

DR 82-22 - Granny Flats.


February 25, 1982

Metropolitan Area Planning Commission

Robert A. Lakin, Director of Planning

Granny Flats

A few months ago I mentioned in a zoning proceeding that people are beginning to discuss granny flats as a way of housing our elderly, and particularly family members, who no longer wish to own and maintain their own major home and/or who do need some assistance in their everyday life styles. Attached is an article on "granny flats". This is one way that granny flats are being developed. There are some integral structural units also being developed in Australia and in England. I think I said that day that the concept might be 10 or 15 years ahead of its time in this area. However, it may be worth having some conversation about in a work session some day.


Robert A. Lakin
Director of Planning

RAL:rme
Attachment

- all districts - off approval, decision
- Rem available
- Certified as member of family occupancy
- Vertical X Unit
- Foundation?
- Separation?
- CDBG/LHA built & owned & cleared?
- subsidy in part of other units now being discussed placed on list
- view of Reshpe
 - agency agency
 - financing?
 - builder, mobile home
 - C.R.D.
- HUD demonstrated?

Following the lead of the Amish—and the Australians—U.S. planners are showing interest in housing for extended families.



Lancaster County, Pennsylvania

Richard Reinhold

Why granny flats are a good idea

By Patrick H. Hare

There is a Hebrew saying, "One mother can take care of 10 children, but 10 children can't take care of one mother." To which advocates for the elderly may add, "because of zoning."

Single-family zoning almost universally prohibits granny flats, the Australian adaptation of extended family living that fits suburban single-family development patterns. Granny flats are small, self-contained, removable dwelling units designed for installation in the backyard of an existing single-family home. They permit adult children to take care of aging parents who need some measure of support and companionship.

Removable echo housing can take any number of forms, from panel construction to mobile homes. The issue is not so much the physical form as it is the changes in public policy that would open up single-family neighborhoods to new social patterns.

Leo Baldwin, housing coordinator for the American Association of Retired Persons, has fully committed his organization to the concept, though not the name. Older men generally find the term "granny flats" insulting. In an effort to sidestep debate over the name, Baldwin came up with "echo housing," for "elder cottage housing opportunities."

Family benefits

The benefits of echo housing appear to be substantial. Frederick County, Maryland, permits echo units as special exceptions in certain districts, and people there who have taken advantage of the program are eloquent spokesmen for the concept.

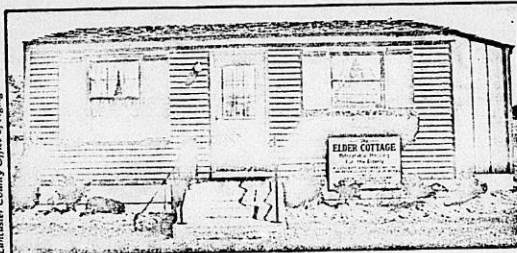
A widow who moved into an echo unit behind her daughter's house says her new home allows her to make ends meet on a limited income. Her daughter adds, "All of us were wor-

ried about her being by herself. With not having to keep up her big house, she's free to do things she has never been able to do before."

A daughter in another family says that echo housing provides a way to support older people while leaving them their independence: "It gives them freedom when they need it, when they have company. You're not in their way. They're not in your way."

There is also mutual support between households. An elderly mother talks about how she and her daughter help each other: "There are a lot of things I can do that are not physically detrimental to me. I do for her, and, of course, she does for me."

Others talked about the close relationship between grandparents and grandchildren; about the time saved by not having to travel to visit elderly parents; about the guilt spared



Lancaster County Office of Aging

This model of an 'Elder Cottage' has attracted lots of attention in Lancaster County.

because the parents are taken care of; and about being able to keep parents out of nursing homes, a place one out of five of us will spend some time in, according to current projections.

Better than nursing homes

A recent public television program, "No Place Like Home," suggested that nursing homes may be good places to avoid. It reported that even though 78 percent of the \$5 billion spent annually on the elderly through Medicaid goes into nursing homes, 90 percent of the direct care is given by untrained aides, whose annual turnover rate exceeds 75 percent.

The program also pointed out that experts estimate that as many as one-third of the people now in nursing homes would not need to be there if alternative means of providing for the frail elderly at home were available.

Amish concept

Peter Dys, executive director of the Office of Aging in Lancaster, Pennsylvania, heard of the granny flat concept five years ago and saw its potential as an alternative to the high cost and lack of independence of nursing homes. He also appreciates the potential reduction in heating costs. A well-insulated echo unit could be heated for under \$200 a year, even in a northern state. Many elderly people

pay more than that each month to heat big houses.

