

University of Missouri Extension

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Accessory Apartments

Leo L. Cram

Missouri Gerontology Institute

"When people retire from active roles in the community, their long-term homes often become substantially more important to them, both because they spend more time there and because their homes hold evidence of the achievement and status in life that support their sense of who they are. Accessory apartments are one of a number of alternative living arrangements which can help some of them preserve this important value." — Leo Baldwin, Housing Coordinator, American Association of Retired Persons

What is an accessory apartment?

An accessory apartment is a self-contained second living unit which is built into or attached to an existing single family dwelling. The apartment is private and generally smaller than the primary unit and usually contains one or two bedrooms, bath, sitting room and kitchen. The two units may share, at most, an entrance, yard and parking spaces.

Accessory apartments may be located in any part of the house depending upon the availability of usable space. Spaces that have the greatest potential for conversion into accessory apartments include:

- Attics
- Basement portion of a split foyer house
- Walk-out basement areas
- Attached garages
- Finished living areas in any portion of the house
- Houses that will aesthetically accommodate a small room addition.

They are frequently referred to as "in-law flats," "efficiency apartments," "secondary units" or "single-family conversions."

Who chooses the accessory apartment living option?

Accessory apartments are attractive to a diverse array of people. Examples include:

- Older singles or couples who continue to live in large homes with sizable amounts of unused space and who are facing progressively higher operating and maintenance costs.
- Middle-aged couples or "empty nesters" whose children have grown up and moved out of the household leaving empty bedrooms
- Middle-aged children who desire private living situations where elderly parents can maintain their privacy but remain within close living proximity.
- Middle-aged or older people who spend significant amounts of time traveling or who maintain a second home in another region of the country, but who do not want to leave their primary home unoccupied or unattended
- Young singles or couples who need additional income to help pay their monthly mortgage payments
- Divorced individuals who prefer to remain living in their home but who need an added source of income for house payments, utility bills, and taxes
- Single working parents who can have tenants help with the maintenance of residences in good neighborhoods and who are available to provide babysitting or child-supervisory services while the parent is away.

Accessory apartments also offer economic development and profit-making potential to real estate firms, remodeling contractors and lending institutions that have money for home improvement loans.

Thus, accessory apartments offer the potential for providing a wide range of opportunities to large numbers of people of all ages who find themselves in an extremely diverse array of life stage circumstances or who are in the business of making money in the home remodeling market.

Models of accessory apartments

Accessory apartments, like the houses in which they are located, come in a wide variety of shapes and configurations. Depending upon its size, a particular house can contain one or multiple numbers of accessory apartments.

The vast majority of senior citizen homeowners who may be attracted to the accessory apartment alternative live in moderate-sized dwelling units. From the perspective of local government, a single conversion offers less-complicated opportunities for quietly integrating accessory apartments into single family neighborhoods.

The following three models are representative of rural, suburban and urban communities.

Single floor ranch-type home with a walk-out basement to the rear yard

Houses of this type typically have approximately 800 to 1,000 square feet on the main floor and 600 to 800 square feet in the basement. These houses lend themselves to the creation of an accessory apartment in the basement.

The existence of windows along the rear wall and perhaps on one or two side walls; plumbing already roughed in for a bath; availability of heating and/or air conditioning units that can satisfactorily accommodate both levels; and prior insulation and interior finishing work that has already been completed all influence the amount of disruption and expense required to complete the conversion.

Split-level ranch with a full basement

These houses have a split entry at the front door; the basement is one-half below grade, which provides full window spaces on a minimum of three sides; they generally contain 800 to 1,000 square feet of living space on each of the two levels.

The main floor usually provides a full complement of living areas including bedrooms, bath, kitchen and dining and living areas while the lower level contains supporting accommodations including a family room, spare bedroom and/or a den, bathroom, laundry room and storage space.

The lower level can be easily converted into an accessory apartment by enclosing the open stair area on the first floor or foyer and installing the necessary framing, insulation and finishing work on the lower level. Some modifications may need to be done to the duct work for the furnace and air-conditioning and the installation of kitchen equipment, including the provision of water and electric hookups.

Two-story house with a full basement and two floors of living space

In addition to a front entrance, there is generally a side entry that opens both into the basement and the first floor. The ground floor usually contains kitchen, dining and living areas along with pantries, an entry parlor on the front with an open stairway to the second floor and porches on both ends of the house. Laundry facilities may be in the basement or plumbed into the kitchen area on the first floor.

