



# Accessory Dwelling Unit Fee Reductions & Missing Middle Housing Code Amendments

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CITY COUNCIL STUDY SESSION  
October 14, 2025

City Staff Representative:

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Community Development Department

Consultant:

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Presenting ADU Impact Fee Study Findings

# Housing Strategies Update – #4

- Housing Needs Assessment Strategy #4 – Streamline and expand affordable housing development incentives.
  - An affordable housing expedited development review process.
  - Revise LUDC incentives for certain housing types (currently Affordable, Accessible, and Diverse Housing).
- Completed:
  - ✓ Definition of “Affordable Housing” updated.
  - ✓ Affordable housing fee reduction policy updated.

# Housing Strategies Update – #3

- Housing Needs Assessment Strategy #3 – Add infill housing by promoting ADUs.
  - Study impact fees. (Gruen Gruen + Associates presenting.)
  - Pre-approved architectural plans and permit application guides.
- Completed:
  - ✓ LUDC amendments required by revised statutes.
  - ✓ Fast-track building permit process for factory-built ADUs.
  - ✓ An application with DOLA to become an ADU supportive jurisdiction.

# Housing Strategies Update – #2 & #1

- Housing Needs Assessment Strategy #2 – Address the cost of raw land.
  - Evaluate infill and city-owned parcels for housing development opportunities.
- Housing Needs Assessment Strategy #1 – Encourage housing production at all levels and reduce housing production costs.
  - Examine how development and architectural standards contribute to building costs.
  - Consider incentives for lower-cost market-rate for-sale homes. (For discussion tonight.)
  - Consider middle housing types. (For discussion tonight.)

# Accessory Dwelling Units in Brighton:

## Economics, Strategy, and Implementation Tools

**Gruen Gruen + Associates**

City Council Study Session

October 14, 2025



## AGENDA

- 01 Background**
- 02 Addressing Housing Needs**
- 03 ADU-Supportive Lots**
- 04 ADU “Uptake”**
- 05 Prototypes**
- 06 ADU Economics (Costs/Rents)**
- 07 Best Practices**
- 08 Policy Discussion (Options/Tradeoffs)**

## House Bill 24-1152

HB 24-1152 was enacted May 13, 2024, and took effect June 30, 2025. It brings substantial changes to local regulation of Accessory Dwelling Units (ADUs) in Colorado.

Key provisions of HB 24-1152 included:

- **Mandatory "use-by-right"**
- **Preemption of restrictive rules**
- **Supportive Jurisdictions**
- **Financial support**
- **Factory-built ADUs**

### Brighton ADU Policies

Brighton maintained flexible ADU zoning prior to state legislation.

HB 24-1152 reinforces several strategies to encourage ADU construction, many of which align closely with options identified in the 2023 Housing Needs Assessment.

#### Action taken:

- ✓ Allowed factory-built ADUs
- ✓ Eliminated owner-occupancy requirements
- ✓ Advanced outreach/educational efforts
- ✓ Clarified utility tap requirements

City is well positioned to benefit from upcoming state ADU grant programs.

## 2023 Housing Survey

About 350 city residents previously responded to survey questions about ADUs.

Some generalizations can be drawn from those responses:

- **About ±25% of homeowners may have some degree of interest in building an ADU**
- **However, most households in Brighton cannot afford (or do not want) an ADU on their property**
- **Many homeowners would prefer to build an ADU for their own use or family (not for rent)**
- **Younger-age households may be more receptive to ADUs than older, long-time homeowners**

