

Home + home *Twin Cities* *ADU Guidebook*

FOR HOMEOWNERS





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Introduction



In this section you will...

- Learn how to use this guidebook.
- Learn what an ADU is.
- Discover the different types of ADUs.
- Find answers to common questions.

Home + home: Are you interested in building an Accessory Dwelling Unit (ADU) and creating another home in your little corner of the world? ADUs have existed historically throughout the Twin Cities, providing important space to rent out for extra income or to meet other household needs. As the metropolitan region grows and changes, homeowners and city planners alike are rediscovering the benefits of ADUs and the role they play in meeting our housing needs. Still, a homeowner thinking about building an ADU can be uncertain about where to start. This guidebook can help make your ADU dreams a reality.

How to Use this Guidebook

This guidebook is organized in two sections:

A. GET INSPIRED. Learn about the benefits of ADUs and see the ADU experiences of real Twin Cities families.

B. HOW TO BUILD AN ADU. Learn the basics of ADU development, from start to finish.

This guidebook is a resource to help you get started, but it cannot replace the knowledge and experience of local designers, builders and planners. The size and shape of your property, the rules of the city you live in, your budget and your own design needs and preferences will make your ADU-building experience unique.

What is an Accessory Dwelling Unit?

An ADU is a self-contained residential unit with its own living room, kitchen and bathroom.

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. Whatever it is called, an ADU is smaller than the primary or main house on the same lot.





self-contained
it with its own
kitchen and

ADUs ARE ALSO KNOWN AS:

*Backyard
Cottages*

*Garden
Apartments*

*Accessory
Apartments*

*Mother-in-law
suites*

*Granny
Flats*

*Secondary
Dwelling Units*

*Carriage
Houses*

A historic form of housing

Although there is a recent resurgence of interest in ADUs, they are actually a historic form of housing that was common in the Twin Cities before World War II. For example, in the Frogtown neighborhood of St. Paul, new immigrants would commonly build an alley house in the back of their lot while saving to build a larger home in the front (McClure 2018). Many carriage houses (living quarters located above garages) were built alongside larger homes and are still used for housing today. Some modest single-family homes included attic or basement apartments that helped to house larger city populations in the early- and mid-20th century.



Coach house at Minnesota Governor's Residence.

PHOTO CREDIT Minnesota Department of Administration

How are ADUs different from duplexes?

While they share some similarities, ADUs are generally differentiated from duplexes (two-family houses) in their size, construction timing and use. City building and zoning laws often treat the two housing forms differently.

- An ADU is smaller than the main home. Units in duplexes are usually about the same size.
- Duplexes are usually in the same building, but ADUs can be located within, attached to or detached from the main home.
- Duplexes are usually built as one construction process; ADUs are often built after the main home is completed.
- ADUs are designed as flexible housing and can generate rental income, house multigenerational families or serve other uses.

Could a tiny house be an ADU?

Most tiny houses on the market are set on trailers and have wheels. These are categorized as Recreational Vehicles (RVs) and are usually not allowed as a permanent living space. However, if a tiny house meets residential building standards, is placed on a permanent foundation and is connected to utilities, it could be considered an ADU. Ask your city's building department to learn more.

Is the usable space above my garage, in my basement, or in my attic an ADU?

If the space has a living area, a kitchen, a bathroom and its own entrance, it may be an ADU. ADUs must also meet certain residential building code requirements, so check with your local planning office. See also Legalizing an Existing ADU on page 38.

Is a granny pod an ADU?

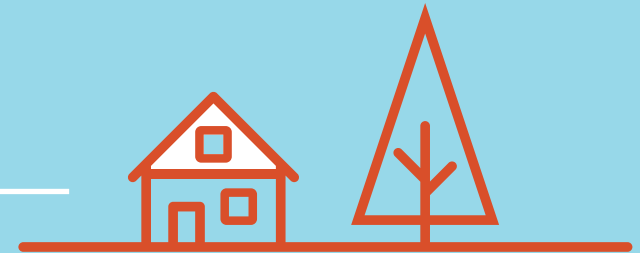
In 2016, the Minnesota Legislature approved a definition of “Temporary Family Health Care Dwellings,” the backyard dwellings sometimes called “granny pods.” The statute defines them as mobile residential dwellings or providing care for a mentally or physically impaired family member. Most Minnesota cities do not allow these temporary care dwellings, and they are treated differently from ADUs in local code (Bekker 2016).

Types of ADUs

There are three basic types of ADUs:

Internal

ADUs are located within the structure of the main house, for example, a converted basement or attic. These are generally the least expensive to build.



Attached

ADUs share one or more walls with the primary house. These ADUs are commonly constructed as additions or conversions of attached garages.



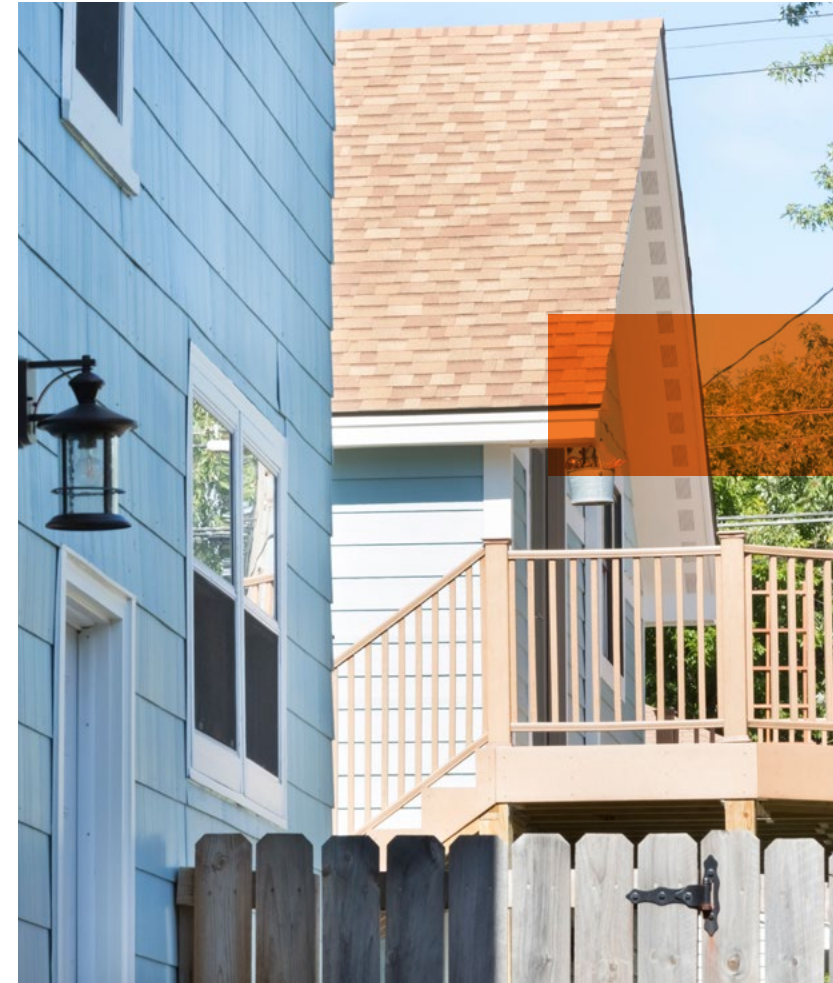
Detached

ADUs are the most visible type of ADU. They are typically the most expensive to build and include freestanding backyard structures, detached garage conversions, same-level additions to a detached garage or above-garage units.



