

LAND USE REVIEW FOR ATTAINABLE HOUSING

APA Utah/Idaho Conference
Sept 29, 2023



Process Overview

01

Scope the landscape

Interview key stakeholders across the state to learn which ordinances, codes, and policies impede housing affordability in Utah.

02

Evaluate regulations

Conduct literature review, RCLCO research, and analysis of 35 municipalities zoning and ordinance regulations.

Analyze findings and Identify regulations with the biggest affordability impact and the relative support for change

03

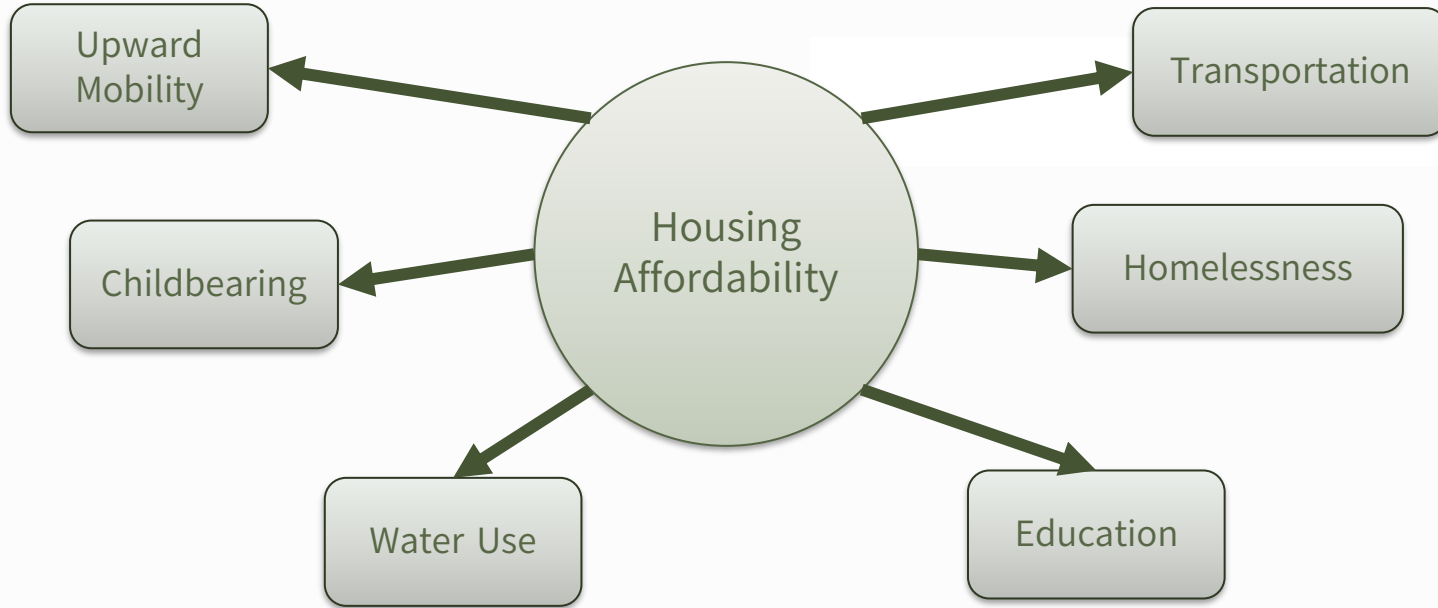
Report recommendations

Evaluate recommendations with key stakeholders.

Prepare a final report and present our findings at trainings, workshops, legislative testimony, conferences, etc.

Housing Affordability Matters

Housing affordability affects many other issues

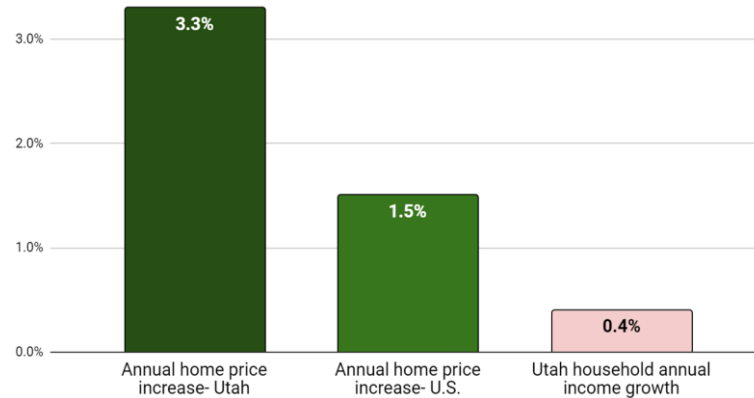


Housing attainability is a critical concern for Utahns

Utahns rate housing and cost of living as a top priority, but consider it the worst performing public issue. In the face of housing scarcity, Utahns compete for available housing units, driving up prices.

