THE ABCS OF ADUS

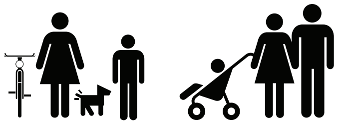
SMALL-SCALE, BIG-DEAL

microLife INSTITUTE

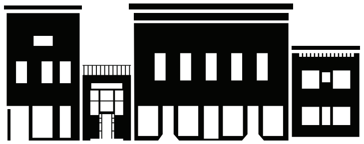
ATL ADU CO

KRONBERG WALL
ARCHITECTURE • DESIGN • DEVELOPMENT

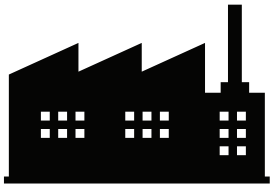
WHO IS KRONBERG WALL?



NEIGHBORHOOD ACTIVATORS



URBAN INFILL



ADAPTIVE REUSE

WHAT IS ATL ADU CO?

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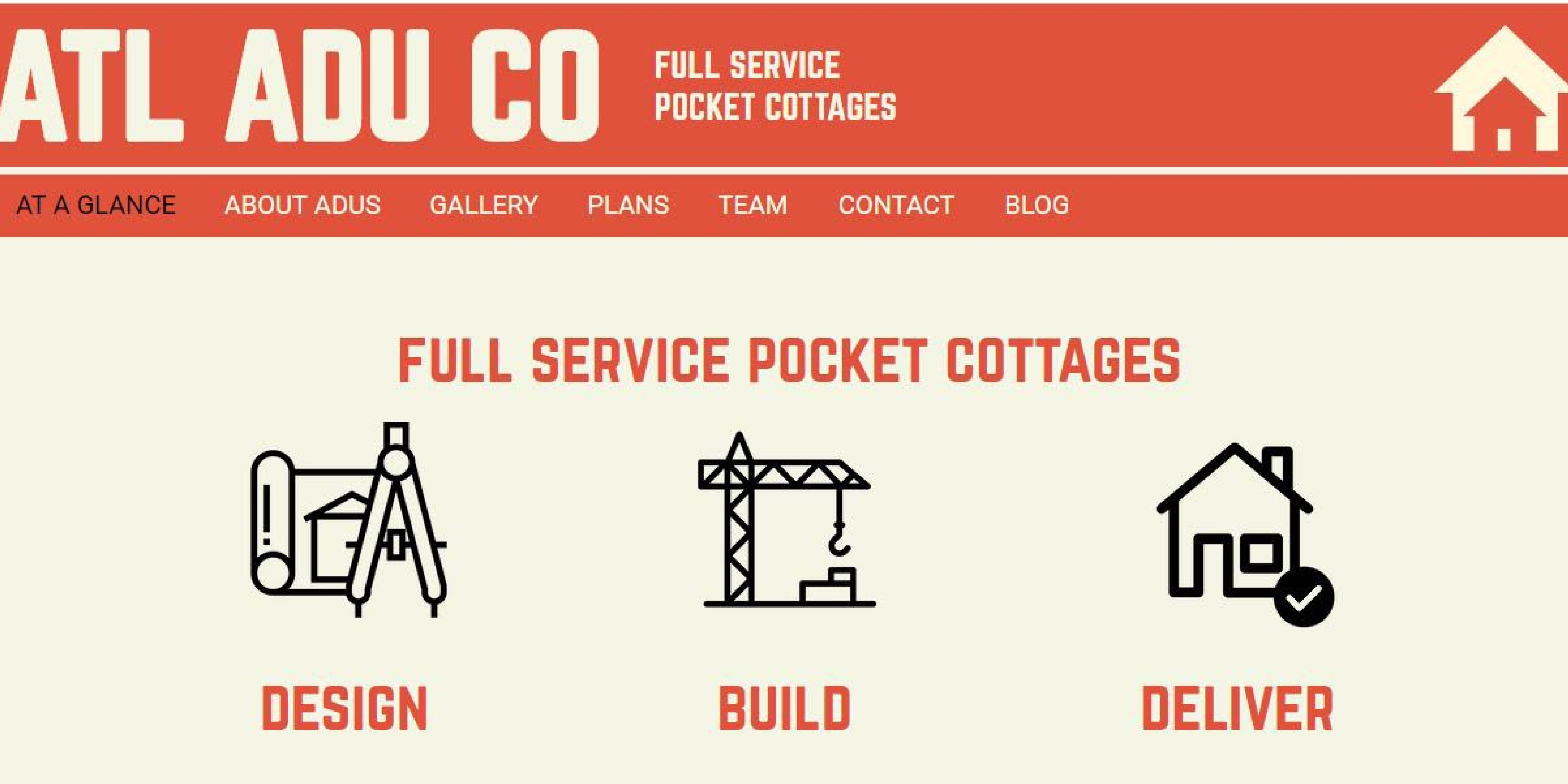

PARTNERS

microLife
INSTITUTE

Tiny House
ATLANTA
less space • more life

We believe walkable areas with existing infrastructure are the easiest targets for quick and cost-effective antidotes to sprawl.

We need to increase our housing choice and housing diversity in these vital areas.

WHERE DO WE NEED TO FOCUS OUR HOUSING EFFORTS?

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ACCESS MATTERS.

We need to focus on increasing our housing choice and housing diversity in areas with **access to daily needs without a car**.

CONTEXT MATTERS.

We need to focus on increasing our housing choice and housing diversity in areas with **existing infrastructure**.

We're talking about our historic walkable neighborhoods, often the cores of our cities and towns.

WALKABILITY: SUPPLY & DEMAND MISMATCH

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Over 60% of adults want to live in walkable neighborhoods.

But, only 5-10% of our available housing stock is located in walkable neighborhoods.

DATA SOURCES:

- http://sdra.net/blog/walkability-demand/
- Arthur C. Nelson

LACK OF WALKABILITY = LACK OF AFFORDABILITY

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The high demand and low supply means walkable neighborhoods are economically exclusive.

FOCUS HOUSING WHERE IT MATTERS

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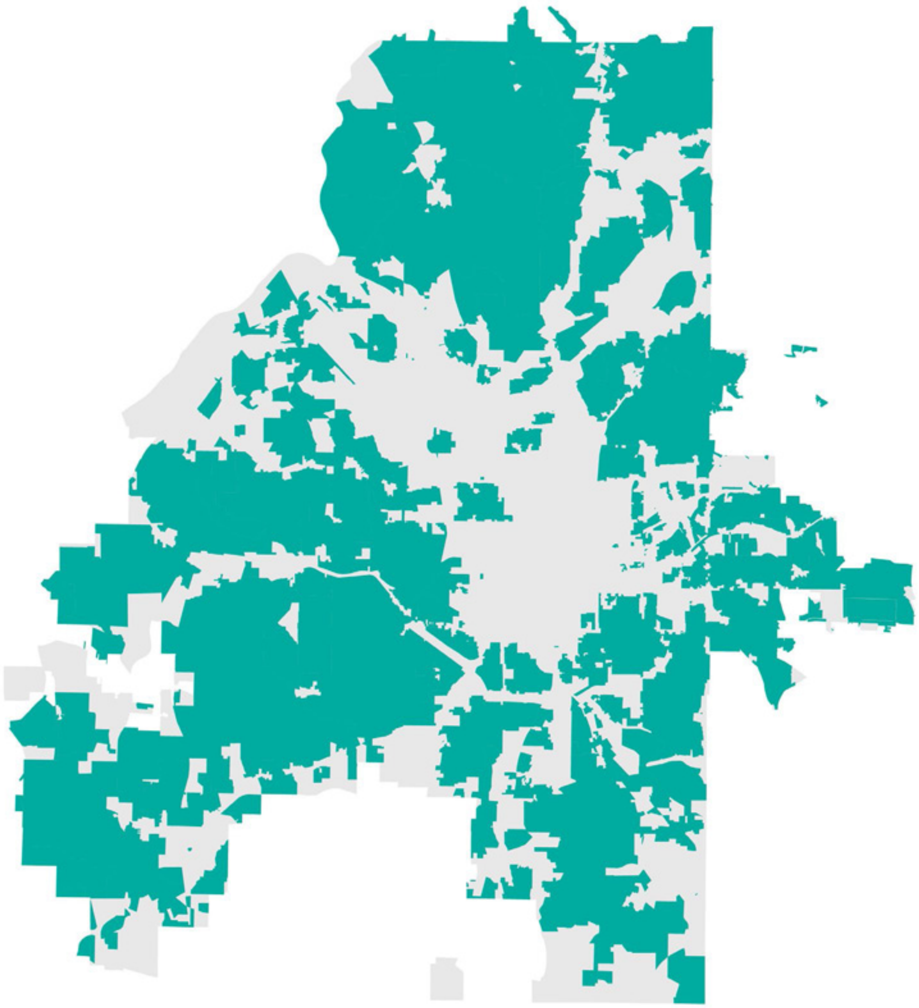
It's not a walkable neighborhood shortage, it's a housing shortage within walkable (or potentially walkable) neighborhoods.

