

EXECUTIVE SUMMARY

This report examines the provision of accessory dwelling units within the City of Gainesville and the possibility of expanding the accessory dwelling unit program and making the process much easier while minimizing any negative impacts. It also looks at the possibility of using accessory dwelling units to help meet the City's affordable housing goals.

Case studies and literature show that throughout communities, government agencies, and non-profit organizations, there is widespread support for accessory dwelling units but there are many obstacles to their success. The systems for approving, permitting, constructing, marketing and maintaining those units have proven to be complex, disjointed and fraught with regulatory obstructions. The complexities and lack of coordination tend to derail efforts to provide an economic supply of units spatially dispersed throughout the community and in areas where they can make a difference.

Accessory dwelling units have benefits and challenges but they are vital to the housing supply and provide housing options for individuals, professionals and small starting families. They are well suited to low density single-family neighborhoods which are close to core urban areas and high density activity centers. They should therefore be explored within suitable single family zoned areas in Gainesville. Although they are often considered as a solution to affordable housing for very low, low, and medium income families, market trends do not support that concept. Additional incentives will have to be provided to encourage the use of accessory dwelling units as affordable housing. Even without an affordable housing objective, accessory dwelling units still have the potential to become a significant supplier of housing within the City. Steps should therefore be taken to remove regulatory obstacles that plague the production of accessory dwelling units especially in urban areas of the city where services are readily available and infrastructure and utilities are already in place.

1. The City should direct staff to begin work on identifying quick administrative and process changes that can be implemented to facilitate the use of accessory dwelling units within the City.
2. The City should take action to adopt policies that are recommended in the report with appropriate funding.
3. The city should also direct staff to prepare a proposal outlining a process for guiding the review, permitting and construction of accessory dwelling units.

INTRODUCTION

Accessory dwelling units are often touted as an easy program to implement with tremendous benefits and an answer to the affordable housing needs of a community. This perception generally leads to quick decisions and pressure from community groups to implement accessory dwelling unit programs. This report will examine many aspects of an accessory dwelling unit program.

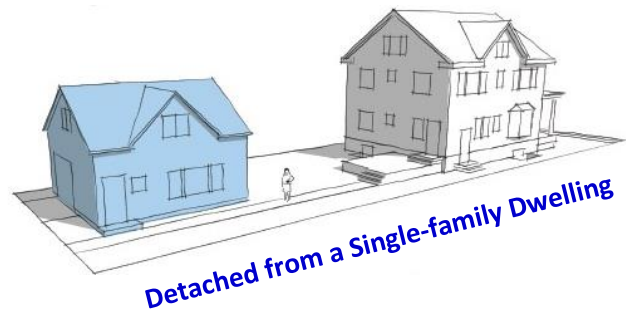
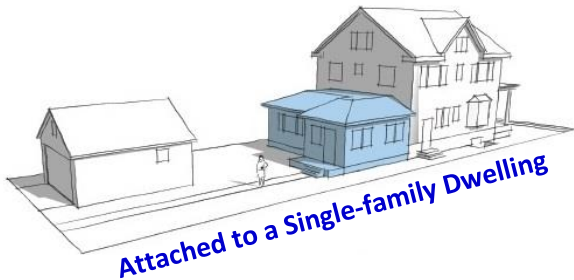
The report is based on a collaborative effort between the Department of Doing, GRU, and the Housing and Community Development Department of the City of Gainesville. The information provided is based on existing literature and interviews with professionals and homeowners.

What Are Accessory Dwelling Units?

The definition of accessory dwelling unit varies from one jurisdiction to another and is closely related to the main purpose of the unit. An accessory dwelling unit is defined as an ancillary or secondary living unit, which has a separate kitchen, bathroom, and sleeping area, existing within, attached to or detached from the primary structure on the same

lot. Accessory dwelling units are also known as accessory apartments, garage apartments, granny flats, or mother-in-law flats. (Section 163.31771(2) F.S, Accessory Dwelling Units Report to the Florida Legislature)

