

**Leading the Charge to Find Affordable Housing
Solutions with Nick Mehl**

**LESS
HOUSE
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MOOLA**

We help the tiny house community
use their lower housing costs to
build financial independence.

With Laura Lynch



Full Episode Transcript

With Your Host

Laura Lynch

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Leading the Charge to Find Affordable Housing Solutions with Nick Mehl

It takes a brave and independent mindset to go tiny. If you are trying to figure out your tiny pivot, this podcast is here to inspire and connect you with the other unconventional, gritty, inspirational people within this community.

I'm Laura Lynch, your tiny house friend and host. On this show, we are always going to come back to money because, as a financial planner, this is the question I hear the most: How do I make this work for me financially?

Well, that's my jam. So jump in, let's go. New episodes drop every Thursday.

Laura Lynch: Well, hello everybody. Nick Mehl, welcome to Less House More Moola Podcast. I am super thrilled to have you here, to have someone in the professional space of designing tiny spaces on to really talk about what you're seeing. Thank you so much for joining me.

Nick Mehl: Hi, Laura. Thank you for having me. I'm excited to be here.

Laura Lynch: Awesome. Would you please introduce yourself to the audience, share where you are, and a little bit about your professional focus within the tiny living arena?

Nick Mehl: Yeah. My name is Nick Mehl. I am an architect. I've been an architect for 30-something years in Austin, Texas. That's where I'm based out of. Yeah. I've been doing residential architecture for most of that time. And my business is to create, I'm specializing in small homes, tiny homes, ADUs (accessory dwelling units), and producing the plans and soon-to-be-producing factory-made small homes as well.

Laura Lynch: Yeah, this is super exciting. We can't have enough different ways to go tiny because it's also complicated. And so having different things

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that are moving forward I think is great and exciting progress for listeners that they can explore all the different ways that are out there. So Nick, what are you seeing happening specifically in the ADU space and why is it important?

Nick Mehl: The ADU space is gaining in popularity. More and more cities are promoting ADUs as a solution for the affordability crisis, the housing crisis. So the ADUs that we've been doing a lot of are backyard apartments, backyard garage apartments, accessory spaces that people use for short-term rentals, long-term rentals, sometimes a combination of both, and people can really use it for a supplemental income. Not only do you see young people who kind of need a lower barrier of entry to rent an ADU, but you also see empty nesters who perhaps don't need the house that the larger house that they're in and they'll build an ADU in their backyard and move into that and rent out the main house.

So, I think there's—what I think is great about that building type is the variety of uses and how it's adaptable to just a lot of different needs and situations.

Laura Lynch: Yeah, it seems like that the ADU or Casita was definitely a solution for folks that needed to move their family members, maybe their parents in closer to them, but really kind of took off in the extra income opportunity for folks to and you're right, it's really a flexible solution where people can perhaps use it as their primary residence and rent out their larger home and kind of move between the different structures depending on what their lifestyle needs are.

You mentioned to me when we talked before that you can put multiple ADUs on a lot in Austin. So that was surprising to me. Share with me a little bit about the rules there specifically.

Nick Mehl: Yeah, that's a new development in Austin, a new ordinance that just passed and it's gonna go into effect this month. Before, the rules were

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that you could have a main house and an ADU on a single-family size lot. If it was a minimum of a certain square footage lot, 5,750 square feet, you could have two structures. But now the city is trying to increase density, lower the cost of housing, and I think that encouraging people to put more ADUs, more structures on their property may be one way to do that.

And so now the city is gonna be allowing three structures, dwelling units on every single family home lot. And in, yeah, that can be in the form of a duplex and an ADU or three ADUs, a main house, and two smaller houses. It just depends. There's certain rules on what kind of square footage you can have and what kind of impervious cover you can have.

Laura Lynch: Yeah, that's so interesting because I think sometimes people maybe get caught up in the idea of having one small space as being all that they have access to in the tiny living world. Sometimes, people say things like, "Oh, I couldn't possibly live like that." But if you have the possibility of having a couple different roofs on your property, right?

You can use one space maybe as your workspace and another space as where you live. It doesn't have to all be like separate family entities and each and every space and as listeners know, I'm using a combination of different building spaces in addition to my tiny house in order to create the functional spaces that you need in your life because I might not need gigantic living room, but I certainly need somewhere to work. And so that's the great thing about having that flexibility. You can design your living space around your lifestyle.

Nick Mehl: Right, right. We've been doing this for years and we see all sorts of different things, and an ADU is not necessarily a really tiny house. I mean, the city of Austin, I think the biggest size that they allow for an ADU is 1,100 square feet.

