

# ADU WORKSHOP SCHEDULE:

- 9:45 a.m. Doors Open
- 10:00 a.m. Welcome/Overview of Lacey's ADU Program
- 10:05 a.m. ADU Benefits, Plan Features, & Building Costs
- 10:20 a.m. Permitting Process & Considerations
- 10:30 a.m. Lending Types
- 10:40 a.m. Landlord-Tenant Laws
- 10:50 a.m. Property Management – Public & Private



# We're Here To Help You Get Started!



# What is an ADU?

ADUs are a second, small dwelling on the same property as a standard single-family home.

- attached or detached to the existing home.
- a distinct address and entryway.

## **Other names for Accessory Dwelling Units:**

Backyard Cottage, Granny Flat, Mother-in-Law Apartment, Above-Garage Apartment, etc.





# What about “Tiny Homes”?

“Tiny Homes” don’t have an adopted definition in Lacey.

Tiny home on a trailer = Recreational Vehicle (RV)  
Park in RV Park NOT in your backyard or driveway.

“Tiny home” on a foundation = Small house or ADU

- Stick built
- Manufactured/factory built – L&I certified
- Must meet building codes





# Housing Choices and Affordability

## CITY OF LACEY AFFORDABLE HOUSING STRATEGY



## 14 Potential Actions to increase affordable housing options in Lacey

### Action #10 - Further Streamline ADU Permitting



# Our ADU Program Concept

## **Provide FREE plans that meet building, energy, and design codes**

- Pre-approved designs expedite review process
- Pre-approved designs save homeowner money

## **Connect with local lenders and builders**

## **Encourage and provide technical assistance**





# ADU Program Concept

## General guidelines driving designs

- Affordable to build
- ADA accessible options
- Meet city design guidelines
- Flexibility in design options





# Who's Eligible to use these plans?

- **Now- City of Lacey property owners**
- Near future – Olympia and Tumwater
- Future? – Urban growth areas and the County

# HOAs

- City does not enforce HOA rules
- Your HOA may prohibit ADUs
- Check your HOA rules

## Lacey Urban Growth Area

- Thurston County permits buildings in the UGA
- County ADU rules exist but are a little different than City's
- Contact County Commissioners if interested in program

# Benefits of ADUs, Plan Features, and Building Costs





Artisans Group is a women led,  
majority women owned full service  
**Architecture+Planning** company



We have 10 employees

And we do a lot of projects in the Lacey, Tumwater, Olympia area...















**Benefits of ADU's**

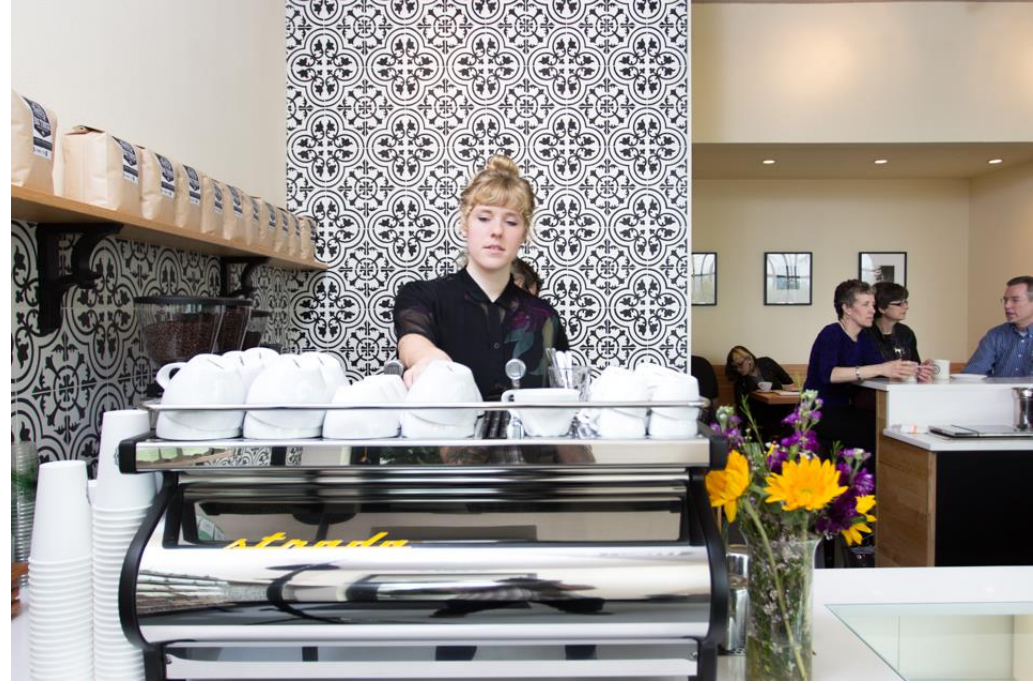
## Benefits of ADU's

Density (this is how we get nice things)