What type of ADU works best for you?

As you go through this guidebook, return to this question and consider which type of ADU best fits your goals and budget. Local regulations may limit which type you can build.



Am I allowed to build an ADU? 28

How do I legalize an existing ADU? 38

How do I pay for it? 36

How long does it take? 26

FREQUENTLY ASKED QUESTIONS

How do I get started? 28

How do I find an architect and contractor? 34

How do I become a landlord? 42

Where can I learn more? 44

A photograph of a modern backyard. A large, mature tree stands in the center, casting a shadow over a stone path that curves around a garden bed. The garden bed is filled with dark mulch and various green plants. A blue bird bath sits in the garden. To the left is a tall wooden fence. To the right is a house with dark grey siding, a blue door, and a wooden staircase leading to a second level. String lights are hanging from the tree. The text "GET INSPIRED: ADU" is overlaid in white, italicized font on a semi-transparent blue background.

GET INSPIRED: *ADU*

PHOTO CREDIT Jill Greer photography (both pages)

Stories

In this section you will...

- Learn about the benefits of ADUs.
- Read the stories of other local homeowners who have built them.



Benefits of ADUs Building an ADU offers many benefits for you and your neighborhood. ADUs are flexible and can serve many purposes over time. While every home's story is unique, here a few examples.

ADU



EXPANDING HOUSING OPTIONS

An ADU can have a positive effect on your community. ADUs provide more housing options in neighborhoods that are already built out, which can help relieve the growing demand for housing in a way that does not alter the character of existing neighborhoods.



EARNING INCOME

Depending on the circumstances, rental income may make it possible to cover the cost of monthly loan payments and, over a number of years, pay back the initial cost of the ADU's construction. Even when financial returns are not a primary motivation, earning rental income might make it possible to work part-time, stay home with a child or save for a major expense.



AGING IN PLACE AND DOWNSIZING

Some people move into the ADU while their adult children move into the main house, or they rent out the main house for extra revenue in retirement.



Benefits



HOUSING FRIENDS, FAMILY AND CAREGIVERS

ADUs can provide important independent living space for friends, family members and caregivers.

Many homeowners are motivated to build their ADU to provide a combination of in-home care and independent living for a family member. The cost of ADU construction and maintenance may be comparable or less expensive than some assisted-living or skilled-nursing facilities, with the added benefit of keeping a loved one close by.



REDUCING ENVIRONMENTAL IMPACTS

ADUs tend to be environmentally-friendly simply because they are smaller and use less energy for heating, cooling and light (Stephan and Crawford 2016). Energy-saving designs can be incorporated into an ADU, further lowering its environmental impact. ADUs may help reduce transportation-related environmental impacts when they are located near employment centers and established public transit routes.

A 2014 study found that ADU residents in Portland were less likely than other residents to own cars (Brown and Palmeri 2014).

CASE STUDY

The case studies that follow profile real Twin Cities residents at different points along their ADU journeys—from initial planning and visioning, to construction, to completion.

ADU Under Consideration

Getting Started



TYPE

Detached

STATUS

Early planning

SIZE

TBD

BEDROOMS

TBD

BUDGET

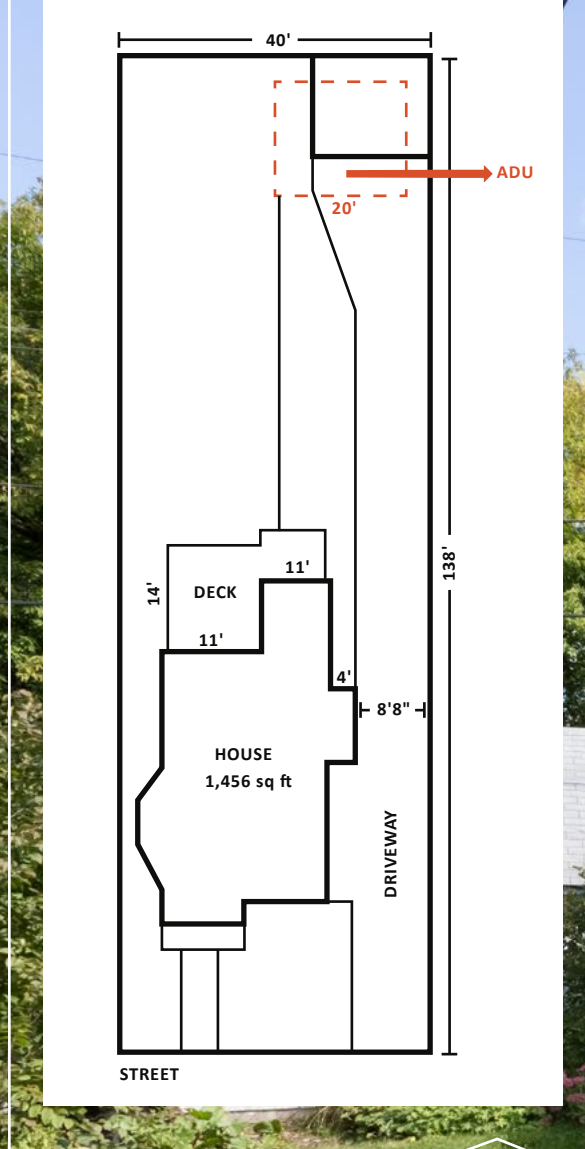
TBD

The old garage in Megan and Rob's backyard had seen better days. With no need for enclosed parking, they were hoping to put it to better use. Inspired by the tiny-house movement, Megan and Rob started looking into the possibility of building a detached backyard ADU on their roughly 5,000-square-foot lot. Not only could an ADU replace their old garage, but it could add a needed home in the popular Kingfield neighborhood. An ADU could generate rental income or give the homeowners the option to downsize.

Megan and Rob had many questions at the beginning, including what information they would need to get started. After doing some research online and sketching out a few layout ideas for the ADU, Megan and Rob scheduled a pre-application meeting with Minneapolis city planning staff. This free service allows city residents to ask planning staff questions and learn about applicable regulations and the permitting process.



After going over the general permitting process, planning staff members answered some of Megan and Rob's questions about their specific property, helping them think through how height limits and parking requirements would apply to their project. With this initial information in hand, Megan and Rob are starting to save for their project and preparing to take the next steps toward their ADU.



Not only could an ADU replace their old garage, but it could add a needed home in the popular Kingfield neighborhood. An ADU could generate rental income or give the homeowners the option to downsize.

CASE STUDY

The case studies that follow profile real Twin Cities residents at different points along their ADU journeys—from initial planning and visioning, to construction, to completion.

DIY

ADU



TYPE

*Interior,
basement*

STATUS

*Under
construction*

SIZE

702 sq. ft.

