

Accessory Dwelling Units:

An important piece in Utah's long term struggle to have a reasonable supply of affordable housing.

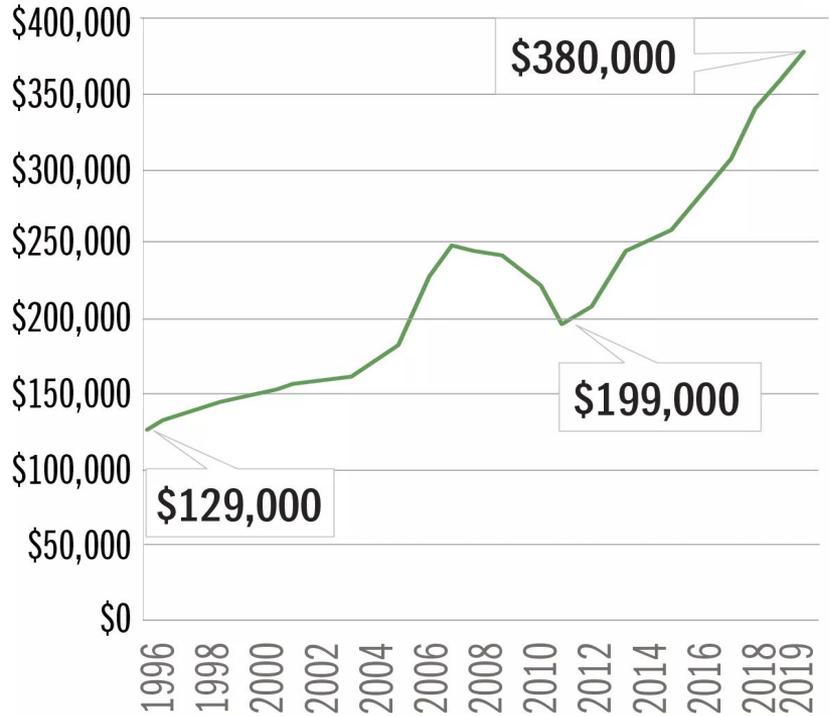
Presented by Representative Ray Ward
To Business and Labor interim committee on Aug 18th, 2020



Median home prices in Utah have gone up a lot over the last 25 years.