This report accepts the view that an accessory dwelling unit is a housing type serving single-family dwelling purposes and may or may not necessarily be structurally subordinate to the primary single-family dwelling. This approach to the term accessory dwelling units allows more flexibility in the product that is created and minimizes legalities about size and relationship to the principal structure. **(See Attachment A for other variations of the definition).**



BENEFITS OF ACCESSORY DWELLING UNITS

Accessory dwelling units offer many benefits to homeowners, renters, and the community as a whole. These benefits include the following:

- Increasing housing supply for a more competitive rental housing market
- Promoting housing diversity to meet a variety of income levels, housing preferences and needs
- Providing flexibility to respond to changing demographic trends and economic circumstances
- Encouraging community diversity by allowing a mix of ages, family types, and income levels within the same community
- Providing additional income for homeowners to offset housing cost
- Allowing increased density within existing areas of the city, to reduce sprawl, encourage transit use, better utilize existing infrastructure, strengthen tax base, increase vibrancy, and reduce operating cost
- Allowing a more efficient use of underutilized spaces in homes and on existing lots without significantly changing place character
- Making homeownership more affordable and offering more affordable housing options in desirable single-family neighborhoods

CHALLENGES OF ACCESSORY DWELLING UNITS

While accessory dwelling units offer many benefits, there are some challenges that hamper their supply and their ability to address housing issues within communities

- Accessory dwelling units may not contribute to housing supply within communities especially where they are used as short-term rentals, storage, home offices or businesses
- Proposed accessory dwelling units may face opposition by neighbors worried about privacy, property values, additional density, possible congestion, and additional neighbors
- Rent regulation may drastically diminish the supply of accessory dwelling units. The stigma of accessory dwelling units as affordable housing units may also impact acceptance by neighbors
- Structural regulations and design guidelines to regulate the size, shape, location, parking, occupancy, and facilities in an accessory dwelling unit may limit production

ACCESSORY DWELLING UNITS AS A COMPONENT OF AFFORDABLE HOUSING

Although not a cure-all, accessory dwelling units may contribute to the availability of decent housing that is affordable to people with a wide range of incomes. That contribution can come in several forms including simply increasing the supply and diversity of units available.

Increasing the diversity of units, especially at the smaller size and lower cost end of the housing supply spectrum, may help individuals and couples avoid “overhousing”. In its 2016 Rental Market Study, the University of Florida’s Shimberg Center for Housing Studies notes: “By the persons-per-bedroom standard, “overhousing” is much more prevalent among Florida’s low-income renters than overcrowding.” By increasing the supply and diversity of available units, accessory dwelling units may reduce the mismatch between household size and unit size that can drive up housing costs. The case is often presented that, by providing an additional source of income, the accessory dwelling unit makes the primary residence more affordable.

ENABLING STATE LEGISLATION

The Florida Legislature perceived affordable housing units as a tool to make housing more affordable for homeowners and renters. This was based on a study which revealed that family income did not match the rate of increase in housing prices. The literature shows a need for legislative action at all levels of government to promote and facilitate accessory dwelling units as a type of housing for all income levels. The Legislature proceeded to enact Section 163.31771, F.S., which promote the use of accessory dwellings units for low income families. The legislature encouraged the use of incentives for affordable housing and directed local governments to adopt ordinances to authorize the construction of accessory dwelling units within zoning districts that allow single family residential use.

Three years after adoption of the statute, the legislature conducted a study which revealed that very few communities responded; only one community, Key West adopted ordinances to mandate accessory dwelling units as an affordable housing option. The legislative study revealed that the need for incentives, technical assistance, ordinance changes and the provision of utilities and infrastructure to assist accessory dwelling units. Other issues highlighted include a need to control density while maintaining consistency with the Comprehensive Plan, and dealing with concurrency determinations, taxing, and fee assessments associated with accessory dwelling units. **(See Attachment B for details related to the 2007 Accessory Dwelling Report to the Florida Legislature).**

ALACHUA COUNTY EXPERIENCE

Alachua County has allowed accessory dwelling units since 2005 in Single Family (SF) and Agricultural (AG) zoned areas of unincorporated Alachua County. The development standards are simple and the standards included minimum and maximum lot sizes, minimum setbacks, and a requirement that at least one unit of the lot be homesteaded.

