

The Rent Is Too Dang High

Affordable Housing in Utah and Beyond

A little about me









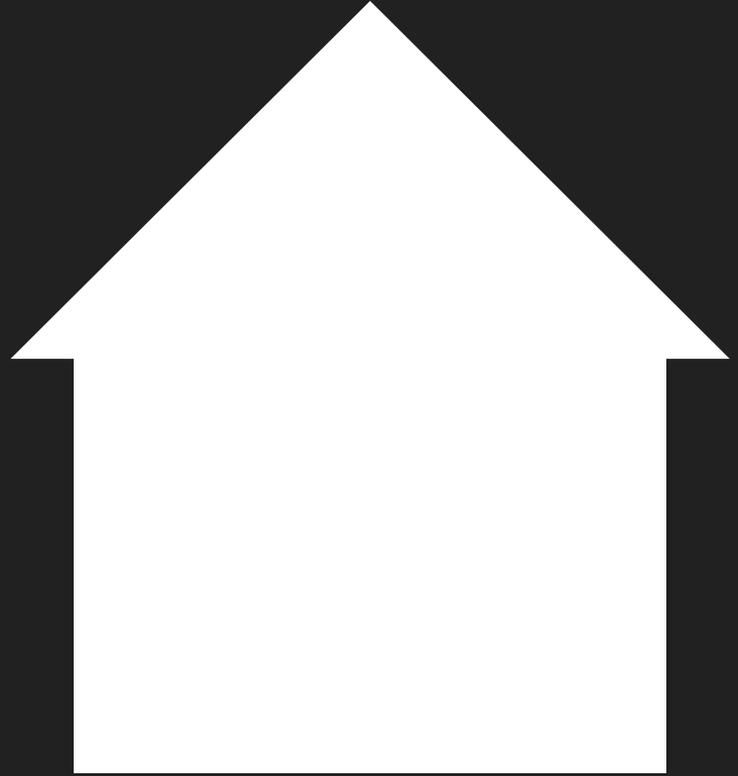
Brigham Young Academy (now Provo Library)

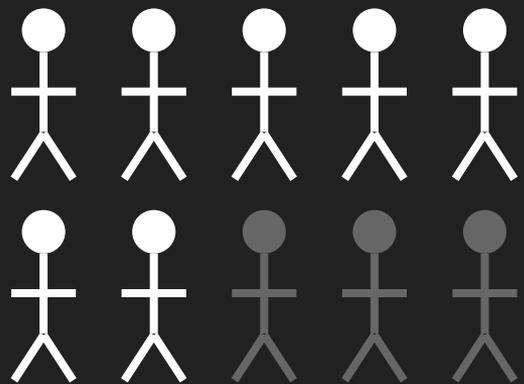


Brigham Young Academy (now Provo Library)



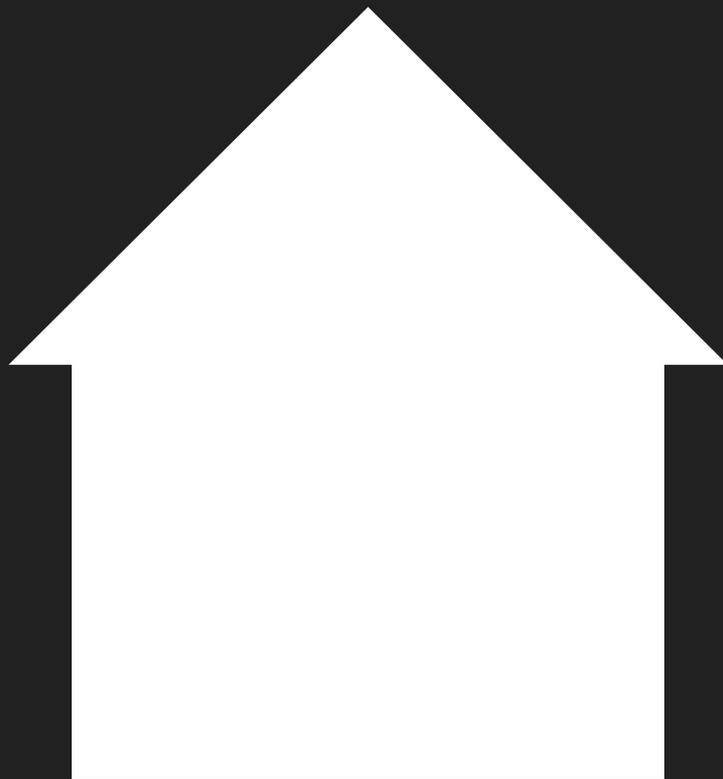
I have some bad news

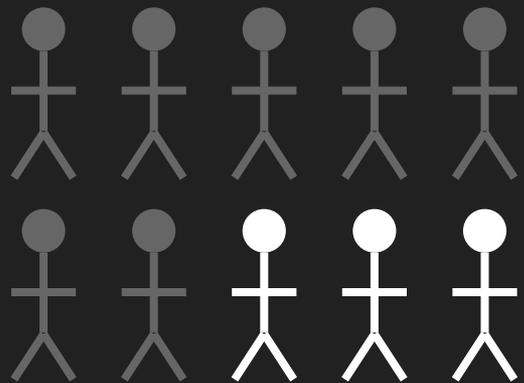




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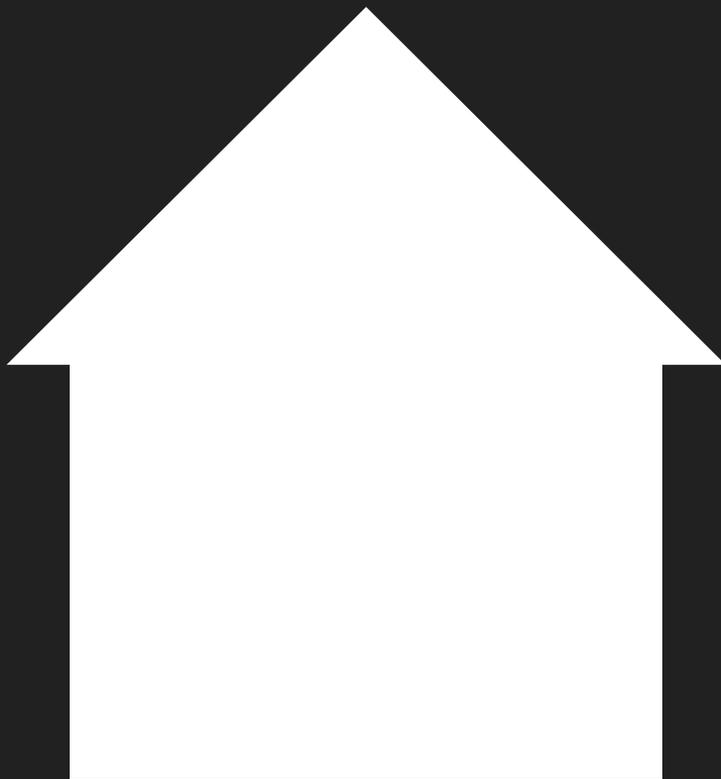
of Utah families own
the home they live in