BEDROOMS

2

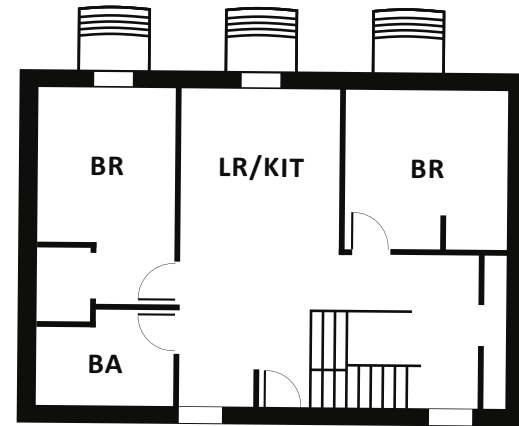
BUDGET

\$80,000

Mike started his ADU journey when his father, Dallas, decided to downsize and sell his home in St. Paul. Mike researched multigenerational living options and decided to build an internal ADU by converting the basement in his south Minneapolis home into an apartment for Dallas.

Mike took on the work of being the designer and general contractor for the ADU. He used software to model the design and then drafted plans to submit for the city permit application. Mike's design features a spacious two-bedroom unit with lots of natural light. This arrangement will allow Mike and Dallas to stay close while maintaining their own personal space.

After a few rounds of revisions, Mike's plans were approved and, with building permit in hand, he quickly got started on construction. Mike hired subcontractors to help with specialized work but



did most of the project himself. Dallas and Mike's brother have pitched in, too. While self-managing the project has extended the timeline, it has also saved money, and the new ADU is starting to take shape.

Once completed, their DIY ADU will serve as a place for Mike and Dallas to call home for years to come. Dallas says, "We've always been close, but working on this project has brought us even closer together."



“We’ve always been close, but working on this project has brought us even closer together.”

CASE STUDY

The case studies that follow profile real Twin Cities residents at different points along their ADU journeys—from initial planning and visioning, to construction, to completion.

A Dream to Downsize



TYPE

*Detached,
above garage*

STATUS

Complete

SIZE

528 sq. ft.

BEDROOMS

Studio

BUDGET

\$225,000

BUILDER

*White Crane
Construction*

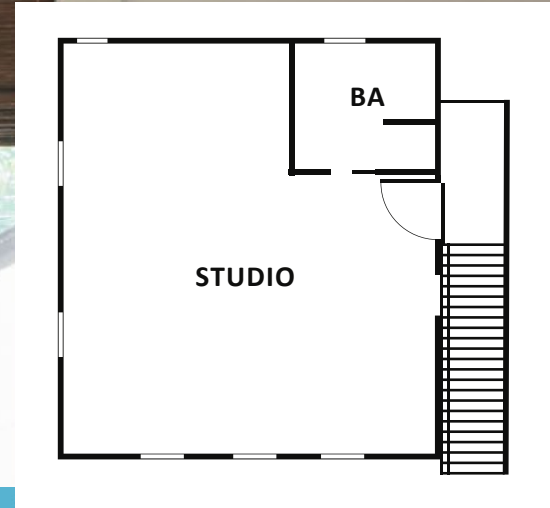
Cate and Jason loved their neighborhood near Minnehaha Creek in Minneapolis but yearned to downsize when their kids left for college. They initially planned to sell their home and move, but then they came up with a better solution: building a new unit in the backyard that they could live in while renting out their main house.

After looking into various options, including prefabricated modular designs, Cate and Jason decided to pursue a traditional site-built ADU above a two-car garage.

Cate and Jason hired a design-build firm that took them through the process from initial design to city permitting and construction. They learned that they would have to tear down their existing garage and build a new structure with frost footings in order to meet the building code. Still, they were able to cut costs by reusing their old garage door and performing some work themselves, such as ordering the appliances and painting the interior.



The completed ADU, sitting in a shaded backyard, features an open layout with new appliances and an in-unit washer and dryer. Cate and Jason plan to rent it for a few years until they are ready to move in and fulfill their dream of downsizing.



Curious about the difference between prefabricated and traditional construction? See page 32.

CASE STUDY

The case studies that follow profile real Twin Cities residents at different points along their ADU journeys—from initial planning and visioning, to construction, to completion.

ADU

in the Family



TYPE

Attached

STATUS

Complete

SIZE

540 sq. ft.

BEDROOMS

1

BUDGET

*\$40,000
part of total
development cost*

Fue Lee's family had always envisioned multigenerational living when they were on the hunt for their first house.

Working with the City of Lakes Community Land Trust (CLCLT), the Lee family had the opportunity to buy one of the very first homes in Minneapolis developed with an attached ADU.

The brand new home they purchased in the Lind-Bohanon neighborhood has the perfect layout for their close-knit family. Fue and two of his adult siblings live in the main house. His parents have their own private space in the first-floor ADU.

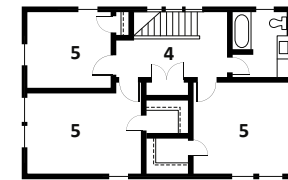
The house is designed for flexibility. While the Lees have no plans to move, any family that buys the house in the future could choose to rent out the attached unit for extra income.



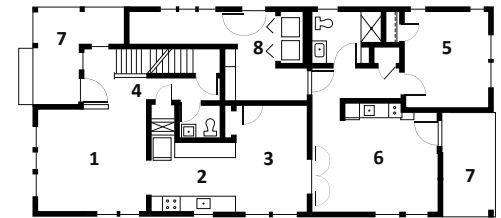
Responding to demand from its members, the nonprofit CLCLT has recently built two more multigenerational homes with ADUs. Thanks to the community land trust model, all of these homes will remain affordable for future generations of new homebuyers.

Thanks to the community land trust model, all of these homes will remain affordable for future generations of new homebuyers.

CREDIT Marnie Peichel Architecture and Design, LLC



SECOND FLOOR PLAN



FIRST FLOOR PLAN

CASE STUDY

The case studies that follow profile real Twin Cities residents at different points along their ADU journeys—from initial planning and visioning, to construction, to completion.

Flexible for the Future



TYPE

*Detached,
above garage*

STATUS

Complete

SIZE

624 sq. ft.

BEDROOMS

1

BUDGET

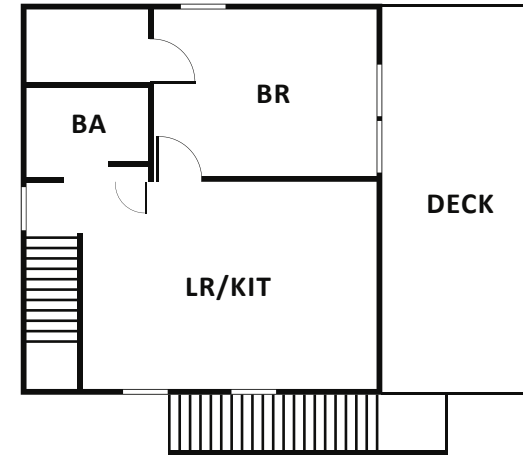
\$125,000

When Eric & Chrissi

purchased their home near a Green Line station in the Hamline-Midway neighborhood of St. Paul, they knew from the start that the house's detached garage didn't meet their needs. As they made plans to replace it, they heard from a friend about a new ordinance that gave them the option to build an ADU. Eric and Chrissi started to envision all the ways an ADU could benefit them in the future and met with a designer to develop a plan for a one-bedroom unit above a new two-car garage.

Eric and Chrissi liked the idea of having a flexible space to support more community-oriented living while still maintaining the privacy of their main home. Their ADU could be a place to host friends and family, and it could potentially generate rental revenue that would make it possible for one of them to stay home with a future child.