Although originally envisioned primarily for use in urban areas, more than half of the accessory dwelling units in unincorporated Alachua County have been permitted in rural areas where lot size, setbacks, private covenants and deed restrictions are less likely to be an issue. The need for family member age in place is often cited as the main reason for construction of an accessory dwelling unit.

GAINESVILLE EXPERIENCE

Staff reviewed two documents which are significant to implementation of an accessory dwelling program within the City of Gainesville, the Comprehensive Plan and the Land Development Code.

Comprehensive Plan

The report finds that the Comprehensive Plan supports accessory dwelling units and the intent of an accessory dwelling program is clearly reflected and advanced in the many goals, objectives and policies of the Comprehensive Plan. Staff recommends future incorporation of stronger and more direct policies within the comprehensive Plan with particular emphasis on broadening the scope of the Housing Element. Addressing housing supply and diversity creates opportunities for households to choose from a wider range of dwelling units within their income levels. If the policies recommended in this report are adopted, staff can identify matching changes that can be made as separate amendments to the Comprehensive Plan or as part of the periodic Evaluation and Appraisal report. The report finds the need to incorporate direct policies to address accessory dwelling units in the Comprehensive Plan. **(See Attachment C for details related to the Comprehensive Plan and polices related to accessory dwelling units).**

Land Development Code

There are four categories of uses within the Land Development Code, The Transect Zones, the Residential Districts, the Mixed-Use and nonresidential Districts, and the Special Districts. Table A and Maps B and C show the zoning districts and transects where the Land Development Code allows accessory dwelling units by right and as accessory to the principal use. Where allowed within the multi-family, office and mixed-use districts, they must be on a parcel with an existing single-family dwelling. They are not allowed within the lowest density single-family residential, commercial and industrial zoning districts.

This approach to allow accessory dwelling units on lots with single-family dwellings in the multi-family, office and mixed-use district works well and is compatible with those higher density areas. **(See Attachment C for details related to the Land Development Code and Accessory Dwelling Units).**

The issue of allowing accessory dwelling units within single-family zoning districts is one that poses a challenge to many communities. While accessory dwelling units seem well fitted to single-family neighborhoods, they may be less likely to be accepted within those neighborhoods. In Gainesville, certain geographic areas within the City such as Northeast Historic District, the Pleasant Street Area, University Heights and the Duck Pond area where accessory dwelling units appear to fit well. In other areas around the University; the concept is less fitting, less compatible and seems to stir-up neighborhood concerns about parking, neighborhood pride, owner occupancy, overcrowding, rental issues, student occupancy, noise, traffic, property values among others. (See Map A.)

The use of accessory dwelling units within single-family zoning district is not without merits but the concerns are also real. The literature recommends that successful programs must begin with undertaking a comprehensive study of all

the issues, and must include neighborhood participation, adoption of clear polices that are consistent with the goals of the community through new and/or modified Comprehensive Plan goals, objectives and policies, adopt ordinances and implement a comprehensive program with specific objectives.

