

Utilities & ADUA: Accessory Dwelling Unit Assistance

Unlocking Affordable Housing Together

June 17, 2024

CITY OF NEW HAVEN

JUSTIN ELICKER, MAYOR

BOARD OF ALDERS

TOGETHER
NEW HAVEN

Executive Summary

Accessory Dwelling Units (ADU) are residential living units on the same parcel as a single-family dwelling or multifamily structure. They are key to creating **affordable housing** by easing housing shortages while benefiting homeowners, communities, equity goals, and the environment.

The city is launching **ADUA** (ADU Assistance), a program designed to alleviate the technical and financial challenges associated with ADU development. ADUA will only fund **new detached ADUs** and provide homeowners with a Technical Assistance Provider (TAP) through a 9-step process.

The city would like to determine 1) the **role of utility companies** in ADUA and 2) how utility companies can help **maximize homeowner incentives** for ADU development. To that end, the city seeks the utility companies' answers to questions regarding the following 5 areas:

1. Cost Estimate and Reductions
2. Streamlining Technical Requirements
3. Permitting and Approval Process
4. Infrastructure Capacity
5. Incentives, Programs, and Alternative Solutions

Agenda

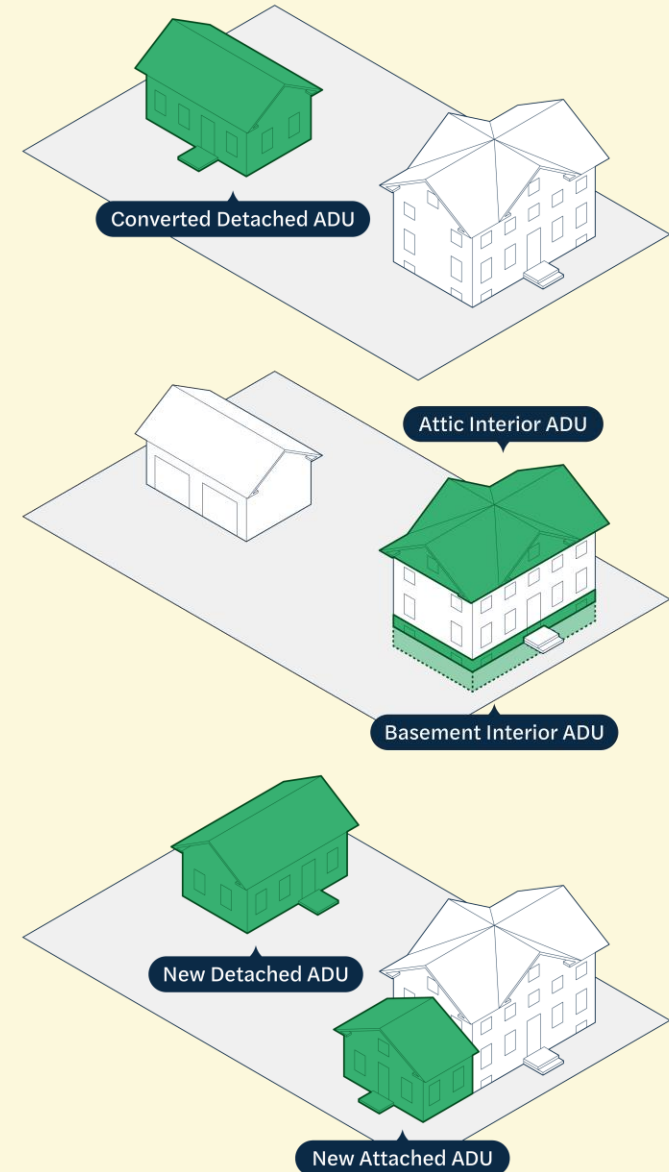
- I. ADUs in New Haven
- II. ADUA: ADU Assistance
- III. Utilities in ADUA



I. ADUs in New Haven

What is an ADU?

- Accessory Dwelling Units (ADU) are residential living units on the same parcel as a single-family dwelling or multifamily structure.
- ADUs provide **complete independent living facilities** for one or more persons, including space of living, sleeping, cooking, eating, and sanitation.
- ADUs can be created by 1) retrofitting existing accessory units, 2) converting interior spaces, or 3) creating new builds.