With experience in home remodeling, Eric decided to become the general contractor for the project. He worked full-time for six to seven months to




complete the construction of the ADU, hiring subcontractors for electrical and plumbing work. Chrissi led the interior design work, and friends and family members also helped.

Eric is pleased with the solution they arrived at for connecting water and sewer lines from the ADU to the main lines in the street. Instead of the traditional method of digging an open trench, the lines were installed through an underground, lateral drilling process that preserved more of their existing landscaping and was about one-third less expensive than trenching. Eric and Chrissi also designed the ADU for energy efficiency and for compatibility with photovoltaic panels, so that it can run mostly on solar energy.

Now that the ADU is complete, Eric and Chrissi's friends and family tell them it does not look at all like what they imagined as a "garage apartment"—the unit is spacious and feels like a home. Eric and Chrissi rent their bright, modern ADU at an affordable price to a student at a nearby university.



Eric and Chrissi's friends and family tell them it does not look at all like what they imagined as a "garage apartment"—the unit is spacious and feels like a home.



GET EDUCATED: How to Build

an ADU

In this section you will...

- Learn the basics of ADU development, from start to finish.



Inspired? The following pages will walk you through the basics of getting started and what to expect as you explore an ADU project.

1. Research..... p28
2. Design ideas p32
3. Team selection p34
4. Finances p36
5. Permits p38
6. Construction p40
7. Move-in p42

1 RESEARCH



- Clarify your goals.
- Determine if an ADU is allowed on your property.



There are printable worksheets for this step.

2 DESIGN IDEAS



- Consider your goals and design options together.
- Work on your own or with a designer to sketch out your ADU.



There are printable worksheets for this step.

3 TEAM SELECTION



- Learn about types of development teams.
- Find out what information to prepare when contacting a company.
- Review suggested considerations for hiring a company and signing a contract.

Process Overview

From Point A to Point ADU



Print out the included worksheets along the way, and start putting pencil to paper.

5 PERMITS



- Review the steps involved in a typical permitting process.
- Learn why it's important to permit an existing ADU.

4 FINANCES



- Learn about resources to help you make an informed decision.
- Learn about potential financing options.

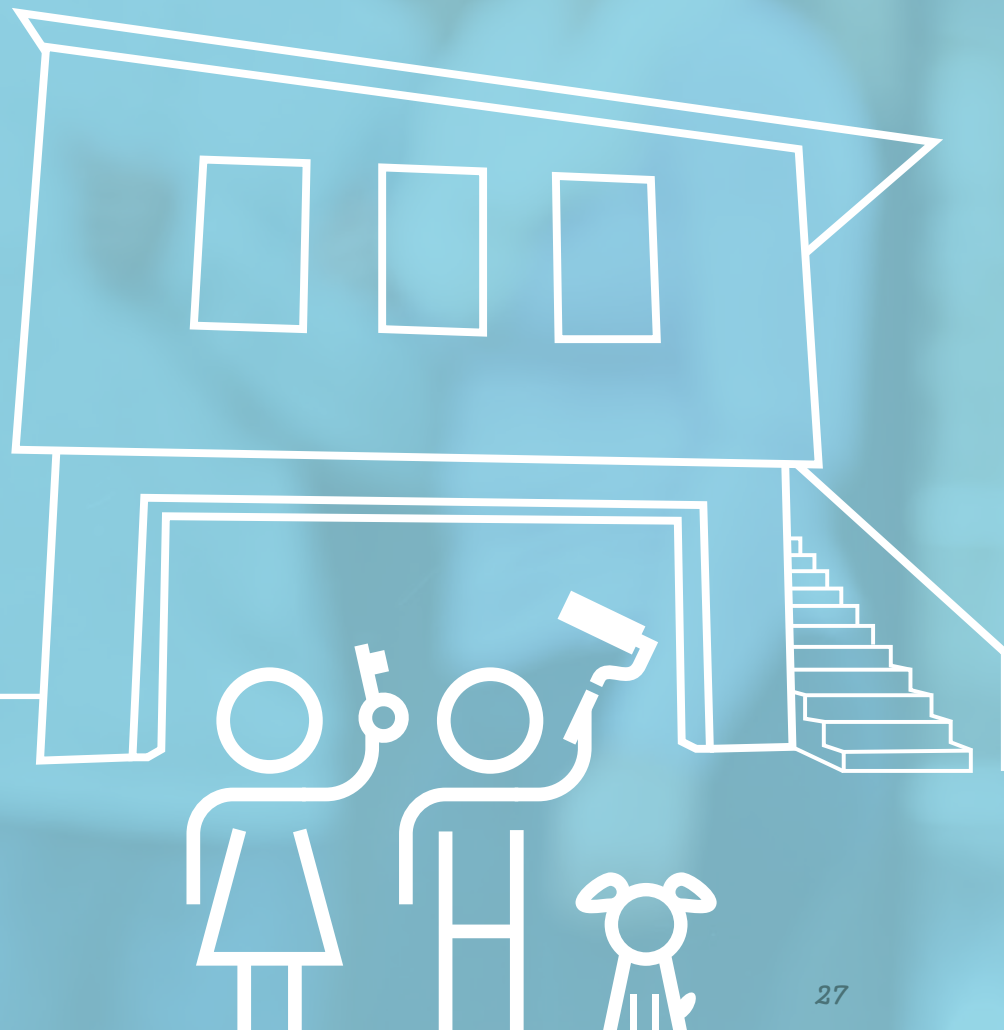
6 CONSTRUCTION



- Learn what to expect during construction.
- Understand your responsibilities.

7 MOVE IN!

- Find resources on how to be a landlord.



What story will your ADU tell?

In this step you will...

- Clarify your goals.
- Determine if an ADU is allowed on your property.

DISCLAIMER

Laws and processes are subject to change, and vary between cities, so be sure to consult with your local planners or other knowledgeable professionals as you move forward.

An ADU will become part of the story you tell about your life. But what role will it play? Will it help bring your family closer together? Provide a financial cushion? Both?

Determine if an ADU is allowed on your property

One of the first things you'll need to do is determine whether the ADU you envision is allowed on your property. There are three ways you can do this:

1. Enlist your designer

If you already have a designer or contractor in mind, enlist their help.

2. Check online

Many cities and counties have web links to city codes, zoning maps and property information on their websites.

3. Ask a city planner

This is the most direct way to get up-to-date information about what will be allowed on your property. You can get help from most cities by calling or visiting the planning department. If your city does not have a planning department, ask a representative to connect you to a staff member who is knowledgeable about land use, zoning or building permits. Tell the staff member that you are interested in building an ADU and want to know if it is allowed on your property. Also ask about the types of ADUs allowed and how big and tall they can be. The answers will affect your ADU design decisions.



Print this page and use this worksheet to write down your ideas, short- and long-term goals, and questions. Don't worry if you are unsure of some information about your property. You'll be able to fill it in throughout.

TIP Note that information you receive from your city at this stage is preliminary. Some properties have unique circumstances that can affect the outcome of decisions, but these may not be revealed without the thorough process that a formal application provides. The city staffer assigned to your application will work with you to provide solutions to issues that arise.

TIP You can find a list of cities in the region that allow ADUs, along with their contact information, at the end of this guidebook.

RESEARCH

In this step
you will...

- Clarify your goals.
- Determine if an ADU is allowed on your property.

