

Part 2: Why Aren't More Accessory Dwelling Units (ADUs) Being Built?

This is the second installment of my monthly series about one of the hottest topics in real estate: Accessory Dwelling Units. ADUs have gotten a lot of attention recently as a housing option. My thanks to John Phillips of Verdant Living for helping on the research for it.

ADUs – accessory or additional dwelling units, also called granny flats — are a wonderful idea. They use an existing piece of residential real estate and create a separate living space. They are often used for intergenerational housing (aging parents, adult children just starting out, etc.) and have long-term value as rental property and add to the value of your real estate. But very few have been built in Colorado. The experience in the City of Denver is instructive. I have been told that since June 2015 the city has issued 528 ADU permits, of which 418 have received Certificates of Occupancy. There are thousands of possible sites. There are no easily attainable totals for areas outside Denver, but there are a few ADUs scattered around the suburbs, and there must be tens of thousands of possible sites.

So, one might ask, why aren't more ADUs being built?

For many years, they were discouraged by the restrictive zoning regulations of local governments. That made a lot of sense when land was relatively inexpensive, housing was generally affordable, and single-family residences were

the preferred option. But times have changed.

Now, land in urban areas is scarce (thus more expensive), homes are more expensive to build and aren't as available, and smaller living spaces in closer proximity to others is more acceptable, often preferred. Zoning was a big hurdle. In Denver, applications for variance were rarely denied, but the variance process could take months and was expensive.

However, that is not the problem it once was. Laws have been passed that override local zoning regulations; Colorado did that last year, and that law takes effect this July.

That has opened the door, but there is a long way to go. Most homeowners have never even heard of ADUs, much less thought of how building an ADU might address their needs. This series is a small attempt to address that education gap.

Other impediments:

- ◆ **Other local regulations and rules.** Some of these are hangovers from the anti-ADU sentiment, but many are necessary to ensure the quality and safety of the dwelling as well as it being an acceptable addition to the community. These range from soil testing, setbacks, size limitations, parking, utility fees, construction inspections, and more. These sorts of things are dealt with as a matter of course by builders of multi-family buildings and main residences, but the complexity

quickly baffles the typical homeowner.

- ◆ **Cost.** The amount of money needed, even for the least expensive ADUs, is not trivial for most homeowners. It exceeds the purchase of a car or the cost of a tiny home, and many don't understand why.
 - ◆ **Finance.** Beyond the raw cost, financing an ADU can be a challenge. Most lenders (but not our Wendy Renee, below) are not yet comfortable with the dynamics, and there are few lenders actively doing it. Call Wendy!
 - ◆ **Time.** The time between signing a contract to build an ADU and receiving a certificate of occupancy could be a year (and often longer). Before you get to the contract phase, investigation of options and selecting a vendor takes even more time. Sometimes a homeowner who wants an ADU has an immediate need, and the timelines may not match.
 - ◆ **Market awareness.** As mentioned above, most potential purchasers of ADUs are unaware of the opportunity. That education is happening, slowly.
 - ◆ **Vendors.** In Colorado the cottage industry of ADU vendors and other service providers is only now developing. It exists but is small, hard to find (and vet), and doesn't have a broad community presence.
- All these factors are self reinforcing and limit the development of ADUs. And there is another factor at work. The very nature of ADUs which makes them such a terrific addition to the housing stock,

Opportunity Alert! Kol Peterson, a recognized authority on ADUs, is holding an **ADU Academy** in Denver on **June 13**. Visit <https://www.aduspecialist.org/aduacademy> for more information.

works against widespread adoption. They are “gentle density,” one here, one there. They are rarely installed at multiple residences close to each other. The impact, such as traffic, on a particular neighborhood is minimal. They don't change the character of the neighborhood, *but* individual homeowners must have the need and desire.

Most have little experience with a construction project, understand how to research the options, are willing to turn their backyard into a construction site, and, especially for homeowners of moderate means, able to take on the risk and responsibility of a second mortgage (or make the necessary decisions). The whole thing is not part of their perspective.

To help with these issues Verdant Living has published a buyer's guide, BuyersGuideColoradoADUs.com. A good place to begin is the Verdant Living website, VerdantLiving.us, or just contact **John Phillips** at **303-717-1962**.

I want to thank John and the following people for their input: **Gary Fleisher**, Modular Home Source; **Kol Peterson**, Accessory Dwelling Strategies, **Renee Martinez-Stone**, Denver Housing Authority and West Denver Renaissance Collaborative, and **Eric Scott**, TinyMod.