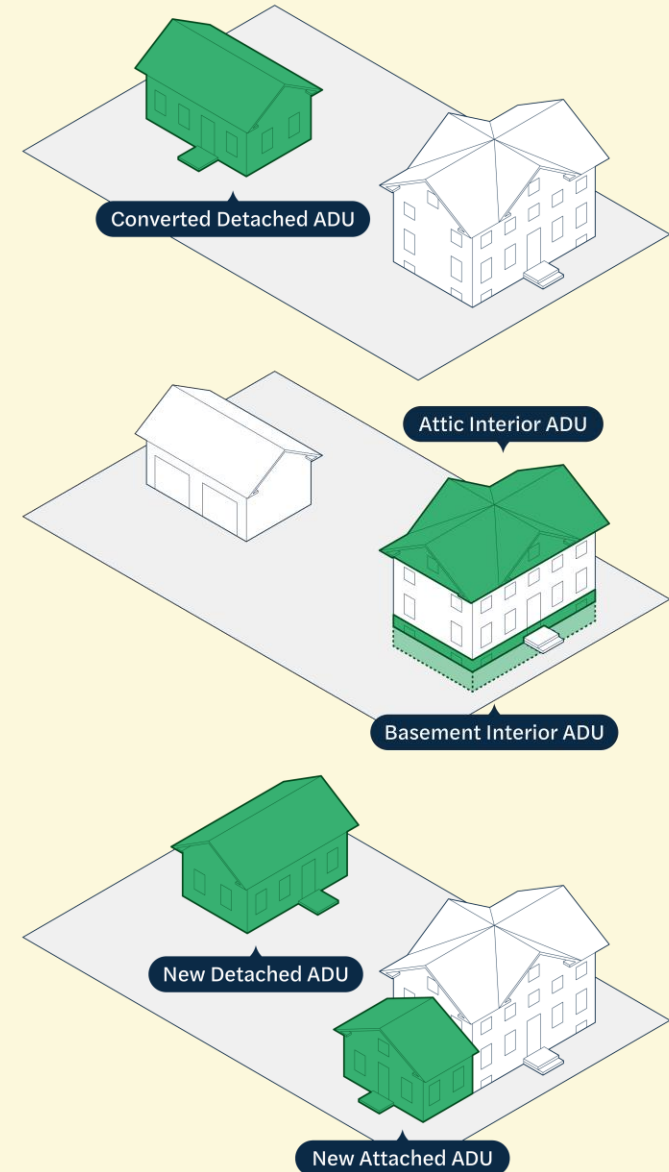


What is an ADU?

ADU Types

1. **Detached:** located in an accessory structure that is structurally separate from the primary residential structure.
2. **Attached:** located within an addition to an existing primary residential structure with a separate entrance.
3. **Interior:** located as a subdivision of existing unfinished living space including but not limited to basement and attic spaces.

Our new program will focus on **new detached** ADUs.



Why is the City interested in ADUs?

ADUs are key to creating **affordable housing** by easing housing shortages while creating a positive impact across multiple realms:

- **Homeowner Benefits:** additional income through rent, increased property value, flexible living options, potential for aging in place
- **Community Benefits:** affordable and diverse housing options, strengthened community connections and stability, preserve historic neighborhoods
- **Equity Impact:** channel for minority wealth creation in diverse residential districts
- **Environmental Impact:** sustainability through efficient land use, improved energy efficiency, and carbon footprint reduction

