State of the Market and Local Policy: Accessory Dwelling Units in the Commonwealth of Virginia

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Accessory Dwelling Unit Stakeholders Advisory Group

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Introduction

The following reports the findings of a data and information gathering exercise to provide the Accessory Dwelling Unit Stakeholder Advisory Group (SAG) and the Virginia Department of Housing and Community Development (DHCD) input on key issues related to accessory dwelling units (ADUs) in the Commonwealth of Virginia. The work performed in this analysis and the SAG was implemented pursuant to House Bill 2053.

The research undertaken covers issues related to:

- Assessing local jurisdiction efforts in counting the number of ADUs in their communities;
- Consideration of market trends that impact the demand and supply of ADUs;
- Review policies and actions taken by selected Virginia localities regarding ADUs; and,
- Identifying best practices by localities or states regarding the role of ADUs as contributions to the local supply of housing.

The format of this report takes on the form of a briefing paper. The observations and findings reported here have been presented to the SAG with the assistance of DHCD staff in a series of virtual meetings held during the summer and early fall of 2021. This report summarizes the data and information provided in those briefings.

The report is organized into four sections. Section 1 reports the findings of several stakeholder interviews with local officials, businesses, professional organizations, and others with special knowledge of the policies and market conditions for ADUs in Virginia. Section 2 offers a review of the extensive professional and academic literature that has emerged over the past several years as governments explore the role of ADUs in the housing market and the potential for this type of housing to contribute to the supply of workforce housing or to meet specific homeowner needs. Section 3 provides examples from jurisdictions across the nation that can be considered best practices for policies and programs to encourage the development/creation of ADUs. Finally, Section 4 offers some insights from the research team on the specific issue of how local jurisdictions could improve upon existing strategies for counting existing ADUs.

Section 1: Key Informant Interviews

In pursuing information on specific ADU-related issues and policies within Virginia localities, we interviewed several local government officials, business leaders, and others with special knowledge of this topic. Some of the individuals interviewed are members of the SAG. Participants were requested to provide data and information of several topics and to freely offer their professional insights under the condition that their insights would not be personally attributed to encourage frank conversations. The subject areas covered in the interviews included:

- Counting existing ADUs;
- Current and future market demand;
- Local actions and ordinances;
- Policy issues;
- Creation and use of specific codes or regulations; and,
- Exploring how the state could help localities.

The sampling approach use to identify localities for participation is purposive with emphasis on geographic diversity, market diversity, and over-representing localities with notable recent efforts in studying and implementing programs and policies regarding ADUs. Participants in the interview represented the following jurisdictions and key subject matter experts:

Public Sector

Cities

- Alexandria
- Blacksburg
- Charlottesville
- Richmond
- Harrisonburg
- Norfolk
- Virginia Beach

Counties

- Chesterfield County (two perspectives)
- Fairfax County
- James City County

Private Sector

- Bayse (HOA resort community in Shenandoah)
- Virginia Association of Counties
- Mercer Trigiani (legal firm for HOAs and condo associations)
- The Gaston Group (government relations firm for realtor associations and others)

The interview guide used for these participant interactions can be found in the appendix to this report. The interviews were performed in a qualitative manner and subjects and interviewers were free to explore topics not specifically listed in the interview guide. If the interviewee offered specific numbers relevant to a subject area, they are reported below.

The following reviews the findings of these key informant interviews organized by topic.

ADU Counts

Undercounted:

Interviewees with counts reported between 14-164 total approved units using registration applications. However, all acknowledge that these numbers are undercounts. They do not include ADUs with expired registrations nor those that were never registered. For some jurisdictions it is suspected that official counts severely underrepresent the number of units in the market.

Vocabulary matters:

Special Use Permits (SUP) and Conditional Use Permits (CUP) probably include many ADUs, but they are usually counted separately. Other terms used to describe ADUs among the jurisdictions include “duplex,” “flex suite,” “AA” (accessory accommodation), and “in-home rental space.”

Limited resources:

Most jurisdictions interested in improving the accuracy of ADU counts report that they do not have enough staff or time resources to investigate further. There is little incentive to collect the data in areas not politically motivated to promote ADUs.

ADU Registration

Complaint-based penalties

Most jurisdictions have systems in place to register ADUs. Encouragement to register is based primarily upon the threat of penalties. However, investigations into unapproved ADUs are based almost completely in response to (usually) neighbor complaints. Most participating jurisdictions will waive any penalties if an owner comes into compliance. However, this is not public knowledge, so it is not perceived to be particularly impactful on owners coming forward. There were various views on incentivizing the registration of existing un-registered units by waiving fees with some being concerned about revenue impacts of waivers.

No registrations

Some jurisdictions have no registration system for ADUs, although nearly all interviewees referenced CUP/SUP zoning permit systems that likely include many ADUs.

Current & Future Market Demand

Inferred Demand

Interviewees were familiar with their communities' housing demands in general.

Based on increasing real estate prices and shortages of affordable housing in nearly all areas, most interviewees reporting stable or rising demand for ADUs. However, descriptions of ADU-specific market demand are anecdotal and are driven more by local market factors such as being a college town, tourism destination, and other factors. Many noted the role of ADUs in addressing immediate family needs (granny-flats, units for returning children, see below) but noted that these needs change over time and as unit ownership changes. Multiple interviewees described ADUs as a small piece of a much larger picture. Therefore, some jurisdictions have not focused much attention on this issue.

HOA-Represented Neighborhoods

Areas with a substantial portion of housing represented by Homeowners Associations (HOAs) are not looking to expand or increase density. These organizations are highly concerned about policy changes that would erode owner property rights in maintaining neighborhood character. Interviewees from the private sector agreed that HOAs could be expected to oppose policies that overrule by-laws and deed restrictions (neighborhood control) regarding the number of housing units on a given property.

Housing for Family Members

Interviewees described an increase in multi-generational households driving the demand for ADUs. The family members who could occupy them are either elderly or adult children. Interviewees that expressed interest in the specific use of the ADUs all hypothesized that owners could register under the guise of housing a family member but instead use it as a rental property. Monitoring the use of the ADU and then enforcing the rules is a universal challenge.

Housing for Students
Among the four university towns (i.e., Charlottesville, Norfolk, Harrisonburg, and Blacksburg), all but Harrisonburg expect students to occupy most ADUs in their markets.

Rental Income
Most participating jurisdictions allow long-term rentals but have restrictions on short-term rentals. Policies range from disallowing most rental properties and all short-term rentals to allowing nearly all income-generating rentals. These policies mostly align with observer expectations of the structure of the local economy. Identifying best practices regarding short-term rentals requires consideration of the overall policy goals related to the role of these units in the local economy.

Actions & Ordinances

Active Discussions
Nearly all communities have ongoing conversations regarding ADUs among policymakers. They are generally in favor of ADUs as a means of increasing housing stock. Respondents report that enthusiasm for allowing and promoting the creation of new ADUs varies greatly across neighborhoods and constituencies in their jurisdictions.

Policy Development
Communities vary widely in their level of development of ADU policies. Some currently have no relevant policies with very little discussion, while others have well-developed, fully implemented policies. Many interviewees expect even fully implemented policies to be revised and updated in the near future.

Four municipalities are currently creating or implementing new ADU initiatives:

- Alexandria (implemented March 2021),
- Richmond City (expected enactment Fall 2021),
- Virginia Beach (currently under consideration),
- Blacksburg (currently revising the 2017 ordinance).

None are promoting ADU development directly, though some have incentives for building affordable housing units that could potentially be applied to ADUs.