Home price growth outpaces wages

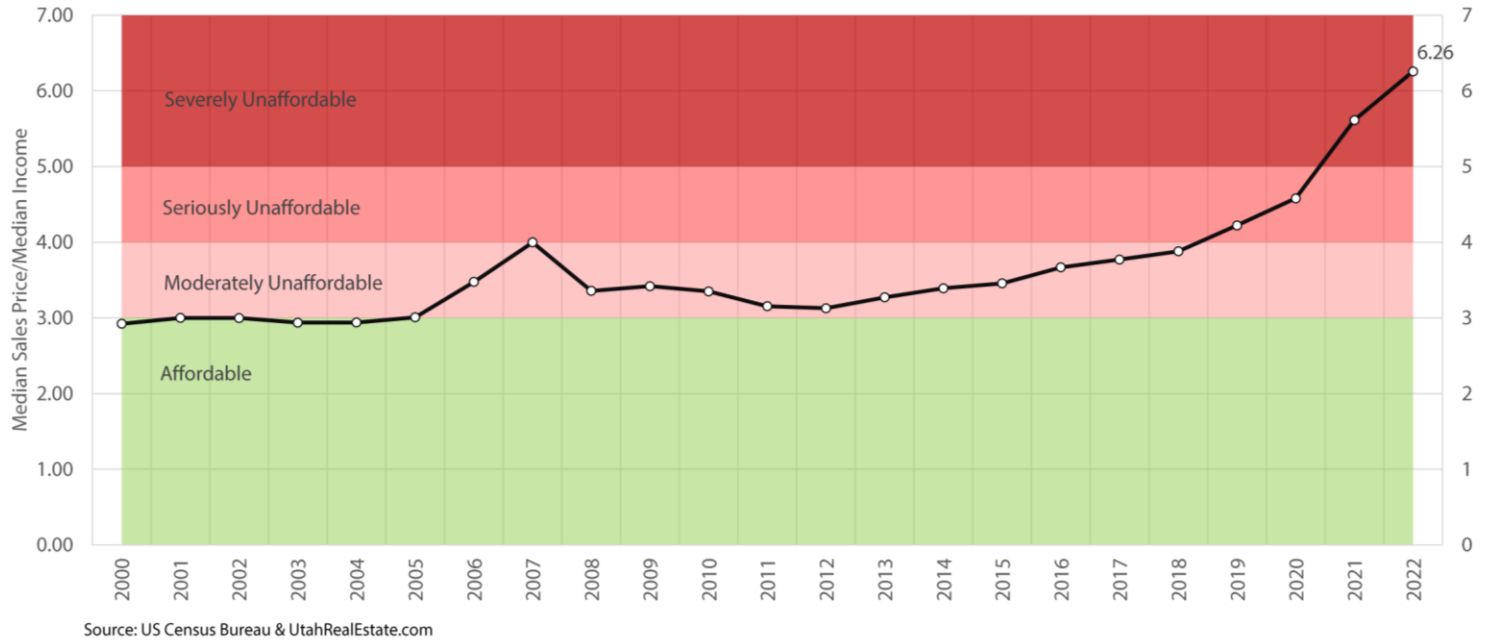
Comparison of annual home price increases to Utah household income growth since 1991, adjusted for inflation