18%

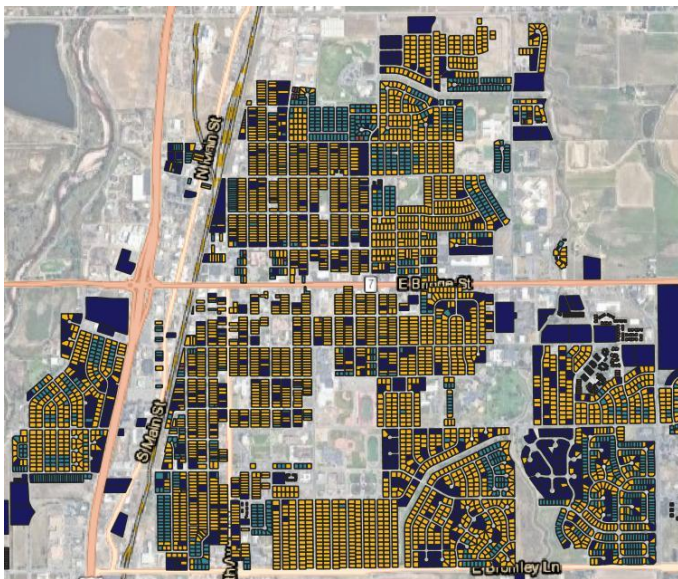
Share of survey respondents indicating they live in a **Multi-Generational household** (at least two generations of adults living in same unit).

432

10-year projected **workforce household growth** among smaller (1–2 person) households with incomes below 80% AMI.



## ADU-SUPPORTIVE LOTS



### Lot Size Legend

Residential\_Improved

- Smaller than 4,500 Sq Ft
- 4,500 - 6,999 Sq Ft
- 7,000 - 9,999 Sq Ft
- 10,000 Sq Ft or Greater

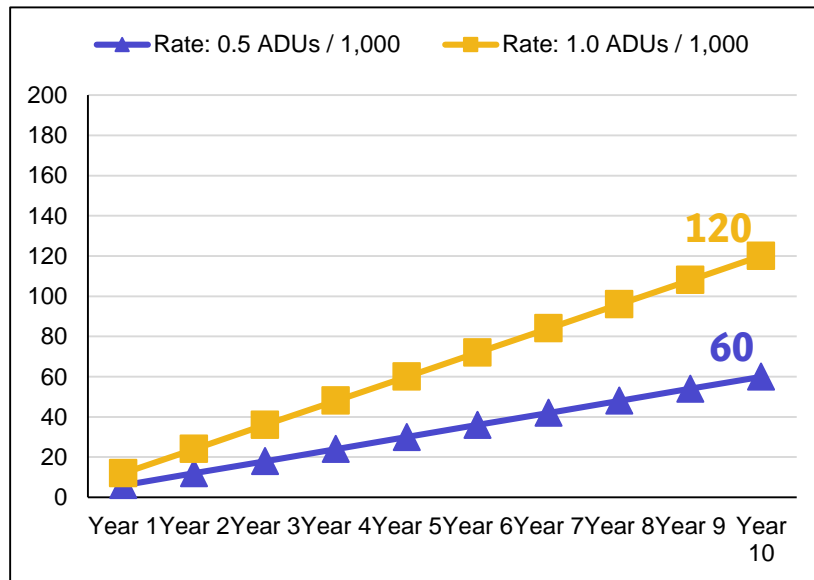
## Historic Lot Patterns Aligned with Modern ADU Goals

- **Older neighborhoods with alley access offer natural opportunities for detached ADUs**
  - ✓ Many existing homes already have detached or alley-facing garages, making conversion or replacement easier
  - ✓ Most single-family lot sizes, ranging from about 5,000–10,000 square feet in size, provide sufficient space to meet setback and design requirements
- **Detached ADUs may not be as feasible in newer subdivisions with no alley access, or larger primary homes on smaller lots**

## Rates of Construction

- Historical ADU production has varied widely across Colorado and other western states
- *California example:* following years of zoning and policy reform, ADU construction has risen to ~3 ADUs per 1,000 single-family homes annually, though rates vary substantially by city
- Uptake depends heavily on zoning reforms, single-family housing market dynamics, and financing conditions
  - Boulder: ± 2.5 ADUs / 1,000 homes
  - Thornton: ± 0.5 ADUs / 1,000 homes
  - Grand Junction: ± 1.0 ADUs / 1,000 homes