Priorities
All interviewed jurisdictions see ADUs as a tool to increase the housing supply and address affordable housing needs. Three described expanding the number of ADUs to address the economic issues of homeowners and the tourism industry. Only two interviewees described their jurisdictions as overall politically resistant to density and growth.

Network
Most interviewees were unaware of any efforts to collaborate with neighboring jurisdictions on creating consistencies in policies or programs related to ADUs. At least two interviewees cited Norfolk as a possible model for relevant policies. The City of Williamsburg was also cited multiple times as a model and potential collaborator.

Issues regarding Policies & Codes

Current Zoning Ordinances

By-Right and Conditional Use Permits (CUPs)

Most jurisdictions represented have at least some residential zones where ADUs are by-right. Exceptions are James City County and Chesterfield County, where all ADUs require CUPs. There are a variety of conditions that impact the zoning of a property. In some areas, ADUs are allowed by-right in any residential property, while others allow ADUs only on properties in specific zoning categories, even when the properties are in the same neighborhood.

Enforcement

Nearly all interviewees, including those from the private sector, recognize that enforcing ADU ordinances are difficult.

- In a development that plans to include ADUs, any checks on compliance after the initial plan is approved is perceived as overly burdensome.
- An approved addition to an existing property is resource-heavy in that enforcing building codes requires comparison to the original plans.
- Once approved, enforcing the type of occupant is difficult, if not impossible. Several participants expressed concern that ADUs approved for housing family members would actually be or become short-term rentals.
- Complaints are the only tool that is used to learn of ADU ordinance violations.

HOAs

Municipalities have little authority over HOAs to change their covenants and restrictions to include ADUs if they are not explicitly included in the original development plans. Three themes were described concerning HOAs and ADUs:

1. Density, especially parking, is a primary concern
2. Wear and tear on common facilities are accelerated by additional residents.
3. Enforcing architecture that maintains the neighborhood's character is a significant responsibility of an HOA; therefore, additions are problematic.

Parking and Density

All private and public sector interviewees who described challenges with increasing the number of ADUs reported that parking density is a major concern. It is a source of political conflict in some jurisdictions. Many interviewees believe that parking concerns are related to the misconception that ADUs equate to changes in type of housing/zoning on a given property. Some report addressing parking as part of the requirements for current ADU registration processes.

Commercial Use

Long-Term Rentals

Long-term rentals are generally allowed if the principal dwelling is owner-occupied. For jurisdictions wanting to increase the number of ADUs, this is the target market, so restrictions on this use are relatively few.

Short-Term Rentals (STR)

There is a wide range of attitudes regarding the regulation of ADUs as STRs. Some jurisdictions, including most HOAs, prohibit STRs. Several allow short-term rentals for a maximum of 90 days in a calendar year. All of the jurisdictions included in this analysis have some type of regulation on STRs,

though it is likely that some small communities outside of usual tourism areas may have found little need to develop such policies.

Architecture

Some interviewees described the importance of ensuring structures complement existing forms and characters of the neighborhood. This is more of an issue for detached structures than interior units.

Restrictive Codes

Three interviewees discussed building codes in detail. Some regulations are cumbersome and are disincentives to either build or register ADUs. Fire-rated walls were cited multiple times as an example of a building code that may be unnecessary in some ADUs. The research did not specifically ask if participants are aware of recent building code amendments or the process for future changes to building codes relevant to ADUs. Several interviewees characterized the permitting process as too complex.

During the 2018 Code Development Cycle (2019 - 2020), Uniform Statewide Building Code (USBC) requirements related to accessory dwelling units (ADUs) were discussed by DHCD's Residential Uses Sub-Workgroup. The Sub-Workgroup, made up of a diverse group of stakeholders, developed and submitted a code change proposal that was approved by the Board of Housing and Community Development for the 2018 edition of the USBC, which became effective on July 1, 2021. The changes provided a new compliance path for ADUs that eliminates or provides trade-offs for some of the most costly construction requirements that were required by previous editions of the Code.

Initial Site Plans

Including ADUs in a site's building plan is widely supported as the simplest measure to ensure that aesthetic and functional requirements are fulfilled. Some interviewees indicated that community members are more likely to be resistant to later additions.

Role of the State

Resistance to Broad-stroke Regulations

Many interviewees expressed interest in the guidance from the state, including standardized definitions for auxiliary structures or transient occupants. However, several expressed concern that state land-use mandates would restrict county processes and be "destructive to communities."

Influence of HOAs

According to the private-sector interviewees, HOA covenants and restrictions (C&R) are durable, and even state legislation can have a limited effect. ADUs will only be allowed in HOA communities if they are written into the original C&R or if the community changes its rules. Public-sector interviewees requested support from the state to encourage HOAs to consider flexibility on ADUs, especially in areas with ample developable space (large lots).

Support Local Incentives

Dedicated affordable housing

Interviewees suggested that increases in state funding could support local incentive programs for potential ADU homeowners and builders. Most would prefer to offer loan forgiveness or tax incentives in exchange for dedicating an ADU as an affordable housing unit.

Development fee waivers/tax incentives
The inclusion of an ADU in initial home construction is considered easier than adding to an existing residence. For that reason, state level support of fee waivers or tax incentives for developers would be helpful. One interviewee was explicit that the state allows developers to choose to either provide affordable units or contribute to county proffers. Their jurisdiction would prefer to have the actual units rather than the cash contribution.

Public Perception
A frequent theme among participants was the discrepancy between public perception of ADUs, along several topic dimensions, and market and governance realities. Multiple participants suggested that the state could educate the public on the potential and real roles ADUs play in supporting economic resilience, do not change neighborhoods from single-family dwellings to multi-family complexes, and likely already exist, even if they are not registered.

Section 2: Literature Review

The diverse terminology of Accessory Dwelling Units (ADUs) including secondary units, secondary suites, second units, ancillary units, accessory apartments, accessory living units, accessory suites, backyard cottages, back houses, alley flats, carriage flats, coach houses, garage apartments, granny flats, companion units, mother-in-law apartments, in-law units, in-law suites, outlaw in-laws, and laneway houses, reflects local variations in housing market, regulatory environment, available resources, urban forms, and policy goals. (Anacker & Niedt, 2019). Although ADUs are recognized as a useful means of supplying housing without changing the neighborhood physically, the use of ADUs for housing supply varies widely from region to region (Stacy et al., 2020). For example, in Arlington, Virginia, only 20 units were built between 2009 and 2017 due to stringent regulations on ADUs, whereas in Portland, Oregon, 4,047 ADU permits were issued between 1995 and 2019 with a clear and streamlined permitting process (Anacker, 2018; Chapple et al., 2018). Recent interest in ADUs has stemmed from the various advantages ADUs offer, especially the ability to create housing units without significant side effects in environments where available land is limited. Several cities have actively removed obstacles to promote ADU construction, and their actions have been followed by significant increases in supply.

In this review, we discuss the relevant academic and professional literature available on ADUs and ADUs' role in housing markets. The findings of such a review can guide other research elements and provide insights into a wide range of related issues that will inform recommendations developed by the Stakeholder Advisory Group.

Expected benefits from ADUs and outcomes in reality

The construction of ADUs can offer a number of advantages over conventional housing construction. However, the expected benefits are not always realized due to barriers such as financing, access, and concerns among neighbors. The following subsections outline common barriers inhibiting popular goals of ADU construction.