Source: "Building a Better Beehive," Utah Foundation

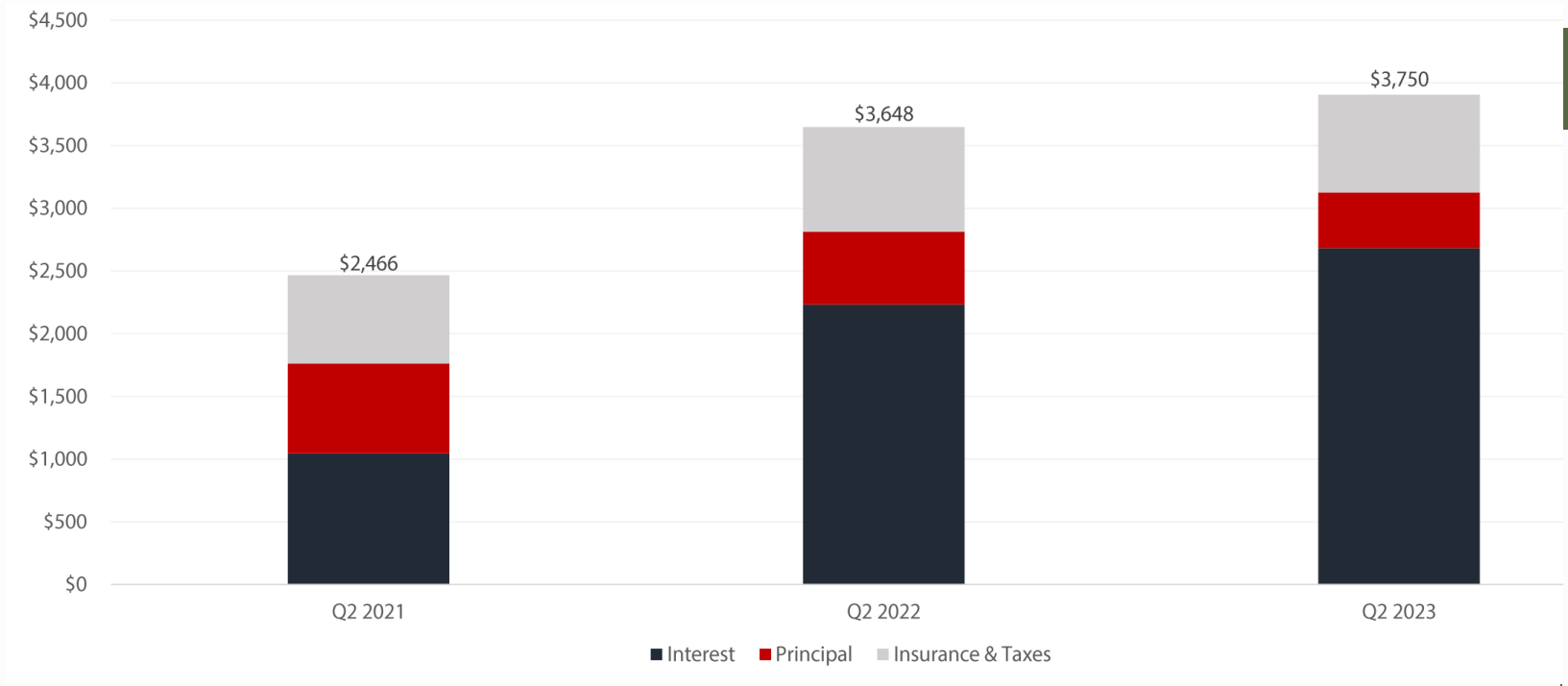
Utah's Most Unaffordable Market in History