Dys's enthusiasm stems in part from the fact that Lancaster County is the home of the Amish, who have great reverence for their elderly and seldom use public services to care for them. The Amish have long lived in "Grossmutter" and "Grossdawdy" houses, clearly intended for extended family living.

Dys encouraged a local housing manufacturer, Ed Guion, of Coastal Colony Corporation, to develop an "elder cottage." His idea was to have a fleet of factory-built cottages to rent for installation as needed, much as the Ministry of Housing in Victoria, Australia, rents granny flats to adult children who want to take in older parents.

Dys never got funding for the project, but that did not stop Guion, who saw a clear need for the product and found an investor to back him. More than 5,000 people, including the governor of Pennsylvania, went through Guion's model unit when it was on display in Lancaster.

Zoning

But all that interest does not mean market acceptance. No matter how much an individual family may want an echo house, zoning may not permit it. Very few towns do. However, as of this writing, Guion has received tem-

porary permission to install the first unit near Whitehorse, Pennsylvania. He also has discussed the idea with the zoning boards of five neighboring jurisdictions, which have been generally receptive, indicating that they would grant approval so long as the units were removable. In Australia, the law requires granny flat units to be removable so they cause no permanent visual change in the neighborhood.

Mobile homes

One issue that surfaces immediately when zone changes are proposed is mobile homes, with their reputation for poor aesthetics and poor quality. Removable echo housing seems ready-made for mobile home manufacturers, particularly where there is enough distance between houses to allow access to backyards, or, of course, in parts of the country where alleys are common. The Frederick, Maryland, ordinance, referred to earlier, specifically permits a "temporary mobile home." It does not mention other housing types.

Ordinances can be developed to ensure aesthetic compatibility regardless of means of manufacture. Quality may be a harder nut to crack, and it is one aspect that Baldwin and others, such as Paul Sheppard of the University of Maryland's Senior Center Institute, insist on.

The cost of providing echo housing is another important issue. Guion's unit, which Dys believes is well-built, costs about \$18,000 installed. HAUS, a West Coast group based in Santa Maria, California, is developing a unit that it expects to be very similar in price. In contrast, HUD estimates that the current cost of a conventional unit of elderly housing, allowing for regional variations, is about \$48,000.

Thus, echo units make it possible to provide affordable housing for the elderly. The savings to the public sector should be significant. So should the improvements in many people's lives, whether they're elderly people in need of support, adult children, or grandchildren.

Patrick H. Hare is a planning consultant in Washington, D.C., who specializes in innovative living arrangements. C. Fay Lewis and Elissa Rozoff helped with the research for this article.

Granny Flats: Easing the Housing Crunch for the Elderly

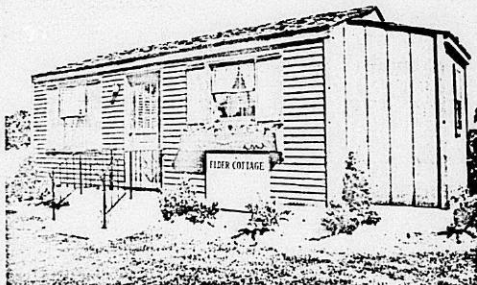
A new type of dwelling, an Australian import now gaining a foothold in the United States, could help house the elderly while easing the strains on isolated nuclear families. Hundreds of elderly parents "down under" are living in relocatable compact garden cottages—known as "granny flats"—right in the backyards of their grown children.

Over 500 units are in use in the Australian state of Victoria and there is a waiting list for 500 more. The state housing authority rents the homes for the nominal fee of \$15 per month and moves them to new locations when they are no longer needed, leaving the owners of the main house with no resale worries. Both generations retain a measure of independence, and the combination of privacy plus proximity is said to be strengthening Australian family life.

In Lancaster County, Pennsylvania, the county office on aging has endorsed the granny flat concept—an Americanized version called the "elder cottage" that a local builder is selling for just over \$18,000. The price includes local delivery, installation, and utility connections. With cost estimates for new highrises for the elderly running around \$30,000 per unit, and with over 44,000 non-institutionalized elderly in the county, officials are looking for low-cost, humanizing alternatives. The Amish families in the area have led the way for centuries with their *Grossmutter*, or grandmother, houses on their farms.