An ADU can provide rental income to owners, but construction financing can be a barrier. Creating a living space for family members and helpers is one of the important motivations for building ADUs, but gaining additional income is the most powerful motivation (Chapple et al, 2017). According to surveys in California, Portland, Seattle, and Vancouver, about half of new ADUs serve as rental units, including long-term and short-term rentals (Chapple et al, 2017; Chapple et al, 2021). This means that ADUs can

serve as an additional income source for homeowners and provide rental housing to the housing market. Since building ADUs can generate a high return in income, owners have an incentive to construct them where it is feasible. However, not all landlords who are able to build generate ADUs. Although construction costs are relatively low, building an ADU is not easy if owners do not have cash or cannot refinance the primary home. Since the construction of an ADU effectively has no land cost, it is possible to add housing units at a lower cost than building a new home or buying an existing home. The 2019 data in California show that the cost of ADUs are $450/sf less than the average construction cost of Low-Income Housing Tax Credit units (Chapple et al., 2021). However, an ADU is not duly recognized as a formal housing unit, and ADUs have been denied mortgages by some lenders (Buker, 2015; Chapple et al., 2017; Peterson, 2018). Several surveys point out that cost and difficulty in financing is a key barrier (Chapple et al., 2021; Gebhardt et al., 2018; Salvador, 2020). According to a Portland survey, ADUs are commonly constructed with cash savings (45%) and 56% of respondents said more than 50% of construction costs came from cash savings (Gebhardt et al., 2018).

In summary, while ADUs can bring additional income to homeowners, building an ADU has higher financial barriers than building a typical home.

ADUs can provide affordable housing, but only affordable for acquaintances.

Stabilizing rent prices through additional supply of housing units and incentives such as waiving fees for units rented to low or very low-income renters are reasons why ADUs are considered as an approach to achieve affordable housing goals. California mandated ADUs as suitable housing for seniors, college students, and low-income households in 1982 (Ramsey-Musolf, 2018). Negative views prevail as to whether ADUs fulfill their role as affordable housing. While the median rental price of an ADU is reported to be affordable to the median household of two people in the San Francisco Bay Area and the Central Coast regions (Chapple et al., 2021), there is no evidence that affordable units contribute to the stock of housing affordable to low-income households. In California, very few cities imposed covenants on ADUs such as maximum rent and occupant income limits. This reduced the efficacy of ADUs produced as low-income housing units because of the lack of oversight (Ramsey-Musolf, 2018). Moreover, while planners planned to dedicate more than 80% of new ADUs to low-income households, none of the 749 new units were actually identified as suitable for low-income households (Ramsey-Musolf, 2018). Reports on whether ADU rental prices are lower than comparable units and market-rate are mixed (Brown & Palmeri, 2014; Salvador, 2017; Wegmann & Chapple, 2012). Research suggests that the key determinant of rental price is who becomes the tenant. The affordability benefits of ADUs appear to be reserved for family and friends (Palmeri, 2014; Salvador, 2017; Salvador, 2020). In Edmonton, Canada, ADUs rented to friends and family tend to be much lower than the market rate, while units rented to unrelated people are slightly above the market rate (Salvador, 2020). 58% of ADU units for long-term rental in Portland are occupied by acquaintances (Gebhardt et al., 2018). This affordability is recognized as “voluntary affordability” and is seen as a unique phenomenon in ADUs.

In summary, attempts have been made to provide affordable housing units through ADUs to low-income and select groups, but that goal has not been consistently achieved because there are no affordability guidelines or ordinances that city administration can or have the capacity to enforce. Rather, it is the ADU owner's acquaintances (including family members and friends) who get the affordable benefits. The main affordability benefit of ADUs is they increase the overall market supply of housing options.

Most residents are concerned about overcrowding, not mixed-income communities.

ADUs distributed across low-rise units can contribute to diverse and mixed-income neighborhoods without Not-In-My-Backyard (NIMBY) community opposition that often blocks multifamily affordable housing offers (Buker 2015; Chapple et al. 2017; Fischel 2001; Galster et al. 2003; Mukhija et al. 2014; Rudel 1984). There is no study that directly addresses whether ADUs contribute to the creation of a mixed-income community. However, the contribution to mixed-income communities can be seen through the concerns of local residents in the construction of ADUs, the characteristics of the neighborhood where ADUs are built, the ADU owner profile, and the ADU renter profile.

In the past, ADU construction was more likely to take place in neighborhoods featuring slightly lower incomes, younger households, less children, and lower concentrations of white households (Wegmann and Chapple 2012). However, recent evidence shows that most activity occurs in areas with high house prices and rents, even though there are variations from region to region (Chapple et al., 2020). According to recent evidence in Edmonton Canada, two types of neighborhoods were identified as having the highest proportion of ADUs. The first type has exceptionally high household incomes, but lower rental potential. The second type has lower household incomes, but still comparable to or higher than Edmonton's average household income, and they have high rental potential and are located in close proximity to the University and commercial district (Salvador, 2020).

The typical ADU homeowner is white, with an average age of 49 years, well-educated, and affluent (Chapple et al., 2012). Until recently, this trend was still maintained in California and Portland (Chapple et al., 2021; Gebhardt et al., 2018). According to a Portland survey, half of the renters living in ADUs are young people under 35, 86% are white, 93% have at least some college degree, and a median household income of $50,000-$59,999. (Gebhardt et al., 2018). Income ranges from zero to more than $150,000, with half of the renters earning less than $50,000.

Local residents raise issues with ADUs such as increased traffic, scarce parking, and a reduced sense of privacy. The growing population due to the construction of ADUs can strain existing infrastructure and public services (S. A. Moore and Palleroni 2008; Mukhija et al. 2008). Residents and local officials in single-family neighborhoods fear the possibility of a change in their neighborhood's characteristics (Morales, 2019). They worry that the social structure will collapse as the increased ADUs are used for short-term rentals such as Airbnb. Residents included in several surveys are more concerned about parking and congestion issues caused by overcrowding than the influx of low-income or minority households (Mukhija et al, 2014; Stacy et al., 2020).

In summary, local residents are more concerned about the problems of overcrowding than being a mixed-income community, perhaps because ADUs are not explicitly or exclusively low-income housing or because they are more likely to be populated by young people.

ADUs and Regulation

For many neighborhoods, residents have been concerned about the negative impact the construction of ADUs could have. Accordingly, the localities that allow ADUs try to maintain the neighborhood's identity through various regulations. However, these regulations can hinder the construction of ADUs significantly. Local governments removed unnecessary regulations in areas where ADU construction is active, and suggested that these actions gave owners flexibility and facilitated construction. So, which

regulations should be maintained, and which should be relaxed for the prosperity of ADUs? In this section, we will discuss the negative impact that ADUs can have on the neighborhood, and the ambivalence of regulation from local experience.

The main regulations related to ADUs are listed in the table below.

Regulation	Description
Owner Occupancy Requirement	Homeowners must live in the main house or the accessory unit.
Parking Requirement	There are specific parking requirements for the main house or an off-street parking requirement based on the location and attributes for the ADU.
Short-Term Rental	Prohibit the exclusive use of an ADU as a short-term rental.
Occupant Income Limit	Units built for affordable housing could be subject to the renter's income limit.
Maximum Rent	Units built for affordable housing could be subject to maximum rent.
Setbacks	ADUs shall be setback a minimum distance from side and rear lot lines.
Unit Size Limit	ADUs cannot exceed a certain size.
Minimum Lot Size	Regions have minimum lot size based on the main housing type.
Impact Fee	Impact fees for parks, sewers, water, and streets are charged for new units.