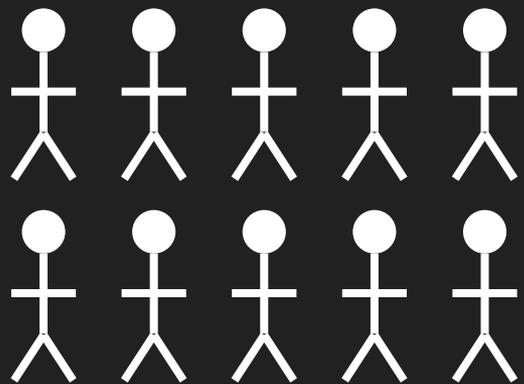




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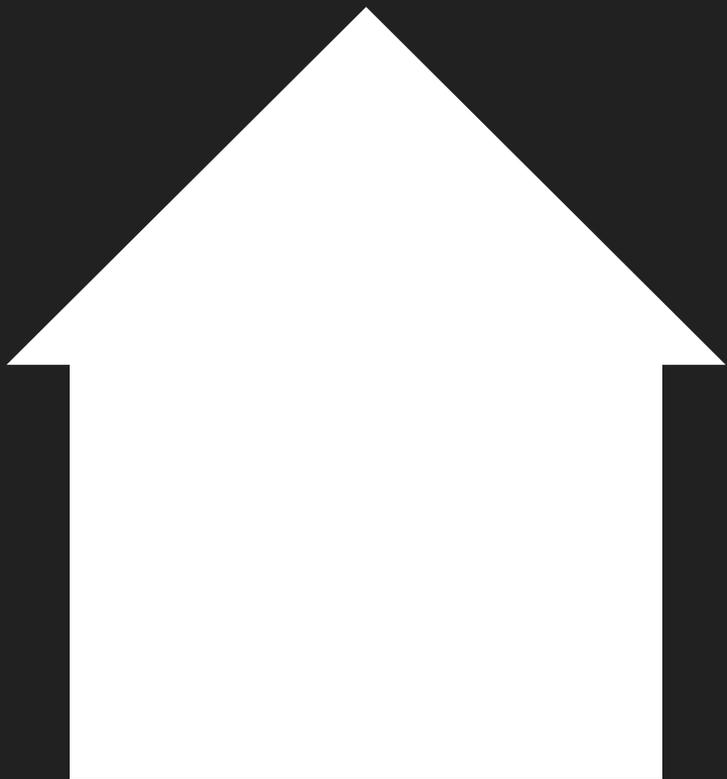
of Utah families do
not own the home
they live in



