

ADU D.C. Homeowner's Manual

How to Build an
Accessory Apartment or
Second Dwelling in the
District of Columbia



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Revisions pertain to 2021 updated accessory building regulations in Chapter 4.

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Disclaimers

This manual is not an official guide by the DC government, but rather is guidance that summarizes key aspects of zoning, and assists homeowners with navigating the process for building and managing an accessory apartment or second unit.

The United Planning Organization and the Coalition for Smarter Growth are solely responsible for the content of this report. Our donors, including the foundations that provided general support for our work, were not involved in the drafting of the report and bear no responsibility for the content. With this in mind, we wish to thank Citi Community Investing and Development for their founding support for this innovative affordable housing and wealth-building initiative. We also want to thank the Share Fund from providing preliminary design support for the effort.

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Foreword



Mayor Muriel Bowser, Washington, D.C.

It should come as no surprise to Washingtonians that our city's current housing stock is not enough to meet our current and future housing needs. Even as we have accelerated the production of new housing and doubled-down on protecting existing affordable units, residents are still paying a greater share of income on housing, and, lower-income residents are increasingly feeling the real threat of displacement. This is why at the start of my second term in January 2019, I set a bold goal to build 36,000 new homes by 2025—with 12,000 set aside as affordable. Toward this end, District's agencies at my direction are working to identify and implement policies, tools, and incentives to increase the production of market-rate, affordable, and permanent supportive housing units across all eight wards of DC.

We know that accessory apartments and second dwellings are a critical piece of the solution to meeting our housing needs. Accessory apartments in single family neighborhoods, and second dwellings in rowhouse neighborhoods have emerged as a great opportunity toward reaching our 36,000 by 2025 goal. Recognizing that barriers remain to realizing the full potential of these small new housing opportunities, my Administration is fully committed to breaking them down.

I commend the effort by United Planning Organization and the Coalition for Smarter Growth, with Citi Community Investing and Development's support, to help us eliminate barriers and expand the known benefits of new accessory dwellings in every corner of our city. The need for housing must be addressed across the income spectrum, unit types, and tenures. And, whether family-sized rentals or townhouses, or accessory apartments and secondary dwellings, we need an all-of-the-above strategy to keep DC affordable, stable, and sustainable. As the Mayor of Washington, DC, I am committed to making investments in the types of projects that support long-time residents, seniors, and families and to ensuring that we are making the most of accessory apartments and second dwellings as we strive to reach our housing goals.



Andrea Thomas, United Planning Organization, CEO and President

In the spring of 2019, the United Planning Organization launched the ADU DC pilot initiative to make accessory dwelling units (ADUs) more accessible to lower-income homeowners in Washington, DC. The initiative is a project of United Planning Organization in collaboration with Coalition for Smarter Growth and founding corporate supporter Citi Community Investing and Development.

ADU DC helps qualified homeowners leverage their properties to increase income stability and promote wealth building; ADUs are one part of the answer to address the lack of affordable and lower-priced housing in the District; and increases homeowners' understanding of their home as a valuable asset. By educating homeowners about ADU development, zoning, permitting, design, and financing, ADU DC has the potential to empower low- and moderate-income residents to create affordable housing in their own communities. Homeowners will be able to increase property values, age in place, build intergenerational wealth and grow new skill sets in development and property management. We hope this manual is just the beginning of an innovative approach to creating thriving communities in the District.

Robert Burns, Citi Community Investing and Development, Senior Vice President

Citi Community Investing and Development is pleased to be a founding supporter for this innovative affordable housing and wealth-building initiative. In Washington, DC, approximately one in three Black residents is a homeowner. Yet, research shows that on average, Black households have lower home values and lower incomes than their White counterparts. As a result, Black households in DC have a net worth 81 times lesser than White households. Accessory dwelling units present a unique opportunity for homeowners to increase their incomes and begin to close the wealth gap. By supporting ADU DC we aim to help enable more homeowners to boost their financial resilience, while adding much-needed affordable housing for renters in the region.

About

United Planning Organization

[The United Planning Organization](#) was founded in 1962 with a mission to Unite People with Opportunities, and quickly became the District of Columbia's sole, designated community action agency in 1964 as part of President Johnson's "War on Poverty." Since then, UPO has been providing more than 20 human service programs to low-income residents to assist them in becoming self-sufficient. Moreover, UPO was recognized for its excellence in service to the community in 2018 when they received the Community Action Partnerships Award of Excellence which listed UPO as the top provider of excellence among more than 1,000 community action agencies across the nation.

Citi

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

Coalition for Smarter Growth

The [Coalition for Smarter Growth](#) promotes walkable, inclusive, and transit-oriented communities in the Washington DC region, and the land use and transportation policies and investments needed to make those communities flourish. CSG combines grassroots advocacy with policy expertise, media communications, and relationships with elected officials to advance smart growth. After many years of effort, CSG helped reform ADU zoning restrictions for DC in 2016, and since then has worked to bring down the barriers to building ADUs.

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Chapter 1

UPO ADU DC Initiative

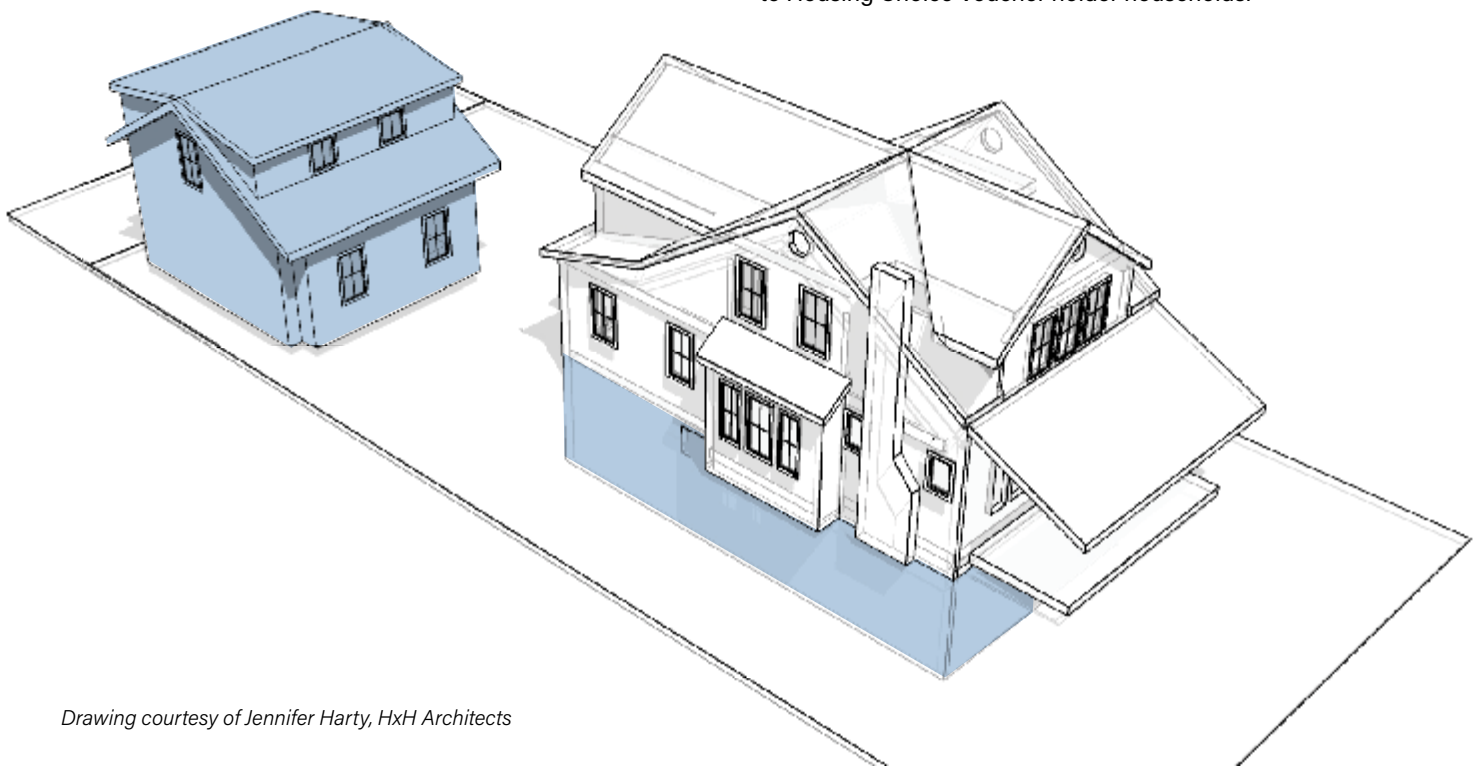
With the support of founding funder Citi Community Investing and Development, the United Planning Organization (UPO) along with its partner, the Coalition for Smarter Growth (CSG), launched the year-long ADU DC initiative in spring of 2019. The effort seeks to bring to scale expanded accessory dwelling unit (ADU) development in the District of Columbia. An ADU is a secondary dwelling unit on a single family home lot, such as a basement or garage apartment. The initiative sought to use ADUs to benefit homeowners by creating an income stream for low- to moderate-income (LMI) homeowners, as well as creating affordable housing in a high-priced urban market.

This private sector initiative addresses regulatory barriers, financing challenges, and provides case studies to help DC homeowners, especially low and moderate income residents, to assist in realizing the potential of a new living unit on their properties. This effort is meant to serve both as a model for Washington, DC, and a national model and pilot project to identify and reduce or eliminate barriers to ADU construction.

This manual provides research, analyses, reports and case studies on the challenges and potential solutions of ADU development in DC. UPO, along with CSG and other partners also hosted workshops to educate homeowners of ADU development, spur interest, and provided financial resources to two moderate income homeowners selected to participate in the UPO ADU initiative.

Permitting homeowners to build ADUs on their properties unlocks new opportunities for wealth-building for owners and makes affordable and low-cost housing accessible for renters. Many older homeowners in DC have substantial equity in their homes because they have lived in them for many years, and experienced significant appreciation in home values. As a result, rising property values and new found equity accumulation can be leveraged to invest in an income-producing use on their properties. ADUs offer homeowners a way to realize the benefit of appreciation without selling or leaving their homes, thereby offering new pathways to increased financial security while contributing to increased low-cost and affordable housing options for residents. ADUs are also a less costly source of new rental homes that provide additional housing choices to serve low and moderate income renter households.

This initiative provides homeowners with knowledge of zoning, licensing and permitting processes. It also provides homeowners with information on various financing options and how to select a contractor. The initiative emboldens potential ADU homeowners with opportunities to develop or enhance skills in property management and project development. By developing an ADU, homeowners would be able to maintain and grow inter-generational wealth by passing on income-generating property to their children, especially among low-to-moderate income (LMI) families. The initiative requires participating homeowners to offer rents affordable to low income renters earning at or below 50% of Median Family Income (MFI), for a minimum of five years. The United Planning Organization will encourage ADU participants to explore options for offering affordable rents, including leasing to Housing Choice Voucher holder households.



Chapter 2

Why Build an Accessory or Second Dwelling?

An accessory apartment, or commonly called an accessory dwelling unit or ADU,¹ is a secondary dwelling unit established in conjunction with and subordinate to a primary dwelling unit, whether a part of the same structure as the primary home or a detached dwelling unit on the same lot. These units might be a garage conversion, an entirely new structure, or a basement/cellar apartment in the existing single-family house. The accessory apartment is a complete, independent living unit that provides permanent living, sleeping, eating, cooking and sanitation. The revised 2016 DC zoning regulations allow for the development of an accessory apartment as a matter-of-right in all single-family, or residential (R) zones.² Before the 2016 DC zoning revision, accessory apartments in these zones were highly restricted.³

Benefits of ADUs

ADUs offer a variety of benefits to individuals and communities, including the efficient use of land and a more dynamic use of housing close to services and amenities. Among other benefits, ADUs provide the following:

- **Rental Income** — ADUs can provide additional income to the long-time homeowner as well as unlock wealth that could be beneficial by helping with property taxes, building maintenance and mortgage costs. Adding units to an existing lot maximizes the usability of the space.
- **Affordability** — smaller living units, using land that has already been purchased, are less expensive to build, and are potentially less costly rental housing.
- **Housing for family and friends** — adding a second unit can be a cost-effective way to give a friend or family member a home, such as an older parent, adult child, or person with special needs. A separate unit on the same lot can allow people to stay close but still maintain independent lives and privacy.
- **Aging in place** — retirees and long-term homeowners can stay in their homes and neighborhoods while having a source of income, or more independent space for a caregiver, or possibly move into the accessory apartment and rent out the primary residence.

- **Diversity and availability** — adding new rental housing options can offer access for residents to established neighborhoods that might have few rental units, including high-priced neighborhoods or those close to Metro, in-demand schools, and other amenities.
- **Environmental conservation** — small-scale living is one of the most effective ways for a household to reduce its environmental impact. Smaller homes consume less energy, and occupants of small homes tend to own fewer vehicles and drive less. ADUs are small homes using underutilized space on an existing house's lot. ADUs offer an infill housing type that uses existing roads, transit, utilities, and other services. They can provide new homes closer to where a resident works, reducing the need to drive long distances, and also might offer the potential to use transit, walk or bicycle for more trips.⁴

The benefits of accessory dwelling units are many, but to realize their potential, homeowners need to be willing and able to take on the construction of a second dwelling unit on their property. This manual covers the basic areas of knowledge a homeowner needs to initiate and successfully complete to add an accessory apartment or second dwelling. It also provides advice on how to manage a rental unit. Many steps will be performed by professionals, but this manual is intended to give homeowners the confidence to navigate the process and achieve their goals.

1 Note that in the District of Columbia, "ADU" has also been referred to as an "affordable dwelling unit," which is an income-restricted unit. The accessory apartments or ADUs discussed here are not necessarily income-restricted units.

2 All R zones are matter-of-right, except for two Georgetown Residential House Zones, R-19 and R-20, per 2016 DC Office of Zoning (2016), [Subtitle D-1200](#).

3 Second units have been permitted in the Residential Flat (RF) and Residential Apartment (RA) zones. These second dwellings are technically not accessory units. See Zoning Chapter for more explanation.

4 State of Oregon Department of Environmental Quality (2014).

Chapter 3

Planning the Accessory Dwelling Unit Project

Before beginning the design process of an accessory apartment, each homeowner will have to answer a series of questions that will help them to design a space that best suits their goals and needs. Below are questions and considerations for a homeowner to keep in mind:¹

Why build an accessory apartment?

Is it to generate additional income? Is it to house a family member? Is it to downsize and become the residence of the homeowner? Will the use change over time? The design should address the short and long term needs of the occupants of the ADU and the principal unit.

Where will the ADU be located?

The main options are: in the basement or cellar, as an addition to the main house, or in a detached building in the backyard. A balance between existing conditions, zoning rules, cost, and users' needs will determine the feasibility of the location of the ADU on the homeowner's property.

What are the zoning restrictions of an ADU?

Looking up the zoning of the property and discussing the project with professionals and city staff will help the homeowner understand regulations, requirements and limitations.

Who is the ADU for?

The type of building, layout, privacy, accessibility, and rooms, as well as type of cooking equipment, countertops, and cabinets, will be defined by who the homeowner envisions living there. The number of stories, steps, level of maintenance, and degree of privacy are all influenced by this as well.

How much will it cost?

A small one-bedroom 450 square feet accessory apartment, which is the typical footprint limit of a backyard ADU in DC, will cost around \$150,000 to build at a typical cost of \$350 per square foot. A basement/cellar apartment with seven-foot high ceilings or shipping container home could cost less.

¹ Contributions for this section were by Ileana Schinder, www.ileanaschinder.com, and from Second Unit Resources Center, San Mateo County (2018).

Nine Steps to Planning the ADU Project

Once the owner has considered these questions, it is time to start working with an architect or designer/builder. Below is a step-by-step planning process to show how working alongside an architect from the very beginning of an ADU project can help create a smoother process for the homeowner.²

1. Determine the Zoning for the Property to Know What Is Permitted on the Lot

- Before spending any funds, the homeowner should confirm what the zone permits for the property.
- Type the property's address into the DC zoning map website: <http://maps.dcoz.dc.gov/zr16/>. Locating the property on the zoning map will show the house and lot, and provide information about the zone. Click on the button "Full Report" to view or download a report of the property's zoning.
- Ask the Zoning Administrator's office to advise on what type of structure is permitted to be built on the property. Go to the Department of Consumer and Regulatory Affairs (DCRA's) [website](#) to schedule an online or phone appointment. This consultation will result in a determination of what can be done on the property relative to the project idea.
- Another good way to assess the potential of the property is to go to www.addUP.house and request a free zoning study.
- Ask an architect for a free zoning assessment. Many provide this assessment free of charge.

2. Call an Expert

- Find an architect or design/builder who is familiar with local zoning, building codes and permitting processes. Request samples of work that have been approved by local building officials, and get references from clients.
- Discuss fee structures, responsibilities, and commitment to the project.
- The architect's experience in the homeowner's area and early engagement will also help to determine the scope of an ADU, budget, and timeline for completion.

3. Conduct an On-Site Visit

- To start the design process, an architect will visit the project site to evaluate the existing conditions, determine overall feasibility, and discuss potential design solutions and ideas.
- Following the site visit, the architect will provide a proposal for their services that describes the scope of work, professional fees, and services included.

4. Design

- After selecting an architect or design/builder, the design and documentation process begins, which includes exploring how the ADU will satisfy the homeowner's needs and meet zoning and permitting requirements.
- During the early process of design, known as "schematic design" or "design development," the architect will offer ideas that address the homeowner's goals.

5. Document

- Once a design has been decided, the architect will develop permit drawings to submit to the local regulating agency.
- The architect will share the designs with engineers and other professionals that contribute to a complete building permit application. These professionals will contribute to the development of structural, electrical, plumbing, mechanical, and fire protection plans.

6. Obtain Permits

- The permit process could take several months to complete. A process that includes any relief from local zoning requirements will take longer.
- Local regulating agencies will provide feedback on the set of permit drawings that require responses. The homeowner and architect should coordinate who will address the comments to avoid delays in the process.

7. Bidding

- Share complete building drawings with multiple local contractors to compare bids to construct the project. Walking through the property with the contractor to discuss goals and restrictions of the project is helpful.
- Check the contractor's references and legal documents (insurance and licenses).

8. Building

- Create a schedule of construction activities and anticipate how construction may impact everyday life. Also, be a good neighbor and let neighbors know about construction plans.
- The architect will assist during construction to address unforeseen conditions, changes in design, and final selection of materials.
- Local building inspectors will visit the construction site to verify that the construction follows the drawings and complies with all local codes.

9. Operation and Maintenance

- Once the ADU is complete, the unit is almost ready for occupants. A certificate of occupancy is *not* required for an accessory apartment in the R zone, but *is* required for a second dwelling in the RF or RA zones.
- To rent the new unit, the owner will need to obtain a Basic Business License (BBL). For the R zone, the owner will need a One-Family Rental License, and for the RF or RA zone, the owner will need a Two-Family Rental License. The property must also be registered with DHCD Rental Accommodations Division, even if it is exempt from rent control.³ The owner will want to discuss with their home insurance provider how the new living unit will be used and occupied, and what kind of coverage might be needed.
- Assemble a binder with all manuals and warranties for equipment, materials, and fixtures.
- Keep operation manuals for residents to learn how to operate the heating, ventilation, air conditioning (HVAC) or other equipment.

2 This section borrows information from Ileana Schinder's booklet, "Additional Dwelling Units Made Simple," (Schinder).

3 If an owner owns the property in a limited liability company (LLC) or is a natural person owning four or more rental units, then the owner will be subject to rent control.

Chapter 4

Understanding Zoning for the Lot

To determine the homeowner's options for building an accessory apartment on a lot in the District of Columbia, first, check the zoning. If the property is in one of the R (Residential) zones (except R-19 and R-20), the owner is allowed to have one accessory apartment on the lot. If the lot is in an RF (Residential Flat) or RA (Residential Apartment) zone, the owner is permitted to have two or more dwelling units. Neither of these units, however, is considered an accessory apartment.

Three Big Changes Affecting New Housing on Existing Residential Lots in the 2016 DC Zoning Regulations

On September 6, 2016, new zoning regulations went into effect in DC. They provided three important changes that would allow new small homes.

1. Single-family zones ([R or Residential House zones](#)) now permit one accessory unit as a matter-of-right (meaning no special permissions are needed to build).¹ Common zones include R-1, R-2, and R-3. A number of other R zones also exist, but were largely created from former zoning overlays that folded into new R zones in 2016. The R-19 and R-20 zones in Georgetown are the exception,² requiring a special exception from the DC Board of Zoning Adjustment to build an accessory apartment in these areas. Note that R zones such as R-3 include rowhouses.
2. Moderate density rowhouse zones ([RF or Residential Flat](#)), which are typically one or two unit rowhouses, and [RA or Residential Apartment](#) (mix of row houses and small apartments) now allow an accessory building, such as a carriage house or garage, to be a principal dwelling. RF zones allow two to four units per lot depending on the specific zone. However, the accessory building has to be existing and cannot be expanded without a [special exception](#). To build a new dwelling in a new accessory building, the law restricts its use as a dwelling for five years (DC Office of Zoning (2016), Subtitle U-301.1(e)).³

3. Alley lots are now [permitted for residential use as a matter-of-right](#) (Subtitle U-700). However, many other zoning rules and utility service costs can make these lots difficult to develop, and an accessory apartment within a new home on an alley lot is not permitted.

All three changes in the 2016 zoning regulations are important, but the new permission to build accessory apartments in R zones as a matter-of-right opens up the largest land area of residential land in the city to new housing opportunities.

Where to Find the Zoning Regulations

DC's 2016 zoning regulations are posted on the DC Office of Zoning's (DCOZ) [website](#). A full set of zoning regulations are listed by chapter and posted on DCOZ's website. For assessing the potential for building an accessory apartment or second principal dwelling on a lot, the owner will need to review several sections of the regulations. See Figure four on page seven, and in more detail in the rest of this chapter.

