The implementation of ADU regulations can play a crucial role in mitigating the construction of illegal accessory housing units, offering oversight and guidance in their development. According to a 2017 academic study, in the ten largest major metropolitan statistical areas in the United States between 2000 and 2014, 37% percent of new single-family housing units were built illegally.<sup>28</sup> These unauthorized units often lacked proper safety measures, were constructed by unlicensed contractors, and may have incorporated hazardous recycled materials for affordability. Additionally, in a 2008 report, the Pratt Center highlighted that between 1990 and 2000, New York City acquired 114,000 apartments that were not accounted for in the official count of certificates of occupancy, yet they were instrumental in addressing the city's affordable housing shortage.<sup>29</sup> Regulations encouraging and guiding the conversion of undocumented units into ADUs can reduce the prevalence of illegally converted housing, promoting safer and healthier living conditions and overall neighborhood improvement in terms of living standards.

The density of neighborhoods is expected to be minimally affected by the addition of second units (detached ADUs) in Los Angeles, as highlighted by Mukhija in his book on ADUs. The author pointed out that LA's single-family properties typically have larger lots, and the addition of ADUs resulted in 'elegant density'. While the study acknowledged concerns about reduced privacy, it also identified positives, such as fostering community interaction and maintaining neighborhood density. Addressing privacy concerns through thoughtful ADU design can help mitigate any negative impacts on neighborhood livability and support them as a viable and acceptable housing solution.

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<sup>26</sup> Expanding ADU Development and Occupancy: Solutions for Removing Local Barriers to ADU Construction

<sup>27</sup> Mukhija, V. (2022). *Remaking the American Dream: The Informal and Formal Transformation of Single-family Housing Cities*. MIT Press.

<sup>28</sup> Brown, Anne, Mukhija, Vinit & Shoup, Donald. (2017). Converting Garages into Housing. *Journal of Planning Education and Research*

<sup>29</sup> New York's housing underground: a refuge and resource (2008), Pratt Center for Community Development

Data from cities where ADUs are successful because of different regulatory incentives show that renting an ADU is cheaper than renting a one-bedroom apartment. The 2017 data shows that in Seattle (WA) there were 1396 ADUs and the rent was \$1500 whereas the rent for one-bedroom apartment was \$1884. In Denver (CO) rent for an ADU was \$1250 while one-bedroom apartments were being rented for \$1400, at that time Denver has only 139 ADUs. In 2017 Washington DC, one-bedroom apartment rent was \$2000 yet ADU rent was \$1350.<sup>30</sup> From the rent comparison it seems that if ADU construction becomes easier for homeowners the rent stays cheaper than other comparable housing options and the proliferation of ADUs doesn't seem to have any effect on the rent.

Despite many concerns some studies show that ADUs have low impact compared to other housing options. The 2014 study from Portland shows that where other traditional single-family residences take up to 800 square feet living area per person while ADUs take only 470 square feet. Portland study shows that parking share of ADUs are 0.46 street parked car.

#### Conclusion:

ADU construction could potentially increase if owner occupancy requirements were lifted; however, maintaining neighborhood stability is widely supported, leading to the preference for owner occupancy. Homeowners seek ADUs to accommodate family members, boost property value, and generate rental income. Results from the Builders Survey also indicate that ADUs support aging in place, enhance property value, and contribute to housing affordability. Evidence suggests that ADU rents are often cheaper than those of one-bedroom apartments in a multifamily structure in major US cities. Inclusive design elements make ADUs suitable for individuals with disabilities. Amnesty programs provide the opportunity to convert risky, unpermitted units into compliant ADUs to promote neighborhood safety and perhaps, expand affordable housing options.

Studies identify parking space availability and increased density as primary concerns regarding ADUs. Regulations on minimum lot and unit size are widely endorsed to prevent neighborhood overcrowding. While urban blight is a concern for the proliferation of ADUs, some argue that ADUs contribute to slow densification and appear to favor this form of densification over a new large multifamily structure near or in their neighborhoods. Evidence suggests that ADUs typically occupy fewer square feet per person compared to traditional multifamily housing options. Despite claims of ADUs causing parking issues, only Portland has conducted a study on ADUs' parking share, indicating it's not a significant problem. In specific areas of Maryland, environmental concerns about septic systems, particularly in relation to the conservation of the Chesapeake Bay, remain major areas of concern.

#### Summarized Conclusion:

The main hindrance to ADU proliferation appears to be complications surrounding regulation and compliance. Drawing from examples in other cities and states where ADUs are on the rise, it's evident that

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<sup>30</sup> Accessory Dwelling Unit - a step by step guide to Design and Development, AARP (2019)

streamlining initial upfront development fees, providing quick zoning and regulatory answers, implementing a streamlined review process, and offering pre-approved plans can significantly boost ADU numbers. However, opinions on ordinances that set regulations vary, with valid arguments on both sides. While a unified ordinance with pre-approved plans could expedite the ADU building process and create a more readily attainable ADU market for property owners, the importance of local context cannot be overlooked. As local governments must address issues stemming from market demand for ADUs, they also indicate the need for flexibility to set regulations tailored to their specific needs. Therefore, a balance is necessary to determine the extent to which the state should mandate regulations and how much autonomy local governments should have in regulating ADU development. This delicate balance ensures efficient ADU construction while allowing for responsive regulation to address local concerns.

The concern surrounding the valuation (?) of properties with ADUs in the real estate market is significant, as homeowners perceive adding an ADU during new home construction as a valuable investment. However, discussions and surveys indicate the necessity for owner occupancy disclosures during the sale of such properties. While ADUs may be initially constructed to accommodate family members or other individuals, the possibility of renting out the one of the two units on the property arises once the immediate need subsides. ADUs play a vital role in addressing the demand for affordable housing across various income levels and vulnerable populations. Particularly beneficial for the aging population and individuals with disabilities, ADUs enable them to remain in their communities without facing displacement due to soaring housing costs. The question of whether ADUs will truly be affordable remains, but each rented unit helps alleviate the demand for affordable rental properties. Nonetheless, concerns persist regarding the potential impact of short-term rental ADUs on the availability and affordability of long-term affordable housing options. Achieving a balance between maximizing property value and ensuring affordability in the ADU market remains a key challenge moving forward.