My Property Information

ADDRESS:

PROPERTY IDENTIFICATION (PID) NUMBER:

ZONING:

BUILDING TYPE:

single-family, duplex, other

YEAR BUILT:

LOT SIZE:

LOT COVERAGE:

GROSS FLOOR AREA:

UNIQUE CHARACTERISTICS, IF ANY, OF YOUR LOT:

LOT COVERAGE CALCULATION

5,000 sq. ft. x 45% = 2,250 sq. ft. - 1,500 sq. ft. = 750 sq. ft.

LOT SIZE

MAX. ALLOWED LOT
COVERAGE %

MAX. BUILDING
FOOTPRINT ALLOWED

EXISTING BUILDING
FOOTPRINT

POTENTIAL FOOTPRINT
FOR ADU
(if not otherwise restricted)



Print these pages and use the worksheets to determine what's allowed on your property.

Suggested Questions

Is an ADU permitted on my property?

What types of ADUs are allowed? (attached, detached, internal)

Where can it be located? (required setbacks)

A setback, or required yard, is an amount of space required between two structures, or between a structure and a property line or utility line.

ADU design constraints:

How big can it be?

How small can it be?

How tall can it be?

What is the required ceiling height?

Where can the entrance be located?

If an internal ADU, are the existing stairs and windows adequate?

Is owner-occupancy required? If so, how is it defined and enforced?

Owner-occupancy: Many cities in the region require you to live in either the main house or the ADU and will require filing a covenant with the county recorder. Some, but not all, cities further define owner-occupancy to say how many days out of the year the owner must reside there. If you think you might live somewhere else temporarily, be sure to ask about these requirements and any associated fees.

What will be the address of the ADU?

Some cities require the ADU to have a separate address while others forbid it. Be sure to understand your city's rules.

What are the parking requirements?

What are the requirements for water and sewer hook-ups?

What fees should I expect?

How much work am I permitted to do and what is required to be done by a licensed subcontractor?

How does the permitting process for ADUs work?
(see also Permitting on page 38)

TIP Take photos of the exterior of the house and of the site where you want to locate your ADU.

DESIGN IDEAS

Considerations

While you may already have a vision of what your ADU will look like, it is important to spend some time thinking about function. How will the design of the ADU meet your short-term and long-term objectives?

In this step you will...

- Consider your goals and design options together.
- Work on your own or with a designer to sketch out your ADU.

Bedrooms

The number of bedrooms should reflect who you think will spend time there. Studios are attractive for their open and flexible space, but designated bedrooms offer more privacy. Units with designated bedrooms usually rent at a higher price, but they could be more expensive to build.

Universal design & accessibility

A home built with universal design means that anyone, regardless of age or ability, can live there comfortably. In addition to ensuring that there is easy access to the unit without stairs, universal design features include pull-out lower drawers, level-entry showers, lower countertops and raised electrical outlets. Building to universal design standards is a smart way to ensure the ADU will meet your needs over time.

Access

Think about how ADU residents will get to their front door. At a minimum, you'll need to provide them a stable, well-lit path. Your city may have regulations that specify where you can place the ADU entrance.

Finished materials

While you don't need to make decisions yet, keep in mind that the materials you use will affect your budget. A designer can provide cost estimates. You might also be able to save money by reusing some materials. Be aware that some selections, like doors and appliances, might affect the design of the ADU.

Environmental

You can reduce environmental impacts and save on energy costs through the layout and materials that you choose for your ADU. For instance, you can use recycled materials, insulate well and place windows in locations that will take advantage of the sun's location throughout the year. You can also incorporate solar panels so that the ADU can generate its own energy. Work with your development team to understand what's possible.

Traditional or prefabricated construction

In addition to the many design choices you have for your ADU, you also can choose whether to build your ADU using traditional "stick-built," on-site construction or some form of prefabricated assembly. Factory-built, modular, panelized and other newer construction technologies are increasingly available, and in some situations can reduce your costs or the time it takes to build. You might also be surprised by the high quality. If you are interested in a prefabricated method, consider how the building will be delivered to your lot, the delivery costs and what site-preparation work will be required.



Print this page and sketch your ADU floor and site plans.

TIP Chances are you've already come across many inspiring designs either online or perhaps in your own neighborhood. Use an old-fashioned scrapbook or an online service to help organize these inspirations so you can refer to them later or use them to convey to your designer what resonates with you.

Building a team

ADU it yourself? This section is primarily aimed at homeowners with little or no experience in construction or construction management. Homeowners who feel comfortable managing the development of their ADU may still find some helpful tips to keep in mind when hiring subcontractors.



In this step you will...

- Learn about types of development teams.
- Find out what information to prepare when contacting a company.
- Review suggested considerations for hiring a company and signing a contract.

Types of Companies and Their Roles

There are a number of ways homeowners can get the help they need to design and build their ADU. Most homeowners choose one of three types of development teams:

ARCHITECT + CONTRACTOR/BUILDER: The homeowner hires an architect to complete the design of the ADU and then hires a contractor/builder to construct it.

DESIGN-BUILD FIRM: The homeowner hires a design-build firm that will, as the name implies, design and build the ADU.

DIY: The homeowner acts as the general contractor, coordinating the overall project and hiring subcontractors for specialized work. Remember, while being your own designer and/or general contractor can save money, it is an involved process and will likely add to your overall timeline, especially if you cannot devote yourself to it full time. Consider, too, that professionals often bring problem-solving skills that save time and money.

A homeowner may also specifically look for designers and builders who specialize in modular or prefabricated-construction methods. A homeowner typically works with an architect to revise an existing ADU design template and the builder arranges for shipment of the building components, prepares the site for delivery and completes finishing touches.

What to Prepare

There are a few basics you'll want to prepare before contacting designers and builders.

GOALS: First, go back to Step 1 to review your goals. Understanding your goals will help your architect create a design that's right for you.

BUDGET: Next, you'll want an initial budget. The cost of ADU construction can vary dramatically (for example, from \$10,000 to \$350,000) depending on ADU type, site and finishes. Your builder or architect can help narrow the price range. The financing available to you will also help determine what you can afford (See Step 4).

SUPPORTING INFORMATION: Bring along your property information, a survey and any sketches you made in Step 2 to share with potential architects or builders.

Hiring a Team

An ADU is a long-term personal investment for most homeowners, so it is important to have a development team that understands your vision and with whom you can communicate well. Below are key questions to help you choose a design and development team. Be sure to get bids from multiple designers and builders.

COST AND SERVICES: What will the firm charge and what services are included?

CREDENTIALS: Has the firm built other ADUs, or completed remodels or new construction at a similar scale? Does it have experience with your municipality's permitting process? Always verify professional licenses and business addresses:

- for contractors
- for architects, designers and engineers

COMMUNICATION AND PROCESS: Do you feel that you are being heard and are you receiving responses in a timely manner?

Signing a Contract

When you've decided which firm(s) you want to hire, a final contract should detail the work they will do and all costs. The contract is a legal promise by both you and the company to complete the tasks outlined within it. The contract is a foundation for good communication between you and your team.

Make sure everything that you discussed is included in the contract. For example, if you are building an above-garage ADU and want to reuse your old garage door, make sure that's noted. You have the right to add or modify elements of the contract, even after it is signed, by using a change order.

