

Using Accessory Dwelling Units (ADUs) to Promote Affordable Housing, Equity, and Well-Being

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In looking to address the nation-wide affordable housing crisis, many advocates have turned - literally - to their own backyards. Accessory Dwelling Units (ADUs) can be a solution that provides additional units of housing in areas where single-family homes dominate. As smaller units of housing that can be built on the property of the main house, they can accommodate short- or long-term renters or additional family members, as well as supply a source of supplemental income to the homeowner. Invest Health Field Building city teams from Grand Rapids, Missoula, Napa, and Riverside – led by Lark Ferrell, Housing Manager for the City of Napa and Lisa Beczkiewicz, Health Promotion Supervisor for the Missoula City-County Health Department – collaborated with Kol Peterson, ADU expert and author of *Backdoor Revolution: the Definitive Guide to ADU Development*, to bring five days of virtual programming about ADUs to Invest Health city teams and other local stakeholders.

The ADU convening was originally planned to be held in the spring of 2020 in Portland, OR, where ADU activity is prominent in the United States, but was reimagined to a virtual format due to the coronavirus pandemic safety implications and travel/gathering restrictions. Over 5 days in October 2020, each two-hour convening covering a different aspect of ADUs as an affordable housing innovation strategy, stakeholders participated in webinar presentations and discussions tailored to specific challenges in each city.

Equity and Access for Health: Why It Matters and How It Relates to ADUs

On day one, speakers framed the importance of ADUs with a discussion of how ADUs can help address health equity and housing affordability. Renee Schomp, the Director of the Napa Sonoma ADU Center, discussed some of the ways the center promotes equity, such as providing dual language support on trainings and webinars for Spanish speakers, as well as a new tenant recruitment and placement program that incentivizes homeowners with ADUs to rent them to those making under 65% of Area Median Income (AMI).

Invest Health city team member Laval Means, Planning Services Manager for the City of Missoula, explained how Missoula's support for ADUs has increased incrementally over time. However, initial community pushback also spurred city stakeholders to make sure community members were more meaningfully involved in the process. Facilitator Kol Peterson sees ADUs as critical for creating broader affordability options: "If we can crack the code for allowing ADUs, we can crack the code for allowing two ADUs, for middle housing [such as duplexes or triplexes]."

Financing and Access to Capital for Low/Fixed Income Homeowners

The session hosted on day two focused on how homeowners can fund ADUs. Kol Peterson emphasized that while ADUs can be considered the least expensive way of providing affordable housing, they are still expensive, meaning that most homeowners who choose them are middle-income or upwards. Presenters included mortgage loan officers that detailed different mortgage options for ADUs. Lark Ferrell of Napa also discussed the City of Napa’s pilot ADU program, called the Junior Unit Initiative Program. This program was funded with the city’s General Fund and aimed to create cost-efficient ADUs such as junior units, where an ADU is carved out of an existing room in the main home. Ferrell then explained the financing structure of these units.

Taylor Cain of Boston’s Housing Innovation Lab discussed how to address the dual challenges of process and financing for ADU homeowners. The Lab gathered feedback from both residents and city staff, finding that for residents, “funding and process accounted for nearly 50% of obstacles... These are within our control to change.” According to Cain, the Housing

Innovation Lab website now offers an ADU toolkit that helps homeowners better understand the process for building an ADU and the associated financing options. The Boston Home Center administers a loan program for home repairs that offers zero-interest, zero-match loans for households with income at or below 120% AMI (households with incomes between 120-135% AMI must match the loan 1:1 with their own funds or a bank loan). The Lab is also exploring methods of outreach and education for first-time homebuyers.



Image compilation, Invest Health Convening in Baltimore, October 2019.

To conclude, Peterson discussed further financing innovations, two of which are an ADU-specific Home Equity Line of Credit (HELOC), which allows owners to borrow on the future value of an ADU that is under construction, and a CDFI/Local Partnership Loan Program. The ADU-specific HELOC is currently only offered by one credit union in Portland, the Consolidated Community Credit Union. CDFI/Local Partnership Loans are being piloted in Silicon Valley, Monterey, and Los Angeles, CA. These and other financing innovations are opportunities that could be expanded nation-wide, opening up further options for homeowners who are interested in ADUs.

Communications: Dealing with NIMBYism and ADU Development

To kick off the day three session, members of the Grand Rapids, Missoula, and Riverside Invest Health city teams presented some of their particular challenges to community engagement, including NIMBYism – a term used to indicate opposition to new housing and development meaning “Not In My Backyard.”

