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Accessory Dwelling Units City Adoption Recommendation

November 16, 2022

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Overview

- Why ADUs?
- Project Goal and Timeline
- What is an ADU
- Points of Discussion
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SWOT Analysis



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Why ADUs



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ADUs have been identified in several policy documents, including the Comprehensive Plan, Affordable Housing Strategy Task Force Report, and the Climate Action Plan as a potential tool to primarily address the need for increased housing options for for Edina residents while addressing other city and sustainability goals.



Work Plan Goal and Timeline

Goal: Review and recommend ordinance for Accessory Dwelling Unit

Deliverable: Recommendation to the City Council

Target Completion: End of 2022



What is an ADU?



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Accessory dwelling units (ADUs) are *independent permanent independent housing units*, typically (but not always) created on single-family lots through remodeling or expanding the existing home or constructed as a detached dwelling.

An ADU is not a rented out bedroom, nor a temporary structure such as an RV or camper nor structure without a permanent foundation.



What is an ADU? (Con't)



What is an ADU? (detached)



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Source: City of Portland, OR



Source: Zillow



Source: City of Oakland, CA

What is an ADU? (above garage)



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Source: Fernandina Observer



Source: Ben Quie & Sons



Source: MinnPost



Source: White Crane Construction

What is an ADU? (attached)



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Source: CTA Design Builders, Inc.



Source: Streets MN

Benefits of ADUs



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1. Increase supply of a more affordable housing type. ADUs are more cost effective to build than multi-family on a per unit basis.
2. Help older homeowners, single parents, young home buyers, and renters seeking a wider range of homes, prices, rents, and locations.
3. Increase housing diversity and supply, providing opportunities to reduce the segregation of people by race, ethnicity and income that resulted from decades of exclusionary zoning.
4. Provide homeowners with extra income to meet rising costs.

Benefits of ADUs (con't)



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5. Create convenient living arrangement allowing family members to provide care and support in a semi-independent living situation.
6. Provide opportunity for increased security, home care, and companionship for older and other homeowners.
7. Reduce burdens on taxpayers while enhancing local property tax base by providing cost-effective means of accommodating development without the cost of building, operating, and maintaining new infrastructure.
8. Promote more compact growth to reduce sprawl
9. Enhance job opportunities by providing housing nearer to employment centers.



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Points of discussion

Key topics identified by the workgroup

Points of discussion



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Criteria	Discussion
Owner Occupied	Some neighboring cities have the requirement of the owner be an occupier of either the primary dwelling or the ADU to alleviate any concerns around poor property maintenance.
Sewer capacity	There is sewer capacity concern in the southwest region of the city. As a result, Engineering staff have concerns about growth in this area until sewer capacity is increased. See "Fig A - Sewer Capacity" slide.
Max Allowed	One ADU per single family residence would be in line with the max allowed with neighboring cities.
ADU Type	Allowing all ADU types (attached, detached, internal) would provide options to residents and can increase the potential for more ADU construction in the city. Internal and attached ADUs are least costly whereas detached ADUs would be most expensive.
Size	This size of the ADUs in neighboring cities is between 300-1000 sq. ft. It would be wise for Edina to establish a minimum ADU size standard that would ensure comfortable living space.
Affordability	While ADUs are not commonly income restricted, and thus would not count towards Edina's affordable housing goal, they are intended to provide a new housing option that is relatively more affordable than a single-family home.