WHAT'S THE DEAL WITH ADUS IN ATLANTA?

SINGLE FAMILY ZONING IN ATLANTA



Single Family Zoning

OVER

60%

OF ATLANTA'S LAND IS ZONED SINGLE FAMILY (R1-R5)

ACCESSORY STRUCTURES IN ATLANTA

Accessory Structures

- Accessory buildings in R-1 through R-5 districts shall not exceed 20 feet in height, shall not cover more than 25 percent of the area of the rear yard, and shall not contain a total floor area greater than 30 percent of the main structure.

- For purposes of calculating the total floor area of the accessory building, all gross floor area of the accessory building shall be included whether or not it is conditioned or habitable (this includes garages).

ACCESSORY STRUCTURES IN ATLANTA

1. Guest Houses:

A lodging unit for temporary guests in an accessory building. No such lodging unit shall contain independent kitchen facilities.

2. Accessory Dwelling Units (ADUs):

A detached dwelling unit meeting the height requirement and having a floor area of 750 square feet or less on the same lot as a primary dwelling. Accessory dwelling units are distinct dwelling units with independent kitchen facilities.

3. Tiny Houses

Not defined.

WHAT IS AN "INDEPENDENT KITCHEN FACILITY"?

KITCHENETTE: no stove

- Allowed in guest houses
- Allowed in ADUs

KITCHEN: includes a stove

- Not allowed in guest house
- Allowed in ADUs

ACCESSORY STRUCTURES IN ATLANTA

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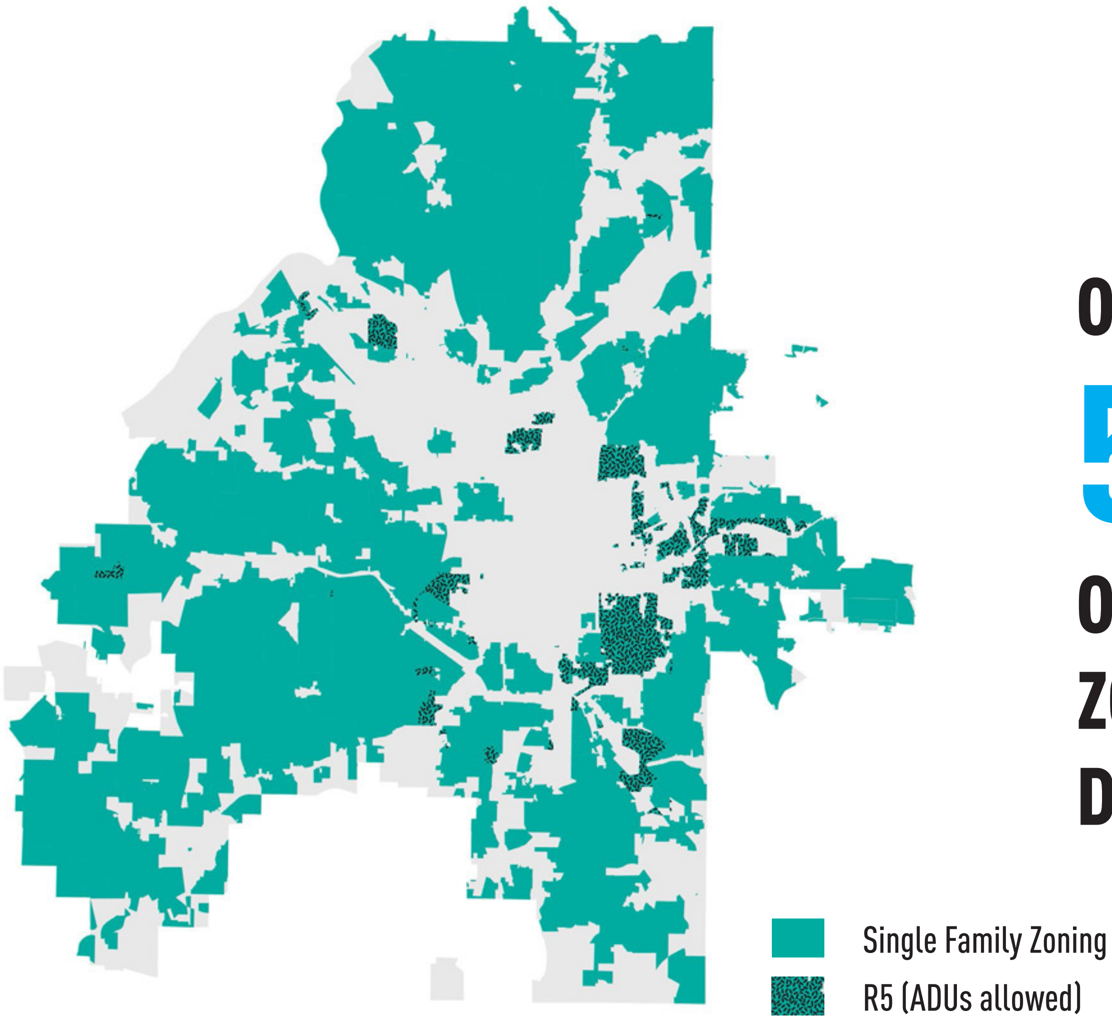
Guest House

- Allowed in all single family zoning categories (R1-R5)
- Cannot be leased for longer than 90 days
- Cannot have "full cooking facilities" (no stoves)
- Does not count towards your allowable buildable square footage (FAR)
- Max SF = 30% of main house

ADU

- Allowed in R-4, R-4A, R-5
- No lease limit
- Can have stoves
- Counts towards your allowable buildable square footage (FAR)
- Max SF = 750 SF

ATLANTA ZONING QUICK FIXES ROUND 1 (2017)



ONLY

5%

OF SINGLE FAMILY ZONING ALLOWS DUPLEXES & ADUS (R5)

ATLANTA ZONING QUICK FIXES ROUND 2 (2019)

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Single Family Zoning

R-4, R-4A, R-5 Zoning

OVER

60%

OF SINGLE FAMILY ZONING NOW ALLOWS ADUS (R4 & R5)

WHAT CAN I BUILD?