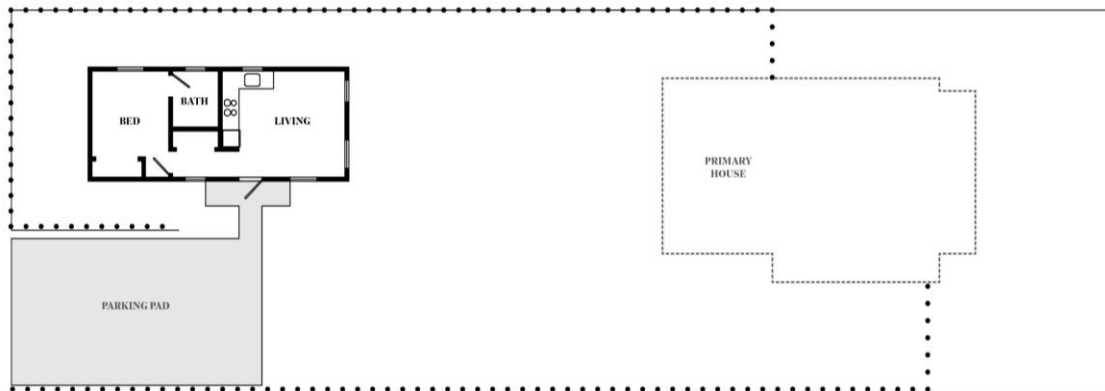
### Possible ADU Construction in Brighton (Cumulative Over 10 Years)



Data Source: Colorado Municipal League

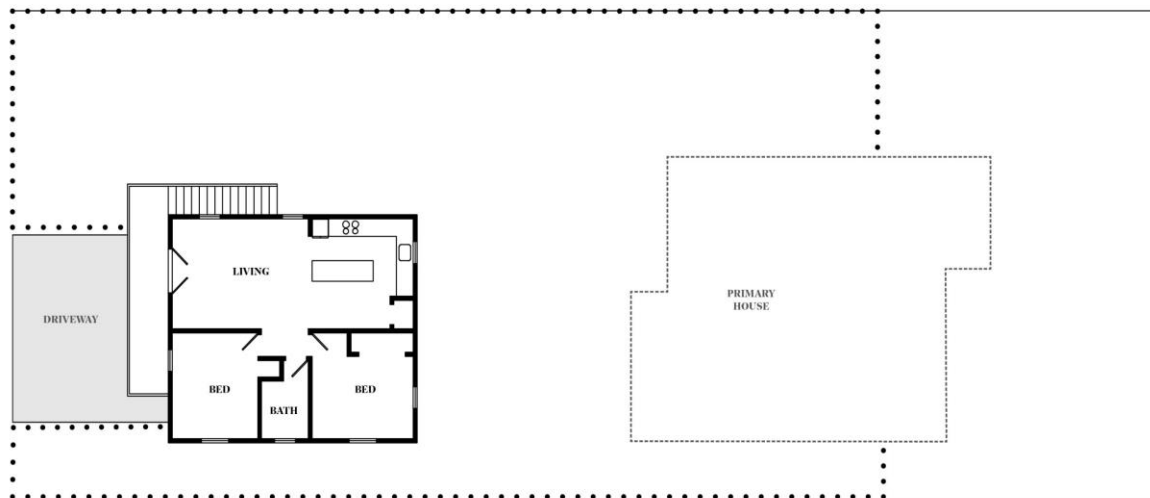
## Smaller Prefabricated (Modular) ADU

- 475-square-foot ADU
- 6,800-square-foot lot



## Larger ADU Over Detached Garage

- 850-square-foot ADU
- 9,000-square-foot lot



## ADUs and Public Infrastructure Impacts

- **Compared to larger developments concentrated in one location, ADUs provide “light-touch” growth with less impact to public infrastructure/services**
  - ✓ Lower parking demand (than typical unit)
  - ✓ Minimal new traffic generation
  - ✓ More efficient use of utility infrastructure
  - ✓ Leverage existing services/amenities such as Parks

