Understanding and appraising properties with accessory dwelling units (ADUs)

A free presentation for real estate, building, and planning professionals

by Martin John Brown and Taylor Watkins
Introduction by Jordan Palmeri, Oregon DEQ

Friday, December 16, 2011, 1:00 – 3:30pm
Metro Chambers, 600 NE Grand Ave, Portland, OR

Accessory dwelling units (ADUs) are widely touted by planners and activists for social and environmental reasons. ADUs promise to increase housing density without changing neighborhood character, increase the number of rental units, and assist aging in place.

However, ADU financing and development are inhibited by misunderstanding of ADUs among real estate professionals and lending institutions. In particular, residential appraisers struggle with the valuation of properties featuring ADUs, because the standard sales comparison approach to valuation is often unworkable.

Researcher Martin John Brown and appraiser Taylor Watkins will describe an appraisal method they have developed for properties with ADUs, a method based on the income approach to value. They will demonstrate the application of this method to a sample of Portland properties and contrast their results to sales-based figures. They will end with a Q&A/brainstorming session on how lending and appraisal policies might affect the scale of future ADU development.

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