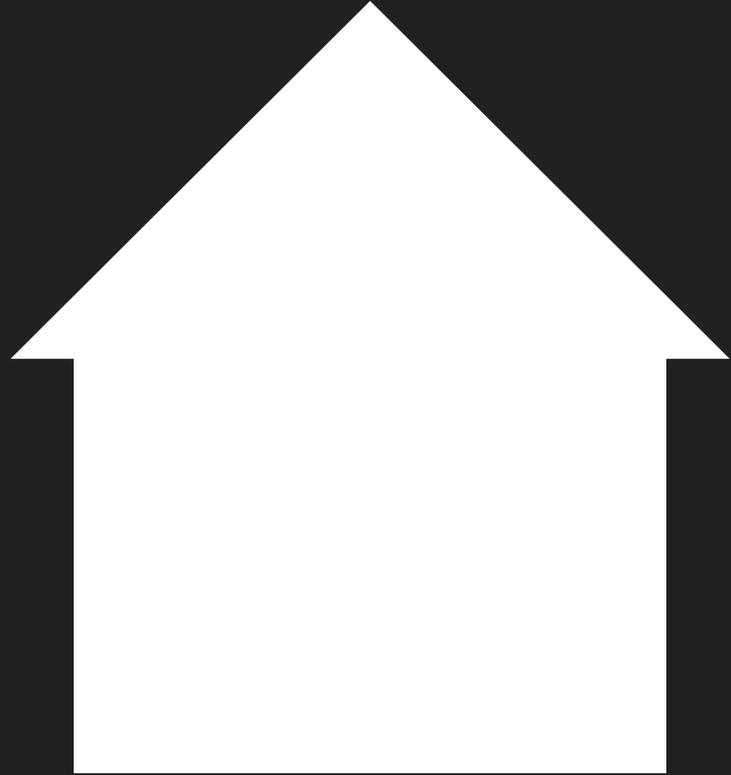


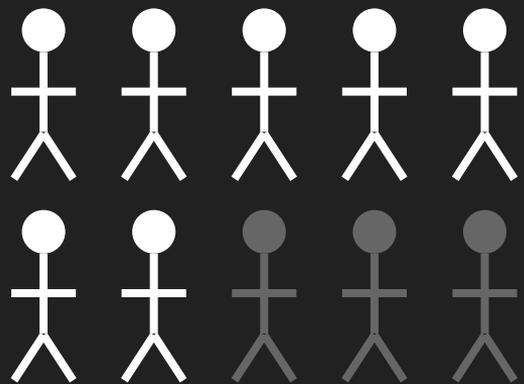
~100%

of legislators own the
home they live in



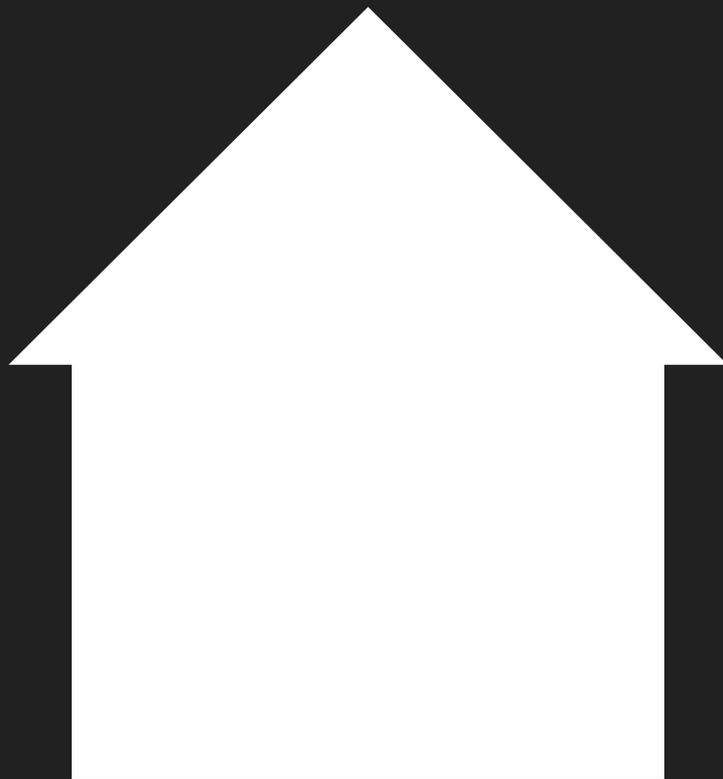
**Do you
own your
home?**

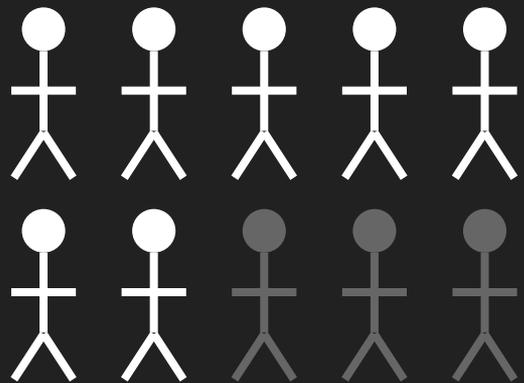




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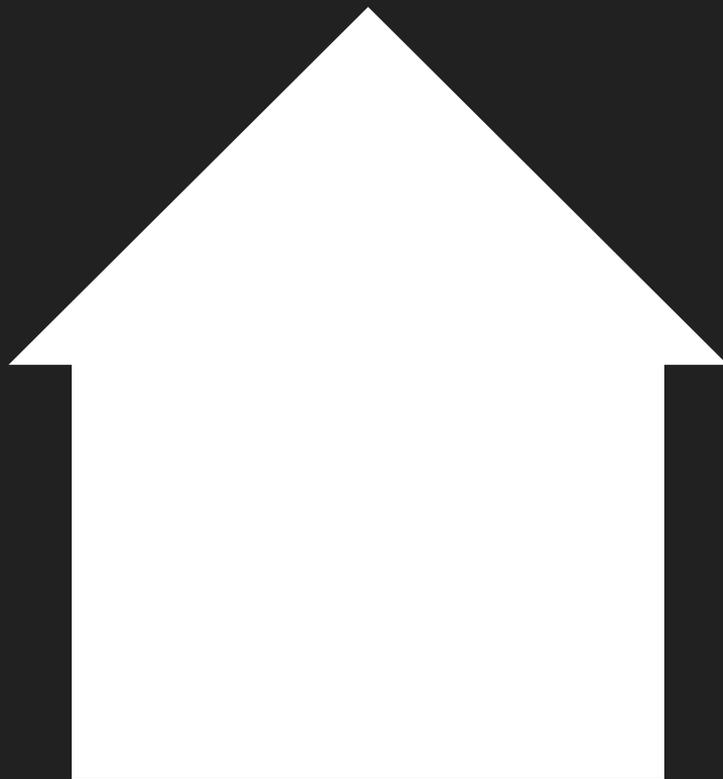
of Utah families own
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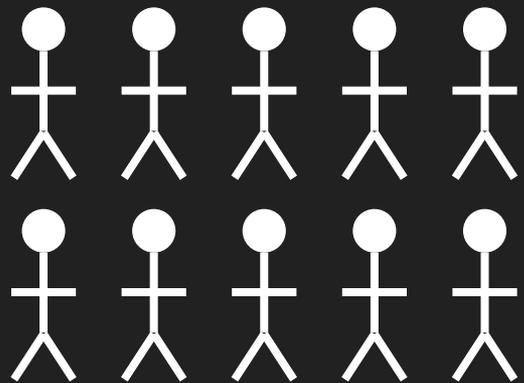




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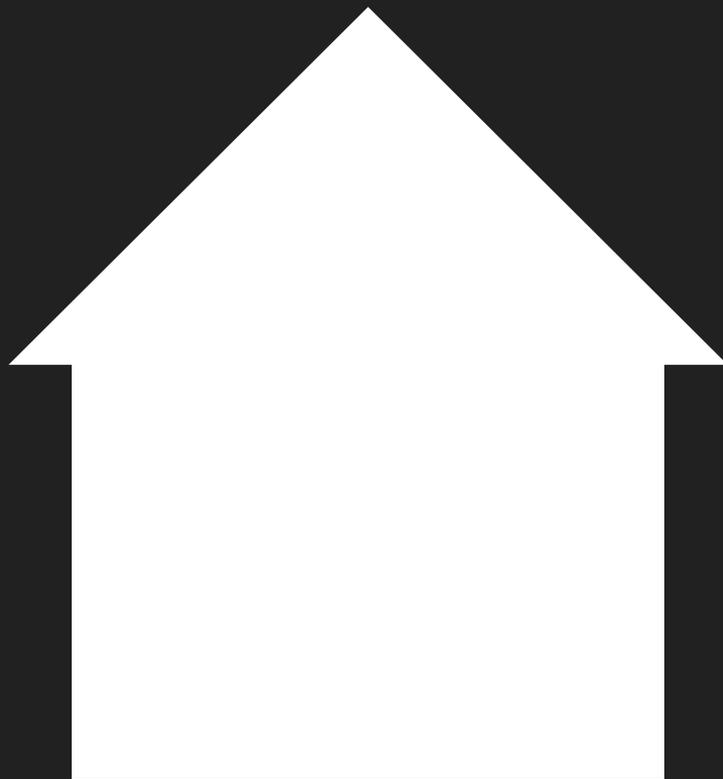
of Utah families have a
financial stake in ensuring real
estate prices continue to rise