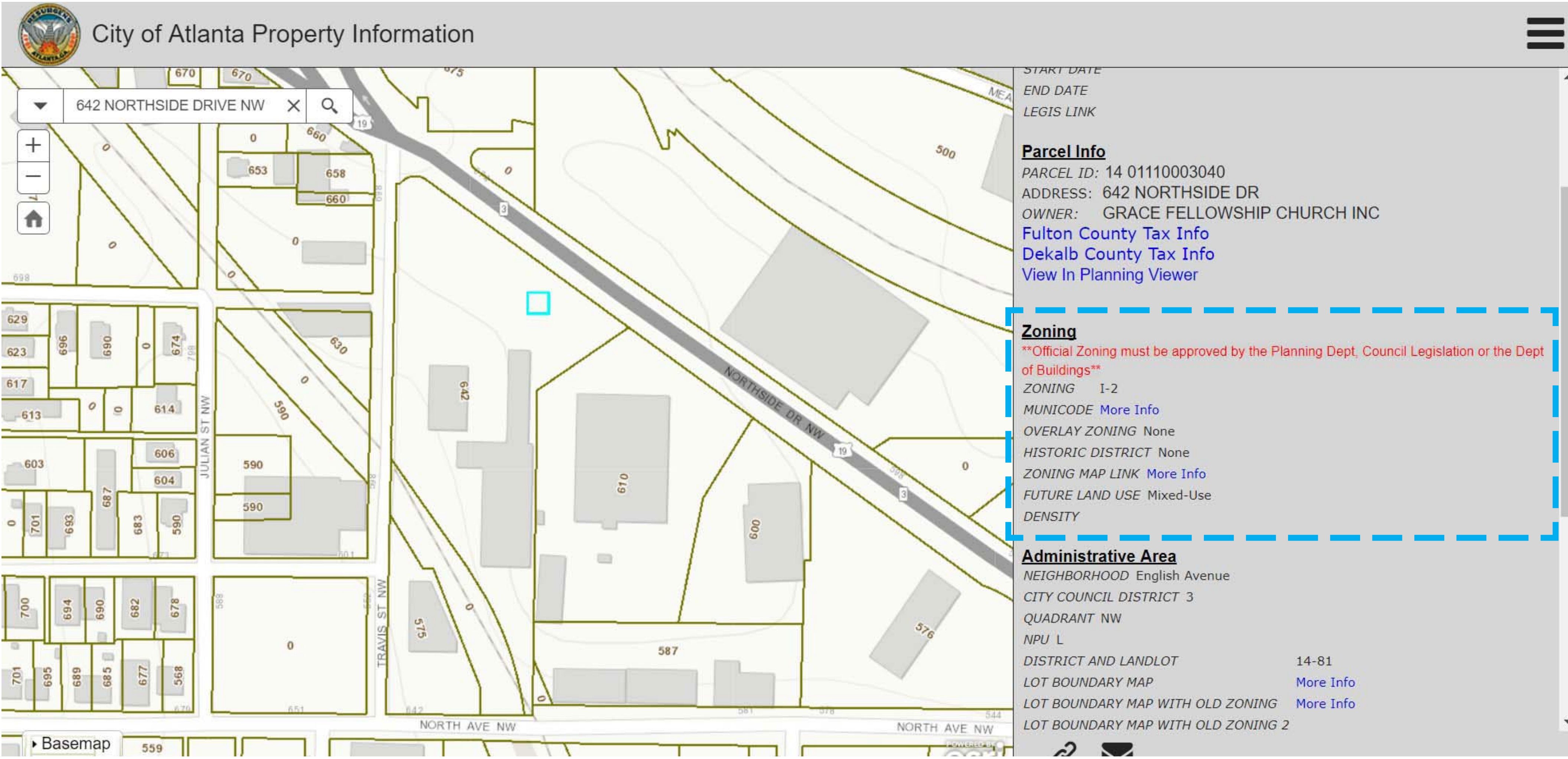
R1-R3, R-4B zoning

- Guest House only

R-4, R-4A, R5 zoning

- ADU allowed!

HOW DO I FIGURE OUT MY ZONING?



http://gis.atlantaga.gov/propertyinfo/

NOTE: do <u>not</u> check county tax records to determine your zoning

ADU ZONING FAQ

1. ADUs cannot be sold separately from the main house (hence the term accessory).
2. The total number of units on the property cannot exceed two, including the ADU.
3. Except in the case of home occupations, no accessory use shall be permitted or allowed for a commercial venture.
4. The unit must be 750 SF or less.
5. There is no minimum lot size required but you cannot create a new substandard lot of record in the city.
6. No direct access road is necessary. There is no req'd parking space designated for the ADU.
7. Maximum height = 20'-0", measured from average grade to midpoint of roof.
8. ADUs count towards lot coverage requirements. Maximum rear yard lot coverage is 25%. Maximum lot coverage is 55% for R5, 50% for R4 and R4A.
9. Accessory units must be detached from the main structure.

ATLANTA TODAY: WHAT EXISTS

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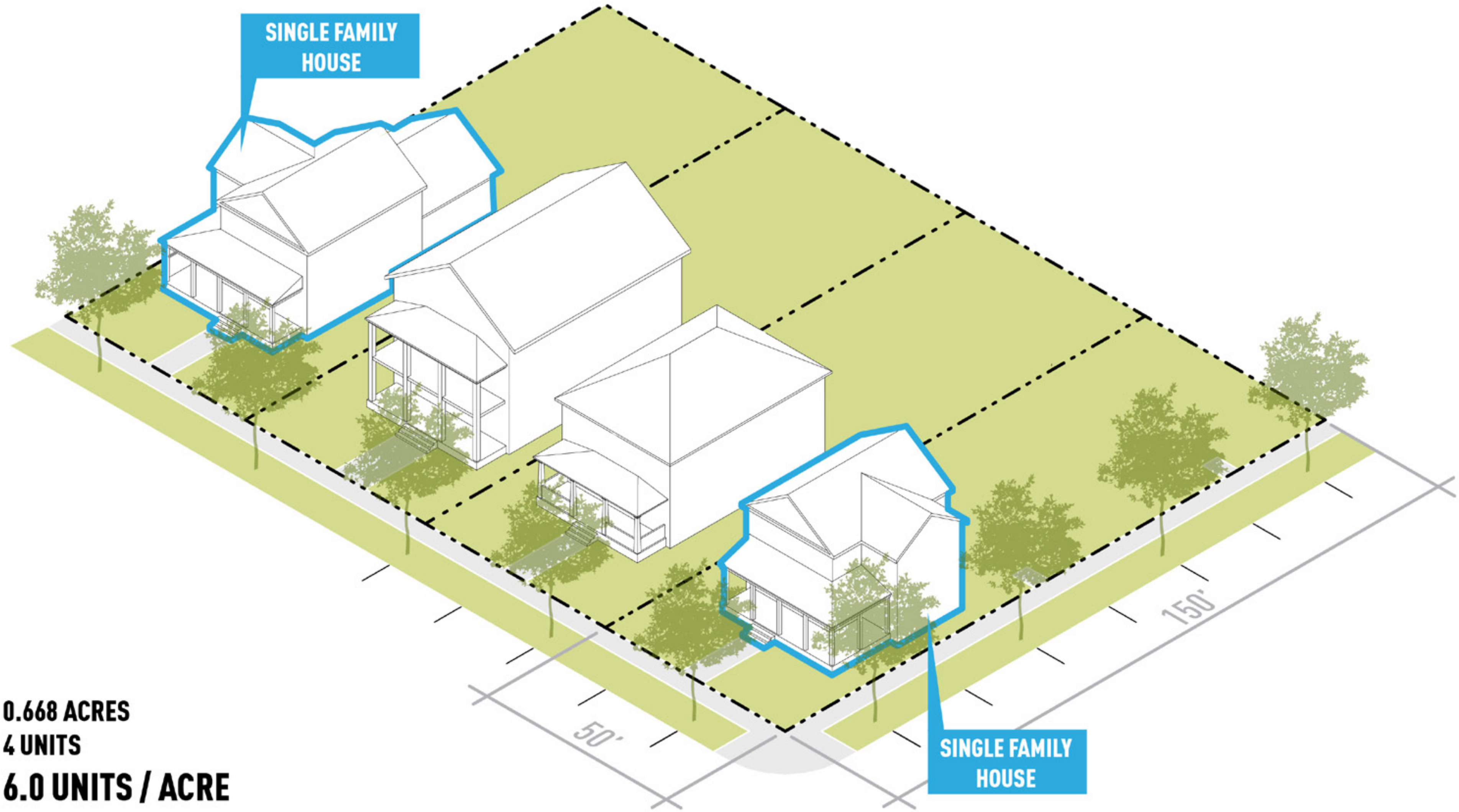

