



[What is an Accessory Dwelling Unit \(ADU\) or a Detached Accessory Dwelling Unit \(DADU\)? The Role of ADUs in Easing America's Housing Crisis by Emily Hamilton Examined; plus, MHVille Market Updates](#)

A recent article in *Governing.com* entitled "[The Role of ADUs in Easing America's Housing Crisis](#)" by Emily Hamilton was published on 4.3.2023. Research such as the item [linked here](#) clearly indicates that interest and use of Accessory Dwelling Units (ADUs) or a Detached Accessory Dwelling Units (DADUs) are expanding in recent years. *MHProNews* has posts that reference ADUs going back over a decade. As interest in ADUs as part of a broader solution to the U.S. housing shortage appears to be growing, an overview that provides definitions and includes research by Hamilton and others appears warranted. Additionally, as the number of older Americans grow, some families are looking at ADUs or DADUs as a pragmatic – and often less expensive way – to keep an aging mom and/or dad nearby instead of in a nursing home or in some other kind of assisted living facility. Some manufactured housing or modular housing professionals think of an ADU in terms of prefabricated, factory-built or "off-site" built housing. But that is not always the case. Let's note that *every DADU is an ADU, but not every ADU is a DADU*. That is so because garage and basement conversions, or add on construction, can be built on site and is thus an Accessory Dwelling Unit (ADU). Thus, most ADUs have historically not involved any factory building, the later of which are routinely detached forms of construction. [Building an ADU](#) says: "**Detached new construction ADUs**, also sometimes called backyard cottages, granny flats, laneway houses, or DADUs, depending on the jurisdiction..."

A recent article in *Governing.com* was published on 4.3.2023. It is entitled "[The Role of ADUs in Easing America's Housing Crisis](#)" by Emily Hamilton. According to her [bio in brief](#), "...Hamilton is a Senior Research Fellow and Director of the Urbanity Project at the Mercatus Center at George Mason University. Her research focuses on urban economics and land-use policy... Hamilton received her PhD in economics from George Mason University." Reading Hamilton's article on ADUs never specifically mentions manufactured homes, modular housing, prefabs, factory building, or "off site" built new construction specifically. That said, she links to an article that does refer/imply some of those options.

Hamilton and [Abigail Houseal](#) co-authored an article on the Mercatus website dated March 30, 2023. It is entitled: "[A Taxonomy of State Accessory Dwelling Unit Laws](#)." It includes a download, linked here, which mentions Ed Pinto and Tobias Peter, who are with the American Enterprise Institute (AEI) Housing Center. Pinto and Peter have been cited before in reports on *MHProNews*, such as the examples linked below.

As their research and other sources make abundantly clear, the underlying culprit limiting ADUs are local zoning laws. In that sense, ADUs and manufactured housing are in a similar, but not quite the same proverbial 'boat.'

Hamilton and Houseal state: "Legalizing accessory dwelling units (ADUs) has been the most common way state policymakers have taken action to make more, lower-cost housing feasible to build."

"ADUs are a secondary unit on a lot that includes a principal dwelling unit for one household. They can be a backyard cottage, a basement apartment, or a garage conversion, and most often they are added to

single-family houses. To date, laws broadly allowing homeowners to build ADUs have passed in eight states, and ADU bills have been introduced in several others.”

Hamilton states in “[The Role of ADUs in Easing America's Housing Crisis](#)” that: “Seniors are important for both the supply and demand of ADUs. Older homeowners are most likely to have the home equity or other savings to finance an ADU. Seniors are also particularly likely to be residents of an ADU on a family member’s property that facilitates [intergenerational living](#).”

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The following collection of articles and posts are from the sources shown and linked.
Highlighting is added by *MHProNews*.

<https://www.governing.com/community/the-role-of-adus-in-easing-americas-housing-crisis>

THE FUTURE OF COMMUNITY DESIGN

The Role of ADUs in Easing America's Housing Crisis

New research points to the policy and market conditions that help spread these small rental units which can be added to existing properties and ease housing shortages.

OPINION | April 3, 2023 •

Emily Hamilton



A basement conversion ADU in Portland, Ore., also commonly called basement apartments, mother-in-law units, in-law units, secondary suites, English basements, accessory apartments, and a host of other names. (buildinganadu.com)

For many Americans, an affordable home is harder than ever to come by. A fed up public is now realizing that local constraints on building housing and resulting high prices and rents have plagued the United States’ most productive regions for decades. In this environment, state policymakers are increasingly

searching for statewide solutions to ease the housing crunch.

[Accessory dwelling units](#) (ADUs) — small rental units that can be added to existing properties and ease housing shortages — are at the forefront of these efforts. From an affordability perspective, ADUs are an attractive reform option because these units can rent for hundreds of dollars less than apartments in the same neighborhood. In [new research](#), [Abigail Houseal](#) and I show how both the overall policy landscape and conditions on the ground can affect the number of ADUs built.

Nationwide, median rent in the United States increased by 22 percent in the five years between 2016 and 2021 while median household incomes increased by only 15 percent. This amounts to an alarming decrease in housing affordability, leading policymakers in some states to establish guardrails on local zoning authority (primarily local governments' domain for the past century). The most popular approach has been legalizing the building of ADUs for homeowners across an entire state.

ADUs can take many forms. In Washington, D.C., they are most likely to be an apartment in a rowhouse's English basement. On the West Coast, they're often backyard cottages or converted garages.

Among the eight states that broadly allow ADUs (California, Connecticut, Maine, New Hampshire, Oregon, Utah, Vermont and Washington), the relevant laws vary widely. At one end of the spectrum, California policymakers have gone the farthest to protect homeowners' right to build ADUs. On the other, New Hampshire policymakers legalized ADUs but left open the opportunity for local zoning ordinances to put many limits on them.

California legislators first legalized ADUs in 1982, requiring localities across the state to allow homeowners to add a second unit. But in response, local governments established so many barriers to building them that few homeowners found it worthwhile. For example, some localities charged exorbitant "impact fees" for second units despite relatively few new local service costs. Others required homeowners who wanted to build ADUs to go through a discretionary review process including a public hearing, an intimidating, expensive process.

Many California localities only permitted ADUs with deed restrictions preventing a unit from being rented out separately from the main house if the property owner didn't live on site. These owner occupancy requirements have been a big limiting factor in ADU construction. They mean that a homeowner would never have the option of renting out their primary residence if they also rent out their ADU. They also make ADU financing more difficult.

Starting in 2017, a series of California state laws now prevents localities from implementing any of these important barriers to ADU construction. The results have been an [impressive surge](#) in permitting, particularly in Los Angeles and San Diego. Across the state, 60,000 ADUs have been permitted, homes for tens of thousands of people made possible by state reforms.

But having the right policies in place is only part of the picture. Two other key determinants of ADU construction — and of its potential to lower prices in a given city or neighborhood — are how easy it is to adapt the existing housing stock to include them and the willingness of local homeowners to take the leap to build them.

We studied ADU construction under New Hampshire's much weaker ADU law. While localities there are allowed to hinder ADUs just as California cities once did, some are still experiencing four times as much ADU construction as Los Angeles did prior to California's recent liberalization.

What explains this [rate of construction in New Hampshire](#)? One factor is demographics. New Hampshire has the oldest population of all U.S. states except Vermont. **Seniors are important for both the supply and**

demand of ADUs. Older homeowners are most likely to have the home equity or other savings to finance an ADU. Seniors are also particularly likely to be residents of an ADU on a family member's property that facilitates [intergenerational living](#). In fact, many ADUs in New Hampshire are built when an elderly person sells their property and uses the proceeds to build the unit at their adult child's house.

Additionally, New Hampshire's large lots and large houses make it easy to add ADUs at minimal cost. In New England, many old houses have additions or basements that provide natural spaces to add ADUs relatively inexpensively.

A bill under consideration in the New Hampshire Legislature would expand the state's homeowners' options for building ADUs. It would require localities to allow larger, detached ADUs through a by-right process. Today, many New Hampshire localities permit ADUs through slower, riskier conditional use permits. The conditional-use permit process stymied California ADU construction prior to recent reforms.

Are ADUs the right approach for legalizing more housing everywhere? They have much to offer. Because many homeowners can see themselves wanting the right to add an income-generating or relative-accommodating ADU to their property at some point, they may be the least contentious way to create opportunities for more housing within existing residential neighborhoods.

We see from California that even a state where many houses are relatively small and sit on small lots, the right policy can lead to significant levels of ADU construction. In places with underused existing space, like large New England houses that might just house one or two people, conditions are ripe for adding ADUs if some of the existing policy barriers to building them can be rolled back.

Given current ADU construction rates in New Hampshire, implementing California-style ADU policy could potentially go a long way toward more being built in parts of the country where many homeowners already have extra space.