Utah Median Multiple Affordability Rating, 2000-2022



Source: Kem C. Gardner Policy Institute

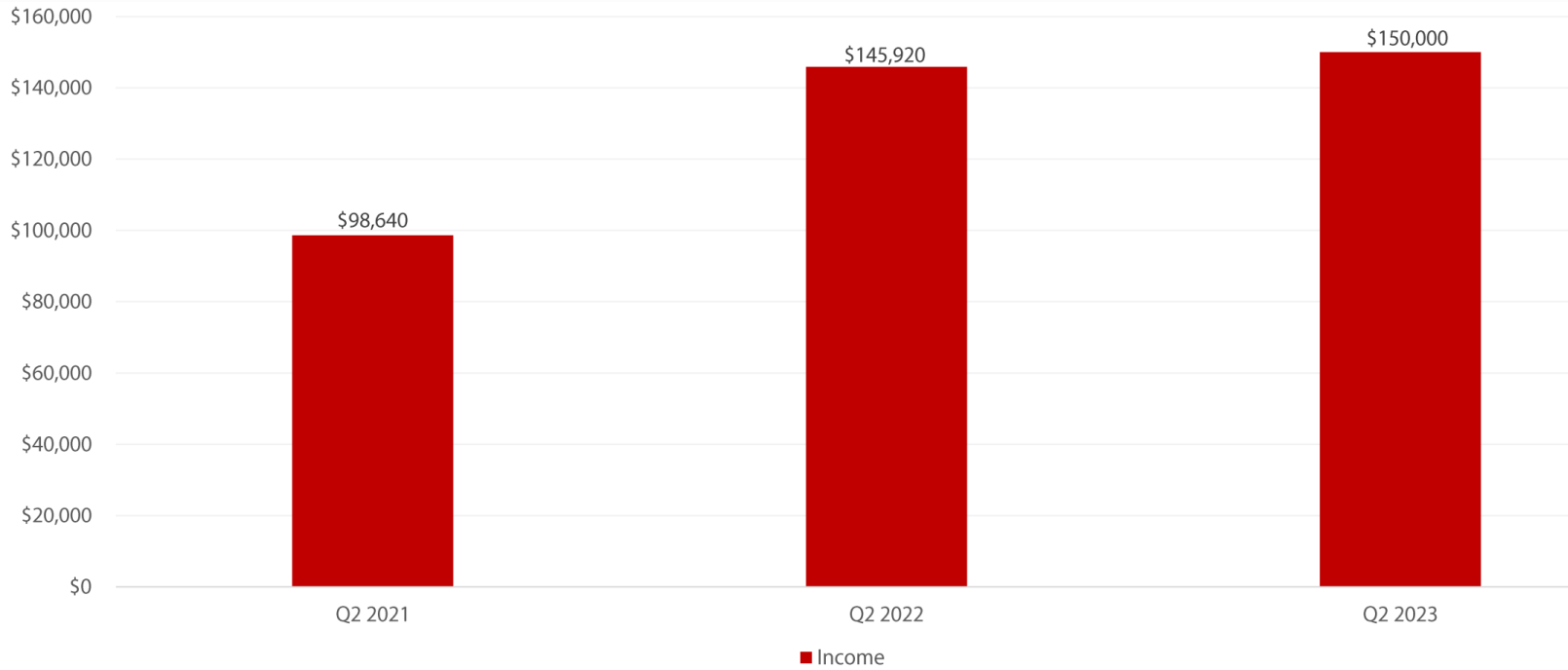
Rising Price and Interest Rates Drive New Mortgage Payments to Historic Highs



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

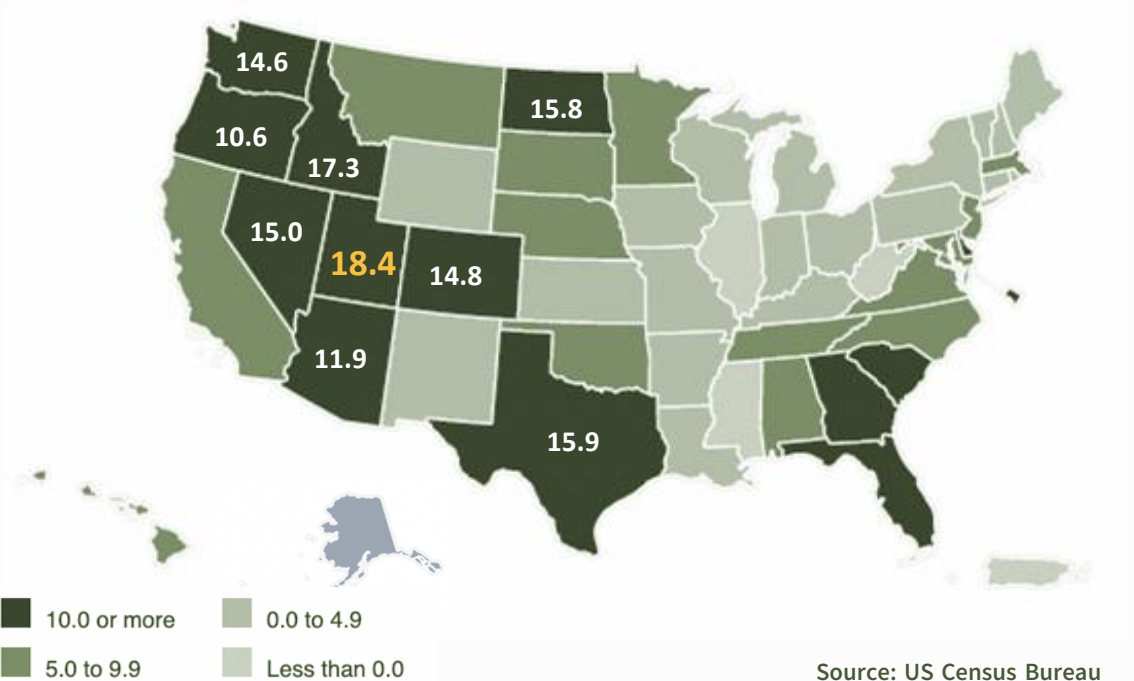
Income Requirements Keep Increase - Utah is Priced Out