The second floor area will contain three or four bedrooms, a bath and an entry way to attic spaces. The two floors each have 800 to 900 square feet.

An accessory apartment can be created on the second floor by enclosing either of the entry ways that would connect with the enclosed stairway to the second floor. Install a bathroom on the first floor, and substitute one bedroom for a kitchen on the second floor.

Houses of this age and vintage may require a new electrical breaker box and some rewiring.

Common features of the three models and some rules-of-thumb

All of the aforementioned models do not require any modification to the exterior of the house that might compromise the visual integrity of the single-family neighborhood and significantly boost the conversion cost. The availability of garage space will influence the number of off-street parking spaces needed.

Elderly homeowners who reside in one of the two living units are generally attentive to the social habits of the renters who will live near them under the same roof, and chances are greatly enhanced that these renters will conform to the living norms and standards of the neighborhood.

Accessory apartments often range in size from 450 to 850 square feet and generally include a maximum of two bedrooms. The cost of conversion vary significantly based upon:

- The amount of remodeling work which is required,
- The ratio of "do-it-yourself" to "fully-contracted-out" work for materials and labor,
- The amount of prior furnished space which is available, and
- Luxury of the living accommodations which are provided.

Studies undertaken in Minnesota in 1982 used conversion estimates that ranged from \$26,400 for a "fully-contracted-out" job (an unfinished attic that required extensive remodeling work including the installation of a dormer in a bathroom) to a low of \$9,940 for a two-bedroom apartment in an older two-story house by an experienced "do-it-yourselfer." Estimates for conversions with a modest amount of "do-it-yourself" labor were \$15,520 and \$17,985 for split-entry and walkout-basement conversions respectively. Asphalt parking spaces are extra and are estimated to cost \$500 per space.

The average monthly break-even rental costs, assuming modest "do-it-yourself" labor at remodeling time were estimated to be \$228 for a second story accessory apartment in an older two-story house; \$274 for a split entry conversion; and \$302 for a walk-out basement apartment. ("Analysis of the Market and Economic Feasibility of Accessory Apartments in Minnesota," a report prepared for the Minnesota Housing Finance Agency, December 1982.)

Implications for the older homeowner

Older homeowners who are contemplating an accessory apartment in their home face the following positive and negative influences:

Positive influences

- Opportunity to continue to live in one's own home and maintain contact with the neighborhood.
- Source of additional income.
- Tenants may add a measure of security and alleviate the fear of break-ins.
- Tenants may provide companionship.
- Tenants may be willing to provide personal services in lieu of rent. This could include the performance of routine maintenance work around the house; maintaining the yard; shoveling snow; performing light housekeeping tasks; providing modest, personal in-home health services; and providing occasional transportation.

Negative influences

- The time, effort and money required to determine if the house will satisfactorily accommodate an accessory apartment, if the neighborhood will support an accessory apartment and if there is sufficient interest and demand for accessory apartments within the community.
- Determining if sufficient rental income (dollars and/or personal services) can be generated to pay the cost of the conversion, making the apartment an economical enterprise. At the eventual time of sale of the house, a capital gains tax will be assessed on the accessory apartment regardless of the exclusionary benefits that might accrue to the remaining portion of the house.
- Experiencing some degree of intrusion and disruption during the remodeling phase.
- Giving up some space and, perhaps, some privacy.
- Experiencing some risk, fear and uncertainty concerning the entire conversion process including the selection of the first tenant.
- Worrying adult children who may be concerned about their inheritance.

Implications for the community

Accessory apartments offer communities an opportunity to make adaptations to some single-family neighborhoods to accommodate the ever-changing housing needs. With the trend toward larger numbers of one- and two-family households, accessory apartments provide opportunities for communities to make their housing available to the community at-large, including young unmarried, divorced or widowed individuals. This particular housing option offers the following positive and negative implications:

Positive implications

- Provides older homeowners with an opportunity to generate some additional income.
- Increases the supply of low- and modest-cost rental housing.
- Provides young singles, couples and single parents with another source of income. This option may allow them to buy into the housing market; maintain ownership of their present home; or make available modest-priced rental housing in neighborhoods which provide a wholesome environment for children.
- Modestly increases economic activity in the private sector, which benefits commercial lenders, real estate agents, builders and retail businesses.
- Results in small increases in property appraisals, which generate modest amounts of additional tax revenues.

