

# **Kickstarting Homeownership: What Can We Do After the Rezone?**

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ULCT Fall Convention, 9/5/2024

# Panelists



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District 63 (in Utah County)  
Commission on Housing  
Affordability Co-chair

# Overview of the Panel

## Advancing homeownership by:

1. Reducing the expense of single unit homes (both detached and attached)
2. “After the zone change” methods that address ownership for condominiums
3. State-level ideas being explored



# Why home-ownership?

**Wealth accumulation:** Homeowners can build wealth and equity over time, which can be passed on to future generations.

**Sense of community:** Homeownership can foster a sense of belonging and community, where neighbors can become lifelong friends.

**Household stability:** stable households have many improved outcomes.

# Why we always need rental housing too

- Affordability
- Flexibility to move and change locations
- No maintenance burden
- Cheaper insurance
- Lower credit requirements
- Security deposit versus a home down payment

# Housing types relative to ownership

Single unit detached

Single unit attached

Townhouse

Apartments

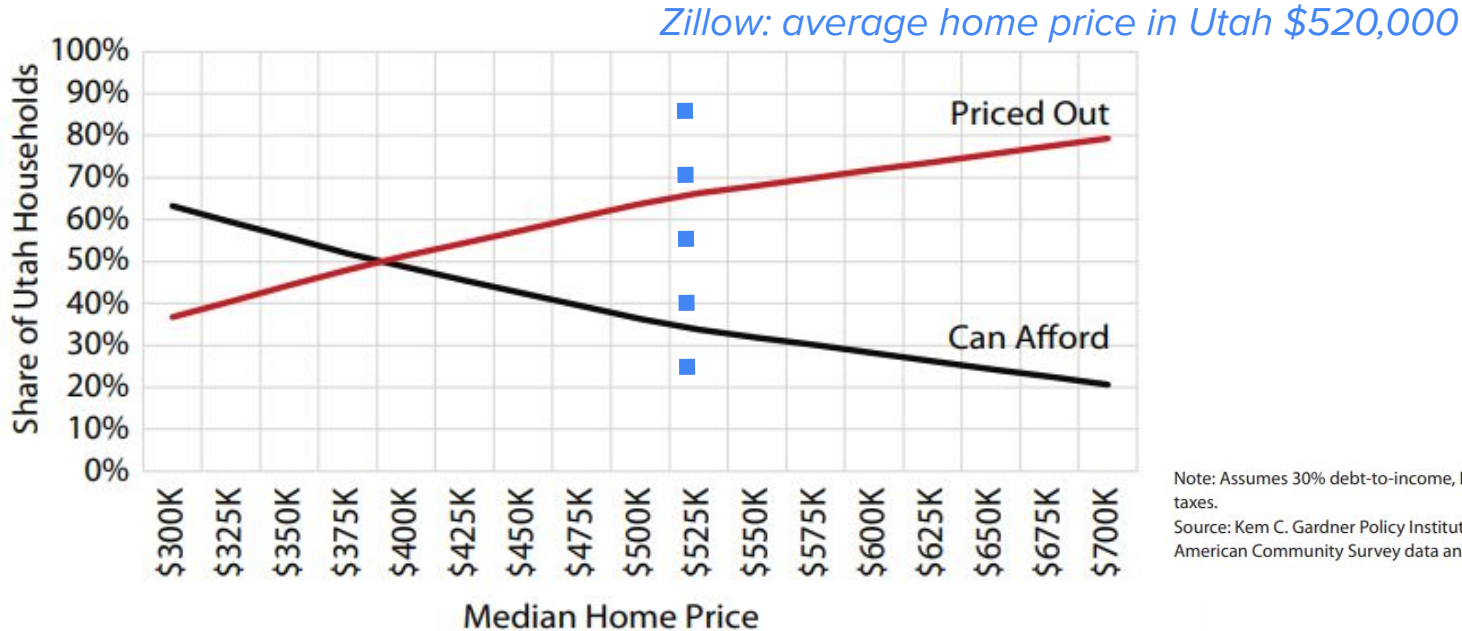


More prone to ownership

Less prone to ownership

# Conventional single unit living is beyond the reach of 2/3rds

**Figure 18: Percent of Utah Households Priced Out of the Median-Priced Home**



Note: Assumes 30% debt-to-income, PMI, annual avg. 30-yr mortgage rate, and property taxes.

Source: Kem C. Gardner Policy Institute analysis of U.S. Census Bureau 2019 1-Year American Community Survey data and home sales data provided by UtahRealEstate.com

# **Two keys to improve both affordability and ownership**

- 1. Reduce the expense of single unit homes (both detached and attached)**
  - a. Allow smaller lots
  - b. Reduce parking requirements
  
2. Work on “after the zone change” methods to enable ownership for condominiums



# Allow smaller lot sizes

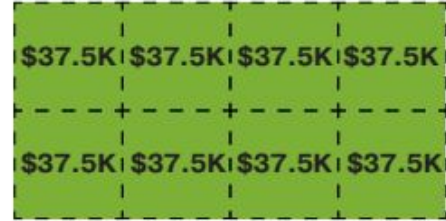
Price Range for Vacant 1/2-Acre Lot in Utah's Population Centers: \$200,000—\$400,000



One 1/2-acre lot  
(21,780 sq. ft.)



