

Accessory Dwelling Units: Case Study

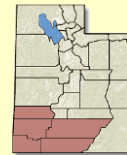
The following includes information retrieved from the June 2008, *Accessory Dwelling Units: Case Study* prepared for HUD.

Accessory dwelling units (ADUs) also referred to as granny flats, second units, or accessory apartments, are additional living quarters on single-family lots that are independent of the primary dwelling unit. The separate living spaces are equipped with kitchen and bathroom facilities, and can be either attached or detached from the main residence.

Development of accessory dwelling units can be traced back to the early twentieth century, when they were a common feature in single-family housing. After World War II, an increased demand for housing led to a booming suburban population. The rapid growth of suburbs reinforced the high demand for lower-density development, and ultimately led most local jurisdictions to prohibit ADU construction. Although a number of communities still restrict development of ADUs, there is a growing awareness and acceptance of ADUs as an

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inexpensive way to increase the affordable housing supply.

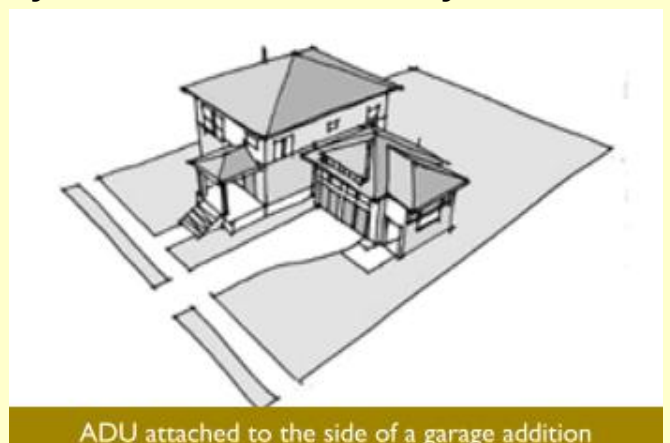
Accessory dwelling units offer a variety of benefits to communities. They help increase a community's housing supply, and since they cost less than a new single-family home on a separate lot, they are an affordable housing option for many low and moderate-income residents. Elderly and/or disabled persons who may want to live close to family members or caregivers, empty nesters, and young adults just entering the workforce find ADUs convenient and affordable. ADUs also benefit homeowners by providing extra income that can assist in mitigating increases in the cost of living.

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Open the Door to Housing Affordability in Your Community

Did you know that in some communities, housing regulations and fees can account for up to a third of the cost of a new home? In response, HUD created the Regulatory Barriers Clearinghouse to help cities and towns across America identify and overcome regulatory barriers by generating solutions to reduce impediments to housing affordability.

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Weatherization Milestone

The U.S. Department of Energy announced in June that Utah has reached a significant milestone under the American Recovery and Reinvestment Act (ARRA) by completing weatherization work for more than 30% of the homes they have planned. This accomplishment, along with completing a series of monitoring and reporting milestones, provides access to the remaining 50% of their ARRA funding for the program.

The Weatherization Assistance Program under ARRA has weatherized more than 108,000 homes nationally, saving American families more than \$47 million on their energy bills and according to state reports, supporting more than 10,000 jobs in the first quarter of this year.

Under ARRA, Utah was allocated \$37.8 million for the weatherization program. The state previously had access to the first 50 percent of the funding. By weatherizing more than 30 percent of their total estimated homes and meeting a series of aggressive accountability and reporting milestones, Utah now has access to the full \$37.8 million to continue weatherizing homes across the state. The goal is to weatherize nearly 4,500 homes with that funding.

“The weatherization program under the Recovery Act is creating opportunities nationwide; opportunities for energy savings and job growth. These states are helping to lead the way toward a stronger economic future with a sound foundation in clean energy” said U.S. Energy Secretary Steven Chu.

The Weatherization Assistance Program helps low-income households save energy and money by improving their energy efficiency. Local community action agencies or non-profit organizations provide whole-home

weatherization services under the program. This include conducting an energy audit in the home to identify the most cost-effective improvements and implementing solutions that range from installing additional insulation and weather-stripping, sealing windows and doors, caulking cracks in the building, and replacing inefficient heating and cooling systems. According to a recent study by Oak Ridge National Laboratory, weatherization services save families an average of more than \$400 in energy costs during the first year.