Soaring prices

Median sales price of single-family homes in Salt Lake County

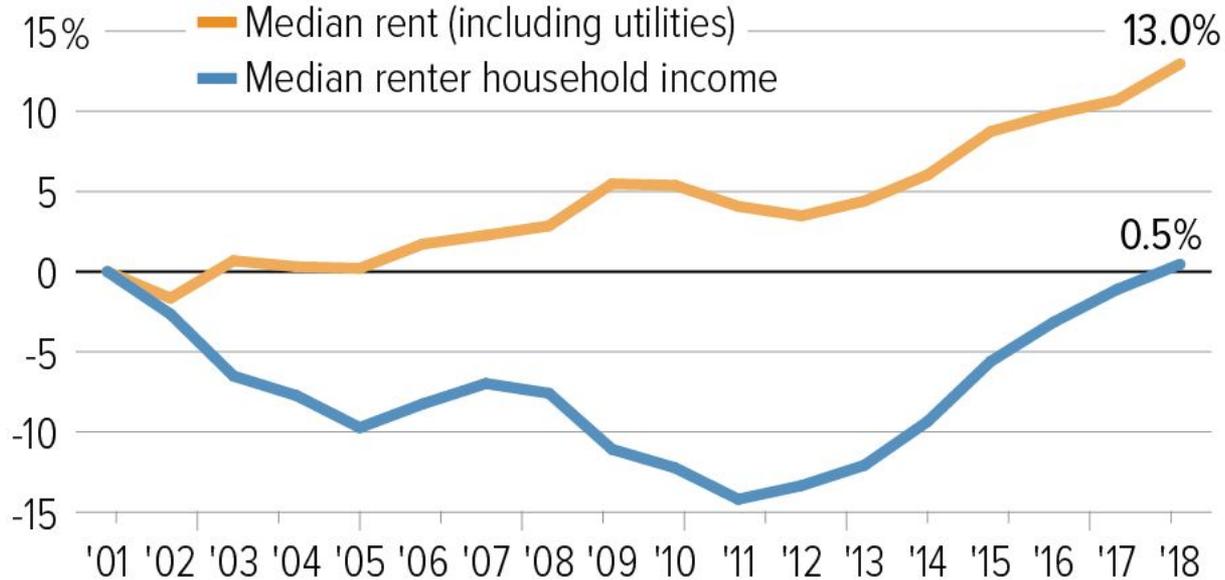


SOURCE: UtahRealEstate.com

Deseret News

Renters' Incomes Haven't Caught Up to Housing Costs

Percent change since 2001, adjusted for inflation



Source: CBPP tabulations of the Census Bureau's American Community Survey

- It is my belief that the increasing scarcity of affordable housing in the state is an increasing burden on many of the working, lower income families in our state.
- If I am a lower income individual and I get a tax cut from the state of \$50 per month, but my rent goes up \$200 per month, the net result is still that I have to come up with an additional (\$150 x 12 months) \$1800 per year, just to break even.

Which of the following things will have the biggest effect on whether we have a reasonable supply of affordable housing?

- a. How many social workers the state hires to help people apply for the subsidized housing.
- b. How many units the state pays for directly to build of subsidized housing.
- c. How many tax credits the state gives to builders to build units that they promise to rent at below market rates.
- d. The overall supply and demand in the market.

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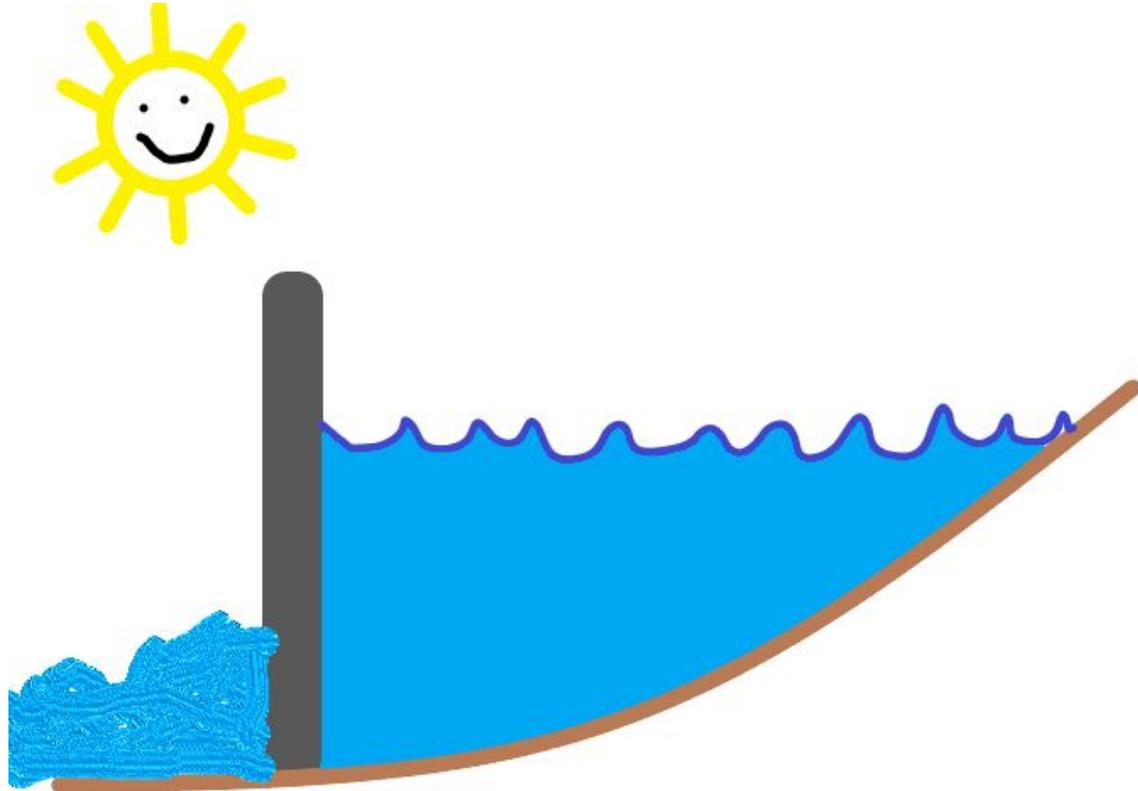
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66% of the housing units in our state are single family dwellings.