Additional reviews for construction on a property might also apply, such as historic preservation review by the Historic Preservation Office (HPO). To find out if a property is in an historic district, check here: <https://propertyquest.dc.gov/>.

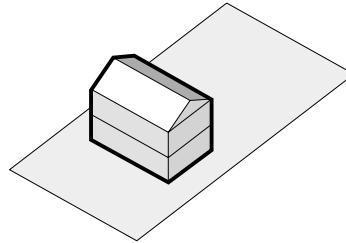
¹ This applies to all R zones, except the R-19 and R-20 zones in Georgetown. To build an accessory apartment in the R-19 and R-20, a [special exception](#) from DC Board of Zoning Adjustment is required.

² A special exception is a conditioned, permitted use in a particular zone district. A special exception may be granted for a particular use of land or for a particular building. For more, see [Glossary](#) and DC Office of Zoning's page on [Special Exceptions](#).

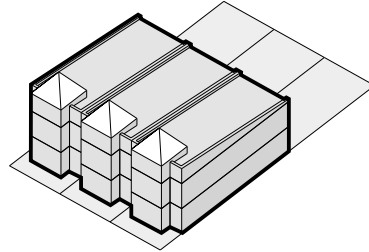
³ Hereafter references to the DC Zoning Regulations (DC Office of Zoning (2016)) in the text will be abbreviated to the subtitle citation.

Figure 1: Residential Zone Districts (DC Office of Zoning, 2016)

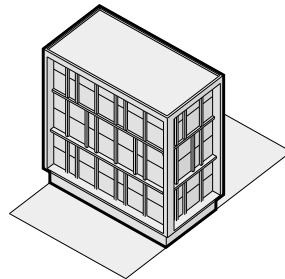
R Residential (R) allows an accessory apartment, secondary to the principal single household dwelling unit.



RF Residential Flat (RF) allows two principal dwelling units, one of which can be located within an accessory building.



RA Residential Apartment (RA) allows multiple dwelling units.



Drawings courtesy of Jennifer Harty, HxH Architects | Photos courtesy of Cheryl Cort

Figure 2: How to Look Up a Property Address on the DC Official Zoning Map

<http://maps.dcoz.dc.gov/zr16>

The screenshot shows the DC Official Zoning Map interface. At the top, there is a search bar with the address "1234 J St NE" entered. Below the search bar, there are buttons for "FULL REPORT" and "SET AS HOME". The main content area is divided into two sections: "Location" and "Zoning / Land Use".

Location Information:

- Suffix, Square, Lot: 5138 0803
- Tax Record
- Premises Address: 1234 J St NE
- Owner Name: Parker P. Public
- Owner Address: 1234 J St NE, Washington D.C. 0000000

Zoning / Land Use Information:

- Zone District: R-2
- Planned Unit Development: None
- Campus Plan: None
- Historic Landmark: None

Callouts on the right side of the screenshot provide instructions:

- "Look up property using address" points to the search bar.
- "Click here to download zoning report for property" points to the "FULL REPORT" button.
- "Click on 'R-2' under zone district to see rules for this zone" points to the "R-2" zone district in the "Zoning / Land Use" section.

R Zones Permit One Accessory Apartment

The R zones, which include the R-1-A, R-1-B, R-2, and R-3 are the District's low density zones that allow a single principal dwelling unit.⁴ After September 6, 2016, the DC Zoning Regulations now permit an accessory apartment as a matter-of-right use in all R zones, except R-19 and R-20 zones.⁵ Under the 1958 zoning regulations, accessory apartments were highly restricted and generally not permitted in accessory buildings (like a garage or carriage house).⁶

One accessory apartment is allowed as a matter-of-right in most R zones in the main house or in a backyard cottage, garage, or other accessory building. The owner must reside on the property but can occupy either unit (U-253.5). A maximum of three people are allowed to live in the accessory apartment (U-253.6). Typically, an accessory apartment will be either in the basement of the main house, or in the rear yard.

If an accessory apartment is located in the main house, the main house (exclusive of a garage) must have a minimum size (U-253.7(a)), measured in gross floor area (GFA)⁷ of 2,000 square feet for R-1-A, R-1-B and R-19 zones. The main house must be 1,200 square feet if the property is in the R-2, R-3 or similar zones. In either case, the accessory apartment may not occupy more than 35% of the GFA of the house (U-253.7(b)). This GFA limit does not apply to an accessory apartment built in an accessory building (U-253.7).

Additional entrance: If an additional entrance is created to a house it is not permitted to be located on a wall of the house that faces a street in the R-1 or R-2 zones (U-253.7(c)). However, an additional entrance to a house on a wall facing a street is permitted in the R-3, R-13, R-17 or R-20 zone, provided it is below the main level of the house, and if in a historic district, it is determined to be compatible with the historic district (U-235.7(d)).

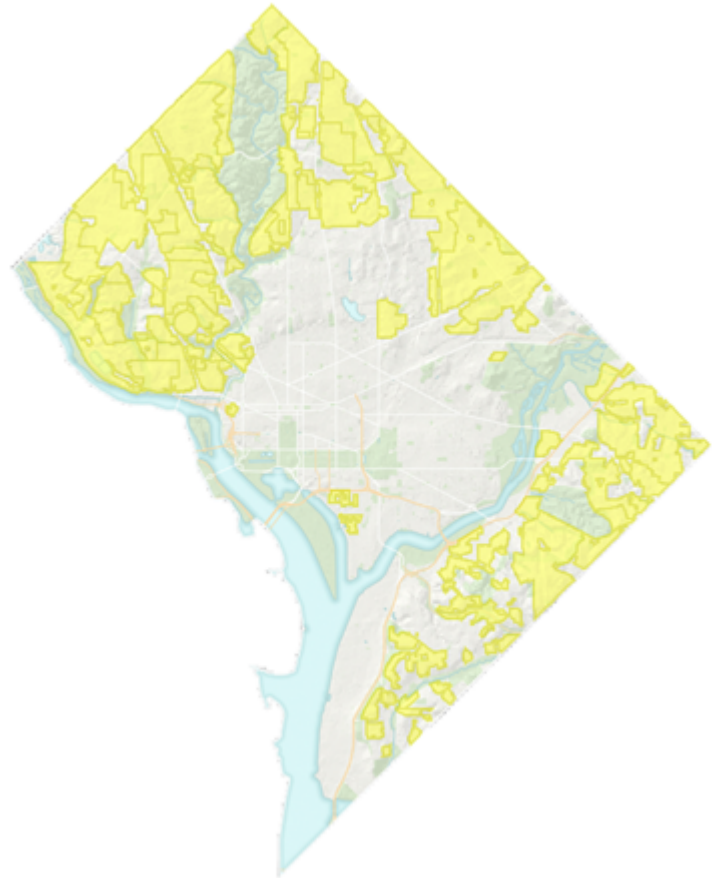


Figure 3: Map of R Zones in the District of Columbia Where Accessory Apartments Are Now Allowed as a Matter-of-Right.

Source: DC Office of Zoning Handbook

Figure 4: Key DC Zoning Regulations Sections

R zones:

[Subtitle D Chapter 3](#) (300) Residential House Zones – R-1-A, R-1-B, R-2, and R-3.

Subtitle D Chapter 50 (5000) Accessory Building Regulations for R Zones.

Subtitle D Chapter 52 (5200) Relief from Required Development Standards

[Subtitle U Chapter 2](#) Use Permissions Residential House (R) Zones, Section 253 Accessory Apartment (R)

[Subtitle C Chapter 7 \(700\) Vehicle Parking](#) (Table C 701.5 Parking Requirements)

Source: DC Office of Zoning. (2016). "Zoning Regulations of 2016, Title 11 Zoning, Subtitle A-Z." Available at <https://dcoz.dc.gov/zrr/zr16>

RF zones:

[Subtitle E Residential Flats \(RF\) Zones](#)

Subtitle E Chapter 2 (200) General Development Standards (RF)

Subtitle E Chapter 50 (5000) Accessory Building Regulations for RF Zones

[Subtitle U Chapter 3](#) (300) Use Permissions Residential Flats (RF) Zones

[Subtitle C Chapter 7 \(700\) Vehicle Parking](#) (Table C 701.5 Parking Requirements)

4 R zones also include a number of other zones that are more limited in geographic scope. These zones incorporated neighborhood-specific overlays with R-1, R-2 and R-3 zones to create new zones when the 2016 zoning regulations were updated. The other R zones are: R-6, R-7, R-8, R-9, R-10, R-11, R-12, R-13, R-14, R-15, R-16, R-17, R-19, R-20, R-21. View the standards for all the R zones in the 2016 DC Zoning Regulations at DC Office of Zoning (2016), [Subtitle D](#).

5 DC Office of Zoning (2016), [Subtitle U-25](#) Section 253 provides the rules for an accessory apartment in the R zone. For R-19 and R-20 (in Georgetown), a [special exception](#) from the Board of Zoning Adjustment (BZA) is required to build an accessory apartment, per DC Office of Zoning (2016), [Subtitle U-25](#), Section 253.4

6 DC Department of Consumer and Regulatory Affairs (2017).

7 Gross Floor Area (GFA) is measured from the exterior faces of exterior walls, per DC Office of Zoning, "[Zoning Handbook](#)." Unit of measurement is usually in square feet.

Table 1: Residential Zone Requirements

Development Standard	R-1-A	R-1-B	R-2	R-3
Lot Occupancy (max) (D-304)	40%	40%	40%	Detached: 40% Row: 60%
Rear Yard (min) (D-306)	25'	25'	20'	20'
Side Yard (min) (D-206)	8'	8'	8' (1 side of semi-detached)	5' (1 side of semi-detached)
Pervious Surface (min) (D-308)	50%	50%	30%	20%
Number of dwelling units (max) (D-200,U-253)	1 principal dwelling; 1 accessory apartment permitted in principal dwelling or accessory building (one of which must be owner-occupied)			
Height of principal dwelling (max) (D-303)	40' and 3 stories			
Parking (C-701.5)	1 per principal dwelling			
House size for internal accessory apartment (min) (U-253.7(a))	2,000 SF	2,000 SF	1,200 SF	1,200 SF
Accessory apartment size in house (max) (U-253.7(b))	35% of Gross Floor Area (GFA)			
Accessory Building (D-5000)				
Setback in rear yard (min)	7.5' setback from alley centerline			
Height (max)	2 stories and 22'			
Maximum building area	Greater of 30% of required rear yard or 450 SF			

Source: DC Office of Zoning (2016), Subtitles [D](#), [C](#) and [U](#).
Accessory building changes per Zoning Commission Order 20-19.

Creating an Accessory Apartment in an Accessory Building

An accessory apartment is permitted to be built in a detached, accessory building.

Access: The DC zoning regulations require permanent access to an accessory apartment in an accessory building, either through (1) a passageway from the front that is at least eight feet wide, or (2) via a 24 foot wide alley, or (3) an alley that is at least 15 feet wide and no more than 300 feet from a public street (U-253.8).

Other uses (with exceptions) are not allowed: The accessory building cannot be used simultaneously for any other use than as a private vehicle garage, an artist studio, or storage for a dwelling unit on the lot (U-253.8(d)).

No roof decks: the 2016 zoning regulations ban roof decks from accessory units (U-253.8(e)), and additional conditions apply for the R-19 and R-20 zones.

Lot occupancy: The accessory building's footprint is limited to the percentage of lot occupancy of the zone (D-5003.1).

Pervious surface: The minimum required pervious surface for the lot is 50% to 20%, depending on the zone (D-308).

Maximum building area: The footprint of an accessory building is limited to 450 square feet or 30% of the square footage of the required rear yard area, whichever is larger (D-5006.1). In most cases, 450 square feet will be larger. To calculate the maximum footprint allowed for an accessory building, multiply the lot width by the required rear yard (20' or 25'), and multiply by 30%.

Alley setback: an accessory structure in the rear yard must be set back 7.5 feet from the centerline of the alley (D-5004.1). No side yard is required for an accessory building (D-5005.1).

Parking is not required for an accessory apartment, but the standard is one space per principal dwelling. If a parking space is being displaced by the new accessory unit, that parking space would need to be replaced.⁸

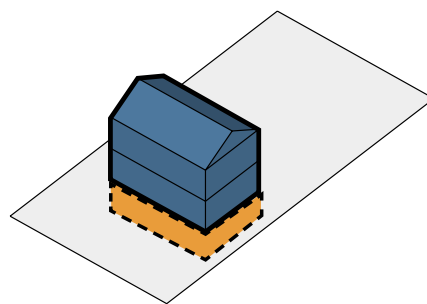
Building height and stories: accessory buildings in the R zones are permitted to be a maximum of 22 feet and two stories (D-5002.1).

Getting an exception: if an accessory apartment does not meet all the conditions in the zoning code, it can be permitted as a [special exception](#) if approved by the Board of Zoning Adjustment, subject to certain conditions (D-5007.1).

Licenses: Once an accessory apartment obtains a building permit, is constructed, and completes inspections, the unit can be leased or lived in by the owner. Because the accessory apartment is considered a secondary use in a one-family zone, a Certificate of Occupancy (C of O) is not required for either unit.⁹ To rent one of the units, the owner is required to obtain a one-family Residential Rental Business License from DCRA (U-253.13). See more on licensing in Chapter 10 on managing the rental unit.

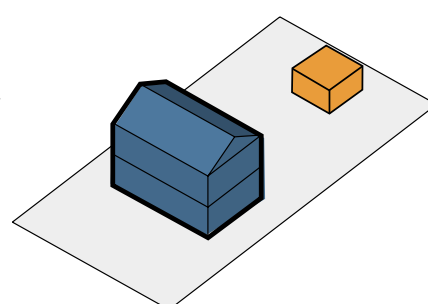
Figure 5: R Zone Accessory Apartment Options (DC Office of Zoning, 2016)

R Allows an accessory apartment, secondary to the principal single household dwelling unit.



Accessory apartment in the principal dwelling (minimum gross floor area applies.)

Or



Accessory apartment in an accessory structure.

Either the primary dwelling or ADU need to be owner occupied.

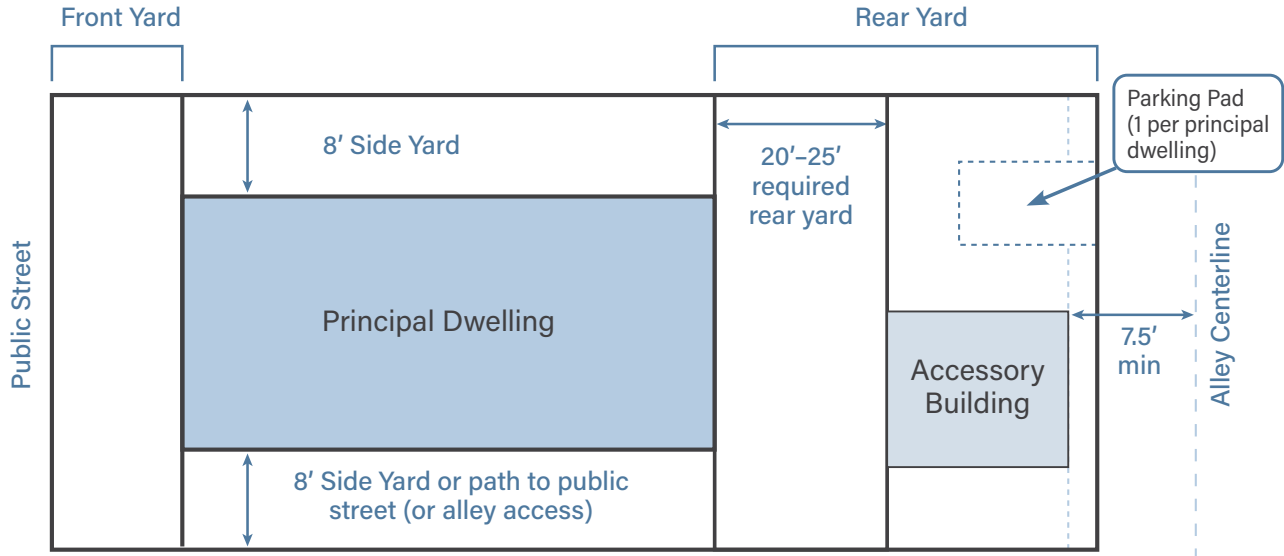
Drawings courtesy of Jennifer Harty, HxH Architects

⁸ For an example of a parking replacement requirement, see M. Le Grant (2017, March 27), "[Letter of Determination for 5815 Sherrier Place, NW](#)"

⁹ DC Department of Consumer and Regulatory Affairs (2019), [Zoning Compliance presentation](#).

Figure 7: R Zones Accessory Building Regulations

Source: DC Zoning Regulations, DC Office of Zoning (2016), Subtitle D-5000



Access: Permanent access provided by either:

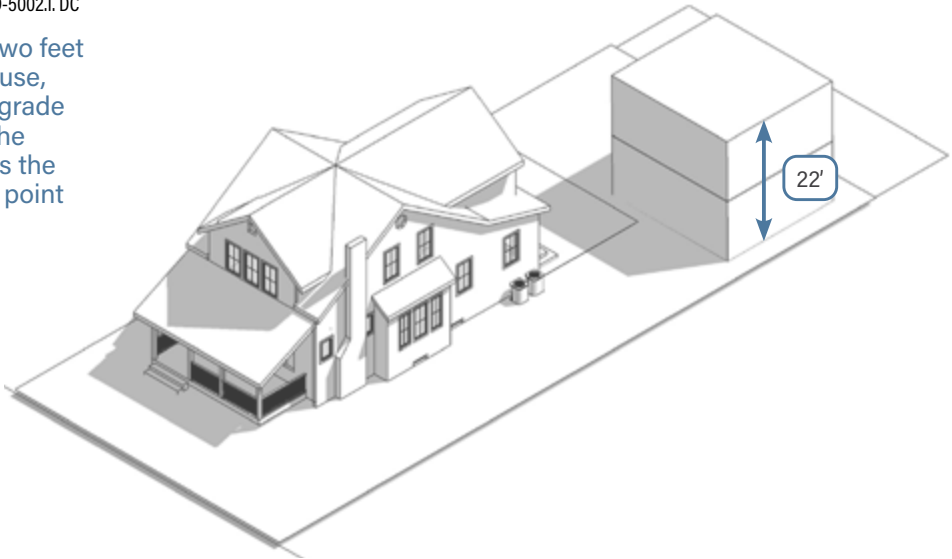
1. 8' side yard path to public street
2. 24' wide alley
3. 15' wide alley within 300' of public street

Accessory building: 30% of required rear yard area or 450 sq. ft footprint, 2 stories, 22' height permitted (maximum). Lot is 50% pervious (minimum) and lot occupancy is 40-60% (maximum).

Figure 6: Building Height and Stories

Source: DC Office of Planning (2016), Subtitle D-5002.1 DC

Two (2) stories and twenty-two feet (22 ft.), including the penthouse, measured from the finished grade at the middle of the side of the accessory building that faces the main building to the highest point of the roof of the building.



Drawing courtesy of Jennifer Harty, HxH Architects

Adding a Second Unit in an RF Zone (Moderate Density Rowhouse Zone)

The Residential Flat or RF zone is primarily a rowhouse zone that permits two or more principal dwellings. The second unit can be in the basement/cellar of the rowhouse, or in an accessory building in the rear yard.

The RF-1 zone allows two principal dwellings on a lot. While limited areas are designated for the RF-2 (Dupont Circle) and RF-3 (Capitol precinct) zones, the majority of area in the RF is RF-1.

Parking requirements in this zone are one space for every two principal dwelling units (C-701.5).

Accessory Buildings Can House One of the RF Principal Dwellings

Under the 2016 zoning regulations, an existing carriage house or garage (known as an "accessory building") can now be used as one of the principal dwellings for an RF property as a matter-of-right (U-301.1(c)). But many restrictions apply.

No expansions: The existing (built before 2013) accessory building cannot be expanded to accommodate an apartment except as a [special exception](#) (U-301.1(c)(2)).

Access must be provided by way of (1) an eight foot passage to a public street through a side yard or (2) via a 24-foot alley that connects to a public street, or (3) a 15 foot alley that is within 300 feet of a public street (U-301.1(c)(4)).

Lot occupancy: An accessory building's footprint is limited to 60% of lot occupancy of the zone (E-304) and the greater of 30% of the required rear yard area or 450 square feet (E-5003). To calculate the maximum footprint allowed for an accessory building, multiply the lot width by the required rear yard (20' or 25'), and multiply by 30%.

Pervious surface: The minimum required pervious surface is 0-20% depending on the minimum lot size (E-204).

Development standards: For a dwelling unit in a new accessory building, it cannot be used for five years as a living unit in the RF zones. Homeowners may get relief from this restriction by applying for a [special exception](#) from the Board of Zoning Adjustment (BZA) (U-301.1(e)).

Alley setback: All structures must be set back at least 7.5 feet from the centerline of the alley (E-5004.3).

No deck: an accessory building cannot have a roof deck (U-301.1(d)).