Four 1/8-acre lots  
(5,445 sq. ft.)



Eight 1/16-acre lots  
(2,722.5 sq. ft.)



homes in Utah on less than a 5,000 sq ft lot

© 2019 American Planning Institute

# Reduce parking requirements



## North Salt Lake

One-car garage (down from two)  
+/- \$35,000 savings



## Centerville

Carports without garages  
+/- \$50,000 additional reduced cost

## Proposal #1 - Small Lot Ordinance Impacts on Housing Affordability



3 bed, 2.5 bath | 1,394 sq. ft.  
Construction costs @ \$200/ sq. ft.

**\$278,800**



1/8-acre lot: \$ 75,000

Home: \$278,800

Land+Home: \$353,800

Monthly mortgage/rent:  
approx. \$2,000

Annual income to qualify:  
approx. \$75,000

## Proposal #2 - Cottage Court Ordinance Impacts on Housing Affordability



3 bed, 2 bath | 1,112 sq. ft.  
Construction costs @ \$200/ sq. ft.

**\$222,400**



1/16-acre (lot+commons): \$ 37,500

Home: \$222,400

Land+Home: \$259,900

Monthly mortgage/rent:  
approx. \$1,600

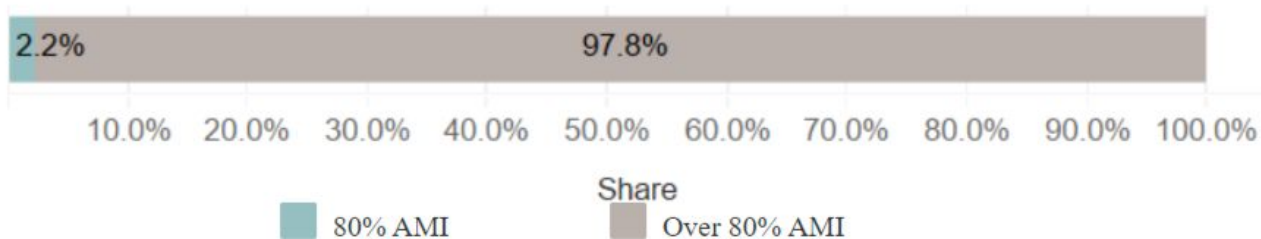
Annual income to qualify:  
approx. \$50,000

# Very few homes sold below 80% of AMI

## Utah County

2022 Homes Sold by AMI  
*# of Homes Sold Affordable to by Income*

	# of Units	Share
30% AMI (\$28.8K )	27	0.3%
40% AMI (\$38.4K )	36	0.4%
50% AMI (\$48K )	48	0.5%
60% AMI (\$57.6K )	59	0.6%
70% AMI (\$67.2K )	103	1.0%
80% AMI (\$76.8K )	223	2.2%
Over 80% AMI	9,809	97.8%



# The home-ownership spectrum needs more small units



# Not a lot of land zoned for smaller housing types

*Does your city's zoning  
Look like this?*

**Single-Family Detached Units vs Attached/Multifamily Units**



This map illustrates the prevalence of single-family detached-only zoning in most communities. The orange shading demonstrates pockets of the community which allow multiple units, such as twin homes, duplexes, townhomes, and multifamily housing.

# **Two keys to improve both affordability and ownership**

1. Reduce the expense of single unit homes (both detached and attached)
2. **Work on “after the zone change” methods to enable ownership for condominiums**

## **Zoning's limited ability to offer ownership opportunities**

Zoning power does not give cities and counties the right to ban renters

Fair Housing Act makes it unlawful to discriminate on the basis of familial status. Consider individuals undergoing adoption procedures, foster families and single parents with children.



# So what can we do to offer more ownership opportunities?

rdm-money  
liability-protection  
partnerships  
financing-reform

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# First Home Investment Zone (SB268 from 2024)

Capture up to 60% of property tax increment capture from all taxing entities inside FHIZ zone for 25 out of 45 years.



## Town center (mixed use area):

30 units per acre (the units outside the town center reduce this requirement)