The builder, Edward Guion, offers a standard version featuring a living area, kitchen, pantry, utility nook, bath, and bedroom. Efficiency and two-bedroom styles are also available. The unit is assembled at the factory, complete with carpeting, kitchen

COURTESY, COASTAL COLONY CORPORATION



Display model of the "elder cottage"—a pre-built, modular unit that provides a low-cost alternative to nursing homes and elderly highrises. With a variety of siding and roofing materials, these relocatable homes for aging parents can take on the look of a permanent guest house on the grounds of their children's homes.

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The unit is trucked to the site and bolted to a pressure-treated timber foundation that has been prepared in advance. The water pipes, electrical wiring, and sewage outlet are then hooked up to those at the main house, with an average total set-up time of one day. The elder cottage can be relocated in about the same amount of time, and its backyard site can easily be returned to its original condition by removing or cutting off the foundation posts.

Advocates recognize that widespread acceptance may come slowly, due to objections on aesthetic grounds. The variety of siding and roofing materials, however, makes it possible to "match" the cottage unit to the existing main house, giving the smaller unit a permanent "guest house" look. In addition, none of the units is larger than 30 by 24 feet, leaving plenty of space to spare for gar-

dens and play areas.

Objections to increasing a community's housing density are also likely, with resistance expected to rise in proportion to the affluence of the neighborhood. Guion suggests granting the cottages temporary zoning variances that require removal of a unit within 45 days of its being vacated by the original occupants. This procedure leaves normal zoning laws intact and eases fears of lowered property values. Three hundred cottages have been installed in Melbourne, where they are defined as "temporary hired buildings" in order to exempt them from the requirement that limits dwellings to one per property lot.

If Australia's granny flats catch on elsewhere, they could provide not only a cost-effective way to house the elderly, but also a means for reviving the extended family.

For more information, contact Edward Guion, Coastal Colony Corporation, 44 North Cope Hill Drive, Lititz, Pennsylvania 17543.

THE WALL STREET

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REAL ESTATE

Two Mortgage Ideas Fizzle . . . Granny Flats . . . Rental Advice

By ROBERT GUENTHER

Staff Reporter of THE WALL STREET JOURNAL

EXPERIENCE SO FAR with shared appreciation mortgages, or SAMs, shows just how cheap talk can be. When the new generation of mortgages appeared a couple of years ago, SAMs and their close cousins, shared equity mortgages, or SEMs, were heralded as the salvation of the first-home buyer. But with some exceptions mortgages have gone nowhere.

Here's how SAMs work: In exchange for an interest rate that is, say, two-thirds of the going rate on conventional mortgages, the home-buyer agrees to give the lender a portion of the future appreciation of the home. In SEMs, an investor makes the down payment for the buyer and sometimes part of the monthly mortgage payment in return for a percentage of the home's future appreciation.

The concepts have their appeal, but working out the fine points has been difficult. The Federal Home Loan Bank Board, which has allowed the thrift industry to make a variety of mortgages with acronyms like ARMs and VRMs, has been cool to SAMs so far.

Charlotte Chamberlain, director of policy and economic research for the bank board, says: "Quite frankly, there are so many unanswered questions with SAMs. They make a great deal of sense in commercial real estate when you're dealing with corporations, but with an individual there's a whole different set of problems. At this point, we want to go slow."

IN THE BANK BOARD'S view, other types of mortgages, such as the graduated payment mortgage, deal with the first-time home buyer's lack of cash to meet a big monthly payment.

But lenders say one reason SAMs haven't caught on is that lenders don't want to wait to collect their share of a home's appreciation. "With their liquidity problems, the S&Ls can't afford to make a 12% mortgage in hopes that inflation will make it up to them in appreciation," says a lender.

Just the same, SAMs and SEMs are being made, although in small numbers. The largest pool of SAMs so far is \$10 million. That block was made available through Advance Mortgage Corp., Detroit, and Coastal Federal Savings and Loan, Sarasota, Fla.

And now Electronic Realty Associates Inc., Kansas City, has started a SEM program in which it matches buyers with investors who are willing to make down payments or subsidize monthly mortgage payments. In return, the investor, who becomes a co-owner, is entitled to 75% of the home's appreciation when it is sold.

But with housing prices on a plateau or declining in most areas, will individual investors be attracted by such an illiquid investment? Michael Jackson, president and chief operating officer of Electronic Realty Associates, says that hasn't been a problem. "Even though prices are relatively flat, the American consumer ultimately believes that residential real estate will appreciate," he says.