0.668 ACRES
4 UNITS
6.0 UNITS / ACRE

ATLANTA TODAY: WHAT'S ALLOWED

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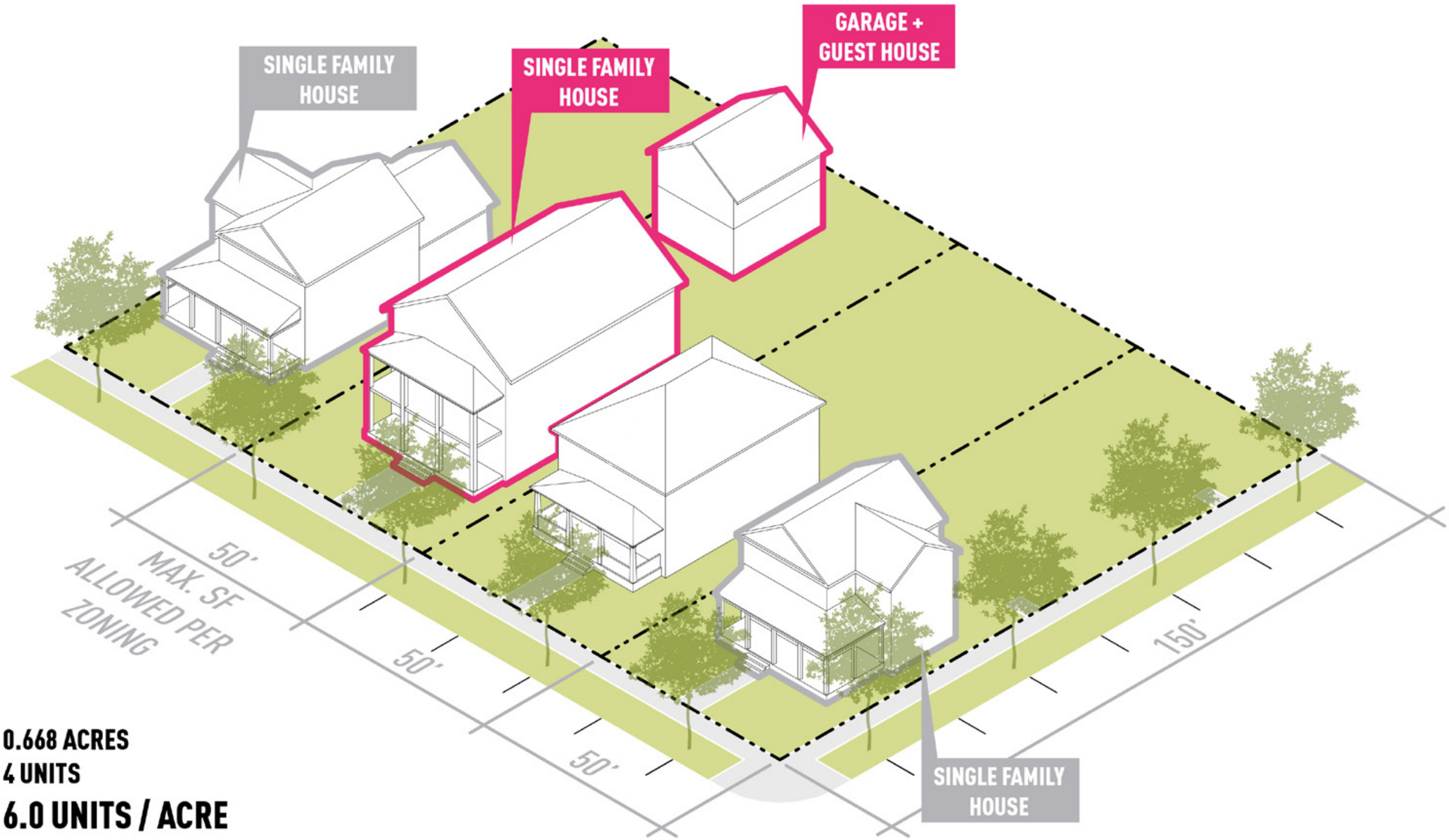
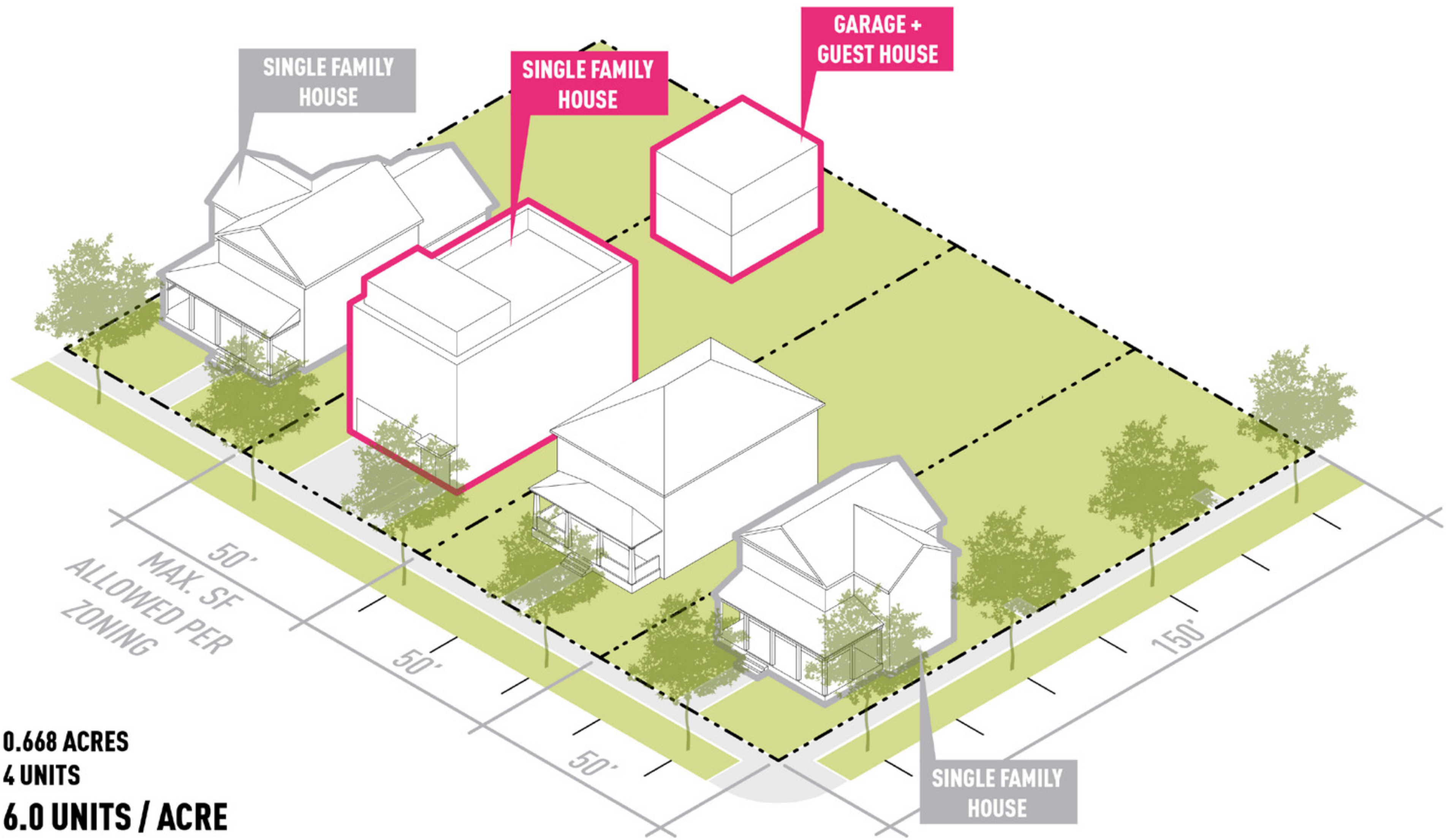


0.668 ACRES
4 UNITS
6.0 UNITS / ACRE

ATLANTA TODAY: WHAT GETS BUILT



0.668 ACRES
4 UNITS
6.0 UNITS / ACRE

ATLANTA R-5: WHAT WAS ALLOWED

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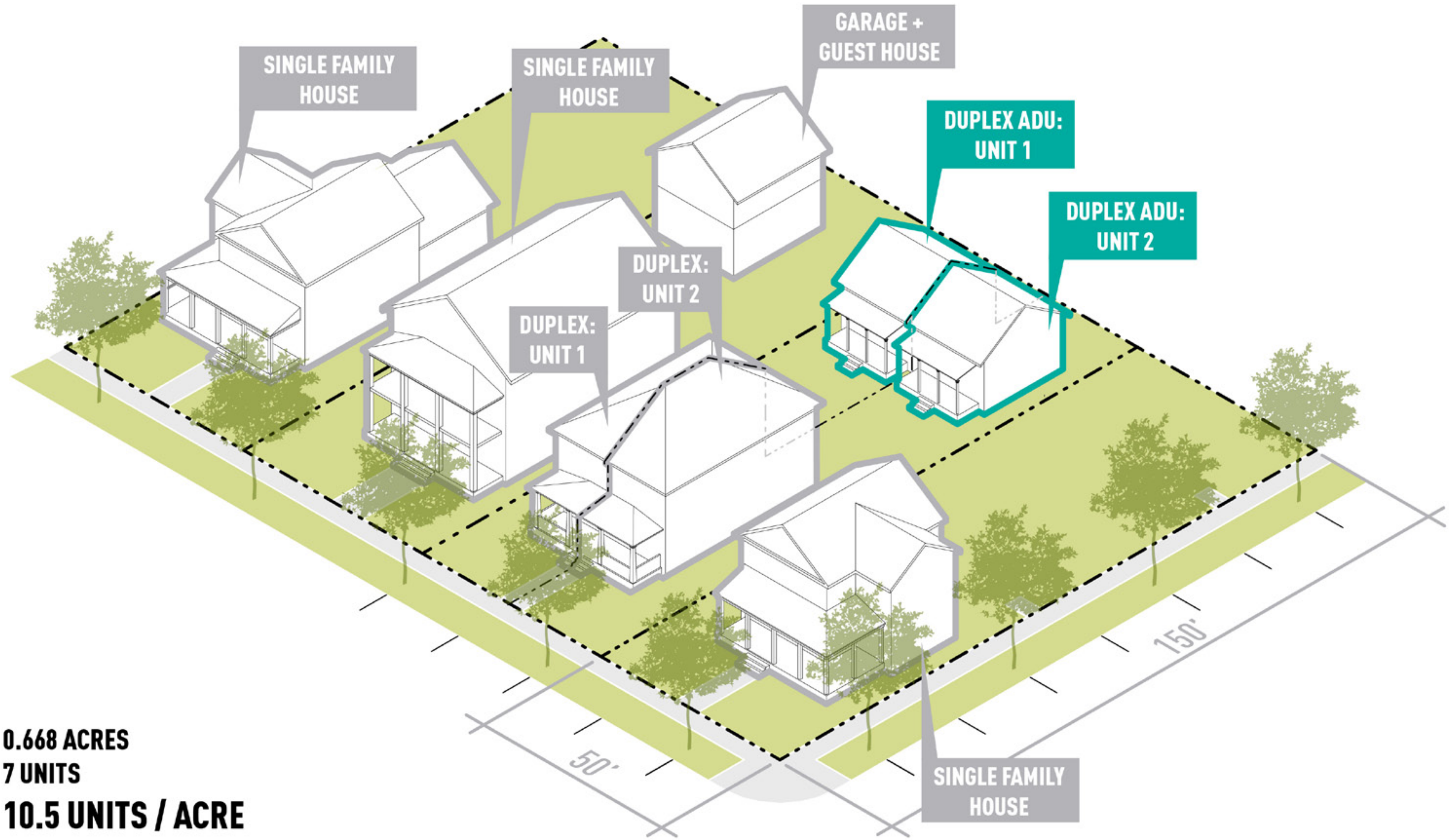
0.668 ACRES
5 UNITS
7.5 UNITS / ACRE