Providing Housing for the Middle Class

Passive Income and Higher Property Values

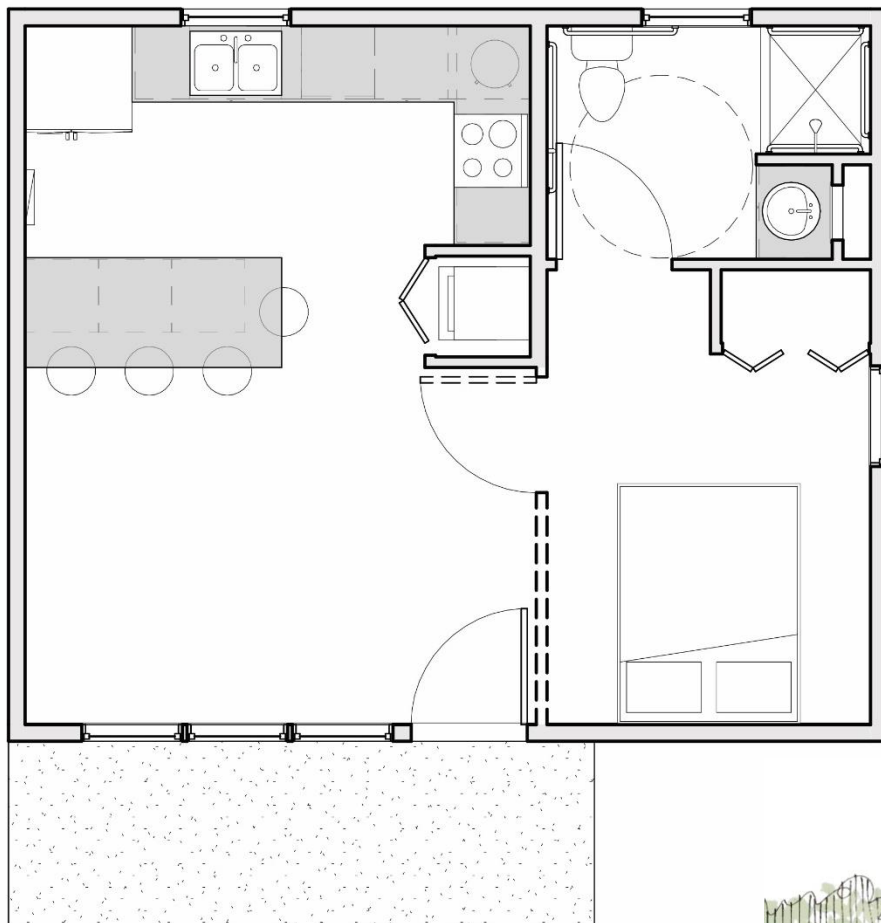
Flexible Family Living





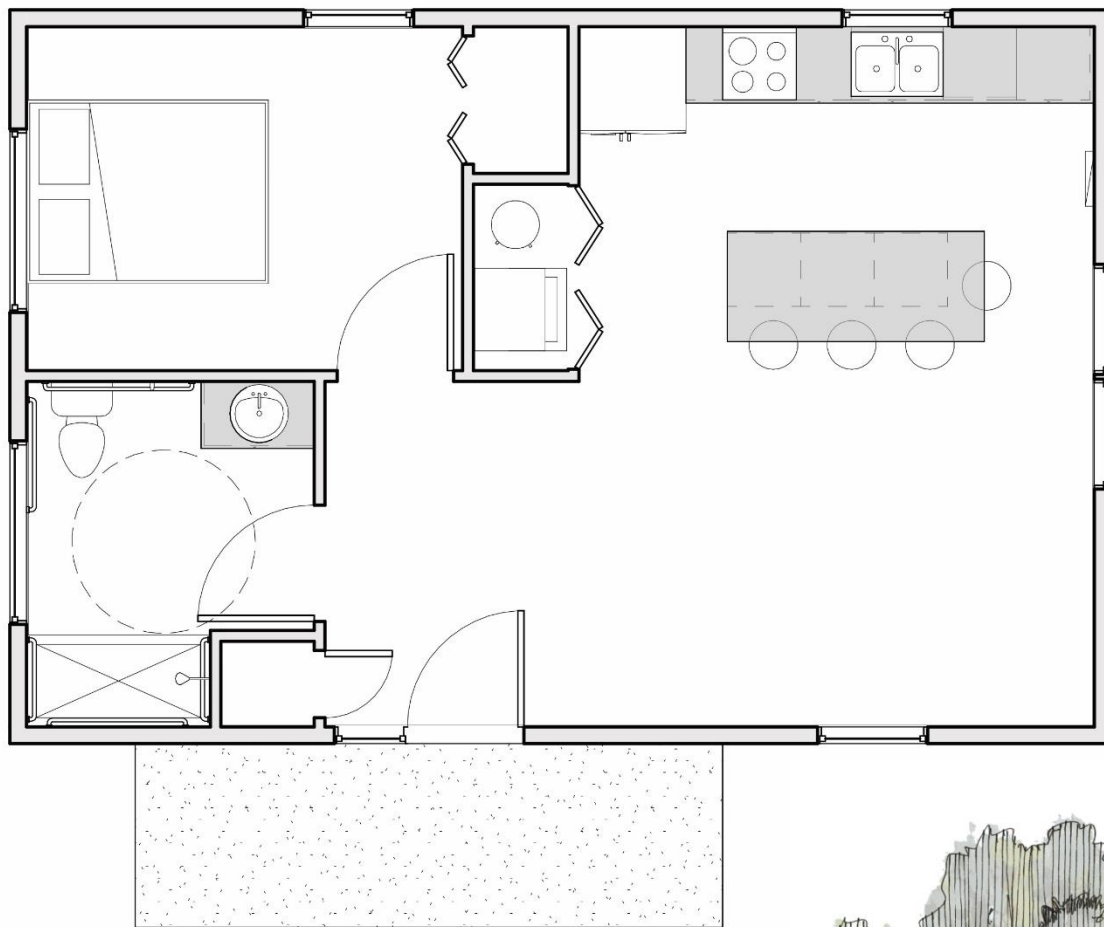