Licenses: Once a building permit is obtained for the second unit, is constructed, and completes inspections, the unit will be ready to be rented by the owner, if the owner chooses. By adding the second unit, the homeowner will need to obtain a Certificate of Occupancy (C of O). Certificates of Occupancy are not required for a single family dwelling, but once a second dwelling is added to the RF-zoned property, it will be considered a two-family use. The next step for the homeowner is to apply for and receive a Certificate of Occupancy, thus allowing her or him to obtain a two-family Residential Rental Business License from DCRA and rent the unit.¹⁰

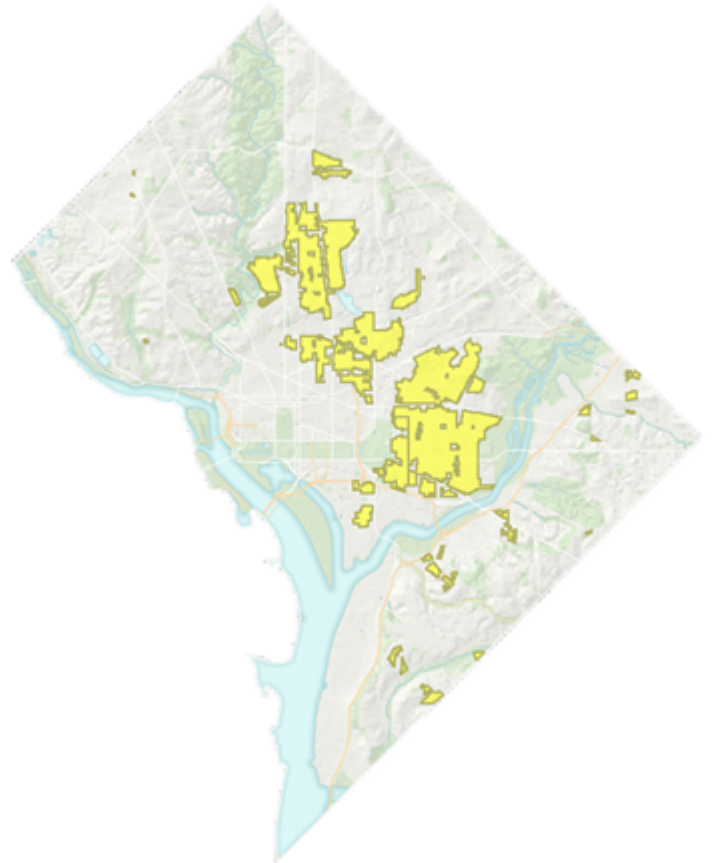


Figure 8: Map of RF (Residential Flat) Zones in the District of Columbia.

The largest RF zone, RF-1, permits 2 principal dwellings on the lot, either in the main house or one in an accessory building.

Source: DC Office of Zoning Handbook

¹⁰ DC Department of Housing and Community Development (2014). For two-family rental definition, see the DC Department of Consumer and Regulatory Affairs page on [Rental Housing Business](#).

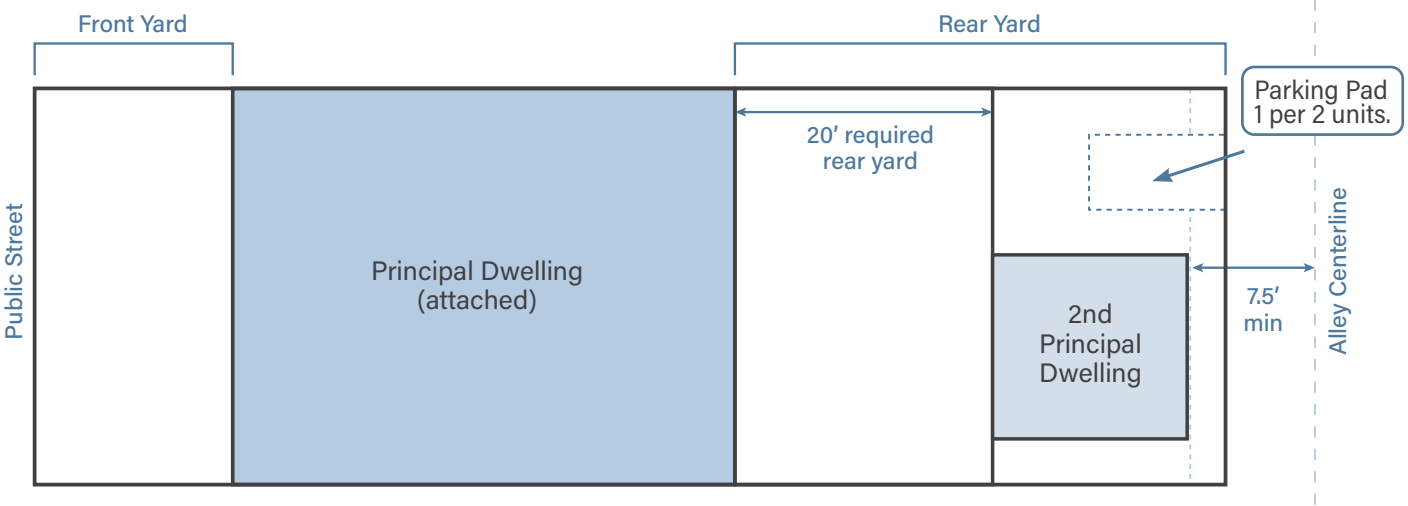
Table 2: Residential Flat (RF) Zones Requirements and Development Standards*

Development Standard	RF-1	RF-2	RF-3
Lot Occupancy (max) (E-304)	60%		
Side Yard (min) (E-207)	5' side yard Detached: 2 side yards Semi-detached: 1 Row: none		
Rear Yard (min) (E-306)	20'		
Pervious Surface (min) (E-204)	>1,800 SF: 0% 1,800-2,000 SF: 10% <2,000 SF: 20%		
Principal dwelling units (max) (U-3001.1(b))	2		
Height of principal flat (E-303)	35' and 3 stories		
Parking (C-701.5)	1 per 2 dwelling units		
Accessory Building (E-5000)	Height: 22' and 2 stories, footprint: 450 SF or 30% of required rear yard**		

*Source: DC Zoning Regulations, DC Office of Zoning (2016). For RF-4 and RF-5, see DC Office of Zoning (2016), Subtitle E-300.

**Rear yard is measured from the principal building's rear wall towards the rear lot line, according to the Zoning Administrator Matthew Le Grant, personal communication, January 9, 2020. For use restrictions, see U-300.

Figure 9: RF-1 Accessory Building Standards for Second Principal Dwelling



Conditions for an accessory building used as a second principal dwelling (U-300):

- 5 year wait if built after 1/1/2013 if in required setback (U-301(e))
- Special exception required for any expansion to existing accessory building for residential use
- Permanent access provided by either:
 1. 8' side yard path to public street, or
 2. 24' wide alley, or
 3. 15' wide alley within 300' of public street

Accessory building limits:
 450 sq. feet or 30% of required rear yard area; 2 stories, 22' height permitted (E-5000). Minimum 0-20% pervious surface depending on lot size (E-204).
 Maximum lot occupancy is 60% (E-304).

Source: DC Zoning Regulations, DC Office of Zoning (2016).

Chapter 5

Design Options and Cost Considerations

What are a homeowner's design options, and how much do they cost? These are the essential questions when considering if an accessory or second unit can be built on a property. According to DC general contractor, Julio Angel Tuesta Noel, of Wall to Wall Construction, project costs can vary widely based on many factors, "but expect a quality unit under 500 square feet to cost somewhere between \$300 to \$400 per square foot in construction costs or between \$125,000-200,000."¹

Four Common Second Dwelling Types and Their Estimated Costs

Four basic options are most common for building an accessory apartment or second dwelling unit. Wall to Wall Construction provided the following assessment of the main types of additional dwelling units ordered from the least expensive to the most expensive, with the caveat that specific circumstances are highly variable:²

1. Renovated freestanding accessory building or garage conversion (least expensive);
2. Renovated basement (or cellar) with required ceiling clearance,³ access, no underpinning;⁴
3. New freestanding accessory building;
4. Excavated basement/cellar apartment (especially if underpinning is needed) (most expensive).

Architects and contractors use different methods for estimating project costs, and charge a range of rates for their services. Fees for permits for construction, DC Water, Department of Environment (DDOE), and other possible fees also vary. Keeping these factors in mind, below is a sample budget for an accessory apartment built in a new accessory building (see Chapter 7 for more on estimating a budget and financing). Additional reviews for a project may also be required if the property is in a historic district. Public space issues, especially in the RF zones, could also require additional review. These reviews could in turn mean additional time and money.

¹ Tuesta (2019).

² Tuesta (2019).

³ Ceiling height is required to be 7'0" for attached dwellings and 6'8" for detached dwellings. However, DCRA will allow a 6'8" ceiling height in an attached dwelling if the homeowner applies for a code modification.

⁴ Underpinning provides reinforcement under the existing foundation.

Table 3: ADU Sample Budget | Type: 450 Square Foot New Construction Accessory Building

	Low estimate			High estimate		
	Unit cost	QTY (SqFt)	Total	Unit cost	QTY (SqFt)	Total
Hard costs						
Site work			\$9,000			\$12,000
Finished area	\$175	450	\$78,750	\$225	450	\$101,250
Subtotal hard costs			\$87,750			\$113,250
Hard cost contingency*	15%		\$13,163			\$16,988
Soft costs						
Architectural fee	16%		\$14,040	18%		\$20,385
Mechanical/Electrical/ Plumbing (MEP) Engineering	2.0%		\$1,755	3.0%		\$3,398
Structural Engineering	2.0%		\$1,755	3.0%		\$3,398
Civil Engineering	2.50%		\$2,194	3.0%		\$3,398
Additional Expenses	0.75%		\$658	1.5%		\$1,699
Subtotal soft costs			\$20,402			\$32,276
Soft cost contingency	15%		\$3,060			\$4,841
Fees						
DCRA construction permit	2.2%		\$1,931	2.0%		\$2,492
DDOE fee	Flat		\$938			\$938
DC Water	Flat		\$800			\$800
Subtotal of fees			\$3,669			\$4,230
Total preliminary budget			\$124,375			\$167,355
Total Project Budget Cost per SF			\$276			\$372

* Sprinkler costs can add up to \$10,000

Source: Stoiber + Associates, www.stoiberandassociates.com



Renovated Accessory Building or Garage Conversion

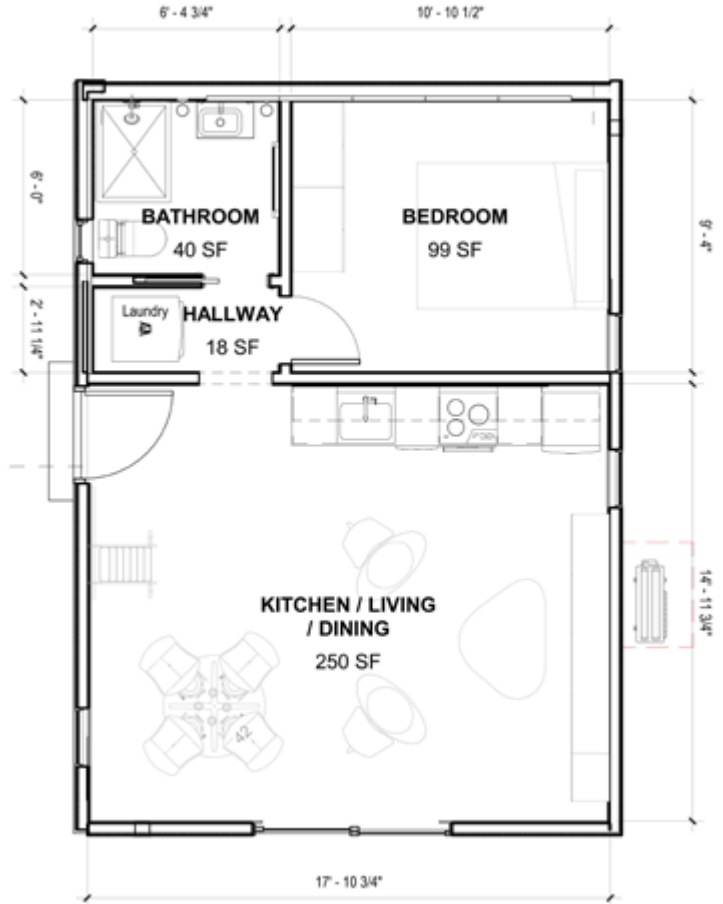
A recent 16th Street Heights project in NW, Washington, DC in the R-1-B zone converted an existing 450 square foot garage into a one-bedroom accessory apartment for a total cost of approximately \$150,000. The apartment was rented before the project was completed.

According to the architect, Ileana Schinder:

The exterior envelope was fitted with insulation, drywall and cathedral ceiling. New windows and doors were fit in the existing openings, and some new openings were created to maximize the entry of natural light deeper and higher into the space. The exterior was repaired and painted to match the existing cedar cladding. Organized in 450 square feet, the final project accommodates a one bedroom, full bath, open kitchen with living space, laundry and storage above the bathroom, accessible through a ladder in the bedroom. As part of zoning requirements, a parking pad was kept next to the unit with the option to be used for outdoor entertainment.⁵

Figure 10: Floor plan for 16th St, NW Washington, DC garage conversion

By Ileana Schinder, www.ileanaschinder.com



Renovated Basement/Cellar

Basement apartments are an attractive option because they can be less expensive to build than a freestanding building and might be the only option for small lots that do not have space for an accessory building.

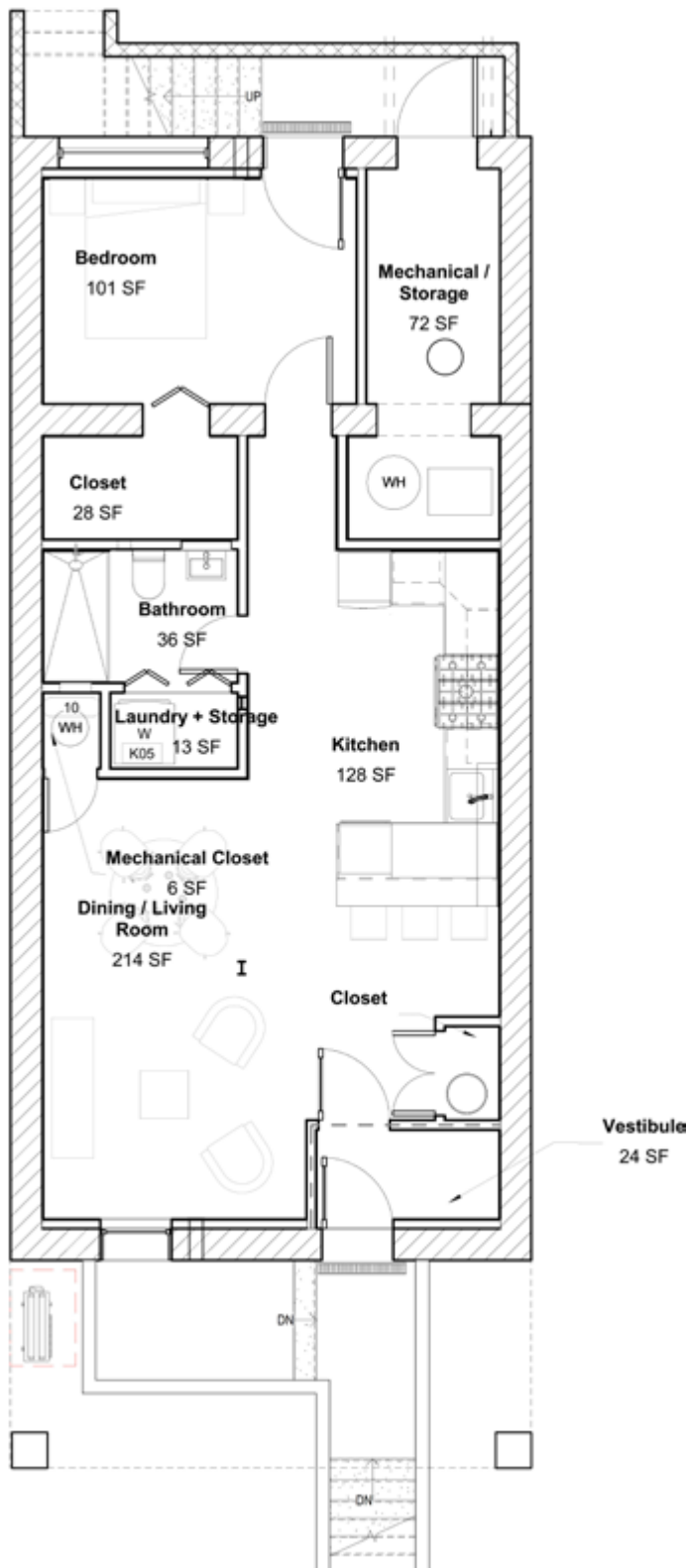
To assess the feasibility of building a basement apartment, Schinder suggests assessing four factors that drive cost:⁶

- 1. Ceiling height:** The District building code requires 7'0" of clearance for attached buildings, and 6'8" for detached buildings.⁷ If the ceiling height does not meet DCRA's approval, excavating to lower the floor can be costly. If the project requires removing more than six inches of the floor, the building could need reinforcement under the existing foundation. This is called underpinning. Underpinning can be expensive, at minimum it could cost \$30,000, but depending on specific factors, could cost \$40,000 or more. If the depth of excavation is less than six inches, underpinning might not be required, but only a structural engineer can confirm this factor. Underpinning requires substantial amounts of concrete and adds time to the schedule. These factors increase costs.
- 2. Location of utilities (mechanical and electrical):** Consider where the existing mechanical system and electrical panel are located. For

⁵ Schinder.

⁶ See DC Accessory Apartments Forum (2018, March 29).

⁷ However, according to Michael Brown, DCRA Residential Center Manager, the agency is allowing an owner to apply for a code modification for an attached building to permit a 6'8" ceiling clearance under certain circumstances.

Figure 11: Irving Street basement planBy Ileana Schinder, <https://ileanaschinder.com>

two or more dwellings in a rowhouse, the building code requires that shared utilities are not located within one of the units. They must be either in a common space, or divided per unit. There is a cost associated with this, and some factors to keep in mind are:

- An electrical panel that needs to be relocated may cost \$5,000.
- A new hot water heater may cost \$1,000, but adding a second unit means relocating the existing hot water heater. Installation with piping can cost \$3,000.
- The boiler for the owner's unit would need to be moved to the main floor. Costs for mechanical alterations depend greatly on the existing system and the new system and how it will be installed. All ducts and pipes need to be within the dwelling the system serves.
- Depending on the complexity of the existing dwelling and the ADU layout, other utility modifications might be needed.

Additional dwelling units located in a separate structure will not force the existing home to receive significant infrastructure alterations. Still, the existing house and the ADU are subject to the International Residential Code (IRC). In the case of a rowhouse with a basement unit, they must comply with complete separation under the International Building Code (IBC). Any renovations on an existing house would follow the International Existing Building Code (IEBC) rules.

3. Alterations needed for the existing building: The homeowner living upstairs from the new basement unit needs to consider if any of the necessary alterations for the new unit are minimal or will reduce the quality of the upstairs living space. Homeowners should consider if these changes would make the home feel less spacious. Would it reduce the value of the house, or enhance it? When the interior stairs between basement and main house are eliminated, how can that space be best used? What does the owner lose, gain, and what is the cost of implementing the alterations?
4. Access during construction: A space that is hard to access will likely have cost implications. Excavation costs are among the most significant to consider for tight spots. In her experience, Schinder has observed many excavations including a project in Georgetown where a basement floor was excavated by hand using buckets passed through a window. Some contractors are able to use mechanical equipment to excavate basement floors. Homeowners should discuss excavation details with general contractors with experience in this area.

To the left is an example of a basement apartment project on Irving Street, NW. The property is in the RF-1 zone, which permits two principal dwellings as a matter-of-right. This type of dwelling would also be permitted in the R zones, but with some restrictions. For all dwellings, two means of egress are required. In the case of the R zones, a front entrance is not permitted on the street-facing wall of the main house except in the R-3, R-13, R-17 and R-20 zones, where an additional entrance can be provided below the main level of the house.

According to Schinder, the Irving Street rowhouse project created a one-bedroom apartment with an open kitchen, full bath, and separated utilities from the main house. The project cost approximately \$170,000. Although the existing basement had 7'-0" clear from floor to ceiling, the homeowner decided to excavate further to improve the quality of the space in the unit.



Stand-Alone New Traditional Construction (Accessory Building)

DC zoning regulations permit a maximum of 450 square feet building area for an accessory building (including a garage or backyard cottage) for lots that are large enough to accommodate an additional structure.⁸

For use as an accessory apartment, this accessory building is permitted to be two stories and 22 feet in height. A two-story building provides a gross floor area (GFA) of 900 square feet, but requires stairs to reach the second story. The other main constraint from zoning is access – an accessory apartment in an accessory building must be accessible either through (1) a passageway from the front that is at least eight feet wide, or (2) via a 24 foot wide alley, or (3) an alley that is at least 15 feet wide and no more than 300 feet from a public street. See Chapter 4 on zoning for more details.

Shown here are two plans by DC residential architect, Bill Feeney. Feeney designed, permitted and built a 405 square foot second floor accessory apartment on his R-1-B property under the pre-2016 zoning regulations. Feeney built the apartment above a new garage/workshop, and designed the ground floor level to be adaptable to living space for future use. The apartment is currently used as a rental. The other drawing is a conceptual plan of a 450 square foot one bedroom apartment in an accessory building.

