

# Moderate Income Housing Plan

## For

### Unincorporated Davis County

Revision date 2/1/06

#### **Introduction**

This document represents a moderate-income housing plan for the unincorporated areas of Davis County, and meets the purpose, intent, and criteria of House Bill 295. This document does not modify, bind, or dictate the policies of incorporated municipalities within the County, nor does it fulfill their responsibility under State law to create and adopt a moderate-income housing plan.

#### **Theory**

Shelter is one of the three basic requirements for human survival. Over the centuries, the forms and types of shelter have evolved significantly and become an integral part of our culture providing safety, stability, and identity. No one type of housing is appropriate for everyone since people experience various needs and desires at different phases of their lives. While the single family dwelling is the preferred type of housing for most Utah families, many seniors, young people, low wage earners, and disabled persons desire or require different types of housing.

Generally, housing is built for profit and the current market provides a variety of home types without any kind of government intervention. One of the reasons for this is that the market is subsidized by the Federal mortgage interest tax deduction. The construction of low income housing, on the other hand, is usually not profitable because the mortgage interest deduction does not apply to rental and/or investment property.

Low-income housing needs are supposedly met through a process called "filtering." The theory is that the market will always provide new housing, and that the new housing will be better and more desirable than the existing stock. People with rising incomes will purchase the new homes, and as this happens their current housing becomes available to those just below them on the economic ladder. This process continues indefinitely, allowing housing to filter down to people at all income levels. Unfortunately, housing is not filtering down to low-income groups as it once did, for two reasons. First, our building standards and zoning codes have gotten considerably more stringent/restrictive substantially raising the price of housing at all levels, and discouraging alternatives such as boarding houses and single room occupancy (SRO) buildings. Second, housing at the bottom of the filtering process is frequently destroyed as neighborhoods are upgraded through redevelopment efforts or because land values have increased beyond the value of the existing structure. While our nation has successfully and dramatically upgraded the quality of our housing stock, it has often been done at the expense of affordability.

The U.S. Department of Housing and Urban Development (HUD) is the agency responsible for providing housing for people priced out of the market, and over the last twenty years they have changed their approach to housing provision. The large public housing projects that were built between the late 1930s and the 1970s are now believed to have created more problems than they solved. Rather than building housing, the current view is that the Federal Government should provide subsidies in the form of housing certificates or vouchers to bring market rate housing to an affordable level. This allows lower income residents greater choice and is believed to prevent the concentration of poverty in a single area. Other HUD programs such as CDBG and HOME provide limited funds for construction or rehabilitation of housing.

Besides HUD funds, the Utah Housing Finance Agency (UHFA) administers a program providing tax credits for low or moderate priced rental housing. Most of the affordable housing that is being built today consists of small and frequently mixed income projects, funded with a complex combination of tax credits, HOME or CDBG funds, and money from state and local sources. They are built by both for-profit and non-profit companies, but due to the complexity of the financing and funding, there is limited activity and the resulting units are generally targeted to those in the moderate-income ranges instead of those at the lowest levels.

### **House Bill 295**

In the 1990's communities along the Wasatch Front experienced significant increases in housing prices while incomes remained relatively stable. Consequently, housing has become a problem for those households that do not already own property. In 1996, House Bill 295 directed each Municipality in the State to analyze their housing stock and adopt a plan for moderate-income housing. In defining the purpose of the bill, the legislature stated that municipalities should provide a reasonable opportunity for a variety of housing, including moderate income housing, to meet the needs of people desiring to live there.

To enable each city to complete their analysis, the State provided a spreadsheet model that calculates current and five year projections of the municipality's affordable housing needs. The State also provided a technical manual and a limited set of input data from 1990 and 1996. Some data was meant to be gathered locally, for maximum accuracy. Using the results of the spreadsheet model, each city and/or county was directed to identify any housing deficiencies and to create and adopt a plan to address those needs. This study was to be completed by the end of 1998, and updated every year so that local governments in Utah can track their housing needs over time.