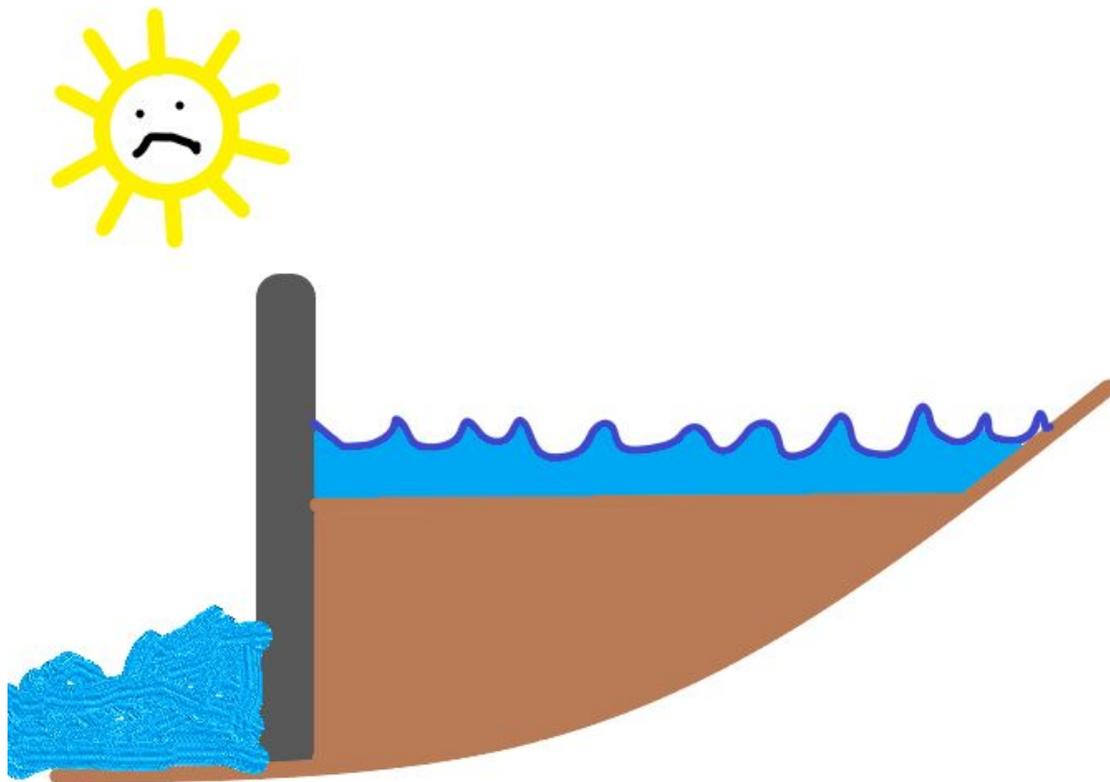
- part of a multi family dwelling
- single family dwelling



If you invest in a dam to make power - at first there will be a lot of pressure behind the dam, which will generate a lot of power. A good return on your investment!