ATLANTA R-5: WHAT'S NOW ALLOWED



0.668 ACRES
7 UNITS
10.5 UNITS / ACRE

ATLANTA R-4, R-5: WHAT'S NOW ALLOWED

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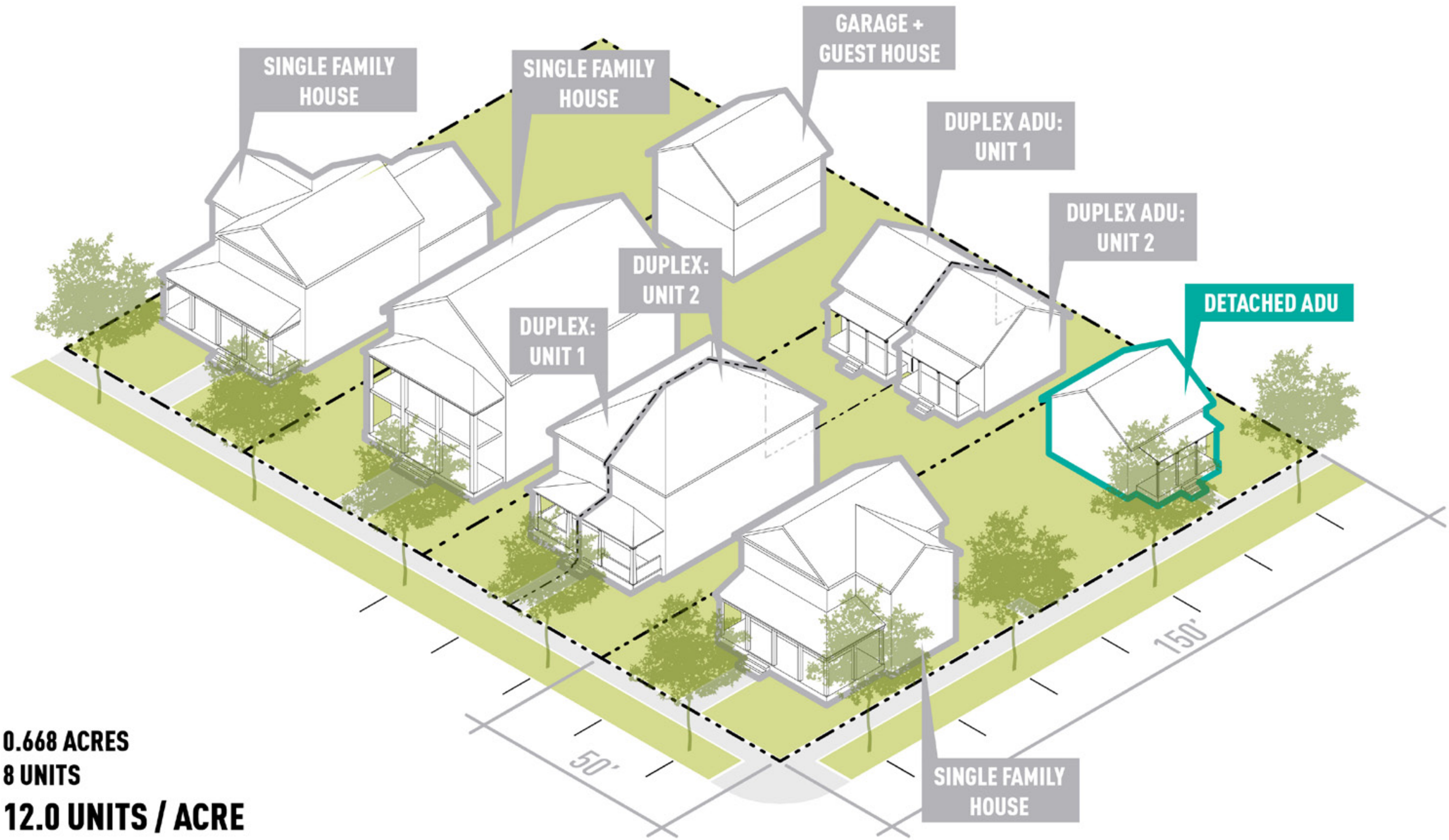

0.668 ACRES
8 UNITS
12.0 UNITS / ACRE

ATLANTA R-4, R-5: WHAT'S ALSO ALLOWED

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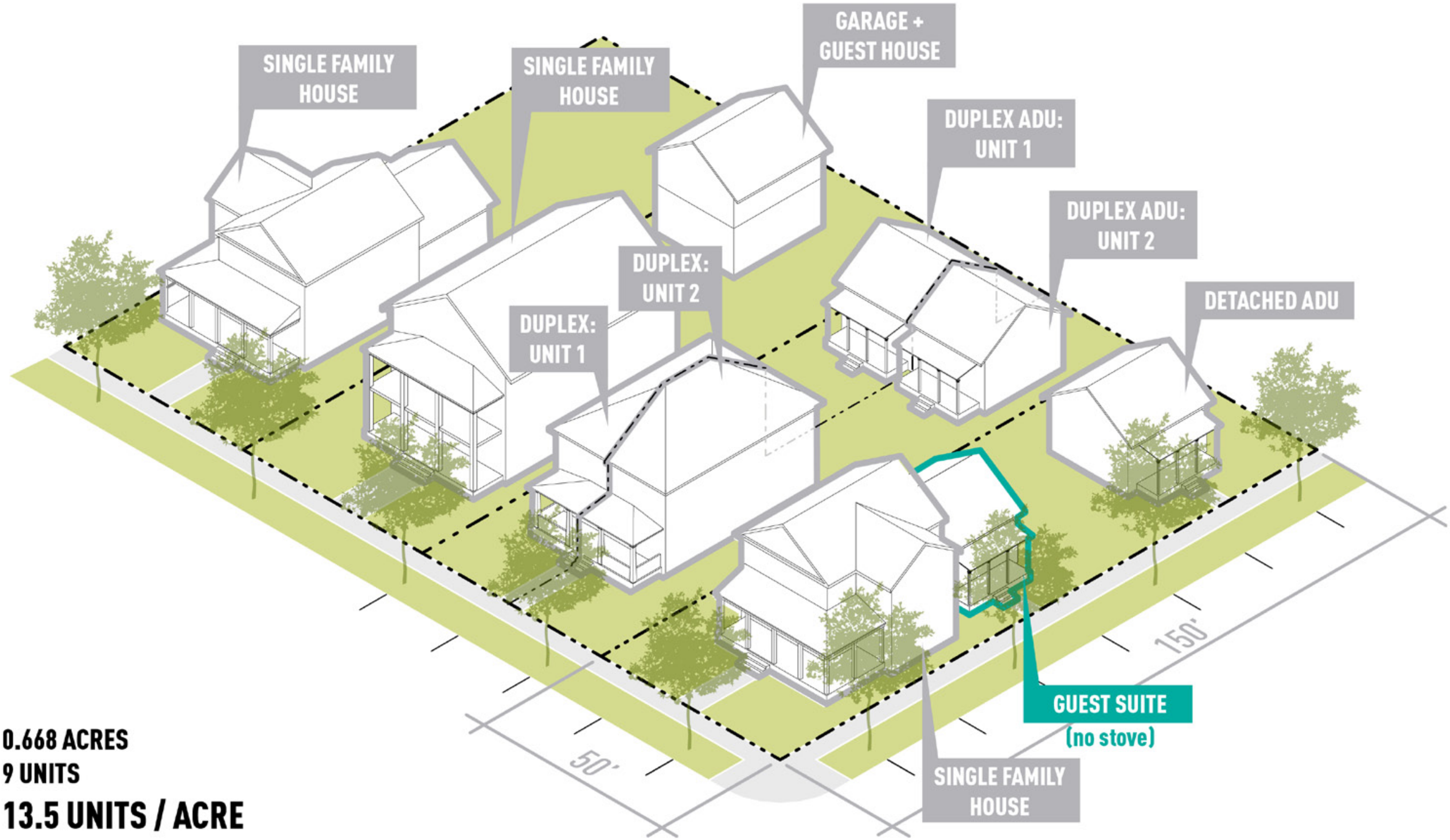
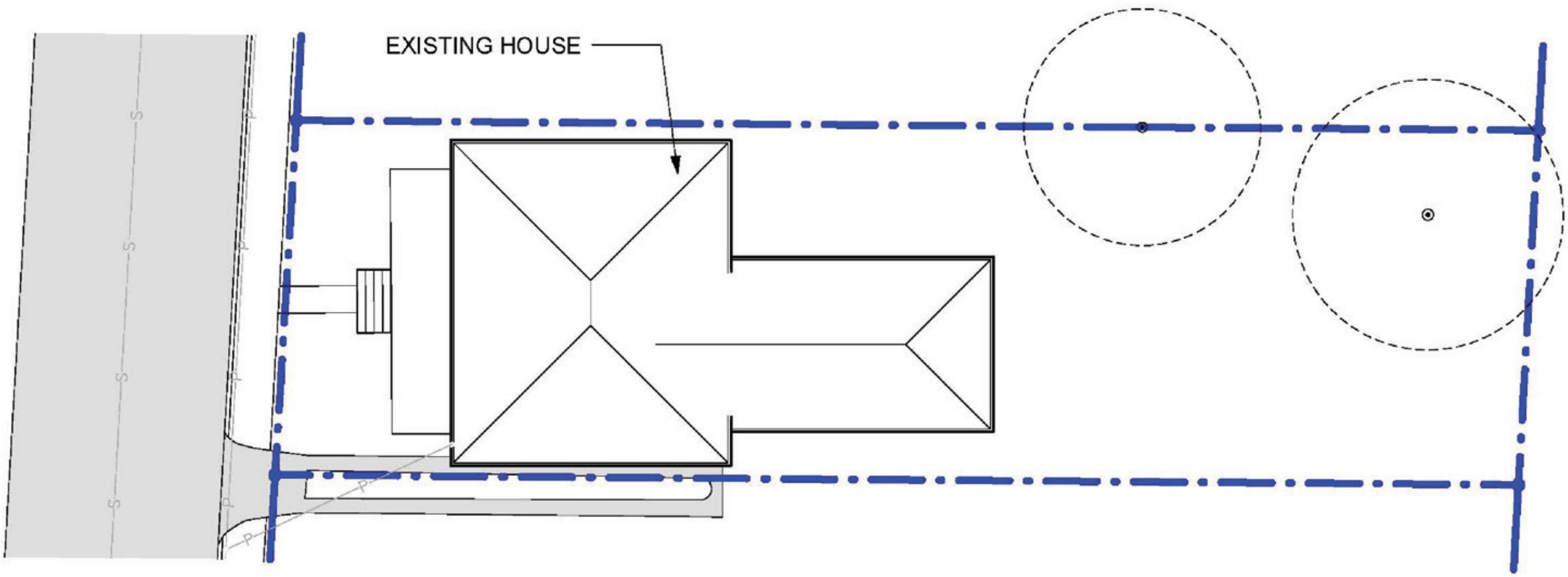


