

The Backyard Homes Project

In order to support the development of new Accessory Dwelling Units (ADUs) in the City of Madison the City's Community Development Division has limited funding available in 2022 to provide financial support to homeowners facing barriers in the traditional lending market.

The City is offering a 15 year installment loan at 2% interest to eligible homeowners. Learn more about this program by reading the [Backyard Homes Project term sheet](#).

What is an ADU?

An ADU is a small independent residential unit located on the same property as a stand-alone home. ADUs can be attached to an existing home or built above an existing garage. They can be carved out of an existing building, splitting one dwelling into two by converting underutilized spaces like garages into new independent units. Attics and basements can also be converted into upper or lower apartments. More common today, a detached ADU is an independent dwelling within a stand-alone structure often located in a backyard. ADUs are not a new concept and were a common feature in single-family housing in the early twentieth century. Historically, ADUs have also been referred to as an in-law or mother-in-law unit, granny flat or carriage house.

In the City of Madison, an ADU is only allowed on owner-occupied properties and can be up to 900 square feet of living space, at most, 2-bedrooms in size and located on owner-occupied single-family properties.



Basement ADU



Attached ADU



Above Garage ADU



Attic ADU



Carve-out ADU



Detached ADU

Interested in creating an ADU?

1. First step, contact Madison's Zoning Department to ensure your property will be eligible.

Email: zoning@cityofmadison.com for questions or call 608-266-4551

2. Second step, after confirming property eligibility you may apply for financing.

Visit: www.cityofmadison.com/homeloans for financing information



FAQs

Do you need Zoning approval first?

You can submit the loan application first but the application fee is nonrefundable even if the site plan is not approved, it is highly recommended you contact Zoning Department before applying for funds.

Can I pay my loan off early?

Yes- there is no pre-payment penalty.

Does the City have pre-approved ADU designs?

No- we do not have any pre-approved ADU designs at this time.

How many bedrooms can my ADU have?

Two-bedrooms is the maximum.

What is the maximum living space my ADU can have?

900 square feet.

Is there a maximum height for ADUs?

Yes, it is 25' feet.

Are there restrictions to how my ADU can be used?

ADUs can be utilized as extra housing space, housing for extended family or rented through a typical long-term lease.

Must I live on the same property as my ADU?

Yes, ADUs are only allowed on owner-occupied properties.

Can I live in my ADU and rent my main house?

Yes! The property owner must live in either the principal residence or the ADU.

I own a duplex, can I build an ADU?

No, at this time ADUs are only allowed on properties with single-family homes.

What are the eligibility requirements?

Please see the [Term Sheet](#) here.

What are the eligible costs under this program?

The loan can fund construction, materials and labor, site delivery or transportation, site work, mechanical equipment, and more. Please see the [Term Sheet](#) for more information.