Income Required to Finance Median Priced Home



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

Fastest Growing State in the Nation 2010-2020

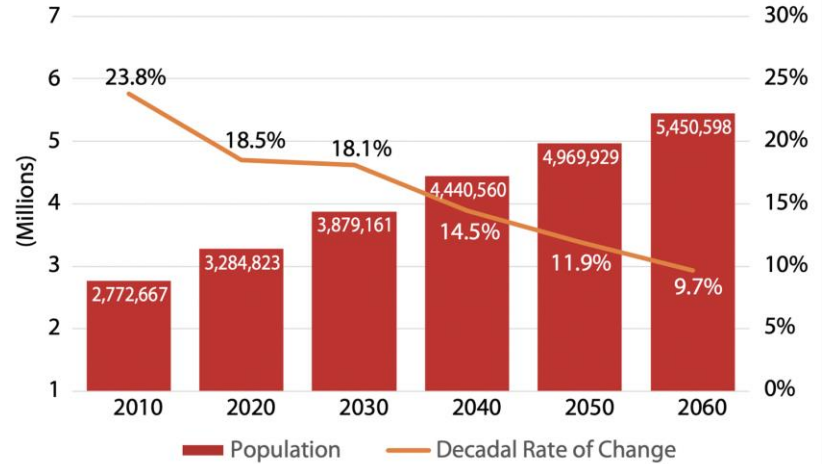
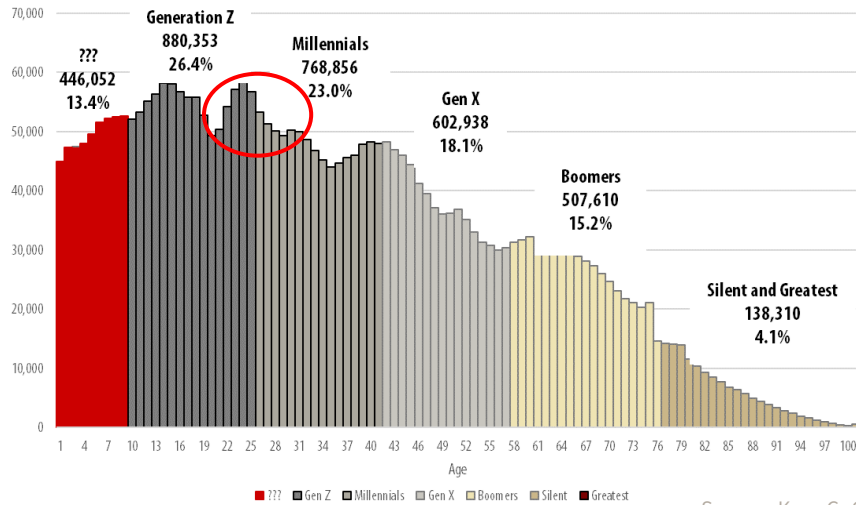


Source: US Census Bureau

Housing Attainability is Influenced by Many Factors

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

Generations in Utah, 2021



Source: Kem C. Gardner Policy Institute

Musical Chairs Analogy



In musical chairs, there are fewer chairs than participants, leaving participants without a seat.

- *Do the loser(s) share a chair with someone else?*
- *If everyone bid money for a chair, wouldn't the price be higher than if there were an available chair for everyone?*

This analogy mirrors the housing market's dynamics when there's a scarcity of housing.