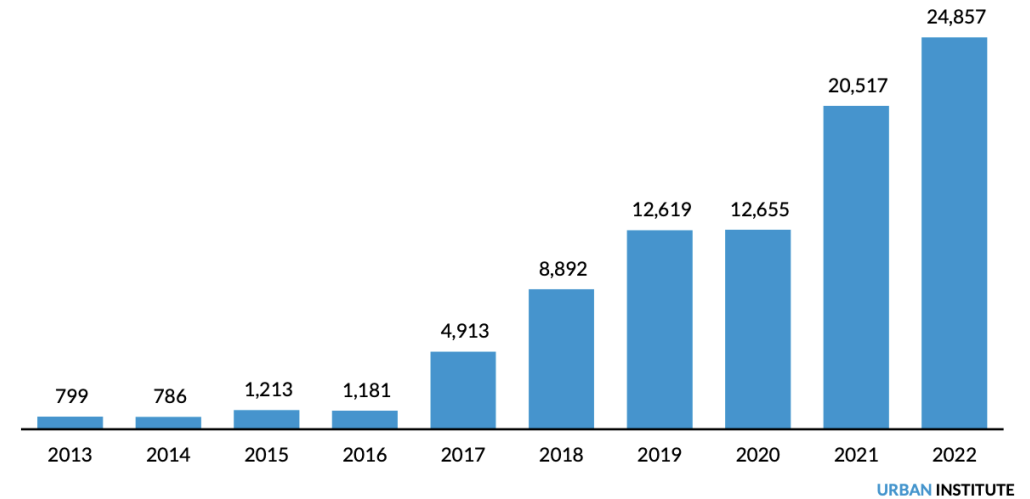
ADUs have a proven track record

California began loosening ADU restrictions in 2016 through 2023, spurring major ADU development particularly for middle to low-income units.

Key Takeaways

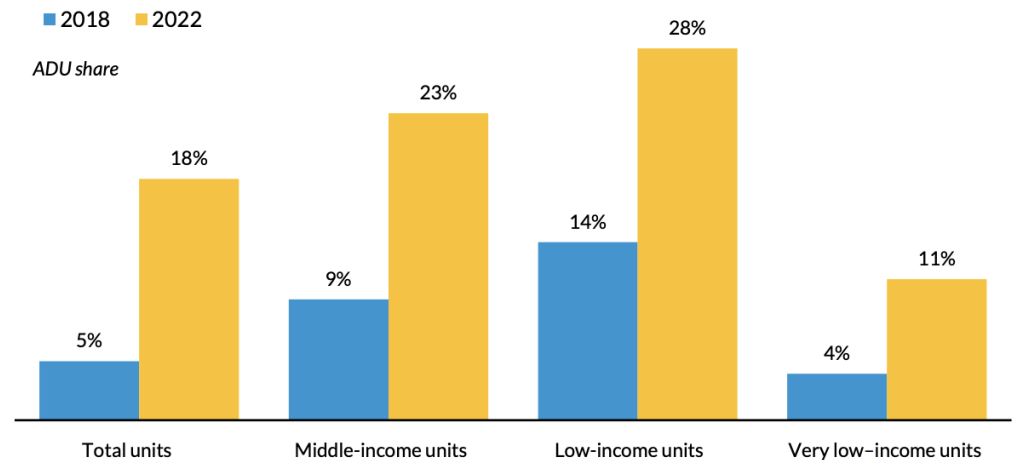
1. Elimination of ADU restrictions is critical to generating ADU development.
2. Low homeowner access to financing limits the expansion of ADUs.

FIGURE 1
Accessory Dwelling Units Permitted in California



Sources: Bipartisan Policy Center (2013–17) and the California Department of Housing and Community Development (2018–22).

FIGURE 2
ADU Completions as a Share of All Residential Completions in California, by Unit Affordability



Source: California Department of Housing and Community Development.

New Haven is deregulating ADUs

0 ADUs have been granted a Certificate of Occupancy since the 2021 ADU Ordinance. The City is taking action by increasing the flexibility of ADU development.

- **More ADU Options:** Developing new structures or adding to existing ones is now permitted. ADUs were previously limited to retrofitting and conversions.
- **No Extra Parking Required:** No additional parking is required with ADU development.
- **Location & Size:** New ADUs must maintain a 5-ft distance from property lines and cannot be taller or larger than the primary residential structure.
- **Zoning & Land Use:** Local zoning laws still limit ADUs to certain residential areas and how much of residential property can be developed.

II. ADUA: Accessory Dwelling Unit Assistance

Introduction to ADUA

ARPA-funded grant and assistance program designed to alleviate the technical and financial challenges associated with ADU development. ADUA only funds **new detached ADUs**.