25% owner occupied

12% affordable



## Outside town center:

6 minimum units per acre

100% owner occupied

20% affordable

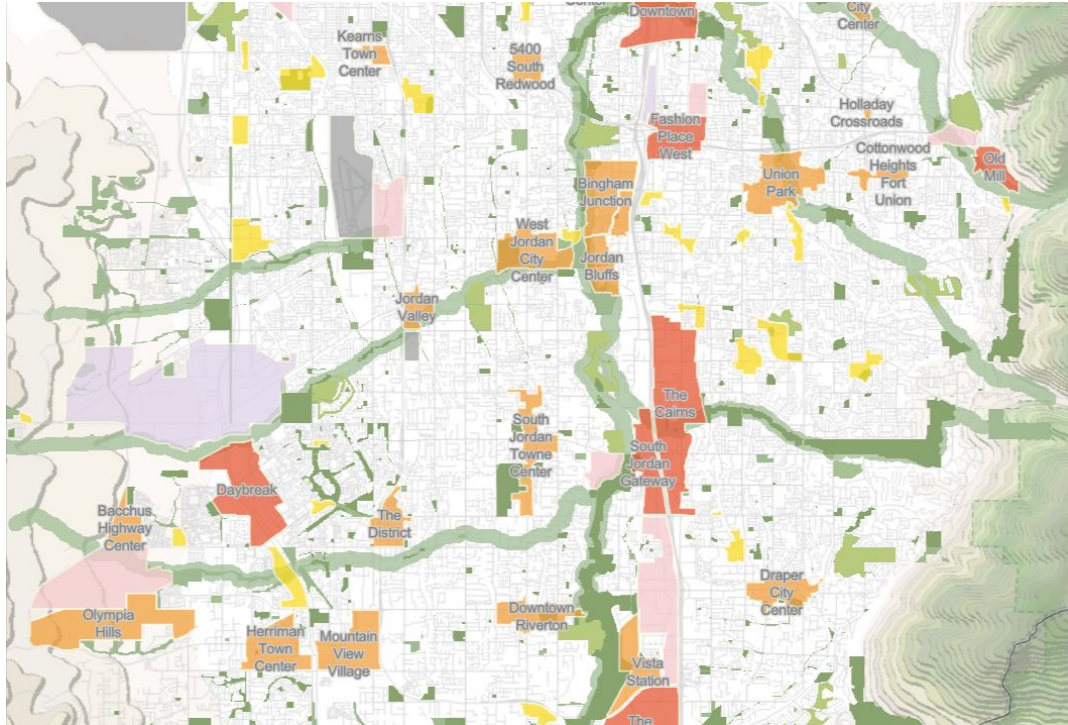


[FHIZ summary link](#)



# WASATCH CHOICE

## VISION



### City & Town Centers

Create and enhance city and town centers as the hearts of our communities – walkable areas where activity is focused, with places to live, work and play.

# Panelists



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P3 Plus

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## Complete List of Audit Recommendations

This report made the following seven recommendations. The numbering convention assigned to each recommendation consists of its chapter followed by a period and recommendation number within that chapter.

### **Recommendation 1.1**

We recommend that the Legislature consider requiring the creation of a state-level strategic plan for housing in Utah. This plan should define success and include goals that specifically address the current housing shortage and forecasted population growth.

### **Recommendation 1.2**

We recommend that the Legislature consider amending the land use, development, and management acts at both the county and city level to clearly emphasize housing production and affordability as primary goals of land use regulations.

### **Recommendation 1.3**

We recommend that with information gathered from strategic planning, the Legislature consider the range of state-level policy options presented in this chapter to create a program to set and manage state-level housing production targets.

### **Recommendation 2.1**

We recommend that the Legislature consider whether to expand the moderate-income housing plan requirements to include forecasting benchmarks for household growth.

### **Recommendation 2.2**

We recommend that the Legislature consider options to increase zoning density on a wide scale within the state.

### **Recommendation 2.3**

We recommend that the Legislature consider policy options to craft additional penalties and incentives associated with housing planning and targets to better ensure local government compliance.

### **Recommendation 3.1**

We recommend that as part of any statewide housing strategic planning, the Legislature consider metrics to better track both actual and potential housing production.



## A Performance Audit of Utah Housing Policy

Political Subdivisions Interim Committee  
August 2024

## RECOMMENDATION 1.2

The Legislature should consider amending the land use, development, and management acts at both the county and city level to clearly emphasize housing production and affordability as primary goals of land use regulations.

- Add housing production & affordability as an express goal to LUDMA and CLUDMA
- Independent appeal of land use decisions



## RECOMMENDATION 2.2

The Legislature should consider options to increase zoning density on a wide scale within the state.

- Allow some level of density in all residential zones (Montana, Arizona models)
- External Accessory Dwelling Units statewide
- State allowance for upzoning residential areas

### RECOMMENDATION 2.3

The Legislature should consider policy options to craft additional penalties and incentives associated with housing planning and targets to better ensure local government compliance.

- Bypass ombudsman for access to consequential damages
- Withholding B & C road funds
- Prioritize infrastructure grants/loans for compliance
- Revisit Moderate Income Housing Plan to define data and tie to incentives