Negative implications

Many homeowners feel accessory apartments are demeaning. They are reluctant to tell their neighbors that they are no longer able to maintain their own home and need help from others to remain in the neighborhood.

Many people feel that accessory apartments run contrary to traditional values, which dictate that single family neighborhoods should be inhabited exclusively by married couples with children. They feel that accessory apartments have the potential for introducing new disruptive elements that may:

- Visually alter the surroundings (alterations to the exterior of houses and the increased presence of automobiles in new off-street parking spaces or on the streets),
- Bring in people with alternative social values and living styles,
- Attract absentee landlords who will exploit the housing resources,
- Introduce numerous code violations, and
- Put additional strain on the neighborhood infrastructure through increased usage of the streets, utilities and public services including school systems.

All of these negative reactions create an illusion of concern and fear that accessory apartments will result in a general deterioration of the neighborhood, causing property values to fall and adversely affecting the quality of life in the community.

Steps in launching an accessory apartment project

For leaders who think accessory apartments are an opportunity to the community, the first step is to gather a group of citizen-leaders. Select people who have the interest, commitment and ability to orchestrate an open and highly visible task-force-driven campaign designed to attract the attention and participation of many people. It is important that the task force membership include representatives from the private, public and nonprofit sectors. Real estate brokers and agents, building contractors who specialize in residential remodeling work and representatives from banks and savings and loan associations are all specialists in the housing market who should be united with representatives from the public and non-profit communities including aging and singles groups. If a homesharing or shared housing matchmaking service presently exists within the community, this organization should be among the first invited to join the task force.

The task force could be affiliated with a local public, non-profit, educational or religious organization which has the institutional resources to staff the task force. Begin building a strong foundation for the program immediately — gathering information, analyzing and interpreting data, documenting need and sharing the results of the "fact-finding" mission with a broad cross-section of the community.

The sponsoring organization should have a high level of credibility within the community, possess knowledge about housing matters or be able to access this information from reliable sources and have sufficient perspective to attract and nurture a rich diversity of people from all sectors of the community.

Sound judgment and caution should be exercised in order to ensure that the broad task force mission is not compromised or inadvertently stereotyped because a sponsoring organization has a narrowly focused program and constituency. Examples of a sponsoring organization could include:

- A housing task force appointed by a city and/or county unit of government,
- A housing committee of a local church or synagogue,
- A housing committee of a local area agency on aging, or
- A special housing task force operated under the auspices of the League of Women Voters.

Ideally, the organization that is comprised primarily of volunteers should have sufficient staff resources available to help it carry out its mission in an effective and timely manner. People of all ages and from all walks of life should be invited to participate, especially those individuals who have the most to gain from the accessory apartment option.

The sponsoring organization should gather basic data about the status and nature of the housing stock and construct a profile of residents in the various neighborhoods. This should include:

- Estimating the amount and relative quality of existing housing stock that lends itself to inexpensive conversion,
- Locating elderly persons whose homes contain excess living space and who may be willing to consider making a conversion.
- Identifying the proportion of elderly homeowners who are having financial difficulty in maintaining their home,
- Determining the overall aggregate demand for smaller housing units based upon the composition of existing households and expected rates of new household formation,
- Evaluating the physical condition of the existing housing stock and identifying those units which show evidence of deterioration due to the homeowners' shortage of funds for maintenance expenses,
- Determining if any apartments already exist illegally in single- family zones and determining how extensive these illegal conversions are throughout the neighborhood
- Judging how many members of the neighborhood would support or resist accessory apartment conversions.

The sponsoring organization should also gather specific information concerning institutional devices presently used to regulate housing and using land for specific purposes (zoning ordinances; building, housing and fire codes; and related health and safety standards). These devices should be reviewed to determine their legal status and effectiveness. Attention should be directed toward identifying alternative procedures that can be followed in granting a homeowner permission to legally create an accessory apartment in a single family housing zone.

