

# Strategies to Bring Housing Back Within Reach



# Land Use Strategies to **Bring Housing Back Within Reach**

Utah APA Spring Conference  
May 2024





# Process



## **ASK THE EXPERTS**

Interviews with across the state; collaborated during stakeholder meetings

## **EXTENSIVE RESEARCH**

Literature review, national research, and research and analysis with RCLCO

## **LOCAL ANALYSIS**

Analysis of 35 municipalities zoning and ordinance regulations. Included 14 counties, 21 cities (11 urban 10 rural)

## **EVALUATE THE RECOMMENDATIONS**

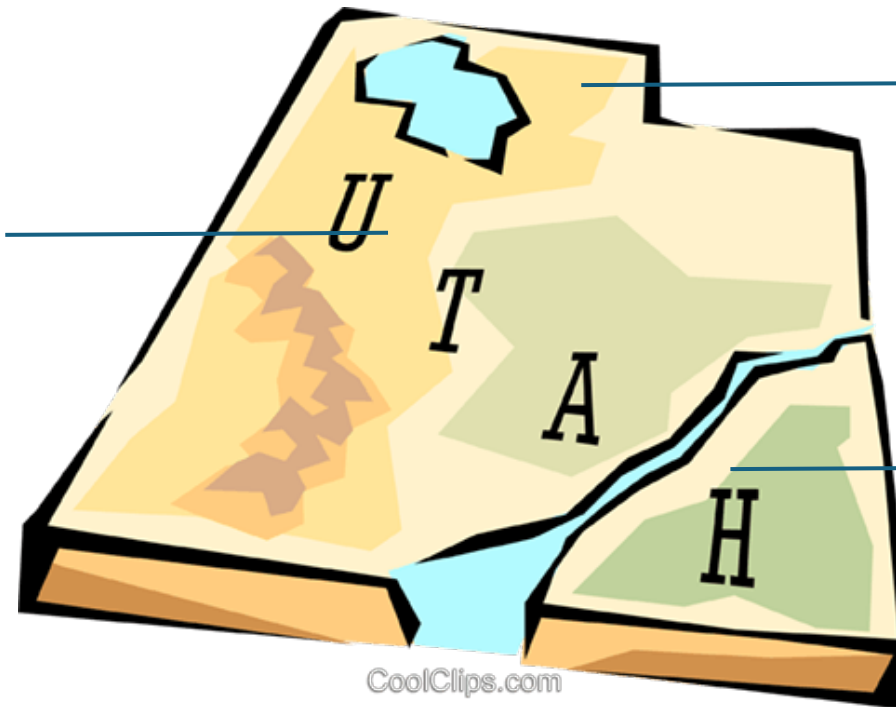
Evaluation of findings and recommendations with stakeholders



# Utah Zoning Research Findings

Q: Where did we do the analysis? A: **STATEWIDE**

14 counties,  
2 counties from ea. AOG



Urban & Rural  
towns & cities  
(11 urban 10 rural)

Differing  
Community types  
(negative/slow/rapid growth,  
low/high owner occupancy,  
low/high density)

