



Accessory Dwelling Unit (ADU)

The Toolbox

Accessory Dwelling Units (ADU) are one of the many important housing solutions needed in Charlevoix County. They increase the supply and variety of housing options in what are typically single-family neighborhoods. They are sometimes called backyard cottages and they share many characteristics with small, detached homes. Given their smaller size and lack of additional land cost, ADUs can offer a more affordable housing option in neighborhoods where homes are out of reach for many people.

ADUs also support the housing needs of a wide range of households, like older adults looking to downsize, seniors with fixed incomes, lower- and middle-income households, homeowners with disabilities or other needs, and multigenerational families. Households can benefit from the flexibility, stability, or extra income that an ADU provides to meet their evolving household needs. Many people buy houses and live in them for years even though their actual needs change over time. ADUs can meet that evolving need for a family member or for a member of the local workforce or older adult.



ADUS - Step by Step:

01 What is an ADU?

Accessory Dwelling Units (ADU) are small, secondary living units that are on the same lot as the main house, allowed in some residential areas.

They are sometimes an apartment within a home, often called an in-law apartment. They can also be a separate building, apart from the main house on the same lot built as a standalone structure or above a detached garage, often called a carriage house.

02 What are the benefits to those considering an ADU?

ADUs help meet the demand for housing that exists in our communities. Homeowners considering adding an ADU can benefit from the supplemental income that an ADU provides. The demand for this housing is strong and creates stability for owners of ADUs. Young people who work in local businesses, older adults who want to downsize, lower- and middle-income households can benefit from this housing type. Multigenerational families can have privacy and yet be near each other.

Because ADUs are smaller and constructed on land that has no additional acquisition costs, ADUs are a housing solution that is attainable for many in the local workforce at many income levels and in neighborhoods that are near employment, shopping, and important services. ADUs are an effective way to help address the severe housing challenges in our communities.

03 Is your property eligible for an ADU?

First, let us see if your property is zoned and sized for an ADU. We have provided a map of the communities and the zoning districts where they are permitted. Look at the map and see if your home is in that area. There will be some additional requirements within those zones that you will need to verify.



ADUS - Step by Step:

04 Design Process

how do you plan to use your new ADU? Consider who will be living in it right away but also what you might want to use it for in the long term. Will it be something you move into when you want to downsize, renting out your main house, or will you have an aging family member live there? Choosing to work with a builder or designer early in the process will help make sure that your ADU meets your needs and the needs of your property.

Also, you can choose to use one of the ADU designs that are sealed to meet Michigan Building Codes for Charlevoix County and local zoning codes where they are permitted. These are available free of charge for those ADUs that are made available to year-round residents. Please [contact us](#) for more details on this program, which is a savings of almost \$5,000. We will provide you with guidance in your process and get you through the permitting process much faster.

05 Financing Options

Figuring out how to pay for it will most likely be your biggest decision in this process. The costs can vary quite a bit depending on the design. If you are converting part of your home that can have different costs when compared to a new structure in your backyard.

You will probably be financing most, if not all your projects and your local bank is well-versed in doing home improvement loans. Typically, a home equity line of credit (HELOC) is used to build on your property. Many banks will assess your eligibility in the same way they would a typical home mortgage. This means that you will often need a minimum of 20% equity in everything including your main house and the ADU. Future rental income most likely will not be able to be counted as qualifying income toward your loan eligibility. The combination of cash, home equity, and loans will most likely be how an ADU project is realized.



ADUS - Step by Step:

05 Financing Options - Continued

Sample Proforma - We have drafted a proforma that can help you estimate your pay-back period. This sample project proforma to show the various costs and revenue potential associated with ADUs. This is only a sample and your ADU may have a different payback period, but it may help you in your decision making.

06 Building your ADU

Finding a local builder will take some planning ahead of time. There is high demand for builders, and you will want to start your search early in the process. The Home Builders Association of Northern Michigan can assist you with this process. They are aware of the effort to create more ADUs in our communities and have made efforts to appeal to builders to be able to create more ADUs on an accelerated timeframe. It also helps to talk with friends and neighbors who have someone they can recommend. ADUs still take time but can be a quick project for a builder who is used to doing new homes.

07 Local permitting process

Prior to construction, you will need to get approvals from both the local zoning authority and the Charlevoix County Department of Building Safety. The first step is to prepare a zoning permit application which will be filed with the city where you will be building.

To prepare for this, you will need to have chosen your design plan and a drawing of your site if you are choosing to build a new structure or addition. We can assist you with this zoning application and site drawing as needed.



