

The Accessory Apartments program is a project of HousingUs, an initiative of Berkshire Taconic Community Foundation.

HousingUs is a tri-state collaborative effort of nonprofit organizations and community leaders to promote broad-based affordable housing options in towns throughout the northwest corner of CT, northeast Dutchess and Columbia Counties in NY and southern Berkshire County.

For more information, please visit our website at www.housingus.org.



AN INITIATIVE OF

Berkshire
Taconic
Community
Foundation

Moving Forward by Giving Back

800 North Main St., PO Box 400
Sheffield, MA 01257-0400
t: 413.229.0370 f: 413.229.0329
www.berkshiretaconic.org

The Accessory Apartments Program

A STEP-BY-STEP GUIDE TO CREATING
AN ACCESSORY APARTMENT

Sheffield, Massachusetts



The Accessory Apartments Program is a project of HousingUs, an initiative of Berkshire Taconic Community Foundation.

housing:

LET'S PUT THE US BACK IN HOUSING

Would some extra income help balance your budget? ■ Is your house too big, but you do not want to leave your home? ■ Would it feel less isolated to have someone else living nearby but separately? ■ Do you have an aging relative who is not ready for a retirement home but doesn't want to live with you? ■ Do you like the idea of helping young people get started in life? ■ Have you thought of creating an apartment in your home but don't know how to proceed?

This guide will take you step by step through the process of creating and renting an apartment from design and permitting to tenant selection. If you have any questions along the way, please contact:

Jocelyn Ayer
Accessory Apartments
Program Coordinator
Phone: 413.229.0370 x105
Email: jayer@housingus.org

Frequently Asked Questions

What is an accessory apartment?

An accessory apartment (also referred to as an in-law apartment) can be created or remodeled from a space you already have in your home. An apartment may also be allowed in a separate structure, in a barn, or over a garage.

What are the benefits of having an accessory apartment?

- Provides rental income to help pay the mortgage.
- Adds value to your home and offers tax benefits.
- Creates housing options, including the ability to live in the accessory apartment yourself with children or grandchildren in the main house.
- Gives homeowners the option to barter reduced rents for help such as shoveling walks and running errands. This arrangement often allows seniors to stay in their homes.
- Tenants provide additional security for seniors and those who travel frequently.
- Supports the community by providing affordable housing to those who are looking for a place to live close to where they work, such as teachers and healthcare workers.



Will I like being a landlord?

Renting an apartment in your home comes with many responsibilities and can have many rewards. Finding good tenants will make these responsibilities easier and increase the rewards. In this guide we explain the process for screening tenants and provide reference materials that explain a landlord's role in more detail.

If you would like to speak with people who have built and rented an apartment in their homes, we have a list of contacts you can call to talk about their experiences.

What do I do next?

Step 1: Contact us!

Contact Jocelyn Ayer at 413.229.0370 x105 or jayer@housingus.org. She will explain our program in more detail, answer your questions, and discuss your level of interest.

Step 2: Schedule a home visit and consultation by our team—at no charge

Our coordinator will work with you to schedule a visit by our local Accessory Apartments volunteers. During this visit we can look at the space you propose to use as an apartment and provide feedback and suggestions. We will help estimate the costs of construction and identify potential problems. We will find out exactly where you'd like our assistance and let you know the next steps.

Step 3: Get a cost estimate

If needed, after the home visit, we can set up a meeting with an experienced builder to give you a rough cost estimate for creating the apartment.

What will the costs be?

Four major categories of costs may be associated with your project:

SOFT COSTS such as the costs of an architect or soil testing for septic capacity.

CONSTRUCTION COSTS These include the costs for building materials and labor and will vary depending on the amount of work involved. A minor renovation could be fairly inexpensive. An Accessory Apartments program in Brattleboro, VT reports that costs typically range from \$2,500 to \$40,000 depending on the amount of work involved.

PERMITTING FEES Zoning and building permits average about \$300, depending on the value of the proposed construction work. See Step 6 for more details on these permits.

TAXES AND INSURANCE Having an apartment may increase your insurance costs. You should check with your insurance agent. Your property tax may increase if your town decides that the apartment has substantially increased the property's value. And the income you get from the apartment is taxable. However, the apartment's share of the cost of owning and operating the property is deductible from your income (e.g. its share of insurance cost, property tax, fuel, repairs, etc.).



Will the rent cover these expenses?

In most cases your rental income can repay the costs of construction in two to five years. To help you think about whether it will be worthwhile to create an apartment we can provide you with a budget worksheet (see Appendix C available online). You can use it to estimate the apartment's income and operating costs and see what your net income is likely to be.

Step 4: Find architectural design assistance

Apartments can be created or remodeled from space you already have. This could be on the first or second floor of your house, in a walk-out basement, or in a garage or barn. You may also be allowed to create a new apartment by adding on to your house or building a freestanding structure.