**MAP A
Some Areas in Gainesville With Compatible Accessory Dwelling Units**

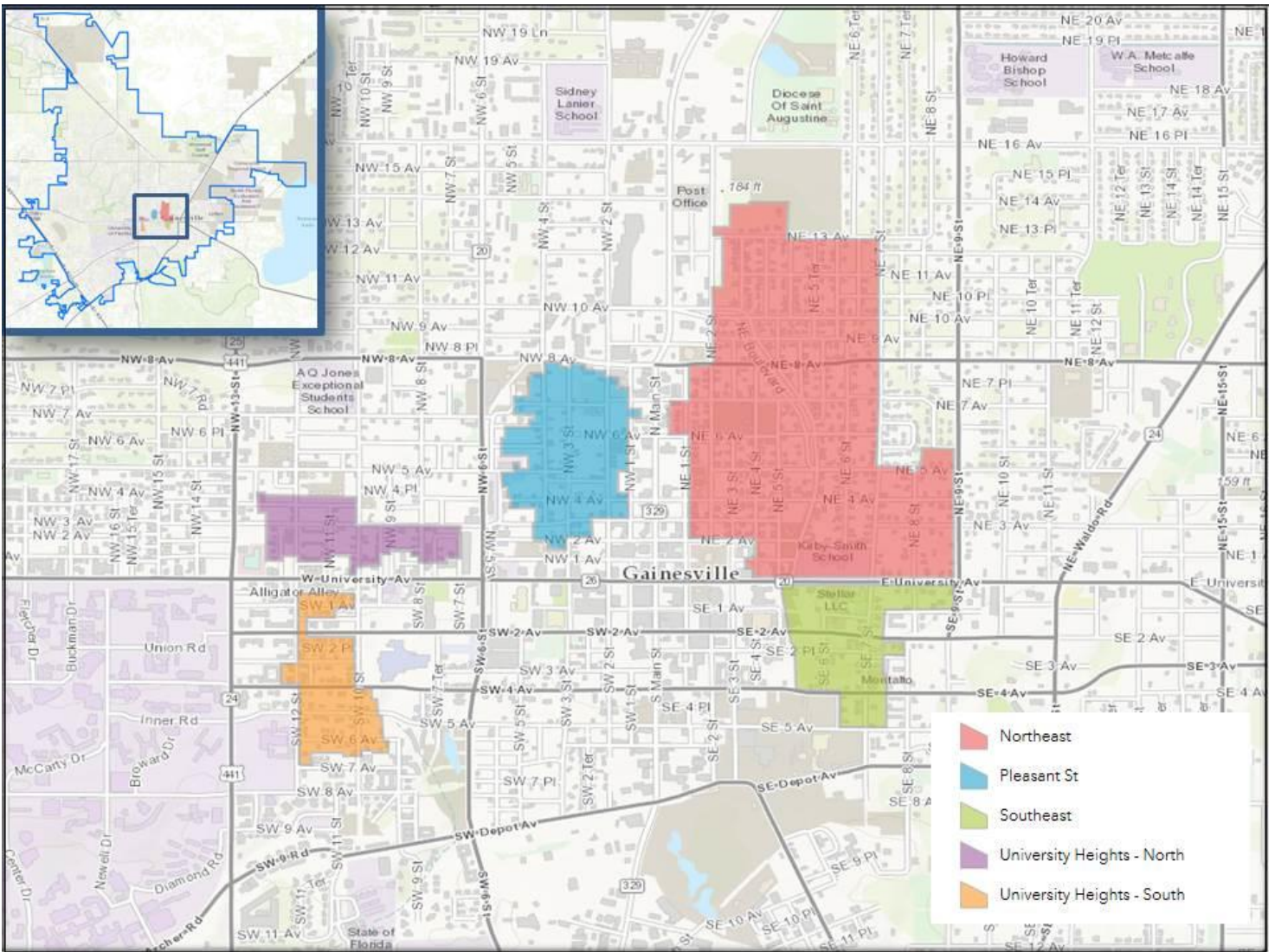
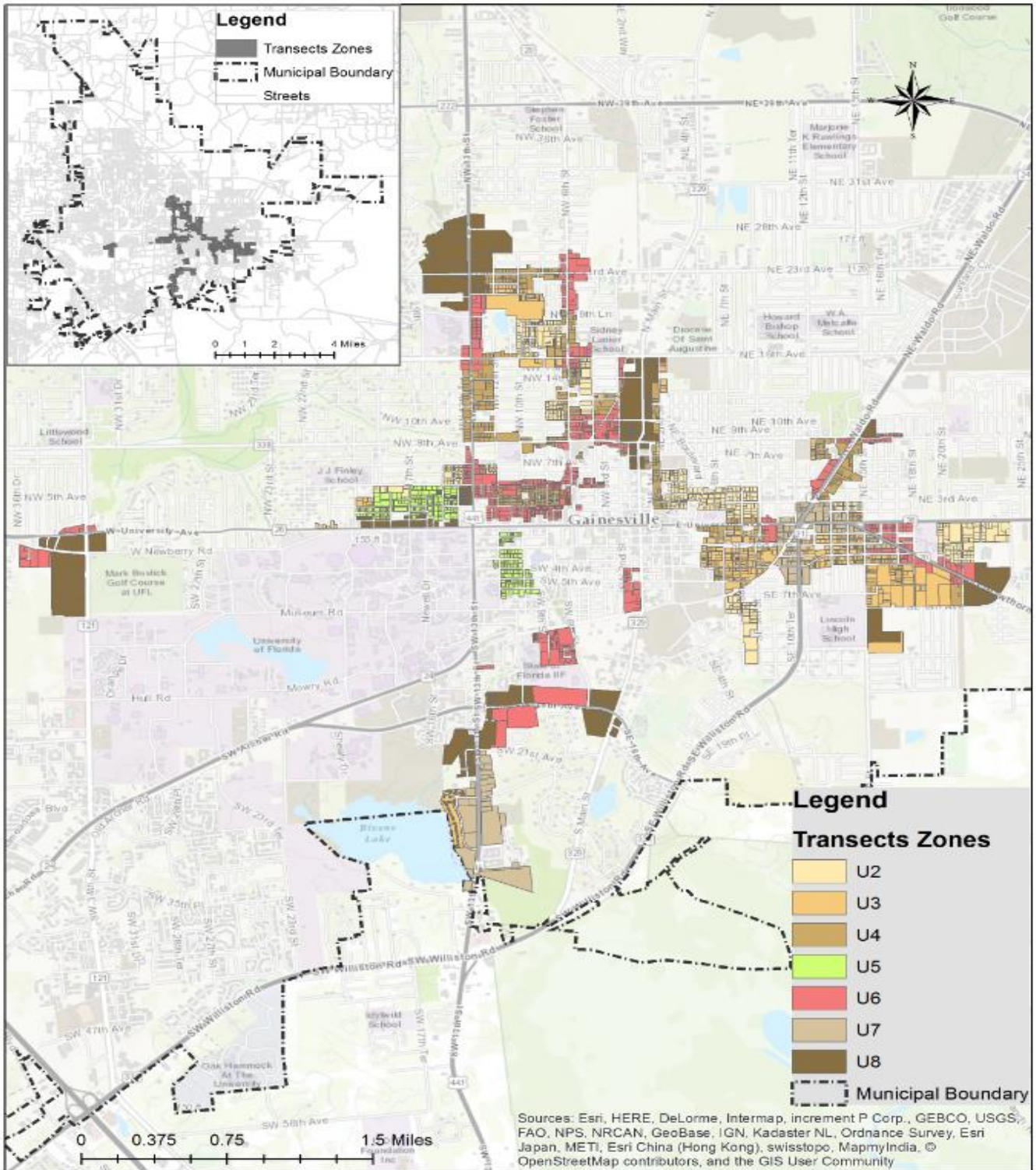


