

CARRIAGE HOUSE

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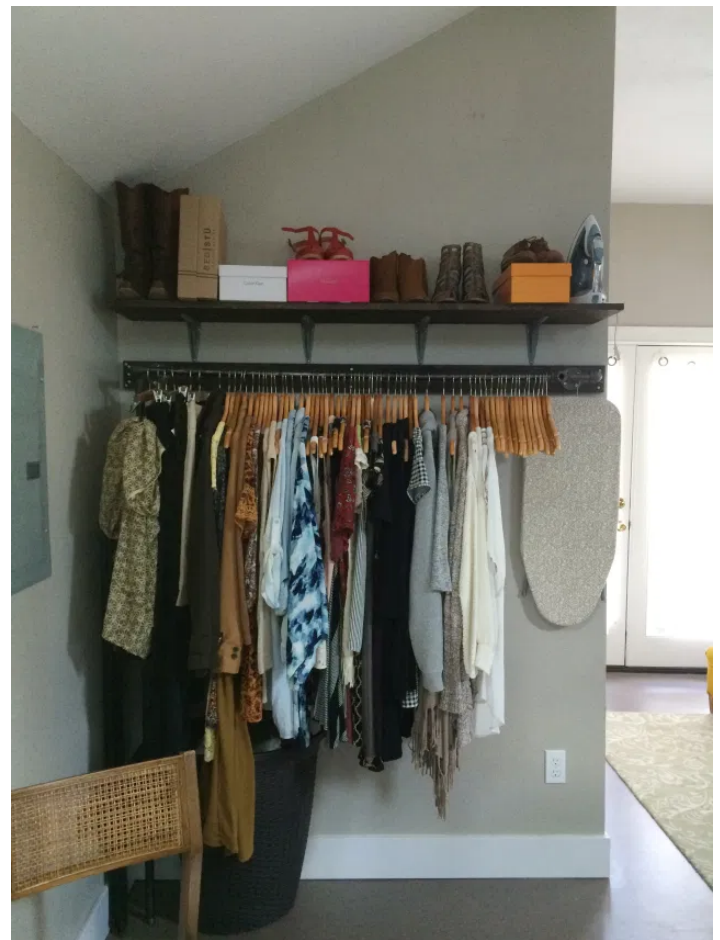


Carriage House

Affordable Housing Development (<https://infillpdx.com/category/development/>), Conversions (<https://infillpdx.com/category/conversions/>) / December 31, 2018 (<https://infillpdx.com/2018/12/carriage-house/>)

Tiny House Conversion

This existing carriage house was converted to a studio unit of just over 300 square feet; there is an attached 40sf storage shed and a detached 80sf storage unit adjacent to the ADU. The tenants share the backyard with the home and maintain a small herb garden outside their front porch. The first tenants in this unit gave very constructive feedback that resulted in changes to the kitchen design, the storage strategy, and some of the window sizes/locations (including the addition of the skylights). They video-blogged about their Tiny House experience [here](http://youtu.be/iEKutL3EJ4s) (<http://youtu.be/iEKutL3EJ4s>) and [here](http://youtu.be/irTiWHDZBdU) (<http://youtu.be/irTiWHDZBdU>).



Cost

The carriage house needed new connections for power, water, and sewer. It was also remediated for mold damage and had to be re-roofed. Because the unit was so small it was important to the owner that it have full amenities, including skylights, energy and water-efficient appliances, and non-toxic finishes (including natural marmoleum flooring). The first tenants to occupy this unit made other improvements that

the landlord reimbursed them for, including closet shelving and a custom bathroom storage rack. The unit was equipped with both water and power submeters. Utilities are paid by the landlord, and then apportioned to each tenant the following month according to their proportional usage.

For this project, the final costs (FY 2015) were as follows:

insulation	\$230
sheet rock	\$815
roofing	\$2,400
siding	\$2,070
paint	\$900
windows/skylights	\$3,250
finishes/fixtures	\$1,070
kitchen (incl. appliances)	\$1,640
plumbing	\$1,705
flooring	\$1,555
electrical	\$2,130
permits/inspections	\$2,275
total	\$20,040
total area	345 sf
total cost per square foot	\$58/sf

The rent for this unit was set according to the City of Portland’s Housing Bureau:

Affordable Housing Standard for a studio unit in Portland: \$1,282/month including utilities (per the 2015 Portland Housing Bureau allowance)
 It is difficult to translate Portland’s Standard Utility Allowances into meaningful numbers for detached studios. Using their 2015 tables, we estimate electricity would cost approximately \$118/month and the water/sewer roughly \$77/month. Both these charges are much higher than what the tenants typically incur.
 The landlord pays for garbage.

The total utility burden is \$195/month, meaning the rent still meets the standard at \$1,085/month. The current rent for this unit is \$800/month, which qualifies it as Affordable Housing for individuals earning only 80% of the area’s Median Family Income (this is the standard currently referred to as “workforce-housing.”

Regardless of the lower rent, the rate of return to the landlord was still amazing:

$$\text{\$9,600 (annual rent) / \$20,040 (total cost) = 48\% ROI}$$

We don’t need to tell anyone what a great margin this is, even without accounting for the tax benefits or real estate appreciation. Whenever we tell people we have built workforce housing in close-in Portland at a 48% annual rate of return, they don’t believe it. Especially when you can work with an existing structure and make smart design decisions, this example illustrates that affordable housing and large profits don’t have to be mutually exclusive!

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