And SEMs are getting a boost from, of all things, the Black Lung Revenues Act of 1981. Tacked on to that measure was a provision that allows investors in SEMs to take depreciation allowances on their income taxes for the portion of the home that they own. The tax break could encourage more parents who give their children money for a down payment on a home to formalize the gift as a SEM.

THE PROBLEM OF HOUSING for the elderly, one that many families face, has few adequate solutions. Now Lancaster County, Pa., has imported an Australian answer, and a local home manufacturer is excited about the idea.

It's called the "granny flat" in Australia and is a small, fully equipped cottage placed in the backyard of a family member. It permits privacy as well as proximity and is comparatively inexpensive. Coastal Colony Corp. of Lititz, Pa., sells a 508-square-foot cottage with one bedroom, appliances and carpeting for about \$17,000.

The big hurdle facing granny flats is local zoning. In Lancaster County, most of the townships allow granny flats so long as they are for a family member and are removed as soon as the relative leaves. The Amish and Mennonite traditions in Lancaster County are well suited to the concept. "People around here traditionally have taken care of their elderly," says Joan Espenshade of the county's office of aging.

Edward Gulon, president of Coastal Colony, says orders have been signed for about 50 of these cottages; two have been placed in people's backyards. In addition, he says the Mexican government is interested. "I really don't know where this thing is heading," he says.

WHEN BUILDERS ASK Stanley Ross for advice on their inventories of unsold homes, they're often struck by what he counsels: Rent the houses.

By renting unsold inventory, Mr. Ross, managing partner of Kenneth Leventhal & Co., an accounting firm, says, a builder can generate some cash, take advantage of the faster depreciation now allowed and possibly qualify for capital gains treatment, instead of ordinary income, when the home is sold.

Mr. Ross says investors may be interested in buying the homes for rentals, too. "An investor holding a unit for five to seven years can get a return in excess of 20% if the price inflates at 6% a year,"



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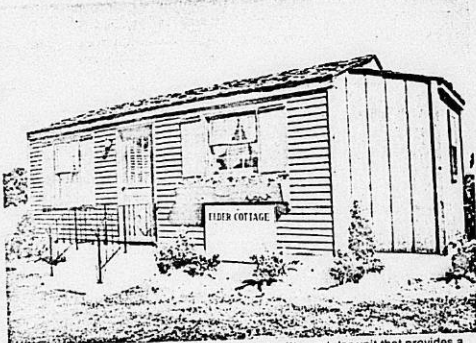
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Advocates recognize that widespread acceptance may come slowly, due to objections on aesthetic grounds. The variety of siding and roofing materials, however, makes it possible to "match" the cottage unit to the existing main house, giving the smaller unit a permanent "guest house" look. In addition, none of the units is larger than 30 by 24 feet, leaving plenty of space to spare for gar-

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Objections to increasing a community's housing density are also likely, with resistance expected to rise in proportion to the affluence of the neighborhood. Guion suggests granting the cottages temporary zoning variances that require removal of a unit within 45 days of its being vacated by the original occupants. This procedure leaves normal zoning laws intact and eases fears of lowered property values. Three hundred cottages have been installed in Melbourne, where they are defined as "temporary hired buildings" in order to exempt them from the requirement that limits dwellings to one per property lot.