Sometimes an owner is able to sketch a good plan for the apartment with which we can get a rough preliminary cost estimate. If design help is needed, we may be able to help arrange for it.



Step 5: Choose a contractor

It is often wise to hire a general contractor to oversee the project and supervise (or “subcontract”) carpentry, plumbing, electric, etc., unless you have experience with such projects.

Reputation is the best guide in choosing a general contractor. As good contractors are often booked months in advance, you should start looking early – as soon as you have even a rough idea of the project. Talk with other people in the area who've had similar work done. Was the contractor competent? Did they have useful ideas? Did they hire good sub-contractors? Did the work keep moving and get done roughly when they'd said? Was the cost close to or less than their estimate? Were they easy to work with?

We can provide you with suggestions for general contractors, electricians, plumbers, septic engineers and others who we believe to be competent and reliable.

Call at least two of the contractors and explain your project. Ask if they have experience with your type of project and when they could begin work. Ask the contractor for references from two or three homeowners for whom they've recently completed work. Call the references and ask about their experience with the contractor, including whether they would hire her/him again. If possible, arrange to look at a contractor's prior work.

Step 6: Get zoning and building permits

Zoning Permit Steps

A two family dwelling (a building designed for and occupied by two families) is allowed in all zoning districts without the need for a zoning permit. You may also build an apartment in a business building if you are located in the Village Center zoning district. Accessory apartments in separate detached structures are only allowed by special permit in the Commercial or General Business Districts.

If you are interested in creating an accessory apartment but are concerned that your plan may not comply with current zoning regulations, please contact us for assistance.

See Appendix B for an outline of the regulatory requirements for an accessory apartment and the application process.

Building Permit Steps

You will need to get a building permit before starting any work on the project. You will need to submit the following to the Sheffield Building Inspections Department:

- a building permit application
- three sets of plans
- a site plan
- insurance affidavit
- Title 5 status statement from Board of Health (re: septic system compliance)

For a complete, current list of what you will need to submit as part of the building permit application, please see www.sheffieldma.gov.

The current fee for a building permit for alterations to an existing building is based on the estimated value of the work being done. It is \$25 for the first \$1,000 and \$5 for each additional \$1,000 of estimated value. For example, if you are building an apartment that costs \$15,000, your building permit fee will be \$95.

If you are adding sleeping rooms onto the house, you must receive a Title 5 Status Statement from the Board of Health approval BEFORE you receive a building permit. See Appendix B for details.

Once you have submitted the building permit application materials, the Building Department will have up to 30 days to review and approve them. Once a building permit is issued, you may start construction.

Step 7: Obtain financing

Salisbury Bank & Trust Company and National Iron Bank offer special programs and rates for homeowners who are creating an accessory apartment. Call your representative at these banks or contact us for current bank contact information. Other local banks may offer such programs as well.

Step 8: Find a tenant

Being a Landlord

If things go well – and they generally do – you’ll have a problem-free, hopefully enjoyable, relationship with your tenant. The clearer you both are about your rights and responsibilities, the happier things will be. There is an excellent book, published by Fannie Mae, called *Becoming a Landlord*. For a copy call 800.752.2000.

In case you’re unclear about the law or a problem develops during your first year as a landlord, we provide a hotline to a professional property manager. Just call us.



Tenant Selection

People who have an apartment in the home they live in are free to rent, or not rent, to whomever they choose.

Before accepting inquiries you should consider what you are looking for in a tenant. Being clear about what you want may influence how you go about looking for the right person. If the apartment is on your second floor, for example, noise may be more of a concern than if it is over a detached garage.

There are many ways to go about finding a good tenant: word of mouth, flyers or bulletin boards, newspaper ads, etc. Whatever method you choose, be sure to screen applicants carefully before you offer a lease.

How do I screen a possible tenant?

When you first talk with a prospect be sure they understand what you're offering – are there laundry facilities, will you allow pets, etc. – as well as what the rent will be and whether it includes utilities.

If a person seems like a good prospect, ask them to complete an application. (A sample application can be provided upon request.) Then:

1. Call the people listed as references on the application and ask them for information about your applicant. Be sure to ask whether they would rent to (in the case of a former landlord) or hire (if an employer) the person again.
2. Ask previous landlords whether the applicant paid their rent on time.
3. Do a background check that will tell you whether an applicant has a criminal record or civil violations. It's much better to do this before renting to someone than to learn about their history later. You will need to have the applicant sign an authorization for the background check. We can help you do the background check.

Rental Agreement

For your protection and your tenant's, there should be a written rental agreement or lease. (A sample rental agreement that complies with Massachusetts law can be provided upon request.)

Bookkeeping and Reports

For tax purposes, and so that you'll know how your investment in the apartment is working out, you should keep careful track of rental income and expenses. Expenses you need to keep track of are all those that are attributable partly or entirely to the apartment. Usually they will be the expenses listed on our budget worksheet.