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And if you think about that that's a two-bedroom, two-bath house of 1,100 square feet. Yeah, that's something that a couple or even a small family could easily live in. We often think of the ADUs as the ones that you see in California that they're building a lot of, these little, basically the size of a garage. But at least in Austin, and we work in a lot of different parts of the country, but Austin is our base, and what we see in Austin ranges from as small as 300 square feet to 1,100 square feet.

Laura Lynch: Yeah, that was gonna be my next question to you is where all are you seeing that this movement in 80 years happening? You mentioned California, obviously, Austin, where else are you doing this work?

Nick Mehl: Oh, where are we doing it? We've had some work in San Antonio, in Charleston, South Carolina, Tucson. I mean it's really spreading like wildfire. It started on the West Coast and California adopted a statewide code saying that the entire state has to allow ADUs. And so they're kind of the model that everyone is paying attention to, but a lot of cities around the country are trying to bring awareness to ADUs. I mean, just this last year, we entered several competitions for designing ADUs in different cities.

And I mean, Wisconsin, Indianapolis, I mean, all over the country, any place that there's an affordability crisis, they're considering promoting ADUs in people's backyards.

Laura Lynch: So cool. So you mentioned earlier that you're working on some factory models and I know from your LinkedIn page that you have some announcements pending. So talk to us a little bit about off site construction. What do you think that solves in terms of moving the ADU option forward?

Nick Mehl: Yeah, so it's not unusual. It's not, we're not the first ones to do it, but there, there are several companies in California that have offsite modular ADU construction of small houses.

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And we thought we'd get into the mix as well because a lot of those are not—we think we can offer a different aesthetic and a different size and set of features. And most of those are in California, so they don't ship outside of California. The factory that we're working with is in Waukegan, Illinois, just outside Chicago.

And so we feel like it's a centrally located factory that can deliver to a lot of areas of the country in the Midwest and South and Eastern United States. Yeah. And so the advantage that we see in it, it's built in a controlled environment. You can be building the structure while utilities are being put in place on site, permitting is getting put in place, those kind of things.

And there are some areas where there's labor shortages. It's hard to find skilled labor. We're getting some interest in areas such as, well, you and I had talked about this, New Mexico is one area. There's a two-year waiting list to build because builders, there's very few builders out there and it doesn't take too much to fill up their schedules. But you can come in with a factory-made small house, small modern cabin, whatever you want to call it. And as long as you set up a foundation and the utilities, that thing can come and be set in one day and you'd be up and running the next day.

Laura Lynch: Do you feel like that there are, I mean, you don't have to feel like it. I'm sure you know. Is there cost efficiencies thereby creating housing in a factory environment as opposed to on-site builds?

Nick Mehl: Yes. What we found is that the on-site, when you're building a small house, it's difficult to find contractors who will do it and the contractors that will do it have to charge a premium because it's so small and they're still putting together all of the same things that they normally would for a big house.

They'd be putting your temporary utilities in place and all that kind of stuff. So we usually quote people, like typical construction costs these days is 300

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a square foot. Yeah, you can get a little bit less, certainly can be more expensive. But with a factory-made house, you know what it's going to be built for.

It's already, it's a set price. And the only variables are what you have to do to your site to get it ready. And I guess you do have to crane the units in so that's a couple thousand dollars, and they're being constructed for about the same cost about 300 dollars a square foot, as you would expect. A larger house needs to be constructed—

Laura Lynch: Yeah, that's so good because as we know in the tiny house world, when you package all of the same amenities, appliances, functionality into a smaller package, it just turns out to seem overly expensive because some of the most costly parts of the home are all those things that I just mentioned that are squished into a small package.

So, my tiny home, when I built it, the windows were really, really expensive. The appliances were really, really expensive because I was buying smaller appliances and trying to make sure that my windows were going to stand up to a trip across the country. And so it's interesting because I think people sometimes think that a tiny home should have a tiny price tag, but the reality is you're putting everything that is important and valuable about a home just in a smaller square footage. And it's really not the two-by-fours that are the costly part of the build.

Nick Mehl: Right, right. Well said. Yeah. And personally, I think, not personally, but professionally, I know that they're better built. Yeah, when you're not having to fight with the elements where you're not, yeah, I've seen it, but I've been a part of a lot of job sites where you're in the middle of your framing stage, and it's pouring down rain or sleet or snowing, and you kind of wonder how the material is going to hold up. Well, in a factory, it's you don't have to deal with any of that stuff, but plus the factory that we work with work under our specifications.

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So the houses are much, much better built anyway than typical construction and we can go into that later if anyone's interested in what that might entail.