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<https://www.mercatus.org/research/policy-briefs/state-accessory-dwelling-unit-laws>

THE HOUSING AFFORDABILITY PROBLEM AND ADUs AS ONE PIECE OF THE SOLUTION

Over the past decade, the problem of insufficient housing construction has become increasingly apparent as more households are forced to make tough tradeoffs to either afford housing in their preferred location or move somewhere less expensive. The COVID-19 pandemic has only exacerbated the problem of insufficient housing supply and the difficulty of building new housing where it is needed. Amid this housing shortage and accompanying affordability problems, state policymakers are increasingly setting limits on the extent to which local policymakers can block housing construction.

Legalizing accessory dwelling units (ADUs) has been the most common way state policymakers have taken action to make more, lower-cost housing feasible to build. ADUs are a secondary unit on a lot that includes a principal dwelling unit for one household. They can be a backyard cottage, a basement apartment, or a garage conversion, and most often they are added to single-family houses. To date, laws broadly allowing homeowners to build ADUs have passed in eight states, and ADU bills have been introduced in several others.

In this policy brief, we explain the role of ADU legalization in the landscape of US land use regulations, summarize research on rules that facilitate ADU construction in significant numbers, and categorize state ADU policy with respect to the rules proven to facilitate ADU construction.

WHY ADUs?

ADUs as a regulatory category exist due to the restrictions on the number of units permitted on a single lot in US land use regulation. The majority of land zoned for residential use in the United States is limited to detached single units. Within this framework, some jurisdictions have legalized a second unit that is an “accessory” to the primary use of the single-family house. While allowing a primary dwelling unit with an ADU on a single-family lot has some similarities with two-unit zoning that permits duplexes or other configurations of two units on a single lot, ADUs usually have more limitations. Generally, ADUs cannot be owned separately from the principal dwelling unit whereas duplex units can be owned jointly or separately. Furthermore, many jurisdictions that permit ADUs only allow the unit to be rented to a tenant if the property owner lives on site. Typically, an ADU is also required to be smaller than the principal dwelling unit.

Permitting ADUs to be built is one of the smallest steps state policymakers can take to restrict local policymakers’ authority to limit density. And, within state preemption of local zoning, ADUs may be the lowest-hanging fruit politically. Homeowners are often the key political constituency opposed to zoning reforms that allow more housing to be built. Legalizing ADUs gives homeowners a clear new right to build on their current property, and many may feel they might want an ADU at some point either for extra income or to house a family member. These political considerations may be the reason that state policymakers have shown particular willingness to override local zoning restrictions with respect to ADUs.

RULES THAT GOVERN ADU CONSTRUCTION

Kol Peterson, a prominent ADU advocate, identifies three “poison-pill regulations” that present significant barriers to ADU construction, even in places where they are legalized. These poison pills include owner-occupancy requirements, off-street parking requirements, and conditional or discretionary reviews for ADU permits.

We summarize Peterson’s insights regarding each of these three barriers:

1. *Owner-occupancy requirements* thwart investments in ADUs, even for homeowners who want to add them to their primary residences, because building an ADU likely shrinks their pool of potential future buyers. Under these requirements, if the homeowner were to move, they would not have the option of leasing the ADU and their primary residence to separate tenants. Owner-occupancy requirements may lead appraisers to rely only on comparable sales that likely do not include ADUs, rather than viewing the ADU as a potential income-generating unit. And, finally, owner-occupancy requirements may create financing challenges for ADUs because if a homeowner were to default, the ADU would not be a unit a bank could rent out were it to become a bank-owned property.
2. *Parking requirements* can make ADUs infeasible to build at many existing houses. A yard may present space for a backyard cottage within setback limits or an additional parking spot, but not both. Particularly at sites where a garage conversion is the natural place to put ADUs, requiring parking replacement for the primary dwelling unit as well as additional parking for the ADU may prove prohibitive.
3. *Discretionary reviews* for ADU permits can prevent many homeowners from building ADUs. Applying for a conditional use permit may require a time-consuming and intimidating public hearing with a nonrefundable fee as well as site plan drawings that can be expensive to

commission. Many homeowners are understandably reluctant to spend thousands of dollars for the chance of receiving a permit.

Our colleagues Salim Furth and Jess Remington have analyzed ADU ordinances that are successfully facilitating ADU construction in seven localities. They find that all of the ordinances allow detached ADUs and for the principal dwelling unit and ADU to be rented separately without an owner-occupancy requirement. And most of these localities do not require single-family houses with ADUs to provide extra parking for the accessory unit.

Furth and Remington point out that while policies that support ADU construction are essential, market conditions are also important determinants. ADUs are unlikely to be built in large numbers in places where there is minimal renter demand for these small units, and they are likely to be built in large numbers where the existing housing stock supports ADU conversions, such as garages or basements that can be converted to apartments relatively easily. They explain:

"ADUs may be the most context-dependent form of housing. The "Vancouver Special" basement apartment, Los Angeles garage conversion, and Fayetteville modular unit all depend on a preexisting development pattern with enough space to add an ADU."

In some instances, ADUs have been built in significant numbers even when they are illegal and unpermitted. While ADU advocates tend to focus on the general rules determining how ADUs may be used, permitted, and accessed, the dimensional standards for ADUs can also play an important role in determining their feasibility. A part of Los Angeles's success in achieving widespread ADU construction is that California law requires all localities to allow ADUs of at least 800 square feet as long as they can be built within the envelope determined by 4-foot side and rear setbacks and a height of 16 feet. A study of ADU construction in Portland, Seattle, and Vancouver indicates that zoning reforms that have allowed for larger ADUs to be built have been essential to their increased construction.

Demographic factors play a part in the market conditions that make ADUs an attractive option. Shrinking household sizes present a natural reason to adapt single-family houses to accommodate more than one household. Some research indicates that senior citizens are likely to build ADUs. And communities with many students or a large immigrant population are likely places to have significant demand for ADUs, as they would be a solution for either intergenerational housing or relatively low-cost rental housing.

STATE ADU LAWS

In 1982, California adopted an early ADU law that gave homeowners across the state a weak right to build an ADU. This law left localities with broad authority to create a discretionary approval process for ADUs; to regulate the size, design, and placement of ADUs; and to require that ADUs be limited to lots where the homeowner lives in either the primary dwelling unit or the ADU. Under this discretion, ADUs proved to be infeasible to build in many cases.

In 2003, a new California law required localities to permit ADUs through a by-right process rather than through conditional use permits or other discretionary processes that may involve public hearings. And, starting in 2016, California state policymakers adopted a series of laws that made ADUs much easier to build, including:

- Limiting parking requirements for ADUs
- Sharply limiting impact fees localities may charge for ADUs
- Requiring localities to permit both detached and attached ADUs
- Prohibiting owner-occupancy requirements for ADUs

- Requiring localities to permit second “junior” ADU units within the primary residence’s structure in some cases

See the appendix below for a list of some of the most important ADU laws in California and other states. ADU construction across California is uneven in part because some local governments are still finding ways to stall ADU construction, including with slow permitting processes. However, in some parts of the state, most notably Los Angeles, ADU construction drastically accelerated beginning in 2017. Today, one in four residential units in the city of Los Angeles is an ADU. Following this series of reforms, ADU permits issued in California increased from less than 1,300 in 2016 to more than 23,000 in 2021.

Outside of California, policymakers in seven states have set limits on local policymakers’ authority to prevent owners of single-family houses from adding ADUs. This may be in part due to changing demographics that are increasing the number of intergenerational households in the United States. AARP is a leading advocate for state laws that legalize ADUs because of the potential for ADUs to benefit retirees either as a source of income or as an opportunity to set up intergenerational housing while maintaining privacy.

Table 1 describes ADU laws in the eight states that have broadly legalized ADU construction. Three of the columns reflect the ADU barriers that Peterson emphasizes: (1) whether localities may adopt owner-occupancy requirements, (2) whether localities may require more parking for a lot with an ADU than for a lot with a single-family house alone, and (3) whether localities may approve ADUs through a discretionary review process rather than by-right. California and Oregon are set in boldface because they prevent localities from adopting all three of these key ADU obstructions (although California does allow for ADU parking requirements for those that are not near transit). The last column indicates whether states require localities to permit both attached ADUs (e.g., basement apartments or another part of the primary structure that serves as a separate unit) and detached ADUs (e.g., backyard cottages).

STATE	YEAR OF FIRST STATEWIDE ADU LAW	BANS OWNER-OCCUPANCY REQUIREMENTS?	PARKING REQUIREMENT FOR ADU PROHIBITED?	REQUIRED TO BE PERMITTED BY-RIGHT?	ATTACHED AND DETACHED ADUs REQUIRED TO BE PERMITTED?
California	1982	Yes	Sometimes*	Yes	Yes
Connecticut	2022	No	No	Yes	Yes
Maine	2022	No	Yes	No	Yes
New Hampshire	2017	No	No	No	No
Oregon	2017	Yes	Yes	Yes**	Yes
Utah	2021	No	No	No	No
Vermont	2020	No	No	Yes***	Yes
Washington	1993	Yes	Yes	No	Yes

*California law preempts parking requirements only for ADUs near transit and limits them to one per unit or bedroom in an ADU.