**What we designed, why design matters and how you get one.**





**Flexible ADU 480 square foot**





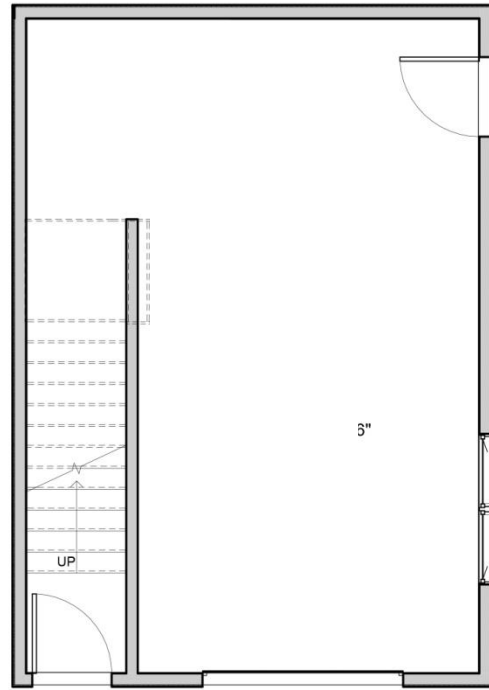
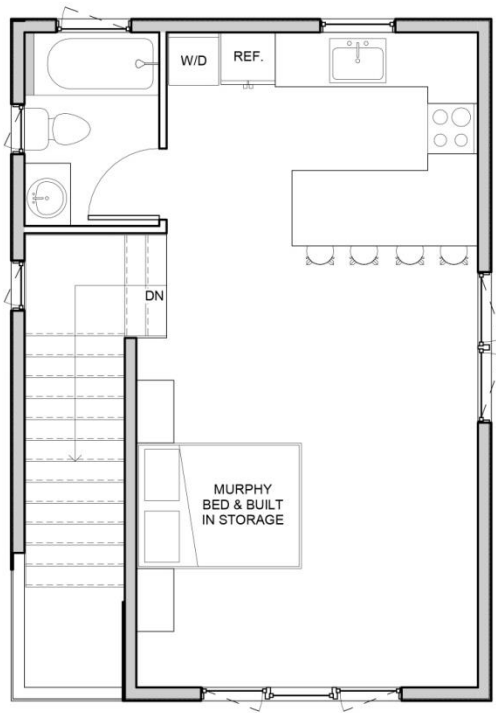
**Flexible ADU** 600 square foot