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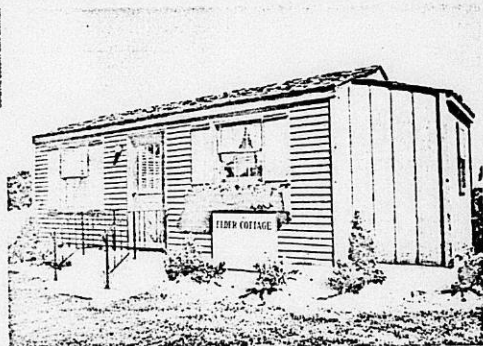
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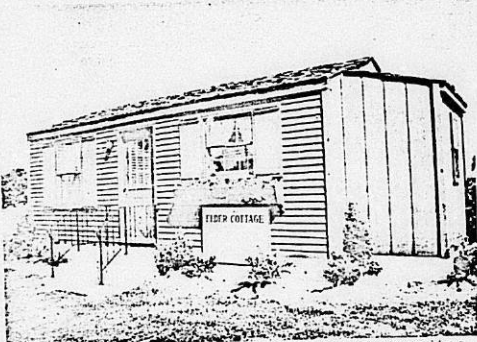
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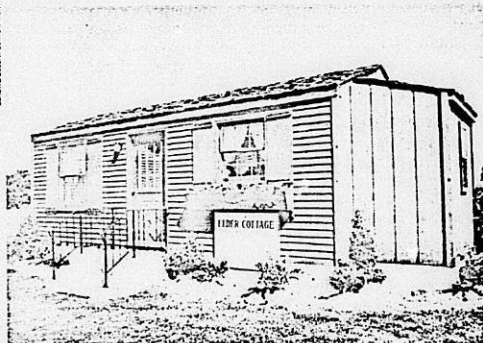
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In Lancaster County, Pennsylvania, the county office on aging has endorsed the granny flat concept—an Americanized version called the "elder cottage" that a local builder is selling for just over \$18,000. The price includes local delivery, installation, and utility connections. With cost estimates for new highrises for the elderly running around \$30,000 per unit, and with over 44,000 non-institutionalized elderly in the county, officials are looking for low-cost, humanizing alternatives. The Amish families in the area have led the way for centuries with their *Grossmutter*, or grandmother, houses on their farms.

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Advocates recognize that widespread acceptance may come slowly, due to objections on aesthetic grounds. The variety of siding and roofing materials, however, makes it possible to "match" the cottage unit to the existing main house, giving the smaller unit a permanent "guest house" look. In addition, none of the units is larger than 30 by 24 feet, leaving plenty of space to spare for gar-

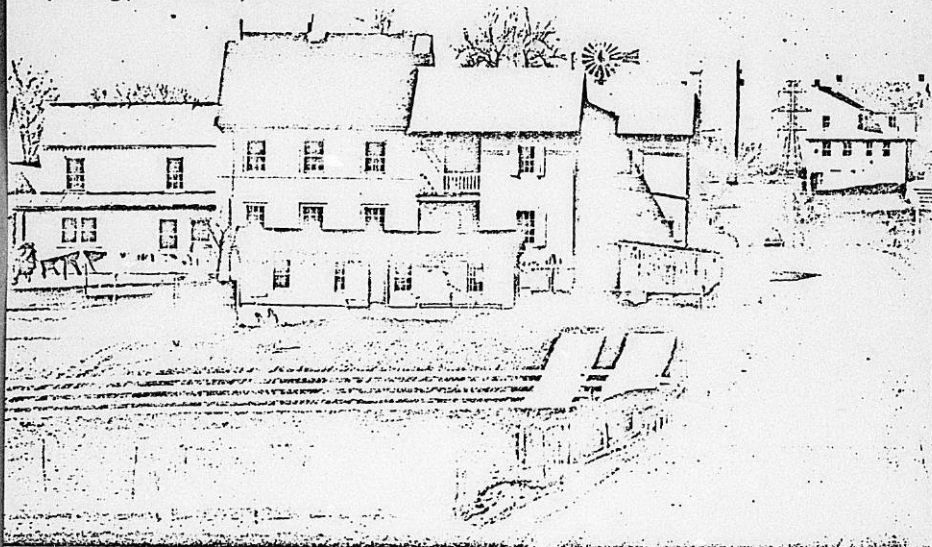
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Objections to increasing a community's housing density are also likely, with resistance expected to rise in proportion to the affluence of the neighborhood. Guion suggests granting the cottages temporary zoning variances that require removal of a unit within 45 days of its being vacated by the original occupants. This procedure leaves normal zoning laws intact and eases fears of lowered property values. Three hundred cottages have been installed in Melbourne, where they are defined as "temporary hired buildings" in order to exempt them from the requirement that limits dwellings to one per property lot.

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Lancaster County, Pennsylvania

Richard Reinhold

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Single-family zoning almost universally prohibits granny flats, the Australian adaptation of extended family living that fits suburban single-family development patterns. Granny flats are small, self-contained, removable dwelling units designed for installation in the backyard of an existing single-family home. They permit adult children to take care of aging parents who need some measure of support and companionship.