# Housing Attainability & Affordability

Utah Housing Data

Prepared for Political Subdivisions

Interim Committee

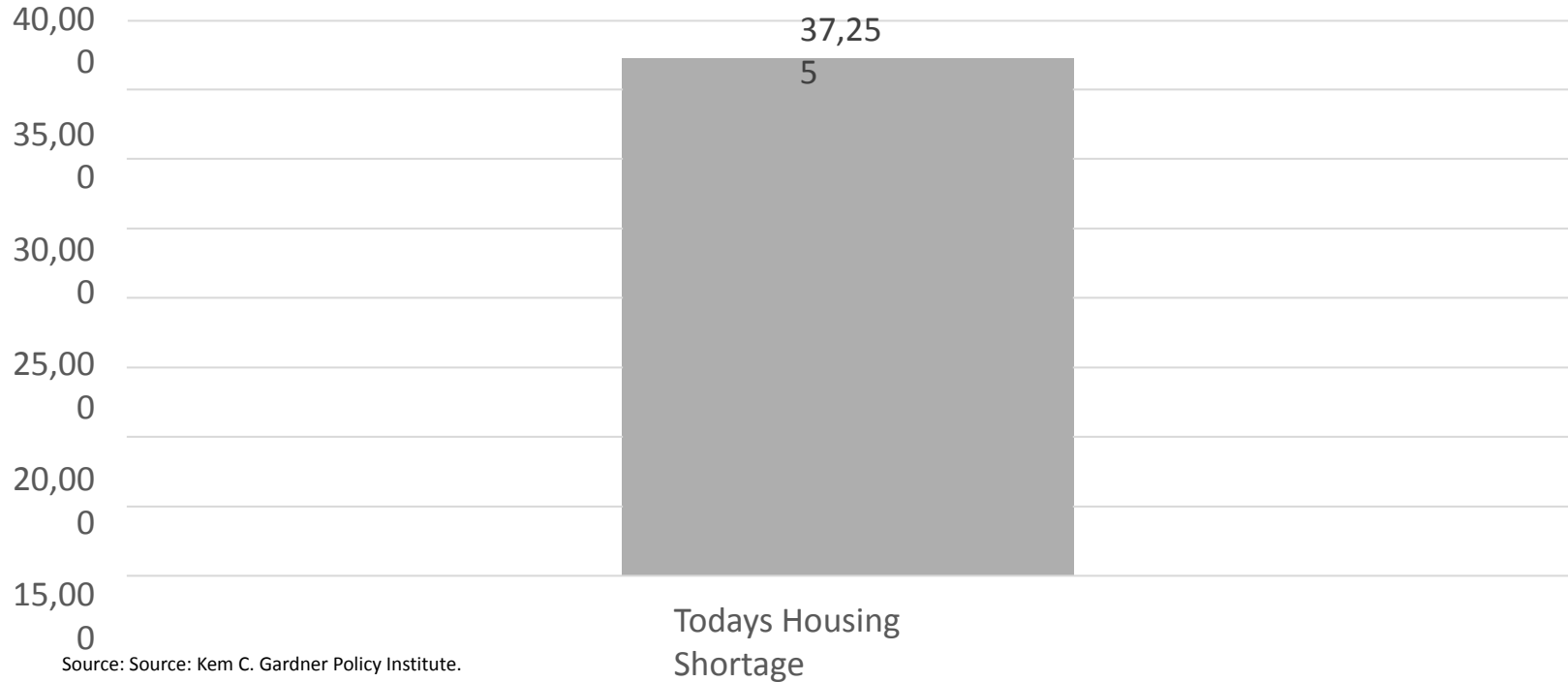
August 21, 2024

Representative Stephen Whyte

Senator Lincoln Fillmore



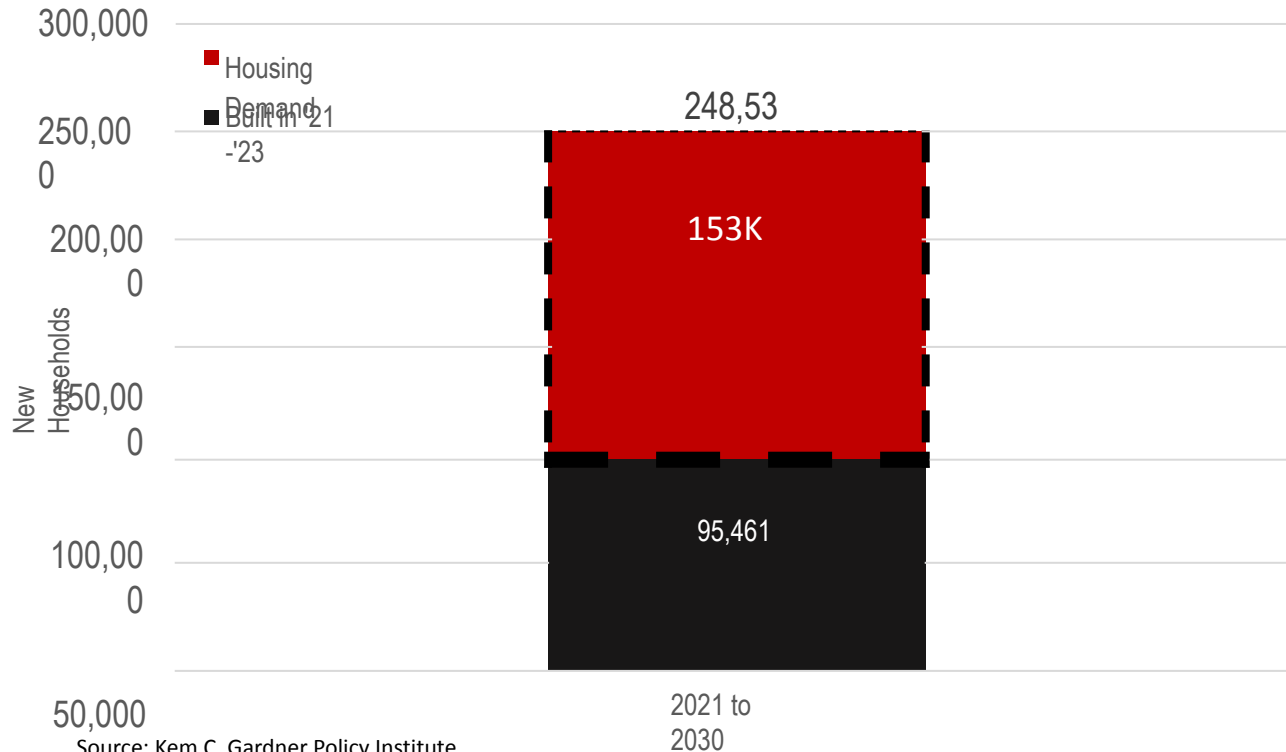
# Utah's Housing Shortage: 2024



Source: Source: Kem C. Gardner Policy Institute.