# Regulations are a Small Piece of the Pie

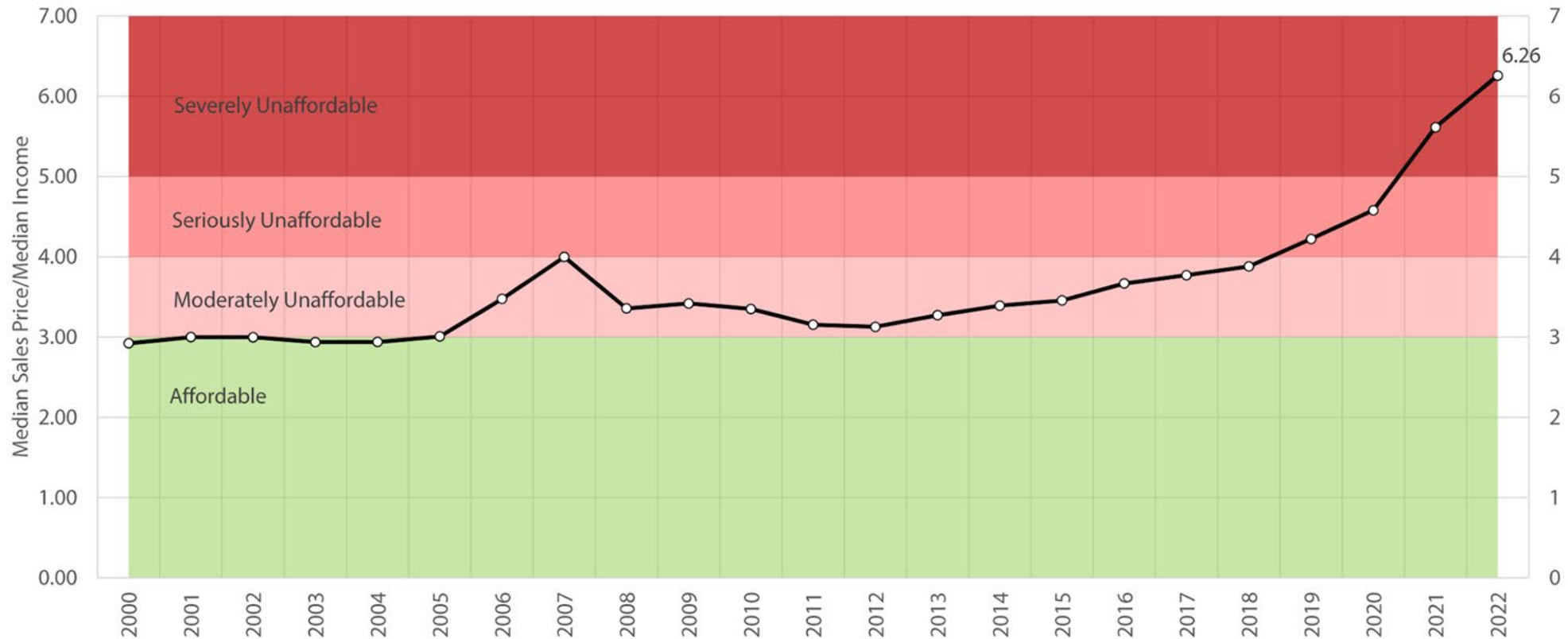






# Utah's Most Unaffordable Market in History

## Utah Median Multiple Affordability Rating, 2000-2022

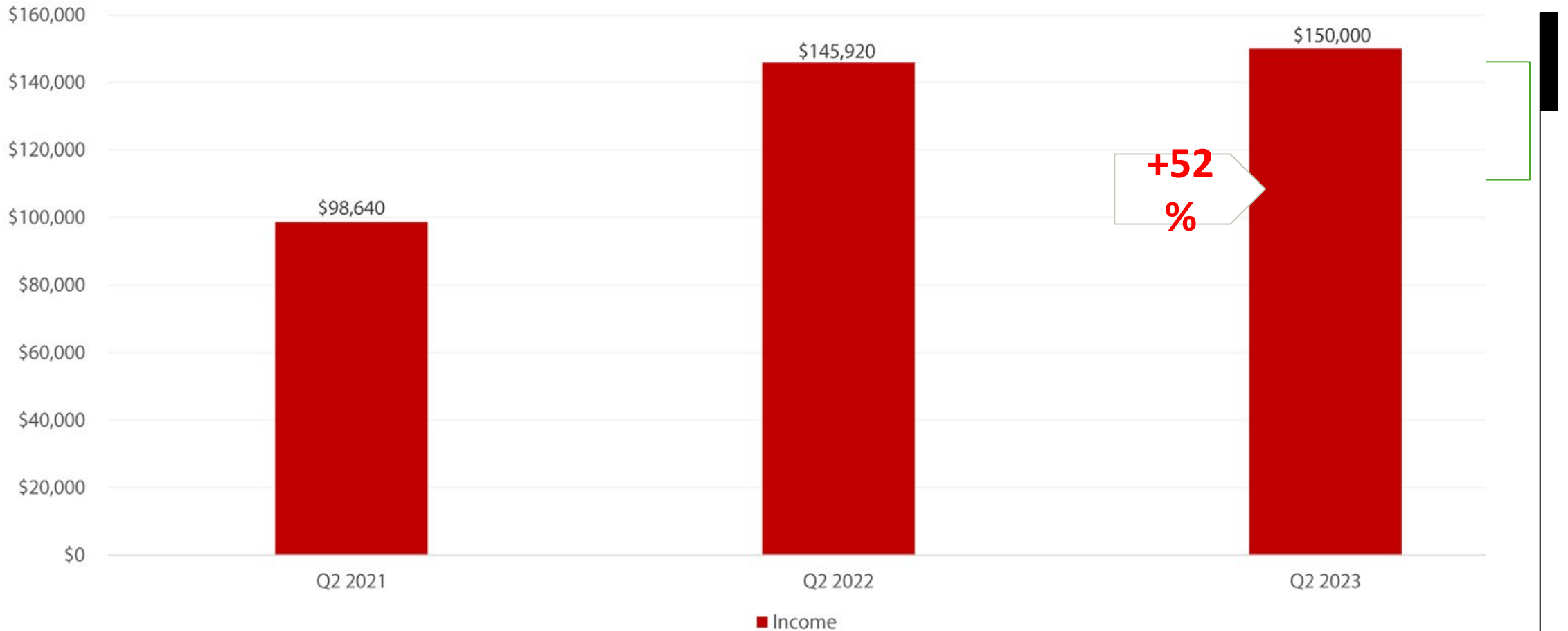


Source: US Census Bureau & UtahRealEstate.com

Source: Kem C. Gardner Policy Institute

# Income Requirements Keep Increasing - Utah is Priced Out

## Income Required to Finance Median Priced Home

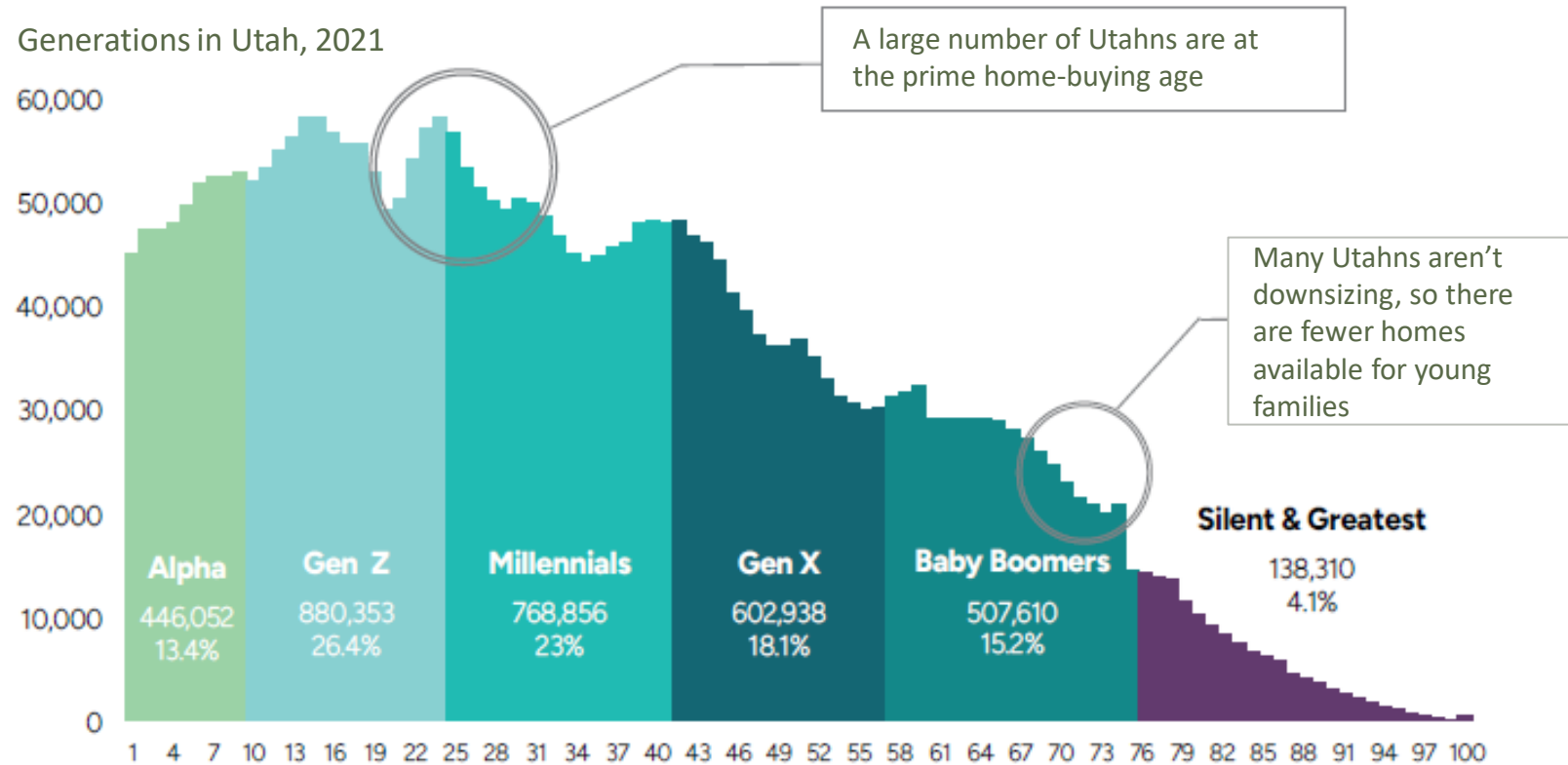


Source: Kem C. Gardner Policy Institute, Freddie Mac, UtahRealEstate.com



# Housing Attainability is Influenced by Many Factors

High housing demand to accommodate population growth, which is fueled by young Utahns



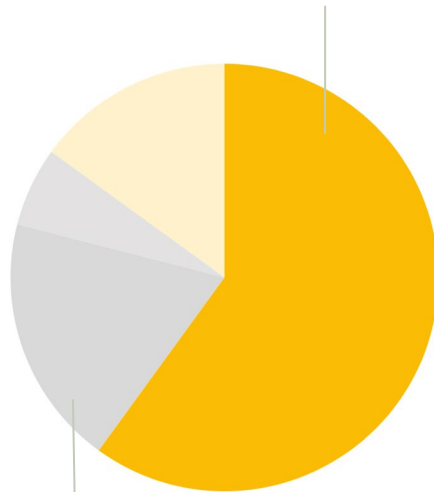
Source: Kem C. Gardner Policy Institute



# Research Findings: What does the public say?

## URBAN

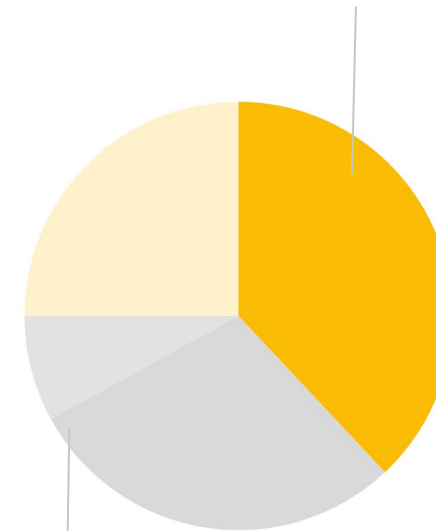
60% Prefer **new housing development everywhere**, including new areas, existing neighborhoods, and transit stations and centers



Only 19% Prefer to restrict housing to try to stop growth

## RURAL

38% Prefer new housing in both **new and existing areas**



Only 29% Prefer to restrict housing to try to stop growth

# Utah Zoning Research Findings

## What's the status in our current zoning?



Utah city zoning map by residential zone type



### **SMALL LOTS TYPICALLY NOT ALLOWED:**

Only 9 of 35 jurisdictions allow lots <7,000 sq ft in any single-family zone, and only 4 allow them on ~ 10%+ of land

### **LOTS ARE TYPICALLY LARGE:**

Typical urban min lot size is 10,000-12,000 sq ft

### **MULTI-UNIT HOMES ARE OFTEN ILLEGAL:**

Multifamily, duplexes, & townhomes are illegal in nearly ½ of all residential zones, and permitted by-right in only 22%

### **LIMITED MIXED-USE OPPORTUNITY:**

Mixed-use zones account for <4% of zones, and less than ½ of jurisdictions allow any housing in commercial zones



# Local Government

Proposed Recommendations

# 1. Allow smaller lot sizes

- 5,000 sq ft or smaller create an inventory of entry-level or “starter” homes
- These are generally more affordable because there is less land cost