Figure 12: Concept Plan for 450 Square Foot ADU

Courtesy of Bill Feeney, Architect, LLC, www.billfeeney.com

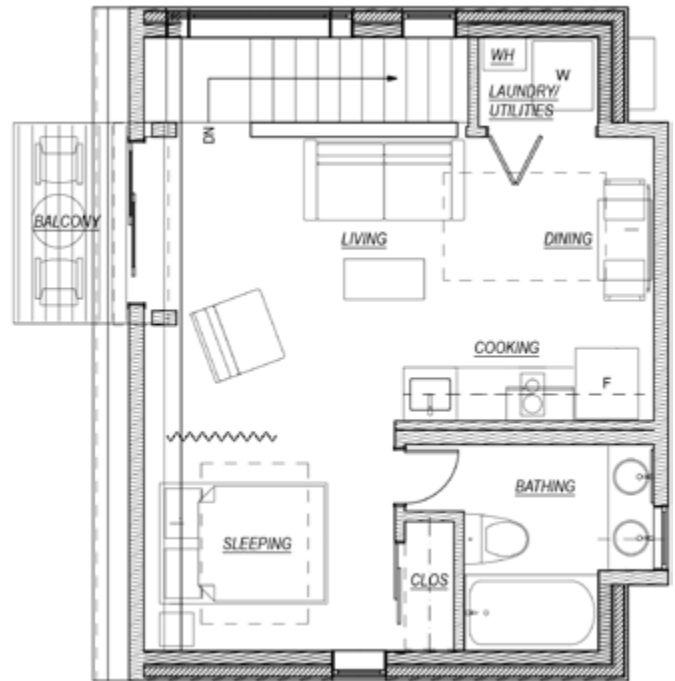


1 First Floor
SCALE: 1/4" = 1'-0"

copyright protected design

Figure 13: Floor plan of 405 SF Second Floor ADU

Courtesy of Bill Feeney, Architect, LLC, www.billfeeney.com



⁸ The regulations permit the maximum building area of an accessory building to be the greater of 30% of the required rear yard area or 450 square feet, DC Office of Zoning (2016), [Subtitle D-5006](#). In practice, the 30% of required rear yard area is seldom larger than 450 square feet.



Prefabricated Construction and Shipping Containers

A prefabrication construction method, known as “prefab,” is where components, panels or whole portions of the building are assembled off-site and transported to the construction site.⁹ Prefab has some distinct advantages over custom-built, on-site construction. The chief benefit is that the on-site construction time is potentially much less, possibly 30-40 days, after the foundation is in place. A built-in-place accessory building construction timeline typically takes six to eight months.

A prefab unit may avoid delays and problems caused by weather, and can reduce possible cost overruns. Another key advantage is a unit that is constructed faster can be rented sooner, thus generating a return on investment sooner. However, it is possible that the foundation and utility connections could pose unexpected problems, even if the unit itself is quick and easy to install. Also, DC’s strict building regulations can require adjustments to the prefab unit to be compliant.

While prefab construction could be an attractive option, particular site characteristics often require a certain level of customization which can erase the advantages of prefab construction. In fact, a 2016 comprehensive assessment of prefab methods concluded: “The predicted development cost savings that these techniques would provide are mainly rooted in their shortened construction period, so complications can easily lead to no cost savings or cost overruns,” the study concluded.¹⁰

The cost of \$300-400 per square foot for a site-built unit is strikingly similar to the price estimated by a leading, Colorado-based prefab ADU producer, [Studio Shed](#), which quotes an estimated \$350-400 per square foot. For a Studio Shed prefab studio accessory building package that is 16’ x 22’, with a footprint of 352 square feet, the cost is roughly \$152,500. This price is in line with predicted costs for a stick built unit.

Studio Shed enables customers to customize a unit using its [online configurator](#) and then ship the unit in panels to a site. The company ships to all of the lower 48 states. While Studio Shed has certified installation teams in other parts of the country, it does not have any in the DC area. However, it provides detailed installation instructions for DIY (do it yourself) installations.

Above is an example of a customized Studio Shed “Summit” unit and budget (see: <https://www.studio-shed.com/>) (Images and budget courtesy of Studio Shed).

Table 4: Studio Shed Sample Budget

Summit 16x22 352sf Estimate: 2/14/2019		
Product - Shell	\$35,000	Base Building Kit
Plan Set+T24	\$4,200	Stamped Plan Set and Title 24 report
Product - Lifestyle	\$6,300	Interior package (flooring, fixtures, insulation, electrical). Wall cladding sourced by installer
Product - Med Bath	\$9,200	Fixtures (sink, toilet, shower), flooring, cabinets, lighting, electrical
Product - Sm Kitchen	\$12,000	Fixtures and appliances, flooring, cabinets, countertops, lighting, electrical
PRODUCT	\$66,700	\$189/sf
Installation - Shell	\$8,800	
Installation - Lifestyle	\$14,000	
Installation - Bath	\$23,000	
Installation - Kitchen	\$11,000	
INSTALLATION	\$56,800	\$161/sf
Shipping	\$3,400	For Lifestyle Open Interior kit (no kitchen and bath)
	-\$3,400	FREE shipping or that amount in product discount
Site Work - Foundation	\$10,500	\$30/sf Per engineered spec
Site Work - Plumbing	\$7,000	\$20/sf For tie-in/trench into the shed
Site Work - Electrical	\$2,000	\$5/sf Electrical to shed, trench excavation, approx 100 linear ft
SITE WORK	\$19,500	\$55/sf
TOTAL - Estimated Valuation	\$143,000	\$406/sf
Permit Services - Site Plan, Application, & Submission	\$2,500	
Permit Fees (approx 5% based on valuation)	\$7,000	
PERMITTING - Estimated Costs	\$9,500	
KIT INSTALLED + PERMITTING	\$152,500	\$433/sf Estimate, 352sf

9 Behera (2014).

10 LaTronica (2016).



Photo: Kubed Living, www.kubedliving.com, kubed_living

Shipping Container Homes

Shipping container homes, a type of prefab construction, are homes made from shipping containers. The basic structure of the house uses one or more steel repurposed containers. These metal containers can be bought relatively cheaply, thus reducing the cost of the entire home. Shipping container homes can offer advantages that rival traditional construction methods. According to Dabrielle Goodwin, a DC shipping container developer, [Eluvial Construction](#), these advantages include:

Cost: One of the greatest benefits of the shipping container is that its building cost is significantly cheaper than a traditional stick build home. While it depends on the container size and the design price, completed container homes range anywhere from \$75,000 to \$150,000.

Durability: Containers are made from strong and durable materials. Not only are they extremely weather resistant, they are difficult for pests to penetrate.

Efficient and Eco-friendly: Container homes are a step in the right direction when it comes to reducing a household's carbon footprint. By requiring smaller spaces to have smaller appliances, the overall energy use is drastically reduced. Not only does this help environmentally, it also helps to reduce utility expenses.

Quick Turnaround Time: Container Accessory Dwelling Units typically take 90-120 days to complete.

Customization: Vendors like Eluvial can give customers the power to custom design their own home using containers and to turn their projects into dream homes. Just because a homeowner chooses to build a "tiny" home, does not mean the owner has to sacrifice amenities or personal tastes/desires.

Eluvial Construction is a DC-based company specializing in customized shipping container homes and offers DC homeowners low-priced accessory structures built from single-use shipping containers. The company offers full design and construction services, including design, feasibility assessment, permitting and construction and four shipping container models. While prices are subject to change and do not include additional upgrades, Eluvial provides baseline cost estimates for their models ranging from:

One 20' x 8' container home: 160 sq ft for \$72,000 (\$450/sf)

One 40' x 8' container home: 320 sq ft for \$91,350 (\$285/sf)

Two side-by-side 20' x 8' containers: 320 sq ft for \$128,100 (\$400/sf)

Two stacked 20' x 8' containers: 320 sq ft for \$145,000 (\$453/sf)

While prices will vary, the above four options include the following:

1. Site Work
2. Architectural Plans and Permits
3. Construction
4. Silver Package Finishes and Appliances
5. Third Party Inspections
6. Certificate of Occupancy (if required)
7. Crane and Delivery

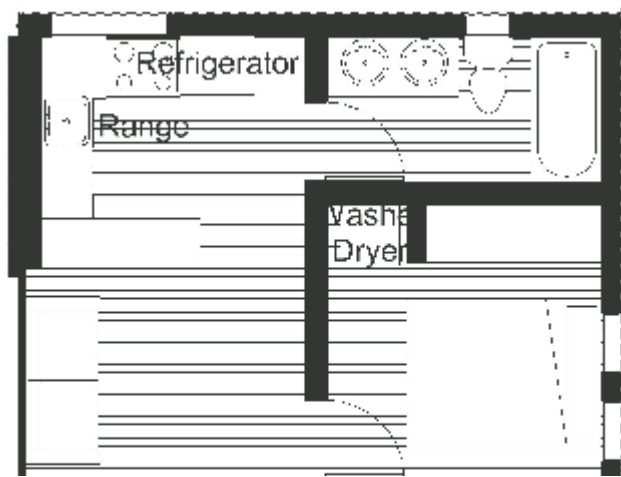
See the following page for images of the side-by-side, 20-foot container and the 40-foot models.

A2

\$128,100
TWO 20'x8' | 1 BED | 1 BATH
320 SF

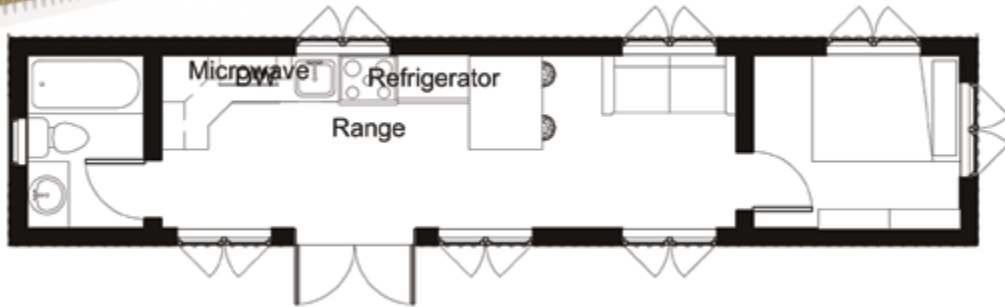


SIDE BY SIDE



B1

\$91,350
ONE 40'x8' | 1 BED | 1 BATH
320 SF



Images courtesy of Eluvial Construction, eluvialinc.com

Chapter 6

How to Obtain a Building Permit

To build an accessory dwelling unit (ADU) in Washington DC, the homeowner needs to apply for a building permit and show compliance with all building and zoning codes. The DC government agency in charge of building permits is the Department of Consumer and Regulatory Affairs (DCRA).

DCRA recently changed its permitting process, with all building permits now available through an online process, see: [Get a Building Permit](#). The updated online process is intended to be more user friendly, with shorter wait times which will help homeowners to more easily navigate the permitting process. Early results indicate significant improvements to the process with the typical time for a permit review shrinking from three to one month for an accessory apartment. Once the homeowner's permit application is accepted, DCRA typically issues the building permit within 21 business days, depending on the quality and completeness of the drawing set. Below are the steps in the process.

To construct an accessory apartment, the owner will also need to fulfill building requirements set by the International Building Code (IBC) and the International Residential Code (IRC). The DC Building Code incorporates minor modifications and amendments from these international codes to address local concerns and needs. Building code requirements range from foundation and framing standards to fire separation and emergency egress.

To file for a building permit, the applicant must provide an application, plats, and drawings. DCRA is providing updated guidance on its [Get a Building Permit webpage](#) with the intent that homeowners can navigate the permitting process themselves. However, a professional, such as a registered architect, will still be required to produce drawings for the permit application, regardless of whether or not the owner applies for a permit.

Permit Process



Source: DC Department of Regulatory and Consumer Affairs (DCRA), <https://dcra.dc.gov/node/1408621>

Minimum documentation required for an ADU

- **Plats.** Official drawings that are reviewed by the [DC Office of the Surveyor](#) showing property lines, building outlines, and other exterior features on a property. The empty plat for any property in DC can be ordered through [DCRA's Citizen Portal](#). To fill in the property's existing and proposed construction, follow the steps outlined by DCRA.
- **DC Water Worksheets.** The number of plumbing fixtures being added will determine whether to submit the [Existing Service Reuse form or the Small Service Meter Sizing Worksheet](#). Sprinklers may also be required for new construction. DC Water will then determine whether or not a water service upgrade is needed.
- **Energy Verification Sheet.** This form is required by the DC Office of the Environment to show how the accessory apartment will satisfy the conditions of the International Energy Code. Information is found in the method of construction, which is detailed in the drawing set.
- **Structural Certification.** If an ADU includes significant structural alterations or a new structure, an engineer will need to sign off on the drawings. The owner's architect can recommend an engineer.
- **Drawing Set.** The drawing set must include these sheets:
 - Architectural – floor plans, elevations, and sections showing existing, demolished and proposed conditions
 - Plumbing – schedules, line diagrams and floor plans
 - Mechanical – plans and specifications of HVAC systems
 - Electrical – plans, schedules and panels
 - Structural – foundations, envelope and supports
 - Fire protection – floor plans, sprinkler details

A local architect may be able to develop these drawings; however, depending on the complexity, the assistance of a Structural and/or Mechanical, Electrical, and Plumbing Engineer may be required.

Once the documents have been assembled, apply for the permit using DCRA's [ProjectDox system](#). This online process allows owners and architects to collaborate with permit reviewers who specialize in each discipline. Some or all of the steps below will be required:

1. Create an account through [DCRA's Citizen Portal](#).
2. Click on the button labeled "Apply for a new building permit"
3. Fill out the appropriate application. It is long with questions on zoning, building type, and environmental conditions. Click on "Complete," and the option to pay will appear.
4. Pay the invoice, which is a portion of the final fee that will be due after the project is approved.
5. After the owner pays the fee and DCRA staff have reviewed the application for completeness, the owner will receive instructions to upload the drawings. Each sheet must be uploaded individually.
6. Within 21 business days, DCRA will provide comments and questions from permit reviewers per discipline. The applicant will be able to address these questions after all reviewers have completed each cycle. These comments are very specific and technical.
7. There may be more than one cycle of comments. The average time to obtain a building permit through DCRA's ProjectDox is 21 business days for accessory apartments.
8. After all comments are satisfied, pay the final invoice, and DCRA will issue a building permit.
9. Print the building permit and post it at the construction site. The homeowner must also keep a hard-copy of a full-size approved permit drawing set on the construction site at all times.
10. Once the building permit is issued, each trade (i.e. electrical, plumbing, etc.) will be able to apply for and obtain their trade permits to complete their portion of the work.

Steps one through ten are the basic steps required to apply for and obtain a building permit for an accessory apartment by-right in Washington DC. Other requirements such as Historic Preservation, Commission of Fine Arts, public space review and exceptions to the zoning regulations may also be applicable.

Chapter 7

Financing the Accessory Unit¹

Financing an accessory or second dwelling unit can be a challenge. The key factors to evaluate are: 1) the ability to meet at least two of the three ideal characteristics for loan qualification; 2) the total cost of the project; and 3) finding a loan product that works for an owner. If the owner rents the ADU this will provide a stream of income that can help pay off the loan (see Table 7 below and in Appendix I).

Determine if the Homeowner Can Qualify for a Loan - Three Characteristics

If the homeowner does not have sufficient cash on hand to complete their ADU project, then the homeowner may seek additional loan financing options, meeting at least two of the following three key characteristics: 1) have enough equity in their home; 2) have a good personal credit score (preferably 640 or above; and 3) have a moderate, stable income (lenders have cited about \$60,000 or more).

To maximize financing options and to ensure that the cash needed for an ADU project is obtained, the homeowner should have sufficient equity in his or her home to cover or exceed the amount needed to complete the ADU project. In DC, this may approach \$200,000 (or more) depending on the cost of the ADU. Equity is the difference between the appraised value or current market value of a property minus the balance of what is owed on that property (\$170,000 equity or more is a recommended amount if building a new detached unit). For example, if a house has an appraised value of \$600,000, and the amount owed is \$400,000, there should be approximately \$200,000 of equity in the home. The homeowner can perform an estimate of the value of their home by using an online estimator or by asking a realtor to perform comparable values of similar nearby properties. Online websites like Zillow offer estimates, but they tend to be higher than market value. On the other hand, the property tax assessments will be lower than market value in most areas, but particularly in the District. An official appraisal typically costs around \$400, and is a part of the loan application process. The appraisal can be no more than six months old at the time of financing.

The homeowner can qualify for a loan with a credit score of 640, but the higher the score, the lower the interest rate. With respect to income, it is more important for one's income to be steady rather than high. Lenders will ask for two years of tax returns, W-2s, income statements (60 days of pay stubs, or proof of income if self-employed), and bank statements, similar to when the house was first purchased. A loan officer looks for consistency in work history and income. If the borrower recently changed jobs, but the job is in a related field in which the borrower worked for years, the lender will take this situation into consideration. It is worth the time to take steps to raise one's credit score.

¹ Contributors to this chapter include Dan Hardcastle, CEO of AddUP; and Reginald Derrickson, a Mortgage Loan Officer with WesBanco Bank, Inc. and the Urban Institute. The income level and credit scores are based on current (June 2020) lending trends.

Project Budget Estimate

The cost of an ADU will vary, with conversion of a basement or an existing garage or carriage house costing less than a new, standalone structure; however, an owner can expect an average estimated cost of \$150,000 (see Chapter 5 for understanding building costs). Costs include “soft costs,”² architect fees for conceptual drawings followed by the construction drawings required for building permit applications, and permitting and inspection fees, plus the “hard costs”³ of construction.

If the owner is working with an architect, a whole project cost estimate (not just their fees) can be requested. However, asking a qualified general contractor for a cost estimate is a more accurate way to understand the construction costs (see Chapter 5 for sample budgets, and Chapter 9 for how to work with architects and contractors). The estimate should include a 10% contingency (10% of the project cost) to cover any issue that may arise in construction. For instance, for a base budget of \$150,000, at least \$15,000 should be included as a contingency. While some general contractors will provide an estimate at no charge, others charge a fee for their time to obtain estimates from their sub-contractors to develop a more accurate estimate. While a homeowner can obtain an estimate to determine whether he or she can qualify for a loan, before selecting a contractor, the homeowner should obtain at least three estimates to identify a contractor with the right combination of price and experience.

A general contractor will build in 10% of the project cost for overseeing the project, as a general rule. Some loan types require a licensed contractor (see, Loan Options below). On loan types that do not require a general contractor, the homeowner can oversee the project, but it not only requires researching the cost of materials and labor, but devoting time and focus to keep the project on schedule and on budget. For those reasons, it is generally recommended that a non-licensed homeowner hire a general contractor.

Loan Options

A homeowner can share the cost estimate with a financial institution, preferably one with which there is an existing relationship, to see if the homeowner qualifies for a loan. Remember that the total costs include both soft costs like architectural drawings and permitting fees, and the hard construction costs. However, some lenders will provide financing for the construction costs, and not the soft costs. The loan will also include closing fees, although many of these costs can be included in the total loan amount and paid back as part of the monthly principal and interest payments.

The current options for financing are conventional loan products that include a home equity loan, home equity line of credit, cash-out refinance, construction or renovation financing, and reverse mortgage. While some of these products may not be best suited for ADU projects, the homeowner should consider the most favorable finance option for their project. Some lenders may be challenged by the novelty, or “newness” of ADUs and the fact that there are too few ADUs to use for appraisal or valuation.

Most lenders require two years of proven revenue from a rental before allowing a borrower to include it as a source of income on a loan application. Although it may be possible that if a homeowner has an existing basement rental apartment, and included the income on a prior year tax return, that income could be used in a loan application. A construction or renovation lender may accept future revenue projections based upon current rent levels in area neighborhoods, without proven revenue. However, the rental values might be less than what could be charged for an ADU. Until there are more ADUs in the District to use as comparable properties to determine rent levels of similar units, the current rental values will have to suffice. Current rental values can be accessed from a realtor or a resource such as Rentometer.com.

The following pages list the majority of types of conventional loans for which a homeowner may qualify, depending upon their income, credit⁴ and equity.

2 According to Rodriguez (2019), “Breakdown of Soft Costs in Construction Projects,” soft costs include design work, real estate fees, permit fees, inspection fees, project management, and taxes. Soft costs typically constitute about 30 percent of the total project cost. See the glossary for more information.

3 According to Rodriguez (2019), “How to Classify Hard Costs in Construction,” hard costs include site work, building materials, labor and contractor fees. Hard costs typically constitute about 70% of the total project cost. See the glossary for more information.

4 According to [myFICO](#): “Credit” refers to an individual’s personal creditworthiness with lenders. This is quantified as a credit score which is calculated from credit reports from an individual’s credit history. The score is an assessment for lenders of how likely a borrower will pay back a loan. An individual’s credit score can change over time, and be improved.

Figure 14: Steps to Financing an ADU Project

1. Check to determine if at least two of the following three factors for loan qualification can be met: income, equity and credit.

- **Income:** For an ADU, ideally the borrower will need to earn an estimated \$80,000 in annual income; however, an annual income of \$60,000 will qualify.
- **Equity** is the current market value of the home minus the existing mortgage. For an ADU, the homeowner will need approximately \$170,000 plus in home equity, to maximize financing options.
- **Credit:** The credit score is based on credit history lenders use to assess the owners capacity to repay the loan. A credit score of 680 would be enough to qualify for most loan types; however, a credit score of 640 may be acceptable to some lenders.

2. Estimate the project cost: Costs include architect fees, permitting fees, and contractor costs for construction.

- An architect might provide an estimated budget for the total project (see sample budgets in Chapter 5).
- Ask a general contractor, or get more than one bid, to estimate the cost of construction based on the homeowner's project concept or architectural plans.
- Add soft costs like architectural fees and permitting fees, and a 10% contingency for unexpected costs to the project costs.

3. Find a lender who can finance the project, typically using one of these conventional loans:

- Home Equity
- Home Equity Line of Credit (HELOC)
- Cash-out Refinance
- Construction/Renovation
- Reverse Mortgage

4. Assess the return on investment: Compare estimated project costs to projected net rental revenue to see if the project is a good family investment. See the Owner's Monthly Cash Flow Worksheet in Appendix I.

is applied only to the amounts withdrawn. A good to excellent credit score is needed to qualify for a loan, and the loan-to-value can be limited. The Owner's Monthly Cash Flow Worksheet in Table 7, shows how to calculate operating expenses and rental income to determine cash flow, or the money on hand after paying the debt and upkeep expenses. The loan-to-value (LTV)⁵ may be as high as 95% but revenue from future rent will not be counted as prospective income as part of the debt-to-income (DTI) ratio in order to qualify for the loan.⁶ The lender will provide an estimate of the monthly payment once it determines the amount of the loan.