Laura Lynch: Sustainability too is a thing about producing models in a facility as opposed to stick building a custom. When you see homes being built on site a lot of times there's a lot more waste, but in a factory, it can be engineered in such a way to, you know, perhaps you make the best use of all the materials. Would you say that that's true?

Nick Mehl: Right. Absolutely. Yeah. I mean, any ways that they do have that's true waste that, if it's wood, they'll grind it up and make sawdust out of it. It's little things, but most of the bigger things, they just stack away off to the side and use it on the next project, the next bill.

Laura Lynch: Yeah, good. So, one of the major challenges in the tiny home world is just kind of getting through building departments and permits and all of that when it comes to getting something that's unusual or even usual done through a building department. So how have you seen the different jurisdictions that you've been working with on these projects responding to the ADU concept?

Nick Mehl: So, the major cities are all on board with it. There's nothing unusual about building an ADU. There are some areas that, it's up to the individual to figure out what the zoning may be, but there's areas that have restrictions against a certain size of unit that you can put in.

Sometimes they'll restrict putting in a second home on your property, but if you're in a major city outside of an HOA, we haven't seen a lot of problems or resistance. In fact, it's mostly something that's welcomed by those.

Laura Lynch: Awesome. So Let's talk a little bit about the home ownership challenge and you mentioned it earlier that we have this sort of affordability crisis and it's one thing to create short or long-term rentals on your property.

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It's another thing to be able to create homeownership opportunities, and so share with us what you're seeing at least in Austin regarding kind of solving for that homeownership lower, you know, entry point challenge.

Nick Mehl: Oh, you're probably talking about the condo regime that we had talked about it earlier. Yeah, in Austin, what often happens is if you want to put an ADU on your property and you want to either sell that or, yeah, if you want to sell that ADU, you create a tiny little HOA for your property. It's called a condo regime. Basically, you're kind of like treating the two houses as condos and you have to get a lawyer involved and it costs five or six thousand dollars, but the documents are put together and you have a little yearly fee for management of it, which is a—usually, it's just a nominal fee and you can sell those. You can sell the two units separately. And that happens all the time around here. And often it's the ADU that's the more desirable of the two. It's kind of more private in the back of the property especially if you have an alley, oh, that's gold right there.

Laura Lynch: That's so funny. My grandmother's house had an alley and I just thought it was the coolest thing. So tell, you know, be very explicit like what happens if you buy into a mini condo, you buy an ADU and that sort of arrangement about financing. Is that just sort of a conventional financing that you would see with any other condo?

Nick Mehl: Yeah, there's nothing unusual about it at all. You can go with conventional financing. The only difficulty that we see sometimes is finding the right comps to purchase a small unit like that. So if there's not many ADUs in your city or in the immediate area, then determining what the cost should be, what the market value is can be difficult, but in Austin, it's so common, and in a lot of cities that we see it's common enough that that hasn't been a problem. It was maybe six, seven, eight years ago, but now that is it's it's very common.

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Laura Lynch: So I get the sense from your website that you're pretty passionate about some of the work that you're doing on the smaller spaces. So share with us a little bit about how you see your role and sort of forwarding this avenue of more housing and maybe more sustainable housing. What about this really gets at the heart of what you want to be doing?

Nick Mehl: I mean, I'm in the same struggle as everyone else. Affordability is getting more and more difficult. We, as a family, as my family, we're not ready to downsize quite yet, but there are so many options for what you can do with a small house.

You can live in it yourself like you do, you can rent it out, you can sell it as we've been describing, you can have a second home someplace. This is something that we're seeing more common among the younger generation is not buying one big house that you can live in for 20 years but buy a house in one place and another house someplace where you like to visit and when you're not there, you rent it out. So there's quite a bit of flexibility. Going back to the original question, my passion for it, yeah, I mean, I've been an architect for 30-something years and I always gravitate towards the smaller stuff.

I know it goes against the conventional wisdom of what architects usually build. But I just like the challenge of designing on a smaller scale. And I like the way that, I mean, we're working on a concept, I think it's apparent on our website, that a tiny home can not only sustain yourself, but if you hook up solar, if you can create solar energy and solar battery storage, it can power your vehicles and power, you know, you can just be off grid if you want.

I live in Texas and the reliability of the power grid is very suspect. Gone down several times in the last several years, and more and more people are looking for what they can do to prevent that. I mean, two years ago, we had that really awful snowstorm. It shut everything down for a week. It was rough.

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It was it was rough not living with heat and water for four days. It is a bad memories. I don't want to go back to those.