**Oregon law limits localities to adopting clear and objective standards, conditions and procedures regulating the development of housing, requiring localities to permit ADUs by-right.

***In Vermont, localities are required to apply the same permitting process to single-family houses and ADUs. So if single-family houses are permitted by-right, ADUs must be as well.

Note: See the appendix for the state laws that inform this table.

As described above, California has gone even further in legalizing ADU construction in areas outside the poison-pill rules. While there are no systematic efforts to collect data on ADUs nationwide, no other states appear to be permitting as much ADU construction. The rate of increase in the number of ADU permits in California starting in 2017 makes it clear that state preemption of local owner-occupancy requirements and other local barriers are pivotal to ADU construction.

In other research, one of us (Hamilton along with Ed Pinto and Tobias Peter) found that in three cities often held up as ADU models—Los Angeles, Portland, and Seattle—changes to long-standing ADU ordinances led to significant increases in ADU construction. In the cases of Los Angeles and Seattle, the repeal of owner-occupancy requirements coincided with big uptakes in ADU construction, whereas in Portland construction ticked up after the city reduced impact fees.

CONCLUSION

While state policymakers are increasingly adopting ADU laws in response to their constituents' housing affordability challenges, many of these laws do not follow what have emerged as best practices for facilitating ADU construction. And much remains to be learned about policy environments that facilitate ADU construction under different market conditions. Here, we lay some groundwork for analysis under a variety of legal environments. In a separate policy brief, we examine ADU policy and construction in New Hampshire where ADUs are being built at relatively high rates in some localities despite a weak state law and local ordinances with limitations that have stood in the way of ADU construction elsewhere.

APPENDIX: STATE ADU LAWS

STATE	SOURCE
California	<i>Statutes of California and Digests of Measures</i> , vol. 4, 1982, "Chapter 1440," 5500-5505, https://clerk.assembly.ca.gov/sites/clerk.assembly.ca.gov/files/archive/Statutes/1982/82Vol4.PDF ; Second Unit Law as Amended by Chapter 1062, Statutes of 2002, Assembly Bill 1866 (August 6, 2003), https://www.apacalifornia.org/wp-content/uploads/2013/02/Second-Unit_Ordinance_Legislation_Effective_January_1_2003_and_July_1_2003.pdf ; Land Use: Zoning, Senate Bill 1069 (September 27, 2016), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB1069 ; Land Use: Housing: 2nd Units, Assembly Bill 2299 (September 27, 2016), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160AB2299 ; and Accessory Dwelling Units, Senate Bill 13 (October 10, 2019), https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB13 .
Connecticut	An Act Concerning the Zoning Enabling Act, Accessory Apartments, Training for Certain Land Use Officials, Municipal Affordable Housing Plans and a Commission on Connecticut's Development and Future, Substitute House Bill 6107, accessed February 28, 2023, https://www.cga.ct.gov/2021/SUM/PDF/2021SUM00029-R02HB-06107-SUM.PDF
Maine	An Act to Implement the Recommendations of the Commission to Increase Housing Opportunities in Maine by Studying Zoning and Land Use Restrictions, House Paper 1489, 130th Maine Legislature (March 2, 2022), http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP1489&item=1&snum=130 .
New Hampshire	2022 New Hampshire Revised Statutes; Title LXIV: Planning and Zoning; Title 674: Local Land Use Planning and Regulatory Powers; Section 674:72: Accessory Dwelling Units, NH Rev Stat § 674:72 (2022), https://law.justia.com/codes/new-hampshire/2022/title-lxiv/title-674/section-674-72/ .
Oregon	Senate Bill 1051, 79th Oregon Legislative Assembly (2017), https://olis.oregonlegislature.gov/liz/2017R1/Downloads/MeasureDocument/SB1051 .
Utah	Title 10: Utah Municipal Code; Chapter 9a: Municipal Land Use, Development, and Management Act; Part 5: Land Use Regulations; Section 530: Internal Accessory Dwelling Units, October 1, 2021, https://le.utah.gov/xcode/Title10/Chapter9A/10-9a-S530.html?v=C10-9a-S530_2021050520211001 .
Vermont	Title 24: Municipal and County Government; Chapter 117: Municipal and Regional Planning and Development; Subchapter 007: Bylaws; § 4412: Required Provisions and Prohibited Effects, 24 V.S.A. § 4412, accessed February 28, 2023, https://legislature.vermont.gov/statutes/section/24/117/04412 .
Washington	House Bill 1056, 53rd Legislature (1993), https://lawfilesexternal.wa.gov/biennium/1993-94/Pdf/Bills/House%20Bills/1056.pdf?q=20220627073057 .

<https://www.buildinganadu.com/what-is-an-adu>

What is an ADU: Accessory Dwelling Units explained

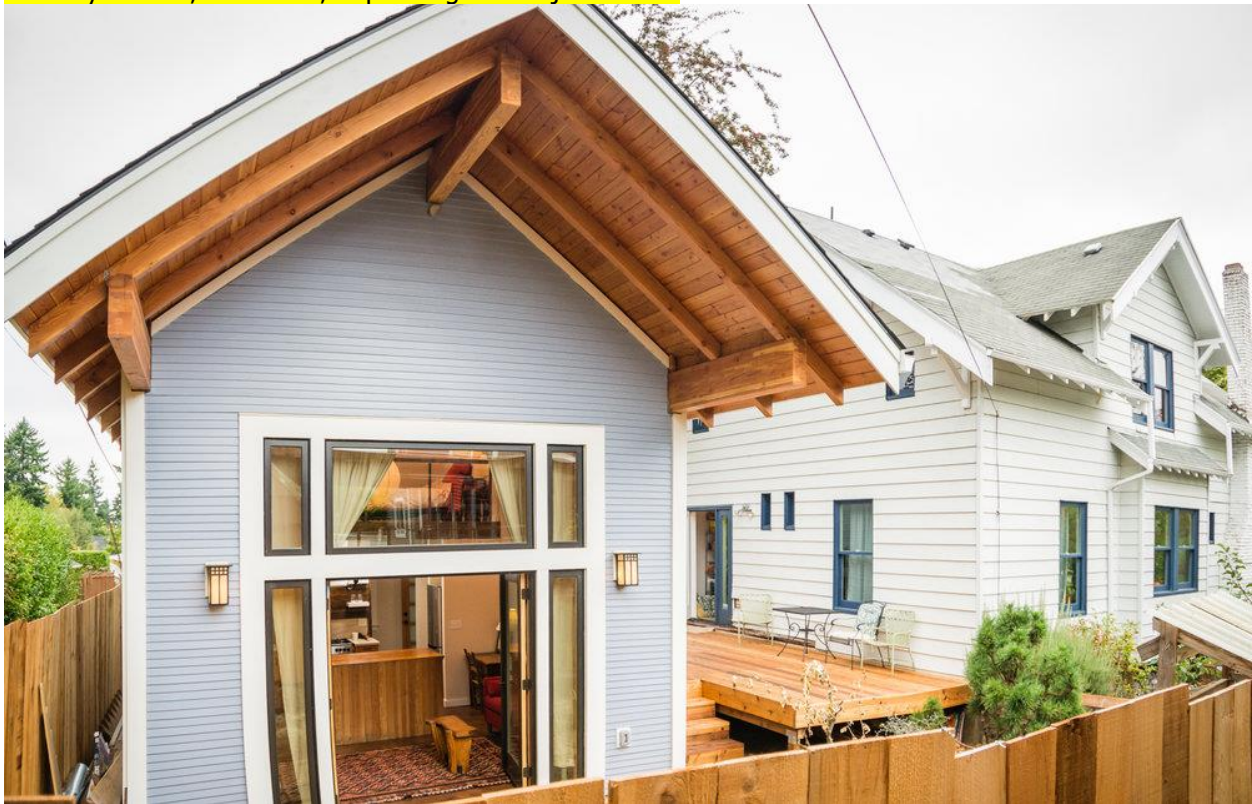
An accessory dwelling unit, usually just called an ADU, is a secondary housing unit on a single-family residential lot. The term "accessory dwelling unit" is a institutional-sounding name, but it's the most commonly-used term across the country to describe this type of housing. While the full name is a mouthful, the shorthand "ADU" is better.

The fact that it's a secondary housing unit—rather than a given structural form—is what defines an ADU. But, when we're learning about concepts, it's natural to want to know what that concept looks like in the flesh. We want to visually embed the design concept in our brains as a tangible object that we can mentally reference. However, ADUs vary in their physical form quite a bit, so allow me to broaden that mental model by exposing you to the range of common ADU types, in order to better understand what they are.