# 3 single family homes on 30,000 sq ft of residential land in Utah:

Lot size:  
**10,000 sq ft**

Home size:  
**2,500 sq ft**

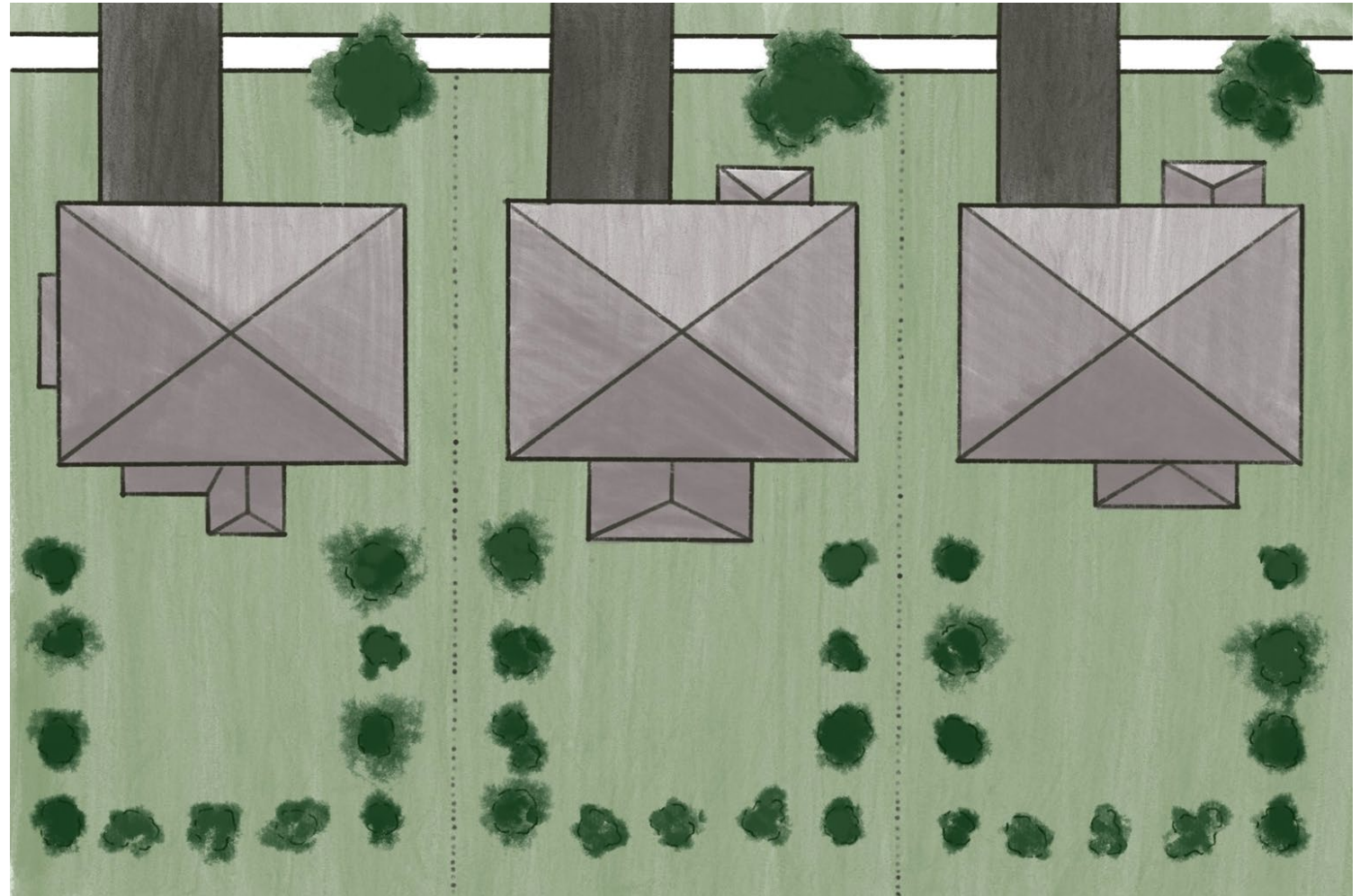
Home price:  
**\$412,500**

Land price:  
**\$311,754**

Builder profit: 10%

Total home price:

**\$796,679**





## 6 single family homes on 30,000 sq ft of residential land in Utah:

Lot size:

**5,000 sq ft**

Home size:

**2,500 sq ft**

Home price:

**\$412,500**

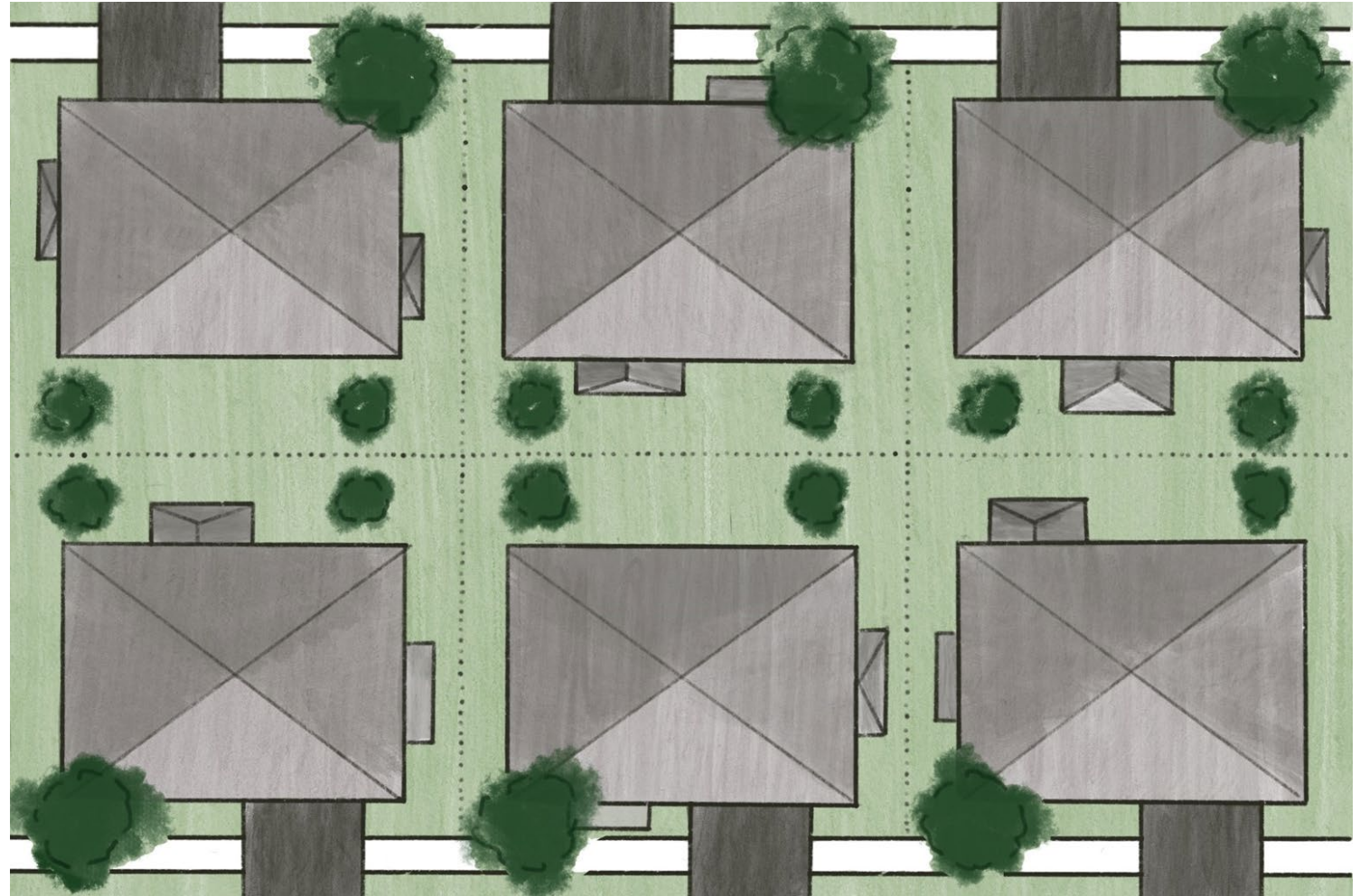
Land price:

**\$155,877**

Builder profit: 10%

**Total home price:**

**\$625,215**



22% price reduction - (plus additional land conservation and increased supply benefits)

## 2. Allow more than one housing unit per lot and per building.

- Multi-unit homes can look like a single-family home
- Effective approach is to permit them in single-family zones
- Has a notable impact on housing supply



Utah multi-unit home

### 3. Facilitate smaller homes.

**Homes are getting larger, despite decreasing household sizes.  
Since 1970:**



Utah household size declined from 3.6 to 3.1 (14%)



Average new Wasatch Front single-family home size increased from 2,002 to 3,240 sq ft (61%)





## 4. Promote mixed-use development.

- Allow multifamily housing in commercial and office zones
- Allow strip malls, big box stores, and parking lots to be redeveloped into mixed-use areas that include housing
- Right-size parking, shared parking, and structured parking



# WHY SHOULD CITIES DO THIS?

Case Studies: Tax Revenue Impacts of  
Office- or Retail-to-Housing Redevelopments



PREVIOUSLY USED AS:

22,000 SF of Office  
Sales Tax to City: \$0  
Property Tax to City: \$9,765  
**Total Revenue to City: \$9,765**

CURRENTLY USED AS:

120 Apartments  
Sales Tax to City: \$6,071  
Property Tax to City: \$82,769  
**Total Revenue to City: \$88,840**

**+\$79,07**

**5**



6,650 SF of Restaurant  
Sales Tax to City: \$8,794  
Property Tax to City: \$4,974  
**Total Revenue to City: \$13,768**

214 Apartments  
Sales Tax to City: \$11,949  
Property Tax to City: \$150,011  
**Total Revenue to City: \$161,959**

**+\$148,1**

**91**

# WHY SHOULD CITIES DO THIS?

Case Studies: Tax Revenue Impacts of Office- or Retail-to-Housing Redevelopments



PREVIOUSLY USED AS:

18,869 SF of Retail  
Sales Tax to City: \$5,996  
Property Tax to City: \$3,165  
**Total Revenue to City: \$9,161**

CURRENTLY USED AS:

40 Rental Townhomes  
Sales Tax to City: \$2,725  
Property Tax to City: \$31,091  
**Total Revenue to City: \$33,816**

**+\$24,65**

**5**



2,500 SF of Retail  
Sales Tax to City: \$0  
Property Tax to City: \$1,421  
**Total Revenue to City: \$1,421**

10 Rental Townhomes  
Sales Tax to City: \$581  
Property Tax to City: \$4,059  
**Total Revenue to City: \$4,640**

**+\$3,219**



# 5. Reduce development delays and costs.

- Simplify codes
- Consider pre-approved designs to increase supply and maintain community character
- Expedite affordable housing plan review and permitting or waive fees
- Permit more multi-family, attached, and small single family housing by-right

Examples of Pre-approved Building Plans  
Seattle, WA; Roanoke, VA; Eugene, OR



FLOOR PLAN - TWO BEDROOM OPTION





## 6. Facilitate the use of offsite construction techniques.



- Allow manufactured housing by-right on owner occupied lots
- Adopt standards for offsite modular construction, inspection, and compliance
- Allow small units