**The sky is the limit with stylistic choices!**





**Flexible ADU 900 square foot**



## PASSIVE PREFAB ADU



1,000 SF OPTION



GROUND FLOOR PLAN | 1,000 SF



800 SF OPTION W/ GARAGE



LOFT FLOOR PLAN | 800 SF | 1000 SF



800 SF OPTION W/ CARPORT



GROUND FLOOR PLAN | 800 SF

### ACCESSORY DWELLING UNIT (ADU) 800SF | 1000 SF

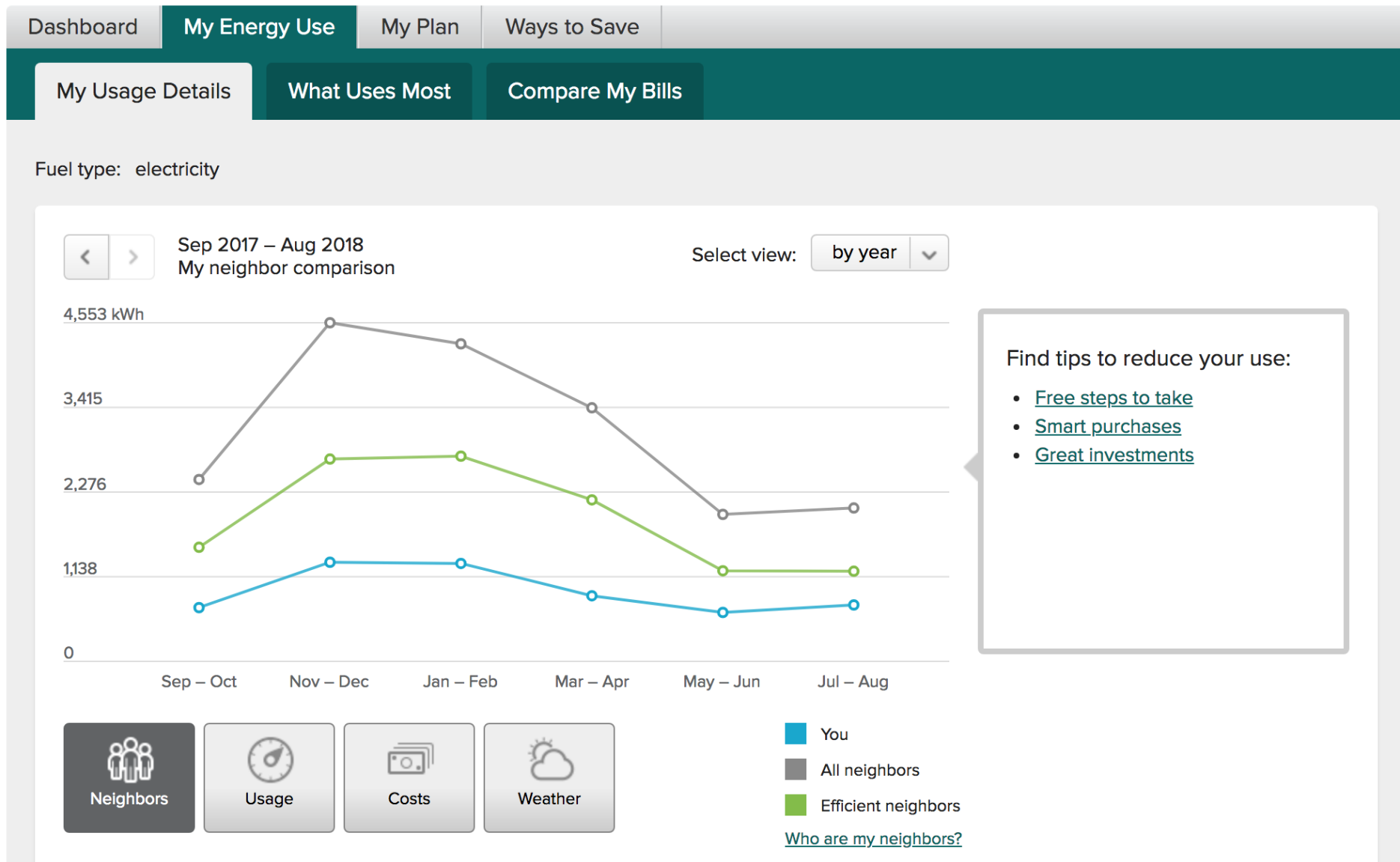
- Prefab System
- Flexible Floorplan
- Reduced Construction Time
- Healthy Indoor Air Quality
- Extreme Energy Efficiency
- Consistent Indoor Temps