TYPES OF ADUS

Here are images of some of the common structural forms of ADUs (as well as some of the other terms you might hear to describe them).

1) Detached new construction ADUs, also sometimes called backyard cottages, granny flats, laneway houses, or DADUs, depending on the jurisdiction:



2) Garage conversion ADUs



3) ADUs above a garage or workshop, or attached to it. In some areas, these may be called garage apartments or carriage houses:



Not sure whether you think ADUs are cool? The Fonz lived in an ADU above the Cunningham's garage in the TV show Happy Days. Enough said:



4) Addition ADUs or "bump-out ADUs":



5) Basement conversion ADUs, also commonly called basement apartments, mother-in-law units, in law units, secondary suites, English basements, accessory apartments, and a host of other names.



And, here's the inside of a basement ADU:



6) Internal ADUs, where part of the primary house besides the basement is converted to an ADU.



What ADUs have in common

While their structural forms vary, ADUs share some common traits and face common design and development challenges. For one thing, the fact that they're secondary housing units on single family residentially zoned lots places ADUs into a unique category of housing. And ADUs also have some other distinguishing characteristics that help further define, differentiate, and distinguish them from other housing types.

- ADUs are accessory and adjacent to a primary housing unit.
- ADUs are significantly smaller than the average US house.
- ADUs tend to be one of two units owned by one owner on a single family residential lot.
- ADUs tend to be primarily developed asynchronously from the primary house by homeowner developers.
- A large range of municipal land use and zoning regulations differentiate ADU types and styles, and dramatically affect their allowed uses
- **Vast numbers of informal ADUs exist compared to permitted ADUs.**

These differentiating characteristics make ADUs a distinct type of housing. Till now, there has been a lack of common understanding around the language and best practices of ADU development.

This site and the book Backdoor Revolution, will help change that by providing some clarity about ADUs and how average homeowners develop them.

We're going to introduce a range of contextualizing information, such as why permitted ADUs are so rare and why so many unpermitted ADUs exist. We'll tease apart the differences between ADUs and tiny houses on wheels. (*Hint: Tiny homes on wheels are on wheels. ADUs generally aren't on wheels.*)



Let's spend a minute on that last point.

How many ADUs are there?

In the twelve academic studies and professionally funded surveys that have been conducted on the presence of informal ADUs, they have all found that a whopping 10-20% of all the housing units in their study area are informal ADUs. Granted, these studies were generally conducted in populated areas, such as LA, San Francisco, Portland, and Vancouver, BC, but studies have also been conducted more broadly in metropolitan areas such as the Bay Area and the Boston Metropolitan Area, and the results have been similar.

Could 1/10th of all residential housing stock be informal ADU type development? That means there are more than thirteen million ADUs out there.

13,000,000! It seems almost unfathomable, right?

But as I reflect on my personal experience, it actually starts to seem entirely possible. I grew up in a house with my mom that had an informal ADU in the attic. My dad, who lived across town, had an informal ADU at his house. When I moved to DC, my first home had an informal ADU in the basement.

10% of all housing stock doesn't seem like such a far-fetched percentage when I start to think about all the informal ADU type dwellings I've lived with for the majority of my own life.



Indeed, the presence of informal ADUs may be the single best indicator of the need for ADUs in general. It's a "gray market" expression of the need for this form of housing.

Cities where ADUs are taking hold

Some cities, by design, have sought to bring this shadow form of housing into the light. Portland, Oregon, is the leader in the US in this particular type of infill housing at the moment. Vancouver BC is the leader in North America.



BuildingAnADU.com

Austin, Texas has also experienced a substantial bump in ADU development since legislative zoning changes in 2015.

There are many signs that legally permitted ADUs will become more mainstream. Recent [legislative statewide laws in California](#) marked a tipping point for ADUs in that influential state.

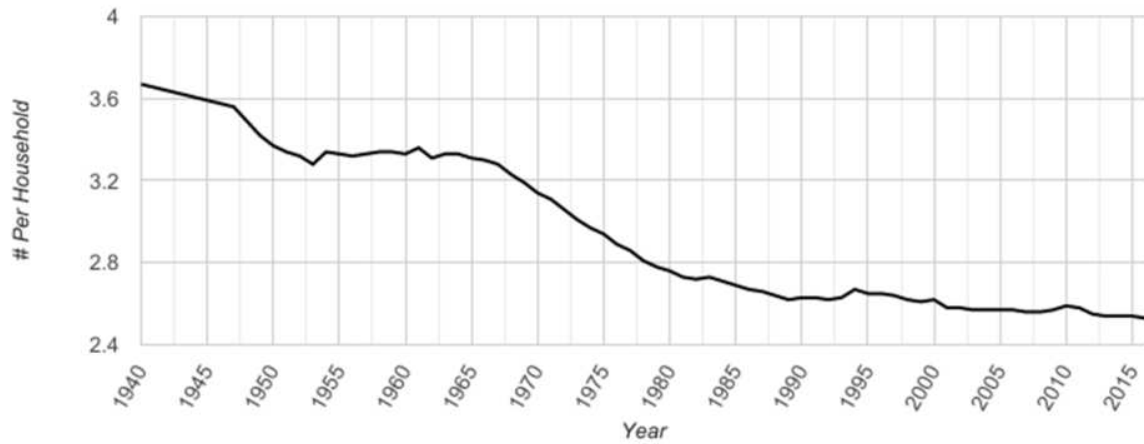
Some cities are jumping on board the ADU train by improving their ordinances and development regulations to make ADUs easier to build. Other cities are watching from the sideline. Frankly, there's an underlying sentiment of resistance to change, and it's politically challenging to pass good ADU regulations. Seattle provides the nation with a [cautionary tale of the fear](#) that surrounds the idea of ADUs amongst some neighborhood associations. Seattle's city commissioner's valiant efforts to improve ADU regulations were hung up in a legal battle and were postponed by a year as a result.

The demographics driving demand for ADUs

Why are some cities so eager to improve their ADU codes?

Well, for starters, most households in the United States are now 1 and 2 person households. Yet, most of our legacy housing stock, and even our new residential housing stock, is designed for families of 4 or 5 people. That may have made sense 70 years ago. But, things have changed.

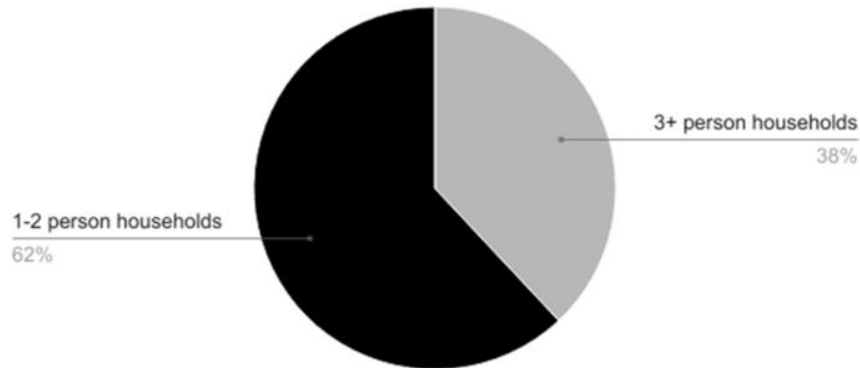
Change In Household Size from 1940 to 2016



BuildingAnADU.com

3 bedroom and 4 bedroom homes no longer match the demographic realities of the United States:

Percentage of 1-2 Person Households vs 3+ Person Households

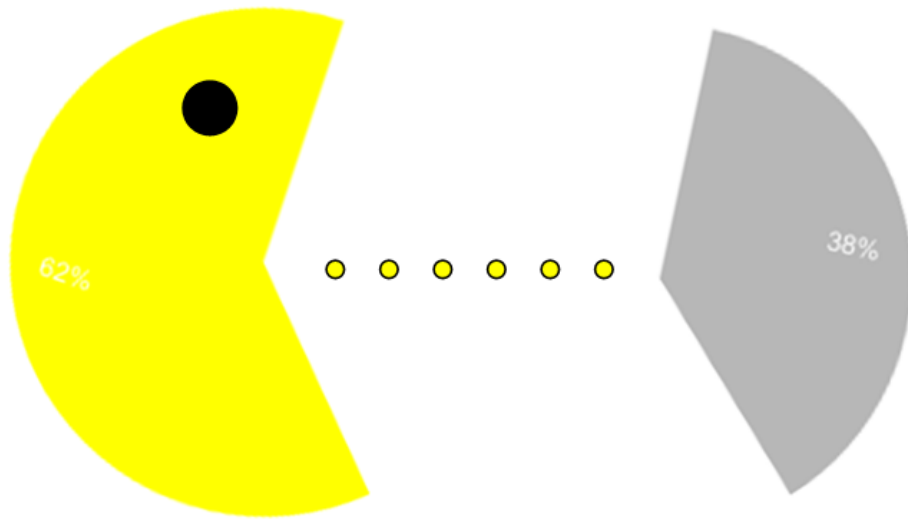


BuildingAnADU.com

1-2 person households now represent 62% of the country's households. Only 38% of the the nation's households have more than 3 or more people people in them.