The following four mechanisms are used in varying ways by communities in permitting and regulating accessory

apartments:

- **Zoning ordinance**

The local government enacts a residential ordinance which permits accessory apartments in specified zones. Once granted "by-right" privileges, homeowners who live in a designated accessory apartment zone can make a conversion at any time without seeking approval from anyone. Under this alternative, local government is virtually powerless to intercede in response to unforeseen contingencies. The occurrence of a massive number of conversions within a small geographic area, which could significantly harm the neighborhood, could not be controlled.

- **Variance**

A property owner can be granted relief from the requirements of a particular zoning ordinance by a local unit of government. Variances have definite limitations since they customarily are granted to the parcel of land and not the owner. There are generally no stated criteria of conditions under which accessory apartments are deemed an eligible use. Once the variance is granted, there are no provisions for periodic review or oversight by the governmental unit.

- **Licensing**

This option provides local governments with an opportunity to exercise ongoing review and appraisal through periodic license renewal requirements. In order to be effective, the licensing process should be administered through, or in close coordination with, the existing land-use regulatory body (planning and zoning commission) in order to ensure that the housing arrangements conform to appropriate land use.

- **Special-use permits**

Local governments review each case by conducting a public hearing. Decisions are based upon an established set of criteria or conditions designed to judge the impact upon the neighborhood. The permit is usually granted to the applicant and not the property. A new application must be made when the property changes hands. Neighbors and adjacent property owners have the potential of exercising considerable influence on the application through the public hearing process.

Communities can use any of the four mentioned options or they can "tailor make" the approval mechanism to satisfy their particular need. By combining certain elements (zoning, licensing and/or special use permits), every proposed conversion may be required to satisfy both housing codes and land use specifications.

Communities that desire to incorporate further refinements and safeguards into the conversion review process can also place the following types of specific optional provisions into the instruments:

- Restricting the conversion option to senior citizens over a specified age.
- Requiring the homeowner to reside in one of the living units within the house.
- Restricting the conversion to homes which were constructed prior to a given date.
- Requiring a minimum square footage as a prerequisite for a house to be considered eligible for a conversion.
- Specifying the particular zoning classifications where conversions may be considered eligible.
- Permitting conversions only by homeowners who have resided in the home for a designated number of years prior to making an application for a conversion.
- Prohibiting exterior modifications to the house.
- Specifying minimum or maximum floor sizes for accessory apartments requiring that a conversion not exceed a designated percentage of the total floor space of the house.
- Placing a limit on the number of people who can occupy the accessory apartment or designating the aggregate number of people who can occupy the entire house.
- Encouraging barrier-free design considerations for persons with handicaps or limited mobility.

Don't forget education and counseling services for the homeowner

An accessory apartment project can become very technical and confusing to everyone concerned, especially to the older homeowner. This means that the task force should include members from organizations and agencies who have the credibility, competence and skills to effectively carry out educational programs for the community at-large and individualized counseling services for homeowners who are seriously considering the conversion option.

Area Agencies on Aging, senior citizen advocacy organizations, cooperative extension agents, community college faculty, social service professionals and church organizations all have the potential for providing the educational and counseling services which will be required.

Some parting thoughts

The overriding objective of the accessory apartment model is one of economics — providing affordable housing to individuals and families in need while generating a source of income for financially pressed homeowners. Accessory apartments are not glamorous, nor do they possess widespread societal appeal at the present time. Consequently, a highly visible market demand does not currently exist for this particular housing alternative.

In many ways they are contradictory to the values of society which applaud living arrangements in single family neighborhoods where a nuclear family lives privately in a detached dwelling and where the house is used exclusively as a place to live, not as a device for generating additional income. It is also a model that requires communities to make adjustments in their working rules. These changes introduce complicated problems that local governments generally prefer to ignore rather than solve. Ironically, it is also a housing alternative which at present is not particularly attractive to older people. Where some demand does exist, it is generally strongest among college students, young adult workers and the divorced.

From a public policy perspective, accessory apartments provide an alternative to the popular "add-on" strategy of continually relying upon new construction (houses, streets, sewers, utilities and public services) to satisfy the needs of a growing community. They concentrate on preserving, refurbishing and making more efficient use of existing housing and the expensive community infrastructure, which is not maximized. Accessory apartments allow a community to:

- Create new living units without the expense of new infrastructure,
- Upgrade the energy standards of existing houses that will reduce the overall consumption of gas and electricity,
- Generate a flow of new dollars within the community from home equity,
- Avoid the "empty school syndrome" where large amounts of funds are invested in new additions to the infrastructure. These temporarily satisfy the needs of a large group of people who may be gone in one or two generations leaving unused facilities.
- Reduce the costs of medical care for the elderly who can receive less-expensive, in-home care services while living in an accessory apartment rather than being forced to move to a more costly nursing home or long-term health care facility.