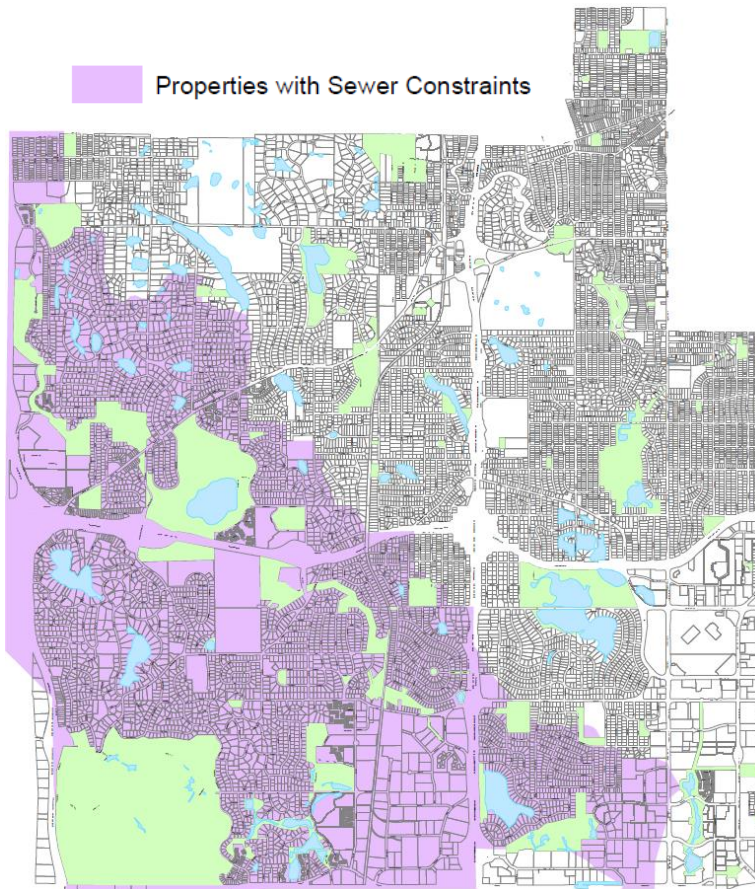
Points of discussion con't



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Criteria	Reason
Permitting by Right	Many cities allow ADUs by right while others may require a <i>CUP</i> (Conditional Use Permit) or other means. As a city we need to consider the pros / cons of either approach and determine the best path forward. Architecture, Lawsuits, Historical Preservation Rules etc.
Parking	Parking requirements are considered a barrier to ADU development; however, the City does not allow on street parking for more than six hours or between the hours of 1am - 6am Nov. 1 to Mar. 31. If the City moves forward with an ordinance, it would need to be decided if additional parking should be required that would meet current setback, hardcover or other city ordinances requirements.
WAC and SAC	For internal and attached units, water and sewer are typically provided from existing service lines for the primary dwelling. For detached units, existing service lines may be extended from the primary dwelling or separate services may be provided.
Sale and Subdivisions	While allowed by some cities around the country, most ordinances prohibit the sale of an ADU separate from the primary dwelling.
Building Code	All ADUs would be required to comply with Minnesota State Building Code. Internal and attached ADUs would need to meet a 1-hour fire separation rating for walls between units.

Fig: A - Sewer Capacity



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The southwest half of Edina has sewer capacity concerns that would adversely impact services with any additional increase in flow volume. Potential impacted neighborhoods are:

Presidents	Creek Valley
Parkwood Knolls	Braemar Hills
Bresden	The Heights
Countryside	Prospect Knolls
Indian Hills	Dewey Hill
Indian Trails	Cahill
Normandale Park	Lake Edina
	Pentagon Park

Recommendation to City Council



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In summary, construction costs appear to be the biggest barrier to ADU development. As a neighboring city, Edina may also experience moderate development demand with the issuance of a new ADU ordinance. As an incentive, the city may want to consider incorporating various expense reduction policies as outlined above to increase demand. The planning commission also recognizes the complex code challenges that would need to be addressed within the ordinance to ensure safety while meeting appropriate utility service levels. Communicating the value of ADUs as both an income generator for residents and a vehicle to address an ongoing housing affordability shortage would be necessary. Guided by our Comprehensive, Climate and Housing Plans and through a deliberate, moderate and collaborative approach, an ordinance can be developed that would satisfy residents, developers and the city. *The Planning Commission recommends moving forward with the development of an ADU ordinance* as the net benefits and opportunities to be gained would outweigh any potential drawbacks.



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Appendix



SWOT Analysis Framework



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SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats and is a simple but powerful structured planning tool to evaluate a set of competing forces when making a decision.

Strength

- *What are the benefits of ADUs?*
- Strengths need to be maintained, built upon or leveraged.

Weakness

- *What are the limitations of ADUs?*
- Weaknesses need to be remedied or stopped.

Opportunities

- *How can we apply these strengths for maximum benefit?*
- Opportunities need to be prioritized and optimized.

Threats

- *What can impede or derail the development of ADUs?*
- Threats need to be countered or minimized.