Implementation of the weatherization program in Utah has translated into 1,402 homes being retrofitted for energy efficiency as of April 30, 2010. By virtue of reaching this milestone, Utah now has access to a larger pool of federal money to weatherize a projected total of more than 4,400 homes. According to the state, approximately 80 workers were employed by state and local weatherization providers during the first three months of the year.

The Weatherization Assistance Program is a performance based, revolving loan program that applies to homeowners whose annual income is at 150 to 200 percent of poverty level. The loans are administered at the State level by the Utah Department of Community and Economic

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Housing Scorecard

The U.S. Department of the Treasury and HUD released the August edition of the Obama Administration’s Housing Scorecard, which is a comprehensive report on the nation’s housing market. The following is a synopsis of the report.

In July, housing prices remained level after 30 straight months of decline, while some price predictions have improved. In addition, historic low interest rates continued to promote home affordability and refinancing options for the nation’s families. However, the market remains fragile with foreclosure starts showing a slight increase and serious delinquencies continuing to work through the pipeline.

“While there has been some stabilization in the housing market, it remains clear that we have more work ahead” said HUD Assistant Secretary Raphael Bostic. “...efforts over the past 16 months have seen increased price stabilization and improved home affordability for prospective homebuyers. At the same time, we know that we must continue to provide support to underwater borrowers, unemployed homeowners, and to the nation’s hardest hit neighborhoods.”

Stabilizing housing prices have driven improving expectations in some regions. After 30 straight months of decline, home prices have leveled off in the past year; futures indices have shifted upward since January 2009 as signs of recovery continue, although overall housing outlook measures remain mixed.

More than 37,000 homeowners received Home Affordable Modification Program (HAMP) permanent modification in July. While the pace of program energy has slowed due to upfront documentation requirements, this policy change streamlines the process to help more eligible homeowners convert to a permanent modification. Homeowners in permanent modifications are

experiencing a median payment reduction of 36 percent, or more than \$500 per month.

HAMP has so far offered approximately 1.5 million homeowners the chance to modify their mortgages. This program has helped to stabilize a housing market that remains fragile and has redefined the modification standard for the industry.

Treasury Assistant Secretary, Herb Allison, states, “Currently servicers are working through their pending modifications, and while Making Home Affordable works for a number of homeowners, many others are offered other means of avoiding foreclosures. As careful stewards for the scarce resources of the American taxpayer, we see this as prudent progress, and we will keep working to help the Americans hardest hit by this crisis.”

Data in the scorecard show that recovery in the housing market continues to remain fragile, with some measures suggesting recovery will take place over time. For example, foreclosure starts went up slightly in July from the previous month, but remain well below July 2009 levels.

Each month, the Housing Scorecard incorporates key housing market indicators and highlights the impact of housing recovery efforts. The complete Housing Scorecard is available at: www.hud.gov/scorecard



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Accessory dwelling units have other advantages as well. They can be designed to blend in with the surrounding architecture, maintaining compatibility with established neighborhood and preserving community character. Furthermore, there is no need to develop new infrastructure since ADUs can be connected to the existing utilities of a primary dwelling.

At the height of suburbanization in the US in the 1950s and 1960s, high-density development became undesirable. Instead, communities favored low-density development defined by large-lot single-family homes. ADUs that were once a common feature in many homes were excluded from zoning ordinances. However, growing demand for affordable housing has led to changing attitudes about the use and development of ADUs. An increasing number of communities across the nation are adopting flexible zoning codes within low-density areas in order to increase their housing supply.

Communities find that allowing ADUs is

advantageous in many ways. In addition to providing practical housing options for the elderly, disabled, empty nesters, and young workers, ADUs can provide additional rental income for homeowners. ADUs are smaller in size, do not require the extra expense of purchasing additional land, can be developed by converting existing structures, and do not require additional infrastructure. They are an inexpensive way for municipalities to increase their housing supply, while also increasing their property tax base. By providing affordable housing options for low and moderate-income residents, communities can retain population groups that might otherwise be priced out of the housing market.