Flexibility is a key variable in adapting accessory apartments to a diverse array of neighborhoods. It is quite possible that a particular community may have to "diversify" its accessory apartment conversion rules to fit different neighborhoods. For example, in large two-story inner-city homes occupied primarily by older people, the accessory apartment licensing procedure could grant conversion privileges only to senior citizens and allow for multiple conversions within a particular house. Post World War II neighborhoods comprised of people of all ages living in smaller houses would require different licensing requirements.

Creating economic development opportunities for the private sector should be an integral part of the development strategy. Private capital, rather than public subsidies, offers the most promising long-term potential for an accessory apartment project. In addition to supplying money, representatives of the private real estate industry are professionals who understand the field of housing and are skilled in marketing techniques. Any successful conversion project will require a well-conceived advertising, marketing and financing strategy. Sufficient economic incentives must be employed to attract private investment and to effectively compete with the large-scale, pre-packaged, new residential construction strategies already in place.

Accessory apartments are not for everyone, nor are they appropriate for all neighborhoods or communities. In those communities where older people are living in deteriorating homes with excessive amounts of living space or situations where homeowners are already making illegal conversions, community leaders may want to "go with the flow" and initiate a community development process. This will ensure that all future accessory apartment conversions result in safe and aesthetically compatible living accommodations which upgrade the quality of the neighborhood and improve

the life situation of the residents. Existing conversions can eventually be brought up to standards through time and in a rational and diplomatic manner.

Community leaders desiring to follow through will find a growing body of literature and experiential knowledge being generated. Those who have successfully solved this problem are ready to share with others.

Sources of assistance

Additional information may be obtained from your local MU Extension center or from your local area agency on aging.

Technical assistance, training services and/or printed literature can be secured from:

- American Association of Retired Persons (AARP)
Housing Program
1909 K Street, N.W.
Washington, D.C., 20049
202-728-4555
- Patrick H. Hare
Planning and Design
1909 P Street, N.W.
Washington, D.C., 20036
202-234-1219
- Baldwin, Leo E.
"Your Home, Your Choice — A Workbook for Older People and Their Family"
AARP
Housing Program
1909 K Street, N.W.
Washington, D.C., 20039
(Single copies are free.)
- Council of Governments
"Proceedings from a Conference on Accessory Apartments"
Department of Human Resources and Public Safety
Metropolitan Washington Council of Governments
1875 I Street, N.W.
Suite 200
Washington, D.C., 20006
(\$5).
- Hare, Patrick H.
"Accessory Apartments — Using Surplus Space in Single Family Homes"
Planning Advisory Service Report Number 365
American Planning Association
1313 East 60th Street
Chicago, Illinois 60637
(\$10).
- Hare, Patrick H.
"Accessory Apartments: Marketing the Concept and Counseling the Consumer," a report prepared for the Cornell
University Department of Consumer Economics and Housing
Patrick H. Hare
Planning and Design
1909 P Street, N.W.
Washington, D.C. 20009
(\$15).
- Hedges, Helen E.
"Legal Issues in Accessory Apartments: Zoning and Covenants Restricting Land to Residential Uses"

AARP

Housing Department
1909 K Street, N.W.
Washington, D.C., 20049
(Single copies are free.)

- Hodges, Samuel J. and Goldman, Ellis G.
"Allowing Accessory Apartments — Key Issues for Local Officials"
Office of Policy Development and Research
U.S. Department of Housing and Urban Development
Washington, D.C.
(\$5).
- Myers, Phyllis
"Aging in Place — Strategies to Help the Elderly Stay in Revitalizing Neighborhoods"
The Conservation Foundation
1717 Massachusetts Avenue, N.W.
Washington, D.C., 20036
(\$9)

The Missouri Gerontology Institute develops and coordinates instruction, research and extension activities on aging among the university campuses (Columbia, Kansas City, Rolla and St. Louis), Lincoln University and MU Extension.

Related MU Extension publications

- GG13, Shared Housing
<http://extension.missouri.edu/p/GG13>

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