0.668 ACRES
9 UNITS
13.5 UNITS / ACRE

WHAT IS THE PROCESS FOR AN ADU?

1) GET A SURVEY

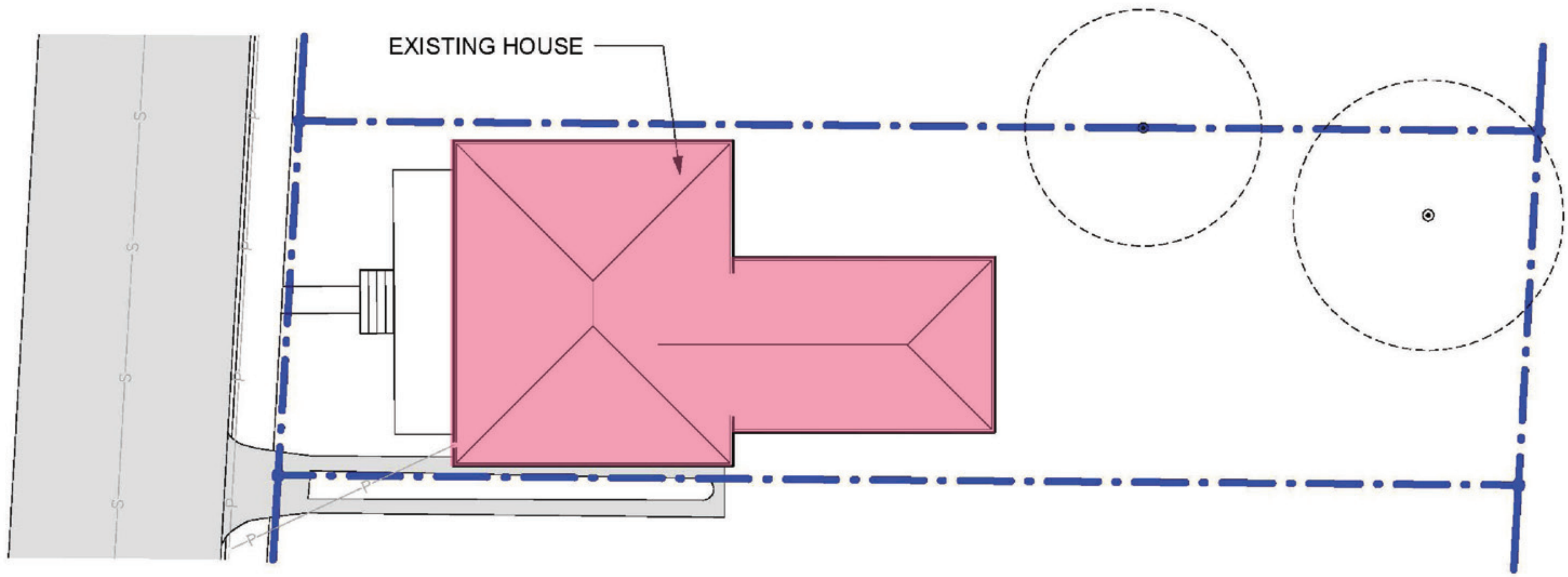
- Survey should include, at a minimum: precise locations of property lines, utility locations, trees, street & sidewalk sizes and locations, topography



*Note: this is a simplification of a survey for graphic purposes

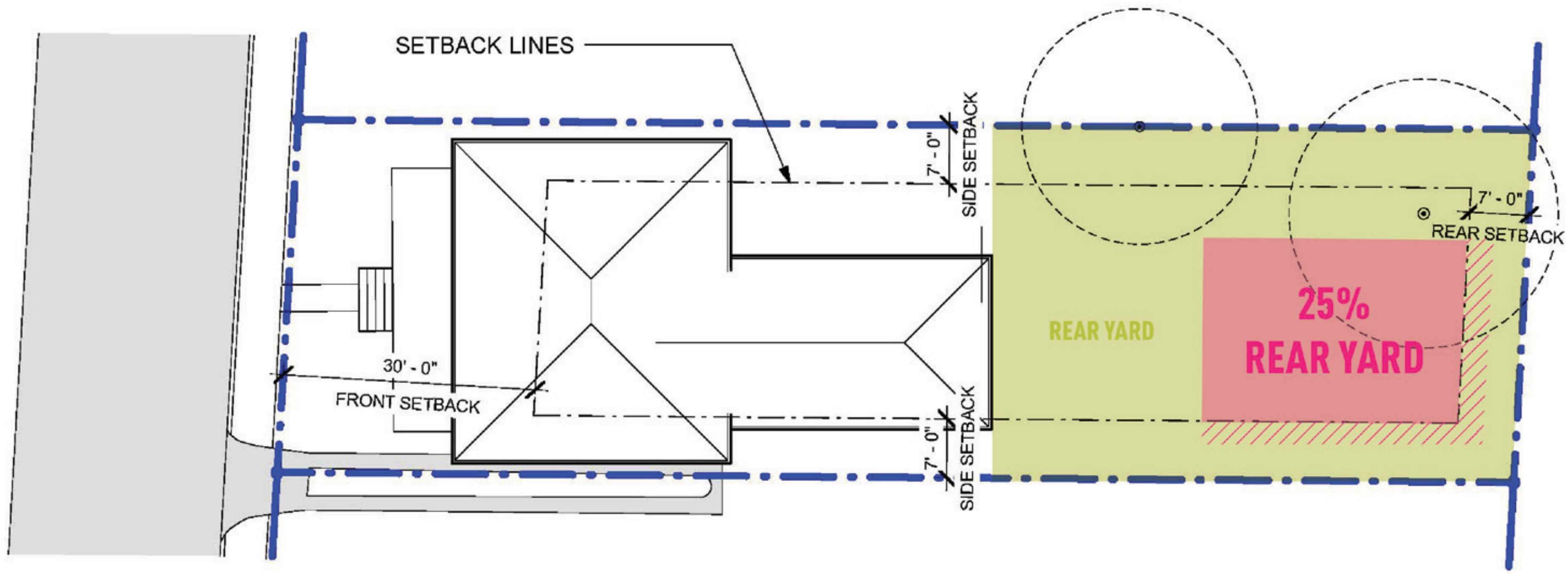
2) MUST BE "INCIDENTAL AND SUBORDINATE"