ADUS - Step by Step:

08 Moving in or renting your ADU

Now you are ready to move in or rent it out. If you choose to rent your ADU we can provide you with some guidance. There are companies that can do many of the tasks for you or you can learn how to be an effective landlord. Either way, you are ultimately responsible for abiding by rental laws. You will need to abide by Fair Housing laws. The Fair Housing Center of Southwest Michigan is an agency that can give you guidance on how to do this properly. Also, we can arrange for training on all aspects of how to be an effective, fair, and efficient landlord. You will want to protect your investment and have a good and fair relationship with your tenants.

Consider offering your rental ADU to people of low income, who have a particularly challenging time finding homes in this housing market. We can assist in connecting you with resources that can make this an attractive choice that benefits the community.

As you market your rental, be sure to avoid language that shows a preference for or against people in a protected class. In a partnership with Northern Homes Community Development Corporation, a non-profit housing organization, we can arrange for you to receive information on how to collect rent, Fair Housing Act compliance, enforcement, setting rules, evictions, taxes, and insurance.

Contact Information

Boyne City Planning Director/Zoning Administrator - Scott McPherson,
smcpherson@boynecity.com, (231) 582-0343

City of Charlevoix Zoning Administrator - Jonathan Scheel,
zoning@eastjordancity.org, (231) 631-0004

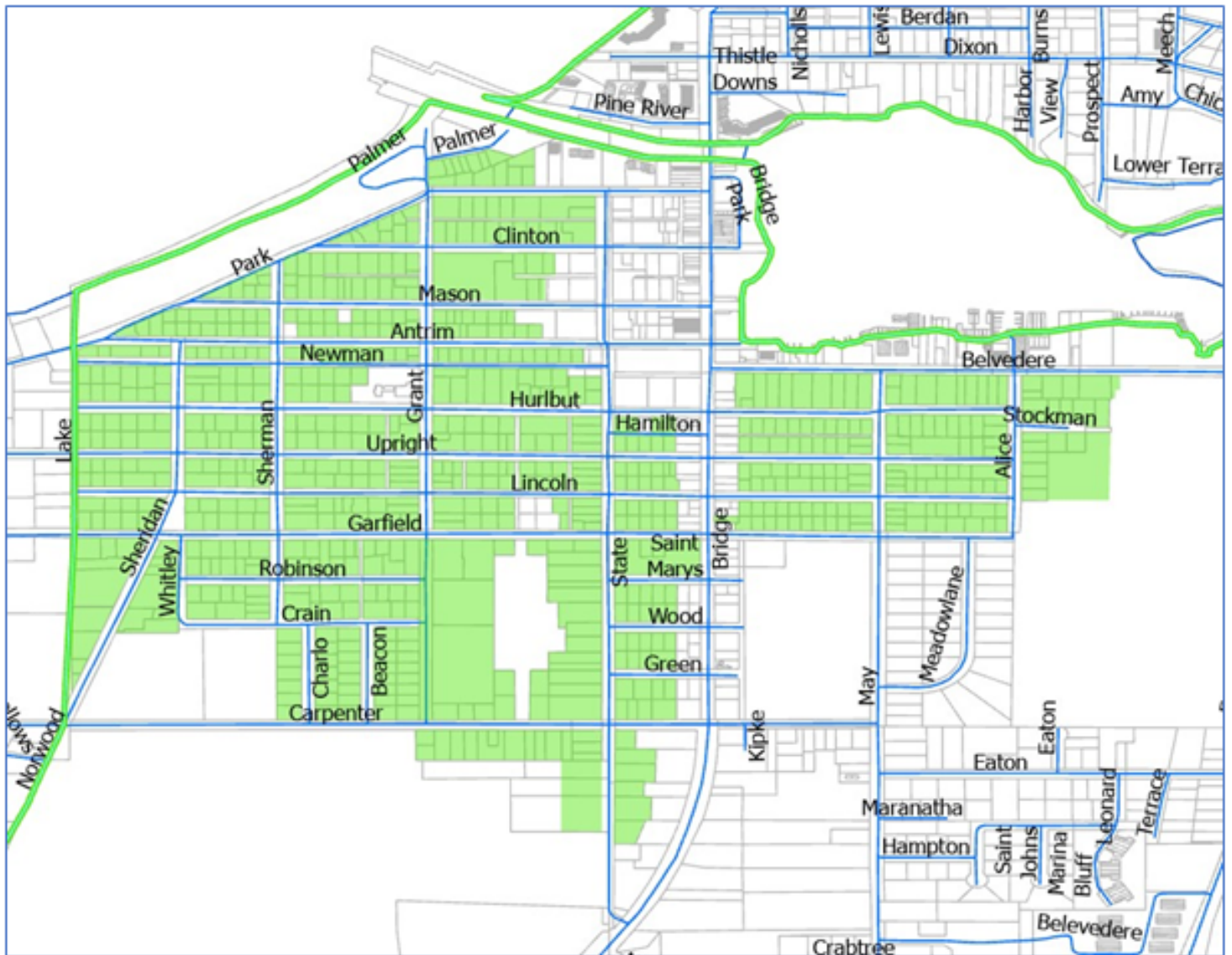
East Jordan Zoning Administrator - Jonathan Scheel, planner@charlevoixmi.gov,
(231) 631-0004