Lastly, a community can tailor ADU ordinances to suit its unique demographic, geographic, and socioeconomic characteristics. For examples of accessory dwelling unit zoning codes, refer to the appendices of the report found at:

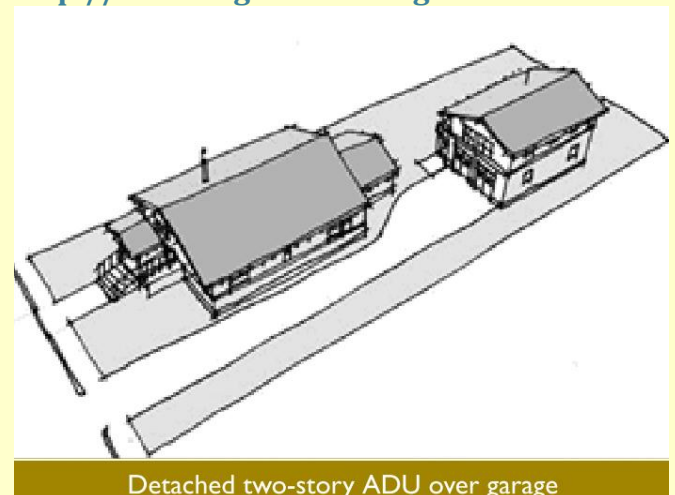
<http://www.huduser.org/publications/PDF/adu.pdf>

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The state and local affordable housing strategies available at the Regulatory Barriers Clearinghouse (RBC) have achieved positive results in many communities and can be easily adapted to work in your community as well.

The RBC website maintains a searchable database of effective, affordable housing strategies. The database starts with a brief description of state and local strategies and resources. From here, a simple click expands each record summary to reveal a more detailed analysis, and another click takes you to the unabridged sources. Whether you choose to conduct a quick scan or delve more deeply into the specifics, it is easy to find the affordable housing strategies that you're looking for.

To learn more about this great resource visit the Regulatory Barriers Clearinghouse at:
<http://www.regbarriers.org>



Detached two-story ADU over garage

Weatherization from page 2

Development. Five County Association of Governments administers the weatherization program for southwestern Utah.

Vice President Joe Biden announced in August that more than 200,000 low-income homes nationwide have been weatherized in recent months in a drive to save families hundreds of dollars annually in energy costs. He furthered indicated that the federal government's target is to weatherize 600,000 homes.

The energy conservation resulting from the weatherization efforts of state and local agencies helps our country decrease the cost of energy for families in need while improving the health and safety of their homes. The U.S. Department of Energy reports that during the past 33 years, the weatherization assistance program has provided services to more than 6.4 million low-income households. Families receiving weatherization services see their annual energy bills reduced by an average of

about \$437, depending on fuel prices. Because the energy improvements that make up weatherization services are long lived, the savings add up over time to substantial benefits for weatherization clients and their communities, and the nation as a whole.



How does the weatherization process work?

1. Call Five County AOG Weatherization at (435) 586-0585.
2. Submit an application to the Weatherization office.
3. Weatherization office determines eligibility.
4. If eligible, weatherization office will perform a professional energy consultation.
5. Work is performed based upon the needs established in the energy consultation.

Utah Panel Pushing for Energy-Efficient Homes

Utah's Uniform Building Code Commission is prepared to push the State Legislature to mandate that new houses be more energy-efficient. But a key constituent group is already pushing back.

Homebuilders contend that the new standards would unnecessarily escalate the prices for new home construction. On the other side of the debate, conservation advocates counter that they would save energy and homeowners money.

In August, the Commission approved the new code on a 5-2 vote. From here, the recommendation will be presented to the Legislature's Business and Labor Interim

Committee, which is to consider the issues at its September 15th meeting.

An ad hoc committee of the Commission spent the past two years discussing the standards, which would require new homes to have 50 percent high-efficiency lighting increased, wall and water pipe insulation, improved duct sealing and third-party testing of energy efficiency.

The nonprofit Utah Clean Energy and other advocates contend the code would add less than \$1,000 to a homebuilder's cost and would save a homeowner an average of \$175 a year over the life of a 30-year mortgage.

According to the *Salt Lake Tribune*, Taz Biesinger,

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executive vice president of the Utah Home Builders Association, disputes those figures, saying the added costs could be many times higher. Even if the \$175 a year was correct, he said, homeowners could reap half the savings by simply using energy-efficient light bulbs. It's a lot of effort, Biesinger said, for virtually little return.

The proposed standards are set forth in the 2009 International Energy Conservation Codes, which Utah already adopted for commercial buildings. However, the state currently uses the 2006 Code for residential home inspections. It would appear that the proposed standards would enable the State to become current and facilitate change through adherence to standards which are already in place in commercial buildings. This in term would permit energy-efficiency across a broader spectrum.

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