Regulations to Protect the Neighborhood, But Why Controversial?

Neighbors and local officials fear that the social fabric can be destroyed (Morales, 2019). Building an ADU can increase assets and income, so they are an attractive option for homeowners. To make more money, they are likely to use the ADU as a short-term rental (STR), make several small units, or even rent the main house. As the proportion of transient and renter-occupied units increases in single-family neighborhoods and the number of travelers using the STR increases, the identity of the neighborhood and social fabric among neighbors may be disrupted.

Owner occupancy requirements and STR restrictions can act as guards, protecting neighborhoods from the threats mentioned above. Ironically, it is argued that these two regulations should be eliminated or relaxed to promote the creation of ADUs. In most cities with an owner-occupancy requirement, it does not work properly (Peterson, 2018). In Portland, only 35% of owners in regulated neighborhoods live on their properties, while 90% live in the rest of the city. It's not clear how to check or enforce whether an owner occupies their home. Although more than half of the residents still insist that owner-occupancy requirement is necessary (Stacy et al, 2020), cities where ADUs thrive show that this regulation not only undermines landlords' willingness to build ADUs, but it is also ineffective (Chapple et al, 2017; Peterson, 2018; Peterson; 2021).

STR regulation also faces challenges. 32% of units are used as STR in Portland Oregon, and 8% of new units are used for STR in California (Chapple et al, 2021; Gebhardt et al, 2018). Given that owners operate ADUs as STRs for a while in the absence of tenants, advocates argue that this figure is an

overestimation (Peterson, 2018). Banning the STR use would eliminate a flexible and attractive option for homeowners to earn an income when the ADU is not occupied by long-term tenants. Moreover, even if STR is banned among ADUs, owners can operate their main house as a STR. However, many residents still feel hostile towards STRs.

Areas where ADUs thrive do not have owner-occupancy requirements and do not completely ban STR (Chapple et al, 2017). In the past, they also made such restrictions, but gradually relaxed them. It is evaluated that this was an important factor in facilitating construction (Chapple et al, 2017; Peterson, 2018). For example, some cities have relaxed regulations by limiting the number of days an STR operates or have waived fees to landlords who do not register STR (Stacy et al, 2020). However, it is not well-known whether the identity of the neighborhood has been maintained or whether there are complaints from the residents after the relaxed regulation. Most of the areas implementing ADUs are struggling with housing supply. If the policy goal of allowing ADUs is building more housing units, a transition from complete ban to conditional ban or no ban may be appropriate. Nevertheless, as it is likely to face opposition from existing residents, policy design should be enforceable, clear, and detailed to reduce residents' concerns.

Parking Requirement for Converting Garages into Housing, Is It Excessive?

Parking does matter. As ADUs often involve converting a garage into a housing unit, residents' concerns about parking and congestion are inevitable. Many cities have created off-street parking requirements. ADU advocates and developers argue that this requirement is a significant barrier to ADU construction and should be removed. They offer two reasons. First, they argue that parking isn't as much of a problem as traditionally thought: 75% of garages have been used for storage, and renters living in ADUs are disproportionately not owning a car (Arnold et al, 2012; Chapple et al 2012). This means that the required parking space is exaggerated. In addition, a study found no evidence that ADUs cause congestion in Portland and Vancouver (Peterson, 2018).

Second, they argue that it is impossible or expensive to meet the conditions, which will significantly reduce construction of ADUs. Physically, the roads and spatial structures are not designed for off-street parking, so there are few neighborhoods where parking spaces can be secured. Financially, it costs $3,000-$5,000 to create a parking space, which is an overburden (Peterson, 2018).

Several studies and reports have also suggested that an off-street parking requirement is a major barrier to ADU construction and has a negative impact on housing supply (Brown et al, 2020; Peterson, 2018; Peterson, 2021; Stacy et al, 2020). In a survey of residents in the city of Alexandria, 49% were against requiring off-street parking and 36% supported the requirement (Stacy et al, 2020). This result may have reflected residents' interests as developers or the fact that the parking requirement could make the construction of an ADU impossible, even though they were concerned about congestion.

Equity Problem, Not Everyone Gets A Permit.

Even if a neighborhood meets ADU regulations, such as off-street parking requirements, and the homeowner is able to pay for the development, not all lots are allowed to include an ADU. A setback and minimum lot size requirement for the individual lot should be met. A setback is the distance that the foundation of a structure must be from a neighboring property line or public right-of-way. If more than 10 feet of setback is required, buildable lots are limited in urban areas with high housing demand (Peterson,

2018). Likewise, the construction possibility is determined by the minimum lot size setting. It is often not possible to build ADUs in places where smaller units are needed, such as the city center (Peterson, 2018). As important as the housing supply perspective is the equity perspective. Even within the same neighborhood, available and non-available lots are divided. Some people get a chance to increase their assets and income, while others don't. Unlike Zoning, it is not a rule that has been in existence for a long time and it has just been created in a certain city. A landlord who owns a lot for which an ADU cannot be built will have a complaint. Since it is not desirable to amend the ordinance frequently to accommodate such complaints, it is necessary to establish a more fair regulation through sufficient review in advance.

Success stories of some cities

Portland, Seattle, and Vancouver are considered North American ADU leaders because they have achieved remarkable ADU supply growth. Three factors are key to the success of ADU implementation (Chapple., 2017). First, in cities that have reformed their zoning regulations (particularly minimum lot size and floor area) production has jumped. Also important are minimizing design review and easing owner occupancy requirements. Second, waiving fees such as permit or utility connection fees can spur homeowners to build. Finally, cities that take steps to educate homeowners (for instance, via ADU manuals and prototype plans), as well as providing technical assistance, will likely see a payoff for relatively minimal cost and effort. It should be noted that these cities made incremental changes to arrive at their current policy positions. The individual factors that differentiate these cities from the past and other regions follow.

Portland

- The city has no owner occupancy requirement, no design review, a by-right process, and fee waivers.
- In 2010, the city waived one time System Development Charges (SDC) fees based on the new or increased use of a property (impact fees for parks, sewers, water, and streets that average 7% of the total cost of a new home)
- ADUs have a lower loan to value (LTV) than traditional housing, but advocates are working to increase the LTV to 80%.
- Currently, there is no form of financing designed exclusively for ADU, but in the case of financing with an existing main house, the maximum LTV is 96.5%.

Seattle

- Although Seattle has allowed attached ADUs since the mid-1990s and detached ADUs (DADUs) since 2006, there has been a rapid growth in ADU permitting and construction since 2016.
- While this growth may have been partly influenced by the housing market, the removal of existing barriers that made ADU construction difficult appears to have played a major role.
- The sharp increase in permitting activity coincides with the beginning of discussions and policy reform on removing barriers such as removing parking requirements and changing owner occupancy requirements.

Vancouver

- There is no owner-occupancy requirement and garage requirement.

- Institutions like Vancity, a local financial cooperative, provide loan products that are appropriate for ADUs, for instance by allowing homeowners to count rental revenue as part of their income.
- The city provides technical assistance to homeowners and has amended ordinances to make it easier for homeowners to build ADUs.

Section 3: Review of Best Practices

ADU policies and programs are developed through an iterative process of goal setting, public engagement, evaluation, public re-engagement, policy changes, and program additions. The literature has conveyed realities that jurisdictions face and evidence of program requirements for policies that substantially increase the housing supply or address affordable housing.