Table A: Accessory Dwelling Units: Districts where permitted

USE CATEGORIES	TRANSECTS AND ZONING DISTRICTS											
Transects	U1	U2	U3	U4	U5	U6	U7	U8	U9	DT		
Residential Districts	RSF-1	RSF-2	RSF-3	RSF-4	RC	MH	RMF-5	RMF-6	RMF-7	RMF-8		
Mixed-Use and Non-residential Districts	OR	OF	MU-1	MU-2	CP	BUS	BA	BT	BI	W	I-1	I-2
Special Districts	AGR	AF	CON	ED	MD	PS						
Permitted by Right	Permitted as Accessory to Single-family								Not Permitted			

MAP B
Transects U2 to U8: Districts Where Accessory Dwelling Units Are Allowed By Right



Some recommended guidelines are provided in the Accessory Dwelling Units 2007 Report to the Florida Legislature, the AARP Accessory Dwelling Units Model State Act and Local Ordinance and the Accessory Dwelling Units: Case Study by the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, The Alachua County Housing Summit Report, May 27, 2016 and the Issue Paper – 1 on Accessory Dwelling Units by the City of Woodburn.

Some recommended areas of concern are:	
1. Size limitation (800 sq. ft.?) Smaller than the primary dwelling	7. Lot coverage
2. Off-street parking (one space or no off-street parking)	8. Impervious surface (run-off)
3. Unattached accessory dwelling units – conditional in some zones	9. Notice to property owners
4. Unattached accessory dwelling units – Notice given in some zones	10. Neighborhood compatibility
5. Size dependent upon lot coverage standards	11. System development charges
6. Design standards (matching existing dwelling designs)	12. Separate water and sewer connections

KEY FINDINGS

Key findings of this report are outlined below:

There is widespread support for accessory dwelling units but there are many obstacles to their success. The systems for approving, permitting, constructing, marketing and maintaining those units have proven to be complex, disjointed and fraught with regulatory obstructions. There is a lot of skepticism and lack of coordination among various stakeholders who facilitate the process of providing accessory dwelling unit. Those complexities, and lack of coordination tend to derail efforts to provide an economic supply of units spatially dispersed throughout the community and in areas where they can make a difference.

Accessory dwelling units contribute directly and indirectly to housing affordability within communities for both homeowners and renters. There are however a lot of perceptual, economic, and bureaucratic issues that need to be addressed to ensure that these units are available to very low, low and moderate-income people. There is also a need for strong legislative effort at adopting meaningful, effective policies and complimentary regulations to facilitate implementation of successful accessory dwelling unit programs.

Interviews with Realtors, Builders, Contractors, property owners and permitting officials, reveal a consensus on the benefits of accessory dwelling units and the desire to convert existing structures to accessory dwelling units. Professionals who were interviewed reported that many request units without cooking appliances but proceed to install those appliances after permitting, making them fully functioning dwelling units. Some conversions of structures are also conducted in the absence of official permitting.

AREAS OF CONSIDERATION TOWARDS A SUCCESSFUL IMPLEMENTATION OF AN ACCESSORY DWELLING UNIT PROGRAM

Staff examined some key areas of concern that must be examine in any attempt to initiate and implement successful accessory dwelling unit programs within the City.

a. Definition and Perception of the term Accessory Dwelling Unit

In approaching the subject of accessory dwelling units, there is a need to be clear about which terms to use and scope and definition of those terms. Each perspective leads to a different set of programs, regulations, outcomes

and ultimately what is considered successful. Focusing on providing a robust and healthy housing supply is a more realistic perspective and will result in greater accomplishments and more positive outcomes than a program that seeks merely to provide “affordable housing”.

Staff recommends that the term “accessory dwelling units” be considered as a “housing type” that compliments the housing supply and not merely a tool to “affordable housing”. The word “affordable housing” should also be rebranded to remove the stigma that may be associated with areas where “affordable housing” is provided. The term “accessory dwelling units” should never be publicized as another housing type for the low and moderate-income groups.

b. Comprehensive Plan and Land Development Code

As policy and regulatory documents both the Comprehensive Plan and the Land Development code must incorporate deliberate and strong policies reflecting the will of the legislative body towards accessory dwelling units. There must be clear policies concerning where accessory dwelling units should be allowed. The issue of whether accessory dwelling units should be allowed within single-family zoning district is a significant policy issue for the City.

The review and permitting of units are also recognized as major “make or break” issues. Zoning regulations have been listed as one of the most prohibiting elements to the success and ease of use of accessory dwelling units. Some areas of concern are Density, parking, ability to rent, owner occupied or homesteaded properties, concurrency and impact fees, Fire Safety regulations, and architectural designs among others. The legislative policies and implementing ordinances must make a concerted effort to address how those factors aid or hinder the provision of accessory dwelling units.

Staff admits that within certain geographic areas and where unique situations have to be considered, community or neighborhood input and participation in the permitting process yields positive benefits. The code should be clear and direct in establishing those parameters to ensure quick and efficient permitting.

c. Standard Building Code and Building Permitting Considerations

The regulations under the standard Building Code for an accessory dwelling unit and the accompanying primary dwelling are the same for a typical single-family dwelling and a duplex or two-family dwelling. An owner may apply for a permit to build an accessory dwelling unit if it will be for personal use; otherwise, permits must be processed through a licensed contractor. In the case of interior and attached units, there are no significant differences from permitting a room addition or extension to a single-family dwelling. In the case of a detached unit, the separation requirement is approximately three (3) feet or must meet fire safety standards between the two structures.