- You cannot start construction on an ADU until you start construction on a main house
- You cannot get a CO (certificate of occupancy) on an ADU until you get a CO on the main house



3) UNDERSTAND YOUR ZONING

- An ADU cannot be located in front of the main house; it must be beside or behind
- An ADU must conform to site setbacks (setbacks vary by zoning category); overhangs are allowed in setbacks
- An ADU may not exceed more than 25% of the rear yard
- Lot coverage requirements vary by zoning category

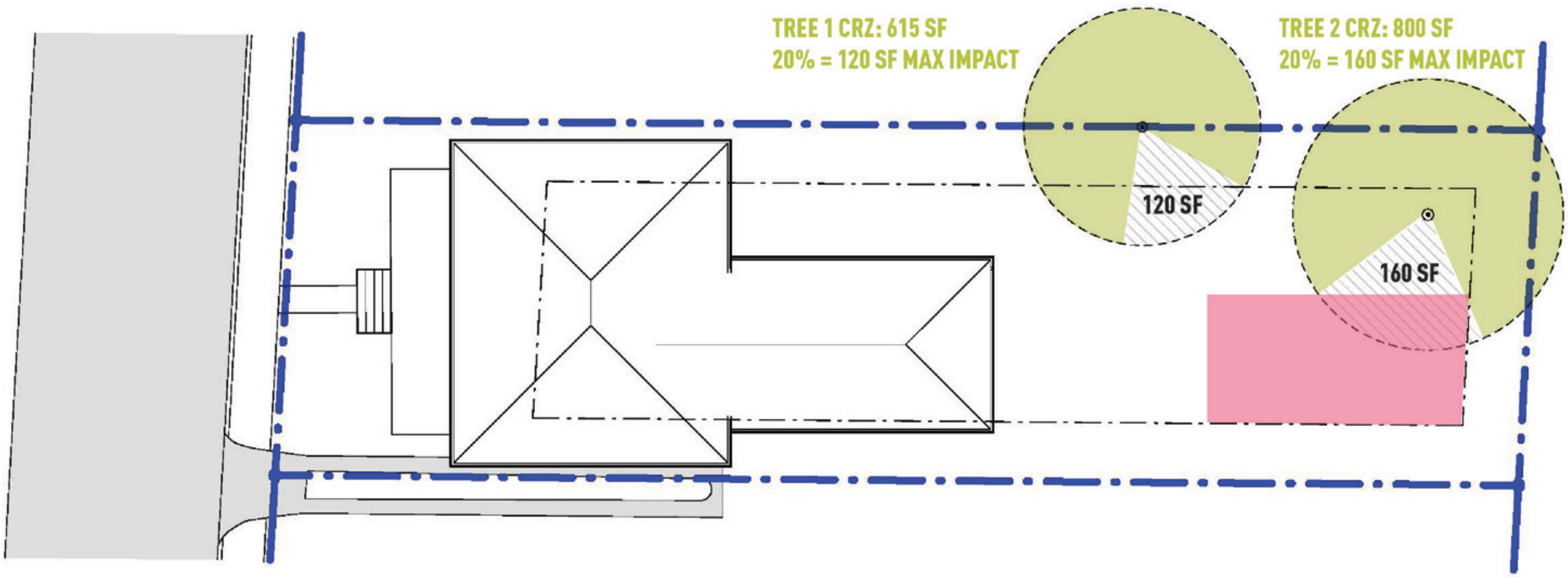


*Note: Setbacks vary by zoning category. The setbacks shown here are for category R-5

To find your zoning category: http://gis.atlantaga.gov/
To find your zoning requirements: https://www.municode.com/library/ga/atlanta/codes/code_of_ordinances?nodeId=PTIIICOORANDECO_PT16ZO

4) CHECK YOUR CRITICAL ROOT ZONES

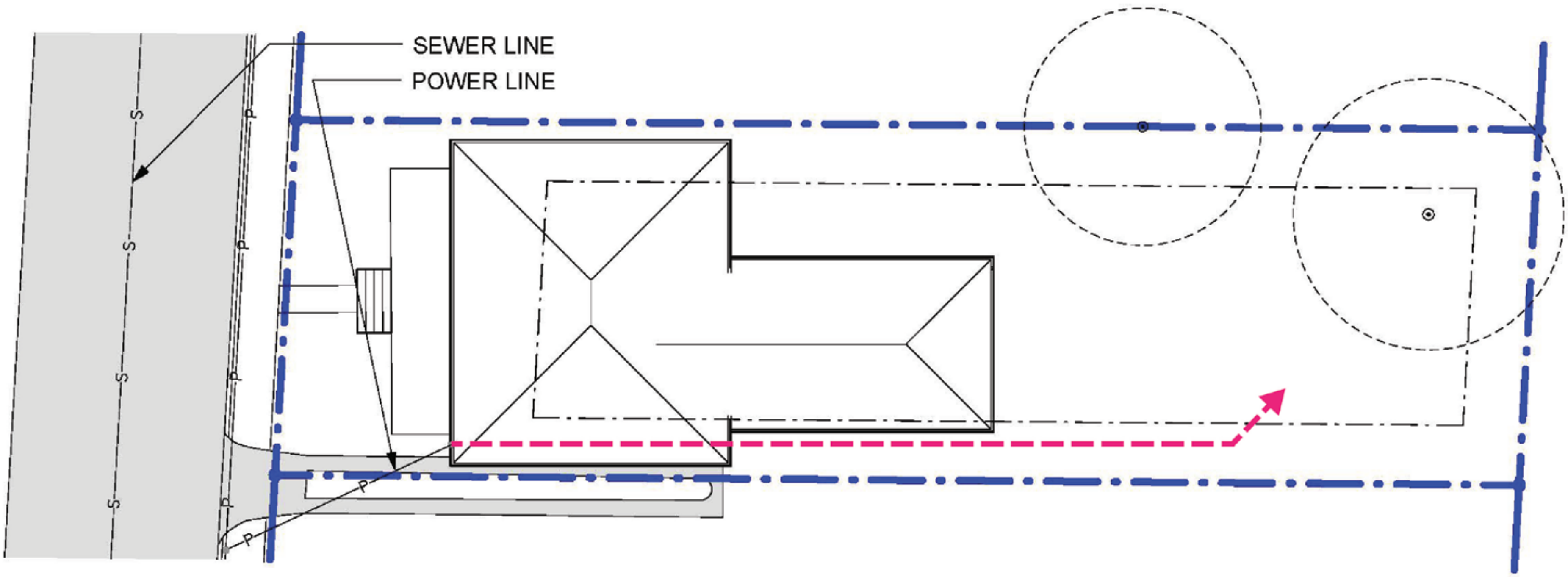
- Any hardwood tree w/ a diameter at breast height (DBH) of 6" or greater requires a permit for removal (pines 12" or greater)
- Critical Root Zone (CRZ): 1' radius for each 1" DBH of the tree
- You may not impact more than 20% of a tree's CRZ
- Tree prescriptions allow impact of up to 33%



FAQ: http://www.atlantaga.gov/modules/showdocument.aspx?documentid=1538
City of Atlanta Tree Protection Ordinance: http://www.atlantaga.gov/modules/showdocument.aspx?documentid=21234

5) UNDERSTAND YOUR UTILITIES

- Extending utilities when you already have them is not as difficult
- You will need water, sewer & power (but you don't need separate taps / meters)
- Remember that sewer lines run downhill when selecting your guest house location
- Providing a lift station in an existing crawlspace is an option



CHALLENGES ADUS FACE AS VIABLE HOUSING OPTIONS

DEVELOPMENT CHALLENGES

1. FINDING AN ARCHITECT THAT UNDERSTANDS ZONING
2. FINDING A CONTRACTOR
3. FINDING TIME IN YOUR LIFE TO LEARN ZONING AND PERMITTING
4. FINDING TIME IN YOUR LIFE TO BECOME A PROJECT MANAGER

DEVELOPMENT SOLUTION: ATLANTA ADU CO.