TIP The following is a helpful list of what your contract should include:

- contractor's license number, name and address
- total project cost and payment schedule
- start date and timeline
- list of work to be accomplished and materials to be used
- work (if any) to be subcontracted
- specific terms about what constitutes substantial "completion of work"
- the terms of warranties
- a provision requiring the contractor to obtain lien releases from all subcontractors and suppliers (to protect the homeowner if a subcontractor claims they were not paid)
- a cancellation penalty (if any)
- plan for cleanup and removal of material and debris
- any special requests (such as saving scrap lumber or bricks)
- requirements for protecting property and landscaping
- areas where materials may or may not be stored
- any instructions regarding children or pets

Financing Considerations

In this step you will...

- Learn about resources to help you make an informed decision.
- Learn about potential financing options.

Obtaining financing is often the greatest challenge homeowners face in trying to build an ADU. That's because the upfront cost can be large and there are not many financial options specifically tailored to this type of development yet. Typically, homeowners use their own savings, a loan or some combination of those sources to finance their ADU.

Here is an overview of some basic considerations and available resources to help you manage or lower your costs.

Making an informed decision

Before making big financial decisions, it's a good idea to seek advice from an independent homeownership expert. One option in Minnesota is to contact a member of the non-profit [Homeownership Advisors Network](#). Advisory services are available to households of all income levels.

Remember that you don't have to get a loan from the first lender you meet. Be prepared to seek quotes from several different lenders to see which can offer you the best rate and/or terms.

Building an ADU may raise your property taxes because it will add value to your home, and rental income may affect your income taxes. The specific impacts will be unique to your home and circumstances. Be sure to consult with a qualified professional tax advisor.



Financing Sources & Resources

SPECIALIZED PROGRAMS

The Minnesota Homeownership Center offers a Rehab and Repair Program Matrix that outlines renovation loan programs available by region in the state, some of which may be targeted to specific household income levels:

www.hocmn.org/resources-for-homeowners/

Minnesota Housing, a state agency, offers home-improvement loans that could be used for ADU projects, in partnership with lenders throughout the state:

www.mnhousing.gov

TIP If you are applying for a loan, secure your financing about one month before you're ready to apply for permits.

RENTING

Renting out your ADU may earn back some of your construction costs over time. Be aware that lender guidelines may not allow consideration of your future rental income when determining your eligibility for a loan.

SWEAT EQUITY

Find opportunities to do some of the work yourself, depending on your skills. Some ideas include installing cabinets, ordering appliances, painting and landscaping.



Permitting Process Overview

In this step you will...

- Review the steps involved in a typical permitting process.
- Learn why it's important to permit an existing ADU.

Prepare and Submit Your Application

Once all your application materials are ready, submit them to the appropriate department (usually the planning department) and, if applicable, pay the application fee. After receiving the application and payment, city staff will conduct an initial review to make sure your application is complete before sending it forward for review.

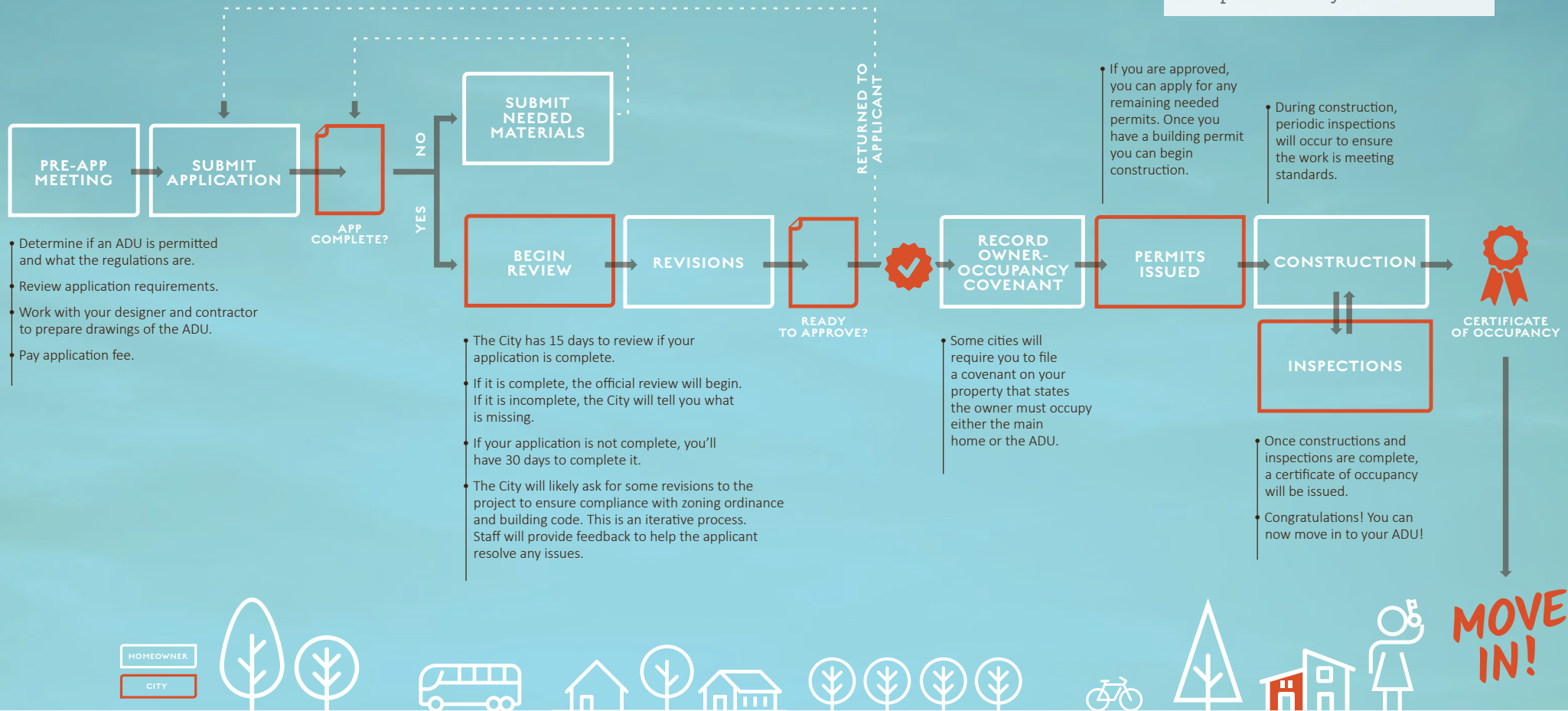
Revisions

One or more of the city departments reviewing your application will likely request revisions. Revisions are a normal and expected part of the permitting process. There may be several rounds of revisions before your application is approved.

Permitting an Existing ADU

The easiest way to add an ADU to your property is to get a permit for the one you already have! If you're lucky enough to already have an ADU in your home, or a space that could be converted to an ADU (for example, a basement suite with a mini-bar), find out if you're legally required to have a permit for it. In some jurisdictions, an unpermitted ADU is illegal. Expect that you may need to upgrade some safety measures, such as smoke detectors, or make other improvements to bring your ADU up to code. Check with your city staff to determine what you need to do.

TIP After meeting with the relevant city staff, create a checklist of requirements and due dates for each permit to stay on track.



This diagram illustrates a typical permitting process in Minneapolis, where permits are approved by staff in the planning department. Some municipalities require the permit to be approved by a body such as a planning commission or city council. Use this diagram as an example when visiting the planning counter to gain a better understanding of how your city's permitting process works and how long each step usually takes. Be sure to clarify with your development team which steps in the process they will lead on your behalf.