Among those Virginia localities that have adopted ADU ordinances, many are in the early stages of policy development, simply legalizing ADUs. Though Virginia jurisdictions have legalized to varying degrees, few have taken steps to minimize regulation and add financing, programming, education, and incentives necessary to encourage ADUs as a central part of their growth strategy or to address affordable housing challenges. Arlington and Charlottesville are two examples of Virginia communities offering support and incentives beyond legalization to achieve broader goals.

This section offers best practices across the country as a useful guide to address a variety of ADU goals:

- Registration and regulation
- ADUs for limited uses
    - Caregiving
    - Voucher holders
    - Students
    - Short-term rental
- Increase the housing supply
    - Minimize regulation
    - Mitigate impacts
    - Safety & accessibility
- Promote affordable housing
    - Financing
    - Education
    - Programing
- Central growth strategy
    - Equity and inclusion
    - Complementary infrastructure
    - Safety & accessibility.

See Appendix 2 for a visual synthesis.

However, this section does not rehash discussion from the literature review, so elements of the later, broader goals are not discussed. Seattle, Portland, and Vancouver are the best examples of the development of an ADU policy and program to substantially impact the housing stock or to make ADUs a central component of an overall growth strategy. They have been discussed substantially in the literature review and are well documented by resources from the HUD User database and other well-known sources such as the American Planning Association.

Legalization of illegal and nonconforming ADUs

- Watsonville, CA

Homeowners can legalize unauthorized ADUs by bringing a structure up to code, as long as the issues are not related to health and safety.

14.23.100 Deferred code enforcement [Watsonville Municipal Code]
Until 2030, any ADU constructed without permits before January 1, 2020, that face code enforcement action may request a delay of up to five (5) years in enforcement so long as the illegally constructed unit complies with Section 17980.12 of the California Health and Safety Code. Additionally, a property owner may request amnesty from code enforcement if the property owner discloses the code violation to the City before January 1, 2030.

(a) If the owner is requesting amnesty and/or a delay in code enforcement, the owner shall submit an application to the Building Official requesting that enforcement of the violation be delayed for five (5) years from the activation date of the code enforcement case, on the basis that correcting the violation is not necessary to protect health and safety.

(b) The Building Official may approve the application for delay in code enforcement action if the Building Official finds that correcting the violation is not necessary to protect health and safety…

In order to legalize an unauthorized ADU, the existing illegal ADU is evaluated first, and a site plan is submitted to the city to obtain a permit. When the paperwork is complete, the owner makes the necessary changes. Legalization is complete when an inspection is performed by the city officials.

- Santa Cruz County, CA

If there is a structure on property that was built without permits and it is not possible to bring that structure up to current building code standards without demolishing and rebuilding the structure, it may be eligible for the County's Safe Structures Program.[1] Under this program, a building inspector performs a health and safety inspection and, pending any required health and safety upgrades, a certificate is granted allowing the structure to be used as housing. ADUs are allowed in structures that have completed the Safe Structures program. Per state law and County code, property owners that receive a code enforcement notice regarding an illegally built ADU may request to wait to resolve the code enforcement issue for up to five years, as long as a building inspector does not identify a health and safety issue.

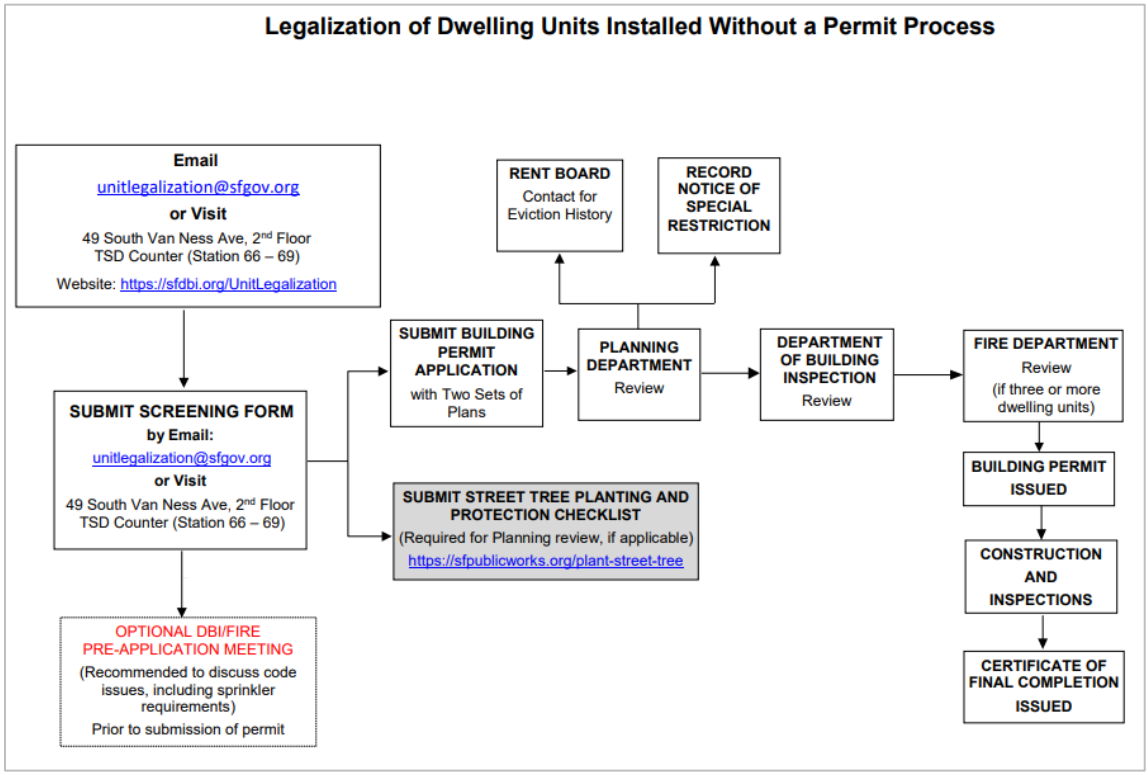
- San Francisco, CA

According to city and county of San Francisco, unauthorized dwelling units or ADUs may apply to be legalized.[2] This is a voluntary program that allows property owners to formally register and rent their ADUs assuming all life-safety conditions are met. These unauthorized units can be used as legal housing through this process.

To apply for the Unit Legalization Program, homeowners must hire a professional agent to assess the factors necessary for legalization and provide documentation that the home to be legalized existed prior to

[1] http://sccoplanning.com/ADU.aspx
[2] https://sfdbi.org/UnitLegalization

January 1, 2013. Afterwards, they may visit the Unit Legalization Counter to submit the screening form to be accepted into the Program. Following this screening process, when the owner has essential information needed for a decision, they may then formally apply for a building permit for legalization with the Planning Department and Department of Building Inspection (DBI).



- City of Oakland –from Oakland ADU Initiative

City of Oakland made ADU Initiative to develop a strategy to address the housing affordability crisis (City of Oakland, 2020).[3] This initiative includes a legalization program to improve the safety of unpermitted ADUs. It couldn't be recognized as it's a fully established program because details of this program have not been reported anywhere. However, principles for legalization programs can be found from the initiative.

This program can legitimize units that comply with basic health and safety building standards. Legalization may be permissible for factors unrelated to health and safety, but should not cause displacement of existing tenants. The consequences and obligations of legalization must be clearly communicated to the landlord. If an illegal unit is discovered in the future, the legalization program will be terminated. To promote the program, reduction of program application fee or other fees may be considered. Additional incentives for legalization may be considered.