Some are left without homes, or are forced to share homes with others (maybe grown children sharing with parents), and the price of homes rises for everyone.

More homes means more affordable housing.



When there are FEWER homes than there are households who NEED them . . .

. . . some Utahns are left out.



But when we add MORE housing, everybody has the chance to AFFORD the home they NEED.

Literature Review & Analysis

RCLCO conducted a comprehensive literature review to evaluate various regulatory changes and policies across the U.S. and their effects on housing supply and price.



1. Existing studies show that regulations have an impact on housing supply and pricing
1. There is a clear relationship between upzoning and housing supply/permitting activity.

Does increased supply have an impact on housing prices?

- **YES**, areas where there is an undersupply of housing face increased housing costs
- **New housing helps market pressure** and has been shown to decrease market pricing



How have regulations impacted the supply of housing in the market?

- Areas with **higher regulation** tend to have **lower permitting** activity and **higher prices**
- **Less regulated markets** tend to be **more affordable** to households



What are other markets doing?

- **Markets similar to Utah** are taking steps to resolve their limited housing supply with several updating or attempting to update their land use codes to facilitate more development
- **Other markets that are working to increase housing supply** have used a combination of ADU's, zoning changes, and regulatory streamlining to increase housing supply

Literature Review & Analysis



The studies generally show that the most effective strategies for increasing inventory are:

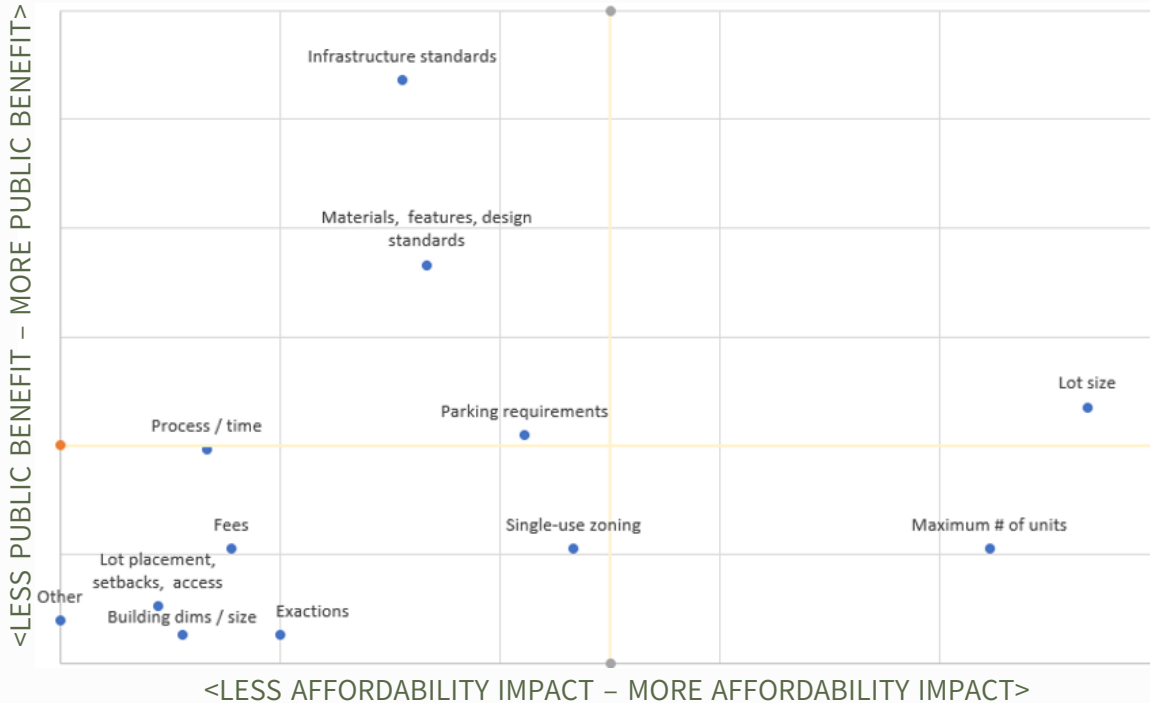
- allowing more density through reduced minimum lot sizes,
- increased allowable units,
- increased FAR and maximum height restrictions.

