



CITY OF SALEM, MASSACHUSETTS

DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

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Salem City Council
Salem Planning Board
Salem City Hall
93 Washington Street
Salem, MA 01970

Re: Accessory Dwelling Unit Ordinance – Response to Comments from the
August 15, 2019 Joint Public Hearing

Dear City Councillors and Planning Board members:

This letter is a response to questions that were asked at the August 15, 2019, City Council Joint Public Hearing with the Planning Board, relative to amending the Accessory Living Area zoning ordinance.

1. How much does it cost to construct an accessory living area?

Two of the building permits issued for accessory living areas in Salem identify the construction cost. A permit for new construction (an addition) listed the construction cost at \$116,870. The second permit was for renovation of an existing space which listed the construction cost at \$54,000. The remaining building permits did not identify the construction cost.

Staff interviewed a few local developers who quoted an average construction cost for a new accessory unit between \$125-\$150 per sq. ft., which equates to \$100,000 to \$120,000 for an 800 square foot unit. Please note that cost estimate is for an addition rather than a renovation.

For renovation this is a more challenging cost analysis because there are more variables, e.g. what is current in the space that is being converted? Thus, the range is wider, around \$50-\$100 per sq. ft. (\$40,000-\$80,000 for an 800 square foot unit).

Local developers also noted that recently there has been a large increase in material and labor costs, thus the cost will more likely be on the higher end.

The AARP publication, [ABCs of ADUs](#), illustrates several examples of accessory apartments nationwide which range in price from \$55,000 to \$350,000.

2. Could a non-conforming home, e.g. a two-unit home in a R1 neighborhood, add an accessory dwelling unit?

As currently proposed, yes.

3. At the public hearing a concern was raised regarding the purpose, specifically with the word “moderately” priced. Given the concern, staff would like to offer the City Council and Planning Board alternative options for the purpose statement.

Staff recommends amending the statement as such:

~~Add moderately priced~~ **To facilitate an opportunity for homeowners to add naturally occurring affordable** rental units to the housing stock. ~~to meet the needs of smaller households and make housing units available to moderate income households who might otherwise have difficulty finding housing.~~

A key goal of the accessory living area zoning amendment is to increase the supply of affordable housing options. While the ordinance does not have an “affordability requirement” in the form of a deed restriction, it will provide homeowners the ability to create naturally occurring affordable units.

Staff also recommends adding the following purpose statement: *To increase the supply and the diversity of housing options, in response to demographic changes such as smaller households and older households.*

The demographic changes noted in the aforementioned purpose statement refer to household size (number of people in a home) and the age of the people who make up Salem households. Household size is an important factor, as the rate of household growth (number of households in Salem) is projected to be higher than population growth due to continued declines in average household size, thus more homes per person will be needed.

The [City of Salem Housing Needs and Demands Analysis](#), attributes the decrease in household size to the increasing number of senior households, explaining that seniors are much more likely to have only one or two people per household. We have already seen this declining trend, between 2000 and 2010 the average household size decreased

from 2.24 to 2.22. The [Salem Age Friendly Action Plan](#) illustrates the projected increase in senior households, explaining that one out of every five Salem residents is over the age of 60 today and that figure is expected to climb to one in four by 2030. This is an increase from around 8,000 individuals today to as many as 12,000 people in eleven years. Thus, more homes are needed as well as different housing typologies, or options, to accommodate the smaller households.

If the City Council and Planning Board were to include the two purpose statements recommended by staff, the purpose section would read as follows:

Purpose.

- A. To provide homeowners with a means of obtaining companionship, security, and services, thereby enabling them to remain in their homes and neighborhoods they might otherwise be forced to leave.
- B. ~~Add moderately priced~~ **To facilitate an opportunity for homeowners to add naturally occurring affordable** rental units to the housing stock. ~~to meet the needs of smaller households and make housing units available to moderate income households who might otherwise have difficulty finding housing.~~
- C. To encourage the economic and energy efficient use of the city's housing supply while preserving the character of the city's neighborhoods.
- D. To maximize privacy, dignity, and independent living among family members preserving domestic family bonds as well as to protect the stability, property values, and the residential character of the neighborhood.
- E. To permit the owner of an existing, or a proposed, detached dwelling to construct one additional dwelling unit. Such a use is incidental and subordinate to the principal dwelling.
- F. **To increase the supply of housing and the diversity of housing options, in response to demographic changes such as smaller households and older households.**

4. **Have other communities required accessory units be affordable?**

As discussed at the joint public hearing, it is unlikely that a homeowner would want to put a deed restriction on their home. Even if a homeowner was willing to do that, it is a lot of work. The various requirements associated with getting the unit deed restricted, and keeping it deed compliant, would discourage many property owners from pursuing it. To illustrate the process, here are *some* of the requirements the property owner would have to contend with:

- Enter into a complex Regulatory Agreement with the City and DHCD.
 - [Here is a Guidance on Local Action Units](#) (LAUs)—it outlines all of the steps that would be required, plus the requisite regulatory agreement between DHCD, the City and DHCD.

- Develop an Affirmative Fair Housing and Marketing Plan that is approved by DHCD, conduct some sort of lottery or tenant selection process, and screen tenants for eligibility per HUD guidelines.
- Submit the paperwork to get the unit listed on the subsidized housing inventory (SHI).
- Provide annual recertification reports to DHCD and the City showing that the tenant is still eligible.

To answer the question, here are a few towns that do have some provision in their zoning by-law allowing deed-restricted ADUs: Boxford, Canton, Douglas, Chatham, Scituate, West Tisbury, and Lincoln. However, there appears to be concerns about how well ADU ordinances are working in these communities. For example, in an effort to overcome some of the barriers that deed-restrictions present, the Town of Lincoln recently revised their ADU By-Law to incentive more users by 1) a cash payment of up to 25K per unit; 2) possible property tax reductions, and 3) the Town agreed to handle all of the marketing, monitoring, etc. for the owner.

Thank you for providing staff an opportunity to respond to the questions that were asked at the public hearing.

Sincerely,

Amanda Chiancola, AICP
Senior Planner

cc: Mayor Kimberley Driscoll
Ilene Simons, City Clerk
Tom Daniel, Director of Planning and Community Development