### Summary of ADU Prototypes

	<b>Smaller Prefab (Modular) ADU</b>	<b>Larger Detached ADU Over Garage</b>
ADU Type	Detached	Detached
Occupants	1 person	2 persons
Construction Method	60% off-site	100% on-site
Lot Size	± 6,800 sq. ft.	± 9,000 sq. ft.
Unit Size	475 sq. ft.	850 sq. ft.
Unit Type	1 BR / 1 BA	2 BR / 1 BA
Total Cost	± \$230,000	± \$330,000

## ADU Prototype Development Costs

	Smaller Prefab (Modular) ADU		Larger Detached ADU Over Garage	
<b>Cost</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
Modular Construction	\$120,000	51.7%	\$0	0.0%
On-Site Construction	\$85,000	36.6%	\$295,000	89.7%
A/E and Soft	\$10,250	4.4%	\$14,750	4.5%
Construction Use Tax	\$3,845	1.7%	\$5,531	1.7%
Permit/Plan Review	\$2,826	1.2%	\$3,565	1.1%
City Impact Fees	\$8,625	3.7%	\$8,625	2.6%
27J School & Fire Fees	\$1,471	0.6%	\$1,471	0.4%
<b>TOTAL</b>	<b>\$232,016</b>	<b>100.0%</b>	<b>\$328,943</b>	<b>100.0%</b>
<i>Note: Both estimates assume ADUs could be served by existing water and sewer taps (no water impact or MWRD connection fees).</i>				

## Monthly Rent Affordability

- **Development costs drive rent levels**
  - Smaller, one-bedroom ADU: requires rents around \$1,600/month to break even
  - Larger, two-bedroom ADU: requires rents around \$2,300/month
- **ADUs may still provide “naturally affordable” options** compared to larger, new apartments
  - Policies such as fee waivers, grants, or low-cost financing can reduce required rent levels and expand affordability

**64% AMI**

Monthly rent of ± \$1,575 required to feasibly build and rent the smaller, one-bedroom ADU.

**76% AMI**

Monthly rent of ± \$2,250 required to feasibly build and rent the larger, two-bedroom ADU.

## ADU Best Practices

- **Fee Reductions / Waivers**

- ✓ Tiered or full impact fee waivers reduce upfront costs and have been effective
- ✓ Targeting utility or sewer tap fee waivers can provide meaningful savings

- **Pre-Approved Designs / Technical Assistance**

- ✓ Standardized, pre-approved ADU plans help streamline permitting and reduce “soft” costs
- ✓ Dedicated staff support or “one-stop” guidance reduce barriers for homeowners

- **Direct Incentives**

- ✓ Grants, rebates, or cash payments for ADU construction improve financial feasibility
- ✓ Incentives often tied to affordability commitments or owner-occupancy terms



## Financial Tools

- Full, partial, or tiered waiver of municipal impact fees?
- Construction use tax, building permit fees – can city waive or “rebate” these costs?
  - *Will homeowner eligibility criteria apply?*
- Leverage state grant programs to provide waivers or low-interest financing support.

## Non-Financial Tools

- Sponsor pre-approved ADU plans to simplify approvals?
  - *Modular vs. site-built*
- Explore a streamlined review process for alley-access lots or conversions of existing garages.

## Implementation & Monitoring

- Track ADU uptake and outcomes to refine policies over time
- Ongoing education to demystify ADUs and highlight success stories
- Partnerships with local lenders and contractors to expand homeowner capacity (?)

# ADU Impact Fee Discussion

QUESTIONS

GUIDANCE FOR NEXT STEPS

# Lower-Cost Market-Rate For-Sale Homes

Purpose: To increase the supply of lower-cost market-rate for-sale homes.

- Remaining Housing Needs Assessment strategies and other innovations.
- Right-sizing impact fees.
  - Which fees would need to be determined.
  - Based on square footage.
    - Must meet study, nexus, rough proportionality standards.
    - Requires system programming.
    - No direct correlation to persons per household, incomes, or sales price.
  - Based on valuation.
    - Some of the same concerns & may be considered a tax.