# Past and Future Housing Demand

Between 2024 and 2030, Utah needs an additional 153K new homes to meet the projected demand of 248K new homes

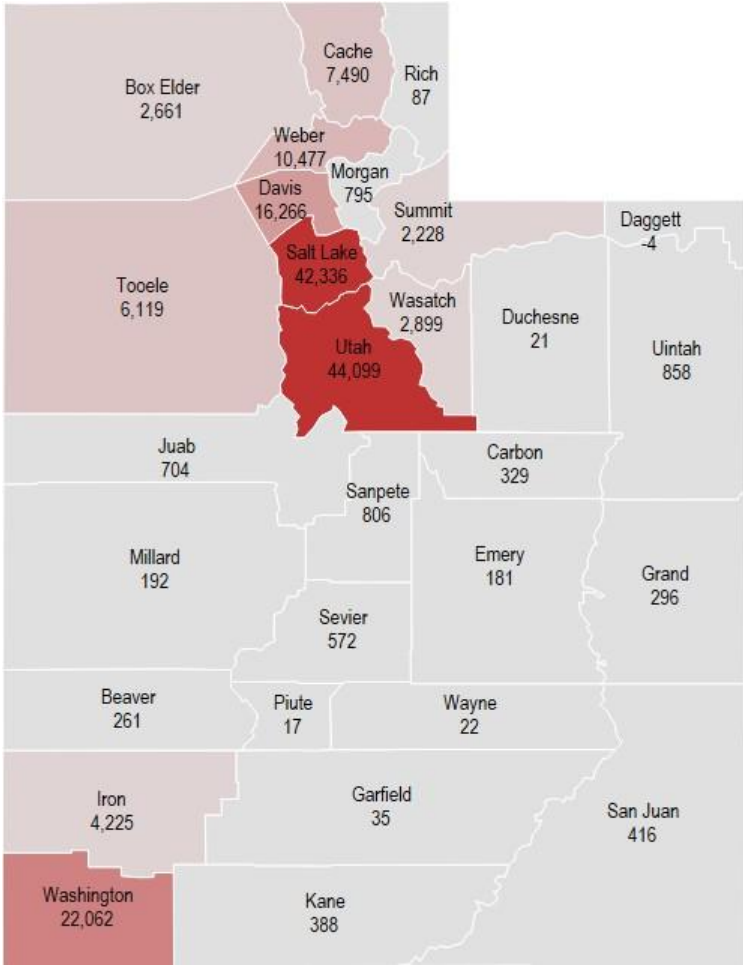


# 2024-2030 Projected Housing Demand

Household Growth and Projections to Meet Current and Future Demand:

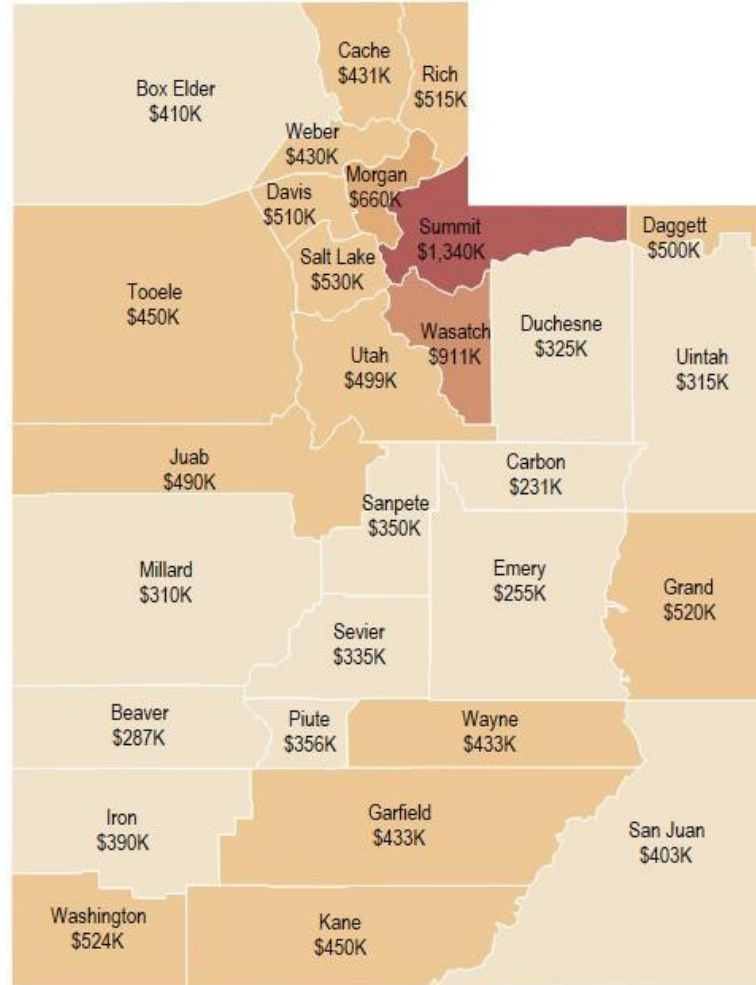
Example: Utah County will need to build 44,099 new units by 2030