- Seattle, Tacoma – give penalty to promote legalization

After January 1, 1996, owners of illegal ADUs shall be guilty of a misdemeanor and, upon conviction thereof, subject to a fine not to exceed $1,000, including all statutory costs, assessments, and fees, plus

3 City of Oakland (2020), *Oakland ADU Initiative*: *Existing Conditions and Barriers Report*

$75 per day after notice of the violation has been made. All owners of illegal ADUs shall also be required to either legalize the unit or remove it. [Sec. 13.06.196(C)(11), Tacoma Municipal Code]

- Barnstable, Massachusetts – incentivize legalization (amnesty program)

Barnstable has an amnesty program to bring illegal ADUs into compliance with current requirements (HUD, 2008).[4] The property owner must agree to rent to low-income tenants — those earning 80 percent or less of the area median income — with a minimum lease term of one year. The amnesty program provides fee waivers for inspection and monitoring and designates town staff to assist homeowners through the program's administrative process. The town can access Community Development Block Grant (CDBG) funds to reimburse homeowners for eligible costs associated with the rehabilitation or upgrade of affordable ADUs. Homeowners are also offered tax relief to offset the negative effects of deed restrictions that preserve the affordability of the units.

Through the Amnesty program, the town of Barnstable has successfully converted many illegal accessory units into permitted units, made unsafe units safe, and increased the supply of affordable housing. The benefit to this program is twofold. It is increasing the affordable housing supply and it also makes units, that before were unsafe and illegal, safe and legal.

Incentives for specific use

Senior, Disabled & Caregiver

No explicit incentives for caregivers could be found. Incentives applying to caregivers could be tied to the eligibility of the person being cared for.

- Florida

If an ADU is constructed for family members of at least 62 years of age, Section 193.703, Florida Statutes, provides that a county may provide for a reduction in the assessed value of homestead property after the new construction.

193.703 Reduction in assessment for living quarters of parents or grandparents.—
(1) In accordance with s. 4(f), Art. VII of the State Constitution, a county may provide for a reduction in the assessed value of homestead property which results from the construction or reconstruction of the property for the purpose of providing living quarters for one or more natural or adoptive parents or grandparents of the owner of the property or of the owner's spouse if at least one of the parents or grandparents for whom the living quarters are provided is at least 62 years of age.

- Santa Cruz, CA

The County of Santa Cruz has partnered with Habitat for Humanity Monterey Bay (Habitat) and Senior Network Services to create My House My Home in order to help low-income senior homeowners to build Accessory Dwelling Units (ADU). The goal of the program is to build ADUs on the properties of

4 HUD (2008). *Accessory Dwelling Units: Case Study*. Department of Housing and Urban Development Office of Policy Development and Research.

qualifying low-income seniors, 62 years of age or older, to provide additional income and adjustable living situations to help seniors age in place.[5]

Voucher holders

- Montpelier, VT

In July 2019 Vermont State Housing Authority (VSHA) was awarded funding for the development and implementation of a two-year pilot Accessory Dwelling Unit Program (ADUP) in Montpelier, Vermont. ADUP aims to assist with the building and initial leasing of an Accessory Dwelling Unit (ADU), including help with pre-construction design and securing of finances, permitting and compliance, contractor procurement and project management, and finally, tenant selection and lease up procedures. A tenant eligible for the ADU program is one who holds the Section 8 voucher or receives the other housing subsidy. Final tenant selection will be decided by the homeowner who will also be eligible for grant and loan funds.[6]

- Los Angeles, CA

A nonprofit in LA, the Backyard Homes Project, offers financing, building design, and construction support in exchange for a pledge to house Section 8 voucher holders (LA Más, 2019).[7] The project was led by LA-MAS, a nonprofit-organization.

Student

- San Diego

Incentives may be given if ADUs are rented to low-income students. SB1227 contains a clause "projects that provide 20% of the pre-density bonus units as affordable to lower income students". This is a provision for an affordable housing unit rather than a provision for an accessory dwelling unit. However, ADU owners can apply this to ADU development.

Low-Income Households

- Santa Cruz, CA

Homeowners may get incentives through the Accessory Dwelling Unit Forgivable Loan Program.[8] Development fees are waived for ADUs made available for low- and very-low-income households. Santa Cruz offers loans up to $40,000 to homeowners who construct an ADU that is rented out to low-income households at an affordable rate for 20 years.

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[5] https://www.habitatmontereybay.com/adu
[6] https://www.vsha.org/montpelier-adu
[7] LA Más (2019). *The Backyard Homes Project: An Affordable Housing Initiative*
[8] Accessory Dwelling Unit Forgivable Loan Program. https://www.aducalifornia.org/wp-content/uploads/2020/09/Forgivable-Loan-Program.pdf

- Town of Wellfleet, Barnstable County, Massachusetts

Owners are required to rent to low- or moderate-income households. Maximum rents follow the Fair Market Rental Guidelines published by HUD and the property owners must submit annual information on rents to be charged.[9]

- San Diego

With State Law (AB 671), property owners are eligible if they agree to make one of the granny flats they build rent-restricted for low-income residents for at least 15 years.[10]

- Chicago

In Chicago, affordability requirements for ADUs are that property owners shall make one unit affordable (up to 60% of the area median income) for every two ADUs that they build.[11] This may be an ineffective rule because most property owners build one ADU on their property.

- San Rafael, CA

As an incentive, those renting out their ADUs will have permit fees waived up to $10,000 if they rent to tenants with household incomes below 80% of the local median. There is a $5,000 break on permits for ADUs that are rented between 80-120% of the median income.[12]

- Toronto

Toronto's Affordable Laneway Suites Pilot Program offers eligible homeowners a forgivable loan up to $50,000 when they agree to rent their suite below market rates for fifteen years.[13]

Prohibiting STR

- Portland

The City Council has set up incentives to address the growing backlash against ADUs as some homeowners turn them into short-term rental units.[14] The identifiable best practice is to have a reward for preferred action as a balance against only having penalties for discouraged actions.

"The resolution adopted by the council…requires ADU builders to attest that they won't rent the units as short-term rentals for 10 years. If homeowners do rent them out via Airbnb or similar platforms during the ensuing decade, the SDC fees must be paid, along with a 50 percent penalty."

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[9] https://www.wellfleet-ma.gov/planning-board/pages/adu-articles
[10] https://www.sandiego.gov/sites/default/files/housing_legislation_package_table_webpost_20200707.pdf
[11] https://www.chicago.gov/city/en/depts/doh/provdrs/homeowners/svcs/adu-ordinance.html
[12] https://www.marincounty.org/-/media/files/maringov/board-actions/2020/january/2001149cdajaduadufeewaiverltr.pdf?la=en
[13] https://www.toronto.ca/wp-content/uploads/2019/06/96e6-FINALAffordable-Laneway-Suites-Pilot-Program-Q-A_june26.pdf
[14] https://strpermit.com/blog/2019/9/4/city-of-portland-implementing-new-short-term-rental-law

Financing

- Low construction loan – Santa Cruz and San Francisco

Some cities, like Santa Cruz and San Francisco, have started low-interest ADU loan programs to help homeowners better meet the costs of design and construction. Santa Cruz offers loans up to $40,000 to homeowners who construct an ADU that is rented out to low-income households at an affordable rate for 20 years.[15]

- 0% interest loan for ADU - San Jose

"The launch of the first and only 0% interest loan for accessory dwelling units (ADU) on the market. The San Jose Scaling Accessory Dwelling Unit (ADU) pilot program will provide 20-30 qualifying applicants a 0% interest loan for six months to finance 100% of the costs associated with permitting and building an ADU." The loan is intended as a bridge between building an ADU and accessing traditional loan options. After six months, interest rates increase to 9.95% to encourage homeowners to refinance through a traditional lender for long term financing.[16]