There are no significant benefits to be achieved through modifications and the process for amending the Standard Building Code is long and complex; it takes approximately three years to process an amendment.

Administrative processes are also the same for single-family and two-family dwelling and fees are based on the value of the structure. That process is straight-forward but there are minor benefits that can be gained in terms of the speed and complexity of the process. Currently the Building Division has a process of expediting plans for single-family dwellings which have been processed through the City’s housing assistance programs. That option could be one area of modification that can be applied to accessory dwelling units to facilitate the permitting process.

d. Economic Considerations

There is a strong link between the benefits and challenges of accessory dwelling units and the economic factors involved in using them. Kevin Stacey, a notable builder of 2017 New Avenue, Inc. stated, “One of the primary **motivations** and **limitations** when deciding to construct an accessory dwelling unit is finances. Let’s face it, why not build a backyard cottage? The uses are almost limitless.... We’ve seen accessory dwelling units being used for music studios, entertainment space, pool house, guest house, and most surprisingly, rental units”. One of the main reasons for the study done by the Department of Community Affairs was “... to promote accessory dwelling units as a tool to address the deficits in affordable rental units for extremely-low to moderate-income residents “. The study lists one of the many benefits of accessory dwelling units as “... Creating cost-effective affordable housing”.

Accessory dwelling units are sometimes viewed as a simple attachment, expansion or construction of a small dwelling unit on an existing lot. However, they are subject to the same cost and income factors related to construction of a typical single-family dwelling; Attachment E lists some of the costs associated with construction of an accessory dwelling unit. There are also economic impacts related to social stigma and pressures that come to bear when accessory dwelling units are placed in geographic areas where there are strong oppositions to their construction and use. In those instances, significant investments have been made in procuring the fundamentals for construction of a unit without any assurances that a permit will be issued and the unit will be constructed and absorbed in the market.

There are also economic factors associated with providing infrastructure, utilities and services to those units. The combination of those socio-economic factors plays a significant role in the ultimate decision to undertake construction of accessory dwelling and their attractiveness to various groups within the community. Data from builders, realtors and contractors reveals that the construction cost for an accessory dwelling unit is between \$75-\$200 per square foot plus the added costs for providing basic infrastructure and utilities; that cost varies based on geographic area and the type of unit. Depending on the finished unit and location, approximate rental income for an 800 to 1,000 square foot accessory dwelling unit ranges from \$600-1200 a month. Attachment E provides some useful data about the list data.

Kevin Stacey of 2017 New Avenue, Inc. shows some of the positive economic benefits of using accessory dwelling units; a positive return on investment, a positive net return on rental units, tax benefits and appreciation in value of the unit over time. (see Attachment D for details). Programs that can implement strategies to target reduction of costs related to construction will go a long way in advancing the success of the program.

e. Beneficiaries of an Accessory Dwelling Unit Program

When viewed from the perception that accessory dwelling units contribute significantly to low income families, the beneficiaries are seen as “extremely-low, low and moderate income” groups. The use of accessory dwelling units as a major contributor to that group is not reflected in studies conducted by the Florida Department of Community Affairs. However, when viewed as providing benefits to “affordable housing” as a general group, the number and group of beneficiaries expand significantly.

The individual single-family property owner is another group of beneficiaries to the program; they include those who construct accessory dwelling units for benefits related to age-in-place, extended family relationships, housing care-givers and supplementing family income. The builders, developers and realtors are also beneficiaries to the program. Finally, the greatest benefits from accessory dwelling units are the benefits to the overall housing supply within a community; hence the overall community is a significant beneficiary group.

It is therefore imperative that any accessory dwelling unit program understand those beneficiary groups, recognize their needs and style the programs appropriately. Programs must be broad, all-encompassing and beyond a focus of benefits solely to low and moderate-income families.

f. Utilities Accessory Dwelling Units

The following represents information collected from GRU departments on a preliminary level to identify how utility service would be provided to accessory dwelling units associated with existing single-family dwellings. The utility areas for which information is documented are: Electric, Gas and Water/Wastewater.

