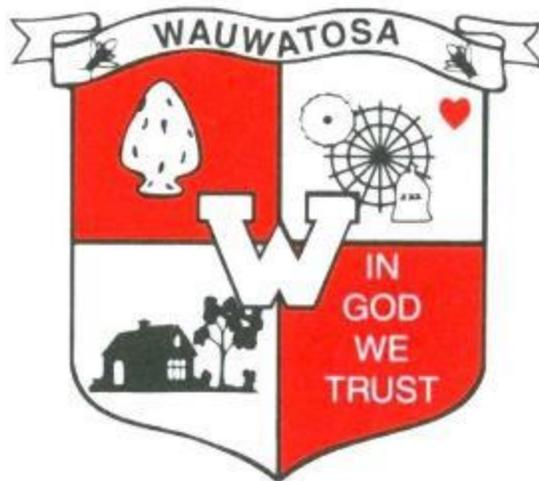


Accessory Dwelling Unit (ADU) Incentive Program Policy



December 4, 2024

Accessory Dwelling Unit (ADU) Incentive Program Policy

Purpose and Intent

The City of Wauwatosa recognizes the importance of Accessory Dwelling Units (ADUs) in increasing housing options and promoting sustainable development. This policy establishes a targeted financial assistance program to encourage the timely construction of new ADUs by providing funding for utility connection costs. The intent of the program is to add much needed residential units to the City's housing stock by providing funding assistance for interested property owners looking to build ADUs, and educate the public on the allowance and benefits of ADUs within the City.

Program Details

The City will award forgivable loans of up to \$25,000 to the first four applicants who submit a *Buildable Permit Application* and meet the program's criteria.

A *Buildable Permit Application* is defined as a complete, code compliant set of plans and permit application for a proposed ADU. Plans must be reviewed and approved by the Development Services & Public Works Departments prior to the application being deemed a *Buildable Permit Application*.

Eligibility

Applicants must meet the following requirements:

1. **Property Ownership:** The applicant must own the property where the ADU will be constructed.
2. **Location:** The property must be located within the City's jurisdiction.
3. **Buildable Permit Application:** The applicant must submit a complete and code compliant set of plans and permit application for the proposed ADU. Plans must be approved by the Development Services & Public Works Departments.
4. **Groundbreaking Commitment:** The applicant must agree to break ground within **2 months** of receiving the funding award.
5. **Utility Connection Costs:** The funds must be used exclusively for costs related to connecting the ADU to City utilities (e.g., water, sewer, electricity).
6. **ADU Type:** The proposed ADU must either be an addition, or a detached ADU within an accessory building. See examples below:

ADU within an Addition to House



Detached ADU within Accessory Building



ADUs within new or existing houses are not eligible. See example below:

ADU within New or Existing House



Funding Mechanism

1. **Forgivable Loan:** Funding will be provided as a forgivable loan. The loan will be forgiven upon issuance of a certificate of occupancy for the ADU.
2. **Disbursement:** Loan funds will be disbursed directly to the applicant or relevant service providers upon verification of approved utility connection work.

Conditions for Loan Forgiveness

1. **Certificate of Occupancy:** The loan will be fully forgiven once the ADU receives a certificate of occupancy.
2. **Prohibited Uses:** The ADU may not be used for short-term vacation rentals for a minimum of **10 years**.
3. **Public Engagement:** Applicants must agree to:
 - Share final project costs with the City.
 - Host an open house to showcase the completed ADU.
 - Be willing to have the ADU photographed or videoed for purposes of promoting construction of ADUs through the City's website, social media platforms, community events, and other public outreach.
4. **Workshop Participation:** Applicant must agree to participate in a City workshop to discuss their experience building the ADU, challenges, etc.

Application Process

1. **Submission:** Applicants must submit:
 - A complete buildable permit application.
 - Documentation of utility connection cost estimates.
 - A signed agreement to abide by the program's terms and conditions.
2. **Selection:** The first four applicants who meet all requirements will receive funding awards.
3. **Award Notification:** Successful applicants will receive a formal award letter outlining funding terms and timelines.

Compliance and Monitoring

1. **Construction Timeline:** Applicants must begin construction within **2 months** of receiving the funding award. Failure to do so may result in revocation of the loan.
2. **Audit:** The City reserves the right to audit project expenditures to ensure compliance with program requirements.

Program Duration and Funding

This program is limited to four awards per funding cycle, subject to annual budget allocations. The program may be reviewed and adjusted annually based on participation and impact.

Outreach and Awareness

The City will promote the program through its website, social media platforms, and community events to encourage participation and inform the public about ADU development benefits.

This policy emphasizes timely development, responsible use of funds, and community engagement while addressing critical housing needs.

The City reserves the right to discontinue, modify, and/or adjust this policy as the City deems fit.