The Accessory Apartments Program

A STEP-BY-STEP GUIDE TO CREATING AN ACCESSORY APARTMENT

Millerton, New York

The Accessory Apartments Program is a project of HousingUs, an initiative of Berkshire Taconic Community Foundation.
Would some extra income help balance your budget? ▪ Is your house too big, but you do not want to leave your home? ▪ Would it feel less isolated to have someone else living nearby but separately? ▪ Do you have an aging relative who is not ready for a retirement home but doesn’t want to live with you? ▪ Do you like the idea of helping young people get started in life? ▪ Have you thought of creating an apartment in your home but don’t know how to proceed?

This guide will take you step by step through the process of creating and renting an apartment from design and permitting to tenant selection. If you have any questions along the way, please contact:

Jocelyn Ayer
Accessory Apartments
Program Coordinator
Phone: 413.229.0370 x105
Email: jayer@housingus.org
Frequently Asked Questions

What is an accessory apartment?
An accessory apartment (also referred to as an in-law apartment) can be created or remodeled from a space you already have in your home. An apartment can also be created in a separate structure, in a barn, or over a garage.

What are the benefits of having an accessory apartment?
- Provides rental income to help pay the mortgage.
- Adds value to your home and offers tax benefits.
- Creates housing options, including the ability to live in the accessory apartment yourself with children or grandchildren in the main house.
- Gives homeowners the option to barter reduced rents for help such as shoveling walks and running errands. This arrangement often allows seniors to stay in their homes.
- Tenants provide additional security for seniors and those who travel frequently.
- Supports the community by providing affordable housing to those who are looking for a place to live close to where they work, such as teachers and healthcare workers.
Will I like being a landlord?
Renting an apartment in your home comes with many responsibilities and can have many rewards. Finding good tenants will make these responsibilities easier and increase the rewards. In this guide we explain the process for screening tenants and provide reference materials that explain a landlord’s role in more detail.

If you would like to speak with people who have built and rented an apartment in their homes, we have a list of contacts you can call to talk about their experiences.

What do I do next?

Step 1: Contact us!
Contact Jocelyn Ayer at 413.229.0370 x105 or jayer@housingus.org. She will explain our program in more detail, answer your questions, and discuss your level of interest.

Step 2: Schedule a home visit and consultation by our team—at no charge
Our coordinator will work with you to schedule a visit by our local Accessory Apartments volunteers. During this visit we can look at the space you propose to use as an apartment and provide feedback and suggestions. We will help estimate the costs of construction and identify potential problems. We will find out exactly where you’d like our assistance and let you know the next steps.

Step 3: Get a cost estimate
If needed, after the home visit, we can set up a meeting with an experienced builder to give you a rough cost estimate for creating the apartment.
What will the costs be?

Four major categories of costs may be associated with your project:

**SOFT COSTS** such as the costs of an architect or soil testing for septic capacity.

**CONSTRUCTION COSTS** These include the costs for building materials and labor and will vary depending on the amount of work involved. A minor renovation could be fairly inexpensive. An Accessory Apartments program in Brattleboro, VT reports that costs typically range from $2,500 to $40,000 depending on the amount of work involved.

**PERMITTING FEES** Zoning and building permits average about $300, depending on the value of the proposed construction work. See Step 6 for more details on these permits.

**TAXES AND INSURANCE** Having an apartment may increase your insurance costs. You should check with your insurance agent. Your property tax may increase if your town decides that the apartment has substantially increased the property’s value. And the income you get from the apartment is taxable. However, the apartment’s share of the cost of owning and operating the property is deductible from your income (e.g. its share of insurance cost, property tax, fuel, repairs, etc.).

Will the rent cover these expenses?

In most cases your rental income can repay the costs of construction in two to five years. To help you think about whether it will be worthwhile to create an apartment we can provide you with a budget worksheet (see Appendix C available online). You can use it to estimate the apartment’s income and operating costs and see what your net income is likely to be.

**Step 4: Find architectural design assistance**

Apartments can be created or remodeled from space you already have. This could be on the first or second floor of your house, in a walk-out basement, or in a garage or barn. You can also create a new apartment by adding on to your house or building a freestanding structure.
Sometimes an owner is able to sketch a good plan for the apartment with which we can get a rough preliminary cost estimate. If design help is needed, we may be able to help arrange for it.

**Step 5: Choose a contractor**

It is often wise to hire a general contractor to oversee the project and supervise (or “subcontract”) carpentry, plumbing, electric, etc., unless you have experience with such projects.

Reputation is the best guide in choosing a general contractor. As good contractors are often booked months in advance, you should start looking early – as soon as you have even a rough idea of the project.