Close to 2/3rds of the population in the US are living in 1-2 person households!

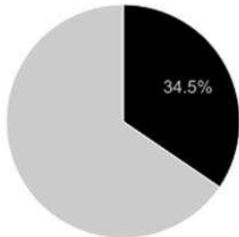
Oooh...wait. I know what that chart looks like:



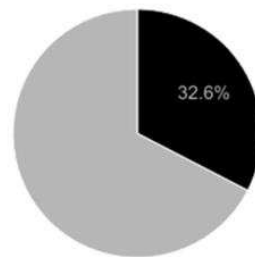
Year by year, 1-2 person households are forced into eating up the single family housing stock (housing pellets, if you will) that was designed for nuclear families, not because they want or need to live in big homes, but because there simply isn't enough houses built in residential areas that were actually designed for 1-2 person households.

Among other demographic factors at play, single person households have become extremely common in major cities, representing more than 1/3 of the households of many cities.

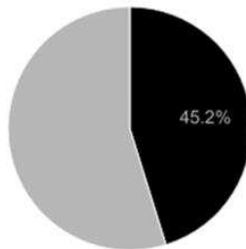
Austin



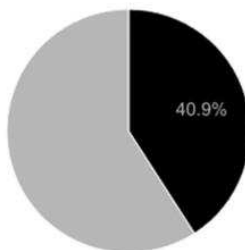
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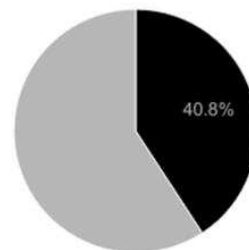
Washington, D.C.



Seattle



Denver



BuildingAnADU.com

Why cities care about ADU development

There's a lot of reasons that municipalities may want to spur ADU development. Here's a few common reasons:

Economic

- ADUs provide flexible dwelling options in a central city neighborhoods, utilizes existing governmental infrastructure (eg. roads, sewers, schools), and reduce the demand for expanding infrastructure in far-lying reaches of a developed metropolitan area.

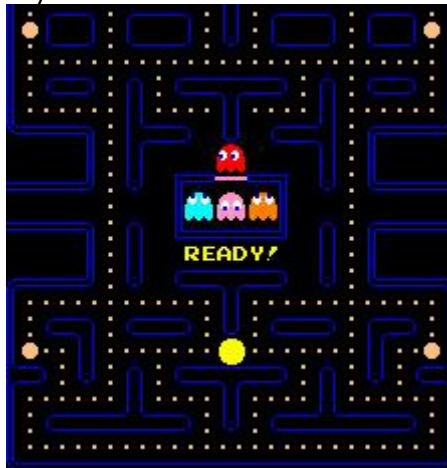
Environmental

- ADUs provide housing with a relatively small environmental footprint. New, detached ADUs provide rental housing that is 44% smaller per capita than standard, new single family rental units. And new ADUs overall provide housing that is 33% smaller per capita than standard, new single family units. In a building lifecycle, smaller residential spaces use less energy in construction, deconstruction, and habitation.

Social

- ADUs provide more affordable housing options in residential neighborhoods without dramatically changing a neighborhood's character as much as other new housing forms may.

But, ADUs aren't a policy panacea....yet.



There's simply too few permitted ADUs to make a real difference in the housing stock. But, even if they aren't going to solve all a city's problems, they may help homeowners solve some of their problems. The most common motivation for ADU development is rental income potential, followed by the prospect of flexible living space for multigenerational households.



There's many reasons to appreciate the hypothetical benefits of ADUs, but there's also many reasons why so few people have chosen to build permitted ADUs.

On this website, [book](#) and in the [Building an ADU course](#), I cover the pragmatic steps to developing a permitted ADU on a property, what the common stumbling blocks are, and strategies to overcome those stumbling blocks. We'll talk about how much they cost to build, how to pay for them, and the return on investment. We'll cover the regulations, finding a designer and builder, basic building science, options for using or renting the ADU, ADU design principles, ADU utility connections, and we'll review the entire step-by-step process to ADU development from start to finish.

Other Frequent Questions about ADUs

WHAT IS CONSIDERED AN ACCESSORY UNIT?

ADUs have many synonyms. An accessory unit is one of them. In my [ADU book](#) research, I identified 64 synonyms. An accessory unit is a secondary and architecturally diminutive unit on a property that already has a primary residential unit.

DOES AN ADU REQUIRE A KITCHEN?

Yes, ADUs must have a kitchen. In fact, the kitchen is the defining feature of an ADU that differentiates it from other additional habitable living space

DO I NEED A PERMIT TO BUILD A GUEST HOUSE?

Yes, you need a permit from your local jurisdiction to build habitable living space on your property. If the space is non-habitable, and is under 200 sq ft, then sometimes you do not need a permit. But, in the case of building habitable living space, you're always required to obtain a building permit.

IT IS LEGAL TO BUILD A HOUSE OR AN INLAW SUITE IN YOUR BACKYARD?

In some jurisdictions, it is legal to build an accessory structure with habitable living space in the backyard. In other jurisdictions, it is not legal to build habitable living space in the backyard. Whether that habitable living space in the backyard can be classified as a house, is another matter. This depends

on what your local zoning code says is permissible. In many cases, ADUs will be permissible. In other cases, an ADU may not be allowed, but alternatives such as a guest house or a detached office or bedroom with a bathroom may be allowed.

DOES AN IN LAW SUITE OR GUEST HOUSE ADD VALUE?

Yes, an inlaw suite and guest house adds value to a property. The next logical question is, "How much value does an ADU add?". Unfortunately, it's impossible to provide a universal answer to this question. The contributory value of additions such as adding an ADU, guest house, or inlaw suite, are difficult to measure. But, professional appraisers will look for sales comparisons on which to base their appraisals- which are their opinion of value of the property based on the sales comparison data that is available to them at the time of their appraisal.

WHAT IS CONSIDERED AN ILLEGAL APARTMENT?

An illegal apartment is a synonym for an unpermitted ADU, or an informal ADU. This is an additional housing unit that is added to a property without the correct permits. There are subtleties here however. Was the additional structure permitted? Was the interior finished habitable living space permitted? Was it literally just the oven and kitchen sink that weren't permitted? These subtleties are important to understanding how significant the zoning and building code violations actually are.

<https://www.1adstudio.com/what-is-a-dadu/>

W H A T I S A D A D U ?

BlogRemodeling

First, the acronym; D-A-D-U which stands for Detached Accessory Dwelling Unit. It is sometimes called a backyard cottage, granny flat, or even Laneway house if you're from Canada, eh.

A DADU is basically a detached, smaller, newly constructed home in a Single Family zoned neighborhood which includes a sleeping area, bathroom, kitchen and living quarters. They don't always have to be newly constructed. Sometimes homeowners can convert a garage or other out building but this is normally more expensive than a new build because these types of buildings were not constructed to be habitable, conditioned spaces and they must be retrofitted and brought up to code for a living space. They are also different from an interior ADU which you can read about in [this blog post](#).

These homes are typically smaller than the main home (current rules allow up to 1,000 square feet; July 2019) and they are situated for privacy from the main house, existing neighbors and with careful placement of doors, windows and landscaping.

Many times, these units are used for additional family members or to rent out for extra income. They are a great typology for "missing middle" homes. This term is used for homes that are smaller than the large, stand-alone single-family houses but not necessarily as small as a high-density apartment building. Rowhouse and townhomes are also included in this category. I am writing this as a resident of Seattle and if there is any city in the country that needs more affordable housing options, Seattle is it! Backyard Cottages meet these criteria and use existing land and therefore limit urban sprawl. Building them near Urban Villages and frequent transit create density in an area where it is most beneficial.

What else could a backyard cottage be used for? Well, I am glad you asked because many times they are also built as a studio space, an office, a shop for wood working or any other thing you can possibly imagine. Permitting for a garage or office space is easier than for a dwelling unit and if you plan the space from the beginning, as one which may be updated to a DADU, you are ahead of the game. A good feature in urban areas is to live where you work! And if you can incorporate work space on the same property as your living space you have removed your commute and possibly added 5-10 hours of free time per week to your life! Woo Hoo!

So why doesn't everyone have a Backyard Cottage? Well, like everything that is super cool and awesome they are **expensive**. They take planning, designing, and building. The City of Seattle is slowly and painfully working towards making permitting and utility hook ups more cost effective and fair.

If you are building a cottage to house aging parents, your aging self, or planning for your future aging self, they are a whole lot cheaper than retirement homes. Once you pay room and board at a facility it's gone. If you took that same money (\$45,000/year average) and paid it towards the mortgage of a Backyard Cottage you would be investing your money instead!