# Land Use Strategies to Bring Housing Back within Reach



PREPARED FOR



**WORKFORCE  
SERVICES**  
HOUSING & COMMUNITY  
DEVELOPMENT

NOVEMBER 2023





### New housing product

Modular Housing (SB 168)



### Financing tools

- a) Infra districts (HB 13)
- b) PTIF (HB 572)
- c) FHIZ (SB 268)



### Process updates

- a) CHA bill (HB 465)
- b) LUTF (HB 476)



**Partnership, not preemption, in planning for housing**

# HB 572: State Treasurer Investment Acts

*Rep. Robert Spendlove and Sen. Don Ipson; Steve Waldrip*

Creates the Utah Homes Investment Program:

- Reinvests up to \$300m in state funds from the Transportation Investment Fund (within the PTIF) into affordable starter homes.
- Lenders can access funds at below-market interest rate, repay principle + interest to the program.
- Funds can only be used qualifying projects.
  - >60% homes in project must be sold for less than \$450k (UHC may adjust price).
  - deed-restricted for ownership for at least five years.



# 4 Major Housing Infrastructure Bills

## Housing Infrastructure/Growth Legislation

- Infrastructure is a key part of planning for growth.
- These bills provide tools for local government & the development community to overcome infrastructure barriers.

### 1. SB 208 Housing and Transit Reinvestment Zone Amendments (Sen. Wayne Harper)

- *Modifies HTRZs housing requirement*

### 3. SB 168 Affordable Building Amendments (Sen. Lincoln Fillmore)

- *Creates Home Ownership Promotion Zones (HOPZ) to fund infrastructure for affordable, owner-occupied housing*

### 2. SB 268 First home Investment Zone Act (Sen. Wayne Harper)

- *Creates FHIZ tax increment tool to fund infrastructure for centered development.*

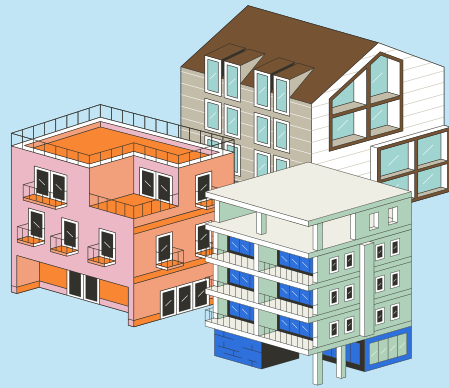
### 4. HB 13 Infrastructure Financing Districts (Rep. Dunnigan)

- *Authorizes IFD financing tool for funding infrastructure improvements in new development.*

# SB 268: First Home Investment Zone Act (FHIZ)

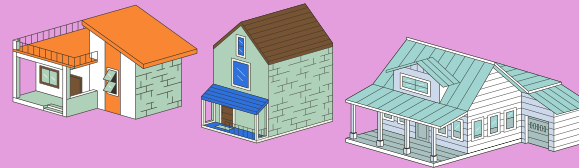
*Sen. Wayne Harper and Rep. Cal Musselman*

## City option; proposal includes a center AND extra-territorial areas



### FHIZ Center

51% of developable acreage within the center must be used for housing



### Extra-territorial Areas

- Can count "extra-territorial" areas toward the housing requirements
- Extra-territorial housing units must meet density + affordable home ownership criteria
  - 6 units to acre
  - 100% owner-occupied
  - 20% affordable

### Overall Project

- 30 units to the acre for overall project
- HTRZ committee approval, then up to 60% of tax increment for 25/45 years
- Parameters/caps in SL Co (11 FHIZs/HTRZs max; city can do FHIZ only if city's RDA does not have excessive unencumbered revenue in RDA)

# SB 168: Home Ownership Prosperity Zone (HOPZ) tool

## Optional tax increment tool for cities

### Criteria:

- Zone is **less than 10 contiguous acres**
- Cities must zone for at least **6 units per acre**
- **60% of the housing units must be at 80% of the county median sales price**
- All housing units must be **owner-occupied for at least 5 years**

### Tax increment:

- Other taxing entities are required to participate
- 60% of increment for system or project infrastructure for up to 15 years

### Parameters:

- Only 50 acres per school district of only one city
- Only 100 aggregate acres  
per school district of 2+ cities

# HB 13: Infrastructure Financing Districts

*Rep. Jim Dunnigan and Sen. Kirk Cullimore*

- **Creates a type of special district to finance public infrastructure**
- **Protections for city/residents:**
  - **Must** have land use approval
  - Infrastructure must be **built to city standards**
  - Assessments must be paid prior to C of O issuance
  - Property tax may not be used to repay the bonds
  - Districts dissolved within 180 days of debt repayment



# 2023/24 Commission on Housing Affordability Legislation

## HB 465 Housing Affordability Revisions (Rep. Whyte)

- MIHP data collection
- CRA/RDA housing set aside changes
  - More flexibility
    - Owner-occupied affordable product (<120% AMI)
    - Set aside funds may be spent in nearby communities (interlocal collaboration)
  - Set aside shot clock
    - Housing set aside funds must be spend, encumbered, or otherwise planned for within six years of the funds being deposited.