Talk with other people in the area who’ve had similar work done. Was the contractor competent? Did they have useful ideas? Did they hire good sub-contractors? Did the work keep moving and get done roughly
when they’d said? Was the cost close to or less than their estimate? Were they easy to work with?

We can provide you with suggestions for general contractors, electricians, plumbers, septic engineers and others who we believe to be competent and reliable.

Call at least two of the contractors and explain your project. Ask if they have experience with your type of project and when they could begin work. Ask the contractor for references from two or three homeowners for whom they’ve recently completed work. Call the references and ask about their experience with the contractor, including whether they would hire her/him again. If possible, arrange to look at a contractor’s prior work.

**Step 6: Get zoning and building permits**

**Zoning Permit Steps**
Accessory apartments are allowed by special permit in all residential zoning districts. See Appendix B for a summary of the regulatory requirements for an accessory apartment.

You can obtain a special permit application at Village Hall. If you have questions you can call the Zoning Administrator (see Appendix A for contact information) or we can help you.

During the zoning permit process you will need to certify that your sewage disposal system (septic system) is adequate to accommodate the accessory apartment. You will need Dutchess County Health Department approval BEFORE you receive your building permit (see Appendix B for details).

**Building Permit Steps**
After you get your zoning permit (and septic approval, if necessary) you will need a building permit to start construction.

When applying for a building permit you must submit the following:
two sets of plans
- a building permit application
- proof of insurance (if you are a contractor); if you are not a contractor you must fill out an affidavit
- permit fee

The current fee for a building permit is based on the estimated value of the work being done. It is $50 for the first $1,000 and $4 for each additional $1,000 of estimated value. For example, if you are building an apartment that costs $15,000, your building permit fee will be $106.

Once you have submitted the building permit application materials, the Building Inspector will have up to 30 days to review and approve them. Once a building permit is issued, you may start construction.

**Step 7: Obtain financing**
Salisbury Bank & Trust Company and National Iron Bank offer special programs and rates for homeowners who are creating an accessory apartment. Call your representative at these banks or contact us for current bank contact information. Other local banks may offer such programs as well.

**Step 8: Find a tenant**

**Being a Landlord**
If things go well – and they generally do – you’ll have a problem-free, hopefully enjoyable, relationship with your tenant. The clearer you both are about your rights and responsibilities, the happier things will be. There is an excellent book, published by Fannie Mae, called *Becoming a Landlord*. For a copy call 800.752.2000.

In case you’re unclear about the law or a problem develops during your first year as a landlord, we provide a hotline to a professional property manager. Just call us.

**Tenant Selection**
People who have an apartment in the home they live in are free to rent,
or not rent, to whomever they choose.

Before accepting inquiries you should consider what you are looking for in a tenant. Being clear about what you want may influence how you go about looking for the right person. If the apartment is on your second floor, for example, noise may be more of a concern than if it is over a detached garage.

There are many ways to go about finding a good tenant: word of mouth, flyers or bulletin boards, newspaper ads, etc. Whatever method you choose, be sure to screen applicants carefully before you offer a lease.

**How do I screen a possible tenant?**

When you first talk with a prospect be sure they understand what you're offering – are there laundry facilities, will you allow pets, etc. – as well as what the rent will be and whether it includes utilities.

If a person seems like a good prospect, ask them to complete an application (for a sample application see Appendix D). Then:

1. Call the people listed as references on the application and ask them for information about your applicant. Be sure to ask whether they would rent to (in the case of a former landlord) or hire (if an employer) the person again.
2. Ask previous landlords whether the applicant paid their rent on time.
3. Do a background check that will tell you whether an applicant has a criminal record or civil violations. It’s much better to do this before renting to someone than to learn about their history later. You will need to have the applicant sign an authorization for the background check. We can help you do the background check.

**Rental Agreement**

For your protection and your tenant’s, there should be a written rental agreement or lease. (See Appendix E)

**Bookkeeping and Reports**

For tax purposes, and so that you’ll know how your investment in the apartment is working out, you should keep careful track of rental income and expenses. Expenses you need to keep track of are all those that are attributable partly or entirely to the apartment. Usually they will be the expenses listed on our budget worksheet.

All landlords are required to file IRS Schedule E with their tax return. Part I is probably the only part you’ll need to complete. If you’ve kept good track of all the expenses that are on our budget worksheet, you should have no trouble with Schedule E.