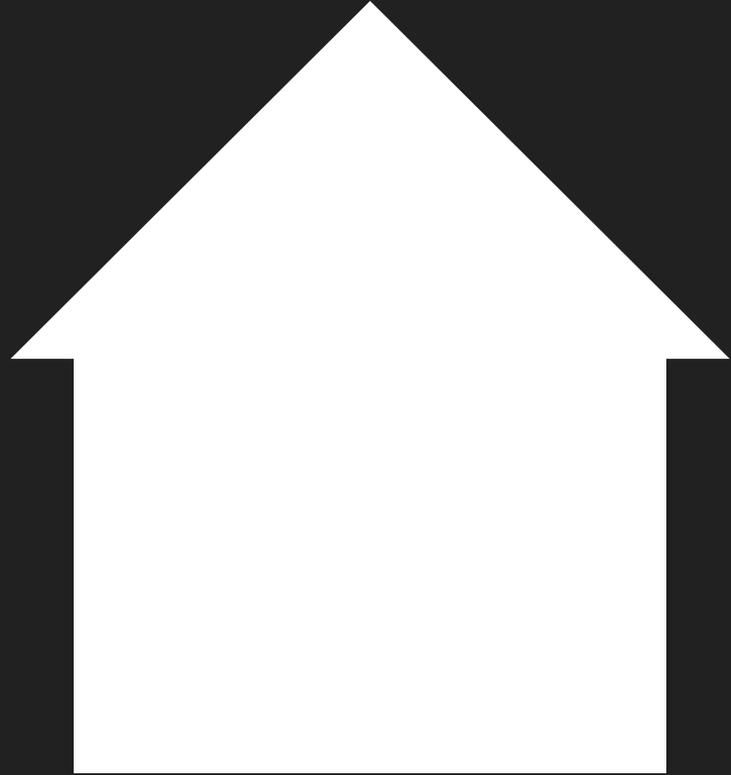


~100%

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

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2. Housing demand is regional

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

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

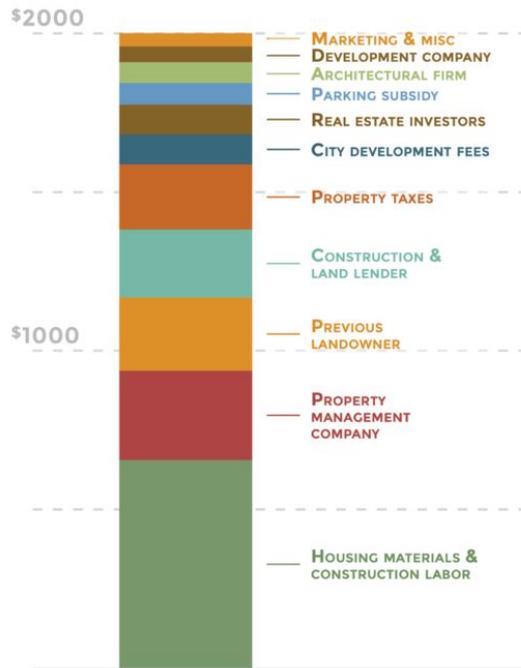
1. Developers don't pay the cost of housing, buyers and tenants do
2. Housing demand is regional
3. Expensive housing is expensive
4. Housing costs aren't just housing
5. Today's affordable housing was the last generation's luxury housing

Developers don't pay the cost of
housing, buyers and tenants do



What most people think of developers

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



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

Where does that rent money go?



Imagine you run a lemonade stand

Unit Costs

Labor	\$0.05
Cup	\$0.02
Water	\$0.01
Sugar	\$0.05
Lemon	\$0.10
Profit	\$0.07

Total	\$0.30



Unit Costs

Labor	\$0.05
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Profit	\$0.07	\$0.02 ???