SWOT Analysis



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Strength

- Increase affordable housing supply
- Provides homeowners with extra income
- Allows the provision of supportive care
- Provides alternative housing option
- Increases the city property tax base
- [Aligns with Comprehensive, Climate Action, and Housing Strategy Plans](#)

Weakness

- Construction costs
- City infrastructure limitations
- Not feasible for all dwellings
- Impacts many current city code
- Administrative learning curve
- Community not familiar with ADUs

Opportunities

- Regional ADU development leadership
- City tax revenue increase
- Increases collaboration amongst city departments and commissions

Threats

- City aesthetic character change
- Residential congestion (traffic, density)
- Susceptible to legislative changes

Strength mitigation



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Strength	Enhancement
Increase affordable housing supply	Promote through public forums the benefits of ADU development.
Provides homeowners with extra income	Provide resources to make it easier for homeowners to generate additional rental income from their ADU homes.
Allows the provision of supportive care	Partner with local care facilities to provide support for ADU residents in need of supportive care. I.e home care nurses.
Provides alternative housing option	Coordinate with other neighboring cities to align on their ADU ordinances to attract residents needing this alternative housing option.
Increases the city property tax base	Fairly assess dwellings with ADUs for property tax assessments.
Aligns with Comprehensive, Climate Action, and Housing Strategy Plans	Promote ADU development as supportive of other city strategies including the comprehensive plan, climate action plan and housing plans.

Weakness mitigation



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Weakness	Mitigation
Planning, Construction and City costs / fees	Waive some or all permitting fees. Provide free architectural plans and consultative services to interested builders. Leverage state / city funds or grants to promote the development of ADUs.
City infrastructure limitations	There may be concerns with the sewer capacity in south west half of the city (see Fig A). This can be mitigated with city investments in newer sewer line capacity. There is little concerns with other city infrastructure services such as water line capacity, or electricity.
Not feasible for all dwellings	Although rare, the topography and size of some lots may prohibit building an ADU (attached or detached).

Weakness mitigation con't



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Weakness	Mitigation
Impacts many current city codes	Leverage the existing building codes and those used for sheds and other property structures to model the ADU setback and height requirements.
Delayed permitting timelines	Develop standard ADU plans that could speed up the permitting and approval process.
Administrative learning curve	This program is new for the city however they can leverage existing processes for permitting ADU development.
Community not familiar with ADUs	Schedule community communication events via multiple channels including public meetings, city sites, social media, city mailings and/or newspapers to share vision, future ordinance and plan for ADU development. Develop an ADU handbook and website so residents can review for more construction information.

Opportunity



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Opportunity	Enhancement
Regional ADU development leadership	Edina's unique demographics can position the city to lead on the architectural design, build process and ongoing administration of ADUs.
City tax revenue increase	ADU development can increase the tax assessed values of homes and increase city tax revenue.
Increases collaboration amongst city departments and commissions	This new housing type option creates opportunity to collaborate more closely with many city departments.

Threats



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Threats	Mitigation
City aesthetic character change	As part of the building code ensure setback requirements, building materials, height and other ordinances are maintained for ADU development.
Residential congestion (traffic, density)	Monitor and report the traffic changes due to ADU development. Establish a traffic density alert that would initiate a review of ADU density in the city. Proactively collect and respond feedback from residents on the impact of the ADU development to their neighborhoods
Adverse legislative changes	Monitor and advocate for ADU development for the city and at state level. Share ADU ordinances with other Commissions and civic groups such as Edina for Affordable Housing for awareness, exposure and notification of impacts. Partner with other neighboring cities to advocate for ADU development

Neighboring City ADU Comparisons



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Criteria	St. Louis Park	Minneapolis	Richfield	Bloomington	Minnetonka
Zoning / Max Allowed	R-1, R-2, R-3. Single family lots / 1	Single family and 2 family zones / 1	R-1 / 1	R-1, RS-1 / 1	R-1, R-1A, R-2 / 1
No. / Issue	0 since Oct 2020	137 May 2015 - 2019	< 5 since 2015	1 since 2009	61 since 1986
Detached	Attached, Detached, Internal	Attached, Detached, Internal	Must be attached to principal structure or above a detached garage	Yes (newly proposed ordinance)	Attached, Detached, Internal
Min / Max Size	200 sq. ft. / Attached units: <= 40% gross floor area of the single family home Detached: 800 sq. ft. or 25% of rear yard, whichever is less	300 sq. ft. / 1300 sq. ft. or 16% of lot size area	300 sq. ft. / 800 sq. ft.	300 sq. ft. / No max	None / 1,000 sq. ft. or 35% of the floor area of the principal dwelling, whichever is less.
Height	15 ft.	21 ft.	Height of principal residence (or 18 ft if lot is less than 75 ft wide)	Same as principal structure	Up to the roof height of the principal dwelling.