- **Technical Assistance Provider (TAP):** guides homeowner through ADU process.
- **Grant & Financing Hybrid Structure:** provides grant for pre-development activities and facilitates discussion with city banking partners to discuss financing for development.
- **Program Target:** homeowners in distressed communities historically plagued by economic disinvestment, blight, and racial inequality.



ADUA Process

An interested homeowner will follow a **9-step process** as follows:

1 Eligibility

Go to City Plan or view Zoning Map to determine eligibility for an ADU at their address.

2 ADUA Application

Go to LCI to apply for ADUA. Involves A) Technical Assistance Application Fee, B) Residential License Fee, and C) Sign-up for ADU or Landlord Education.

3 Pre-Development Start

If enrolled in ADUA, the Technical Assistance Provider (TAP) begins to guide and assist homeowner through ADU pre-development process: design, permitting, financing, construction estimation, inspection, occupancy approval, etc.

4 Education

Attend approved ADU or Landlord Education Class.

ADUA Process

5 Concept & Design

Homeowner, with TAP assistance, works with Architecture and Engineering to create plans for **new detached ADU**.

6 Permitting

Homeowner works with TAP to secure building permit/zoning relief in 2 steps:

6A. Complete Online Permit Application via City Squared

- Describe the project in detail, indicating all work areas
- Indicate if there is any off-street parking to be utilized in connection with ADU development
- Provide original signature of property owner.

6B. Submit Documents to the City Squared Portal

- Detailed Project Work Plan
- Photographs of Existing Site Conditions
- Land Survey, Floor Plan, Elevation Plan, 2D Rendering
- Copy of Water, Sewage, Gas, and Electric Bill
- 3 Quotes from approved ADU Contractors

ADUA Process

7 Financing

Homeowner will meet with city banking partners to discuss financing options: A) Home Equity Line of Credit (HELOC), Home Equity Loan (HELOAN), C) Small Business Loan (SBRC Loan).

8 Construction

Homeowner and TAP will hire and oversee contractor and utility installation. Current approved ADU contractors are:

- Neighborhood Housing Services
- NeighborWorks
- Habitat for Humanity
- Vase Construction
- Fine Home Contracting

9 Inspection

Homeowner and city's Building & LCI Departments will oversee construction progress and quality. Upon completion, city departments will issue approvals and occupancy certification.

III. Utilities in ADUA

Role of Utilities in ADUA

The city would like to determine

- The **role of utility companies** in ADUA
- How utility companies can help **maximize homeowner incentives** for ADU development

5 areas of consideration:

1. Cost Estimate and Reductions
2. Streamlining Technical Requirements
3. Permitting and Approval Process
4. Infrastructure Capacity
5. Incentives, Programs, and Alternative Solutions



Key Utility Considerations

1. Cost Estimation and Reduction

- What are the typical costs for connecting ADUs to utilities, and are there cost reduction opportunities for homeowners?
- Can utility companies provide a standardized pricing structure for ADU utility connections, and what property-dependent factors would affect this pricing? (e.g. setback of proposed ADU, state of property's existing utility infrastructure)

2. Streamlining Technical Requirements

- What are the specific technical requirements and constraints for connecting ADUs to utilities?
- How can we streamline the process for these connections?

3. Permitting and Approval Process

- What is the process for obtaining permits for utility connections for ADUs, and can this process be expedited?
- Are there common issues or delays that homeowners face during the permitting process?

Key Utility Considerations

4. Infrastructure Capability

- Is the current utility infrastructure capable of handling the increased load from ADUs, and are there areas where capability might be a concern?
- What infrastructure improvements or upgrades might be necessary to support widespread ADU development?

5. Incentives, Programs, and Alternative Solutions

- Are there existing incentive programs or grants offered by utility companies to support ADU development or can be updated to do so? (e.g. couple with existing energy efficiency program)
- Can utility companies partner with the city to create new incentives or programs?
- Are there alternative solutions or technologies that could make ADU utility connections more feasible and affordable? (e.g. microgrids, solar panels, shared utilities with principal structure)

Thank You / Discussion

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