Cash-out Refinance

A cash-out refinance replaces the current mortgage with a new one; however, in this process, the cash is deducted from the equity that was accumulated in the home to pay for the ADU project. If the equity in the house is high enough and the credit score is 640 or above, refinancing the existing mortgage to take cash out may be a good option. The loan-to-value requirement is likely to be lower, about 80-85%, and the first monthly payment will be due about one month after closing on the loan. The cash goes to the homeowners without strings, meaning there is no requirement for a general contractor to oversee the project on this type of loan.

This would be a new mortgage on the house with the ADU project costs included.

Construction Loan

A construction loan will fund the cost of construction and convert the loan to a permanent mortgage loan when the project is completed. It includes the payoff of the existing loan, as well as the projected cost of the ADU. The loan-to-value can be as high as 95%. Moreover, the lender is likely to require the homeowner to hire a DC-licensed and insured general contractor to manage the project, and will not allow a homeowner to serve as their own general contractor. The loan will have a draw schedule based upon the cost and phases of the project provided by the construction contractor. As each stage is completed, and inspected by the lending institution, funds are released for payments to be made to the construction contractor by the borrower. While contractors may view draw schedules and inspections as excessive oversight, the scheduled payments help to protect homeowners from shoddy or slow work.

Until the project is completed, the homeowner only pays the interest on the amount borrowed. For instance, if the existing loan is a \$200,000 mortgage and the project costs \$150,000, the new loan combines these two costs into a construction loan that would be \$350,000 (plus lender fees). For either a six or twelve month term, the homeowner would pay the interest only on the \$200,000, plus interest on the amount withdrawn from the \$150,000 loan for 6 -12 months, until the project is completed. The balance is paid off over the life of the loan, usually 30 years.

Home Equity Loans and Lines of Credit

Home equity loans and lines of credit are types of second mortgages on a home. If the first mortgage is large, with little equity accumulated, there may not be enough equity to qualify for a home equity loan. Once approved, a home equity loan is provided in a lump sum. A home equity line of credit is an account that can be withdrawn as needed to pay construction expenses. Repayment of a home equity loan begins shortly after the loan is approved, and well before receiving rental income to offset the loan payments. Interest on a line of credit

⁵ [Kagan \(2020\)](#): The loan-to-value (LTV) ratio is an assessment of lending risk that financial institutions and other lenders examine before approving a mortgage. Typically, assessments with high LTV ratios are higher risk and, therefore, if the mortgage is approved, the loan costs the borrower more. To the borrower, it is the amount a financial institution will lend against the value of the property. A high LTV is 90%, usually for those with good credit and a lower LTV is 85% for higher risk loans.

⁶ [Kagan \(2020\)](#): A debt-to-income ratio (DTI) is a personal finance measure that compares the amount of debt a borrower has compared to overall income. Lenders, including issuers of mortgages, use it as a way to measure the borrower's ability to manage the payments made each month and repay the money borrowed. For more details, please see the glossary.

Table 5: Borrower Financing Options for ADU Projects

This chart summarizes the borrower's characteristics and the loans that best fit. Nothing is carved in stone here, because lenders will offer the type of loan they believe is best for the borrower. Borrowers are encouraged to research the lenders' products and ask questions in order to find the best option.

Borrower characteristics	Loan type	Advantage(s)	Disadvantage(s)
Good credit, high income, high equity	Any loan type: home equity, cash-out refinance, renovation loan; or construction loan	<ul style="list-style-type: none"> • Home equity loans tend to have lower documentation requirements and lower interest rates • Cash-out refinancing also has low interest rates, but lenders are likely to offer a loan up to 85% of the home's market value • Renovation and construction loans may have higher interest rates, but the homeowner can wait 6-12 months before repaying. Banks require a general contractor who they oversee and pay as each phase of work is completed (in "draws") 	<ul style="list-style-type: none"> • The homeowner will be increasing the size of their mortgage and have higher monthly payments for principal and interest • Home equity loans and typical refinanced loans will likely have a payment schedule that starts 1-2 months after closing and before an owner begins receiving income on a rental ADU • With a refinance you could act as your own general contractor, but this carries risks and is generally not recommended
Lower income, fair or poor credit, over 62, good equity (\$200,000 or more is ideal)	Reverse mortgage	<ul style="list-style-type: none"> • May get lump sum or line of credit to cover costs • Hire general contractor or oversee project • Will realize immediate income from rental and must only pay taxes and insurance on loan (interest payments are optional with reverse mortgages) 	<ul style="list-style-type: none"> • Lender may limit amount of cash coming out up front making it hard to obtain a lump sum before construction • Requires self-monitoring • Should inform borrower's family of loan, because they will likely repay it after the owner's death or departure
Good credit, moderate income, low equity	Cash-out refinance or construction loan	<ul style="list-style-type: none"> • Renovation or construction to permanent loan (loan amount includes existing mortgage) • Must hire a qualified general contractor 	<ul style="list-style-type: none"> • Most lenders will require a reserve, or borrowing 10% more than the project cost. This is wise but increases the borrower's mortgage and monthly repayment costs
Lower income, good equity, fair or poor credit	Hard money	<ul style="list-style-type: none"> • Hard money lenders look at the return, not the borrower's credit • They will wait six months for repayment 	<ul style="list-style-type: none"> • Very high interest and loan cost • Very high risk, immediate foreclosure action is possible if any payments are missed • Only recommended for seasoned investors

Renovation Loans

Private lenders, along with Fannie Mae, Freddie Mac, and the Federal Housing Administration (FHA), provide renovation financing, including Fannie Mae Homestyle, Freddie Mac CHOICE Renovation, FHA 203K loans, which could be an alternative lending source for ADUs. Homeowners can borrow against the estimated future value of their properties after the project is completed, although only their current income is considered. The future value appraisal would be based upon comparable rental properties in the area. Like the construction loan, the renovation loan requires the use of a licensed and insured general contractor and is paid on a draw schedule. It also allows for high LTV ratios, in some cases, the lesser of 95% of the current market value or the after renovation value. However, as noted above, the challenge in most areas is that there are not enough existing ADUs to use as a basis for appraisal comparisons. As a result, appraisers often resort to more generic comparisons, like basements, reducing the value of the improvement and increasing the borrower's LTV ratio. The entire loan amount, the existing mortgage plus the amount borrowed for the project, is amortized for 30 years. Borrowers must have good credit and lower debt-to-income ratios. Renovation loans can be obtained with a credit score as low as 640 with some lenders, but it will require private mortgage insurance (PMI).⁷

Hard Money

Although this type of loan can be used by borrowers with low income and bad credit, these are not recommended because of the very high risks and high interest rates. Hard money lenders provide loans based on the strength of the applicant's proposal, that is the likely return from the renovation, not on the borrower's credit. However, the terms are harsh. Some hard money lenders permit a borrower to wait six months for repayment, but may take possession of the property through foreclosure proceedings if repayment is not timely made, even in the case of unavoidable construction delays or when the contractor has not otherwise completed the project on time or satisfactorily. Hard money is strictly for seasoned investors.

Reverse Mortgage

This type of mortgage is offered by a few lenders who determine loan amounts on the borrower's age and equity in their house. Homeowners may be eligible for a reverse mortgage if they are 62 years of age or older. In the case of multiple borrowers in a single household where there are potential borrowers over the age of 62, lenders will select the youngest borrower on a joint application to calculate the amount of equity that can be borrowed against. The older the borrower at the time of application, the more money they can borrow. The borrower does not pay back the mortgage in his or her lifetime, but must continue to pay for property taxes and hazard insurance. Borrowers have the option of repaying the interest, which is recommended, since it can be deducted from taxes. Originally designed to provide older homeowners a stream of income in their retirement, reverse mortgages have the potential to be used to fund ADU construction with the advantage of not having to repay the loan right away, even if the homeowner decides to rent the ADU once completed.

However, the current trend by mortgage lenders is to not fund large amounts, which could constrain the funds available for an ADU project. Reverse mortgages must be repaid or refinanced within a year of the owner's death or departure from the home to live permanently in a nursing facility.⁸

⁷ According to [Kagan \(2020\)](#), private mortgage insurance (PMI) is a qualified mortgage insurance premium (MIP) insurance or mortgage title insurance that protects a mortgage lender or titleholder should a borrower default on payments, dies or is otherwise unable to meet the contractual obligations of the mortgage. It is usually required by the lender when the borrower has less than 20% of equity in their house. See the glossary for more information.

⁸ A cautionary note with reverse mortgages: Parents should consider informing their adult children who stand to inherit. In past cases heirs have not learned that their parents took out a reverse mortgage until the parents have passed away. Instead of inheriting a house that they thought was paid off, they find out that they have a maximum of one year to sell or purchase the house. The key to using a reverse mortgage successfully is to work with the heirs so they can plan ahead to either keep the property, sell it, or use it for investment.

Calculating Cash Flow

It is important for a homeowner to know how much cash flow the property will produce.

In this example, the homeowner is financing an ADU costing \$124,375. The homeowner has \$15,000 cash and is getting a loan for \$110,000 at 4% for 20 years. The monthly payment is \$667. The homeowner is renting the unit for \$1,700 per month and is using a property manager who charges 10% of the rent. One way to calculate the monthly property maintenance expense is to divide two months of rent by 12 months (e.g., (\$1,700 rent x 2 months)/12 months = \$283). This amount accounts for the costs of maintaining the property, including property management costs, repairs, ads, vacancies and late rents. Subtract the monthly loan payment and the monthly maintenance and repair expenses from the monthly rental income to calculate the net cash flow. In the example below, the monthly positive cash flow is calculated as \$750 per month.

The Owner's Monthly Cash Flow Worksheet (Table 7) is a useful tool to get a complete overview of an ADU project before beginning. This manual contains a blank worksheet specially created for ADU projects (Appendix 1).

Table 6: Example Owner's Monthly Cash Flow Worksheet

Monthly Rental Income	\$1,700
Monthly Expenses	
Maintenance/Repair	\$283
Mortgage	\$667
Other	\$-
Total Monthly Expenses	\$950
Monthly Cash Flow*	
	\$750

*Monthly rental income, less total monthly expenses.

Chapter 8

Case Study: Lawrence Foster

The UPO ADU DC Initiative funded by Citi Community Investing and Development included the development of two accessory dwelling units (ADUs). UPO invited homeowners to apply in June of 2019 with a process open to everyone. Applicants needed to be at 80% or less of the median family income (MFI), as established by the DC Department of Housing and Community Development (DHCD); be current with their mortgage, property and income taxes; have a credit score of 620 or more; be willing to invest 25% of their soft costs; and be able to qualify for financing sufficient to build out their property. Recipients had entered into an agreement with UPO to keep the rental affordable to residents at 50% MFI for a period of five years; and to allow UPO to write case studies on the development of their ADUs. Lawrence Foster was selected because he not only met the criteria for selection, but had already developed his architectural plans when he applied.

Foster is a master electrician, who works full time with the DC Department of General Services (DGS). He has worked as an electrician for 15 years. Foster was born in Washington, DC. He graduated from Suitland High School and attended the University of Maryland, majoring in business administration and finance. He is a single father with an 11 year-old daughter. He bought his house in 2008 and used the basement for storage. He wanted a new look for the space and wanted it to generate income, so he decided to turn it into an apartment. The house is located in an RF zone.

The process followed by Foster in designing his unit was relatively straightforward. The first step was visualizing what his new ADU would look like. He drew up a floor plan of the unit and then took it to an architect. The architect developed full plans from his renderings. Foster then submitted his plans to DCRA and once they were approved, he started working on his ADU. First, he removed all of the walls and then installed framing for the new walls. Since he is a master electrician, he installed new wiring and the electrical panel. He hired contractors to install plumbing, the HVAC system, drywall, and paint. Lastly, the contractors installed flooring, kitchen cabinets and wall tile, and the appliances. Overall, Foster completed his ADU in about four months.

The following is an interview of Foster conducted by UPO:

When did you start the design work?

March 2019

When did you submit the plans to the City?

March 2019

When did you start construction?

I started April 2019, with just clearing out the space

When did you get your Certificate of Occupancy?¹

Still awaiting final inspection



All images in this section are courtesy of Nikki Hendricks
<https://nikkihendricks.shop>

¹ Note: Homes in RF zones require a Certificate of Occupancy, homes in the R zones do not.



Total square footage:

700 sq. ft.

Total all-in cost, including sweat equity:

About \$80,000

How are you using the ADU now, or how will you be using the ADU once it is complete?

I will rent it to a professional, someone who needs an affordable place to live.

What did you do to prepare for the ADU development process?

Financially, I prepared by refinancing my property at \$35,000, then working a second job and saving up. Development wise, I attended seminars on renovating homes, getting licensed and permits from the Department of Consumer and Regulatory Affairs (DCRA). I researched area rental rates, looked at other homes that were renovated. I refinanced for \$35,000 and put in another \$5,000 from my earnings. I received \$40,000 from UPO, which helped with the soft costs [permits and drawings].

Describe your experience getting through the permitting process.

I attended the ADU workshop offered by UPO in September of 2018 and attended the ADU workshops offered by DCRA. I found the DCRA open and willing to help. I was able to go through the process relatively smoothly.

How did you come up with the design for the ADU?

I came up with the design by looking at homes that were for sale, looking especially at renovated kitchens and bathrooms. I saw that people want open space. In the 1980's and 1970's spaces between the dining area, kitchen and living were divided up. There were bright-colored linoleum floors and big designs. But nowadays people want an open floor plan, with updated cabinets and appliances. That was the vision I got looking at the other houses. In this unit, you have a kitchen, a place to sleep and relax all in one room. There is a subdued gray flooring throughout the unit, and a waterproof ceramic floor for the washer/dryer area. I used wood laminate flooring. Tile was used for the bathroom floor, the walls and around the tub. I installed recessed lights, to maximize head space. The whole design was meant to be comfortable and cozy for a limited amount of people.

How do you think about the "return on your investment" for your ADU?

I saw this as an opportunity to make income from my residence and be able to offer an affordable unit, with the help of a sponsor. a blessing to have resources from a grant from the United Planning Organization. I want a renter to feel comfortable and know there was great workmanship in the unit. I have no problem making it an affordable rental for someone who needs housing.

Besides its size, what "green" features did you include in the design?

New windows were installed to minimize leakage, as well as a state-of-the-art exhaust system and energy-saving appliances.

What design aspect are you most happy with?

The bathroom. I like how the tile brings out the color of the room; it's a nice space.

With what element of your ADU, or part of the development process and outcome, are you most proud?

I'm most proud that I was able to stay on top of every aspect of the process, from planning to foundation, framing, drywall, sanding and painting. The floors were last. I liked seeing how it came together. I gained new knowledge and experience from watching the trades-people [contractors] do their work. I'm proud of the workmanship throughout the unit.

With what aspect of the design or process are you least happy?

Nothing really made me unhappy, except it took longer than expected to get the prints approved. Also, final inspection has been delayed by the Covid-19 situation.

What would you do differently if you were to start over?

I could have expanded the space by utilizing the space under my front porch. I would have made a second full entrance or another room under the porch.

What was the most surprising thing you learned during your design/build process?

Watching trades do their work; it was fascinating to watch them work so carefully and meticulously.

What advice would you offer someone else building the same kind of ADU?

I would want them to know that anybody can do it. If you study the City processes, do your homework and learn to deal fairly with people, you can do it. Be patient, persistent and devote the time.



Chapter 9

How to Work with Professionals to Build an ADU

To build an accessory apartment or second unit, the homeowner will likely need to hire professionals including an architect and general contractor or design/build firm. While some homeowners might want to take on some of these roles, it is risky to attempt these as an amateur.

Do I Need to Hire an Architect to Get a Building Permit?

The answer is yes. One or more professionals needs to be involved to provide the complete set of drawings submitted to DCRA for a building permit application. Small home improvement projects such as decks, fences, interior renovations and repairs, and window replacement, can be performed without a certified design or engineering professional. However, adding a new living unit to a property requires professionals to provide all the documentation for DCRA and other official plan reviewers. Documentation includes a set of architectural drawings that shows plumbing, mechanical, electrical, structural, and fire protection. DCRA provides advice on its website, see: [How to Select an Architect, Engineer or Interior Designer for Your Next Project.](#)¹



Photo courtesy of Cheryl Cort

Hiring an Architect

Before an architect is hired, carefully review their credentials, experience in projects similar to the one proposed that received permits, and references. A good way to understand their experience is to ask for the number of permits and length of time for each similar project in DC. One way to find an architect is to search the member directory at the American Institute of Architects (AIA), www.aiaadc.com/directory. However, not all Registered Architects are members of AIA.

The next step is to interview or have a consultation with prospective architects. According to DC architect Jennifer Harty, some architects charge a fee for an initial visit, and this generally gives the homeowner a thorough review of their specific property, leaving the consultation with an understanding of what scope to undertake moving forward. There might even be a formal write up for the owner to keep. Other architects offer free initial meetings, as they are interested in evaluating the project with the hope of obtaining future work. In the free initial meeting, there may be some discussion about the feasibility of your project, but it may not be provided in writing. The free meeting is generally followed with a written proposal for architectural services.

According to architect Emily Bacher, R. Michael Cross Design Group, the firm starts with an address and an idea of the homeowner's goals. From this they can provide a zoning summary, which is a short analysis of the zoning regulations and how they apply to the specific property. Bacher shares details of the process:

This [zoning summary] will let you know from a zoning standpoint whether an ADU is feasible on your property, and if there are any administrative hurdles (ie [Board of Zoning Adjustments] BZA) that could complicate the process. In some situations, with unique site conditions, we may also do a site visit to make sure we account for anything that's not recorded in the city records.

We don't do a paid consultation per se. If you're interested in seeing some designs, but aren't ready to commit to a full project, we can be engaged for the initial schematic design phase of the project. This would get you a site survey, as well as a few floor plans and elevations for potential ADUs on your site. This is particularly helpful for clients who know they need to go to the Historic [Preservation Review Board] or Board [of Zoning Adjustment (BZA)] for review, and don't want to sign on for the full scope of work until they know they'll be able to complete the project. We charge the schematic design phase as a fixed fee, which varies from project to project based on the site conditions and needs of the client.²

¹ DC Department of Consumer and Regulatory Affairs, "[How to Select an Architect, Engineer or Interior Designer for Your Next Project.](#)"

² From: [DC Accessory Apartments Forum](#) (2018, October 17).

Architecture Fees

When ready to hire an architect, an initial discussion should be about their fees. There is variability in how architects charge for their services. Common fee approaches are a capped hourly rate or a percentage of construction costs.³ Percentage fees run anywhere between 5 to 20 percent. In the sample budget in Chapter 6, we show a low estimate for construction costs at \$87,750, with an architectural fee of 16%, for a total of \$14,040. This is based on an actual architectural firm's fee for this kind of project.

Hiring and Working with a General Contractor

When it comes to constructing a basement or backyard project, most homeowners will hire a general contractor. Unless the homeowner is a DC-licensed and insured general contractor or has extensive experience in the construction industry, it is recommended that a qualified general contractor be hired to successfully build the ADU. General contractors usually supervise their own construction crews, manage subcontractors, and have relationships with inspectors, plan reviewers and others at government agencies. Using a general contractor will ensure the ADU is safe, habitable, and complies with DC's stringent building code requirements.

When it is time to select a general contractor for the job, it is important to find someone reputable to work with the homeowner. Below are some tips on how to find a quality general contractor and build a good relationship throughout the building process.⁴



Photo credit: Nikki Hendricks <https://nikkihendricks.shop>

1. Find the Right Contractor

- Make a detailed plan before contacting any contractors. Working with an architect can be a good place to start.
- To find reputable general contractors, ask people you know. Ask other members of the team, such as the architect. These contacts can also help when checking references.
- Get at least three written estimates on a specific set of plans so that meaningful comparisons can be made. This process is always based upon the site specific considerations and specific design plans. These plans do not have to be approved by the city for a contractor to produce an estimate.
- Request a detailed estimate. The construction estimate should include line items and their corresponding cost estimates. Avoid broad estimates that do not share details. A description like "Fix house for \$150,000" without details would not be very helpful in making a well-informed decision.
- Verify that the general contractor is licensed in the District of Columbia. Look up their license here: <https://eservices.dcrdc.gov/BBLV/Default.aspx>.
- Request references from past clients (at least 3). This process can provide a more accurate representation of recent work and how a contractor can meet homeowner expectations. Look for references with projects of a similar scale. Local neighborhood forums and email chains can be good resources for past experiences with specific contractors. Reputable websites that aggregate reviews, such as Angie's List, HomeAdvisor, etc., are also good tools for finding reviews.
- Check contractor complaint records with the Better Business Bureau which can be contacted at 202-393-8000 or at <https://www.bbb.org/>
- Ask to visit a current or past projects that the general contractor has completed. Most good contractors are proud to show off their work.
- Ask about similar projects the contractor has completed in the past. Ask if there were any problems and how were they resolved.
- Verify their insurances (general liability, workers compensation, and bond) – this can show that prospective contractors are responsible and can verify their address. Get copies of the contractor's proof of insurance. Also, the homeowner should check with their insurance company to find out if they are covered for any injury or damage that may occur.⁵
- Ask the general contractor about their subcontractors and who will be performing which tasks.
- Communication is key. The homeowner should understand the information being conveyed and is able to communicate in a manner that both the owner and the general contractor are comfortable with using (i.e. phone, email, text).

3 [HomeAdvisor](#).

4 The main contributor for this section is Adam Grate, see [DC Accessory Apartments Forum \(2018, May 1\)](#), with additional contributions by [Tuesta \(2019\)](#), and [DC Bar \(2011\)](#).