## SB 168 Affordable Building Amendments (Sen. Fillmore)

- HOPZ
- Modular Housing
  - Adopted statewide modular construction code
    - Modular homes must be connected to a foundation
    - Prefabrication reduces construction costs
    - Each inspection phase performed in factory by licensed 3<sup>rd</sup> party
    - Modules are transported to building site and assembled
    - Local building official inspects onsite elements

# 2024/25 Initial CHA Workgroups

## **Workgroup 1**

- Public asset management
- Homeownership opportunities in legacy (built-out) cities
- Corporate ownership & nightly rentals

## **Workgroup 2**

- Land use regulations
- Entitlement process

## **Workgroup 3**

- Housing objectives and data

## **Workgroup 4**


- Expand affordable housing grant programs

# Contact ULCT

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# UNITED SOLUTIONS:

A bold approach to  
affordable housing



LOGAN SIMPSON

Sophie Frankenburg  
Planner





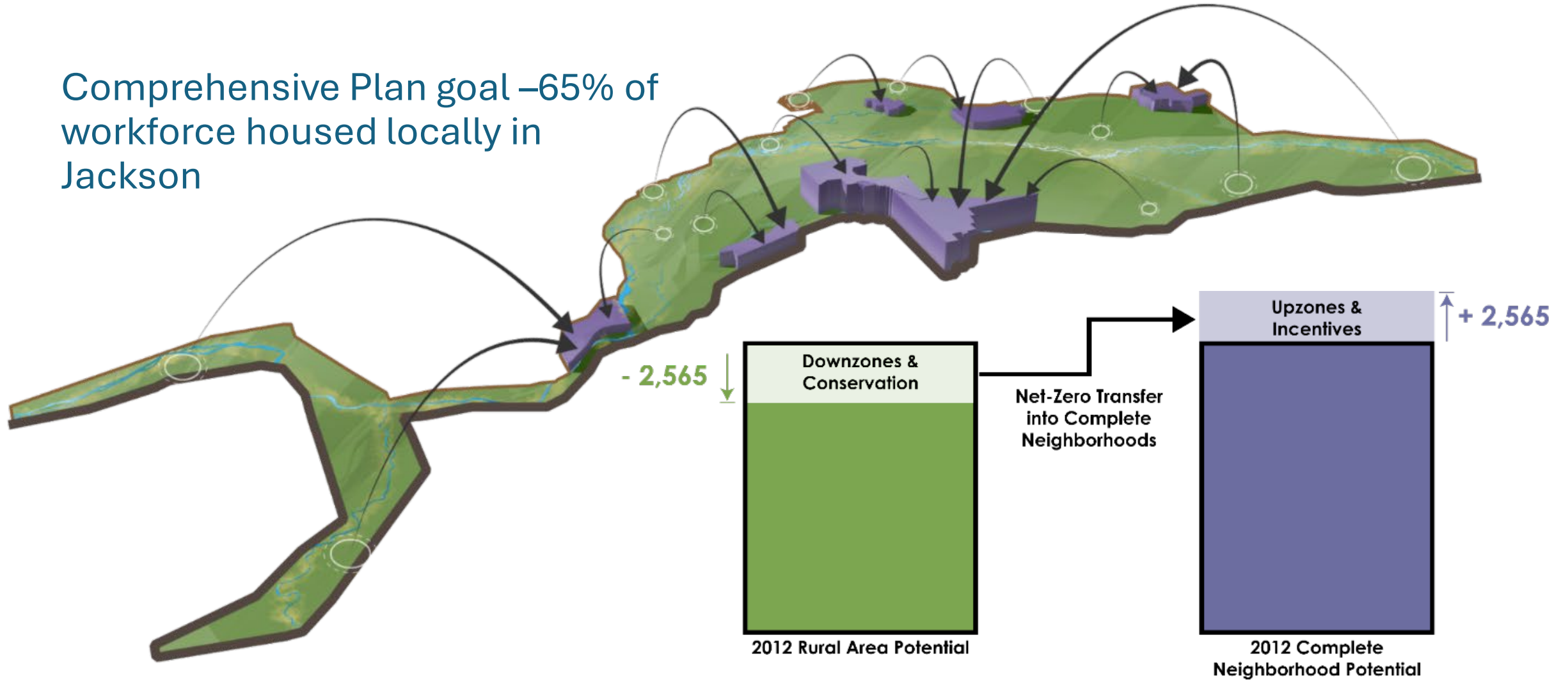


## Jackson/Teton county, WY

- 1. The median home price in the area is one of the most expensive in the country.**
- 2. Through its mitigation program, the area has achieved 65% of its workforce living locally.**

