

PLANNING COMMISSION STAFF REPORT

MEETING DATE

January 12, 2023

PREPARED BY

Trevor Cahoon
Community Services Dir

ITEM TYPE

Recommendation to City
Council

ATTACHMENTS

PRIOR DISCUSSION DATES

AGENDA ITEM

Ordinance 2023-03: Moderate Income Housing Amendments

PURPOSE

The Planning Commission needs to review The Moderate-Income Housing (MIH) Plan Amendments necessitated by review of the Department of Workforce Services, and make a decision on amendments that need to be made due to new State legislation.

BACKGROUND

HB 462 - Utah Housing Affordability Amendments became law on June 1st, 2022. HB 462 creates new and modifies existing requirements for certain municipalities. The Moderate-Income housing plan provisions apply to the same list of cities as SB 34 applied to. Approved during the 2022 General Session, the "Utah Housing Affordability Amendments" modified many of the provisions related to affordable housing that were in the 2010 SB 34 legislation.

Highlights of HB 462

- Clarifies MIH requirement and timing to amend your General Plan
- Requires the inclusion of an implementation plan to bring the MIH element to life
- Amends the list of strategies to use
- Outlines the annual reporting requirement
- Adds priority incentives/restrictions for compliance with the MIH requirement

The inclusion of the moderate-income housing element within a county or municipal General Plan is based on population. If the population of the municipality is at least 5,000 people, the General Plan must include this element. For counties, the total county population must be at least 40,000 people with at least 5,000 people in the unincorporated portion.

In order to ensure that jurisdictions are not only envisioning the increase of moderate-income housing but establishing concrete steps to make it happen, HB 462 amends the code to require the inclusion of an implementation plan within the General Plan.

HB 462 has amended the list of strategies that municipalities and counties can consider and use within the moderate-income housing elements. Many of the previous strategies have been revised and/or combined to provide better clarity while a number of new strategies have been added for consideration. Strategies need actionable implementation steps.

After sending the approved items to the State South Weber City was informed that more detail was needed for the Option B and so this portion has been amended and reads as follows:

PRESERVING AND ENCOURAGING MODERATE INCOME HOUSING:

There are many factors that affect the cost of housing. It is the duty and responsibility of the City to take necessary steps to encourage moderate income housing.

Utah Code Annotated 10-9a-403 (2) (b) (iii) requires the City to choose at least three from a list of 23 ways, A through W, in which it can and will pursue the encouragement of moderate-income housing in the next five years. South Weber chooses the following:

(B) Demonstrate investment in the rehabilitation or expansion of infrastructure that facilitates the construction of moderate-income housing.

Implementation Plan:

Winter 2023 – Adoption of Transportation Master Plan

Spring 2023 – Adoption of Water Capital Facilities Plan

Summer 2023 – Adoption of Sewer Capital Facilities Plan

Summer 2023 – Update Storm Water Capital Facilities Plan

Winter 2024 – Begin Process of updating City's General Plan

Fall 2024 – Adopt Updated General Plan with infrastructure needs.

(E) Create or allow for, and reduce regulations to, internal or detached accessory dwelling units in residential zones.

Implementation Plan:

Fall 2022 - Study options for allowing detached accessory dwelling units.

Winter 2023 - Discuss with City Council and Planning Commission the options that are available to allow detached accessory dwelling units.

Spring 2023 - Begin crafting a draft ordinance for detached accessory dwelling units.

Spring 2023 - Take the draft ordinance through the process.

(I) Amend land use regulations to allow for single occupancy developments.

Implementation Plan:

Complete July 2023 – Study residential zones for the inclusion of single occupancy developments as a permitted use.

Begin Winter 2023 – Determine other guiding materials and code that would be necessary to regulate single occupancy developments for South Weber City.

Begin Spring 2024 – Study locations to designate within the City's general plan for this use.

Complete Spring 2025 – Draft Ordinance for Planning Commission and City Council review and approval.

South Weber City Moderate Income Housing Plan 2019

A Part of the South Weber General Plan Amended XX.XX.2023

WHAT IS MODERATE INCOME HOUSING

In accordance with section 10-9a-403 Utah Code Annotated, South Weber is providing reasonable opportunities for a variety of housing including housing which would be considered moderate income housing to meet the needs of people of various income levels living, working, or desiring to live or work in the community, and to allow people with various incomes to benefit from and fully participate in all aspects of neighborhood and community life.

Moderate income housing is defined in the Utah Code as:

Housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income for households of the same size in the county in which the city is located.

According to this definition, any dwelling occupied by an individual or family with income equal to or less than 80% of the median income of the county would qualify as moderate income housing, regardless of the circumstances under which the dwelling is occupied. For instance, it could be that the house was inherited and though valued at something far more than a family of moderate income could afford to purchase; it is nevertheless, occupied by a family whose income is below 80% of the regional median. That house, therefore, is a moderate-income house by definition. The same could be said for homes that have been in the same ownership for a long time and for which the mortgage was established prior to many years of inflation and rising housing costs. The occupants might be able to afford what, if mortgaged today, would be far out of their financial reach.