Local Ordinance Findings and Analysis

What communities were analyzed? The ordinances analyzed encompass a diverse array of 35 city/town/county profiles across all 7 AOGs, including at least 2 municipalities and 2 counties from each AOG. Of the cities reviewed, 11 were in census-designated urban areas and 10 were in rural areas. Communities analyzed displayed varying rates of owner occupancy (39% to 89%), growth rates (60% to -6%), and residential densities (0.09 to 3.97 households per residential acre).

- Of the 35 local governments, **only 9 allow lots less than 7,000 square feet** in any single-family zone
 - ◆ Only 4 allow them on more than an estimated 10% of the land within their boundaries
 - ◆ Only 2 of those 4 are in urban areas, and none are suburban
- In urban jurisdictions, **typical minimum lot size is 10,000-12,000 square feet**
 - ◆ More than 5,000 square feet of land must be set aside for private open space
- Multi-unit housing, including duplexes or townhomes, is **illegal in nearly ½ of all residential zones**
 - ◆ **Multifamily is permitted by-right in only 22%** of the zones surveyed
- **Mixed-use zones account for less than 4% of zones**, and only 7 of 35 governments have any mixed-use zones
 - ◆ Less than half (15 of 35) of local governments surveyed allow any type of housing in any commercial zones, only 8 of these are cities

Stakeholder Results #1



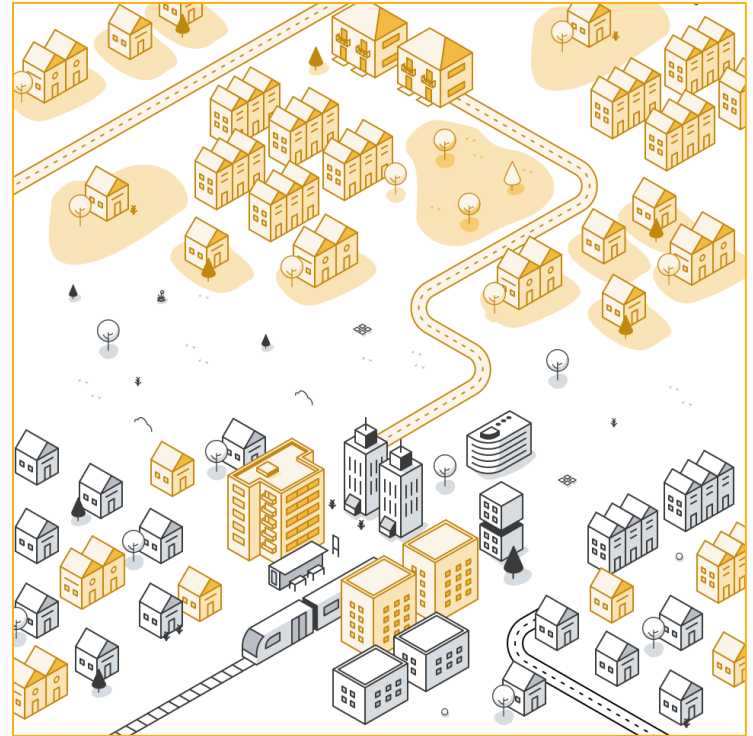
**MOST AFFORDABILITY
IMPACT WITH LEAST
PUBLIC BENEFIT:**

- LOT SIZE
- MAX # OF UNITS
- SINGLE USE ZONING

Housing- Top 5 Big Ideas

Urban

- **60%** Allow more strip malls, big box stores, and parking lots to be redeveloped into housing
- **59%** Allow more townhomes, duplexes, and accessory dwelling units (e.g., basement or mother-in-law apartments)
- **58%** Allow more new houses to be built on smaller lots and incentivize the construction of smaller homes
- **57%** Increase the number of housing units with the potential for owner occupancy (single family house, condos, townhomes)



Local Government

Proposed Recommendations

1. Allow smaller lot sizes

- **Reduce or remove minimum lot sizes.**
- Homes on lots that are 5,000 square feet or even smaller create an inventory of entry-level or “starter” homes. These products also appeal to Utahns of all generations for reasons such as reduced yard care, reduced expense, and community access or character. There are many historic communities across Utah that are great examples of these lot sizes.
- Homes on smaller lots will generally be more affordable because there is less land cost.



