

Costs & Considerations for ADU's

This summer, the third of the ADU's (Accessory Dwelling Unit) that I've designed was completed. For those not familiar with the term Accessory Dwelling Unit, it is best defined as a secondary housing unit on a single-family residential lot. I considered this my design trifecta as each structure represented a unique type of ADU. The smallest, at only 367 square feet, was designed as a studio above a detached single car garage. Located in a historic neighborhood, the building takes its cues from the main home built in 1936, by featuring salvaged brick, scalloped vertical siding & carriage style garage doors. The other two ADU's maximized their City of Portland mandated allotment of 800 square feet. The second was a detached two-story structure that took the place of an existing single level garage. The bungalow style of the adjacent 1918 home was respected but simplified and modernized with a darker palette. The last was a split level structure that attached to a 1965 mid-century modern, taking advantage of a steeply sloped landscaped site.



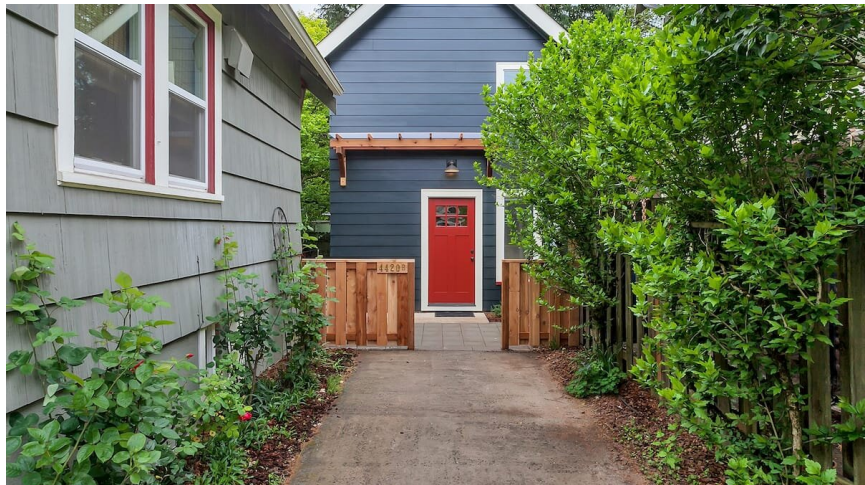
Reflecting on the construction of these three ADU's, I thought I would take this occasion to share what I've learned through this experience. I meet people all the time that are interested in building an ADU. For good reason, ADU's are not only a way to generate revenue as a long or short term rental but could also be an opportunity to allow multi-generational living in a space specifically designed for aging in place. In a city like Portland, where housing is expensive and affordable alternatives for 1-2 person households is lacking, ADU's have skyrocketed from 2000-2009 with the City issuing an average of 27 permits per year to 2016-2018 where the average jumped to 621 permits per year. The increase in the last several years was in large part due to the City's waiver of a portion of the permit fees. Last year this waiver was modified to only benefit those ADU's used for long-term rentals, requiring homeowners to agree to a 10-year covenant. Although the fee waiver appears to now be a permanent policy, the new rules surrounding residential infill which went into effect last month, will have a big effect on future ADU development in single-family zones. To learn

more about the Portland Residential Infill Project which not only includes additional rules around ADU's but housing options such as duplexes, triplexes, and fourplexes not previously allowed in single-family zoned areas, read more [here](#).

After the initial interest in ADU's most people are curious about the cost. Unfortunately just because it's a smaller version of a home, ADU's still have all the expenses related to a kitchen, bathroom(s), windows, etc.. Current data from Accessory dwellings.org notes the average cost of construction per square foot as \$327 or approximately \$262,000 for an 800 square foot structure. The three ADU's I worked on ranged from \$135,000 to \$425,000. The disparity in cost can be attributed to several factors which are worth considering if an ADU is in your future. In general, the additional costs were related to a complicated site (steep-slope), two bathrooms, 600 square feet in exterior decks, complicated stormwater management elements, premium high-end finishes, and hydronic radiant floor heating. The ADU's that were on the lower end of the spectrum benefitted from the homeowners sweat equity during construction, a flat site with direct utility connections and simple stormwater management elements, one bathroom, no additional balconies or decks, standard finishes and efficient ductless mini-split HVAC systems (heating & cooling). While all three of them are currently being marketed as short-term rentals through Airbnb, the high-end ADU is targeting executives & medical residents at around \$250/night while the other two ADU's target families and visiting tourists at around \$85/night.

Consider your location

The area you have available to build within drives many of the design decisions in a compact building. With setbacks and defined regulations, many people end up needing to build on two levels. If your lot allows for it, a single level dwelling is ideal for building an ADU that is welcoming for those with mobility



issues and offers a space to easily age in place. Also worth considering are sight lines to and from the main house. Even a tight lot can successfully contain two dwellings; by evaluating views, providing private outdoor space to each building and implementing thoughtful landscaping, no one has to live in a fishbowl. High windows providing natural light but not direct views, skylights, screened balconies, water features (providing noise-canceling) all go a long way in adding character to the ADU apart from the main house.

Know your Audience

The first step towards clarifying the goals of any new project is being clear about why you want to build, who is the space for and how will it be used. For instance, although the two 800 square

foot ADU's both had nice kitchens - one was twice the size of the other. Initially, the homeowner thought they would be renting long-term rather than on Airbnb, so they made large closets and a big kitchen a priority. In retrospect, having a flexible design that easily multi-tasks making an oversized kitchen an extension of the living room, or an oversized closet a home for a 2-person sauna would be ideal. The ADU with the smaller kitchen was designed knowing that it was meant for short-term rental now, but for the homeowners in the future. With considerations for aging in place, there is a bathroom and access to exterior balconies on each floor. Some of the considerations to consider when articulating your audience might be amenities targeting families, traveling executives, pet owners, students or parents visiting students. By evaluating your neighborhood and the most obvious reasons someone may be spending time in your area, you can start to prioritize elements ideal for your ADU.

Be Aware of Laws

Currently, it is required that the property owner lives on-site, whether in the main house or in the ADU, for at least 9 months of the year. The ADU's also have to obtain a permit and a business license, find more information about that process on the City of Portland Development Services [site](#). There are also logistics around renting out your ADU and being a landlord that are worth being familiar with. As a landlord, there are tenant laws, covering eviction criteria and relocation assistance for instance, which may inform your decision to rent for either short or long terms. Much of this information, along with helpful resources, can be found on the City of Portland Bureau of Housing web [site](#). Although many people have been skirting the system offering unpermitted vacation rentals, up to 80% based on a City-wide [audit](#), Portland recently reached a sharing agreement with AirBnB which is estimated to potentially remove over 1,500 listings that violate Portland's regulations.

Building an ADU on your property can be a terrific way to create revenue, offer housing flexibility to your family or allow for aging in place. The first step is to take the time to understand the allowable development on your current lot and then explore the possibilities. As an architect with over two decades of experience, I'm always excited to start this process with homeowners and help them reach their goals. Interested in getting started?

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Interested in discussing your next project?

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