- Grant and 0% interest loan – Montpelier, Vermont

Qualifying ADU participants will be eligible for a grant of up to $20,000 and a loan of up to $10,000 at 0%. Grants will be a reimbursement directly to the homeowner and determined by calculating up to 50% of project costs upon completion, and loans may be made available before construction with a signed agreement. The money for this grant will come from a Community Development Block Grant (CDBG) through the city of Montpelier with at least 51% dispersed to clients meeting a target audience according to funder guidelines. The loan will come from the a Vermont State Housing Authority (VSHA) with a 5-year term and be secured the home's deed, and returned to VSHA if the home is sold within 5 years or before the loan is repaid in full.[17]

- Huge amount of loan – San Francisco

Housing Trust Silicon Valley operates program called Small Homes, Big Impact. It offers educational workshops to homeowners wishing to build an accessory dwelling unit (ADU) and can offer a financing option through an ADU construction loan program. Maximum Loan Amount is up to $200,000 or 97% of the property's combined loan to value, whichever is lower.[18]

Section 4: Approaches for Identifying Existing ADUs

In this brief section, the research team explores a few ideas for how jurisdictions could approach identifying existing un-registered ADUs along with commentary on the advantages and disadvantages inherent in each approach. Some of these ideas were vetted with key informant interview participants and relevant officials. These do not include some of the incentive programs discussed earlier in the report to encourage self-reporting by owners of properties with an ADU, which are voluntary and therefore have

[15] https://www.sccoplanning.com/Portals/2/County/adu/Forgivable%20Loan%20Program.pdf
[16] https://www.sanjoseca.gov/Home/Components/News/News/2840/4699
[17] https://www.vsha.org/montpelier-adu/
[18] https://housingtrustsv.org/programs/homeowner-programs/

limited effect. In contrast to these incentive programs, all the solutions offered in this section would, we believe, face either significant cost or political challenges.

Active Primary Data Gathering

This approach requires the acquisition of data by a locality.

- Survey of Housing Units
    - This would be the most accurate assessment if owners/occupants accurately report the presence of an ADU.
        - In person interviews, similar to census taking.
            - Extremely expensive
        - Telephone interviews
            - High rejection rate for participation.
            - Accuracy in responses could be questionable with limited ways to verify responses.
            - Very expensive.
        - Written surveys/web surveys
            - Written
                - Could be done with other official communication such as a water bill.
            - Web survey
                - Recruit participation through mailings or electronic notices
            - Likely low response rate, especially from those with un-registered units.
            - Less expensive than in-person or telephone, but still costly.
- Actively encourage citizen reporting
    - Potential social and political consequences.
        - False/nuisance reports could be burdensome.
        - This approach could negatively impact community-government relations and have negative unintended consequences.

Using Secondary Data with Subsequent Confirmation

Secondary data gathering is a widely used research approach that uses data gathered by someone else and/or for other purposes. In this application, it is using public or private data sources to identify "potential" ADUs that would need to be subsequently verified using one or more of the primary data gathering approaches identified above.

- Public Records
    - Review permits issued for adding an electrical panel to an existing residence.
    - Review permits for structural changes that add living space.
    - Review U.S. Postal Service records for sub-address listings (unit number or other designation) indicating a separate delivery address.
- Other Records
    - Utility records
        - Applicable if unit is separately metered (water, electricity). This seems unlikely.
    - Real estate rental listings
        - Review listings for rental units focusing on key words that suggest an ADU
            - Examples: accessory, granny-flat, cottage, garage apartment, other

            - Could be accomplished using web-scraping programs
                - Machine learning application.
            - Challenges of precision versus recall:
                - Precision is accurately classifying lists as ADUs (narrowing the list).
                - Recall is finding all the units (broadening the list). For example, this approach would not identify ADUs that are not market available (granny-flats and the like).
    - Multiple Listing Services Records for For-Sale Housing
        - There are no standard categories for MLS listings identifying the presence of an ADU, though that would have to be disclosed to a potential buyer if there were a tenant.
        - The presence of an ADU could appear as "other" information in a for-sale listing.
        - This is not likely a viable approach but may become so as ADUs increase in number and market attention. A mid-October 2021 review of data from Bright MLS, which provides listing services for several Virginia markets, though not all revealed that out of 118,694 Virginia listings from June 2019 through August 2021, a keyword search found reference to 24 ADUs. Of these 24, 14 were descriptions that the home for sale could potentially accommodate an ADU, 3 listings referenced space that could be rented (inconclusive), and 7 specifically mentioned having a "legal" or "permitted" ADU.
    - Key Word Search of Social Media Posts
        - Highly imprecise.
        - Highly invasive
        - Could be expensive and would require notable technical expertise. Housing these data could come with liabilities.

There would be administrative and operational costs incurred to use any of the methods described to identify un-registered ADUs. Each jurisdiction would have to weigh the economic, social, and political impacts of undertaking such tasks. However, in communities where there is the potential for a notable number of un-registered units (college towns and tourism areas for example), there could be over-arching health and safety concerns that supersede data gathering costs or perceptions of government intrusion into private homeowner affairs. It is noted that some un-registered (illegal) ADUs do not meet health and safety standards that can pose real threats to community well-being. Having a clearinghouse of best practices for identifying un-registered ADUs, would be valuable for Virginia localities.

Areas for Continued Consideration

Based on informant interviews, literature review best practices, and stakeholder discussion, below is a list of key areas for future consideration. With some outliers, both informant interviews and stakeholder discussion indicated that future consideration should avoid specific mandates as a method to support creation of ADUs.

Though stakeholder input was not unanimous, there was significant interest in exploring grant opportunities to construct and/or maintain accessory dwelling units. This was seen as particularly important if ADUs are to be utilized as an affordable housing resource.

Continued investigation of financing options for ADU construction; consider both public and private options.

Consider methods for an education campaign about ADUs. This campaign could have a wide focus but based on interviewee input, would benefit from a component aimed at educating (without mandating) HOAs about ADUs.

Continue considering issues presented by stakeholders related to ADUs within the existing building code update process.

Consider opportunities for resource sharing including but not limited to the following areas:

- Consistent methodology for counting ADUs
- Ordinance and design guideline options

Though not released as of the writing of this report, Virginia is currently in the midst of significant housing studies via HB 854 and the Joint Legislative Audit & Review Commission (JLARC). There are also ongoing private studies specifically related to local land use. It may be advisable to examine ADUs and related issues in the context of the findings of these reports once they are released.