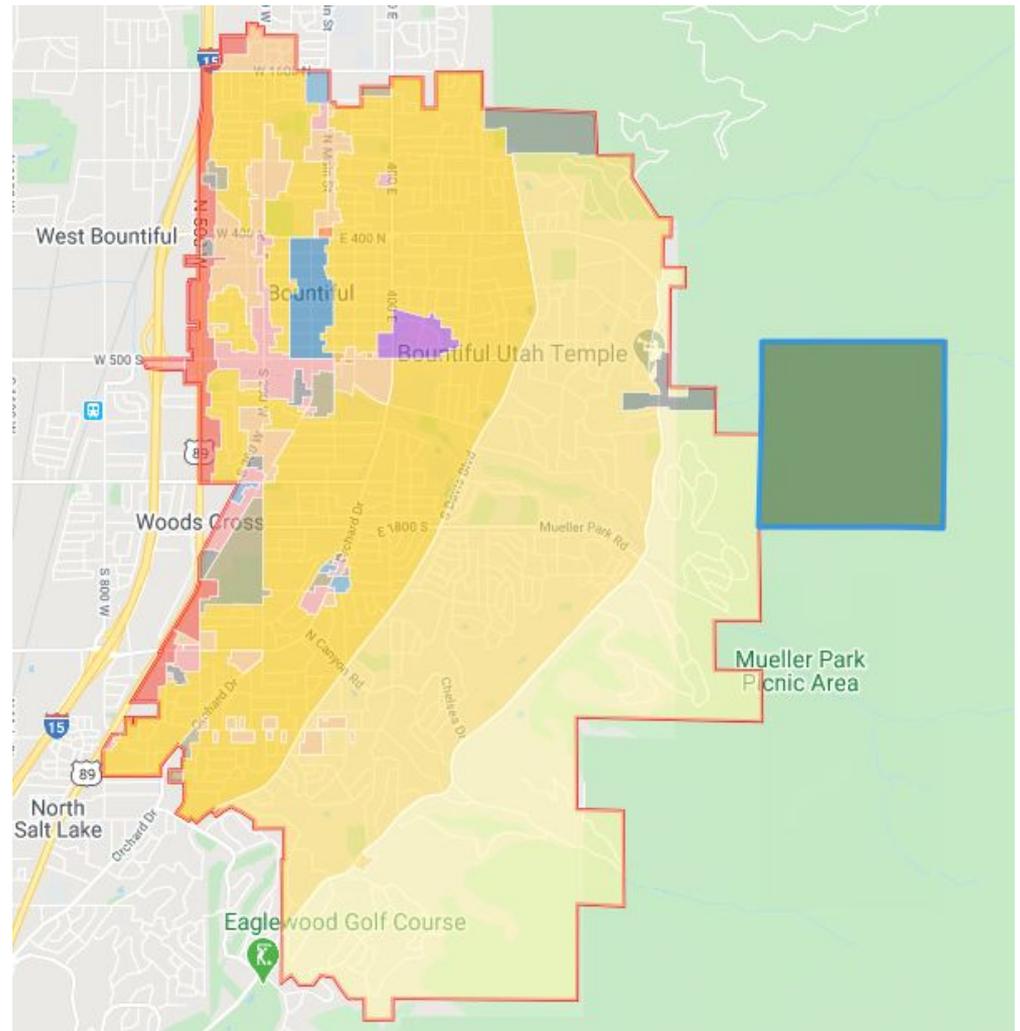


But over time, if you don't plan ahead - silt will build up, and you will get less and less power from the dam, and you will lose the return on the investment.

