

ADU Background Research

Background:

Fort Collins is already closely aligned with the State of Colorado in being considered an 'ADU-friendly community.' However, additional policy actions, such as financial incentives, pre-approved design programs, and design competitions, could further enhance ADU development. Below is a summary of potential options for the City Council to consider. To support ADU development and increase housing supply, municipalities have implemented a range of policy options, including financial incentives, pre-approved design programs, and design competitions. Below is a summary of potential options for Fort Collins to consider.

1. Fee Waivers for ADU Construction

- **Types of Fee Waivers:** Cities waive or reduce permit, impact, and utility connection fees to lower construction costs.
- **Examples:**
 - Portland, OR waives system development charges for ADUs used as long-term rentals ([City of Portland Bureau of Development Services, 2023](#)).
 - Denver, CO provides impact fee reductions for ADUs designated as affordable housing ([City and County of Denver, 2023](#)).
 - Austin, TX offers fee waivers for ADUs built as affordable housing units ([City of Austin Housing and Planning Department, 2023](#)).
- **Pros:** Encourages homeowners to build ADUs, promotes affordability, and can contribute to increased housing supply.
- **Cons:** Potential revenue loss for the city, requires alternative funding sources, and may require periodic policy updates.

2. Pre-Approved ADU Design Programs

- **Approval Process & Oversight:**
 - Pre-approved ADU designs are typically reviewed and approved by municipal planning and building departments, often in collaboration with local architectural review boards.
 - Departments such as the City Planning Division, Development Services, and Building & Safety ensure compliance with zoning laws, building codes, and utility regulations.
 - Example: The City of San Jose's Planning Division oversees ADU plan approvals to ensure alignment with local standards ([City of San Jose Planning Division, 2023](#)).
 - Example: In San Diego, the Development Services Department evaluates ADU designs for structural integrity, safety, and zoning compliance ([City of San Diego Development Services, 2023](#)).
- **Collaboration with HOAs:**
 - Some cities work with Homeowners Associations (HOAs) to facilitate ADU approval by aligning pre-approved designs with HOA architectural standards.
 - Example: The City of Austin engages with HOAs to streamline ADU approval processes and resolve restrictive covenants that may prohibit ADUs ([City of Austin Housing and Planning Department, 2023](#)).
 - Example: Portland, OR provides educational materials to HOAs on state-mandated ADU allowances, ensuring consistent implementation across neighborhoods ([City of Portland Bureau of Development Services, 2023](#)).
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- **Purpose:** Reduces time and cost for homeowners by providing ready-to-use ADU blueprints that comply with local codes.
- **Key Features:**
 - Cities develop a library of pre-approved designs available for free or low cost, typically ranging from \$1,500 to \$5,000 per plan for homeowners, depending on complexity and architectural fees ([City of San Diego Development Services, 2023](#), [City of San Jose Planning Division, 2023](#)).
 - Plans minimize the need for custom architectural services, making ADU construction more accessible.
 - Example: San Diego, CA and San Jose, CA offer pre-approved ADU plans ([City of San Diego Development Services, 2023](#) and [City of San Jose Planning Division, 2023](#)).
- **Costs & Administration:**
 - Estimated \$50,000–\$200,000 for initial design development (varies based on scope and number of designs) ([City of Seattle ADUniverse, 2023](#)).
 - Ongoing staff support required for plan updates, public inquiries, and permitting assistance.
 - Additional costs for public outreach, website maintenance, and program promotion.
- **Steps to Implement:**
 1. Assess community needs and demand through surveys and stakeholder engagement.
 2. Develop architectural guidelines in compliance with local zoning and building codes.
 3. Engage architects and designers to create ADU plans.
 4. Approve plans through permitting agencies to ensure code compliance.
 5. Launch an online plan library and promote the resource to homeowners and builders.
 6. Provide ongoing support, periodic updates, and community education.

3. ADU Design Competitions

- **Objective:** Encourages innovative and affordable ADU designs while engaging architects, planners, and the community.
- **Example: San Antonio, TX**
 - Hosted a public design competition for ADU plans ([City of San Antonio Neighborhood & Housing Services, 2023](#)).
 - Winning designs were added to a pre-approved plan library, making them available to the public at a reduced cost.
- **Implementation Considerations:**

- Requires staff coordination and funding for prize incentives and administrative management.
- Legal review needed to establish design ownership, usage rights, and licensing agreements.
- Potential partnerships with local design schools, nonprofits, and private sector sponsors to increase participation and reduce program costs.
- Public engagement strategies, such as community voting, to select preferred designs.

4. Utility Impacts of ADUs

- **Effects on Utility Rates:**
 - Some cities charge additional utility connection fees for ADUs, while others waive or reduce these fees.
 - Increases in water and sewer usage may result in higher monthly utility bills for ADU owners.
- **Challenges for Municipal Utilities:**
 - Increased water and sewer demand may require system upgrades in older neighborhoods.
 - Electrical grid capacity must accommodate increased residential density.
 - Stormwater management may be impacted by additional impervious surfaces.
- **Case Studies:**
 - **Seattle, WA:** Updated water and sewer infrastructure in neighborhoods with high ADU development rates ([Seattle Public Utilities, 2023](#)).
 - **Los Angeles, CA:** Offers reduced sewer connection fees for ADUs to promote affordability while managing system load ([Los Angeles Department of Water and Power, 2023](#)).
 - **Austin, TX:** Adjusted water rates to accommodate ADU development and incentivize water-efficient design features ([Austin Water, 2023](#)).

Recommendation:

To encourage ADU development, Fort Collins could explore a combination of fee waivers, pre-approved design programs, and a design competition. A feasibility study is recommended to assess costs, administrative requirements, and potential impact on housing availability. Additionally, benchmarking with peer cities will provide further insights into best practices for program implementation. Further analysis of utility system impacts and possible mitigation strategies should also be considered.