Charlevoix County Department of Building Safety
buildingsafety@charlevoixcounty.org, (231) 547-7236



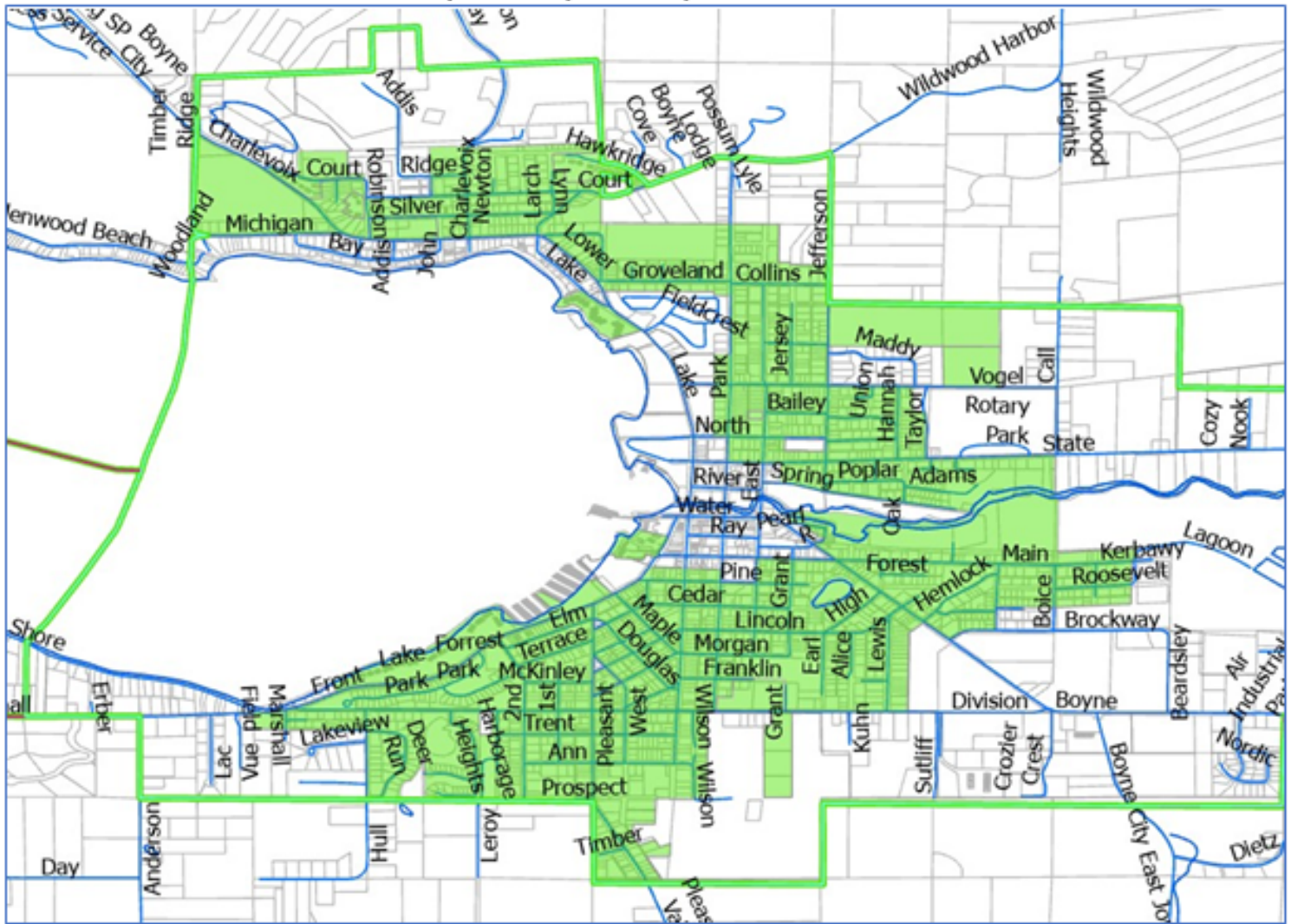
Maps of communities where ADUs are permitted

City of Charlevoix ADU Zones



Maps of communities where ADUs are permitted

City of Boyne City ADU Zones



Maps of communities where ADUs are permitted

City of East Jordan ADU Zones

