The Rent Is Too Dang High

Affordable Housing in Utah and Beyond
A little about me
Brigham Young Academy (now Provo Library)
Brigham Young Academy (now Provo Library)
I have some bad news
71% of Utah families own the home they live in.
29% of Utah families do not own the home they live in
~100% of legislators own the home they live in
Do you own your home?
of Utah families own the home they live in
71% of Utah families have a financial stake in ensuring real estate prices continue to rise.
~100% of legislators have a financial stake in ensuring real estate prices continue to rise
What financial stake do you have in rising real estate prices?
“Property values follow closely human values...

“Today as we came down Delaware Avenue, a street largely built up with fine single houses, set well back, we saw a large pile of lumber and we were told that somebody proposed to put up a large frame apartment house. In a few years this apartment house would become, in the ordinary course, a poor kind of tenement house, and property values along the street would soon be destroyed.

“Before anything like this is allowed thorough investigation should be made to determine the decrease of property value by a building of this kind...”

- from the 11th National Congress on City Planning (precursor to the APA), 1919
5 Laws of Affordable Housing
5 Laws of Affordable Housing

1. Developers don’t pay the cost of housing, buyers and tenants do
5 Laws of Affordable Housing

1. Developers don’t pay the cost of housing, buyers and tenants do
2. Housing demand is regional
5 Laws of Affordable Housing

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2. Housing demand is regional
3. Expensive housing is expensive
5 Laws of Affordable Housing

1. Developers don’t pay the cost of housing, buyers and tenants do
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3. Expensive housing is expensive
4. Housing costs aren’t just housing
5 Laws of Affordable Housing

1. Developers don’t pay the cost of housing, buyers and tenants do
2. Housing demand is regional
3. Expensive housing is expensive
4. Housing costs aren’t just housing
5. Today’s affordable housing was the last generation’s luxury housing
Developers don’t pay the cost of housing, buyers and tenants do.
What most people think of developers
Where does that rent money go?
Imagine you run a lemonade stand
Unit Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>$0.05</td>
</tr>
<tr>
<td>Cup</td>
<td>$0.02</td>
</tr>
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Total $0.30
Unit Costs

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Total $0.30

$0.15 (Lemon)
### Unit Costs

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| Total | $0.30 |
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YOU KEEP USING THAT WORD

I DO NOT THINK IT MEANS WHAT YOU THINK IT MEANS

Inclusionary Zoning
<table>
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<th>Source: BAE Urban Economics, 2014</th>
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<tbody>
<tr>
<td><strong>Year Adopted</strong></td>
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<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td><strong>Voluntary/Mandatory</strong></td>
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<td><strong>Affordability Duration</strong></td>
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<td><strong>Density Bonus</strong></td>
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<td><strong>Total Inc Set Aside</strong></td>
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<tr>
<td><strong>Target Incomes (AMI)</strong></td>
</tr>
<tr>
<td><strong>Applies to Market Rate Rental</strong></td>
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<td><strong>Applies to Market Rate Condos</strong></td>
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<tr>
<td><strong>Off-Site Allowance</strong></td>
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<tr>
<td><strong>Total Unit Production</strong></td>
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<tr>
<td><strong>In-Lieu Fee</strong></td>
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<td><strong>Total In-Lieu Fees Collected</strong></td>
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Developers don’t pay the cost of housing, buyers and tenants do.
Housing demand is regional
If I zone this right we can stay this way until the dinosaurs make a comeback...
Nothing to see here...
More supply = less displacement
Expensive housing is expensive
House = $$$$
Poor people need not apply
BUT WAIT, THERE'S MORE!
Added Costs
Added Costs

Impact fees
Added Costs

Impact fees

Minimum off-street parking
Added Costs

Impact fees

Minimum off-street parking

Public process
Where does that rent money go?

Here are the 11 things a $2,000 rent check is paying for.

- Marketing & Misc.
- Development Company
- Architectural Firm
- Parking Subsidy
- Real Estate Investors
- City Development Fees
- Property Taxes
- Construction & Land Lender
- Previous Landowner
- Property Management Company
- Housing Materials & Construction Labor

*Estimates are for a new one-bedroom home opening in Northwest Portland in 2018.

Source: Public records and original research.
Added Costs

Impact fees

Minimum off-street parking

Public process

Building code
I don’t mean to rain on your parade
Fix me!
Housing costs aren’t just housing
Today’s affordable housing was the last generation’s luxury housing
Brigham Young Academy (now Provo Library)
The clock is ticking
(Don’t Forget about Interest Rates)
Mortgage interest rates over time
Conclusion
Solutions
Solutions

Accessory Dwelling Units
Accessory Dwelling Units

Benefits
Accessory Dwelling Units

Benefits

Low impact
Accessory Dwelling Units

Benefits

Low impact

Fit existing “character”
Benefits

- Low impact
- Fit existing “character”
- Inexpensive to construct

Accessory Dwelling Units
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- Low impact
- Fit existing “character”
- Inexpensive to construct
- Rental income for homeowners

Accessory Dwelling Units
Accessory Dwelling Units

Benefits

- Low impact
- Fit existing “character”
- Inexpensive to construct
- Rental income for homeowners
- Generate wealth within the community
Barriers

Outright illegal or limited to few zones
Barriers

Outright illegal or limited to few zones

Impact fees
Barriers

Outright illegal or limited to few zones

Impact fees

Conditional use and other public process
Barriers

Outright illegal or limited to few zones
Impact fees
Conditional use and other public process
Costly separate water/sewer hookups
Barriers

- Outright illegal or limited to few zones
- Impact fees
- Conditional use and other public process
- Costly separate water/sewer hookups
- Owner-occupancy requirement
Solutions

Accessory Dwelling Units

Relaxed definition of single family home
Avert your eyes!
Avert your eyes!
Avert your eyes!
Avert your eyes!
Avert your eyes!
Avert your eyes!
Solutions

Accessory Dwelling Units

Relaxed definition of single family home
Solutions

Accessory Dwelling Units

Relaxed definition of single family home

Reduced minimum lot sizes
Solutions

Accessory Dwelling Units

Relaxed definition of single family home

Reduced minimum lot sizes

By-right development
There Are No Silver Bullets
Thank you