Permit in hand you're ready to build!

In this step you will...

- Learn what to expect during construction.
- Understand your responsibilities.

Preparing for disruption

Part of the process of building an ADU is preparing yourself mentally for the disruption that occurs during any construction project. Construction typically lasts from a few months to a full year, during which time workers will have access to your property. There will likely be instances where the construction will reach into places that you use on a normal basis, such as a driveway, yard or basement. Talk about these details with your builder to understand what to expect.

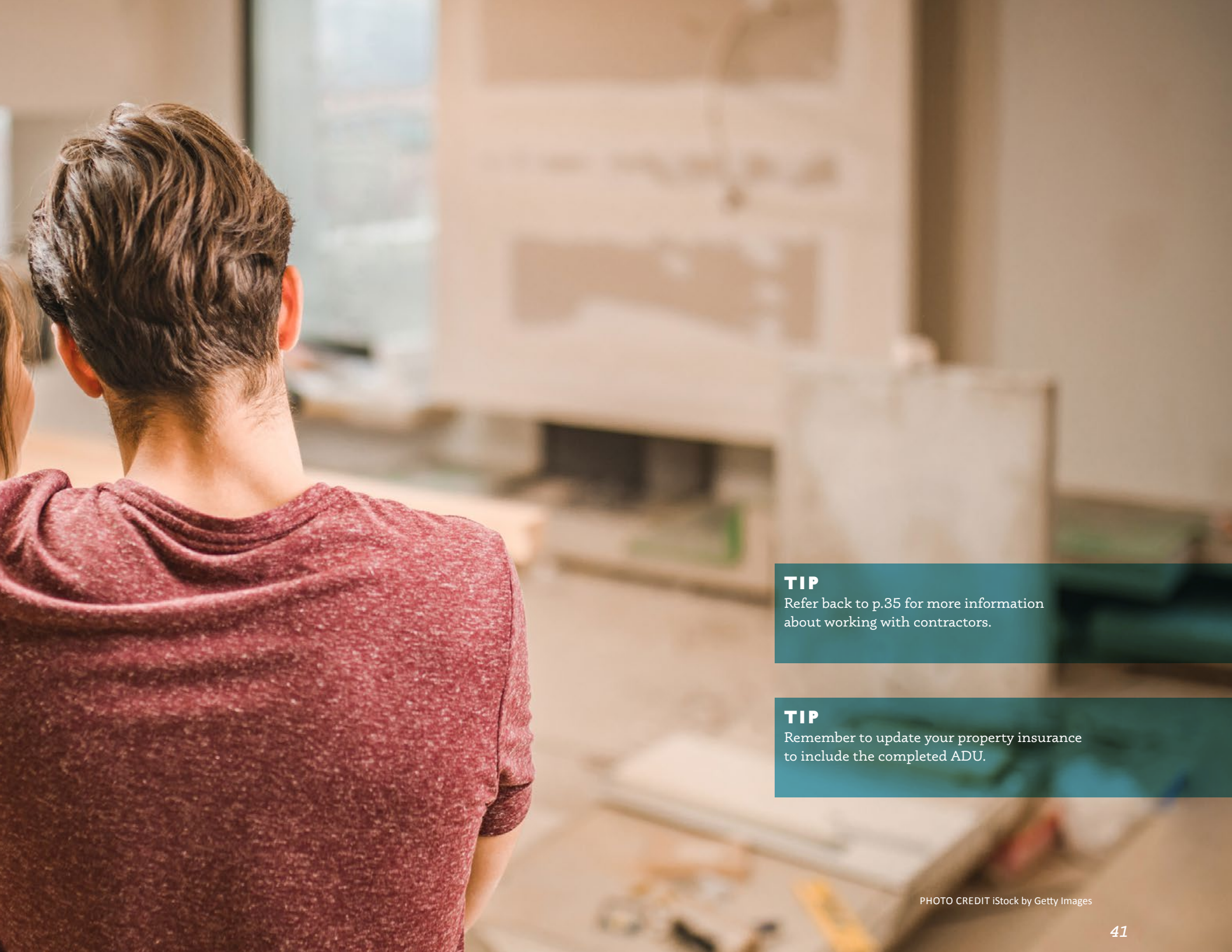
Your responsibilities

While it may feel as though you're in the backseat during construction while working with a contractor, there are many important responsibilities that you need to fulfill. You'll need to:

- Monitor the work to make certain it's progressing according to schedule and that the work quality is high.
- Make decisions in a timely manner when questions arise.
- Ensure that required inspections are occurring.

NOTE: Inspections are usually coordinated by the builder, but it is still your responsibility to confirm that they are performed.



**TIP**

Refer back to p.35 for more information about working with contractors.

TIP

Remember to update your property insurance to include the completed ADU.

Move in!

Construction is complete!

In this step you will...

- Learn what you must do before renting out your ADU.
- Find resources on how to be a landlord.
- Consider hiring property management assistance.

NOTE

This section presumes that the ADU is being rented out, but everything discussed also applies if you want to move into your ADU and rent out your main home.

After construction is complete and the final inspections are done, your ADU will be ready for you or someone else to call home. This section will provide a handful of resources for renting out your ADU, should you choose to do so.

License and Registration

Before you can rent out your ADU you'll need to know whether your city requires you to apply for a rental license or to register your unit. Typically, a short application and fee are required. These applications are managed by different departments depending on the city. Call the city's general line and asked to be directed to the right department, or ask city staff members for more information during the permitting process.

Becoming a Landlord

If you decide to rent out your ADU, you should brush up on important landlord-tenant and fair housing laws to know your legal obligations and how to resolve any issues that might arise. Having this information can help you and your tenant maintain a positive relationship. A few resources are highlighted on the next page.

If becoming a landlord isn't for you, look into hiring a property management company to take care of the details.





Landlord Resources

The Office of the Minnesota Attorney General provides a handbook that contains a thorough overview of landlord-tenant laws.

[Landlords and Tenants: Rights and Responsibilities](#)

HousingLink is a nonprofit organization with a mission of expanding housing and neighborhood choices for renters. HousingLink offers landlords the chance to advertise their rental-housing openings for free.

[List a Property](#)

The Minnesota Multihousing Association promotes high standards in the development, management and maintenance of rental and owner-occupied multi housing and offers educational programming for landlords.

[MHA Industry Education](#)

HOME Line is a Minnesota tenant advocacy organization that offers publications and trainings to help landlords and tenants understand the laws that govern their relationship

[The Landlord's Guide to Minnesota Law](#)

[Trainings](#)

Many cities offer support and training for new landlords. Check with city staff to learn what your city offers.

References

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McClure, Jane. 2018. "Alley House," Saint Paul Historical, accessed August 9, 2018, saintpaulhistorical.com/items/show/273.

Brown, M. and Palmeri, J. 2014. "Accessory Dwelling Units in Portland, Oregon: Evaluation and Interpretation of a Survey of ADU Owners." Oregon Department of Environmental Quality. www.oregon.gov/deq/FilterDocs/ADU-surveyinterpret.pdf.

San Mateo County. 2018. "Second Unit Workbook." secondunitcentersmc.org/wp-content/uploads/Second-Unit-Workbook-FINAL-ONLINE.pdf.