Neighboring City ADU Comparisons con't



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Criteria	St. Louis Park	Minneapolis	Richfield	Bloomington	Minnetonka
Setbacks	Rear: 15 ft. Interior side: 5 ft.	Interior side: 3 ft. Rear: 3 ft.	Same as principal structure if attached. Same as detached garage if above garage	Same as principal structure	Rear and side: ADU height but not less than 15'
Parking	No additional parking required.	Minneapolis has no parking minimums	A minimum of three off-street spaces on the property	No additional parking requirement for ADUs; however, no more than 4 vehicles may be parked outside at any single or two family dwelling unit.	No number of spaces specified but no more than four vehicles may be parked outside on the property.
Ownership	Property must be occupied by the owner as their primary residence. The ADU may not be sold independently of the principal dwelling or be made into a separate tax parcel.	Shall not create a separate tax parcel ID. Does not require the owner to reside at the property. Both the ADU and the principal dwelling can be rented out.	A separate tax parcel may not be created. An owner of the property must live on the lot. Proof of homesteading is required.	May not be subdivided or separated in ownership from the associated single family home. Owner must reside at the property.	The owner of the property must reside at the principal structure or ADU as a primary residence at least 185 days per year. ADUs may not be subdivided or otherwise separated in ownership from the principal dwelling unit.

Neighboring City Demographics



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Criteria	Edina	St. LP	Minneapolis	Richfield	Bloomington	Minnetonka
Population	53,494	50,010	429,954	36,994	89,987	53,781
Households	22,269	23,774	178,886	15,322	35,064	23,293
Households with one or more people 65 years and over	36.9%	24.4%	17.4%	28.3%	33.4%	35.5%
Disability	9%	10%	10.9%	13.8%	12.4%	9.2%
Median income	\$ 108,576	\$ 84,694	\$ 66,068	\$ 70,091	\$ 78,224	\$ 100,363
Income below poverty	4.7%	5.9%	18.3%	7.8%	7.5%	3.5%
Median rent	\$ 1,442	\$ 1,267	\$ 1,078	\$ 1,150	\$ 1,220	\$ 1,467
Cost burdened households	29.3%	25.0%	33.2%	28.1%	26.6%	26.3%

Source: [MNCompass](#)



ADU Build Cost Factors & Est.

Planning Costs	City Costs	Construction Costs	Finishing Costs
<ul style="list-style-type: none"> ❖ Architectural drawings ❖ Engineer calculations ❖ Energy calculations ❖ Land surveys 	<ul style="list-style-type: none"> ❖ Plan check ❖ Utility connection fees ❖ Building permit 	<ul style="list-style-type: none"> ❖ Design and plans ❖ Structure type ❖ Size ❖ Conditions of property ❖ Conditions of the existing structure ❖ Distance and location of utility connections ❖ Cost of materials 	<ul style="list-style-type: none"> ❖ Flooring ❖ Doors ❖ Windows ❖ Cabinetry ❖ Tile ❖ Stone
Est. \$6,000 – \$14,000	Est. \$3,000 – \$11,000	Est. \$229 – \$376 / Sq. ft	Est. \$50 – \$75/Sq. ft.

- ❖ 500 Sq. ft can cost between **\$123,500 - \$213,000**
- ❖ 1200 Sq. ft can cost between **\$283,800 - \$476,200**

Resources / Links



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1. [AARP Model State Act and Local Ordinances](#)
2. [The ABCs of ADUs \(AARP\)](#)
3. [Home + home: Twin Cities ADU Guidebook - Family Housing Fund](#)
4. [MNCompass](#)
5. [Maxfield Housing Study](#)
6. [ADU Matrix](#)
7. Various neighboring city ADU ordinances