

Accessory Dwelling Units (ADUs) Primer

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What is an ADU?

An ADU is a second, smaller dwelling on the same site and often attached to a primary single-family house. Each ADU is a self-contained living unit that typically have their own kitchen, bedroom(s), and bathroom space. Examples include an above-garage apartment, a backyard cottage, and a basement apartment. They are also referred to as granny flats, in-law suites, or secondary dwelling units. ADUs fit into a broader range of housing often called [missing middle housing](#), or that which falls in between large, multifamily apartment buildings and single-family detached housing.

Benefits of an ADU

As with all housing development, economic benefits include job generation during construction. Labor is inherently a local job and keeps money circulating in a community during construction and development. Additional housing units can enhance the property tax base for the city and generate more taxable income for a city. ADUs can be used as a method to create housing near employment centers and near public transportation, where there is often greater demand for housing.

Building small is building green; in general, an ADU will require less energy, materials and waste generation during construction, residence and maintenance relative a larger, single-family home. If ADUs can be supplied in areas closer to employment and public transportation, the opportunity to decrease auto-dependent transportation and commuting increases. ADU development in existing areas of service (roads, sewers, schools, etc.) lessen the degree to which new public service needs to be constructed, contributing to less sprawl and infrastructure development.

ADUs and similar types of smaller footprint units are being utilized across the country to support aging parents or children, to keep family close together and provide lower-cost housing alternatives. Not everyone desires or can functionally live in a large, single-family detached house with a yard. They can also provide the primary residence holder an opportunity to generate a new stream of income through rent.

ADU Trends and Resources

Although a number of communities still restrict development of ADUs, there is a growing awareness and acceptance of ADUs as an inexpensive way to increase the affordable housing supply. One area, though, that is actively pursuing ADU development is [Sacramento, Calif.](#) In January 2023, the city released permit-ready one- and two-bedroom ADU plans that meet all local residential building code requirements and are all electric.

Sacramento's efforts fit within California's broader efforts to address the severe housing crisis within the state. California State Bill 9 (SB9), effective Jan. 1, 2022, now allows home owners to divide their properties and construct two new units on each lot, effectively legalizing fourplexes in areas that previously allowed only one unit. The total number of ADUs permitted in California rose from just shy of 9,000 in 2018 to nearly 24,000 in 2021, according to the California Department of Housing and Community Development.

AARP's 2021 report [The ABCs of ADUs](#) is a thorough guide on what ADUs are and how they expand housing choices for all. The Mercatus Center at George Mason University published a brief on [seven cities that welcome ADUs](#). The publication details what makes a successful ADU ordinance and provides case studies for the cities across the United States and Canada. Other good ADU ordinance examples include [Barnstable, Mass.](#), [Austin, Texas](#), and [Los Angeles, Calif.](#)