5 DC Bar (2011).



Image credit: R Michael Cross Design Group, www.rmichaelcross.com

2. Build a Good Relationship

- Sign a detailed written contract before any work is started. The contract should establish the contractor's obligation to obtain all necessary permits. A building permit may be often obtained by an architect, but any subcontractor permits would need to be obtained by licensed subcontractors who are supervised by the general contractor.
- Expect to put money down. It is common to pay for the job in thirds and upon completion of a specified amount of work. One source advises to never pay more than 10% upfront.⁶ Final payment should not be made until the project is completed to everyone's satisfaction.
- Set expectations with a written job and payment schedule. There will likely be delays, but this can help keep the contractor and the homeowner informed and the project moving forward.
- Set weekly, in-person, on-site meetings with the contractor. This can help keep the homeowner and contractor aligned and better enable them to catch any possible problems early.
- Document interactions with the contractor. This is helpful if a project goes awry and legal recourse is required, but it is also important to ensure a project is staying on track.
- Have both parties sign notes made during in-person meetings and follow up phone calls with emails. This protects the homeowner and the contractor. Especially put in writing all modifications to the original plan.
- Understand changes will likely happen and unexpected costs will arise, so be prepared.
- Designate one person in charge of making decisions and communicating with the contractor. If there are two or more people making decisions for the project, the contractor might get conflicting information, and this could cause confusion and create delays.
- Let the contractor handle the entire project. This can be hard for many property owners: "my uncle is a plumber; I can hang the drywall; I have a handyman that can paint the doors..." Such comments can confuse the management of the project and tends to generate negative outcomes, such as longer project times and finger pointing if there are problems. It is best to have one person that is responsible for the entire project.
- Even with a general contractor taking the lead, the homeowner will need to monitor the work and track the budget as the project proceeds.
- At the end of the project, withhold the final 10 percent of project cost payment until the entire project is completed. There may be unfinished work, additional work or final touches needed ("a punch list") and withholding final payment is good motivation for getting the project finished to the owner's satisfaction.

⁶ [Marks.](#)



Photo credit: R Michael Cross Design Group , www.rmichaelcross.com

Chapter 10

Managing the Rental Property¹

Being a landlord, or a housing provider, comes with many benefits, both socially and financially. Landlords are always needed, especially in a city like DC, where a large portion of residents are seeking rental housing.

A major benefit of a landlord is being in a position to help others. Landlords provide a basic necessity that all people are entitled to, a home.² When landlords provide tenants with safe, clean, and habitable homes to live in, tenants will likely want to renew their leases before they expire. This means that the tenant will stay longer, thus creating opportunities for the tenant to develop strong connections to the surrounding community and neighbors. Being a good landlord is a great way to connect people with the area that they live in and to strengthen community relationships. Financially, being the landlord of an ADU is a great way to generate extra income. Tax deductions are also available to those who own properties that are being rented. Being a landlord is about providing tenants with the best experience possible. A key factor in ensuring that tenants are safe and comfortable is determining whether the owner has the capacity to act as their own property manager or if they need to hire a licensed property manager.

Obtaining the Rental License for a Rental Unit³

Before deciding how to manage an ADU as a rental property, there is one more step following completing construction and the final inspection for the new accessory apartment, and that is to obtain the appropriate rental license. The information below outlines the steps required for obtaining a Basic Business License (BBL) from DCRA for a One-Family License in a R zone; and a Two-Family License for leasing an apartment in a RF or RA zone:

The following steps are required to obtain a Basic Business License (BBL) for a One-Family Rental License (for accessory apartments in the R zone):

- Register with the [Office of Tax and Revenue](#) by submitting an [FR-500 form](#).
- Once the Notice of Business Tax Registration from the Office of Tax and Revenue is received, apply for the Basic Business License (BBL).
- Apply for the Basic Business License (BBL) online at [mybusiness.dc.gov](#). The fee includes a BBL Self-Certification form confirming that the property is code compliant.

- Once the payment is made and accepted, download a copy of the Basic Business License (BBL).
- Next, visit the Department of Housing and Community Development (DHCD) Rental Accommodations Division to complete and get a Rental Accommodations (RAD) Registration Form date-stamped, and request copies of the Housing Provider Disclosure Form, the DHCD pamphlet "What the Owner/Landlord Needs to Know About Rent Control," and the DC Tenant Bill of Rights form.
- Within 45 days of obtaining the license, the homeowner must schedule and complete all housing inspections or reinspections with DCRA.

For a Two-Family Rental License (for RF and RA zone lots), in addition to the steps above, the homeowner will need to obtain a Certificate of Occupancy. The Certificate of Occupancy is required if a second unit is built on the RF or RA-zoned property because the use has changed from a one-family to a two-family use. View DCRA's webpage, [Certificate of Occupancy Application and Review Process](#) for more information. Note that as of February 26, 2020, DCRA will no longer accept in-person Certificate of Occupancy applications.

Maintaining a Rental Unit as Safe, Clean, and Habitable

Maintaining a unit as safe, clean, and habitable is the mutual responsibility of both the tenant and the landlord. However, there are some cases when the landlord holds the primary responsibility of maintaining the upkeep of the unit for the tenant(s). According to guidance provided by the DC Bar's Pro Bono Center,⁴ a landlord is responsible for making repairs to the rental unit that are caused by normal wear and tear. However, a landlord is not responsible for making repairs if the tenant or the tenant's guests caused damage.

DC landlords are responsible for maintaining their rental units by complying with legal standards, including DC Housing Code Standards and DC's Property Maintenance Code. By following these standards, landlords can ensure they are providing tenants with safe, clean, and habitable living spaces. See Appendix III, Checklist of DC Rental Housing Maintenance Standards, which provides exterior and interior rental housing unit maintenance standards for the District of Columbia. This checklist is a compilation of DCRA's webpage on [DC Housing Code Standards](#), [DCRA's Quick Housing Code Checklist](#), and [DCMR's Property Maintenance Code Supplement of 2017](#).

¹ Contributors for this chapter were Ronald Childs, with additional contributions by Eluvial Brokerage.

² Contributions for this section were from L. Wise (2017), "[Being A Landlord in the Modern Urban World](#)."

³ For more details, DC Department of Consumer and Regulatory Affairs, "[Rental Housing Business](#)." Jean Poitevien, BBL Processors contributed to this section. For more information, also see Legal Counsel for the Elderly's guidance on [becoming a landlord in the District of Columbia](#).

⁴ [DC Bar Pro Bono Center](#) (2017).

Deciding How to Manage a Rental Property

After completing the process of designing, financing, building, and licensing the ADU, the benefit of these efforts to both the homeowner and future tenants will come down to how the property is managed. Some owners may choose to be their own property manager. The owner may decide that after all, “it is just one unit, so why spend the money on a property management company?” There are many things to consider when making a decision about whether to manage an ADU, such as:

- Making sure the property meets the local health and safety codes.
- Following all tenant screening and [fair housing laws](#).
- Ensuring there is a licensed handyman or contractor that can be depended on when items break or when an emergency arises. Only licensed and insured contractors should be hired to perform major renovations and repairs. Using unlicensed contractors can lead to problems and leave the owner with little or no recourse if repairs are not completed properly.
- Carefully vetting prospective tenants. Property managers should be familiar with how to access court records, rental history records and credit reports.
- Keeping detailed and up-to-date records of income and expenses. For tax purposes, reach out to a tax consultant to determine what forms to file and to determine the possibility of mitigating some tax liabilities. Specifically, the owner should keep records of funds received, the amount spent on repairs, utilities, upkeep and other related expenses.
- Managing key access. It can be costly to change locks when tenants move out. Digital locks can be used and operated by computers and smartphones. The lock codes can be changed remotely, and codes can be sent electronically.
- Maintaining legal representation is essential for anyone that leases a property as a rental, including ADUs. From time to time, legal issues must be resolved between owners and tenants or other parties. Professional legal advice may be required and in some instances, only an attorney can help. If an owner conducts his or her business as an incorporated entity, the business must be represented by a licensed attorney.
- Having a written lease is an absolute requirement. A verbal lease is often ambiguous and terms can be misunderstood. When a lease is in writing, all parties can refer to the lease when a disagreement arises. The lease should spell out the terms, the rental amount, the length, and other additional clauses. For a sample lease, the owner may check Legal Zoom or Rocket Lawyer, or obtain one from a realtor. However, it’s recommended that homeowners consult with an attorney to draft a lease and ensure that the lease is lawful and enforceable.⁵ For an example of lease that restricts rents to income qualified tenants see Appendix II. The owner can also create a lease from Legal Zoom or Rocket Lawyer, or obtain one from a realtor. Ideally, a homeowner should consult with an attorney to ensure that a lease is lawful and enforceable.
- Allowing pets. Whether the homeowner will allow pets or not, the lease should include a pet clause. If allowed, the size and weight limits of the pet should be listed and the number of pets should be

included in the lease. A monthly fee can be charged to cover clean up once the pet leaves.

- Security deposits should be held in a separate account and returned to the tenant once the property is vacated and in good condition.
- The landlord or property manager should conduct a walk-through inspection with the tenant prior to the tenant moving in and periodically during the lease (with proper notice). A final walk-through should be conducted with the tenant once the tenant moves out.

Property management is much more than keeping a rental unit up to code and collecting rent. The owner should have a clear understanding of how to manage the aforementioned issues, be able to keep abreast of changes in fair housing rules, housing codes, and landlord/tenant laws. Once these issues are firmly established, then it is possible for an ADU owner to take on the role of property manager.

The [Smartsheet’s](#)⁶ checklist on property management is a good tool to use to ensure the bases are covered. The Department of Housing and Community Development (DHCD) offers regular workshops on the rights and responsibilities of housing providers. Before an owner decides on how to manage their rental property, he or she should have a thorough understanding of the responsibilities that come along with being a housing provider, as well as the benefits of using a property manager.

Benefits of Working with Professional Management

Hiring a property manager can be an effective way for a property owner to ensure that their property is safe, secure, and operable. Property managers can help an owner screen tenants, collect rent, make repairs, pay bills, settle landlord/tenant disputes, and hire contractors. The cost for a good property manager varies. The average cost for most property managers is 8-10 percent of the gross rent. Some property managers will require one month of rent (if they secure a tenant), plus 8-10 percent thereafter, and some charge a flat monthly fee.

Bookkeeping is essential for property management. A property manager can coordinate with the owner to ensure taxes, mortgage payments and utility bills are paid on time. Property managers usually keep accurate records of tenant rental payments and upkeep expenses.

When considering hiring a property manager, the following are some of the basic requirements a property manager should meet:

1. Able to read, write and understand English;
2. Passed the DC Property Managers Exam;
3. High school graduate or holder of a high school equivalency certificate;
4. Has not had an application for a property manager’s license denied, for reasons other than failure to pass the required examination, in DC or elsewhere, within one year prior to the date on which the application was filed;
5. Is not on license suspension on date the application was filed;
6. Has not had property managers’ licenses revoked within three years prior to the date the application was filed. The property manager should have a certified property manager (CPM) designation.

⁵ This footnote and text referring to a particular lease has been removed because the use of the lease is restricted to member REALTORS.

⁶ [Smartsheet](#).

Questions to Ask a Potential Property Manager

There are questions to ask anyone who proposes to manage an owner's property. Ideally, a homeowner may want to consider the following when selecting a professional property manager: the property manager has a verifiable track record of filling vacancies quickly with good renters; they are able to provide accurate and timely rent payouts; and they can demonstrate a history of maintaining rental properties with prompt and cost-effective repairs, as needed. To obtain a quality property manager, vetting must be focused on issues that directly determine the success of a rental. The following is a list of questions to ask prospective property managers. See Appendix IV for an owner's checklist for selecting a property manager.

General Questions:

- What is the screening/tenant application process? Ask for specifics.
- How are revenues and expenses tracked?
- What kind of reports are generated for the owner?
- What is the fee structure? Is the management fee all-inclusive, or is it per service?
- What is the response time for non-emergency repair/maintenance requests?
- Is the Property Manager licensed to conduct business in the District?
- Explain experience with properties of this type (e.g., single-family vs. multi-unit)?
- Describe experiences working with voucher holders, young professionals, roommate situations, etc. Who is the company's typical tenant?
- How quickly did the company respond to this inquiry?
- Has their contact been professional (timely, effective, appropriate)?
- Does the company understand the owner's needs as a landlord in terms of communication, organization, and peace of mind?
- Is the property management company a good "fit" for the owner's situation, and is there a level of comfort in working with them?

Selecting the Right Tenant

While no screening method is fool-proof, there are certain factors the property management company should consider that will ultimately help secure a qualified tenant for an ADU apartment. See Appendix V for checklist on vetting tenants.

Fair Housing

Landlords must treat all prospective tenants equally. The Federal Fair Housing Act is designed to prevent discrimination against certain classes of people in any activity related to housing. In short, discrimination based on **race or color, national origin, religion, sex, familial status (families with children), and disability is against the law.** In addition to the national protected classes, DC has 11 additional regulations housing professionals must follow.⁷

Credit and Criminal Background Checks

A property management company will likely have a system to perform secured credit and criminal background checks. Most important in

identifying a qualified applicant is that the potential tenant is financially responsible. The notion is that applicants who are responsible about paying their bills, are more likely to pay their rent on time and be responsible with the owner's rental property. The cost of performing both the credit and criminal checks can be charged to the prospective tenant in the form of an application fee.

The process of checking an applicant's finances consists of the following:

- **Verify Income:** Ideally, the applicant's monthly income should be at least three times the monthly rent.
- Collect four consecutive pay stubs as a form of proof of income but not limited to other forms of documentation in place of pay stubs.
- Call their employer directly to confirm their employment, length of employment, attendance record and monthly earnings.

The Credit Check

- Do applicants have a history of paying their bills on time?
- Check their income-to-debt ratio. Even if their income is three times the monthly rent, factor in how much debt they have.
- Look for prior evictions, civil judgments, or bankruptcies associated with the applicant.

The Criminal Background Check

In the District of Columbia, an applicant's criminal background check cannot be performed without first advising the potential tenant as to whether they are conditionally approved. Criminal information is a matter of public record, and should be ordered from a secure third party. This check will reveal both serious and minor offenses, if any. Keep in mind that persons with criminal records may try to falsify their self-reported information; therefore, it is important to check their valid ID to verify that they are who they say they are.

A Thorough Criminal Background Check Will Include:

- Federal Court Record Search
- A Statewide Criminal Record Search
- A County Criminal Court Search, if they have resided outside of DC
- A Department of Corrections Offender Search
- Sexual Offender Database Search

Assess a Tenant's Rental History

The following are questions an owner might ask a former landlord:

- Ask for the last five years of rental history including that of the current landlord. This is a standard practice.
- Did the tenant pay their rent on time?
- What was the reason for the move? Was the tenant evicted for non-payment of rent or for breaking the landlord's rules?
- Did the tenant provide 30 days' notice prior to moving out?
- How did the tenant maintain their apartment? Did the tenant keep the apartment clean?
- Did they cause any damage to the apartment other than normal wear and tear?
- Were they respectful of their neighbors?
- Did they complain often?

⁷ See DC Office of Human Rights, "Fair Housing Resources," <https://ohr.dc.gov/fairhousing>.

Of course, if the applicant is a first-time renter, a student or a recent graduate, the applicant may not have a rental history. In this case, an owner can require a co-signer for a lease.

Other Options for Managing the ADU

Short Term Rental

If an ADU has an alternative use such as an Airbnb or a bed and breakfast, then there is a license and tax structure with which the owner must comply.

Tenants Opportunity to Purchase Act (TOPA) Exemption

As of 2018, owners of single-family homes are exempt from TOPA, meaning they do not have to offer their tenant the opportunity to purchase the property if the owner decides to sell it.⁸ The exemption, however, still created a requirement for tenants to receive notice of the intent to sell.

Partnering with Human Service Professionals

Another rental option is seeking tenants in the Housing Choice Voucher Program (“HCVP,” formerly known as Section 8). Most programs will pay two-thirds of the tenant’s rent, while the tenant is responsible for the other third. In other programs, the tenant pays 30% of their income while the program pays the balance. HCVP is a federal program, originating with the U.S. Department of Housing and Urban Development (HUD), and the DC Housing Authority (DCHA) which administers the federal housing choice voucher program in the District of Columbia. HUD has created a maximum ceiling rent that DCHA cannot exceed. DHS has limits on the rent it will pay which varies by sub-markets and is based on the number of bedrooms in a particular unit. The benefits of having HCVP, voucher-holding tenants are that the homeowner can charge close to market rent and most of the rent is guaranteed and paid on time. HCVP-supported rents are exempt from rent control, with provision for rent increases over time.

Before an ADU unit is rented to an HCVP participant, it will be inspected to ensure it meets program standards, and then once a year thereafter. Housing support programs like HCVP will not pay a recipient’s rent if any needed repairs are not made within a 30-day period after inspection. It is the ADU owner’s responsibility to collect rent from their tenants, including any back rent. DCHA holds workshops on how to become a housing choice provider, which explains the certification process, inspection requirements and general information on being a successful housing provider. DCHA encourages landlords to screen HCVP participants as they would any other renter. The owner, or the property manager, should also perform regular inspections of the unit (with proper advanced notice). After the first year, the lease can be renewed on a month-to-month basis with proposed rent increases as available.

It is important to track HCVP tenants’ income if they are part of the HCVP. Should participating tenants have a loss of income, they should report the loss in a timely manner so that DCHA or other agencies can make adjustments to pay a higher portion of the rent (up to the full lease rent) starting the following month of job loss. DCHA will adjust its portion of the rent only when there is another reported change in the tenant’s household income.

Because of the District’s shortage of affordable housing, there should not be an issue with high vacancy rates. Landlords can select their own criteria for tenants, as long as they follow local and federal fair

housing guidelines.

To learn more about becoming an HCVP landlord in DC, view DCHA’s steps here: <https://www.dchousing.org/doc.aspx?docid=2015012115220416638> as well as current rents by neighborhood here: http://www.dchousing.org/rent_hcvp.aspx

Property Management is Part Art and Science

There is much to consider when choosing how to manage an ADU. The most important tip of all is to ensure that there is always cash on hand by saving a portion of rent revenue every month not just for emergencies, such as plumbing, HVAC (heating and air conditioning) repairs, and other unforeseen events, but also for covering the mortgage when rent is late. Property management is as much an art as a science. Once it is mastered, the homeowner may be inspired to invest in larger projects.

8 [Department of Housing and Community Development](#) (2018).

Glossary of Terms & Definitions

2016 Zoning Regulations: The current regulations adopted through the publication of a notice of final rulemaking published in the D.C. Register on March 2, 2016 and which became effective at 12:01 a.m., September 6, 2016. See Subtitle A § 101.¹

Accessory apartment: A dwelling unit (also known as Accessory Dwelling Unit) that is secondary to the principal single household dwelling unit in terms of gross floor area, intensity of use, and physical character, but which has kitchen and bath facilities separate from the principal dwelling and may have a separate entrance.² Accessory apartments are allowed in a principal dwelling or an accessory dwelling in R zones (except the R-19 and R-20), subject to certain conditions. Either the principal dwelling or accessory apartment unit must be owner-occupied for the duration of the accessory apartment use. Also, the total number of persons that can occupy the accessory apartment must not exceed three.³

Accessory building: A subordinate building located on the same lot as the principal building, the use of which is incidental to the use of the principal building.⁴

Accessory dwelling unit (ADU): Another term for Accessory Apartment. See Accessory Apartment. These terms related to accessory units, which are not income restricted, should not be confused with "Affordable Dwelling Units," a term also used by the District of Columbia government. In DC, "Affordable Dwelling Unit," with the acronym "ADU," is used as an umbrella term applied to for-sale and for-rent homes that are locally restricted for occupancy by households whose income falls within a certain range. These Affordable Dwelling Units are generally offered at a below-market rate. The DC Department of Housing and Community Development (DHCD) monitors and enforces compliance with Affordable Dwelling Unit requirements in the District of Columbia.⁵

Affordable housing: Housing where costs, including utilities and any mandatory fees for rental or mortgage principal and interest, taxes, insurance and any mandatory fees, do not exceed thirty percent (30%) of the targeted household income ranges.⁶

Accessory use: A use that is customarily incidental and subordinate to the principal use, and located on the same lot with the principal use.⁷ For example, an accessory apartment and an accessory building are both uses subordinate to a principal building on the same lot.