Expand your land with a Detached Accessory Dwelling Unit. Develop your space with a healthy contemporary home. Imagine a modern get-away cabin near the shore.

This flexible and modern design is Passive House ready, just a step away from Net Zero and quick to build.

Available at both 800 and 1000 SF, both designs feature all of the health and environmental benefits of Passive House. It's a beautiful modern home designed to thrive and adaptable to life.





**Investing in energy upgrades can pay for itself, increasing both value and lifestyle.**



**What the ADU's might cost?**

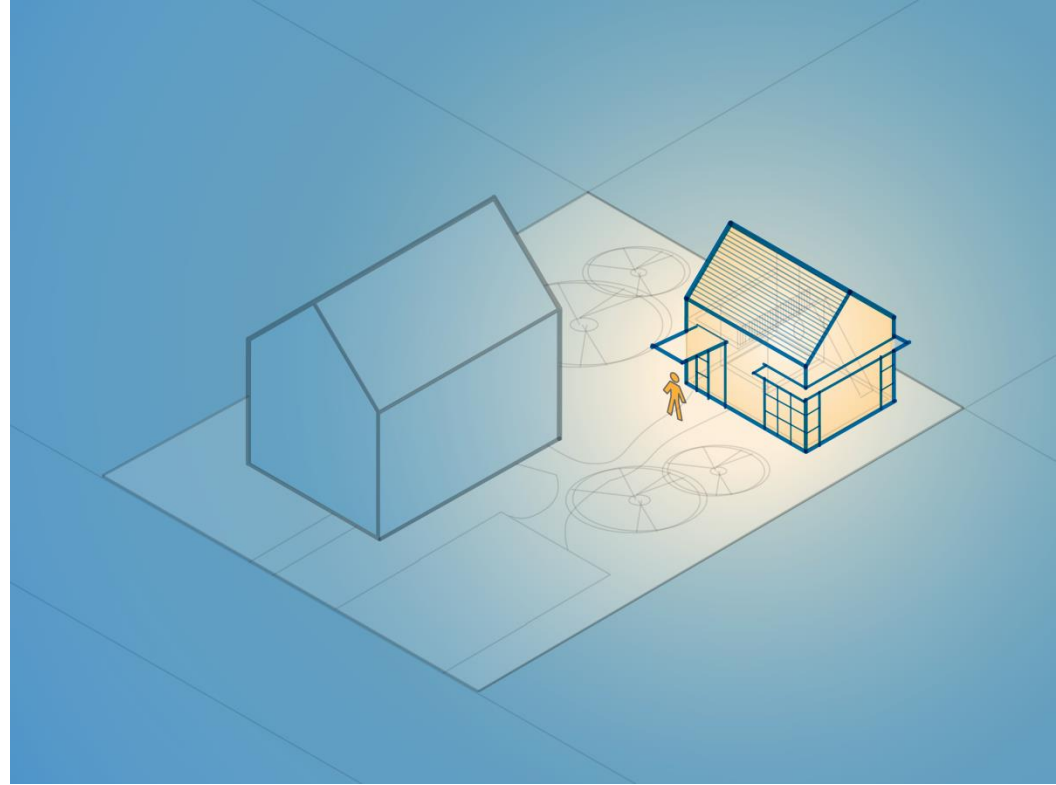
It's a quarter of the size, why isn't it a quarter of the cost?

Larger homes spread out the cost of expensive spaces like bathrooms and kitchens over less expensive square footage like bedrooms and great rooms.



