

THE ADU EXCHANGE | 2026 MASSACHUSETTS REPORT

The State of ADUs in Massachusetts

Regional Market Data | Policy Analysis
Construction Costs | Permit Trends | Demographics

1,224

ADUs Approved Year 1

351

Cities & Towns

\$5.16B

Housing Package

74.7%

Approval Rate

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SECTION 01

Executive Summary

Massachusetts has emerged as the most important ADU market on the East Coast. The Affordable Homes Act, signed by Governor Healey in August 2024, authorized \$5.16 billion in housing spending and fundamentally transformed ADU regulation by requiring every city and town to allow at least one ADU by-right on any single-family lot. In its first year, the law produced 1,639 applications and 1,224 approvals across the Commonwealth's 351 municipalities — a pace that exceeded even optimistic projections.

1,639

Applications Filed

1,224

ADUs Approved

74.7%

Approval Rate

\$30M+

State Financing

- Section 8 of Chapter 150 of the Acts of 2024 amends the Zoning Act (M.G.L. c. 40A) to allow ADUs up to 900 square feet by right in all single-family zoning districts statewide.
- No special permit is required for ADUs that comply with the 900 sq ft size limit, building code, and local dimensional requirements.
- ADU regulations (760 CMR 71.00) took effect January 31, 2025, providing definitions and administrative guidance for all 351 cities and towns.
- MassHousing launched a \$20 million ADU construction loan program offering loans up to \$250,000 for detached ADU construction.
- Massachusetts Housing Partnership (MHP) allocated \$10 million for additional ADU financing programs.
- The MA ADU Design Challenge offers \$60,000+ in prizes for replicable, cost-effective ADU designs that can be pre-approved.
- HLC partnered with MAPC and MHP to develop Model ADU Zoning and a Municipal Checklist for towns to evaluate their existing rules.
- Cities and towns are required to track every ADU permit applied for, approved, denied, and issued a certificate of occupancy — creating the most comprehensive ADU data set in the nation.

Sources: Mass.gov HLC, Affordable Homes Act (Chapter 150, Acts of 2024), 760 CMR 71.00, MassHousing, MHP.

SECTION 02

The Affordable Homes Act

The Affordable Homes Act represents the most comprehensive housing legislation in Massachusetts history. Signed August 6, 2024, the \$5.16 billion package includes nearly 50 policy initiatives to counter rising housing costs. The ADU provision — Section 8 — is the centerpiece reform that directly impacts every residential property owner in the Commonwealth.

Provision	Detail
By-Right Authorization	All single-family zones must allow at least one ADU by-right — no special permit, no variance, no discretionary review
Maximum Size	Up to 900 square feet of interior livable space
ADU Types Allowed	Internal (basement/attic conversion), attached (addition), or detached (backyard cottage, garage conversion)
Owner Occupancy	May not be required as a condition of ADU approval under the by-right provision
Parking	Cannot require additional off-street parking beyond what exists
Design Standards	Towns may apply dimensional standards (setbacks, height) but cannot use them to effectively prohibit ADU construction
Tracking Requirement	All municipalities must record ADU permit data: address, sq ft, type, value, variances — reported to HLC
Regulatory Framework	760 CMR 71.00 provides statewide definitions and administrative procedures, effective Jan. 31, 2025
Funding	\$5.16 billion over 5 years for housing programs, including dedicated ADU financing

Source: Affordable Homes Act (Chapter 150, Acts of 2024), Section 8; 760 CMR 71.00.

SECTION 03

Permit Data Deep Dive

Massachusetts now has the most comprehensive ADU tracking system in the nation. Every municipality is required to report permit applications, approvals, denials, and certificates of occupancy to the Executive Office of Housing and Livable Communities (HLC). The Year 1 data reveals both the promise and the friction points of implementation.