<u>Units</u>	<u>County</u>	<u>New Needed</u>
Utah		44,099
Salt Lake		42,336
Washington		22,062
Davis		16,266
Weber		10,477
Cache		7,490
Tooele		6,119
Iron		4,225
Wasatch		2,899
<u>Box Elder</u>		<u>2,661</u>



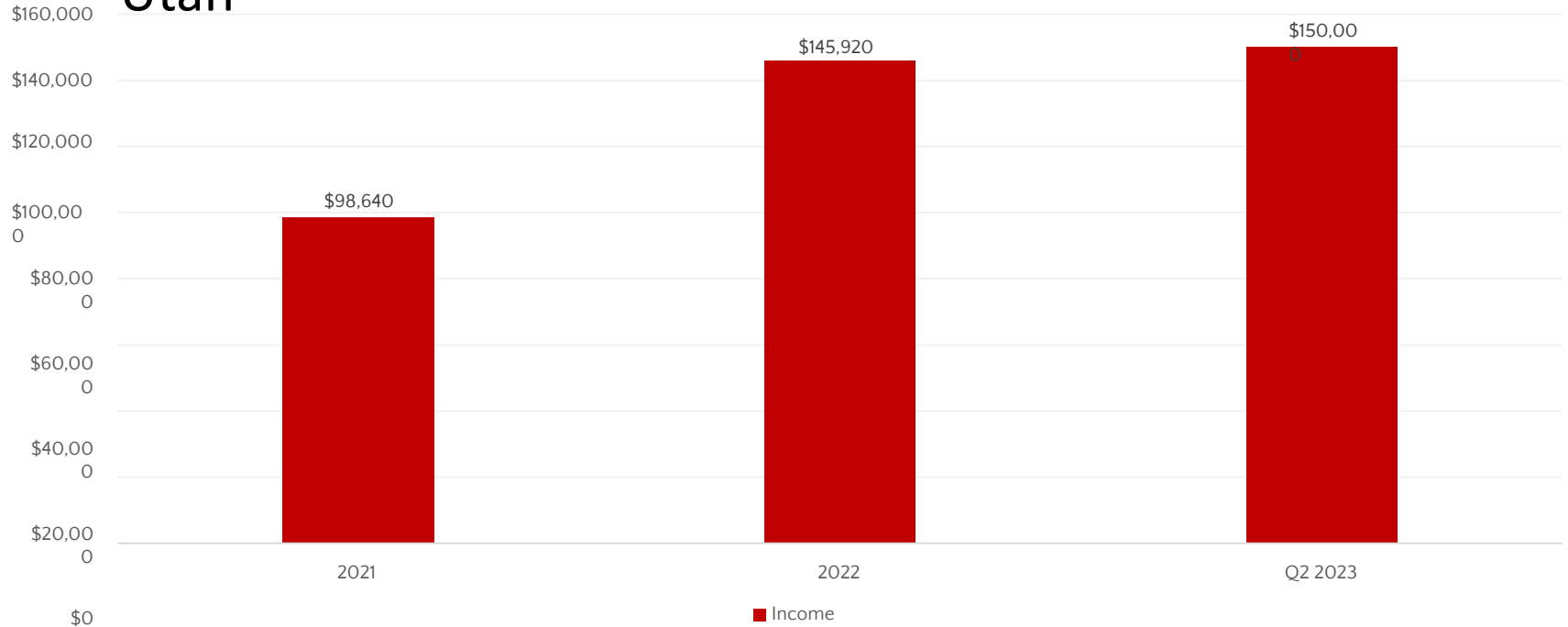
Source: Kem C. Gardner Policy Institute

# Median Home Price by County 2024 Jan-June



# Income Requirements Keep Increasing – Utah is Priced Out

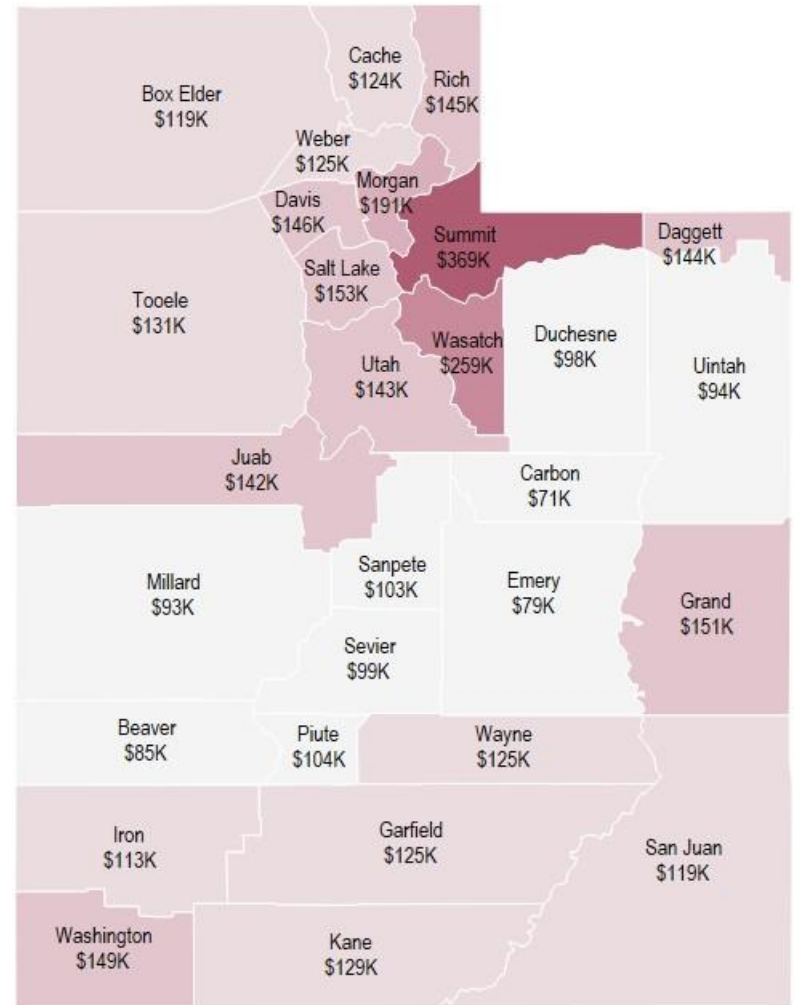
## Income Required to Finance Median Priced Home in Utah