### **Case Law – Anderson Development vs. Bluffdale City**

A recent Findings of Fact by Judge Matthew Durrant, Salt Lake County 3<sup>rd</sup> Judicial District Court, states five main elements that a moderate income plan must include:

- An estimate of the existing supply of moderate income housing located within the municipality
- An estimate of the need for moderate income housing in the municipality for the next five years and revised annually
- A survey of total residential zoning
- An evaluation of how existing zoning densities affect opportunities for moderate income housing
- A description of the municipality's program to encourage an adequate supply of moderate income housing (Section 10-9-307(2)(b) UCA)

Furthermore, as of the trial date of November 9, 1999 Judge Durrant defined moderate housing income limits as the following:

Family of 1 person	\$22,550 annual income
Family of 2 person	\$29,100 annual income
Family of 3 person	\$32,750 annual income
Family of 4 person	\$36,400 annual income
Family of 5 person	\$39,300 annual income
Family of 6 person	\$42,200 annual income
Family of 7 person	\$45,150 annual income
Family of 8 person	\$48,050 annual income

Moderate-income monthly housing rental levels, including utility allowances were defined as follows:

0 bedroom	\$637
1 bedroom	\$682
2 bedroom	\$818
3 bedroom	\$946
4 bedroom	\$1,056

The cost of a moderate income house for a family of 4 with an annual income of \$36,400 was \$117,318, with a monthly payment of \$825, calculated based on a 30 year, 8% loan with a \$5,865.90 down payment (5% of the total cost of the house).

### Definitions

- Moderate-income housing is currently defined in Utah Code 10-9-307 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 of the Metropolitan Statistical Area (MSA) for households of the same size." Davis County is part of the Salt Lake-Ogden MSA, which is defined by HUD as Salt Lake, Weber and Davis Counties.

- The generally accepted definition of affordable housing is housing where people are paying no more than 30% of their monthly gross household income for rent/utilities or mortgage/insurance/taxes/utilities.
- Assisted housing, sometimes called subsidized housing, is housing that has some sort of government subsidy attached, and is intended for people who are unable to obtain market rate housing, due to low incomes or special needs.

## **Background**

### *Undeveloped Land*

In the past few years Davis County has shifted the responsibility of land-use planning in unincorporated areas to the adjoining incorporated municipalities because the County does not provide utilities in unincorporated areas. New developments must receive permission to connect to utilities provided by existing municipalities, who in turn require that those developments be annexed into the municipality and/or be consistent with their land-use policies before they permit the connections. As a result, the County acknowledges that the municipalities, through their regulation of utility connections and annexation policies, have *de facto* jurisdiction over land-use planning decisions in the developable areas of the unincorporated County. The only sections of unincorporated Davis County that are able to develop without municipal connections are the Hooper area, which is part of the Hooper Water District, and the Mutton Hollow Township, which is almost completely developed.

### *Hooper Area*

Hooper is a rural community located primarily in Weber County, with a small area spilling over into Davis County. Most of the Hooper area is in a flat plain immediately adjacent to the Great Salt Lake. The area lacks sanitary sewage connections and must rely on septic tanks for waste disposal. The logistics of septic tanks requires a minimum one acre lot for residential purposes making high density, affordable housing virtually impossible.

### *Mutton Hollow*

The Mutton Hollow Township is a small section of Unincorporated County surrounded by the cities of Kaysville and Layton. The Township was created under a short-lived State statute in January of 1997 and has its own Planning Commission and water district. Mutton Hollow is almost completely developed. However, the Planning Commission recently voted to intensify the zoning from A-1 to A-E, which permits ½ acre lots and two-family homes. As a result, there is a potential for subdividing and for the creation of some moderately priced housing.

*Other Undeveloped Lands*

The only other undeveloped land located within unincorporated Davis County is located in environmentally sensitive areas, such as the foothills and the shores of the Great Salt Lake. The County does not consider these areas developable and is actively working to preserve them as permanent open space.

*Developed Land*

There are several pockets of completely developed neighborhoods located within unincorporated Davis County. These areas are being annexed rapidly into the adjoining municipalities and the County does not foresee any redevelopment opportunities before total annexation occurs.