Metric	Year 1 Total	Notes
Applications Filed	1,639	Across all 351 municipalities
ADUs Approved	1,224	74.7% approval rate
Applications Denied	~415 (est.)	Primarily dimensional/code issues
Detached ADUs	~45% of approvals	Backyard cottages, garage conversions
Internal ADUs	~35% of approvals	Basement, attic conversions
Attached ADUs	~20% of approvals	Additions to existing structures
Avg. Size (approved)	~650 sq ft (est.)	Below 900sf max; most are efficient units
COs Issued (Year 1)	Data pending	Construction timelines = 6–18 months

Source: Mass.gov HLC ADU Survey (2025). Some figures estimated based on partial municipal reporting.

SECTION 04

Construction Costs by Region

Massachusetts construction costs vary significantly by region, driven by labor availability, site conditions, building department complexity, and proximity to Boston. The greater Boston metro consistently commands the highest prices, while Western Massachusetts and the South Coast offer more affordable construction markets.

Region	Avg. \$/sqft	500 sqft Detached	800 sqft Detached	Garage Conv.
Greater Boston	\$350–\$475	\$175K–\$238K	\$280K–\$380K	\$100K–\$160K
Cambridge/Somerville	\$375–\$500	\$188K–\$250K	\$300K–\$400K	\$120K–\$175K
North Shore	\$325–\$450	\$163K–\$225K	\$260K–\$360K	\$95K–\$150K
South Shore	\$325–\$425	\$163K–\$213K	\$260K–\$340K	\$90K–\$145K
Metro West	\$350–\$475	\$175K–\$238K	\$280K–\$380K	\$100K–\$160K
Cape Cod	\$375–\$500	\$188K–\$250K	\$300K–\$400K	\$110K–\$165K
Islands (MV/Nantucket)	\$450–\$600+	\$225K–\$300K+	\$360K–\$480K+	\$150K–\$200K+
Worcester Metro	\$300–\$400	\$150K–\$200K	\$240K–\$320K	\$85K–\$135K
Springfield/W. MA	\$275–\$375	\$138K–\$188K	\$220K–\$300K	\$80K–\$125K
South Coast / Fall River	\$300–\$400	\$150K–\$200K	\$240K–\$320K	\$85K–\$135K
Berkshires	\$300–\$425	\$150K–\$213K	\$240K–\$340K	\$90K–\$140K

Sources: MassHousing estimates, regional contractor surveys, The ADU Exchange builder network data.

SECTION 05

Rental Income by Metro

Area	Studio/1BR ADU	2BR ADU	Vacancy	Annual Gross
Boston/Cambridge	\$2,200–\$3,000	\$2,800–\$3,600	2.5%	\$26K–\$43K
North Shore	\$1,700–\$2,200	\$2,100–\$2,800	3.2%	\$20K–\$34K
South Shore	\$1,600–\$2,200	\$2,000–\$2,800	3.0%	\$19K–\$34K
Metro West	\$1,800–\$2,500	\$2,300–\$3,000	2.8%	\$22K–\$36K
Cape Cod (yr-round)	\$1,400–\$2,000	\$1,800–\$2,600	4.5%	\$17K–\$31K
Worcester Metro	\$1,400–\$1,800	\$1,700–\$2,200	3.8%	\$17K–\$26K
Springfield/W. MA	\$1,100–\$1,500	\$1,400–\$1,900	4.5%	\$13K–\$23K
South Coast	\$1,200–\$1,700	\$1,500–\$2,100	3.5%	\$14K–\$25K

Sources: Zillow Rental Index (2025), Massachusetts MLS data, property management surveys.

SECTION 06

Financing Programs

Massachusetts offers the most comprehensive ADU financing ecosystem in the nation. Between state-backed programs, federal loan products, and local incentives, homeowners have multiple pathways to fund ADU construction.

Program	Max Amount	Rate/Terms	Eligibility
MassHousing ADU Loan	Up to \$250,000	Competitive fixed rates; long-term repayment	Detached ADU projects; income limits may apply
MHP ADU Financing	\$10M pool	Below-market rates; construction-to-perm	MA homeowners; project-based
Mass Save HEAT Loan	Up to \$25,000	0% APR for 7 years	Must include energy efficiency upgrades
FHA 203(k)	Varies by county	3.5% down; credit 580+	Purchase or refi with renovation costs included
Fannie Mae HomeStyle	Up to 75% of future value	3% down; credit 620+	Conventional; projected ADU income counts
HELOC / Home Equity	Up to 80–90% LTV	Variable; market rates	Existing homeowners with equity
CPA Municipal Funds	Varies by town	Grant funding	Affordable ADU requirements may apply

Sources: MassHousing, MHP, Mass Save, FHA, Fannie Mae, municipal CPA programs.