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Family benefits

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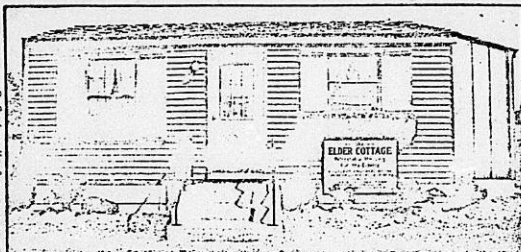
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Mobile homes

One issue that surfaces immediately when zone changes are proposed is mobile homes, with their reputation for poor aesthetics and poor quality. Removable echo housing seems ready-made for mobile home manufacturers, particularly where there is enough distance between houses to allow access to backyards, or, of course, in parts of the country where alleys are common. The Frederick, Maryland, ordinance, referred to earlier, specifically permits a "temporary mobile home." It does not mention other housing types.

Ordinances can be developed to ensure aesthetic compatibility regardless of means of manufacture. Quality may be a harder nut to crack, and it is one aspect that Baldwin and others, such as Paul Sheppard of the University of Maryland's Senior Center Institute, insist on.

The cost of providing echo housing is another important issue. Guion's unit, which Dys believes is well-built, costs about \$18,000 installed. HAUS, a West Coast group based in Santa Maria, California, is developing a unit that it expects to be very similar in price. In contrast, HUD estimates that the current cost of a conventional unit of elderly housing, allowing for regional variations, is about \$48,000.

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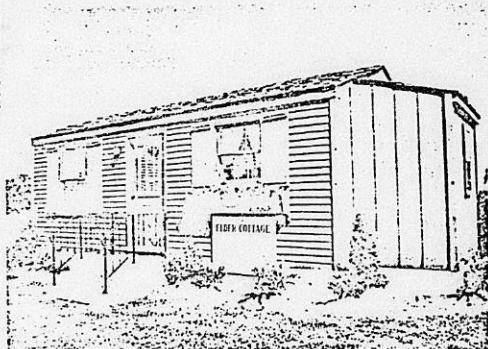
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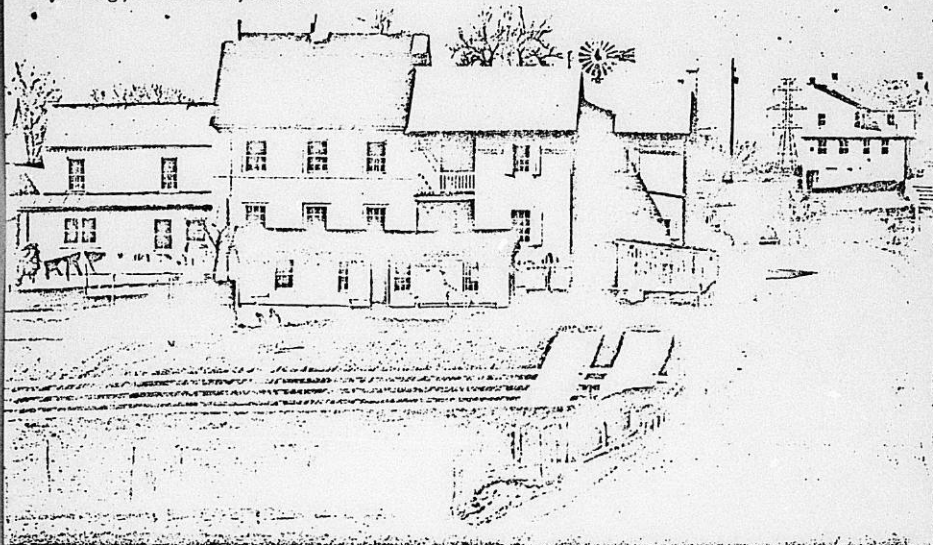
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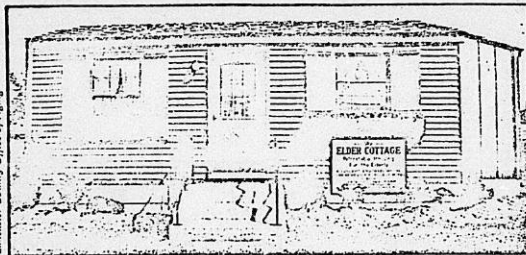
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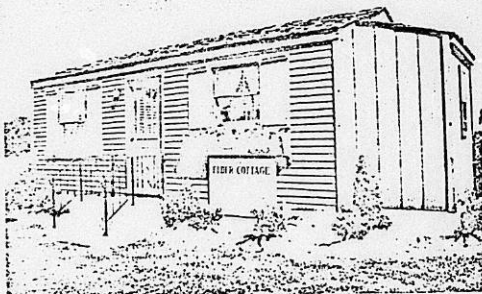
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