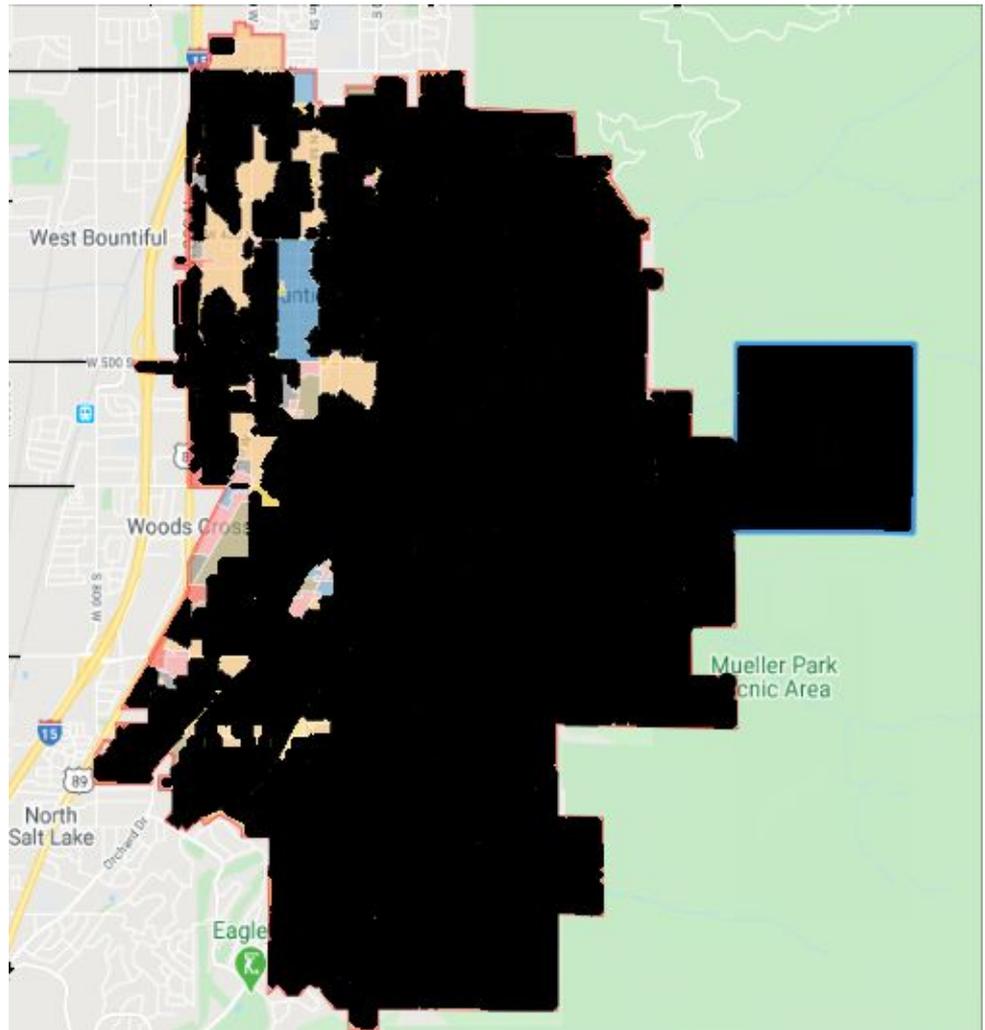


Bountiful city zoning map.

How much of the municipality might be available to think about as a place where people might seek affordable housing?



Black is the parts of Bountiful that are not available for consideration of affordable housing if you take out commercial districts and areas zoned for single family dwellings.



Is it OK for this whole family to live in this dwelling?



Is it OK for this whole family to live in this dwelling?



Even if it seems a little small for so many people?
Even if one of them smokes?
Even if one of them uses a lot more electricity than another one?
Even if they own 4 cars?

This family owns the home and lives upstairs.
Can they rent the basement to this family?



This is a duplex. These two families would each like to rent one of the units. What conditions should we set so that things can work out well for the landlord and both families.



- These two families do not know each other.
- Neither is ultimately responsible for the property itself. They are renters, not owners. The owner does not live on the property.
- They might have very different habits. One might smoke and the other not.
- They might not even speak the same language in case of an emergency.

This is a duplex. These two families would each like to rent one of the units. What conditions should we set so that things can work out well for the landlord and both families.



To avoid these problems we have duplex building code that says:

- We should not have the air ducts from one unit, vent into the other, in case one smokes.
- They should have separate gas and electricity hook ups - in case one family uses way more than the other.
- They will need separate entrances to go in and out.
- We should build the units with a firewall in between them.

This family owns the home and lives upstairs.
Can they rent the basement to this family?



This family owns the home and lives upstairs.
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- The homeowner is still living in the home.
- The owner may likely be willing to make an arrangement with their tenant about how to pay electricity and gas.
- If the owner doesn't smoke - and doesn't want a renter who smokes - then - they won't rent to a renter who smokes.
- The owner is very strongly incentivized to rent to someone who they communicate with quite well because they will be sharing the space in their home with them.

This family owns the home and lives upstairs.
Can they rent the basement to this family?



But when the homeowners go to get a building permit, they might be told - this looks to us like a duplex, so you must first:

- redo the ductwork in the home so it is separate.
- tear out the ceilings or floors and install a firewall between upstairs and the basement.
- install separate gas and water meters. (And possibly pay an impact fee.)
- install a separate entrance for each family.

This family owns the home and lives upstairs.
Can they rent the basement to this family?



And then right after that - they would visit with the city planning and zoning office and might be told:

- You may not because we don't allow that in areas zoned for single families.
- The entrance to the basement can't be on the front of the house.
- You must install 4 parking spots.

In our code, we should consider ADUs as single family dwellings, with respect to building codes.

The UBCC should still have leeway to determine whether there are some exceptions to that where they would be required to be considered as a duplex.

Banks do not currently make 15 year fixed rate low interest loans to homeowners who might be looking to convert part of their home into an ADU.

Offering an incentive for banks to consider this is another idea the state should consider.

John Montgomery from Rocky Mountain Community Reinvestment Corporation is going to present on this.

Total amount of Occupied and Vacant units of housing in Utah in 2017 - together with breakdown of reason for unit vacancy.

Utah Statewide
Housing Vacancy

	Estimate	Margin of Error
Total units	108,232	+/-2,470
For rent	17,221	+/-930
Rented, not occupied	3,337	+/-572
For sale only	9,430	+/-860
Sold, not occupied	3,533	+/-497
For seasonal, recreational, or occasional use	50,599	+/-1,435
For migrant workers	534	+/-156
Other vacant	23,578	+/-1,148

Utah Statewide
Housing Occupancy

	Estimate	Margin of Error
Total units	1,046,597	+/-325
Occupied units	938,365	+/-2,549
Vacant units	108,232	+/-2,470
Homeowner vacancy rate	1.4	+/-0.1
Rental vacancy rate	5.6	+/-0.3

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.