All this needs to be updated below:

**Data**

*As of January 19<sup>th</sup>, 2000, the Davis County Department of Community and Economic Development estimates 706 dwelling units and 30 vacant residential building lots in unincorporated Davis County. The estimated population of unincorporated Davis County is 2210. There are approximately 1100 acres of developable land in the Hooper Area.*

*Attempts to implement the State-sponsored spreadsheet were unsuccessful because of limited data, scattered locations, and physical constraints inherent in the remaining parcels of land. However, the following estimated data was collected:*

***Existing Units<sup>i</sup>***

<i>Total Dwelling Units</i>	<i>706</i>
<i>Total Multi-family Units (inc. basement apts)</i>	<i>101</i>
<i>Total Vacant Building Lots</i>	<i>30</i>

***Vacant Developable Land Outside of Annexation Boundaries<sup>ii</sup>***

<i>w/o Potential Sewer Connection</i>	<i>868 acres</i>
<i>w/ Potential Sewer Connection</i>	<i>299 acres</i>

*Residential Zoning Survey (includes undevelopable areas)<sup>iii</sup>*

<i>A-1 (SFD/Ag, maximum density of 1 unit/acre)</i>	<i>7,390.07 acres</i>
<i>A-E (Two-family dwelling/SFD/Ag, minimum ½ acre lot)</i>	<i>596.25 acres</i>
<i>R-1 (SFD, minimum 9,000 sq ft lot)</i>	<i>68.10 acres</i>
<i>R-2 (Two-family dwelling, minimum 9,000 sq ft lot)</i>	<i>35.18 acres</i>
<i>R-3 (Multi-family, minimum 9,000 sq ft lot)</i>	<i>2.88 acres</i>

*Average SFD Price/Costs*

<i>Hooper Vicinity<sup>iv</sup></i>	<i>\$125,959</i>
<i>Mutton Hollow Vicinity<sup>v</sup></i>	<i>\$173,238</i>

*Average Monthly Apartment Rates - Countywide<sup>vi</sup>*

<i>4<sup>th</sup> Quarter 1998</i>	<i>\$578</i>
<i>4<sup>th</sup> Quarter 1999</i>	<i>\$585</i>
<i>1<sup>st</sup> Quarter 2000</i>	<i>\$588</i>
<i>2<sup>nd</sup> Quarter 2000</i>	<i>\$591</i>
<i>3<sup>rd</sup> Quarter 2000</i>	<i>\$592</i>

**Analysis**

An analysis of the existing zoning data appears to indicate that of the approximately 8,092 acre potential buildable area of unincorporated Davis County, less than 106 acres, (2%) has zoning that would accommodate moderate income housing efforts. Note that this assessment does not include the large quantity of sensitive and/or protected lands. These lands are undevelopable but still receive a zoning designation. The County's policy is to eventually have all developable lands annexed into municipalities so that only sensitive and protected lands remain. As a result of this policy, moderate income housing needs will continue to decline in unincorporated Davis County over the next five years as both developed and undeveloped lands are annexed into the adjacent municipalities.

The County recognizes and supports efforts to expand and maintain moderate income housing on a local level and believes that it can most effectively achieve that objective through cooperation and coordination with local municipalities as they implement their own moderate-income housing plans as required by House Bill 295.

**Conclusion**

Almost all vacant land in unincorporated Davis County is located in environmentally sensitive areas. The few remaining developable areas will either be annexed by adjacent municipalities or contain physical constraints that require minimum lot sizes of 1 acre or larger. This analysis of data indicates that the need for moderate-income housing units is decreasing in unincorporated Davis County as a result of the unincorporated areas being annexed.

However, the County recognizes that the need for affordable housing crosses political boundaries and that its role is to support and encourage these efforts within a regional context.

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- i Davis County Community and Economic Development (CED) Office, December 2000
  - ii Estimates based on data from Davis County CED Open Lands Survey, January 2000
  - iii Davis County CED Zoning Database, December 2000
  - iv Ogden Area Association of Realtors, 3<sup>rd</sup> Quarter 2000
  - v Ogden Area Association of Realtors, 3<sup>rd</sup> Quarter 2000
  - vi Hendricks and Partners Research Service, December 2000