



# OLR RESEARCH REPORT

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## **ECHO HOUSING FOR SENIORS**

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You asked for information on Elder Cottage Housing Opportunity (ECHO) housing. You also asked for a brief summary of California's law allowing its use.

### **SUMMARY**

ECHO units are small, self-contained modular homes that are temporarily placed on a single-family property, allowing seniors to "age in place" and delay or avoid entering long-term care facilities. They are based on an Australian housing model called "granny flats" and vary in size and amenities. Generally, ECHO housing costs significantly less than institutional care, with units ranging between \$20,000 and \$100,000. Units can be bought or leased in new or used condition and can be sold once they are no longer needed.

In 1993, the U.S. Department of Housing and Urban Development (HUD) established an ECHO demonstration program that funded 80 ECHO units for eligible low-income seniors in five participating states (Iowa, Kansas, Missouri, New Jersey, and Tennessee). While the states found the units benefited seniors, they also experienced challenges, such as local zoning compliance and difficulty removing units, which resulted in the program's termination. But, HUD currently allows all states to use certain federal block grant funds to purchase and install ECHO housing units for eligible low-income seniors.

Access to ECHO housing is often limited by zoning laws that vary by state and may ban their use. Local zoning ordinances often prohibit the placement of a second dwelling on a single family property due to concerns of increased density and decreased property values. But, in 1982, California enacted a law allowing the placement of “second-units” (e.g., in-law apartments, ECHO housing, and granny flats) on single family properties.

The California law allows towns to adopt local second-unit ordinances that establish requirements for unit size, parking, and development standards, such as height and setbacks. Second-unit permit applications must be reviewed based on objective, fixed standards without public hearing or discretionary review. Towns that do not adopt an ordinance must use state standards for considering applications.

## **ECHO HOUSING**

According to HUD, ECHO housing was introduced in the United States in the 1980s based on an Australian housing model called “granny flats.” This type of housing can take different forms, but most are small, self-contained modular units placed on the side- or backyard of an existing single-family property and removed when no longer needed. (See OLR Report [2012-R-0081](#) for a description of MEDcottages, a variation of ECHO housing that provides medical care.)

The purpose of ECHO housing is to allow seniors to remain independent while still living on the property of a family member or caregiver who can provide assistance when needed, thus avoiding or delaying the need for institutional care. Typically, units range from 400 to 800 square feet and include a kitchen, bathroom, bedroom, and living room. The unit is placed on a foundation and connected to the utilities of the main house.

Because units are prefabricated and do not have land costs, they are generally much less expensive than institutional care (units range from \$20,000 to \$100,000). However, removing the units can be very expensive, adding to their overall cost. Some owners have found it difficult to find a service willing to remove the unit without damaging it, particularly in areas where their presence is rare.

## ***HUD ECHO Demonstration Program***

In 1993, HUD established an ECHO demonstration program that funded 80 ECHO units for eligible low-income seniors in five participating states (Iowa, Kansas, Missouri, New Jersey, and Tennessee). While these states found the units were beneficial to seniors, they also identified several challenges, including lack of standardization across units, local zoning constraints, and difficulty moving units once they were no longer needed. Because of this, the demonstration ended and was not implemented nationwide. But, HUD currently allows all states to use HOME Investment Partnerships Program funds (a federal block grant that helps states create affordable housing for low-income residents) to initially purchase and install ECHO units for eligible low-income seniors age 62 and older ([24 CFR § 92.258](#)).

## **CALIFORNIA'S SECOND-UNIT LAW**

In 1982, California enacted a law allowing the placement of “second-units” (e.g., in-law apartments, ECHO housing, and granny flats) on single family properties. A second-unit is defined as an attached or detached residential unit that provides complete independent living facilities for one or more people, including a kitchen, living room, bathroom, and bedroom ([California Government Code, § 65852.2](#)).

The law was amended four times, most recently in 2002, to encourage the creation of second-units while giving towns flexibility to accommodate unique conditions and circumstances. Specifically, the law allows towns to adopt local second-unit ordinances that establish requirements for unit size, parking, and development standards, such as height and setbacks. Towns can also designate appropriate areas for second-units based on the adequacy of water and sewer services and traffic flow impact. However, an ordinance must be adopted with the intent of facilitating second-unit development in appropriate residential zones without arbitrary, excessive, or burdensome requirements ([California Government Code, § 65852.150](#)).

A town can prohibit the development of a second-unit if it (1) adopts formal written findings based on substantial evidence that the second-unit would have an adverse impact on public health, safety, and welfare and (2) acknowledges that the prohibition could limit housing opportunities in the region ([California Government Code, § 65852.2\(c\)](#)).

Towns with an ordinance are required to review second-unit permit applications ministerially (e.g., based on fixed, objective, quantifiable standards) without discretionary review or a public hearing. Towns without an ordinance must do this using state standards for considering applications. Among other things, state standards require second-units to (1) meet local building code requirements for detached dwellings, (2) be approved by the local health department if a private sewage disposal is being used, and (3) not exceed 1,200 square feet ([California Government Code, § 65852.2](#)).

## **RESOURCES**

California Department of Housing and Community Development memorandum, "Second-Unit Legislation Effective January 1, 2003 and July 1, 2003," August 6, 2003,  
[http://www.hcd.ca.gov/hpd/hpd\\_memo\\_ab1866.pdf](http://www.hcd.ca.gov/hpd/hpd_memo_ab1866.pdf).

California Department of Housing and Community Development website,  
[http://www.hcd.ca.gov/hpd/housing\\_element2/SIA\\_secondunits.php](http://www.hcd.ca.gov/hpd/housing_element2/SIA_secondunits.php).

California Governor's Office of Planning and Research, "2012 Planning, Zoning, and Development Laws,"  
<http://www.opr.ca.gov/docs/PZD2012.pdf>.

U.S. Department of Housing and Urban Development, Office of Policy Development and Research, "Evaluation of the HUD Elder Cottage Housing Opportunity (ECHO) Program," October 2003,  
<http://www.vchr.vt.edu/pdfreports/echo%20report.pdf>.

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