Total	\$0.30	

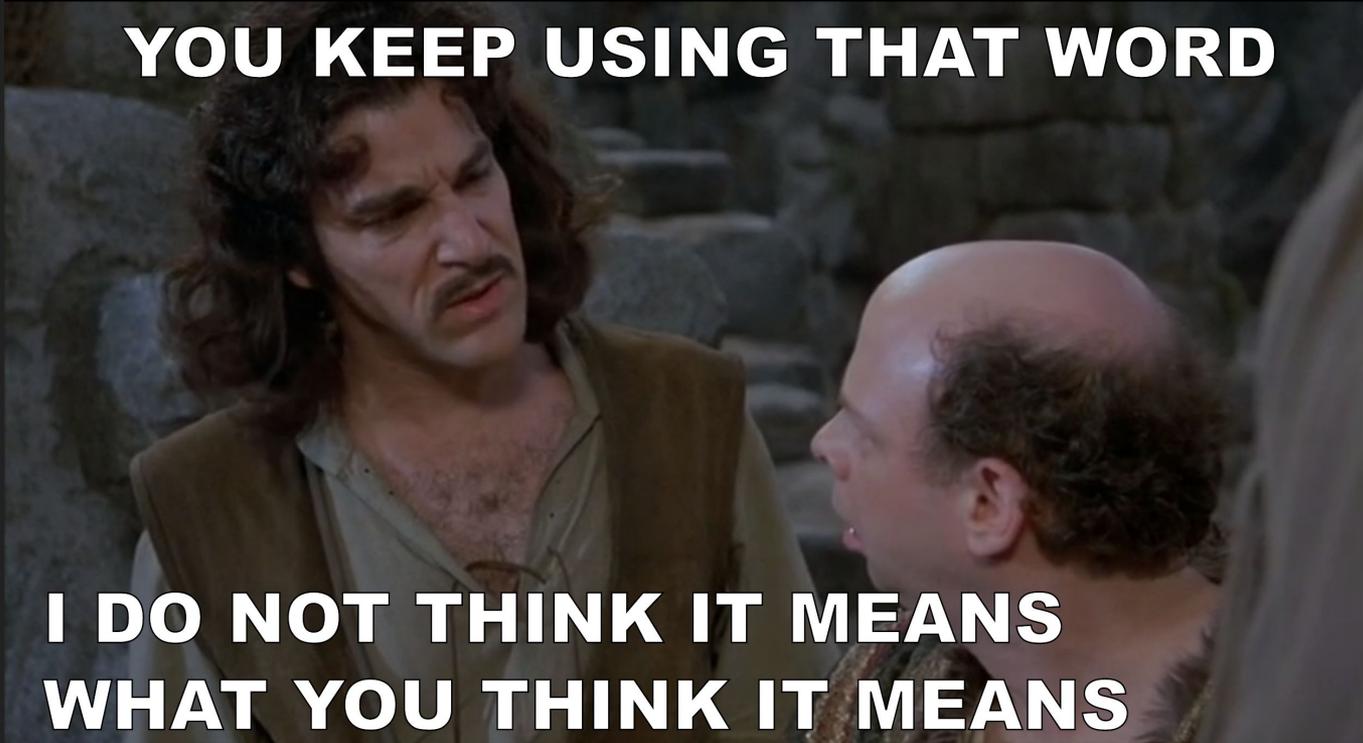


Unit Costs

Labor	\$0.05	
Cup	\$0.02	
Water	\$0.01	
Sugar	\$0.05	
Lemon	\$0.10	\$0.15
Profit	\$0.07	

Total	\$0.30	\$0.35





YOU KEEP USING THAT WORD

**I DO NOT THINK IT MEANS
WHAT YOU THINK IT MEANS**

Inclusionary Zoning

	Boston	Chicago	District of Columbia	Denver	Los Angeles	San Francisco	Seattle
Year Adopted	2000	2003	2006	2002	1991	2002	2001
Voluntary/Mandatory	Voluntary	Voluntary	Mandatory	Combination	Mandatory	Mandatory	Voluntary
Affordability Duration	50 years	30 or 99 years	Perpetuity	15 years	30 years or life	Perpetuity	50 years
Density Bonus	Varies	Varies	20%	N	Varies	N	Y
Total Inc Set Aside	15%	10%	Varies	10%	15%	12% onsite, 20% offsite	Approx. 5%
Target Incomes (AMI)	<70%-100%	≤60%-100%	<50%-80%	50-80%	30-80%	≤55-90%	80-100%
Applies to Market Rate Rental	Y	Y	Y	Y	N	Y	Y
Applies to Market Rate Condos	Y	Y	Y	Y	Y	Y	Y
Off-Site Allowance	Y	N	Y	Y	Y	Y	Y
Total Unit Production * - Changes underway	1,070 units (thru 2012)	740 units (as of mid-2014)	80 units (as of mid-2014)*	77 units (as of mid-2014)	N/A	1,560 units (as of mid-2014)	56 units (as of mid-2014)^
In-Lieu Fee	Y	Y	N	Y	Y	Y	Y
Total In-Lieu Fees Collected	\$57.2 M	\$19.0 M	N/A	\$7.6 M	N/A	\$58.8 M	\$31.6 M

Source: BAE Urban Economics, 2014

By their fruits...

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...

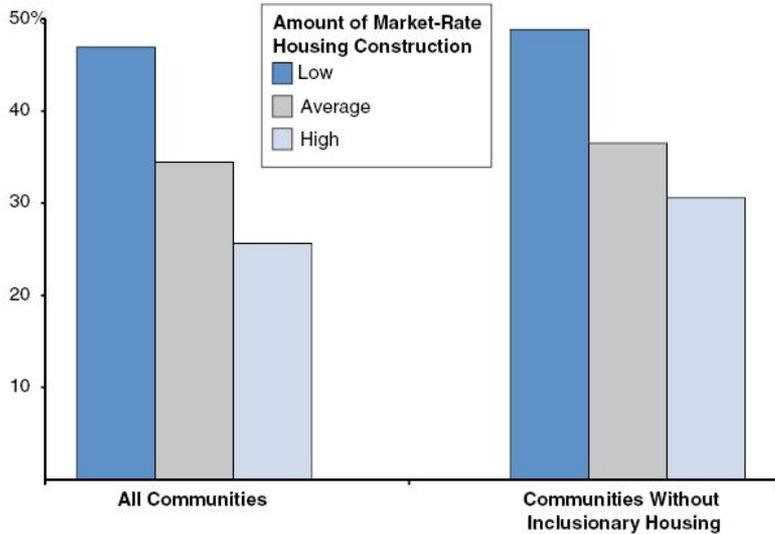


Nothing to see here...

Figure A2

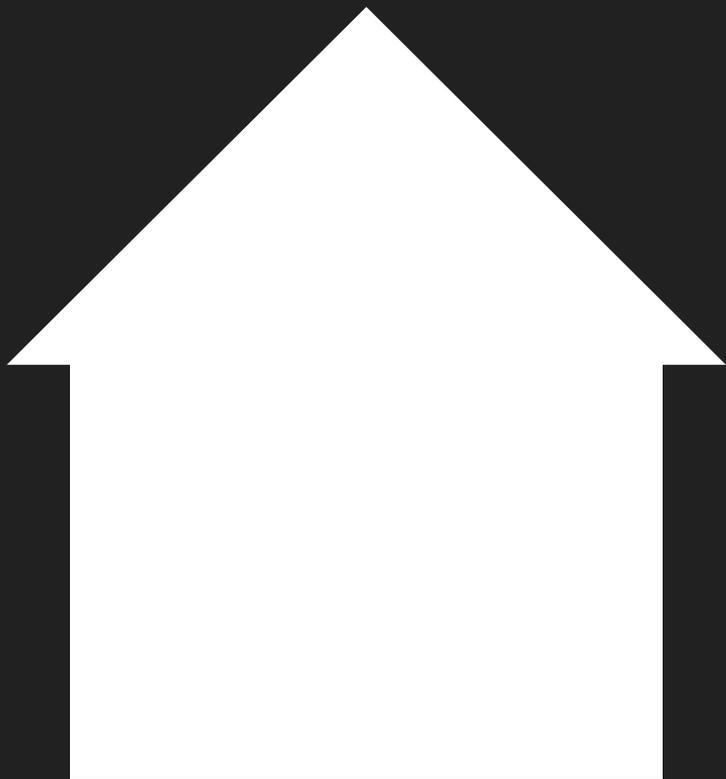
More Housing Construction Linked to Lower Chances of Displacement