**Step 9: Call on us for support!**

You can call on us for assistance with anything that comes up in the first year of being a landlord. We provide a hotline to a professional property manager if any problems arise or if you have a question about your responsibilities. *We look forward to working with you to create an accessory apartment!*
Appendix A: Resources & Contacts

**Village of Millerton Contacts**

**DEPUTY ZONING ADMINISTRATOR**

Nancy Brusie  
Village Hall hours: Wednesdays 5 p.m to 7 p.m. or by appointment  
Phone: 518.789.4489

**BUILDING INSPECTOR**

Ken McLaughlin  
Village Hall hours: Wednesdays 5 p.m to 7 p.m.*  
Phone: 518.789.4489

*You can pick up applications anytime at Village Hall

**DUTCHESS COUNTY HEALTH DEPARTMENT**

Millerton Inspector  
Office open: every weekday from 9 a.m. to 5 p.m.  
Phone: 845.486.3404

**Books & Guides**

*Creating an Accessory Apartment* (1987) by Patrick Hare and Jolene Ostler  
*Becoming a Landlord* by Fannie Mae (for a copy call 800.752.2000)

**Additional Resources**

Hudson River Housing  
Offers “The ABCs of being a Landlord” course and “Landlord Training” services. For more information contact them at 845.454.9288 or visit their website www.hudsonriverhousing.org.

Patrick H. Hare, Hare Planning  
Phone: 860.672.2315  
Email: hareplanning@yahoo.com

Pat is recognized as a national expert on Accessory Apartments and can provide paid assistance to homeowners. For an initial meeting fee of $25, Pat can help homeowners explore their options. He can also help homeowners throughout the process of installing and finding tenants.
Appendix B: Summary of Zoning Regulations for Accessory Apartments in Millerton, NY & Application Process

Zoning Regulations

SECTION OF ZONING REGULATIONS
Section 45 “Accessory Apartments”
(Chapter 170 of Village Code)

Accessory apartments are allowed by special permit in all residential zoning districts. The requirements and application process for a special permit are summarized below.

DEFINITION OF ACCESSORY APARTMENT
A separate dwelling unit, with its own cooking, sanitary and sleeping facilities, within a one-family dwelling, but subordinate to it in size and appearance.

An accessory apartment may also be a unit, as detailed above, and subordinate to the principal dwelling in size and appearance, created in an existing barn, garage or other accessory building on a one-family dwelling lot.

Note: Two-family dwellings (different from accessory apartments) are allowed as of right in all residential zoning districts. In other words, if you had a home in which you could convert the second floor to a separate apartment, you would not need a zoning permit to do this as long as you met the zoning requirements for a two-family dwelling. For example, in a zoning district that requires your lot size be at least one acre per housing unit you would need two acres for a two-family dwelling but only one acre for an accessory apartment.
**LIMITATIONS**
No more than one accessory apartment is allowed on any one property.

**SIZE OF APARTMENT**
The accessory apartment may be no smaller than 300 square feet and no larger than 35% of the total square footage of the home. A smaller or larger accessory apartment may be approved by the Board of Appeals.

There can be no more than two bedrooms in an accessory apartment.

**ADDITIONS**
Accessory apartments must be built within the existing home or accessory building (such as a barn or garage) not on a separate new foundation.

**DESIGN AND PARKING REQUIREMENTS**
The home should continue to look like a one-family house and have only one front entrance if possible. You will need to have four parking spaces total, two for each housing unit.

**SEWAGE DISPOSAL & WATER SUPPLY**
During the zoning permit process you will need to certify that your sewage disposal system (septic system) and your water supply is adequate to accommodate the accessory apartment, see the details on this below.

**Application Process**
**STEP 1:** Pick up the necessary permit applications at the Village Hall.

**STEP 2:** Submit completed applications and fees. You will need to submit the following with your application:
- A floor plan showing the proposed accessory apartment,
- Documentation of the size and location of the septic system and well.

**STEP 3:** Attend the Planning Board meeting where your application will be considered.
**Septic System Requirements**

*If your property is served by a private septic system, you must receive Dutchess County Health Department approval BEFORE you receive zoning approval for an accessory apartment. Contact information for the Health Department is listed in Appendix A above.*

You may be required to build a new septic system or add capacity to your existing system to accommodate the increased number of bedrooms served by your existing septic system. This will depend on the number of bedrooms you are adding, the age, condition, and design of your septic system and the type of soil on your property. If your lot is approved by the Health Department, check the approval to see what conditions are required for your septic system for the total number of bedrooms in your home and your proposed accessory apartment. If your lot is not approved or your approval is for fewer bedrooms than you desire, you will have to get a new approval from the Health Department.
For Appendix C, D, and E please see our website (www.housingus.org) or contact us!

Appendix C:  Budget Worksheet
Appendix D:  Sample Rental Application
Appendix E:  Sample Lease Form
The Accessory Apartments program is a project of HousingUs, an initiative of Berkshire Taconic Community Foundation.

HousingUs is a tri-state collaborative effort of nonprofit organizations and community leaders to promote broad-based affordable housing options in towns throughout the northwest corner of CT, northeast Dutchess and Columbia Counties in NY and southern Berkshire County.

For more information, please visit our website at www.housingus.org.