Alley lot: Is either a lot that is recorded on the records of the Surveyor, District of Columbia, that faces or abuts an alley that does not face or abut a street at any point (alley record lot) or a lot that is recorded on the records of the D.C. Office of Tax and Revenue, on or before November 1, 1957, that faces or abuts an alley that does not face or abut a street at any point (alley tax lot).⁸

Basement: That portion of a story partly below grade where the finished floor of the ground floor is five feet (5 ft.) or more above the adjacent natural or finished grade, whichever is the lower in elevation.⁹

Building area: The maximum horizontal projected area of a principal building and its accessory buildings. Except for outside balconies, this term shall not include any projections into open spaces. Building area shall not include: Building components or appurtenances dedicated to the environmental sustainability of the building; cornices and eaves; sills, leaders, belt courses, and similar ornamental or structural features; awnings, serving a window, porch, deck or door; uncovered stairs, landings, and wheelchair ramps that serve the main floor; and chimneys, smokestacks, or flues.¹⁰

Building height for accessory buildings in a Residential (R) and Residential Flat (RF) zones: The maximum height of an accessory building in an R zone shall be two (2) stories and twenty-two feet (22 ft.), including the penthouse. The height of an accessory building shall be measured from the finished grade at the middle of the side of the accessory building that faces the main building to the highest point of the roof of the building.¹¹

Building permit: An authorization to build according to a specific scope of work, including approved plans. Residents are required by law to get a permit for construction in the District of Columbia. Any modification of permit scope or approved plans must be specifically approved.¹²

1 DC Office of Zoning (2016), "Zoning Regulations of 2016," [Subtitle B-100.2](#).

2 DC Office of Zoning (2016), [Subtitle B-100.2](#).

3 DC Office of Zoning (2020), "[Accessory Dwelling Units](#)."

4 DC Office of Zoning (2016), [Subtitle B-100.2](#).

5 DC Department of Housing and Community Development, "[Affordable Dwelling Units](#)."

6 DC Office of Zoning (2016), [Subtitle B-100.2](#).

7 DC Office of Zoning (2016), [B-203.3](#).

8 DC Office of Zoning (2016), [Subtitle B-100.2](#).

9 DC Office of Zoning (2016), [Subtitle B-100.2](#).

10 DC Office of Zoning (2016), [Subtitle B-100.2](#).

11 DC Office of Zoning (2016), [D-5002](#).

12 DC Department of Consumer and Regulatory Affairs, "[Get a Building Permit](#)."

Glossary of Terms & Definitions (*continued*)

Cellar: That portion of a story partly below grade where the finished floor of the ground floor is less than five feet (5 ft.) above the adjacent natural or finished grade, whichever is the lower elevation.¹³

Certificate of Occupancy: A certificate needed to occupy any structure other than a single family dwelling.¹⁴

Construction Codes: Also known as Building Codes. The intent of these codes is to safeguard the public safety, health, and general welfare through measures which cover fire safety, sanitation and a healthy living environment, energy conservation, affordability, and more. Nationally, most jurisdictions build on standardized “model” codes organized by the International Code Council (ICC). DC adopts ICC codes on a three to five year basis, with amendments.¹⁵

Contingency: A reserved amount of money covering all estimated unforeseen conditions that might affect the construction process. Although it is not an amount that can be measured, it can be estimated from historical data between five and ten percent of the total project costs for new projects and between 10 and 20 percent for remodeling projects.¹⁶

Credit: An individual's personal creditworthiness with lenders. This is quantified as a credit score which is calculated from credit reports from an individual's credit history. The score is an assessment for lenders of how likely a borrower is to pay back a loan. Note that an individual's credit score can change over time, and be improved.¹⁷

Department of Consumer and Regulatory Affairs (DCRA): DCRA protects the health, safety, economic interests and quality of life of residents, business, and visitors in the District of Columbia. The DC Government agency does this by issuing licenses and permits, conducting inspections, enforcing building, housing, and safety codes, regulating land use and development, and providing consumer education and advocacy services.¹⁸

DC Department of Housing and Community Development (DHCD): DHCD offers several resources to help small housing providers (also known as landlords) understand and comply with the District of Columbia's housing laws.¹⁹

Debt-to-income (DTI) ratio: A personal finance measure that compares the amount of debt a borrower has compared to overall income. Lenders, including issuers of mortgages, use it as a way to measure the borrower's ability to manage payments each month and to repay amounts borrowed. To calculate a debt-to-income ratio, compute the total, recurring monthly obligations (e.g., mortgage, student loans, auto loans, child support, and credit card payments) and divide the total by the borrower's gross monthly income (the amount the borrower earns each month before taxes and other deductions). For example, assume a borrower pays \$1,200 for a mortgage, \$400 for a car, and \$400 for the rest of his or her debts each month. A borrower's monthly debt payments would be \$2,000 (\$1,200 + \$400 + \$400 = \$2,000). If the borrower's gross income for the month is \$6,000, the debt-to-income ratio would be 33% (\$2,000/\$6,000 = 0.33). If the gross income for the month is lower, say \$5,000, the debt-to-income ratio would be 40% (\$2,000/\$5,000 = 0.4). A low debt-to-income ratio demonstrates a good balance between debt and income. In general, the lower the percentage of debt, the better the chances of the homeowner being able to qualify for a loan or line of credit. On the contrary, a high debt-to-income ratio signals that a homeowner may have too much debt in relation to his/her income. As a result, lenders are likely to view this as a signal that the homeowner would be unable to take on any additional obligations.²⁰

Detached building: A building that is completely separated from all other buildings.²¹

Draw schedule: The draw schedule is a detailed payment plan for a construction project. When a bank is financing a construction project, the draw schedule determines when a bank will disburse funds to a homeowner and a contractor. The process is carried out in accordance with a work schedule provided by the contractor and approved by the homeowner and the bank. The goal is to make progress payments to the contractor as the work is completed. This minimizes the chance that a homeowner will pay for materials that are not delivered or for work that is not complete.²²

Dwelling unit: One (1) or more habitable rooms comprising complete independent living facilities for one (1) or more persons, and including within those rooms permanent provisions for living, sleeping, eating, cooking, and sanitation. A dwelling unit is intended for a single household.²³

¹³ DC Office of Zoning (2016), [Subtitle B-100.2](#).

¹⁴ DC Department of Consumer and Regulatory Affairs, [“Certificate of Occupancy.”](#)

¹⁵ [Winston](#) (2018).

¹⁶ Rodriguez (2019), [“How to Classify Hard Costs in Construction.”](#)

¹⁷ [myFICO](#).

¹⁸ Department of Consumer and Regulatory Affairs, [“DCRA Divisions.”](#)

¹⁹ Department of Housing and Community Development, [“Housing Providers.”](#)

²⁰ [Kagan](#) (2020).

²¹ DC Office of Zoning (2016), [Subtitle B-100.2](#).

²² [BuildingAdvisor.com](#) n.d. *Draw schedules: how to negotiate a fair payment plan*

²³ DC Office of Zoning (2016), [Subtitle B-100.2](#).

Glossary of Terms & Definitions (*continued*)

Existing Building Code: Additions, alterations and repairs are generally mediated by: IRC Appendix J Existing Buildings and Structures, in the case of IRC buildings; or DC Existing Building Code (DCMR 12J) in the case of IBC buildings. Note that IRC buildings changing to IBC buildings have been deemed to be “new” IBC buildings in DC, and must meet all IBC requirements.²⁴

Floor area ratio (FAR): The ratio of the total gross floor area of a building to the area of its lot measured.²⁵

Gross floor area (GFA): The sum of the gross horizontal areas of all floors of all buildings on a lot, measured from the exterior faces of exterior walls and from the center line of walls separating two buildings.²⁶

Hard costs: Tangible assets that are to acquire to complete the construction project. Usually, hard costs are easily quantifiable and can be determined with certainty. In general, hard costs represent any part of the work or costs associated with the actual project and as a good rule of thumb, hard costs could be around 70% of the total construction cost.²⁷

Historic district: An area listed as an historic district in the D.C. Inventory of Historic Sites, or which the State Historic Preservation Officer has nominated or issued a written determination to nominate to the National Register of Historic Places after a public hearing before the Historic Preservation Review Board.²⁸

International Building Code (IBC): It has been adopted as the DC Building Code (DCBC or DCMR 12A) plus supplementary codes DCMR 12C through L. To construct an accessory apartment, the owner will need to fulfill building requirements set by the IBC, in the case that the unit is in a duplex or townhouse.²⁹

International Existing Building Code (IEBC): The International Existing Building Code (IEBC) sets minimum requirements for existing buildings using prescriptive and performance-related provisions. It is founded on broad-based principles intended to encourage the use and reuse of existing buildings while requiring reasonable upgrades and improvements.³⁰

International Residential Code (IRC): A comprehensive, stand-alone residential code that establishes minimum regulations for one- and two-family dwellings and townhouses using prescriptive provisions.³¹ It is an “all-in-one” book that includes all aspects of building, such as structure, mechanical, plumbing, electrical, etc. It has been adopted and amended as DC Residential Code (DCRC or DCMR 12B). To construct an accessory apartment, the homeowner will need to fulfill building requirements set by the IRC, in the case where the unit is in a detached single-family dwelling.³²

Letter of determination: The Zoning Administrator issues determination letters resulting from requests by property owners, developers, architects, and land use attorneys inquiring about the applicable zoning regulations applicable to specific development proposals. These letters offer guidance to requesting parties as to whether a proposed project, such as a new building, an addition to an existing building, or a use change, conform to the District's Zoning regulations as set forth in DCMR Title.³³

Loan-to-value (LTV) ratio: An assessment of lending risk that financial institutions and other lenders examine before approving a mortgage. Typically, assessments with high LTV ratios are higher risk and, therefore, if the mortgage is approved, the loan costs to the borrower is more. To the borrower, it is the amount a financial institution will lend against the value of the property. A high LTV is 90%, usually for those with good credit and a lower LTV is 85% for high risk loans.³⁴

Lot: The land bounded by definite lines that, when occupied or to be occupied by a building or structure and accessory buildings, includes the open spaces required under this title. A lot may or may not be the land so recorded on the records of the Surveyor of the District of Columbia.³⁵

Lot occupancy: The percentage of the total area of a lot that is occupied by the total building area of all buildings on the lot.³⁶

²⁴ [Winston](#) (2018).

²⁵ DC Office of Zoning (2016), [Subtitle B-100.2](#).

²⁶ DC Office of Zoning (2016), [Subtitle B-100.2](#).

²⁷ Rodriguez (2019), "[How to Classify Hard Costs in Construction.](#)"

²⁸ DC Office of Zoning (2016), [Subtitle B-100.2](#).

²⁹ [Winston](#) (2018).

³⁰ [ICC Digital Codes Library](#) (2015).

³¹ [International Code Council](#) (2018).

³² [Winston](#) (2018).

³³ Department of Consumer and Regulatory Affairs, "[Determination Letters, Zoning Maps and Plans.](#)"

³⁴ [Kagan](#) (2020).

³⁵ DC Office of Zoning (2016), [Subtitle B-100.2](#).

³⁶ DC Office of Zoning (2016), [Subtitle B-100.2](#).

Glossary of Terms & Definitions (*continued*)

Low- and moderate-income (LMI): Income limits that determine low income (up to 50% of the Median Family Income (MFI)), and moderate income (greater than 50% AMI and up to 80% MFI).³⁷ The 2019 Washington Metropolitan Statistical Area Median Family Income (MFI), previously referred to as Area Median Income (AMI) is \$97,050 for a household of two, and \$121,300 for a household of four.³⁸

Matter-of-right (also known as “by-right”): The land uses and development densities and structural dimensions to which a property owner is entitled by zoning, with no additional special permission or approval required.³⁹

Prefabrication construction (Prefab): A prefabrication construction method, known as “prefab,” is where components, panels or whole portions of the building are assembled off-site and transported to the construction site.⁴⁰

Principal dwelling unit: The primary residential structure on a lot.⁴¹ In R zones, one principal dwelling unit per lot is permitted. One accessory apartment per lot is also permitted in the R zones, except R-19 and R-20. In RF and RA zones, two or more principal dwellings are permitted. A principal dwelling is permitted in an accessory building, subject to conditions.⁴²

Private mortgage insurance (PMI): A qualified mortgage insurance premium (MIP) insurance or mortgage title insurance that protects a mortgage lender or titleholder if the borrower defaults on payments, dies or is otherwise unable to meet the contractual obligations of the mortgage. It is usually required by the lender when the borrower has less than 20% of equity in their house.⁴³

Rear yard: Rear yards regulate the distance between a building and a rear lot line.⁴⁴ A rear yard is between the rear line of a building and the rear lot line, for the full width of the lot.⁴⁵

Required rear yard: The minimum depth of a required rear yard is measured as the mean horizontal distance between the rear line of a building and the rear lot line.⁴⁶

Setback: The minimum distance on the interior perimeter of a property line that is required to be kept free of structures, e.g., the required front, rear, and side yards.⁴⁷

Side yard: A yard between any portion of a building or other structure and the adjacent side lot line, extending for the full depth of the building or structure.⁴⁸

Soft costs: These costs typically are associated with intangible items, such as design work, real estate fees, inspection fees, project management, and taxes. Soft costs represent a significant portion of construction costs. Soft costs typically constitute about 30 percent of the total construction cost, while the remaining portion of the total costs is related to hard costs, such as for the building, site work, landscaping, and overhead.⁴⁹

Special exception: A special exception is a conditioned, permitted use in a particular zone district; that is, the use is permitted provided certain specific criteria are met to ensure that certain negative impacts will not occur. A special exception may be granted for a particular use of land or for a particular building. The Board of Zoning Adjustment (BZA) determines special exception cases.⁵⁰

Zone: A geographic area delineated on the Zoning Map, which corresponds to the regulations included in DCMR Title 11.⁵¹

³⁷ [HUD Exchange](#).

³⁸ [DC Department of Housing and Community Development](#) (2019).

³⁹ DC Office of Zoning, “[Glossary of Terms](#).”

⁴⁰ [Behera](#) (2014).

⁴¹ DC Office of Zoning (2016), [Subtitle B-100.2](#).

⁴² DC Office of Zoning (2016), [U-301.1\(c\)](#).

⁴³ [Kagan](#) (2020).

⁴⁴ DC Office of Zoning (2016), [Subtitle B-100.2](#).

⁴⁵ DC Office of Zoning, “[Glossary of Terms](#).”

⁴⁶ DC Office of Zoning (2016), [Subtitle B-100.2](#). Note however DC Zoning Administrator Matthew Le Grant’s definition is different: “the required rear yard; which is, measured from the rear wall of the principal building out towards the rear property line.” (M. Le Grant, personal communication, January 9, 2020)

⁴⁷ DC Office of Zoning, “[Glossary of Terms](#).”

⁴⁸ DC Office of Zoning, “[Glossary of Terms](#).”

⁴⁹ Rodriguez (2019), “[Breakdown of Soft Costs in Construction Projects](#).”

⁵⁰ DC Office of Zoning, “[Special Exception](#).”

⁵¹ DC Office of Zoning, [Zoning Handbook](#)

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Appendices

Appendix I..... Owner's Cash Flow Worksheet

Appendix II. UPO Sample Lease with Income Restrictions

Appendix III..... Checklist of DC Rental Housing Maintenance Standards

Appendix IV..... Owner's Checklist for Interviewing Property Managers

Appendix V..... Owner's Checklist for Vetting Tenants

Appendix I.

Owner's Cash Flow Worksheet

Monthly Rental Income	
Monthly Expenses	
Maintenance/Repair	
Mortgage	
Other	
Total Monthly Expenses	
Monthly Cash Flow*	

*Monthly rental income, less total monthly expenses.

Appendix II.

UPO Sample Lease with Income Restrictions

ACCESSORY DWELLING UNIT (ADU) LEASE AGREEMENT

THIS ADU LEASE AGREEMENT ("Lease") is entered into this _____ day of _____, 20____ by and between _____ ("Tenant") and the _____, ("Landlord"). In addition to Tenant(s) listed above, the following persons, and no others, except after-born children, are authorized by Landlord to reside within the leased premises:

Name: _____

All Tenants residing in this Unit that are adults (age 18 or older) shall sign this ADU Lease.

1. Property. Landlord leases to Tenant and Tenant leases from Landlord the ADU Unit located at _____ ("Property" or "Leased Premises").

2. Term. The initial term of this lease shall begin on _____, and shall end on _____, and shall be a month to month lease thereafter.

3. Application. Landlord has entered into this Lease based on Tenant's application for affordable housing. If any of the statements in the Application are found to be untrue, incorrect, or misleading, this Lease shall be deemed void and Landlord may terminate this Lease. **TENANT WAIVES THE RIGHT TO RECEIVE A NOTICE TO QUIT** if Landlord files suit for repossession of the Property.

4. Rent. The initial total rent for this Unit shall be _____ (\$XXXX.XX) per month. This ADU Unit is being leased to TENANT whose income is at 50% Area Median Income (AMI). Tenant agrees to pay a rent in the amount of \$XXX.XX per month by electronic deposit, PayPal (or similar payment form), check or money order, due, without deduction or demand, on the first day of each month to LANDLORD at the address provided in Section 28 of this lease, or such other designee or place as designated by Landlord. Cash payments will not be accepted.

5. Late Fees. Landlord may assess Tenant a late fee of \$5.00 per day up to a maximum of 5% (the allowable amount under District of Columbia Law) of the total monthly rent for any one month for any rent or other charges due under this Lease that are not received by Landlord by the 10th day of the month they are due. In addition, Landlord may collect a fee of up to Fifty Dollars (\$50.00) from Tenant for each check that is not honored by a banking institution (bounced check). Tenant shall pay Landlord the late fee within thirty (30) days of the date of Landlord's notice to Tenant regarding the late fee. The charges set forth in this paragraph are in addition to the regular monthly rent payable by Tenant to Landlord. If Tenant has two (2) checks or other form of electronic funds returned, within a twelve (12) month period, for insufficient funds, Landlord may require Tenant to submit all future payments in the form of a "cashier's check" or "money order" at Tenant's expense.

6. Security Deposit. Tenant shall pay Landlord, upon signing this Lease, a security deposit of \$_____, which does not exceed one month's rent. Tenant may pay the security deposit in one lump sum upon signing the lease or upon mutual agreement with Landlord may pay it in

installments of the following amounts and due on the following dates: _____

Tenant understands and agrees to vacate the unit if s/he fails to pay Landlord the full security deposit as agreed. **TENANT EXPRESSLY WAIVES ANY NOTICE TO QUIT.**

The security deposit shall be held by Landlord during the term of this lease as security for full or partial payment of unpaid rent, damage due to breach of Lease or damage to the premises in excess of ordinary wear and tear caused by Tenant, the Tenant's family, agent, employee, visitor, or guest. The security deposit shall be handled by Landlord in accordance with the applicable DC law.

7. Utilities. Landlord shall provide, without additional charge beyond the rent, the following utilities: water. Tenant is responsible to pay for all other utilities, including gas and electric.

8. Initial Certification, Updates, Inspections, and Recertifications.

- a. By signing this Lease Tenant certifies s/he qualifies as low to moderate income upon initial leasing. If a person certifies as to his or her income upon application and then fails to qualify for any reason, termination of the Lease is required.
- b. All residents must comply with any applicable LANDLORD requests for information and requests to cooperate with the Unit inspections during the term of this Lease.
- c. Annually, Landlord will request Tenant to report income, household composition, allowances, deductions, or other relevant information. Tenant agrees to provide accurate statements of this information and to do so by the date specified in the Landlord's request.
- d. Knowingly giving Landlord false information regarding income, household composition, allowances, deductions, or other factors considered in determining Tenant's eligibility and rent is a material noncompliance with this Lease subject to termination of tenancy.
- e. If Tenant does not submit the requested information or cooperate with the inspections by the date specified in the Landlord's request, the Landlord may require Tenant to pay the full market rent at the end of the lease term and upon 60 days-notice of increase in rent.

9. Reporting Changes Between Regularly Scheduled Recertifications.

- a. If any of the following changes occur, Tenant must advise Landlord within thirty (30) days of the change.
 - i Any change in household composition, including if any household member moves out of the Unit or an additional person (child or adult) is going to reside in the Unit (after Landlord's approval).
 - ii Any adult member of the household who was reported as unemployed on the most recent certification or recertification obtains employment.

- iii Any increase in household income from wages or any other asset.
- iv Any other material change or circumstance that effects Tenant's ability to pay rent.
- b. Tenant may report to Landlord any decrease in income or any change in other factors considered in calculating Tenant's rent.

10. Removal of Subsidy (Only applicable to Tenants who Receive Subsidy).

- a. Tenant understands that assistance made available by DCHA on his/her behalf may be terminated if events in items i or ii (or other applicable LRSP regulations) below occur.
 - i. Tenant does not provide Landlord/DCHA with information or reports required by paragraphs 8 and 9 above or Tenant does not cooperate in allowing LANDLORD/DCHA to inspect the property.
 - ii. The amount Tenant would be required to pay towards rent and utilities under LSRP rules and regulations equals the full market rent of the property. If this occurs, Tenant would no longer be eligible to receive any subsidy from DCHA.
- b. If events in items i or ii above occur, Tenant may be required to pay the full market rent for the Unit. Landlord may also proceed to repossess the Unit as set forth in this Lease.

11. Tenant Obligation to Repay. If Tenant submits false information on any application, and as a result, is charged a rent less than the amount Landlord could have charged by the District's rent formulas, Tenant agrees to reimburse Landlord for the difference between the rent Tenant should have paid and the rent Tenant was charged.

12. Termination of Tenancy:

- a. Termination by Tenant. Following the first year of the Lease, Tenant may terminate this Lease by delivering at least thirty (30) days prior written notice to Landlord before moving out. If Tenant does not give the full 30-day notice, Tenant shall be liable for rent up to the end of the 30 days for which notice was required or to the date the unit is re-rented, whichever date comes first.
- b. The Landlord may terminate this Lease for the following reasons:
 - 1. Tenant's material noncompliance with the terms and conditions of the Lease;
 - 2. Tenant's material failure to carry out obligations under any State Landlord and Tenant Act;
 - 3. drug related criminal activity engaged in on or near the premises, by any tenant, household member, or guest, and any such activity engaged in on the premises by any other person under Tenant's control;

4. determination made by Landlord that a pattern of illegal use of a drug interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents;
 5. criminal activity by a tenant, any member of the Tenant's household, a guest of another person under the Tenant's control (a) that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents; or (b) that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises;
 6. if the tenant is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime, or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees;
 7. if the Tenant is violating a condition of probation or parole under Federal or State law;
 8. determination made by the Landlord that a household member's abuse or pattern of abuse of alcohol threatens the health, safety, or right to peaceful enjoyment of the premises by other residents;
 9. if the Landlord determines that the Tenant, any member of the Tenant's household, a guest or another person under the Tenant's control has engaged in the criminal activity, regardless of whether the Tenant, any member of the Tenant's household, a guest or another person under the Tenant's control has been arrested or convicted for such activity; and
 10. the Landlord may terminate this Lease for other good cause.
- d. The term material noncompliance with the lease includes: (i) one or more substantial violations of this Lease; (ii) repeated minor violations of this Lease that (a) disrupt the livability of the Property; (b) adversely affect the health or safety of any person or the right of any tenant to the quiet enjoyment to the Property and related property; (c) interfere with the management of the Property, or (d) have an adverse financial effect on the Property; (iii) failure of Tenant to timely supply all required information on the income and composition, or eligibility factors, of the Tenant's household, or (iv) non-payment of rent or any other financial obligation due under this Lease.
 - e. If the Landlord proposes to terminate this Lease for anything other than non-payment of rent, the Landlord agrees to give Tenant written notice, the grounds for the termination, and the date this Lease will be terminated. ANY OTHER NOTICE TO QUIT IS HEREBY EXPRESSLY WAIVED BY TENANT. Landlord may proceed to recover possession of the premises under the provisions of the laws in the District of Columbia or by such other process as may be in operation.