# Lower-Cost Market-Rate For-Sale Homes

- Provide an impact fee discount under a certain threshold.
  - Some system and administration complications remain.
  - Square footage concerns remain, including creation of a gap in home sizes if a single threshold is used.
  - No guarantee that the sales prices would be proportionately lower.
- Directly incentivize the desired outcome without involving fees.
  - Monetary incentive given after closing for homes sold under a certain price.
  - Examine how to further incentivize lower-cost homes by incorporating other cost-reducing measures.
  - LUDC incentives section is being examined for amendments and is the logical place to include such an incentive.

# Middle Housing LUDC Amendments

Purpose: To correct, streamline, and align areas of the Land Use & Development Code (LUDC) where Zone Districts, Land Uses, and Building Types conflict or limit the reasonable development of varied uses and buildings, predominately “Middle Housing” types.



# Middle Housing LUDC Amendments Origin

Ambiguities brought to light by:









- City staff.
- Pre-Application Conferences.
- DOLA during ADU review.
- In general, LUDC can be difficult to understand.

Table 5-2: Residential District Building Type & Development Standards																
Zoning Districts								Building Types	Development Standards							
A/R	A/E	RE	R-1	R-1-A	R-1-B	R-2	R-3		Lot Standards			Front	Minimum Setbacks [3]			Building Height
									Size	Width [1]	Lot Open Space		Interior Side	Corner Side [1]	Rear	
■								Detached House - Rural	35 ac. A/R	300' +	80% of lot	Single Detached House	20'	20'	20'	35' / 2.5 stories
	■	■						Detached House - Suburban	20K s.f. +	80' +	60% of lot		15'	30'	25'	35' / 2.5 stories
			■	■	■	■		Detached House - Neighborhood	7K s.f. +	65' +	1,200 s.f./unit		7'	15'	25' [4]	35' / 2.5 stories
				■	■	■	■	Detached House – City Lot	5K s.f. +	40' +	800 s.f./unit		5'	10'	25' [4]	35' / 2.5 stories
					■	■	■	Detached House - Compact								
					■	■	■	Duplex - Suburban								

Table 5-5: Residential Frontage Types & Design Standards				
Frontage Element	Terrace	Neighborhood Yard	Suburban Yard	Buffer
A shallow open area along a block face that creates a continuous landscape		A small to moderate open area with a building setback from the property line to create a landscaped front yard	A small, moderate or large open area with a building setback from the	A concentrated landscaped area use

R-1-B	R-2	R-3	Building Types	[1] Corner	[2] End Grain	[3] Corridor	[4] Open
□	Allowed unlimited	Follow Common Lot Ownership Pattern	Detached House - Compact	■	■		■
□	Allowed unlimited	Follow Common Lot Ownership Pattern	Duplex / Multi-unit House	■	■		■
□	Allowed unlimited	Allowed unlimited	Row House		■		■
Not allowed	□	Allowed unlimited	Small Apartment		■		■
Not allowed	□	□	Medium Apartment			■	■
Not allowed	□	□	Large Apartment				CUP
Not allowed	□		Senior Living				■
Not allowed			Live / Work				■
□ All R Districts			Small Civic			■	■

- [1] Corner = Any corner lots  
 [2] End Grain = Lots oriented to the end grain or short side of a block on a collector street classification or higher  
 [3] Corridor = Lots fronting on a major collector or arterial street  
 [4] Open Space = Lots fronting directly on or on block faces opposite and fronting on public or common open space  
 [5] Transition = Blocks adjacent to a non-residential zoning district that creates a transition in building type, scale and intensity of uses

Frontage Element	Terrace	Neighborhood Yard	Suburban Yard	Buffer
Description / Design Objective	A shallow open area along a block face that creates a continuous landscape element across multiple frontages and enhances the tighter relationships of buildings along a streetscape, such as courtyards, or gardens.	A small to moderate open area with a building setback from the property line to create consistent landscaped area that emphasizes the buildings' relationship to the streetscape and creates a consistent rhythm of building facades along a block.	A small, moderate or large open area with a building setback from the property line to create larger, uninterrupted landscape areas along a block.	A concentrated landscaped area used to soften, screen and separate the site and any potential impacts from the streetscape.
				