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

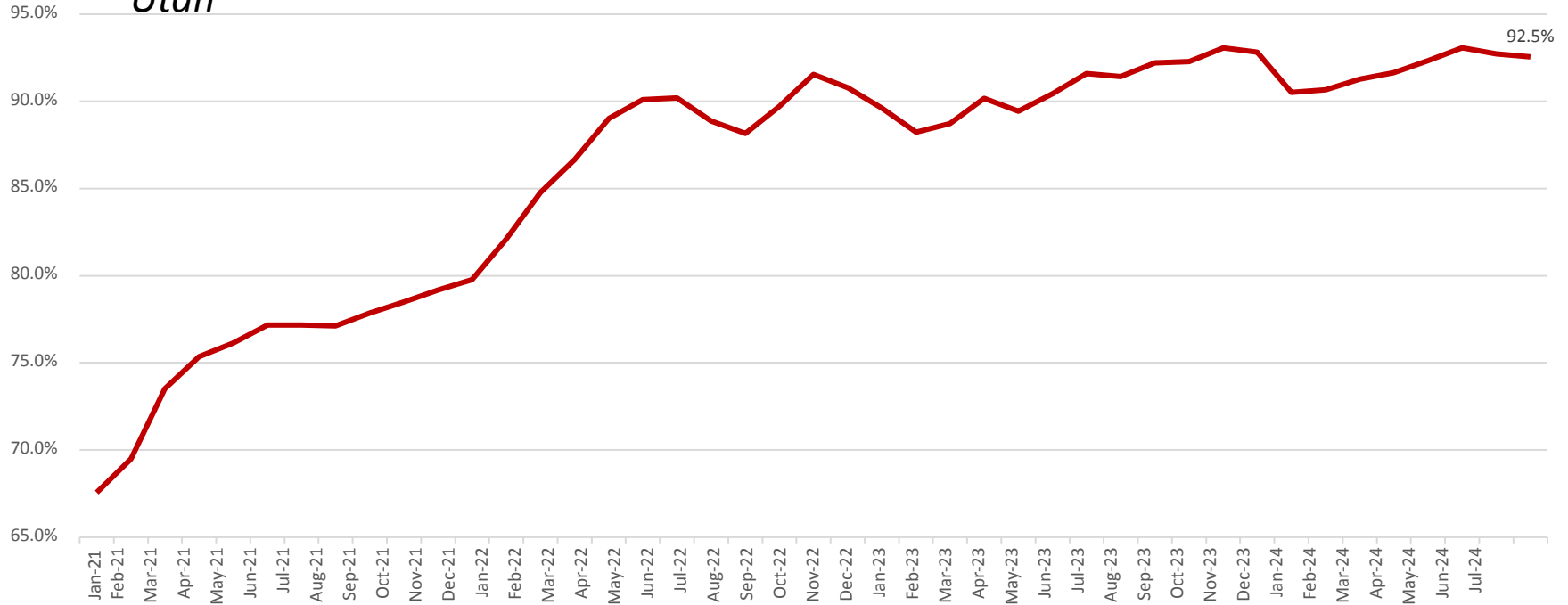


# Income Needed to Afford the Median Priced Home by County, 2024 Jan-June



# Eroding Affordability - Renters are Stuck Renting

Share of *Renter* Households that *Can't Afford* a Median Priced Home in Utah

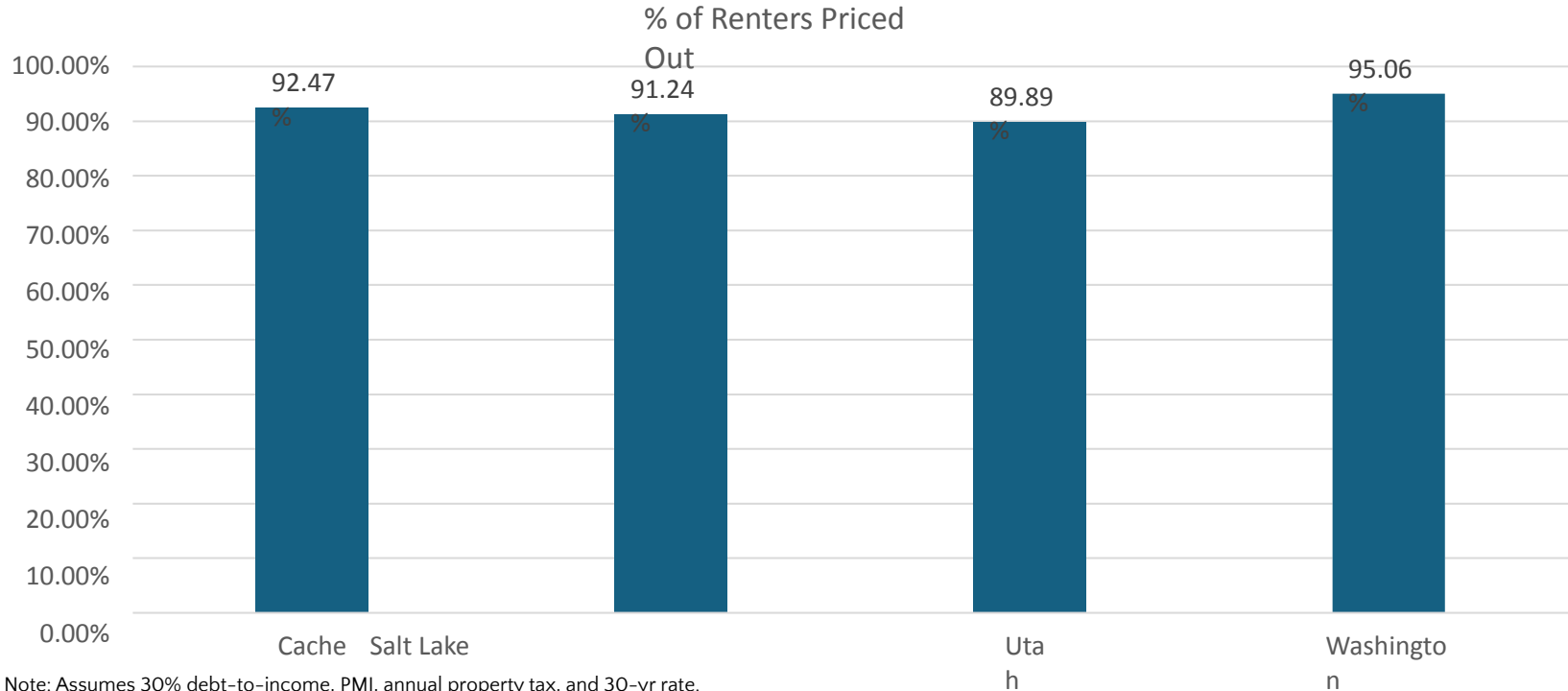


Note: Assumes 30% debt-to-income, PMI, annual property tax, and 30-yr rate.

Source: Calculations based on U.S. Census Bureau 2021 1-year ACS Survey Income Data (adjusted to 2022), UtahRealEstate.com Median Sales Price data.

# Renters priced out of housing:

## Share of *Renter* Households that *Can't Afford* a Median Priced Home, by County, 2024 Jan-June



Note: Assumes 30% debt-to-income, PMI, annual property tax, and 30-yr rate.

Source: Calculations based on U.S. Census Bureau 2021 1-year ACS Survey Income Data (adjusted to 2022), UtahRealEstate.com Median Sales Price data.

# Starter Homes Needed

Area	First Time Homebuyer Demand
Greater Salt Lake	28,000
Southwest	6,500
West Central	450
Uintah Basin	200
East Central	150
Southeast	150
<b>TOTAL</b>	<b>35,450</b>

Figure 1: Utah Economic Regions



# Housing Attainability & Affordability

## Factors Impacting Price of Utah Homes:

- Interest rates
- Increasing material costs to build a home
- Infrastructure costs
- Financing for builders
- Limited supply of homes
- And, many more reasons



# Housing Attainability & Affordability

**Recognizing these factors:**

**What makes home affordable?**

Size of lot and size of home

**How are lot sizes and sizes of homes determined?**

Zoning and land use

**What types of homes are needed to meet market demand?**

Homeowner occupied starter homes and “missing middle” homes



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