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Appendix 1: Key Informant Interview Guide

Topics for key informant Interviews

1) ADU counts
    a. Does your jurisdiction have a count of the number of ADUs present?
        i. Have you attempted a count?
    b. Just based on your judgement, how accurate is that count?
    c. What process/methodology do you use to count/estimate the number of ADUs in your jurisdiction?
    d. Do you have programs to encourage the registration of existing ADUs?
        i. Encourage registration (marketing)
        ii. Penalize failure to register
        iii. Forego penalties to register
        iv. Waive/grandfather permitting
        v. Other
2) Current and future market demand
    a. Has there been/is there now demand for ADUs in your area?
    b. How is that demand proportioned between: granny/children flats; rental units; transient lodging? For rental, is there a target market for most owners (students, non-students)?
    c. Is demand increasing in scale and/or broadening in scope?
        i. What is driving that change in demand?
3) Actions and ordinances
    a. Has there been/is there now active discussions about ADUs in your community?
        i. Policymakers/Staff/Targeted stakeholders/general public
        ii. Have those discussions been favorable, neutral, or negative towards ADUs?
    b. On a continuum of policy development, where does your community stand:
        i. Early discussion
        ii. Policies proposed, not adopted
        iii. Policies adopted, not operational
        iv. Operational policies
            1. Some steps
            2. Moderate steps
                a. Zoning changes/allowances
            3. Full program implementation (coordinated policies in place includes related regulations for parking, commercial use, public communication strategies, etc.
            4. Incentivizing ADU development
    c. How would you describe your jurisdiction's policy priorities that have driven these actions?
        i. Limit the number of ADUs
            1. Control density
            2. Preserve neighborhood character
            3. Enough demand from property owners
            4. Protect property values
            5. Traffic/parking
            6. Other

        ii. Increase number of ADUs
            1. Increase number of affordable units
            2. Support family needs (aged care, returning children)
            3. Support housing affordability through homeowner income generation
            4. Property rights support
    d. Are your neighboring jurisdictions addressing ADUs? Have you collaborated with your neighbors on strategies and policies related to ADUs?
    e. Can you suggest other jurisdictions or other knowledgeable individuals we should speak with on this topic?

4) Policy issues
    a. Zoning
        i. By rights
        ii. Changing
    b. HOAs
    c. Parking
    d. Commercial
        i. Rental housing (long term)
        ii. Transient (AirBNB, VRBO)

5) Codes
    a. Can you share any specific codes, statutes, zoning, or development standards you use to promote or impede the development of ADUs? We would like to show model language for others to follow.
    b. Have you had any formal or informal challenges to codes, etc. that would inform other jurisdictions or the broader public debate on ADUs?
    c. Do state codes help or hinder your efforts?
        i. How?

6) How could the state help?
    a. Policy
        i. By rights development
        ii. Building codes
        iii. What needs to change?
    b. Funding/incentives?

Appendix 2: Best Practices Synthesis

Virginia jurisdictions that have elements of the recommended best practices				
• Fairfax • Blacksburg • Norfolk	• Charlottesville	• Arlington • B-burg & C-ville coming soon!	• Charlottesville	
ADU Ordinance Types and Intent (increasing intensity)				
Registration and regulation	**Limited Uses**	**Increase housing supply**	**Promote affordable housing**	**Central strategy for growth**
• Uses • Occupancy • Form	• Caregiving • Voucher holders • Students & senior • STR	• Minimize regulation • Financing • Education • Programming	• Planning • Programming	• Equity and inclusion • Complementary infrastructure • Safety & accessibility
Best Practices				
• Incentivize registration • Establish use and form guidelines	• Incentivize ADUs for specific uses with favorable financing, fee waivers, tax abatement, etc.	• Allow ADUs by-right • Minimize requirements • Develop financing partnerships • Expand forms	• Developing partnership with non-profit organizations • Allow ADUs in multi-family zone • Income restriction	• Incentivize all ADUs with fee waivers, favorable financing, design and development resources, etc.
Nationwide Examples				
• Barnstable, MA (registration incentives)	• Los Angeles, CA (voucher holders) • Wellfleet, MA (aging, STR)	• Santa Clara, CA • Santa Cruz, CA	• Los Angeles, CA (partnership)	• Portland, OR • Seattle, WA

Appendix 3: House Bill 2053

CHAPTER 411

An Act to direct the Department of Housing and Community Development to convene a stakeholder advisory group to evaluate the construction of internal, attached, and detached accessory dwelling units as a strategy to address the Commonwealth's growing demand for affordable and market-rate housing.

[H 2053]

Approved March 30, 2021

Be it enacted by the General Assembly of Virginia:

1. *§ 1. That the Department of Housing and Community Development (Department) shall convene a stakeholder advisory group to evaluate the construction of internal, attached, and detached accessory dwelling units as a strategy to address the Commonwealth's growing demand for affordable and market-rate housing. The stakeholder advisory group shall (i) to the extent possible, collect data from stakeholders regarding the current state of the for-sale and rental accessory dwelling unit market in the Commonwealth and information regarding projected demand for accessory dwelling units; (ii) solicit input from stakeholders regarding the current implementation of local accessory dwelling unit ordinances in the Commonwealth; (iii) solicit input from stakeholders regarding locally and state-enacted impediments to the development or construction of accessory dwelling units, including state statutes, building codes, and local zoning ordinances and development standards; (iv) identify local tools to facilitate the construction of accessory dwelling units, including alternative permitting processes, waiver or modification of local parking requirements or ratios, expediting permitting processes, small lot ordinances, and density adjustments; and (v) develop recommendations for state policy changes to remove obstacles to local implementation of accessory dwelling units. The stakeholder advisory group shall include representatives from the Department, the Virginia Housing Development Authority, local planning departments, and local building departments; individuals with expertise in land development, construction, land-use and zoning laws and processes, affordable housing, the Virginia Uniform Statewide Building Code, sustainable development, public transit, common interest communities, property owners' associations, or other areas of expertise as determined by the Department; an affordable housing representative; representatives from social equity organizations; a union representative; a youth organizer; and a representative from the American Association of Retired Persons (AARP). To the extent possible, the Department shall endeavor to ensure balanced geographical representation among the members of the stakeholder advisory group, with representation of rural, suburban, and urban localities and regions of the Commonwealth. The stakeholder advisory group shall receive staff support from the Department. Prior to the first meeting of the stakeholder advisory group, to the extent possible, the Department shall solicit input from the stakeholder advisory group members on the issues enumerated by clauses (i), (ii), (iii), and (iv) and compile such information for presentation at the first meeting of the stakeholder advisory group, and the Department shall continually solicit and compile such input throughout the work of the stakeholder advisory group. The stakeholder advisory group shall report its findings, including any legislative recommendations, to the Director of the Department, the Secretary of Commerce and Trade, the commissioners of the Virginia Housing Development Authority, and the Virginia Housing Commission no later than November 1, 2021. The Department may, in its sole discretion, be permitted to continue its work beyond November 1, 2021, but no later than November 1, 2022.*

Appendix 4: Stakeholder Advisory Group

Allison Cook, Arlington County Inspection Services Division
Andrew Clark, Home Builders Association of Virginia
Carmen Romero, Arlington Partnership For Affordable Housing
Christopher Sigler, Fairfax County
George Homewood, City of Norfolk Department of City Planning
Gordon Walker, American Association of Retired Persons
James Moss, City of Galax Project Manager
Jeff Brown, Dept. of Housing and Community Development, State Building Codes Office
Joe Lerch, Virginia Association of Counties
Joel Franklin, Arlington County Housing Division
Kaycee Ensign, Dept. of Housing and Community Development, Community Development Housing Division
Kelly Harris-Braxton, Virginia First Cities
Lucia Anna "Pia" Trigiani, MercerTrigiani
Michelle Gowdy, Virginia Municipal League
Michelle Winters, Alliance for Housing Solutions
Mike Van Atta, McGuireWoods LLP
Mindy Hall-Sexton, Virginia Housing
Natalie Snider, American Association of Retired Persons
Randy Grumbine, Virginia Manufactured and Modular Housing Association
Steven Mikulic, McGuireWoods LLP
Thom Stanton, Go Tiny USA
Tim Murphy, Arlington County Planning Division
Tom Hardiman, Modular Home Builders Association
Vaughn Poller, James City County Neighborhood Development
Will Egen, Virginia Commission on Youth