**The problem of scale.**





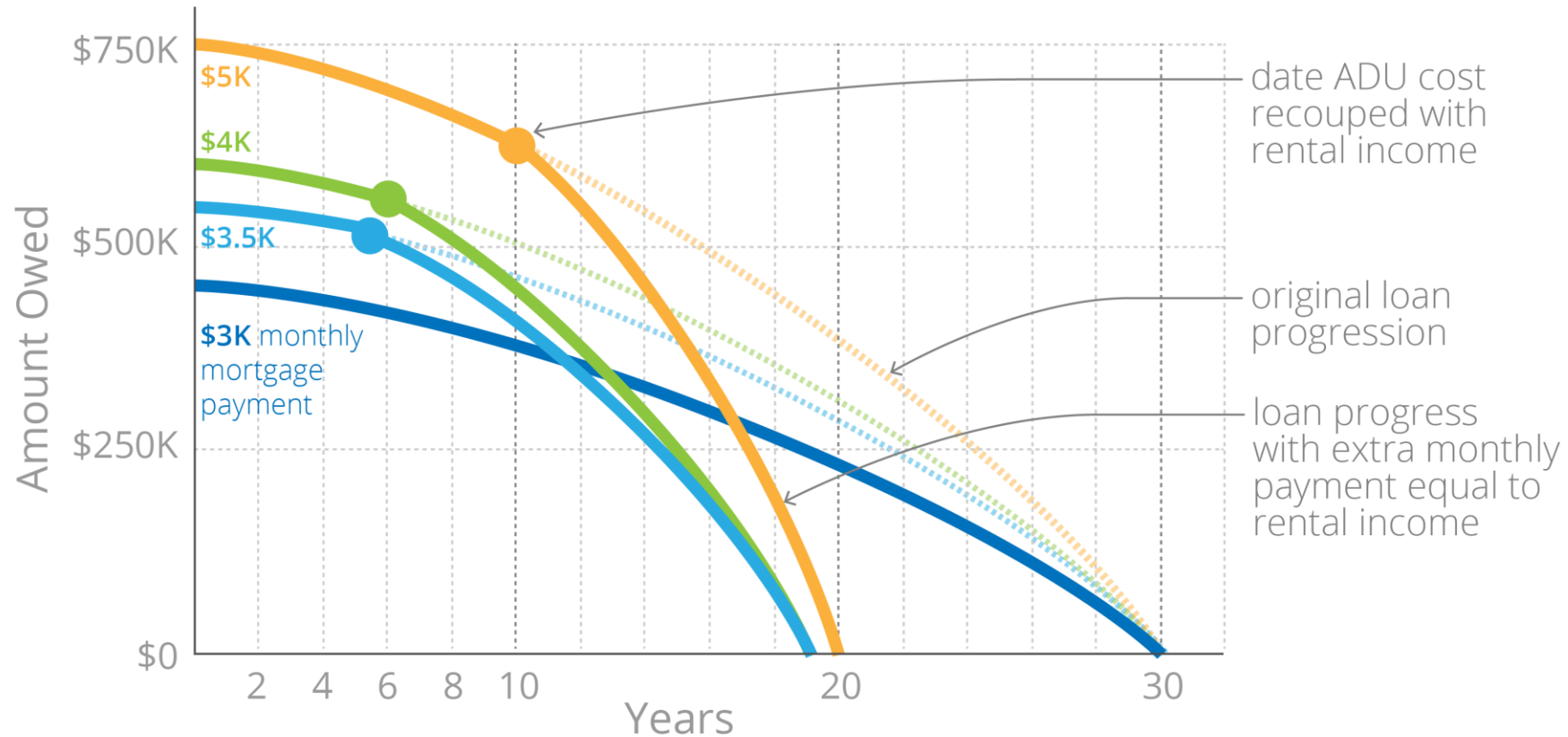
In 2018 the Urban Land Institute found that the average cost for an ADU in Portland and Seattle is around \$160,000.

We expect these to range anywhere from \$150,000-\$250,000 in construction costs.

Imagery and data from ***Architect Arena*** Grandma is in the backyard.