This type of Moderate-Income Housing is the least quantifiable type. Without extensive surveys and analysis of household incomes and home values, we have no way of knowing what existing single-family housing units fall into this category. We can, however, deduce how many of this kind of dwelling units there are. According to the U.S. Census Bureau 24% of South Weber Residents fall into the moderate-income category. We know that approximately 5% of existing housing is currently being rented

41 at a rate that would qualify it as moderate-income housing. This tells us that 79% of
42 the current moderate-income households are in dwellings of this type.

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45 **WHAT IS MODERATE-INCOME IN SOUTH WEBER:**

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47 According to the U.S. Census Bureau, the 2017 median household income for Davis
48 County is \$75,961 (\$95,000 for South Weber City). Eighty percent of that County
49 median income is then \$60,768. Information extrapolated from the Utah Affordable
50 Housing Manual indicates that a household with this income level could afford to
51 purchase a dwelling which has a maximum purchase price of 3.1 times the annual
52 income. In the case of South Weber that translates **to a maximum purchase price**
53 **of \$188,380**. The same manual indicates that 27% of the monthly income could be
54 spent on rent which would mean a **maximum monthly rent of \$1,367**.

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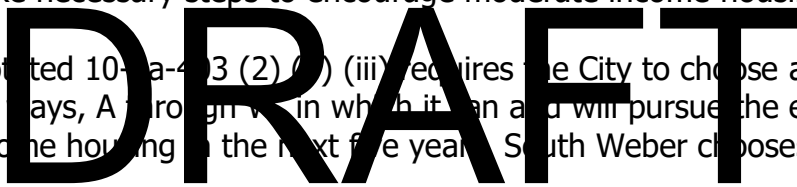
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60 of the City to take necessary steps to encourage moderate income housing.

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- 88 occupancy developments as a permitted use.
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- 90 necessary to regulate single occupancy developments for South Weber City.
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- 92 for this use.
- 93 Complete Spring 2025 – Draft Ordinance for Planning Commission and City
- 94 Council review and approval.

MODERATE-INCOME HOUSING NEEDS:

97 An analysis the existing housing and household incomes using available information
98 leads to some reasonable conclusions as to need.

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101	Number of Dwelling Units 2017	1724
102	2017 Population	7310
103	Persons Per Household 2017	4.24
104	2017 Median Davis County Annual Household Income	\$75,961
105	2017 Annual Household Moderate Income	\$60,768

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107 Once again by extrapolating from information contained in the Utah Affordable Housing
108 Manual, we find that a household with this income level could afford a mortgage of
109 approximately 3.1 times the annual income or could afford to spend 27% of their
110 monthly income on rent.

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112	Maximum Purchase Price	$\$60,768 \times 3.1 = \$188,380$
113	Maximum Monthly Rent	$\$60,768/12 = \$5,064 \times .27 = \$1,367$

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115 It appears that rental units are the most attainable type of new moderate-income
116 housing likely to be established in South Weber. There are currently 87 rental units in
117 the City, 60 being in one apartment complex and the rest are basement type
118 apartments. Rental units comprise 5% of the existing housing stock in the City.

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120 As previously stated, 79% of current moderate-income households are residing in
121 existing single-family dwellings; 326 dwelling units. It is reasonable to expect that, as
122 existing residents age in-place (stay in their current homes as they move into higher
123 age categories), there will be a significant number of owner-occupied dwellings that
124 transition into moderate-income housing. The number of dwellings that will do this is
125 difficult to predict, but if the current percentages persist, there would be an additional
126 257 additional owner-occupied dwellings move into moderate-income status within the
127 next 20 years for a total of 583 such dwellings.

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129 It is estimated there will be a total of 3,076 dwelling units in South Weber at build-out.
130 If 24% of them are moderate-income, there will be 738 such units. There are currently
131 87 rental units and 326 owner occupied moderate-income households; a total of 413
132 units. Of a total build-out need for 738 moderate-income units, 413 are existing and an
133 expected 257 additional units will be owner occupied. This means there will be a need
134 for an additional 68 rental units at build-out in 20 years. That would be an additional 17
135 rental units needed in the next five years.

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138 **RECOMMENDATIONS:**

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140 If current trends continue, owner-occupied housing, both single-family and multi-family
141 dwellings, will be the primary type of moderate-income housing. Multi-family rental
142 units will play a smaller part in meeting future demand.

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144 It is a given that South Weber will need to increase its stock of moderate-income
145 housing as the population grows. It seems likely that the bulk of the future demand will
146 be met by existing dwellings as the occupants age in-place. There will be a limited
147 demand for rental type dwellings. It is very realistic to believe the City will be able to
148 accommodate the estimated need of 68 additional rental units.

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150 It is recommended that South Weber continue to support the existing moderate-income
151 housing by finding appropriate locations for the needed rental units.

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