SECTION 07

Aging-in-Place in Massachusetts

Massachusetts has 1.2 million residents aged 65 and older — 17.5% of the state's population. By 2030, that number will exceed 1.5 million. The state's high cost of living, limited affordable housing options, and aging housing stock create acute pressure on older adults who want to remain in their communities.

- 75% of MA adults aged 50+ want to remain in their current home as they age (AARP 2024).
- Massachusetts assisted living costs average \$6,200/month — among the highest in the nation. A \$200,000 ADU pays for itself vs. assisted living in under 2.7 years.
- 1 in 5 MA adults is a family caregiver. ADUs provide dedicated caregiver housing without institutional settings.
- 43% of MA adults 50+ say their home would need modifications for safe aging. ADUs offer purpose-built accessible housing on existing properties.
- The Pew Research Center reports 54% of adults 40–59 are simultaneously caring for aging parents and supporting children — the 'sandwich generation' that ADUs directly serve.
- AARP Massachusetts has actively lobbied for the Affordable Homes Act and continues to push for expanded ADU financing and awareness programs.
- Universal design ADUs (zero-step entry, wide doorways, roll-in showers, grab bars) can be built for 5–10% additional cost compared to standard construction.

Sources: AARP 2024 Survey, U.S. Census Bureau, Genworth Cost of Care MA, Pew Research Center.

SECTION 08

Town-by-Town Outlook

With 351 municipalities each implementing the Affordable Homes Act, the pace of ADU adoption will vary significantly. Early indicators suggest the following patterns:

Category	Towns	Expected ADU Activity
High Demand, Fast Adoption	Boston, Cambridge, Somerville, Brookline, Newton, Arlington, Watertown, Medford	Highest volume; strong rental markets; experienced building departments
Suburban Opportunity	Wellesley, Needham, Lexington, Concord, Hingham, Cohasset, Scituate, Duxbury	Large lots, high property values; ADUs add significant equity; aging-in-place demand
Gateway Cities	Worcester, Springfield, Lowell, New Bedford, Fall River, Brockton, Lawrence	Lower construction costs; affordable housing need; workforce housing potential
Cape & Islands	Barnstable, Falmouth, Chatham, Nantucket, Martha's Vineyard	Extreme housing pressure; high seasonal demand; workforce housing critical
Rural / Western MA	Amherst, Northampton, Greenfield, Pittsfield, Great Barrington, Stockbridge	Aging population; caregiver housing; tourism workforce; slower but steady adoption

Analysis by The ADU Exchange based on demographic data, housing market conditions, and building department capacity.

SECTION 09

Sources & Methodology

- Affordable Homes Act — Chapter 150 of the Acts of 2024, Section 8
- 760 CMR 71.00: Protected Use Accessory Dwelling Units (effective Jan. 31, 2025)
- Mass.gov HLC ADU Survey Results (2025) — 1,224 approved, 1,639 applications
- MassHousing ADU Construction Loan Program (\$20M allocated)
- Massachusetts Housing Partnership (MHP) — \$10M ADU financing pool
- MAPC Model ADU Zoning and Municipal Checklist
- MA ADU Design Challenge program details (\$60K+ prizes)
- AARP 2024 Home & Community Preferences Survey (n=3,000+)
- U.S. Census Bureau ACS 2023 — Massachusetts demographic data
- Genworth Cost of Care Survey 2024 — Massachusetts assisted living costs
- Zillow Rental Index 2025 — Massachusetts metro rental data
- Pew Research Center — multigenerational household statistics
- Regional builder surveys and The ADU Exchange trade partner network data

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