Agenda Overview

• What is an ADU?
• The different types of ADUs available
• Typical ADU cost
• The various ways to finance and build an ADU
• How to determine if your property would qualify for an ADU
• City of Minneapolis ADU zoning and code requirements
• The YardhomesMN ADU program
What is an ADU

- An ADU is a self-contained residential unit with its own living room, kitchen and bathroom. Utilities/systems are typically shared with the main home structure.
- ADUs are known by many names: carriage or coach houses, accessory apartments, garden apartments, mother-in-law suites, granny flats, backyard cottages and secondary dwelling units.
- ADUs can be attached (shared structure), detached (separate unit or above a garage), or located within (attic space) the main home structure.
- Tiny homes may also qualify as an ADU. Tiny homes are typically not secured to the land.
- ADU’s much stronger than traditional mobile homes as they are made to HUD housing standards.
The different types of ADUs available.
Attached ADU
Detached ADU
Internal ADU
Why would you consider an ADU?

• Added income through rental
• Aging in place/downsizing.
• Only way to afford a neighborhood (live in ADU while renting out house).
• Housing friends, family caregivers.
• Reducing our environmental impacts (density).
• Additional Housing space, such as office, playroom, man cave etc.
Typical ADU cost

- Really, really depends!
- Anywhere from $10,000 (Yardhomes example later in slide) to over $300,000.
- Cost depends on current type of structure, how much new construction is necessary, site limitations, and zoning/regulatory considerations.
- Expiring use of existing structures might create an opportunity for an ADU (old garage example).
The various ways to finance and build an ADU

- Easiest way is cash.
- Home equity to finance (CLT Considerations).
- Grants, low-interest public sector loans. MN Housing Fix Up Fund, City of Minneapolis Center for Energy and Environment (CEE Funds)
- Programs like the YardHomesMN Program (later slides).
- On average, increases property value by 50%
How to determine if your property would qualify for an ADU

• Talk/learn from others in your community who have built/added them to learn first-hand from their experience.

• Secure the right team. Contractors and architects who have experience working in your city already.

• Talk with City Planners and Regulatory Review staff at the city before you start.

• Look your property up for free by entering your address on www.Yardhomesmn.com where it will instantaneously evaluated against the cities policies.
City of Minneapolis ADU zoning and code requirements

- Can be added to single-family or two-family (duplex) dwelling.
- Can be attached, detached, or internal ADU.
- No additional parking space is required.
- One of the units must be owner-occupied.
- Water/sewer must be connected to the main home or directly to street.
City of Minneapolis ADU zoning and code requirements (cont.)

- Minimum of 300 sf.
- Internal: No larger than 800 sf in size and not exceed the main home first floor sf.
- Attached: No larger than 800 sf in size.
- Detached: No larger than 1,300 sf (including parking area) or 16% of the total lot area. Footprint not to exceed 676 sf or 10% of the lot area with total ADU living space not to exceed 1,000 sf.
Potential challenges with ADUs

• Possibly reduces privacy, yard space, parking.
• Additional structures to maintain.
• Added utility costs.
• Increased property values (property tax increases).
• Potential landlord/tenant issues.
• This unique ADU partnership with the CLCLT for the addition.

• Provides a unique financing mechanism to acquire/construct the ADU.

• Financing tied to a relationship with the Minnesota Assistance Council for Veterans (“MACV”) and is linked to a veteran needing housing for the first 10 years.

• CLCLT homeowner would agree to rent to a Veteran for a 10-year period. MACV would pay the rent on the property, which a portion would go to YardhomesMN and approximately $200 per month would go to the CLCLT homeowner.

• At the end of the 10-year rental obligation, the ADU unit would be the homeowner’s property for a small payoff amount. (typically $5,000-$10,000 and dependent upon initial ADU options selected).
• Each model is fully built in a factory and shipped to your property fully completed.

• The compact foundation, utilities and any exterior customizations take place on your property in a matter of weeks.

• The units are built to the same or higher standards as single family residential building codes in Minnesota.
• If you purchase the YardHomesMN unit directly, you can use it for yourself, a family member or rent it out directly, subject to certain rules by the City of Minneapolis.

• There are important details to consider, including if your property is of a size and configuration to allow an ADU under the Minneapolis ADU policy.
Helpful Links

ADU Guidebook

ADU Policy Considerations

YardHomesMN
www.YardHomesMN.com
Lessons learned – other advice?
Questions/comments