Stephan, A. and R.H. Crawford. 2016. "The relationship between house size and life cycle energy demand: implications for energy efficiency regulations for buildings." *Energy* 116 (Part 1), 1158–1171. [dx.doi.org/10.1016/j.energy.2016.10.038](https://doi.org/10.1016/j.energy.2016.10.038).

Additional Resources

BOOK

Peterson, Kol. 2018. Backdoor Revolution: *The Definitive Guide to ADU Development*. Accessory Dwelling Strategies, LLC.

WEBSITES

Accessory Dwellings: "A one-stop source about accessory dwelling units, multigenerational homes, laneway houses, ADUs, granny flats, in-law units..." www.accessorydwellings.org

Building an ADU: "THE site for those interested in planning, designing, and building accessory dwelling units (aka ADUs)." www.buildinganadu.com

American Planning Association KnowledgeBase - Accessory Dwelling Units: "This collection catalogs resources that provide background, policy guidance, and examples of local plan recommendations and zoning standards for accessory dwelling units from across the country." www.planning.org/knowledgebase/accessorydwellings

Terner Center for Housing Innovation ternercenter.berkeley.edu

Second Unit Center San Mateo www.secondunitcentersmc.org

OTHER GUIDEBOOKS

Los Angeles, California | Building an ADU: Guidebook to Accessory Dwelling Units in the City of Los Angeles citylab.ucla.edu/adu-guidebook/

Honolulu County, Hawaii | Accessory Dwelling Unit Homeowners' Handbook: A Guide for Homeowners on Oahu Interested in Building an Accessory Dwelling Unit hawaiiadu.org/wp-content/uploads/2016/07/ADU-Manual-ver-1-FINAL-Web.pdf

San Mateo County, California | Second Unit Inspiration secondunitcentersmc.org/wp-content/uploads/ADU-Idea-Book-FINAL-ONLINE-VERSION.pdf

San Mateo County, California | Second Unit Workbook secondunitcentersmc.org/wp-content/uploads/Second-Unit-Workbook-FINAL-ONLINE.pdf

Santa Cruz, California | Accessory Dwelling Unit Manual: Growing Santa Cruz's Neighborhoods from the Inside www.cityofsantacruz.com/home/showdocument?id=8875

Santa Cruz County, California | ADU Basics www.sccoplanning.com/Portals/2/County/adu/ADU%20Basics.pdf?ver=2018-06-07-110146-073

Santa Cruz County, California | ADU Financing Guide www.sccoplanning.com/Portals/2/County/adu/ADU%20Financing%20Guide.pdf?ver=2018-06-07-110307-117

San Francisco, California | sf-ADU sfplanning.org/plans-and-programs/planning-for-the-city/accessory-dwelling-units/2015-ADU-Handbook-web.pdf

Seattle, Washington | A Guide to Building a Backyard Cottage www.seattle.gov/Documents/Departments/SeattlePlanningCommission/BackyardCottages/BackyardCottagesGuide-final.pdf

Twin Cities Planning Departments Contact Information

Contact information for cities that permit Accessory Dwelling Units (ADUs) as of 2018.

CITY OF APPLE VALLEY

Community Development/Planning
7100 147th St. W.
Apple Valley, MN 55124
952-953-2575
commdev@ci.apple-valley.mn.us
www.ci.apple-valley.mn.us/index.aspx?nid=83

CITY OF BLOOMINGTON

Planning Division
1800 West Old Shakopee Road
Bloomington, MN 55431-3027
952-563-8920
planning@BloomingtonMN.gov
www.bloomingtonmn.gov/plan/planning-division

CITY OF BURNSVILLE

Planning Department
100 Civic Center Parkway
Burnsville, MN 55337
952-895-4455
www.ci.burnsville.mn.us/index.aspx?nid=139

CITY OF CHASKA

Planning Department
One City Hall Plaza
Chaska, MN 55318
952-448-9200
www.chaskamn.com/148/Planning-Department

CITY OF CRYSTAL

Planning and Zoning
4141 Douglas Dr. N.
Crystal, MN 55422
763-531-1142
www.crystalmn.gov/resident/community-development/planning_and_zoning/

CITY OF EAGAN

Planning Division
3830 Pilot Knob Road
Eagan, MN 55122
651-675-5685
planning@cityofeagan.com
www.cityofeagan.com/accessory-dwelling-unit-registration

CITY OF INVER GROVE HEIGHTS

Community Development Department
8150 Barbara Ave.
Inver Grove Heights, MN 55077
651-450-2545
www.ci.inver-grove-heights.mn.us/55/Community-Development

CITY OF LAKEVILLE

Planning Department
20195 Holyoke Avenue
Lakeville, MN 55044
952-985-4420
planninginfo@lakevillemn.gov
lakevillemn.gov/342/Planning-Department

CITY OF LONG LAKE

City Clerk
450 Virginia Ave.
Long Lake, MN 55356
952-473-6961 x1
www.longlakemn.gov/index.asp?Type=B_BASIC&SEC={885FA881-1825-4CE7-9338-B6EBB7AB1836}

CITY OF MINNEAPOLIS

Community Planning & Economic Development
Public Service Center
250 South Fourth Street (Room 300)
Minneapolis, MN 55415
612-673-5095
www.ci.minneapolis.mn.us/cped/projects/ADU

CITY OF MINNETONKA

Planning Division
14600 Minnetonka Blvd.
Minnetonka, MN 55345
952-939-8290
eminnetonka.com/planning

CITY OF PLYMOUTH

Planning Division
3400 Plymouth Blvd.
Plymouth, MN 55447-1482
763-509-5450
planning@plymouthmn.gov
www.plymouthmn.gov/departments/community-development/planning

CITY OF RICHFIELD

Planning and Zoning
Richfield Municipal Center
6700 Portland Avenue
Richfield, MN 55423
612-861-9760
com_dev@richfieldmn.gov
www.richfieldmn.gov/departments/community-development

CITY OF ROSEVILLE

Planning and Zoning
2660 Civic Center Dr.
Roseville, MN 55113
651-792-7005
www.cityofroseville.com/307/Planning-and-Zoning

CITY OF SHOREVIEW

Planning and Zoning
4600 Victoria Street North
Shoreview, MN 55126
651-490-4680
www.shoreviewmn.gov/government/departments/community-development/planning-and-zoning

CITY OF SAINT PAUL

Safety & Inspections
375 Jackson Street Suite 220
Saint Paul, MN 55101
651-266-9008
www.stpaul.gov/departments/safety-inspections/accessory-dwelling-units

CITY OF STILLWATER

Planning and Zoning
216 North Fourth Street
Stillwater, MN 55082
651-430-8818
www.ci.stillwater.mn.us/communitydevelopment

CITY OF WHITE BEAR LAKE

Planning and Zoning
4701 Highway 61
White Bear Lake, MN 55110
651-429-8534
www.whitebearlake.org/communitydevelopment/page/planning-zoning

About the Family Housing Fund

The Family Housing Fund believes it takes all of us working together to build a strong system that supports access to decent, affordable homes for everyone. Established in 1980, we support the Cities of Minneapolis and Saint Paul, the Metropolitan Council, and Minnesota Housing in their efforts to meet the seven-county metropolitan region's affordable housing needs. We are unique in focusing on all facets of the housing system and working across sectors to ensure real change.

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