13. Condition of Unit. By signing this Lease, Tenant acknowledges that the unit is safe, clean, and in good condition, with any exceptions to be noted in the Unit Condition Report completed at move-in and attached to this Lease. Tenant agrees that all appliances and equipment

in the unit are in good working order, except as noted on the Unit Condition Report. Landlord shall promptly correct such defects.

14. Use of Unit. Tenant agrees that the Unit is Tenant's only residence, that the Unit shall be used solely for residential purposes, and that the Unit shall be occupied only by the individual(s) listed in this Lease and after born children, without first obtaining Landlord's written consent. Landlord reserves the right to uniformly and impartially regulate the maximum number of persons permitted to reside in the Unit.

15. Maintenance and Repairs.

a. Landlord agrees to:

1. regularly clean all common areas of the Premises;
2. maintain the common areas and facilities in a safe condition;
3. make necessary repairs with reasonable promptness;
4. provide extermination services, as necessary; and
5. maintain the grounds.

b. Tenant agrees to:

1. keep the Unit clean;
2. use all appliances, fixtures, and equipment in a safe manner and only for the purposes for which they are intended;
3. not litter the grounds or common areas of the Premises;
4. not destroy, deface, damage or remove any part of the Unit, common areas, or grounds;
5. remove garbage and other waste from the Unit in a clean and safe manner depositing said garbage in appropriate trash receptacles;
6. give Landlord prompt notice of any defects in plumbing, fixtures, appliances, heating and cooling equipment or any other part of the Unit or related facilities.

c. Except for ordinary wear and tear, the Tenant, upon moving, will leave the Unit in as good a condition as it was on the date of this Lease, or, if rehabilitation has occurred, in as good a condition as immediately after rehabilitation. If it is necessary for the Landlord to repair damage caused or permitted by Tenant, Tenant's family, visitors or guests, or to restore the Unit due to any remodeling or redecorating by the Tenant, either during or after Tenant's occupancy of the Unit, the Tenant will be responsible for all reasonable expenses incurred by the Landlord for such repair.

16. Damage. When acts or omissions of Tenant, Tenant's family, guests or visitors, whether negligent, reckless, careless, intentional or unintentional, cause damage (excluding ordinary wear and tear) to any part of the Unit and/or facilities, Tenant agrees to pay:

- a. the cost of all repairs and do so within thirty (30) days after receipt of Landlord's demand for the repair charge; and
- b. rent for the period the Unit is damaged whether or not the Unit is habitable. In the event that DCHA (if applicable) refuses to provide its subsidy or a portion of the subsidy for the Unit because the Unit is not habitable or partially habitable, Tenant agrees to pay the entire rent rather than just Tenant's portion of the rent.

Tenant shall not make repairs to the Property without Landlord's written permission. Landlord reserves the right to repossess the Property based on Tenant's, Tenant's family, guests or visitors damages to the Unit and/or facilities. **NO ADDITIONAL NOTICE TO QUIT SHALL BE REQUIRED** if Landlord files suit for repossession of the Property.

17. Destruction. If the Unit is rendered totally unfit for occupancy by fire or accident and the damage is not caused by the carelessness, misuse, fault, or neglect on the part of Tenant, Tenant's family, guests or visitors, the term of this Lease shall immediately cease upon the payment of rent to the day of that happening. If, however, the Unit is only partially destroyed or damaged (not caused by the carelessness, misuse, fault, or neglect on the part of Tenant, Tenant's family, guests or visitors) and Landlord decides to repair the Unit, the repairs shall be made by Landlord without unreasonable delay and this Lease shall remain in full force and effect; provided, however, that to the extent and in the proportion that the Unit is rendered untenable, the rent shall be suspended until the repairs are completed. Landlord must notify Tenant in writing within sixty (60) days whether Landlord intends to repair the Unit.

18. Alterations. Tenant, without prior written permission of Landlord, will not remodel or make any structural changes, alterations or additions to the Unit; will not paper or paint the Unit; will not install, attach, remove or exchange appliances or equipment such as air conditioning, heating, refrigerator or cooking units, radio or television antennae; will not drive nails or other devices into the walls or woodwork (a reasonable number of picture hangers excepted); will not use adhesive fasteners to hang items on the walls; and will not abuse any appliance or fixture by misusing it, such as by attempting to flush sanitary napkins or diapers down the toilet. All alterations and additions shall remain the property of the Landlord at the termination of this Lease, unless Tenant fully restores the Unit to its pre-existing condition or compensates Landlord for the cost of restoration. Any personal property left by Tenant upon vacating the Unit shall be considered abandoned and Landlord shall have no liability to Tenant on account of any such abandoned property, and may charge Tenant a reasonable fee to remove such property.

19. Access to Property by Landlord. Upon reasonable notice (at least 24 hours) to Tenant and at reasonable times, Landlord may enter the Unit in order to (a) inspect it, (b) make necessary or agreed repairs, decorations, alterations or improvements, (c) supply necessary or agreed services, and (d) exhibit the Unit to prospective or actual purchasers or tenants, mortgagees, workers or contractors. In case of an emergency or when the Landlord has good cause to believe that Tenant may have damaged the property or be in violation of the law or this Lease, Landlord may enter the Unit without consent of Tenant and without advanced notice.

20. Insurance. Tenant will do nothing and permit nothing to be done on or about the Unit or Property that will violate any fire or hazard insurance policy covering this Unit or the Property. If Tenant's use or occupancy of the Unit or use by Tenant's family, guests, visitors, agents, or contractors, increases the premium on any insurance policy, Tenant shall pay Landlord the increase. Landlord does not carry insurance to cover Tenant's loss or personal property damages in case of fire, theft, flood, or other damage. Landlord is not liable for the damage or theft to Tenant's personal property. **Tenant is strongly encouraged to purchase an insurance policy to protect against damage or loss of Tenant's personal property.**

21. Rules and Regulations. Tenant agrees to comply with all provisions in this Lease and any rules or regulations pertaining in any way to the Property, or any public or private subsidies related to the rent, including any exclusion from the D.C. Rental Housing Act of 1985. Tenant's family, guests, and visitors must also comply with the rules and regulations for the property. All rules and regulations are incorporated in this Lease by reference. The Rules and Regulations are attached. Tenant also agrees to obey additional rules established after the effective date of the Lease if the rules are reasonably related to the safety, care and cleanliness of the property and the safety, comfort and convenience of the tenants and the Tenant receives written notice of the proposed rule.

22. Assignment, Transfer or Subletting. Tenant shall not assign or transfer this Lease, nor rent, assign or sublet the Unit in whole or part.

23. Rights of Landlord: Waiver and Notice to Quit. Tenant WAIVES the right to receive any NOTICE TO QUIT, other than what is set forth in this Lease, prior to Landlord's initiation of legal action for eviction. Tenant shall reimburse Landlord, as additional rent, any amounts Landlord is required to pay to enforce this Lease, including court costs, attorney's fees (to the extent ordered by the Court), any U.S. Marshall or special process server fees, and moving and related costs associated with scheduling, canceling and/or carrying out an eviction.

24. Keys and Locks. The Landlord shall keep keys to all Property doors and mailboxes. Tenant will not cause or permit additional locks to be placed on the Unit or the Property without first: (1) obtaining written permission from the Landlord, and (2) providing the Landlord with a key to each additional lock. Tenant agrees to return to Landlord all keys to the Unit, the Property and the mailbox promptly upon moving from the Unit. Tenant agrees to pay Landlord the reasonable cost of obtaining duplicates of any keys and the cost of replacing any locks due to the Tenant's failure to return keys as specified in this provision.

25. Appliances, Etc. Tenant will not permit any dishwasher, washing machine or other appliances not installed by Landlord, which uses common utilities to be installed in the Unit without the prior written approval of Landlord.

26. Pets. Tenant shall not keep any pets or animals in the Unit or on the Property without the express written permission and payment of a pet deposit, except Landlord will allow Tenant to keep an animal needed as a reasonable accommodation to the Tenant's disability. Tenant must provide Landlord with a description of the service animal, the animal's license number, the date of the rabies vaccinations and all other relevant information concerning the service animal.

27. Handling of the Tenant's Property. Landlord's employees and agents are prohibited from receiving any packages or article delivered to the property for Tenant or from handling any of the Tenant's property, and should such employee receive any such packages or article or handle any of Tenant's property he or she will act as Tenant's agent and at the risk of the Tenant.

28. Notices. All notices required by this Lease shall be in writing unless otherwise stated in this Lease and shall be addressed to the Tenant at the Unit and to the Landlord as follows:

29. Entire Agreement. This Lease Agreement and its Attachments make up the entire agreement between the Landlord and Tenant regarding this Unit.

30. Severability of Provisions. If any provision of this Lease is held to be unenforceable, the remainder of the Lease shall remain valid and enforceable to the fullest extent permitted by law.

31. Binding. This Lease shall be binding on all successors, heirs, assignees and/or transferees of Landlord and Tenant. All references to the Tenant shall include the Tenant's family, guests, invitees and anyone else on the Property with the Tenant's permission.

32. Attachments to the Lease. The Tenant certifies that he/she has received a copy of this Lease and the following Attachments and understands that these Attachments are part of this Lease.

- a. Attachment No. 1 – Unit Inspection Report
- b. Attachment No. 2 – Rules and Regulations
- c. Attachment No. 3 – Lead Based Paint Disclosure Form

Tenant(s):

By: _____

Date: _____

By: _____

Date: _____

Landlord

By: _____

Date: _____

Appendix III.

Checklist of DC Rental Housing Maintenance Standards¹

Is/does the exterior of my rental unit/property...	Yes	No
Maintained in a clean, safe and sanitary condition? (DCMR Property Maintenance Code Supplement of 2017, § 302.1)		
Free from weeds or plant growth in excess of 8 inches? (§ 302.4)		
Free from any accumulation of rubbish or garbage? (§ 308.1)		
Supply approved covered containers for rubbish and approved garbage containers? (§ 308.2.1 & § 308.3.1)		
In cases where the structure was built pre-1978: Free of peeling, flaking and chipped paint in accordance with the appropriate District of Columbia and Federal regulations? (§ 304.2.1)		
Have a foundation that provides sound joints between bricks and stones and is free of holes and cracks? (DC Housing Code Standards)		
Have walkways that are free of obstructions, trash and holes? (DC Housing Code Standards)		
Have walls that are waterproof, clean, and free of missing parts, holes, cracks, rat or mouse holes? (DC Housing Code Standards DCRA Quick Housing Code Checklist)		
In cases where the unit has a porch: Have a porch with safe and secure floors and railings? (DC Housing Code Standards)		
In cases where the unit has stairs or steps: Have stairs or steps that are evenly spaced with railings and are free of tripping hazards or obstructions? (DC Housing Code Standards)		
In cases where the unit has stairs or steps: Every exterior flight of stairs having more than three risers has a handrail on one side of the stair and every open portion of a stair, landing, balcony, porch, deck, ramp or other walking surface which is more than 30 inches (762 mm) above the floor or grade has guards? (§ 307.1)		

¹ This checklist was compiled using DCRA's webpage on [DC Housing Code Standards](#), [DCRA's Quick Housing Code Checklist](#), and [DCMR's Property Maintenance Code Supplement of 2017](#).

Appendix III. *continued*

Checklist of DC Rental Housing Maintenance Standards

Is/does the exterior of my rental unit/property...	Yes	No
Have an exterior door? (DCRA Quick Housing Code Checklist)		
Have an exterior door that closes and has a lock? (DCRA Quick Housing Code Checklist)		
In cases where a street number has been assigned: Display the street number, in conformance with requirements of 12-A DCMR§ 118, Addresses of Premises? (§ 304.3)		
Have a roof and flashing that are sound, tight and do not contain defects that admit rain? (§ 304.7)		
Have roof drains, gutters, and downspouts that are maintained in good repair and free from obstructions? (§ 304.7)		
Have roof drainage that prevents dampness or deterioration in the walls or interior portion of the structure? (§ 304.7)		
Have chimneys, cooling towers smoke stacks and similar appurtenances that are maintained structurally safe and sound and in good repair? (§ 304.11)		
Have insect screens on doors, windows, and other outside openings from March 15 to November 15 of each year? (§ 304.14)		
In cases where a basement hatchway provides access to a unit: Have a basement hatchway that is equipped with devices that secure the unit from unauthorized entry? (§ 304.18.3)		
In cases where a basement hatchway provides access to a unit: Have a basement hatchway that is constructed and maintained to prevent the entrance of rodents, rain or surface drainage water? (§ 304.18.3)		
Have wooden surfaces that are painted and contain no peeling paint? (DC Housing Code Standards, DCRA Quick Housing Code Checklist)		
In cases where the unit has a garage or shed: Have a garage or shed that is maintained and in good condition? (DCRA Quick Housing Code Checklist)		

Appendix III. *continued*

Checklist of DC Rental Housing Maintenance Standards

Is/does the interior of my rental unit/property...	Yes	No
Free from the accumulation of rubbish or garbage? (§ 308.1)		
Free from insect and rodent infestation? (§ 309.1)		
Free of dirt, dust, cobwebs, garbage, and litter at the time of move-in? (DC Housing Code Standards)		
Have interior surfaces, including doors and windows, that are maintained in good, clean, dry and sanitary condition? (§ 305.3)		
Have interior surfaces that are free of peeling, chipping, flaking, or abraded paint? (§ 305.3)		
In cases where the structure was built pre-1978: Free of peeling, flaking and chipped paint in accordance with the appropriate District of Columbia and Federal regulations? (§ 305.3.1)		
Have interior surfaces that are free of cracked or loose plaster, holes, decayed wood, water damage and other defective surface conditions? (§ 305.3)		
Have building entrances with locks? (DC Housing Code Standards)		
Allow tenants with the ability to lock the apartment from both the outside and inside? (DC Housing Code Standards)		
Have doors that are not blocked, open and close easily, and fit reasonably well within their frame? (DC Housing Code Standards)		
Have doors with knobs and locks that are in good working condition? (DC Housing Code Standards)		
Have stairs, ramps, landings, balconies, porches, decks or other walking surfaces that are maintained in sound condition and good repair, and maintained free from hazardous conditions? (§ 305.4)		

Appendix III. *continued*

Checklist of DC Rental Housing Maintenance Standards

Is/does the interior of my rental unit/property...	Yes	No
In cases where the unit has stairs or steps: Every interior flight of stairs having more than three risers has a handrail on one side of the stair and every open portion of a stair, landing, balcony, porch, deck, ramp or other walking surface which is more than 30 inches (762 mm) above the floor or grade has guards? (§ 307.1)		
Have stairs that are firm and secure with good railings and good lighting? (DC Housing Code Standards)		
Have common spaces and stairways that are lighted at all times with a minimum of 15 footcandles (164 lux) at floor level? (§ 402.2)		
Have common spaces and stairways that are lighted at all times with a minimum of 15 footcandles (164 lux) at floor level? (§ 402.2)		
Provide natural ventilation (in accordance with Section 1203.4 of the Building Code) or mechanical ventilation (in accordance with the Mechanical Code) in spaces intended for human occupancy? (§ 403.1)		
Have heating facilities capable of maintaining a room temperature of 68°F (20°C) in all habitable spaces, bathrooms and toilet rooms? (§ 602.2)		
Supply sufficient heat during a period starting no later than October 1 and ending no earlier than May 1 to maintain a temperature of not less than 68°F (20°C) in all habitable rooms, bathrooms and toilet rooms during that period? (§ 602.3)		
Have indoor occupiable work spaces supplied with sufficient heat during the period from October 15 to May 15 to maintain a minimum temperature of 65°F (18°C) during the hours the spaces are occupied? (§ 602.4)		
In cases where the landlord provides air conditioning: Have an air conditioning unit or system in safe and good working condition so that it is capable of providing, during a period starting no later than May 15 and ending no earlier than September 15, an inside temperature equal to the greater of: (a) 78°F (26°C); or (b) at least 15°F (9°C) less than the outside temperature? (§ 608.1)		
Have dwelling units that are arranged to provide privacy and be separate from other adjoining spaces? (§ 404.1)		
Have dwelling units that are arranged so that occupants can access common spaces without going through another unit? (§ 404.1)		

Appendix III. *continued*

Checklist of DC Rental Housing Maintenance Standards

Is/does the interior of my rental unit/property...	Yes	No
Have at least 70 square feet for each room used for sleeping by one tenant over 1 year old? (DC Housing Code Standards)		
Have at least 50 square feet for each tenant in rooms used by 2 or more tenants for sleeping? (DC Housing Code Standards)		
Have bathrooms, toilet rooms or compartments, and other similar rooms that are naturally or artificially lighted at least equivalent to the requirements of Section 402? (§ 402.3.1)		
Have bathrooms that are private and ventilated? (DC Housing Code Standards)		
Have bathrooms that contain a bathtub or shower, toilet, sink with hot (at least 120°F) and cold running water? (DC Housing Code Standards)		
Have bathrooms with a waterproof floor and wall base? (DC Housing Code Standards)		
Have caulking around bathing facilities? (DCRA Quick Housing Code Checklist)		
Have bedrooms with access to at least one water closet or lavatory located in the same story as the bedroom or an adjacent story? (§ 404.4.3)		
In cases where the landlord furnishes any facilities for cooking, storage or refrigeration of food that are not within a sleeping unit or dwelling unit: Have facilities for cooking, storage or refrigeration that are maintained in a safe and sanitary condition and in good working order? (§ 404.7.1)		
Have a kitchen sink with hot (at least 120°F) and cold running water? (DC Housing Code Standards)		
Have cabinets with broken or missing parts? (DCRA Quick Housing Code Checklist)		
Served by a three-wire, 120/240 volt, single-phase electrical service having a rating of not less than 60 amperes? (§ 604.2)		

Appendix III. *continued*

Checklist of DC Rental Housing Maintenance Standards

Is/does the interior of my rental unit/property...	Yes	No
Free of leaky plumbing? (DC Housing Code Standards)		
Have wires with good insulation and correct fuses? (DC Housing Code Standards)		
Have two separate electrical outlets per habitable room (one of which must be a wall or convenience outlet)? (DC Housing Code Standards)		
Free of defective electrical outlets? (DCRA Quick Housing Code Checklist)		
Have electric ceiling light fixtures that are free of defects? (DCRA Quick Housing Code Standards)		
Have a baseboard that is free of broken or missing parts? (DCRA Quick Housing Code Standards)		
Provide carbon monoxide detection that is operable and in good repair? (§ 310.1 and § 310.7)		
Have carbon monoxide detection installed in dwelling units outside of each separate sleeping area in the immediate vicinity of the bedrooms? (§ 310.2.1)		
In cases where a fuel-burning appliance is located within a bedroom or its attached bedroom: Have carbon monoxide detection installed within the bedroom? (§ 310.2.1)		
Have single- or multiple-station smoke alarms that are installed and maintained? (§ 704.2)		
Have required emergency escape and rescue openings that are operational from the inside of the room without the use of keys or tools? (§ 702.4)		
Have fire escapes, stairways, and other egress facilities kept in a good state of repair, painted and free from obstruction? (§ 702.4)		

Appendix IV.

Owner's Checklist for Interviewing Property Managers

		Yes	No
Currently licensed as property manager in the District of Columbia	Get business name and license number		
Prospective manager has a verifiable screening/tenant application process	Should include income verification, credit and background check		
Property manager identifies a specific accounting system	Preferable to a simple spreadsheet		
The system generates regular reports	Records monthly rent and expenses; annual summary for taxes		
The property manager specifies a reasonable fee structure that is either all-inclusive, or per service	Usually 10% of rent collected, plus one month of rent annually. May charge more if they secure tenants		
The property manager has a reasonable response time for non-emergency repair/maintenance requests	Should average 2-3 days		
The property manager has a reasonable turnaround time for preparing vacant apartments for new tenants	Should average 5 days		
The property manager has a reasonable amount of experience with single-family units	Look for experience with single family or four-unit buildings		
The property manager has experience working with voucher holders and young professionals living with roommates	Important if looking to rent to voucher holders		
The property manager is a good fit for the owner, and there is a level of confidence in the property manager's ability to manage properties effectively	Subjective, based on whether or not an acceptable level of comfort/confidence has been achieved.		

Appendix V.

Owner's Checklist for Vetting Tenants

		Yes	No
Personally identifying information collected (state-issued photo identification, social Security number, email, and phone number)	Social Security number used when obtaining credit report and background checks		
Income verified	30 days of pay stubs. Income should be at least 30% of income		
Credit check complete	Look at on-time payments for rentals		
Criminal background check complete	Should include MPD and Sexual Predator database		
Affirmed that tenant has a history making on-time rent payments	Also Check with former landlord		
Investigated tenant's eviction history, if any	Was the tenant evicted for non-payment of rent or for breaking rules? Also ask this of former landlord		
Affirmed that tenant gave at least 30 days' notice prior to moving	Tenant and former landlord should confirm		
Confirmed whether tenant has or desires to have pets	Make sure there are provisions for cleaning in lease, if owner allows pets		
Confirmed total number of other persons planning to live with tenant	Make sure this is indicated on the lease and it meets legal limits		
Confirmed that tenant left on good terms with former landlord	Ask if there were any outstanding issues		