				

See Non-residential Building Types in Table 6-2

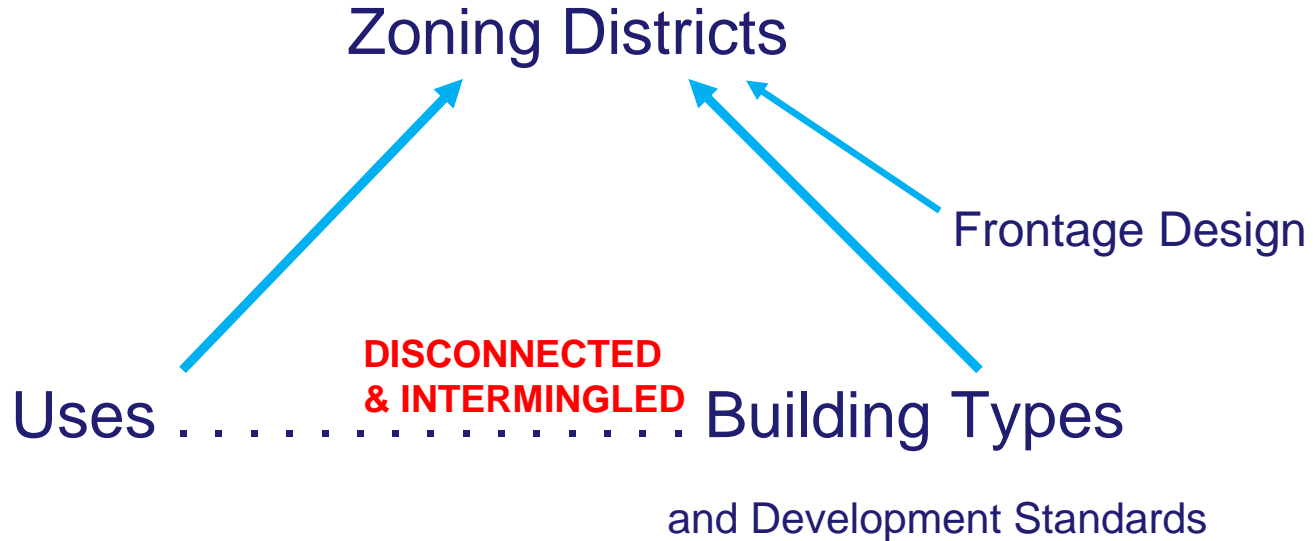
See Non-residential Building Types in Table 6-2

# Identifying the Issues

LUDC is a form-based code that focuses on the relationships between buildings and surrounding environments vs. a conventional code that organizes standards mainly by zone districts.

1. The intermingling of Zone Districts, Land Uses, and Building Types creates inconsistency and ambiguity.
2. Many tables are dependent upon and in conflict with other tables.
3. Standards are non-linear and multi-layered, adding to complexity and increasing variations in interpretation.
4. LUDC complexity drives use of Planned Developments, adding project cost and additional layers of staff review.

