

## **What is the Impact of High Ratio\* Granny Units on Affordable Housing?**

An easily implemented change in the way we design subdivisions can have a dramatic impact on the affordability of housing for moderate, low and very low income households. By shifting from "front loaded" to "rear loaded" site plans we can significantly lower the cost of housing for moderate income families, while simultaneously increasing the stock of housing affordable to low and very low income households. The connection between site plan and affordability derives from the ease of including granny units on rear loaded houses vs the difficulty of doing so on front loaded homes.

On a rear loaded house it is easy to include a granny unit over the garage, with parking for the granny flat directly adjacent. The cost of adding a granny unit over the garage at the time of building a new house is about \$35,000. Rent for a one bedroom granny unit is about \$750/month. The price for a home with a granny unit is about \$50,000 higher than for one without a granny.<sup>1</sup>

The granny unit rent amortizes a price difference of \$100,000. This allows someone at moderate income to buy a median priced home in Santa Rosa, using the granny unit income to help with the mortgage payments; in the process, the moderate income buyer also provides an apartment (granny unit) affordable to someone at 50% of median income.

For new construction, just about any home which is "rear-loaded," e.g. has an alley, with the garage on the alley at the back of the house, can easily have a granny unit over the garage.<sup>2</sup> A project with 60 lots on 9 acres can easily have 50 of them include granny units, if the project is rear-loaded rather than front-loaded.<sup>3</sup> Such a project produces 50 units affordable to those at 50% of median income. The main house is affordable at 100% to 120% of median income, and the whole thing pays impact fees, rather than receives fees.

Here is the math comparing a High Ratio Granny Unit project to present inclusionary policy. A 15% inclusionary project would yield 9 protected affordable units on the same 9 acre site, and the remaining 85% of the units would not be affordable to moderate income families. The alley loaded, High Ratio Granny Unit project yields 5 times as many affordable units, and the main houses are affordable to moderate income households.

1 These numbers are based on units built and sold at Courtside Village in Santa Rosa in 2001.

2 The street scene is also much better with rear-loaded houses than with front-loaded, since the street is not dominated by garage doors as it is in front loaded developments.

3 These numbers are taken from a pending Tentative Map, on flat ground, in Santa Rosa.

### **\*What are High Ratio Granny Units?**

*A conventional subdivision of single family detached homes is usually "front loaded," meaning that cars enter the garage from the street in front of the house. In a "rear loaded" neighborhood, the cars enter the garage from an alley behind the house. With rear loaded houses it is easy to build a granny unit above the garage. With front loaded houses, adding a granny unit is problematic. Parking for the granny unit in a rear loaded house is easily accommodated within the width of the lot, right next to the garage. It should also be noted that the lot yield per acre is higher with rear loaded site plans, and the lot improvement costs are lower.*