# Sample Impact of ADU Rental Income on Mortgage

Comparison of \$300K spent either on down payment, ADU, or both



- \$750K House, \$300K down, 4.5% Interest 30-year Mortgage, no ADU built
- \$750K House, \$200K down, 4.5% Interest 30-year Mortgage, \$100K ADU cost, \$1.3K rent
- \$750K House, \$150K down, 4.5% Interest 30-year Mortgage, \$150K ADU cost, \$1.6K rent
- \$750K House, 0 down, 4.5% Interest 30-year Mortgage, \$300K ADU cost, \$2.5K rent

Disclaimer: Projections based on rough estimates, please speak to financial advisor for better information

Imagery and data from **Architect Arena** Grandma is in the backyard.

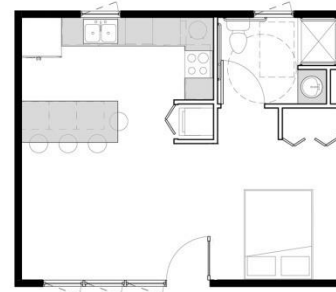


# BACKYARD COTTAGES



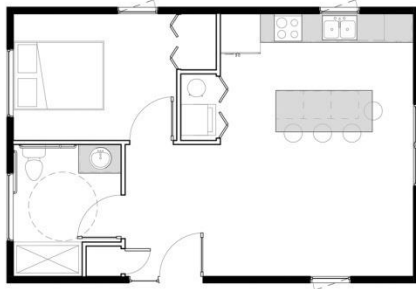
## STUDIO

480 SF  
ADA ACCESSIBLE  
CUSTOMIZABLE OPTIONS

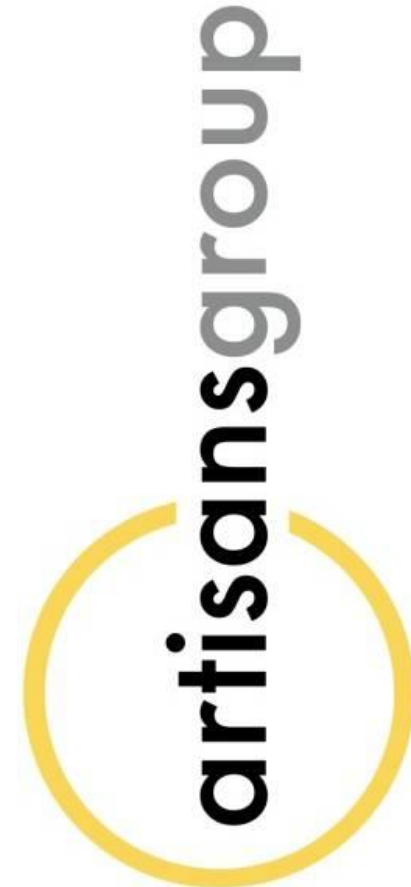


## ONE BEDROOM

600 SF  
ADA ACCESSIBLE  
CUSTOMIZABLE OPTIONS



Products!





# Permitting Requirements, Process, and Site Feasibility

# Lacey's ADU Requirements, in General

- Limited to 850 square feet in floor area or one-half the size of the main unit, whichever is smaller.
- One ADU per lot with a single family residence
- Subordinate (accessory) to main use
- Off-Street Parking Spot
- Pedestrian Access
- Privacy

No owner-occupancy requirement



# ADU permitting options – Two pathways

- **Pre-approved plans** – detached ADU
  - 480 sq. feet
  - 600 sq. feet
- **Custom design**– detached or attached