*Likelihood of an Average Low-Income Bay Area
Census Tract Experiencing Displacement, 2000 to 2013*



More supply = less displacement

Expensive housing is expensive



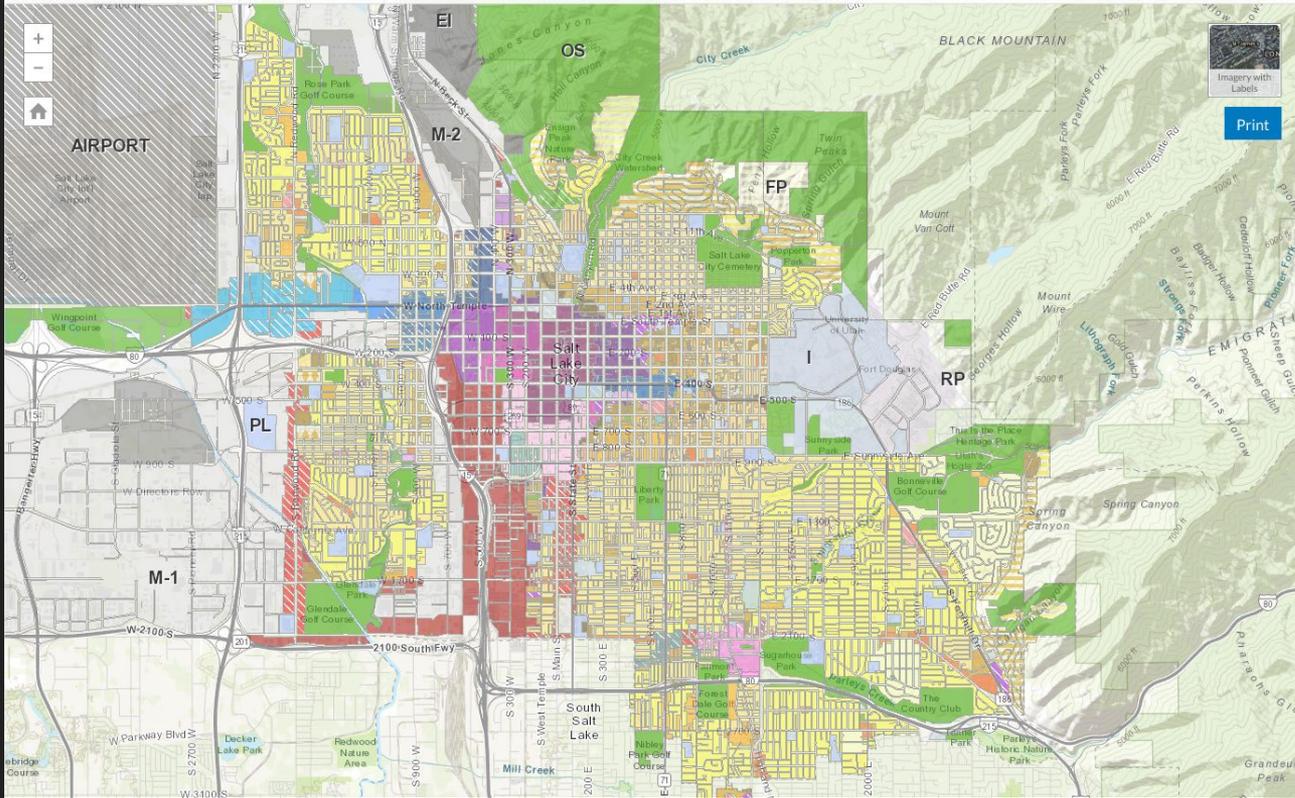
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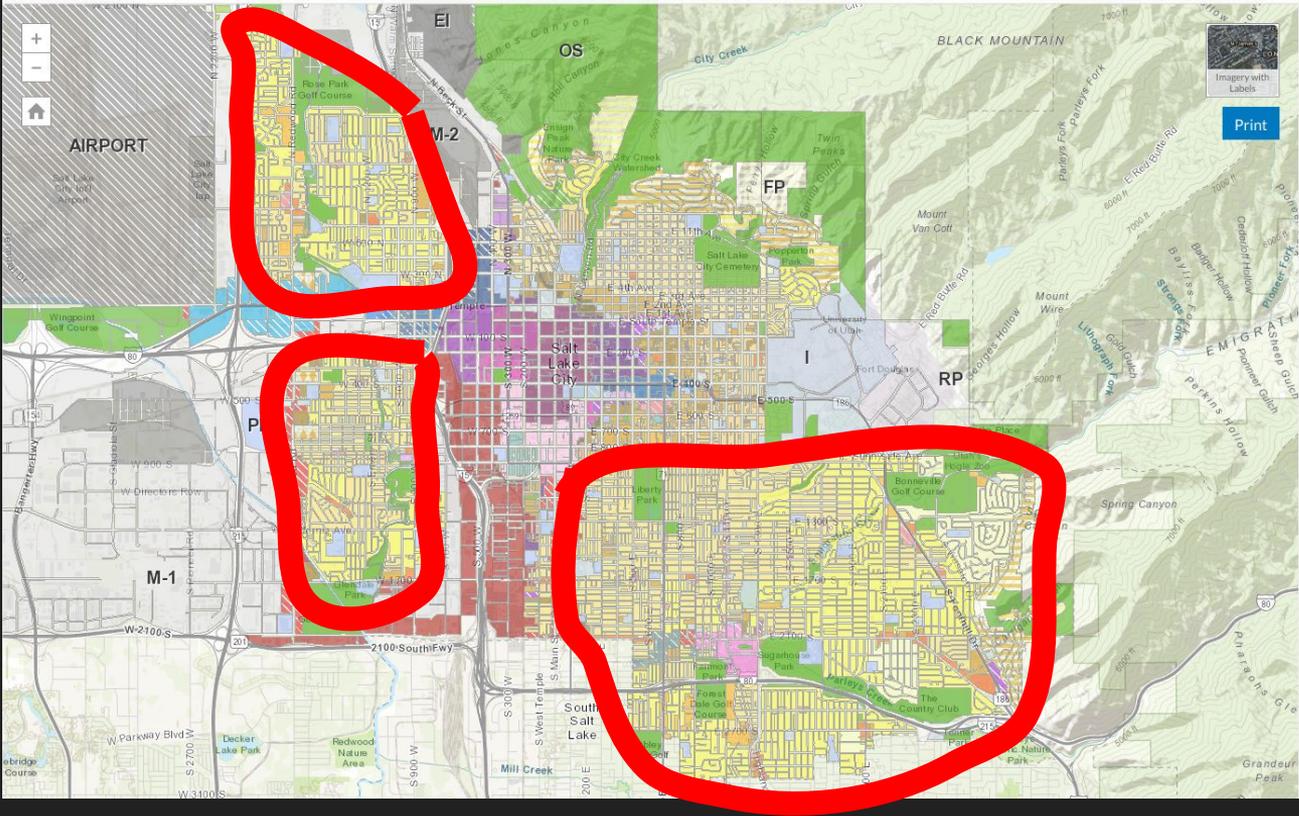
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Imagery with Labels