Katherine Einstein, author of the book *Neighborhood Defenders: Participatory Politics and America’s Housing Crisis*, delivered the keynote. Einstein found through her research on participation in Planning Board and

Zoning Board meetings in Massachusetts that the constituents who spoke up about land use decisions were more likely to be men, white, older, and much more likely to be homeowners — and these constituents were often against bringing affordable housing into their communities (or “into their back yards”). Einstein, along with the speakers who followed her, concluded that city governments need to be more deliberate about outreach to populations with less access to public meetings, such as renters.

Other speakers also spoke to the need for diverse “YIMBY” coalitions – Yes In My Back Yard, the counter movement to NIMBY– to be as organized as the “NIMBYs” in order to demonstrate public will in support of affordable housing policies such as ADUs. As residents who support new development tend to be of much more diverse backgrounds than NIMBYs, and many face access issues such as time constraints that limit their availability to attend meetings or search for information on new developments, other speakers echoed Einstein on the need to do targeted outreach to potential YIMBYs.

Enabling Environment: Policy and Regulations that Support ADU Development

On day four, Kol Peterson and other speakers did a deeper dive into ADU-friendly policy. There are both regulatory and non-regulatory strategies to allow ADUs, Peterson explained. In Portland, regulations surrounding ADUs have gradually liberalized, and ADU permit issuance increased 22-fold from 2000-2009. Today, Portland allows ADUs by right, city-wide, with both units on the property rentable and with impact fees waived, among other permissive regulations.

Renee Schomp of the Napa Sonoma ADU Center noted the role of Invest Health in catalyzing their larger ADU project. The Center now offers an ADU workbook to help homeowners who want an ADU through the development and finance process.

Local policy can be a major barrier to ADU development when it is less friendly – for example, requiring owner occupancy of the ADU, requiring the provision of off-street parking, and restricting ADUs to particular areas of a city. The more a locality creates an enabling environment for ADU development and provides resources for homeowners, the more potential ADUs have to promote equity as well, as more residents will have access to them as a housing solution.



Accessory Dwelling Unit in Napa, CA. From “Junior Unit Initiative Program,” by Invest Health Team Member, Lark Ferrell.

ADU Virtual Home Tours

The final day of the convening took ADUs out of the hypothetical realm and made them real for attendees through stories and examples. Instead of what would have been the in-person ADU tour, Kol Peterson showed photo and video examples of various ways to design ADUs, including specific architectural considerations, which were expanded upon by a Portland architect, Nicholas Papaefthmiou. Convening attendees then heard from Marian, an ADU homeowner who told her story through a video by the Napa Sonoma ADU Center. For

Marian, creating an ADU and renting out helped make her house “an asset instead of a liability.” Another ADU homeowner from Portland, Tamara Warren, is a single mom who discussed the financial challenges of building her ADU. She was initially rejected for loans from various financial institutions because of her high debt; this past year, her ADU was completed, and she “coined the term ‘happy debt’” to refer to the debt she incurred building the ADU – “happy” because gaining an ADU would eventually lead to more financial stability for her family.

To wrap up the event, Kol Peterson discussed other ADU-related programming he is involved with: the ADU Academy, a practitioner-oriented training in Portland; an “ADU Specialist” certification available through the ADU Academy or online courses; the 12-part “ADU Hour” series, and individual consulting. “[The collaboration with Kol and his team] has been some of the most inspiring work I’ve done in public government,” said Lark Ferrell of Napa. She also encouraged that anyone interested should attend the ADU Academy in Portland – “This is just a taste of what we would have gotten [there].”

Though the participants would have preferred the opportunity to visit Portland in-person (as planned, prior to the COVID-19 pandemic), the virtual ADU convening provided the opportunity to create a customized learning agenda for the participating cities, which would not have been possible when attending the ADU Academy. Participants not only drew on one another’s expertise, but that of outside professionals and academics, as well as the experience of places that are more advanced in ADU development and policy. City team members also used the opportunity to engage key stakeholders in their cities that may not have otherwise been able to travel to Portland and catalyze local relationships to further their efforts on local ADU development. City teams will have a chance to build on their collaboration and create innovative programming during the third phase of Invest Health, Sustaining the Network, which Reinvestment Fund recently launched with continued support of the Robert Wood Johnson Foundation.

Invest Health is an initiative of Reinvestment Fund in partnership and with support from the Robert Wood Johnson Foundation (RWJF) that began as a forum for 50 cities to define community needs and investment challenges, devise solutions, and align investment capital, other resources and policies to address the social determinants of health. The initiative provided a starting point for cross-sector leaders in small to mid-size cities across the country to strategize and align with community development finance experts, local, regional and national philanthropic networks, and public funding streams to build healthier, more equitable communities. Over the course of the initiative, Reinvestment Fund supported Invest Health city teams as they developed strategies for improving resident well-being in neighborhoods facing the biggest barriers to health and opportunity.

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