# Site Feasibility Considerations

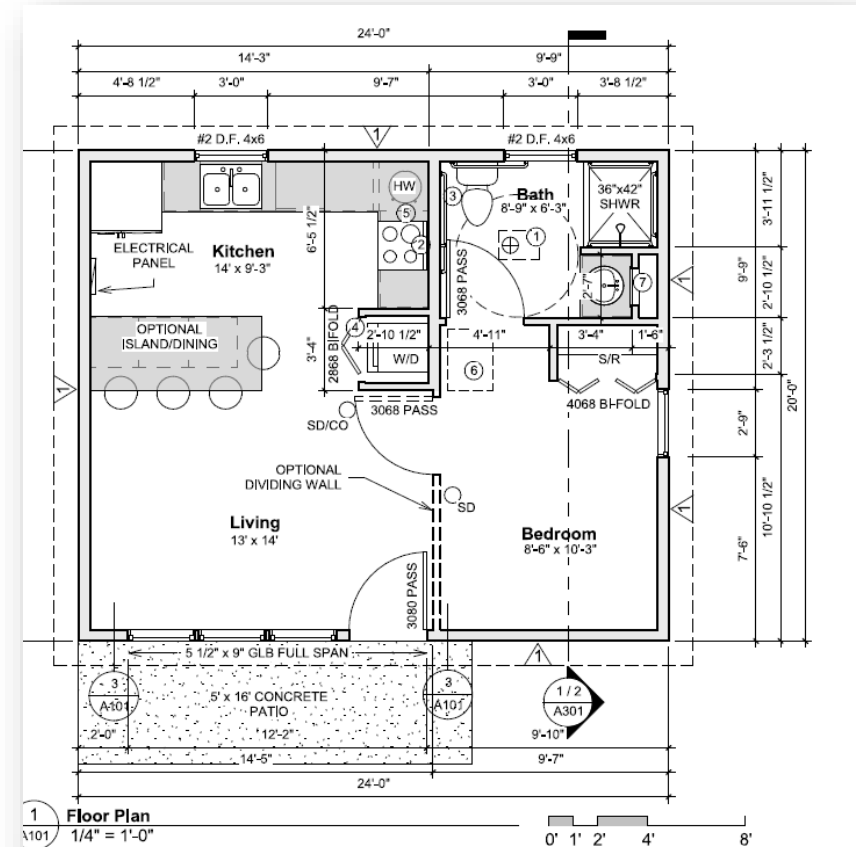
- Building setbacks (Side-5, Back-15)
- Privacy
- Sewer connection
- Building and Development coverage
- Stormwater management
- Existing structures
- Short and long term use



10,000 square foot lots (.25 acres) on sewer are good candidates

# Using a Pre-Approved Plan - Process

- Meet with Planning and Building Departments to discuss project
- Get a copy of the pre-approved plans
- Choose builder
- Determine financing
- Apply for permits, include:
  - 1 ADU Building Permit Application
  - 1 Pre-Approved Plan set with options selected
  - 2 Copies of a Site Plan





# Other ADU Options

- Garage/Shop Conversion
- Garage rebuild and ADU addition
- Attached ADU
- Basement conversion



# Other ADU Options – Process

- Meet with Planning and Building Departments to discuss project options
- Choose contractor/builder
- Determine financing
- Review draft plans with Building Dept.
- Apply for permits:
  - 1 ADU Building Permit Application
  - 2 sets of Construction plans
  - 2 Copies of Energy code worksheet
  - 2 Copies of a Site Plan



# Permit Fees – Pre-Approved ADUs

1,2,3) <b>ADU between \$100,000 and \$150,000</b>	\$1,300 (\$1,734 – 25% plan check fee)
(4) Plumbing:	\$ 101
(5) Mechanical:	\$ 101
(6) Electrical:	\$ 88.40

No fee for design review unless changes made to plans. (Would be \$105)

No energy code form since pre-approved.

No school mitigation fees.

No utilities connection charges if connections are made on private side.

No traffic mitigation fees.

**Grand total: \$1,590.40 or less**

For an ADU that costs less than \$100,000 to build - \$1,305.15



# Financing Your ADU



# Financing Your ADU



## **Owner-Occupied** (Owner resides in existing home)

- Many eager lenders
- Lots of options

## **Investor-Owned** (Owner does NOT reside in existing home)

- Fewer Options—but doable



# Financing Your ADU



## Owner-Occupied (Owner resides in existing home) (Second Mortgages)

- **Home Equity Line of Credit (HELOC)**  
Like a credit card with a *really* high limit
- **Home Equity Loan**  
Amortizes like a *really* big car loan





# Financing Your ADU



## Owner-Occupied (cont'd) (Second Mortgages)

- **“Home Improvement” Loan**

Amortizes like a car loan

Relies on both the existing equity & value of the improvements  
(The value of the ADU)



# Financing Your ADU



## Owner-Occupied (cont'd)

### (New First Mortgage)

### Cash-out Refinance

If your current first mortgage rate is above market

If you need smaller payments (longer pay-back period)

If you have other improvements to make in existing home



# Financing Your ADU



## Investor-Owned

A few lenders offer:

- **Equity Line and Equity Loans**
- **Cash-out Refinance**





# Financing Your ADU



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# Landlord-Tenant Laws



# Property Management Public and Private