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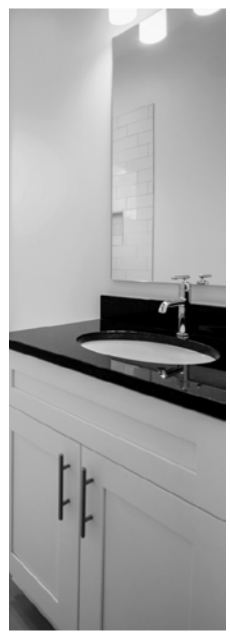
ATL ADU CO

FULL SERVICE
POCKET COTTAGES

WWW.ATLADUCO.COM

KRONBERG WALL

A PARTNERSHIP WITH
KRONBERG WALL ARCHITECTS



ATLANTA ADU CO: 1 BED / 1 BATH

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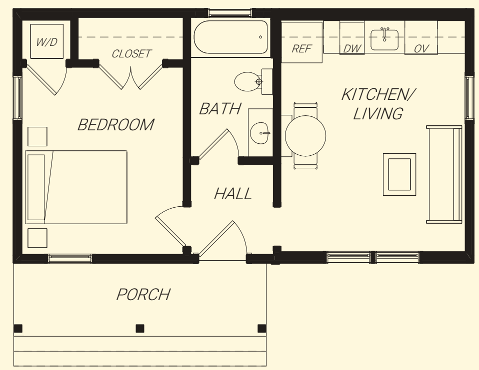
1 BEDROOM / 1 BATH

429 SF WITH 72 SF PORCH
$124,900 / **$149,900** DESIGN/PERMIT/BUILD

Named after the home of ATL ADU CO, the Reynoldstown is an efficient accessory dwelling unit with a bedroom (with closet), full bathroom, galley kitchen, and living room all in a compact 429 SF footprint. Large windows are placed to deliver as much natural light as possible to the interior and facilitate natural ventilation when weather permits. The R-Town has a lot to offer in a small footprint, which also helps to accomodate challenging lot conditions.



CONTINGENCIES (NOT INCLUDED)

Tree Removal (per occurrence)............Est. $1,600-$2,000
Sanitary Plumbing Lift Station.................................$1,200
Excessive Grading Situations..................Est. $900-$1,400
Zoning Variance Assistance.....................................$1,500
Removal of Existing Structures.....................$3,000-$8,000
Enhanced Exterior Wall & Soffit...................$1,900-$2,600

All contingencies will be identified at the end of the Feasibility and Investigation Phase

ATLANTA ADU CO: 2 BED / 2 BATH

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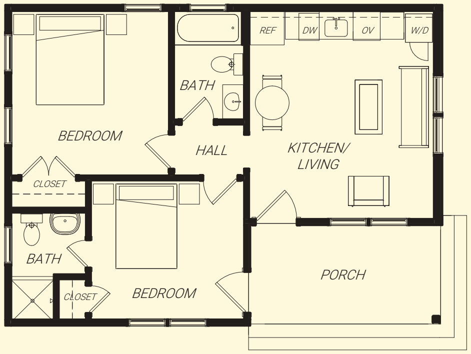
2 BEDROOM / 2 BATH

645 SF WITH 104 SF PORCH
$169,900/ $187,900 DESIGN/PERMIT/BUILD

08 **THE K-WOOD**
& K-WOOD+

Inspired by Atlanta's abundance of American Craftsman bungalows, the K-Wood features two bedrooms, each with separate bathroom and storage space. A kitchen and living room open onto a deep covered porch. Generous windows provide natural light and ventilation through the interior, and the galley kitchen offers plenty of room for prep and appliances. With a footprint only slightly larger than the R-Town and two exterior entry doors, the K-Wood offers an ideal setup for Airbnb rental, aging parents, and/or a long-term rental.



CONTINGENCIES (NOT INCLUDED)

Tree Removal (per occurrence)............Est. $1,600-$2,000
Sanitary Plumbing Lift Station.................................$1,200
Excessive Grading Situations..................Est. $900-$1,400
Zoning Variance Assistance......................................$1,500
Removal of Existing Structures.....................$3,000-$8,000
Enhanced Exterior Wall & Soffit...................$1,900-$2,600

All contingencies will be identified at the end of the Feasibility and Investigation Phase

ATLANTA ADU CO: CARRIAGE HOUSE

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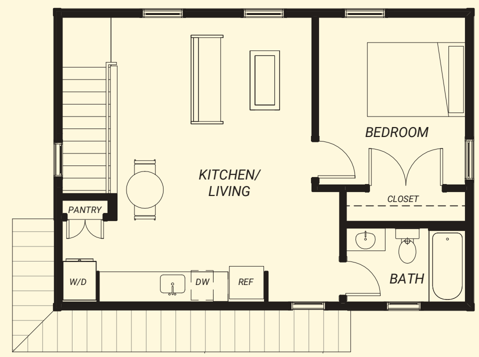
1 BEDROOM / 1 BATH

567 SF WITH 503 SF GARAGE
$219,900 DESIGN/PERMIT/BUILD

06 THE EDGEWOOD+

With a smaller footprint than its one-story counterparts, the Edgewood is designed to accommodate those in need of extra storage space and another living suite. The open lower level can be configured to suit a wide variety of needs. A separate and securable entry vestibule leads upstairs to the one-bedroom, one-bath living space. Operable windows and the tall, vaulted ceiling over the galley kitchen and living room maximize natural light and views without sacrificing privacy. With ample storage space below and a comfortable living space above, the Edgewood has a lot to offer in a small footprint.



CONTINGENCIES (NOT INCLUDED)

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Removal of Existing Structures....................$3,000-$8,000
Enhanced Exterior Wall & Soffit...................$1,900-$2,600

All contingencies will be identified at the end of the Feasibility and Investigation Phase

FINANCING CHALLENGES

1. APPRAISERS STRUGGLE TO DEFINE VALUE

2. SECURING FINANCING IF CASH OR HELOC ARE NOT AN OPTION

FINANCING CHALLENGES: SHOW ME THE MONEY

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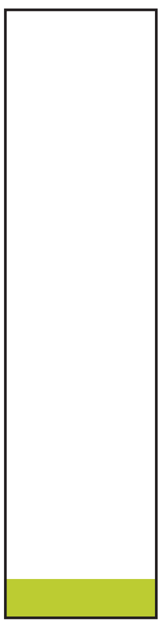
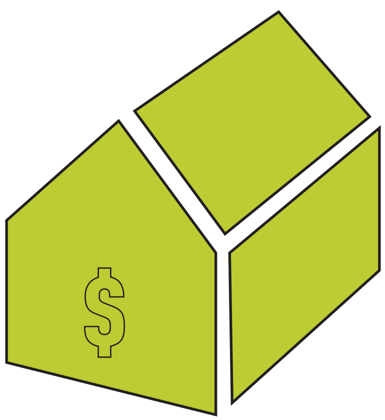
HOW MUCH DOES IT COST TO FINANCE A $500,000 HOUSE?

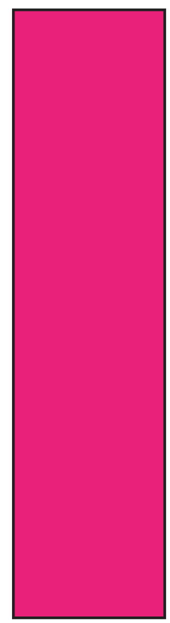


$15,000 (3%)

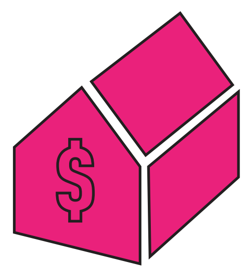


FINANCE OPTIONS: FANNIE MAE

HOW MUCH DOES IT COST TO FINANCE A $150,000 ADU?



$150,000 (100%)



FINANCE OPTIONS: HELOC, CASH

FINANCING SOLUTIONS

KRONBERG WALL
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1. A SECURITIZABLE LOAN PRODUCT

Allow smaller investors to purchase shares in a larger asset pool of dollars

2. REVOLVING LOAN FRAMEWORK

Create and utilize a model for local development authorities to adopt to their jurisdiction

3. CONSTRUCTION LOAN & PERMANENT FINANCING

Both are critical to revolving loan fund creation and longevity

POTENTIAL FINANCE SOLUTIONS

Note: We are talking to multiple banks about a Renovation Portfolio Loan that would allow financing of an ADU

Key Points:

- The existing loan on the house will have to be refinanced
- Portfolio Loans are held by the bank, not sold off, so they tend to have slightly higher interest rates
- Portfolio Loans often only have a fixed rate for a certain time window (5 years typ) and a balloon (10 years typ)
- The appraisal is <u>always</u> key, but several banks feel they can help explain ADU value to their appraisal pool

KRONBERG WALL

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