All landlords are required to file IRS Schedule E with their tax return. Part I is probably the only part you'll need to complete. If you've kept good track of all the expenses that are on our budget worksheet, you should have no trouble with Schedule E.

Step 9: Call on us for support!

You can call on us for assistance with anything that comes up in the first year of being a landlord. We provide a hotline to a professional property manager if any problems arise or if you have a question about your responsibilities. *We look forward to working with you to create an accessory apartment!*

Appendix A: Resources and Contacts for Sheffield, MA

Program Contacts

ACCESSORY APARTMENTS PROGRAM COORDINATOR

Jocelyn Ayer

Phone: 413.229.0370 x105

Email: jayer@housingus.org

Website: www.housingus.org

Town of Sheffield Contacts

BUILDING COMMISSIONER/ZONING ENFORCEMENT OFFICER

Thomas Carmody

Office hours: Monday and Tuesday 7a.m. to 12 p.m.,

Thursday 3 p.m. to 6 p.m., Friday 7 a.m. to 10 a.m.

Phone: 413.229.7000 ext. 156

TITLE 5 WITNESS/INSPECTOR (BOARD OF HEALTH)

Richard Kirchner

Office hours: call for appointment

Phone: 413.229.7000 ext. 157

SHEFFIELD HOUSING COMMISSION

Chair: Michael Citrin

Phone: 413.229.0136

Books & Guides

Creating an Accessory Apartment (1987) by Patrick Hare and Jolene Ostler

Becoming a Landlord by Fannie Mae (for a copy call 800.752.2000)

Additional Resources

Patrick H. Hare, Hare Planning

Phone: 860.672.2315

Email: hareplanning@yahoo.com

Pat is recognized as a national expert on Accessory Apartments and can provide paid assistance to homeowners. For an initial meeting fee of \$25, Pat can help homeowners explore their options. He can also help homeowners throughout the process of installing and finding tenants.

Appendix B: Summary of Zoning Regulations for Accessory Apartments in Sheffield, MA

Zoning Regulations

RELEVANT SECTIONS OF ZONING REGS

3.2.6 “Accessory Single-Family Dwelling Unit/Village Center District”

3.2.7 “Accessory Single-Family Dwelling/Commercial District”

4.2.2 “Additional Dimensional Regulations” for Two-Family Dwellings

4.3.2.3 “Residential lot footprint” for Two-Family Dwellings

For Attached Accessory Apartments

Under the Town of Sheffield’s Zoning Bylaws you may create an accessory apartment that is **in your home or added onto your home** in any zoning district in town as long as you meet the current lot size and frontage requirements. Essentially, your home would then be considered a “two-family dwelling” for zoning purposes. No zoning permit is needed.

CURRENT LOT SIZE, FRONTAGE, AND SEPTIC REQUIREMENTS

In order to create a new accessory apartment you must meet the minimum lot area and setback requirements in section 4 of the Sheffield Zoning By-laws.

For example, if your land is zoned Rural District and you want to add one apartment in your home, your property must be at least 1 ½ acres (if you do not have public water) and you must have at least 150 feet of frontage on your road. If you are not sure what these requirements are for the zoning district where you live, check with Sheffield’s Zoning Enforcement Officer.

If you are not adding any new bedrooms to your home to create the accessory apartment (in other words, you are converting existing bedroom(s) into an apartment) then you will not need to add septic system capacity and you will not need a Title 5 inspection. If you are adding additional bedrooms you will need to contact the Title 5

Witness/Inspector to discuss what would be required. Whether you will need to improve or replace your septic system will be based on the system's age and capacity.

If you are concerned that you may not meet the current zoning or septic requirements and you are interested in creating an apartment, please contact us for assistance. All decisions will be considered on an individual basis by the Zoning Enforcement Officer.

For Detached Accessory Apartments

You may only create a *detached accessory apartment* in a separate structure (such as a detached barn or garage) if you are in the Commercial or General Business zoning districts. You must apply for a special permit to do this.

SPECIAL PERMIT PROCESS FOR DETACHED APARTMENTS:

(Note: a special permit is only needed if you are proposing a detached accessory apartment in the Commercial or General Business zones)

STEP 1: Pick up the special permit application at town hall or download it from the Town's website. If you have any questions about these forms or what you will need to submit with them, ask the Zoning Enforcement Officer.

STEP 2: The completed applications, site plan, other required documentation and fees must be submitted to the Town Clerk to be date stamped as received. The town clerk will then forward the application to the Planning Board. The special permit application fee is \$250.

STEP 3: Attend the Planning Board meeting when your application will be discussed.



For Appendix C, D, and E please see our website (www.housingus.org) or contact us!

Appendix C: Budget Worksheet

Appendix D: Sample Rental Application

Appendix E: Sample Lease Form