So much to consider! A good place to start is taking a good, hard look at your current home and imaging how something like this could exist. Then maybe do some online research on this topic. Hint: Portland is slightly ahead of Seattle in these matters. [Then contact 1AD Studio](#) for a consultation to give you information pertinent to your property, your home and the way YOU live. We can decide if this is a viable option for you to pursue and come up with a plan and design to accomplish it!

**LEARN HOW TO CHANGE SPACES IN YOUR HOME BY
STARTING SMALL.
GET THE GUIDE TO FIND OUT!**

<https://maxablespace.com/prefab-adu-101-a-crash-course-in-prefab-adus/>

Prefab ADU 101: A Crash Course in Prefab ADUs

- [View Larger Image](#)

Should you go the prefab ADU route? Are they legal in your area? Can you afford one? Here's all the info you need to get started!

What is a prefab ADU?

"Prefab" is short for prefabricated, meaning the accessory dwelling unit is partly or entirely constructed in a factory. Then it's transported to your lot and installed.

The beauty of a prefab ADU is that it involves much less disruption on your property than building an ADU from the ground up. Instead of an average 7-10 month timeline for construction, you'll probably have a few weeks of site prep and a few days to a week for installation of the unit.

Types of prefab ADUs

There are two types of prefab ADUs: **modular and panelized.**

Modular prefabs

Modular prefabs are the most common—they're what most people think of when they hear the term "prefab." These arrive at your site as a complete unit or units and are either lifted into place by a crane or rolled onto the site.

Most modular prefab companies offer studio, 1-bedroom and 2-bedroom ADUs. Modular prefabs have specific floor plans that you can't alter. The companies usually offer several choices of flooring, roofing, exterior cladding, and other finishes.

PC New Home Source

Panelized prefabs

Panelized prefab ADUs are created in wall sections that are shipped to your property on a flatbed truck and then assembled on-site. The electrical and plumbing are added after assembly, as are the interior and exterior finishes and the roofing. With panelized prefabs, most of the build takes place on your lot, but having the wall sections and roof trusses created in the factory eliminates some of the noise and disruption of on-site framing.

Panelized prefab companies often have a wide range of floor plans you can customize, and some even let you bring in a set of plans from your own architect.

Can a prefab ADU be used as a legal dwelling?

Absolutely! Prefab companies design their models to meet the building code requirements of ADUs in the areas they serve. The codes stipulate things like:

- Maximum and minimum size limits
- Kitchen requirements
- Bathroom requirements
- Connectability to city utilities: electricity, sewer, water, natural gas (being phased out in many areas)
- Structural requirements
- Energy efficiency requirements

A prefab ADU that meets the required building standards is legally deemed part of your real estate property. This is extremely important in terms of future value, because in California some legal ADUs are not part of your property.

For instance, movable tiny homes can be built off-site (so they're "prefab") and are considered legal ADUs. But because they are not physically connected to the property, they're not considered real estate. That means they won't add value to your property.

Prefab "sheds" are different from prefab ADUs. It's legal to use them as a home office but not as living space, so they'll add much less value to your property than a prefab ADU (although they'll also cost less if they don't have a kitchen or bath).

Prefabs require all the same building permits as custom ADUs and must pass the same city inspections. These inspections take place on the factory floor, as the ADU goes through its various stages of construction. You'll have a few inspections on site, but most will take place at the factory, meaning you won't have to be involved with the process or wait around for the city inspector.

We're in a Golden Age of prefab ADU design!

PC Studio Shed

From sleek contemporary models, to modern farmhouse, to traditional ranch and bungalow styles, prefab ADU manufacturers keep expanding their portfolios.

Prefab ADUs range in cost from modest to extravagant, so whatever your taste and budget, there's probably a prefab for you. The companies are happy to let you tour model homes so you can walk around inside the units and see the quality of the construction and finishes.

Walk-throughs are super helpful when it comes to envisioning space. Even if you mark out 800 square feet in your backyard, you're not going to get a sense of what that volume feels like until you're standing

inside a physical room. That's another huge advantage of prefab ADUs: you'll get to truly sample the space.

You can also visit the factories where the ADUs are manufactured and witness the process firsthand. Representatives from the manufacturer will explain all aspects of the build and show you different interior and exterior finishes. It's fascinating and can go a long way toward making you comfortable with the idea of buying a prefab.

How big can prefab ADUs be?

Prefabs must conform to the same size limits as any other accessory dwelling unit. In California, every single-family home is allowed an ADU that is at least:

- 800 square feet, regardless of FAR (floor area ratio), lot coverage, open space, or minimum lot size requirements
- 16 feet in height
- 4-foot rear and side setbacks
- 150 square feet minimum

Those are the minimum requirements. But California state law has a maximum of 1200 SF, and many jurisdictions support that. Many also allow you to build 2-story ADUs (16 feet high is only going to be one story). If your city does not have a specific ADU ordinance, you are allowed to go by the state regulations.

Modular prefab ADUs usually come in three models: studio, one bedroom, and two bedroom. A few companies offer three-bedroom models.

Are prefab ADUs more affordable than custom ADUs?

A big myth about prefab ADUs is that they're cheaper than stick-built ADUs. That is not usually true. In most cases, prefabs and stick-built ADUs of a similar size and quality cost about the same.

Going on most prefab manufacturer sites, you'll often see pretty affordable quotes that are lower than what custom stick-built ADUs are going for, but keep in mind that they're most likely showing you the cost of JUST the unit itself. Remember, you'll still have to pay for site prep, transportation, installation, and more.

There are a few companies that specialize in low-cost prefabs, and they're worth checking out if your budget is tight. But keep in mind that if their factories are hundreds of miles from your lot, the cost of transportation may eat into your savings.

[Read about the comparative costs of prefab vs. custom ADUs here.](#)

Price ranges for prefab ADUs including installation

Studio, approx. 350 SF: \$190,000-\$304,000

1-bedroom, 400-450 SF: \$219,000-\$320,000

2-bedroom, 600-670 SF: \$290,000-\$347,000

2-bedroom, 775-1,000 SF: \$343,000-\$410,000

These are approximate price ranges. Keep in mind:

- Cost of materials fluctuates from year to year, and even over the course of one year.
- The prices above reflect both very high-end and more modest units.

The prices include the installation of the ADU—very important because it’s quite different from the prefab company’s “base price.” The base price may include the unit but not the installation or certain other construction phases.

Prefab companies should give you a current itemized quote that clearly states which costs are included in the base price and which are not.

[Our blog on prefab pricing](#) is an absolute must-read before you speak to any prefab companies. Need help choosing a company? [Talk with one of our ADU consultants.](#)

Ideal lots for a prefab ADU

You don't need an enormous flat lot in order to install a prefab ADU. But some lots are especially well suited to prefabs:

- Flat or gently sloping land, not a steep hill. Property with a slight slope can be leveled and retaining walls built, but hillside property can be too expensive to prepare or not geologically sound enough to meet building code requirements.
- Wide street. Large trucks and equipment are used to deliver and install prefab ADUs, so your street must be able to accommodate them.

- Straight access streets. The trucks need to get to your house, so there must be fairly straight streets on the route as well as directly in front of your property.
- Large driveway (not required, but it helps). The closer the trucks can get to your backyard, the easier it's going to be to install the prefab ADU. If there's plenty of room in your driveway, a modular ADU may be moved into place on rollers. Otherwise it will have to be lowered in on a crane. Panelized prefabs arrive in sections rather than modules, so they are easier to move into place, but a large driveway means less chance of other parts of your property getting dinged during installation.
- Minimal or no power lines in the path of the crane. Power lines are the bane of ADU installation in many urban areas. With either custom or prefab ADUs, you may need a special permit to build within a utility easement. But physically craning the prefab into position may be impossible if power lines on your property are blocking the access. Even if you are willing to risk craning it over the lines, city and county utility companies won't let you do it.

Modular prefab ADU installation

Here's an overview of the main elements of prefab construction and installation that explains why prefabs don't save you all that much over a custom ADU—that is, if the size of the ADU and quality of the finishes are similar.

1. Choose your design

All the prefab ADU companies have websites with photos, drawings, and floor plans of their ADU models. Most allow you some level of customization, which means you're choosing among a few options they provide, not customizing with your own finishes or unique floor plan.

Most companies have enough choices in exterior cladding so that you're able to find one that matches or complements your main house.

2. Site prep and pouring a foundation

Whether you're building a custom ADU or a prefab, you'll need to prep the site. That may include demolishing an existing structure (like a garage) or removing trees. This step may or may not be included in the prefab company's base price. They may charge you extra to do it or direct you to a local contractor that can provide the service.

All prefabs will require a poured cement foundation. If you're doing a garage conversion custom ADU, you may be able to use the existing foundation, which will save money over a prefab.