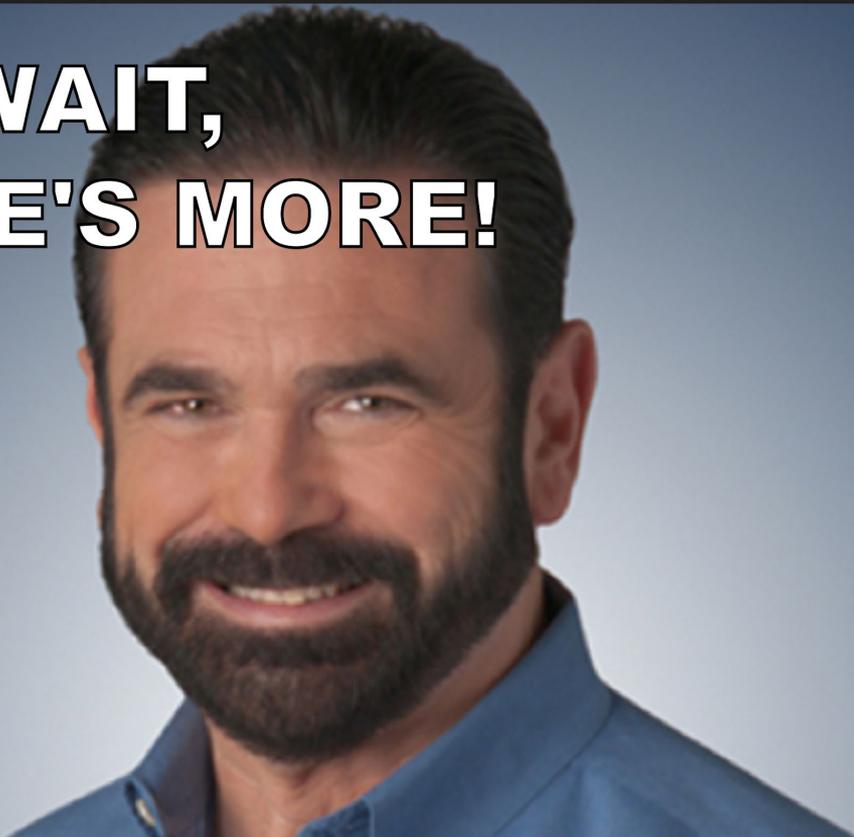
Print





Poor people need not apply

**BUT WAIT,
THERE'S MORE!**



Added Costs

Added Costs

Impact fees

Added Costs

Impact fees

Minimum off-street parking

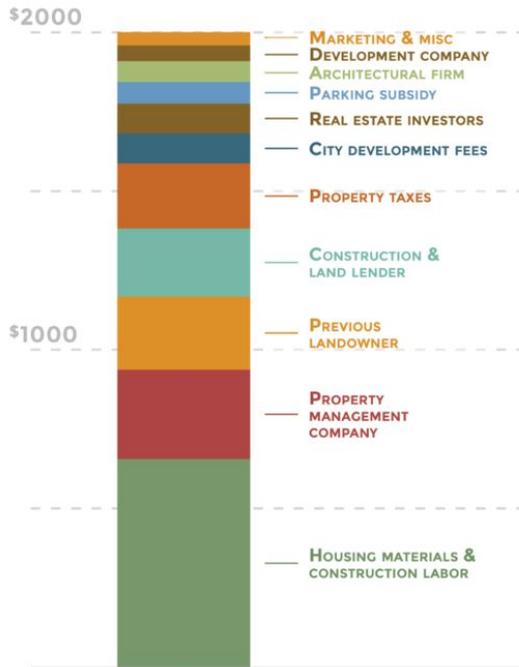
Added Costs

Impact fees

Minimum off-street parking

Public process

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



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

Where does that rent money go?

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)



