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Englewood asks: Can accessory dwelling units help tamp down sky-high metro-area home prices, rentals?

Open house Tuesday will look at where they should be allowed in the city



Anya Semenoff, The Denver Post

A renovated carriage house in the backyard of Brian and Jenn Superka on Jan. 6, 2016, in Denver.

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PUBLISHED: June 12, 2017 at 8:05 pm | UPDATED: June 13, 2017 at 9:03 am

living spaces on small lots for needed relief in an overheated real estate market.

On Tuesday night, Englewood will hold an open house on accessory dwelling units to get feedback from the public on what the rental units should look like and where in this city of 33,000 they should and should not be allowed.

“It’s a direct response to this market,” John Voboril, long-range planner for Englewood, said of the renewed interest in accessory dwelling units, which traditionally have taken the form of mother-in-law-style apartments built on top of garages or “garden cottages” erected in backyards.

According to the Denver Metro Association of Realtors, [the average price in April of a single-family home in metro Denver](#) reached a dizzying \$487,974 — a new high. Meanwhile, rents in the metro area [resumed their upward climb this year after pulling back somewhat last fall](#). According to Axiometrics, a Dallas firm that tracks multifamily housing trends, average apartment rents rose to \$1,446 in May, up \$19 over April’s average.

“I am hearing a lot more about accessory dwelling units,” said Sara Reynolds, executive director of Housing Colorado, a Denver-based membership organization that represents the state’s affordable housing industry. “It is a way that communities can provide more affordable units.”

By virtue of their smaller size, accessory dwelling units tend to be cheaper to rent than conventional apartments. Englewood is proposing limiting the size of the units to 650 square feet. ADUs initially would be contained to the older parts of town, where alleys provide a natural access to the auxiliary homes.

The owner of the main home would have to live on the property, Voboril said, as a way to ensure that the landlord has skin in the game. He said the city wants to make a final decision on accessory dwelling units by year’s end.

“They’ll need a permit to construct anything, and it will be inspected by our inspectors,” he said. “They’d look like the tiny house phenomenon.”

While a home that small won’t work for a family of four, it could accommodate a single person or childless couple and “take a little bit of pressure off the conventional apartment market,” Reynolds said.

Accessory dwelling units are not a foreign concept in the metro area. In 2010, [Denver eased its rules on building “granny flats” or cottage houses in the city](#). Arvada first gave the green light to the dwelling units a decade ago and allows them in single-family-home neighborhoods anywhere in the city unless prohibited by homeowner associations.

There were 23 accessory dwelling units in Arvada in 2013. Now there are 77.

“ADUs are an important contributor to affordable housing,” said Greg Carr, neighborhood services manager for the city. “Since they are limited in size, rents are inherently more affordable. The presence of an ADU and its income potential also can enable a senior to stay in the home and make necessary repairs.”

Golden planning manager Rick Muriby said there are 35 permitted accessory dwelling units in his city since they were first allowed, starting seven years ago.

“Interest started slowly, but we are finding that it has been gathering momentum as home prices have been climbing rapidly over the last few years in Golden,” he said.

Whereas accessory dwelling units typically have been a convenient way of providing housing to an aging parent or a struggling child fresh out of school, an increasing number of units today are being rented to complete strangers. The rental income can help a homeowner offset the cost of monthly mortgage payments.

“People owning a property see an opportunity and would like to take advantage of it,” Voboril said.

Inquiries about building accessory dwelling units have increased significantly in Englewood during the past few months, he said, with half a dozen property owners a week asking whether the city will lift its restrictions.

An early test of how they might work in this city is underway at Logan Street Residences, which the city approved for accessory dwelling units as part of a planned unit development. Westminster-based Shadow Creek Homes built three detached garage units fronting an alley just west of Logan Street.

Shadow Creek owner Toby Terhune said the city’s main concern centered on whether the additional homes would eat up valuable parking space. Once that issue was resolved with tuckaway spaces next to each garage, Terhune said people have been calling him to see how they can get an home equipped with a unit.

“They see people are getting additional income, and people who are renting are getting an affordable space in Englewood,” he said. “The city is open to having this discussion – the market is changing, and they are asking how they can help address these issues.”

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