3. Utilities trenching and installation

Trenching for the sewer pipe from the ADU to the city sewer line depends on the location of the ADU. It will cost about the same for custom and prefab.

The same is true for hooking up water, sewer, electricity, and natural gas. While some prefabs have very innovative designs, such as a core utility module that gets dropped into the unit, the cost is rarely going to be less than that of installing utilities in a traditional build.

Upgrading the electrical panel, which is often necessary when adding an ADU to your property, will cost extra whether you have a prefab or a custom unit.

4. Transportation

Modular prefab ADUs save some costs by being built entirely on the factory floor. That speeds up construction and also allows the prefab company to buy some materials in bulk, which saves money.

But that savings is offset by the cost of transporting the prefab to your lot. The farther you live from the factory, the higher the transportation fees will be. For large prefabs you may also need to pay for a police escort on the highway.

5. Installing the prefab

Not every prefab gets dropped onto the foundation with a crane; some can be rolled into place. If yours needs a crane and it isn't included in the prefab's base price, you'll pay separately for it and possibly for permits to block off the street when the unit is being delivered.

6. Done!

All you have to do now is add furniture and move in. Or add nothing and rent it out. Or call your mom and dad or your kid and move them in. The possibilities are endless!

FAQs

Can prefab ADUs be customized?

Most can be. Nearly every company offers two or three levels of finishes, from basic to more high end. Some companies specialize in luxury finishes and offer a wide range of things like countertops, cabinets, lighting fixtures, flooring and more.

Modular prefabs will require you to choose among their finish options. With panelized prefab companies (where the "prefab" parts are essentially the walls and roof framing), you can select your own finishes.

Are modular prefab ADUs durable?

Just because prefab ADUs are built in a factory doesn't mean they're more susceptible to weather or earthquakes.

It's just the opposite!

Not only must prefab ADUs meet exactly the same building code standards as stick-built homes, they must also be able to sustain those standards after being transported hundreds of miles to your site. For that reason, prefabs may be built even tougher than state regulations require.

What are the benefits of a prefab ADU?

Less stress, less noise, less uncertainty, less disruption to your property: these are the main reasons folks choose prefabs over custom ADUs.

You're also likely to have a shorter timeline from beginning to end of the project. This isn't to say prefab companies are immune to supply chain delays. They're not. But the companies tend to keep a regular crew of tradespeople who move quickly from unit to unit, and the units are all familiar to them. There are few surprises when you've built the same ADU multiple times before. The same applies to city inspections, which take place at the factory. Few surprises mean very few glitches with inspections.

Another big benefit: There are no weather delays with prefabs because they're built indoors.

Overall, prefab ADUs offer a more predictable experience than custom ADUs.

Installing a prefab ADU tends to be less stressful than living with construction in your backyard and with the revolving cast of contractors, tradespeople, and inspectors that are involved.

Do prefab ADUs lose value?

As we talked about earlier, prefab ADUs are considered part of your real estate just like custom ADUs are. So you're really looking at how much your overall property value will increase with an ADU as opposed to without one.

The generally accepted wisdom is that if you plan on adding an ADU and selling your house within the next several years, you may not recoup the cost of construction. But over the long run, an ADU is likely to give you a great return on investment. A [2021 Porch Survey](#) found that in the Pacific region of the U.S., homes with an ADU see an average 35% increase in resale value over homes without an ADU.

Are prefab ADUs worth it?

Most people build ADUs not for the long-term increase in property value (although that's a wonderful benefit) but to house a family member or to rent out for income. Prefab ADUs have some big advantages over custom ADUs: They're more predictable and less hassle than building from the ground up. For people who want a relatively stress-free experience, prefabs are definitely something to consider.

There are [pros and cons to prefab ADUs](#), to be sure. In the end it depends on your property's characteristics, your timeframe, and you! What's really important to you? It's a lot to think about...

Call Maxable for more prefab ADU info!

Our [prefab ADU blogs](#) are a great way to start learning, but why not confer directly with one of our ADU experts with an [ADU Planning Call](#)? We'll get you on the path to understanding your property's ADU potential!

[Maxable](#) is California's leading ADU marketplace. After writing state laws, educating thousands of homeowners, and completing hundreds of ADU projects, we know accessory dwelling units better than anyone! Get in touch when you're ready to explore your custom or prefab ADU options.

About the Author: [Lynette Padwa](#)



Lynette Padwa is a Los Angeles homeowner who converted her garage 15 years ago to an accessory dwelling unit. She's now on a mission to help build more accessory dwelling units in California. She often writes about topics like garage conversion ideas, garage conversion costs, and ADU legislation. She especially loves helping LA homeowners.

<https://www.fieldmag.com/articles/prefab-adu-accessory-dwelling-unit-build-guide>

The once-fringe backyard buildings continue to gain popularity and zoning approval nationwide—here's what you should know before building your own

Prefab ADU Guide for Homeowners: Accessory Dwelling Units Explained

The once-fringe backyard buildings continue to gain popularity and zoning approval nationwide—here's what you should know before building your own



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<https://www.fieldmag.com/articles/prefab-adu-accessory-dwelling-unit-build-guide>

A higher cost of living, limited housing, the undisputed need for a quiet home office or a private pad for visitors—the list of reasons why the modern homeowner doesn't just want but needs ample living space goes on and on. While we'd all love to escape to the [A-Frame cabin of our dreams](#), secondary dwellings have become an increasingly popular and accessible option when that extra room is simply too hard to find.

Whether you call it a sidekick unit, an in-law suite, granny flat, or simply an ADU, accessory dwelling units are a viable and perhaps, not-so surprisingly, design-focused way to make the most of your space (budget willing of course). If you're in the market for a prefab ADU, this guide can help you better understand the process, costs, and narrow down the options to score the very best tiny, but mighty, backyard home.



Ray prefab ADU by Manta North

What Is an ADU?

An Accessory Dwelling Unit (ADU) is a self-contained living space that is either inside, attached to, or detached from a single-family home on a single lot. ADUs have a small floor plan (**generally from 150 sq ft on up to 1,000 sq ft or more**—local regulations may dictate the max size your own backyard can legally host) complete with designated areas for living, sleeping, sanitation, and eating, but don't go labeling it a tiny home. Even though tiny homes can certainly be ADUs, not all ADUs are tiny homes, because, by

definition, an accessory dwelling unit is an additional structure on a single-family property—not an [off-site tiny cabin](#) in a remote and beautiful location far, far away, but those are great too.

Compact, modular, and often prefabricated off site, ADUs are most commonly used as a secondary dwelling on the homeowner’s property. They’re ideal as a guesthouse, home office, or as close and convenient housing for family members without having to sacrifice your privacy (or worse, share a bathroom). Depending on your town’s zoning laws, these backyard homes can also be used to generate rental income as a short or long-term rental unit, too. The [Airbnb or Vrbo option](#) is especially helpful for generating additional income. Either way, an ADU can and likely will increase your property value.

For these reasons, they’ve become a popular and legal way to add affordable housing units in overcrowded areas—take California, for example, which recently amended its zoning laws and [lifted restrictions on ADUs](#) making it easier to create secondary housing units, especially in Los Angeles—during a time when home costs are high and living space is hard to come by. However, like any additional structures being added to your property, the size, location, use, and occupancy of an ADU depends entirely on the local laws and building codes, full stop. To find out if it’s legal to build an ADU on your property, and how you’re allowed to use it, check the county and city zoning laws or take a trip to the municipal clerk’s office for more information. If your jurisdiction doesn’t have specific laws for ADUs, follow the state regulations for guidance. This process will be tedious and perhaps even frustrating at times, as most counties are slow to adapt. Good luck!



Aux Box

What Are the Benefits of a Prefab ADU?

Short for “prefabricated”, [prefab structures](#) are homes that are designed and built at a factory before being delivered to the building site for construction. So, having a professionally designed, new home made in a climate controlled facility arrive turn-key at your doorstep is already a major perk and time saver. Additionally, a prefab ADU design is on average, 10-20% cheaper than new construction, and once it’s delivered, may only need a few weeks to assemble in comparison to the months-long process of building from the ground up. Plus, many of the variables that can deter the building process, like weather, finding and hiring reliable workers, and sourcing materials also disappear when you buy a prefab ADU. And since many of today’s prefab homes are designed with a modern form, you get all the benefits of a prefab ADU—a quicker build, a slightly lower cost, and the opportunity for semi-passive income—all without sacrificing aesthetics.

Is a Prefab ADU Cheaper Than New Construction?

Yes, it can be; which is one of the reasons why ADUs have become a popular solution for adding affordable housing. Small prefab ADU models generally cost less than new construction, and you won’t need to hire an architect, an engineer, or pay for raw materials like you would for a custom home. In some cases, solar panels are included in the total cost, saving you money on electricity in the long run. If you’re new to this, consider hiring a general contractor who is savvy to the local zoning laws to save a lot of time, and potentially money, to make sure you’re doing it right the first time.