6/26/2015





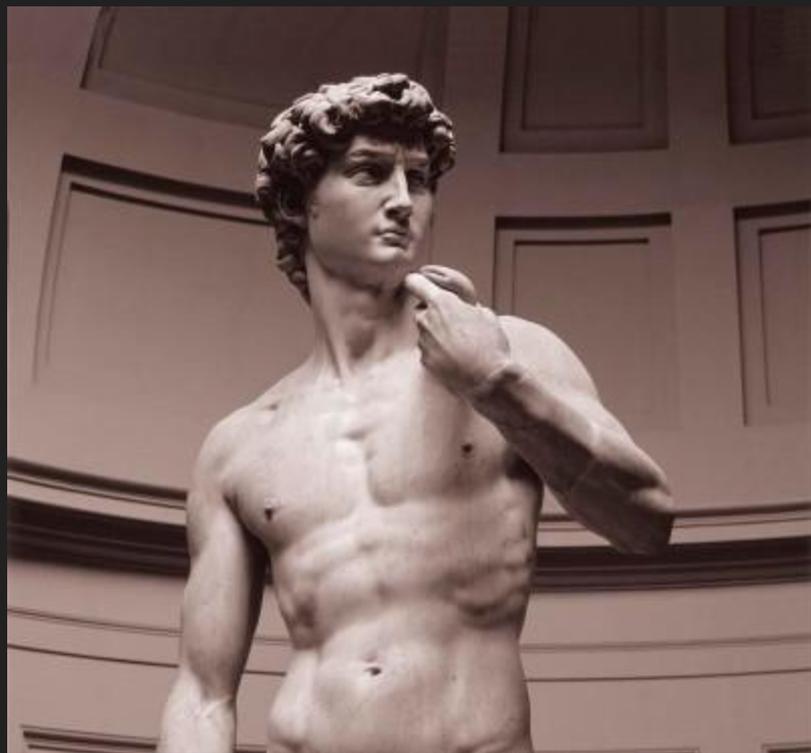
The clock is ticking

(Don't Forget about Interest Rates)



Mortgage interest rates over time

Conclusion





Solutions

Solutions

Accessory Dwelling Units



Benefits

Accessory Dwelling Units



Benefits

Low impact

Accessory Dwelling Units



Benefits

Low impact

Fit existing “character”

Accessory Dwelling Units



Benefits

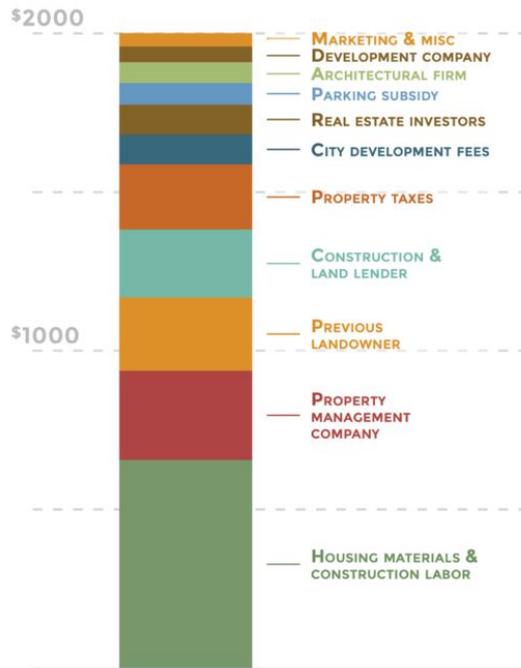
Low impact

Fit existing “character”

Inexpensive to construct

Accessory Dwelling Units

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



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Where does that rent money go?



Benefits

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



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!

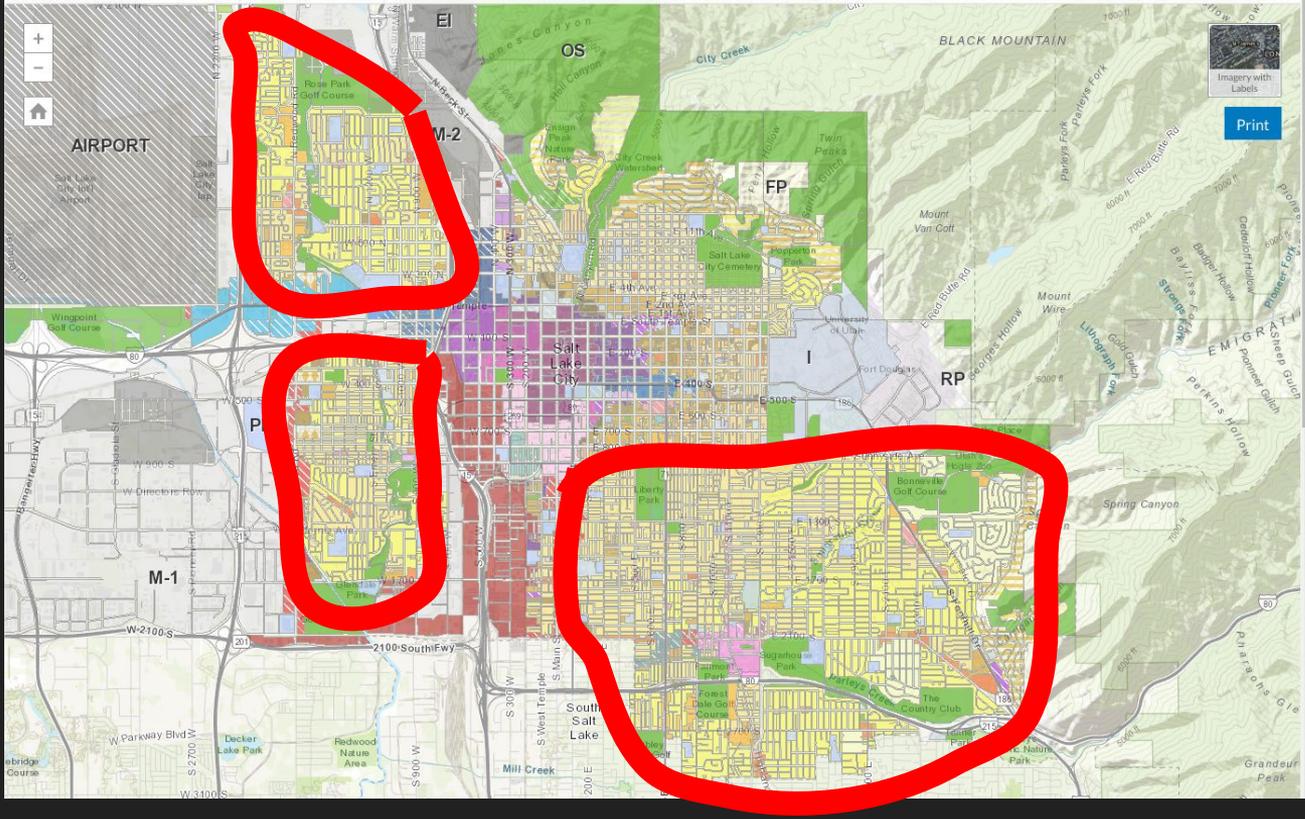
Solutions

Accessory Dwelling Units

Relaxed definition of single family
home



Print



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