Laura Lynch: Yeah, I think there's a lot of folks out there that are realizing that the things that we thought were sure things may not be so sure, and that maybe we should all be working a little bit more to make sure we can take care of ourselves and building out some competencies around resilience or maybe some infrastructure around resilience and what does that look like?

And certainly, we're in times of what I call compounding change. And so you want to kind of prepare yourself for your family in whatever way you can to maybe be able to take care of yourself a little bit more, not be so dependent.

Nick Mehl: Yeah, there's this concept that I heard recently called climate resilience.

So, climate change is no longer something that we question, that it's already here. So, climate resilience is adapting to the changes in climate. And one of those adaptations is to prepare for disaster, prepare to be—if you have to be on your own, if you have to be off the grid. Yeah, at least have some allowances for dealing with that.

Laura Lynch: Yeah, for sure. Redundancies, right? I study permaculture, and that's what we learn about. And permaculture is creating redundancies, different water sources, different energy sources, kind of redundancy in the way that we're adding to our own food supply and just all those things.

How can we create some redundancies in our lives in order to have a little bit more resilience, no matter what happens? Do you have any good tips to pinpoint people to, when you and I talked, it was the first time that I had heard about the ADU condo regime. Is there a place that you can point people to? Is there a website or some resource that folks could check out?

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Nick Mehl: There really aren't. Think of it as a condominium, as an HOA. HOA is basically, our neighborhoods are also organized this way. My advice would be talk, if you are thinking about putting an ADU on your property and maybe selling it, to speak to a local attorney and someone who does land law and see what your options are.

Laura Lynch: Yeah, land lawyer. There we go. Awesome. So do you have anything you'd like to share in specifically around your sustainability focus in your designs? You mentioned aesthetic earlier and we talked about, you know, having some energy creation. Is there anything else that you really focus on from a sustainability perspective in your designs?

Nick Mehl: Yeah, well, we've been doing sustained, we've been sustainable architects for a long time. I think we follow the basic mantra that saving energy is a lot easier than creating energy. So we go from the standpoint of just making our designs as energy-efficient as possible.

So that starts with the simplest of all things is solar orientation. Don't work against the elements. And so whenever we do a design, and even the pre-designed homes that we offer on our website, all of them come with a suggested or preferred solar orientation. So that if there's solar panels on the house, if there's windows facing, you want your windows to be—not to be facing West in most cases, all the houses have been designed with that in mind.

And then we do integrate solar in a lot of the designs, and although it is harder to create energy, we think that this technology has gotten to the point where it makes a lot of sense to put solar on your house, to integrate solar into the roof because there's a number of companies, we've worked with Tesla, we've worked with a couple other companies that instead of applying it to your roof, on top of your shingles, on top of your metal roof, it actually is the roof. Like Tesla makes a shingle product that is, it looks like a shingle,

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but it's a photovoltaic solar panel, and the ROI on those has gotten to be really, really good.

Especially the further West you go, where energy is more expensive, the more it makes sense to create your own energy and if you can get it paid off. I mean, if it pays for itself in six or seven years, I mean, how many products are like that? That's a good payoff.

Laura Lynch: Awesome. And what do you think about the lifetime duration on those products? What happens to them in 20 years, say?

Nick Mehl: Yeah. I mean, the products themselves are very durable. We had someone from Tesla in our office with their product taking a hammer to it and they couldn't damage it, but the cells inside of them degrade over time. And they need to be replaced or upgraded. Right now it's every 15 years or so, but I mean, the technology is getting better and better, and so who knows? That number keeps rising so.

Laura Lynch: Yeah, awesome. Well, Nick, thank you so much for your perspective on designing in a sustainable way and creating ADU opportunities for housing and all of the great wisdom that you shared with us today. If listeners want to track you down, where do they do that?

Nick Mehl: We have a website, nanabode.com. We also have Instagram, I believe it's nanabode.homes is our Instagram account. And we're on Facebook, just Nanabode.

Laura Lynch: Awesome. Well, I'll definitely put links in the show notes. Nick, thank you so much for being on the podcast today. I really enjoyed talking about this ADU concept and the work you're doing.

Nick Mehl: Thank you for having me. I really had a good time.

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Hey, I'm honored that you listened to this episode of *Less House More Moolah*. I hope something in it will help you continue to move toward a life aligned with your values.

Every algorithm out there is trying to tell us what to prioritize, but we get to choose. If you haven't ever identified your key values, I have a free resource on my website to help you.

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At the bottom of the page, you can grab the tiny life values worksheet. When we design a life around "what is our core truth?", we shortcut to deep fulfillment.

See you next Thursday.

Please see the show notes for an important disclosure regarding The Tiny House Adviser, LLC and this episode.