Whatever you decide, a prefab ADU has far more pros than cons when it comes to providing sustainable and affordable housing or an on-site secondary dwelling for homeowners, and today’s design-forward models are bound to please anyone with high-end taste in architecture.

10 Great Prefab ADU Manufacturers Available in North America and Europe



Dwell House

[Dwell House](#)

Created in [collaboration with design publication Dwell](#), Danish designers [Norm Architects](#), and prefab studio [Abodu](#), the stylish yet decidedly functional prefab ADU project boasting an airy interior space with a kitchen, built-in storage and an impressive 12-foot folding glass wall to usher in the outdoors. The versatile 540-square-foot unit is wrapped in sustainable cedar siding with a durable metal roof and arrives fully finished with high-quality fixtures, appliances, and even a dedicated project manager to ensure a smooth installation process.

Pricing starts at \$389,000.

[LEARN MORE](#)



DEN

[DEN](#)

Based in New York, DEN is perhaps best known for its extensive portfolio of cabin plans that are available for purchase online with a starting price of \$199. Most recently, however, the growing company launched its [BuiltBy DEN program](#), a full-service construction and management service that guides future cabin owners through the building process. Four new, exclusive designs are available with the service, one of which is a sleek, 500-square-foot ADU.

Pricing starts at \$200,000.

[LEARN MORE](#)



Samara

[Samara](#)

Run by Airbnb co-founder Joe Gebbia, [the freshly-launched prefab project](#) Samara offers one tiny home with two different floor plans, called The Backyard, that are built to satisfy both ADU standards and discerning design lovers alike. Each comes fully-equipped with appliances and solar panels for energy efficiency.

Pricing starts at \$289,000.

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Aux Box

[Aux Box](#)

A modest British Columbia-based operation launched in 2020, Aux Box specializes in no-fuss [plug-and-play prefabricated structures](#) so buttoned up you rarely need a permit to plop one down in your own backyard. Aux Box builds each prefab ADU on Vancouver Island and ships most anywhere in North America, with models ranging from 97 sq ft up to 588 sq ft.

Pricing starts at \$28,000.

[LEARN MORE](#)



Kodesema

[Kodasema](#)

Koda Loft by [Kodasema offers a minimalist shelter](#) that maximizes space by building *up*. The multi-level unit is billed as a moveable timber frame home with an attractive dark wood exterior that channels Nordic design, making it easy to squeeze two bedrooms into a small footprint. Both the Koda Loft and its smaller counterpart, the Koda Loft Micro, are outfitted with a kitchen, bathroom, and living area.

Pricing starts at \$149,000.

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KitHaus

[KitHaus](#)

Based in Southern California, [KitHaus created their unique prefab modular homes](#) as a direct response to the need for ADUs in California. Precision-cut from a lightweight and ultra-durable aluminum material, it takes cues from post and beam architecture to make a small interior (the k3 model is a mere 120 sq ft) feel spacious with floor-to-ceiling windows and an open-concept floor plan. Modules come complete with plumbing, LED lighting, and the option to upgrade with solar panels, and you can customize to your heart's content.

Pricing starts at \$32,000.

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Studio Shed

[Studio Shed](#)

Prefab manufacturer Studio Shed offers aspiring ADU homeowners a way to design a bespoke backyard dwelling from the floorplan to the cabinetry, with choices between for countertops and flooring (plus more). Design and price out your own ADU with their configurator, the Summit Series, which allows users to riff on their prefab models or dream up one entirely their own.

Pricing starts at \$28,000.

[LEARN MORE](#)



The Bay Modular

[The Bay Modular](#)

From a tiny 256 square-foot dwelling to a roomier shelter with a 648-square-foot floor plan, the Bay Modular's Solo Series offers well-designed prefab ADUs in a range of sizes. Start with their standard sleek, modern layout and get DIY-ing by choosing your own interior and exterior finishes to customize the look.

Pricing starts at \$121,000.

[LEARN MORE](#)



Manta North

[Manta North](#)

What if you could simply click and ship a move-in ready prefab ADU right to your door? Manta North has brought that vision to life with [two customizable modern cabins](#), Ray and Slope, that can be delivered and set-up in a single day. Designed to meet the highest energy efficiency standards, they are an aesthetically-pleasing and sustainable addition to your property.

Pricing starts at \$210,000.

[LEARN MORE](#)



Bunch Designs

[Bunch Designs](#)

All four of Bunch Design's ADU homes are bright and airy, sun-filled dwellings that cleverly use clerestory windows, high-stepped ceilings, and sliding glass walls to open up even the smallest one-bedroom ADU design. Contemporary yet cozy, these house plans are versatile enough to be a studio or suite, and what's more, the company will even provide support for the permit application and permit process to ensure a smooth, successful build.

Pricing starts at \$250,000.

[LEARN MORE](#)

Now check out our guide to [cabin kits](#).

<https://sf.freddiemac.com/faqs/manufactured-home-as-an-accessory-dwelling-unit-faq>

Manufactured Home as an Accessory Dwelling Unit (ADU) FAQ

• [Are the property eligibility requirements different for a 1-, 2- or 3-unit property with a manufactured home ADU compared to a 1-, 2- or 3-unit property where the ADU is not a manufactured home?](#)

A manufactured home ADU has the same property eligibility requirements as any other ADU configuration. However, the manufactured home ADU must be titled as real property and meet HUD Code requirements. The appraiser must also provide additional property information specific to the manufactured home. See *Single-Family Seller/Service Guide* (Guide) [Section 5601.2](#) for manufactured home ADU requirements.

• [When a 1-, 2- or 3-unit property has a manufactured home ADU, what appraisal report form does the appraiser use?](#)

The appraiser must use Form 70 for a 1-unit property and Form 72 for a 2- or 3-unit property and indicate that the property has an ADU.

• [What additional information is required on Form 70 or Form 72 when the subject property has a manufactured home ADU?](#)

The appraisal report must include information that is reflected on the HUD Data Plate and HUD Certification Label as well as general information on the manufactured home as required in Guide [Section 5601.2](#). Photos of the HUD Data Plate and HUD Certification Label may be included in the appraisal report to verify this information. The appraisal report must also identify any additions or structural modifications made to the manufactured home. If the ADU is rented, see [Section 5306.3](#) for additional appraisal requirements.

• [When the subject property has a manufactured home ADU, does Freddie Mac require the appraisal report to include a comparable sale that also has a manufactured home ADU?](#)

No. The appraisal report should include at least one comparable sale with an ADU, when available. In all cases, the appraisal report must demonstrate that the ADU is marketable and includes supported adjustments that reflect the market's reaction to the ADU. See [Section 5601.2](#) for comparable sale requirements for a 1-, 2- or 3-unit property with an ADU.

• [What are the comparable sale requirements when a subject property with a manufactured home ADU is in an area that does not have zoning or land use requirements defined by the jurisdiction?](#)

In market areas without zoning or land use requirements, if the subject property has an ADU, the appraisal report must follow the same requirements that apply when a property is legal or legal-nonconforming to the zoning. See Guide [Section 5601.2](#) for comparable sale requirement details.

• [If an appraiser observes additions or structural modifications to a manufactured home ADU \(e.g., attached deck, porch, or garage\), is a property inspection required?](#)

Yes. Any addition or structural modification is required to be inspected by an engineer or local code official to ensure that the structural integrity of the manufactured home has not been compromised. This requirement applies to all manufactured homes.

• [Does Freddie Mac require the appraisal report to include the cost approach when a manufactured home is an ADU?](#)

No. The development and reporting of the cost approach is only required when the manufactured home is the primary dwelling unit securing the mortgage.

• [Is a mortgage secured by a manufactured home that has a manufactured home ADU eligible for sale to Freddie Mac?](#)

A mortgage secured by a manufactured home with a manufactured home ADU is only eligible when the primary dwelling unit is a CHOICEHome®.

• [What appraisal report form would the appraiser use when a CHOICEHome is the primary dwelling unit and has a manufactured home ADU?](#)

The appraiser must use Form 70B and identify the ADU separately as an additional feature. All information required by Guide [Section 5601.2](#) for manufactured home ADUs must also be included on the report.

• [Is a mortgage secured by a property with a manufactured home ADU eligible for appraised value representation and warranty relief or an automated collateral evaluation \(ACE\) appraisal waiver?](#)

Yes. Loan Product Advisor® will evaluate whether the property is eligible to receive an ACE appraisal waiver and Loan Collateral Advisor® will assess eligibility for appraised value representation and

warranty relief.

- [May rental income from a manufactured home ADU be used to qualify a borrower?](#)
Only under certain circumstances. Rental income from a manufactured home ADU may only be considered if the subject property is a 1-unit investment property, a non-subject investment property, or a 1-unit subject primary residence. See Guide [Section 5306.3](#) for rental income eligibility requirements for ADUs.

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