Next month: Financing an ADU

Here Are Some Reviews From Past Clients:

Golden Real Estate is the best residential real estate agency i have ever worked with. And I have bought more than 20 houses. What I like most is that they are not afraid to express their frank opinions about any piece of real estate. And I love the house they found for us on South Golden Road. — Don Parker

Dave Dlugasch did a phenomenal job working with us! We were not easy buyers because of an extensive “wish list” and he did his homework on each property we looked at until we found the right one. He gave us great advice and was very supportive of all our questions throughout the entire process. — M. Madigan

Based on **Jim Smith's** knowledge, experience, and expertise in the real estate arena, we decided to work with him when it came time to downsize. We used Jim and his real estate firm to both purchase the new home and sell our existing property. All communication with Jim has been top notch. He also provided all packing materials and labor to make our move. It was a great experience from start to finish. — R. Trujillo

We were beyond impressed with **Kathy Jonke!** She went above and beyond for us. She accommodated all of our needs. She was insightful and extremely helpful throughout the entire process! I can't recommend her more! — Eve Wilson

Not only did **Jim Smith** do a superb job in the marketing and sale of our home, he provided his company's moving truck and long time handyman Mark to move our belongings to our new home in Broomfield. When a problem occurred, he hired an outside moving company to help complete the move in one day instead of two! We are so pleased that Jim helped us through the process of selling our home and moving us into our new home. — Reese & Sally Ganster

Chuck Brown is a superb Realtor. He is very knowledgeable regarding the market, very

proactive and highly professional. Chuck was great at identifying potential properties that met our criteria, he moved very quickly to show us potential properties and his analysis of property values was on point and very thorough. Chuck was extremely proactive and responsive in his communications with us. Chuck went above and beyond our expectations. My wife and I have done six real estate transactions and we think Chuck is the best Realtor ever. We would highly recommend Chuck to other home buyers. — S. Diamond

I was helping my mom and her husband sell the house. **David Dlugasch** was very accommodating to this dynamic. He arranged for all the paperwork to be done at the nursing home for the ease of my mom. David and I worked together to get the very full and dated house ready to go on the market. He went above and beyond by going to the paint store and hardware store etc. He was always available via text for any question I had along the way. He had a lot of resources. The best one was Mark, the handyman. I could always count on Mark. Mark was very meticulous and could do anything. What a great team! I could not have taken on this monumental task without them!! — Heidi Warner

Greg Kraft was knowledgeable and professional. He was very easy to work with and was super proactive in searching the listings. That was a key in us managing to buy the townhome in a very competitive market. He was also very responsive and communicated really well with us and the listing agents. We would recommend him without reservation. — J. Knight

Jim Swanson was kind and patient while listening to my questions. He helped me to translate the real estate language and manage the sale process. He connected the dots, allowing me to make good decisions, maintain my personal integrity and profit from the sale when a great offer came to the forefront. Jim, Thank you for putting communication and community first. — Name Withheld

View All our Active & Pending Listings on a Single Website

Instead of having a different website for each listing, we now link them to a single site, www.GRElistings.com. The QR code at right will open that site up on your smartphone.

We pride ourselves on the thoroughness of our listings. We complete all the data fields in the MLS, not just the mandatory ones, so you'll find measurements and descriptions for each room, as well as narrated video tours which simulate an actual showing.

Room dimensions and descriptions are not required, and you'd be amazed how few



agents bother to enter that information on their MLS listings.

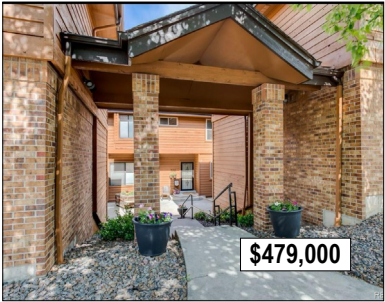
Of course, narrated video tours are not required either, and most “video tours” you see on other brokerages’ listings are really just slide shows with a music track. We have sold many of our own listings, including one that

closes next week, to buyers who haven't seen the home in person until they fly in for the inspection. The video tour gives them enough of a sense of what the listing is like to ask me or their agent write up an offer and go under contract for it.

Price Reduced on Townhome-Style Condo in Centennial

This updated 2-story condo at **5555 E. Briarwood Ave.** has a finished basement, offering the perfect blend of comfort, style, and convenience. Located in the heart of the Summerhill neighborhood, this home has thoughtful upgrades and a bright, open floorplan. The main level is ideal for entertaining with its inviting family room, complete with wood-burning fireplace. It flows into the formal dining area and opens to a private patio. The updated dine-in kitchen boasts stylish countertops and laminate wood flooring. All appliances are included. A stylish half bath with tile flooring rounds out the main floor.

Upstairs, the vaulted primary suite has dual closets and a beautifully updated ensuite bath. The finished basement has a large recreation room, laundry area, and ample storage. A private patio is just steps from the neighborhood pool and hot tub. You can view a narrated video tour online at www.GRElistings.com, then call listing agent **Chris Sholts**, **320-491-6494**, to see it.



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