# TETON COUNTY WY

Comprehensive Plan goal –65% of workforce housed locally in Jackson

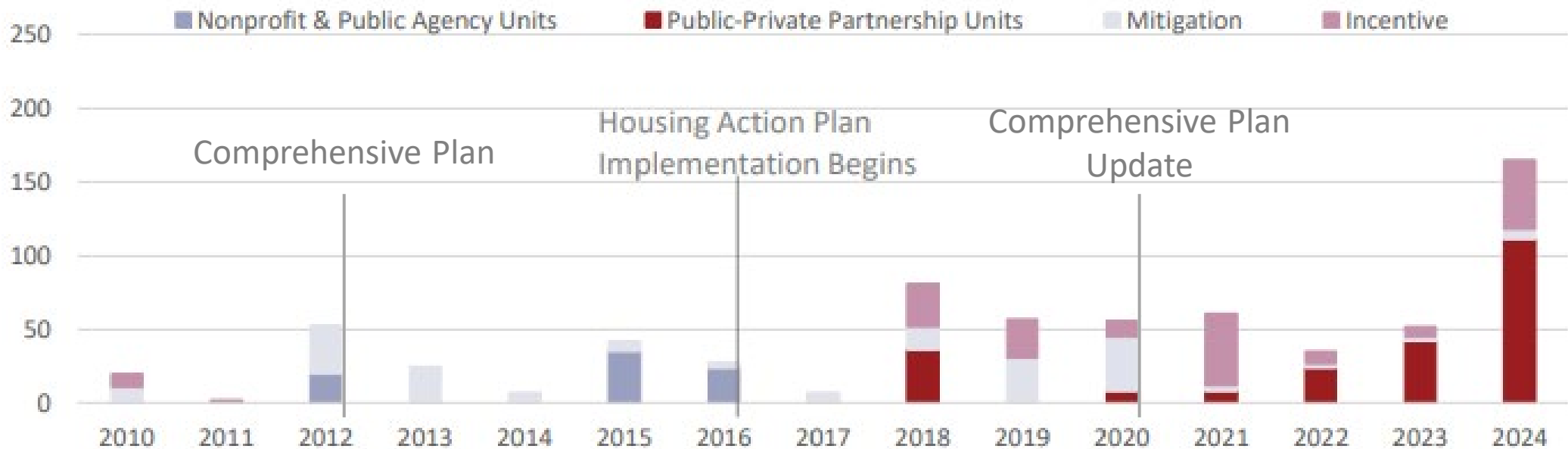


# Teton County WY

1. Last year **median** home sold for \$3.3 million.
2. Apartments rented for around \$2,000.00 per bedroom per month.
3. Teton Regional Housing Needs Assessment tells us we need **2,000 new below market rate homes** in next 5 years to support local economy.

## Affordable & Workforce Housing Production Has Increased 260%

Compared to the seven years prior to Housing Action Plan Implementation





# Town of Jackson Programs

- Accessory Residential Units are allowed in all zones as of 2016
- 4<sup>th</sup> Story Bonus for 2-acre or larger sites (100% restricted)
- No FAR cap for 100% restricted projects
- Streamlined process
- 2:1 Workforce Housing Bonus (2:1 Bonus or Fill the Box)



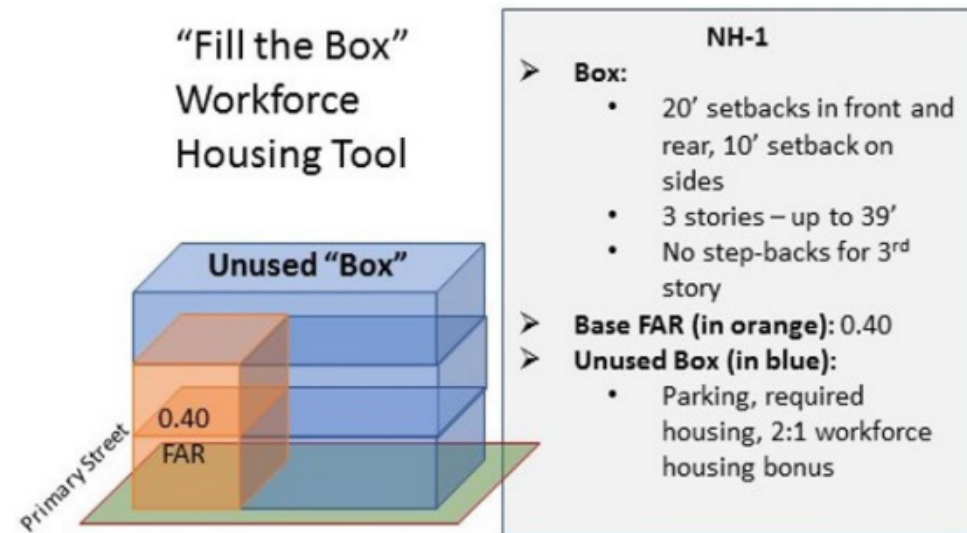
# Town of Jackson “2 for 1” Bonus Program



- Intended to address the density transfer (i.e., pool of +/-1,800 units)
- **57** deed-restricted workforce units created between 2018-2022
- **No public subsidy** – developer-driven tool
- Additional square footage allowed beyond regulation if additional unit deed restricted
- **Employment Deed Restriction** = 75% of household income must come from local work (i.e. Not remote)
- **No income limits** or rent cap

How it works: Developer starts with a base floor area (FAR) for the site on which they would like to build. Based on the zoning, the developer must meet maximum height limits, setback requirements, parking requirements, landscaping requirements, etc. for the project they wish to build. In most cases, the volume of building allowed by the minimum setbacks and maximum height exceeds the volume of building allowed by the FAR.

The 2:1 tool allows the developer to expand the base FAR to the maximum they can build within the allowed height, setbacks, parking, etc. For a developer to use the tool, they must provide 1 square foot of deed restricted Workforce or Affordable housing for every 2 feet of “bonus” market housing created (2:1 = 2 Market Square Feet:1 Deed Restricted Square Foot).





# Public/Private Partnership



12-unit condo project | Exceeds FAR by 7,000 sf | 7 extra units | 100% restricted



# Successes

- Program is working as planned (approx. 90,000 sf of total housing built)
- 57 workforce units built
- 135 workforce units in the pipeline



# Take Aways

- **Location matters from a character standpoint** (SDF neighborhood vs highway/commercial)
- **Lot aggregation** (no site size limit, no max density, or max bldg. size)
- **Design Guidelines** (challenging to address bulk, scale & mass)
- **Incremental Impacts** (lack of regs addressing traffic studies)
- **Streamlined process** (influx of projects vs time management/quality review)
- **Is the type of restriction serving our needs?** (i.e., is the restriction affordable enough? public benefit vs private benefit?)





## LESSONS LEARNED

- **Recognize there will never be a silver bullet**
- **Do not let challenges impede opportunities**
- **Maintain momentum**
- **Continue to listen and adapt**
- **Devote community resources**
- **Be creative**
- **Move forward together**





# Questions?



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