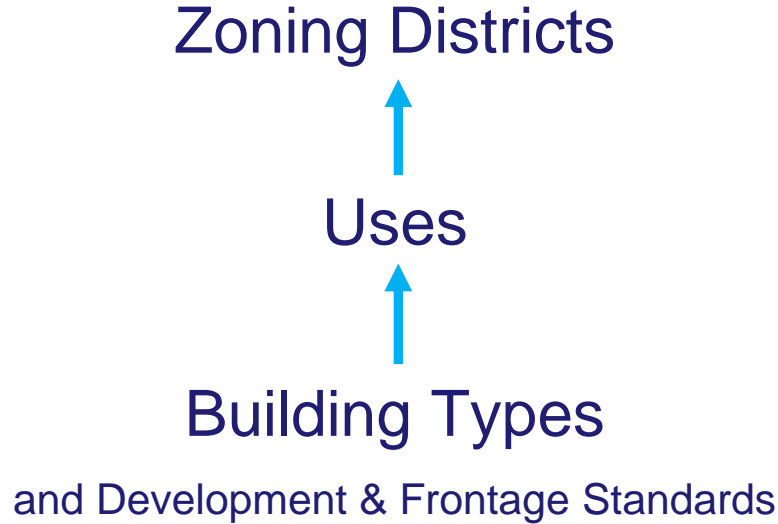
# Current LUDC Organization



Uses and Building Types are independently allowed in Zoning Districts



# Streamlined LUDC Organization



Uses are allowed in Zoning Districts / Building Types are allowed in Uses

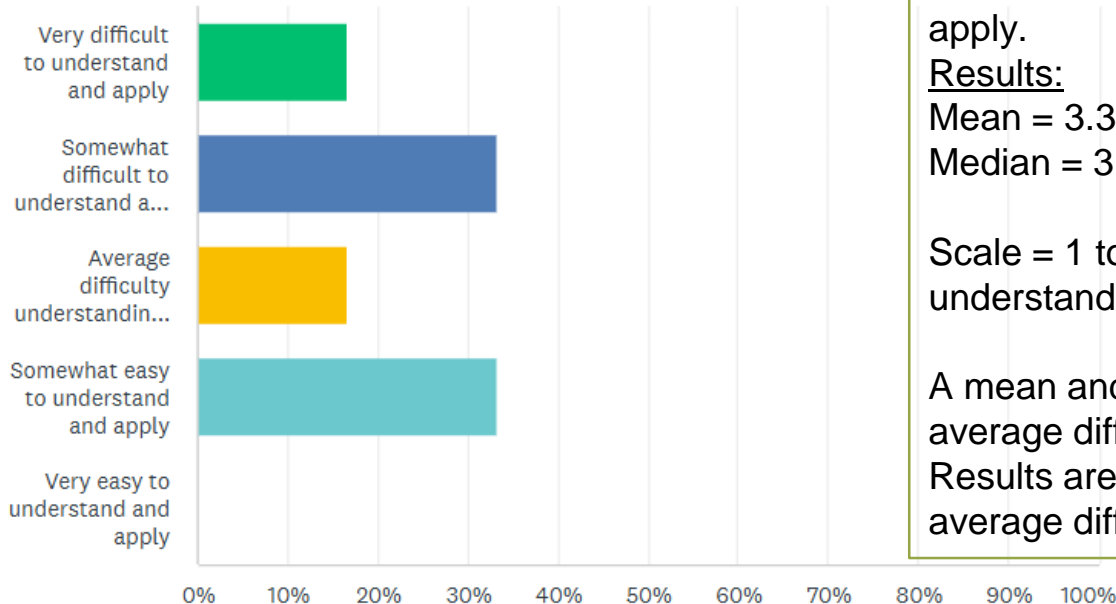
**THANK YOU**



# Appendix

# Developer Survey – June 2025

Considering the City of Brighton Land Use & Development Code overall, how would you describe its ease-of-use?



Half of respondents find the LUDC to be either somewhat or very difficult to understand and apply.

Results:

Mean = 3.33

Median = 3.5

Scale = 1 to 5 with 5 being very difficult to understand and apply.

A mean and median of 3.0 would indicate an average difficulty understanding the code. Results are above 3.0 indicate an above average difficulty.

# Middle Housing Types & the Missing Middle Concept

Introduced by architect Daniel Parolek in 2010



# Middle Housing – Benefits & Importance

- Fills gaps in available price points.
- Increases supply of homes in land-limited areas with a lower perceived density.
- Mixed housing and more density support area businesses.
- Utilizes cost-effective light-frame wood construction vs. commercial-grade construction typical in larger buildings.
- Comprehensive Plan warns that low-density growth is expensive in terms of infrastructure and living costs.
- Colorado American Dream Act encourages attached home development by removing some developer risk.