



# Allowing Accessory Dwelling Unit Sales for Affordable Housing



LOCAL IMPLEMENTATION  Implemented on Cape Cod

## OVERVIEW

Some communities allow a second dwelling unit or accessory dwelling unit to be constructed and sold as deed-restricted affordable housing, even where the zoning would not otherwise allow a second primary residence. In some cases, a waiver may be granted to allow a lot to be split and the new lot created can be sold for affordable housing, in areas where this would not normally be allowed under zoning. The new lot or home is deed-restricted to maintain its affordability. The lot can be subdivided or the property can be split into two properties through condominium provisions. Allowing the selling off of homes or lots specifically for deed-restricted affordable housing provides an incentive for current homeowners to create new affordable housing units.

## CHALLENGES ADDRESSED

- Not Allowed to Build Multi-family Housing
- Too Expensive to Build New Housing
- Too Expensive to Secure or Maintain Housing
- Hard to Find Year-round Housing

## POTENTIAL BENEFITS & CONSIDERATIONS

- Can increase the supply of affordable units, the types of housing available, and the supply of year-round housing
- Homeowners who do not want to be a landlord may be inclined to build an ADU if they can sell it
- Creating a program to support homeowners through the processes of developing and selling the home or lot requires coordination between various government entities as well as banks, developers, and others; the program administrator does not need to be a municipality
- In establishing the program, it will be important to determine whether only housing units are eligible for the incentive or lot subdivisions as well
- The interaction of the program with local zoning bylaws and other regulations must be considered and addressed (either through changes to the regulations or waivers)
- Towns should carefully consider whether this type of program would work at cross-purposes with providing year-round rentals by favoring ownership opportunities

## RESOURCES

***Nantucket Housing Needs Covenant Program*** The Nantucket Housing Needs Covenant Program website provides detailed information on how the program works, as well as guidance for property owners looking to utilize the program. It also lays out the maximum resale prices, maximum incomes and assets for Covenant home buyers, and has applications for the program.

- ***Covenant Seller's Roadmap***
- ***Covenant Information Presentation***
- ***Secondary Lot vs. Condo Comparison Chart***

## CASE STUDY: NANTUCKET HOUSING NEEDS COVENANT PROGRAM (EST. 2003)

The Nantucket Housing Needs Covenant Program allows a property owner with more than one residential dwelling on a parcel to sell one of those dwellings at a permanently affordable price. The program also allows an owner to sell off the development rights for a portion of the parcel. The sale and resale of the covenant home is subject to a price cap based on median income (as determined by HUD) and current interest rates. The program is operated under special legislation that applies only to Nantucket. The Covenant Program is funded and managed through the non-profit Housing Nantucket.



See [Chapter 100 of the Nantucket General Legislation or Housing Nantucket](#) more information.  
Images: Nantucket Housing Needs Covenant Program