GRU anticipates a refinement of their policies towards accessory dwelling units as planning and permitting policies change.

The following are conceptual approaches.

Electric

An accessory dwelling unit can be served from the main panel of the primary single-family dwelling. A separate feed and meter can be provided for the accessory dwelling unit at the owner's request but installation will be considered using the commercial guidelines in the Energy Delivery Service Guide. Rates are not assessed as a commercial account.

Gas

Gas can be provided and metered independently but must include easements and charges for a separate line if needed.

It is anticipated that in most scenarios that the added gas load for an accessory dwelling unit of less than a 1,000 sq. ft. would not require enlarging the existing service lines to the meters. But, this would need to be verified for each case. In each of the scenarios, except the master meter arrangement, a unique address would be required.

Water/Wastewater

GRU does not foresee any system capacity obstacles to serving a single accessory dwelling unit per lot. Therefore, the opportunity to forego a meter or have a lower connection fee as outlined below would be an incentive to an accessory dwelling unit. With more than one accessory dwelling unit per lot, there will be impacts to capacity so we expect to have new connections and associated charges. It is possible these charges would be lower than for a new single-family dwelling. Primary water and wastewater service lines are possible for accessory dwelling units in accordance with GRU standards.

The conceptual approach to accessory dwelling units would depend on configuration and homeowner request as follows:

1. Where a single accessory dwelling unit is created inside an existing structure with no increase in dwelling footprint, there is no additional meter required by GRU. An independent service will incur the cost of the meter and materials; no connection charges are anticipated.
2. Where a single accessory dwelling unit is attached or detached from an existing structure, no additional meter is required by GRU. If a separate meter is requested for the accessory dwelling unit, it will be provided at cost and connection charges are expected at a per-bedroom rate. Additionally, we expect that the base connection rate would have been paid by the original dwelling connection and they only pay for additional bedroom.
3. Where more than one accessory dwelling unit is added attached or detached from an existing structure (increased dwelling footprint), the following will apply:

- a. A metered connection would likely be required and connection charges at a per-bedroom rate would apply. This is similar to the current policy for apartments. (This is a conceptual policy at this point in time.
- b. GRU considers a second meter on a residential property to be commercial service type. This is not related to the rate charged. Per GRU Customer Operations, a secondary building for residential use would be charged *residential rates*. (If for some reason they were running a garage or hair salon from the secondary unit, it would then be charged commercial rates.)
- c. There is a lot of variation in practices. Some utilities will not install a second meter on a residential property. Some utilities will consider a second meter on a residential property as a residential service.
- d. City of Gainesville Ordinance 27-129, relating to water connection charges, may need some clarifying language added.
- e. GRU's Policies and Procedures Manual would need language to standardize the approach to accessory dwelling units.

g. Some Policy Considerations

1. Should the City rethink the branding of accessory dwelling units and affordable housing as housing types?
2. Should the City change where it allows accessory dwelling units and/or tiny houses?
 - i. How and where?
3. Should the development and permitting standards be changed to facilitate accessory dwelling units?
 - i. Zoning standards: Parking, Conversion of garages, Lot coverage, and Design standards.
 - ii. Permitting processes
4. Should the City implement economic programs to facilitate accessory dwelling units?
5. Should the City address non-conformities through a pardoning program?
6. Should the City work with the local Property Appraiser's Office on Property Valuations?

CONCLUSION AND NEXT STEPS

Accessory dwelling units have benefits and challenges but they are vital to the housing supply and provide housing options for individuals, professionals and small starting families. They are well suited to low density single-family neighborhoods which are close to core urban areas and high density activity centers. They should therefore be explored within suitable single family zoned areas in Gainesville. Although they are often considered as a solution to affordable housing for very low, low, and medium income families, market trends do not support that concept. Additional incentives will have to be provided to encourage the use of accessory dwelling units as affordable housing. Even without an affordable housing objective, accessory dwelling units still have the potential to become a significant supplier of housing within the City. Steps should therefore be taken to remove regulatory obstacles that plague the production of accessory dwelling units especially in urban areas of the city where services are readily available and infrastructure and utilities are already in place.

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