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

Lot size reductions can have significant impacts on subsequent home prices

Sample Pricing Analysis of Various Lot Size Reductions
Salt Lake County; 2023

HOME TYPE	HOME SIZE	AVG. CONSTRUCTION \$ / SF	HOME PRICE	LOT SIZE (FEET)	LAND PRICE	BUILDER PROFIT	TOTAL HOME PRICE	LOT SIZE REDUCTION	TOTAL PRICE REDUCTION
SFD	2,500	\$165	\$412,500	10,000	\$311,754	10%	\$796,679		
SFD	2,500	\$165	\$412,500	7,500	\$233,815	10%	\$710,947	-25%	-11%
SFD	2,500	\$165	\$412,500	5,000	\$155,877	10%	\$625,215	-50%	-22%
SFD	2,500	\$165	\$412,500	3,500	\$109,114	10%	\$573,775	-65%	-28%
SFD	2,500	\$165	\$412,500	2,500	\$77,938	10%	\$539,482	-75%	-32%
Townhomes	2,000	\$180	\$360,000	2,500	\$77,938	10%	\$481,732		
Townhomes	2,000	\$180	\$360,000	2,000	\$62,351	10%	\$464,586	-20%	-4%
Townhomes	2,000	\$180	\$360,000	1,500	\$46,763	10%	\$447,439	-40%	-7%
Townhomes	2,000	\$180	\$360,000	1,000	\$31,175	10%	\$430,293	-60%	-11%

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

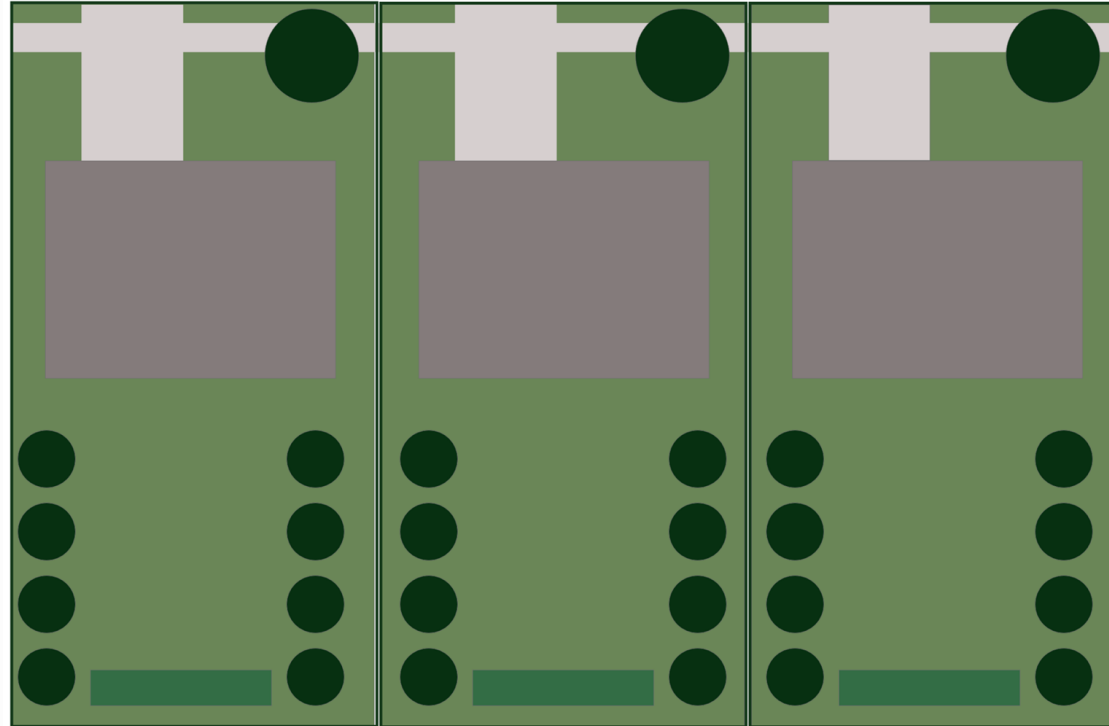
Land price:

\$311,754

Builder profit: 10%

Total home price:

\$796,679



to scale, home sizes are the same

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

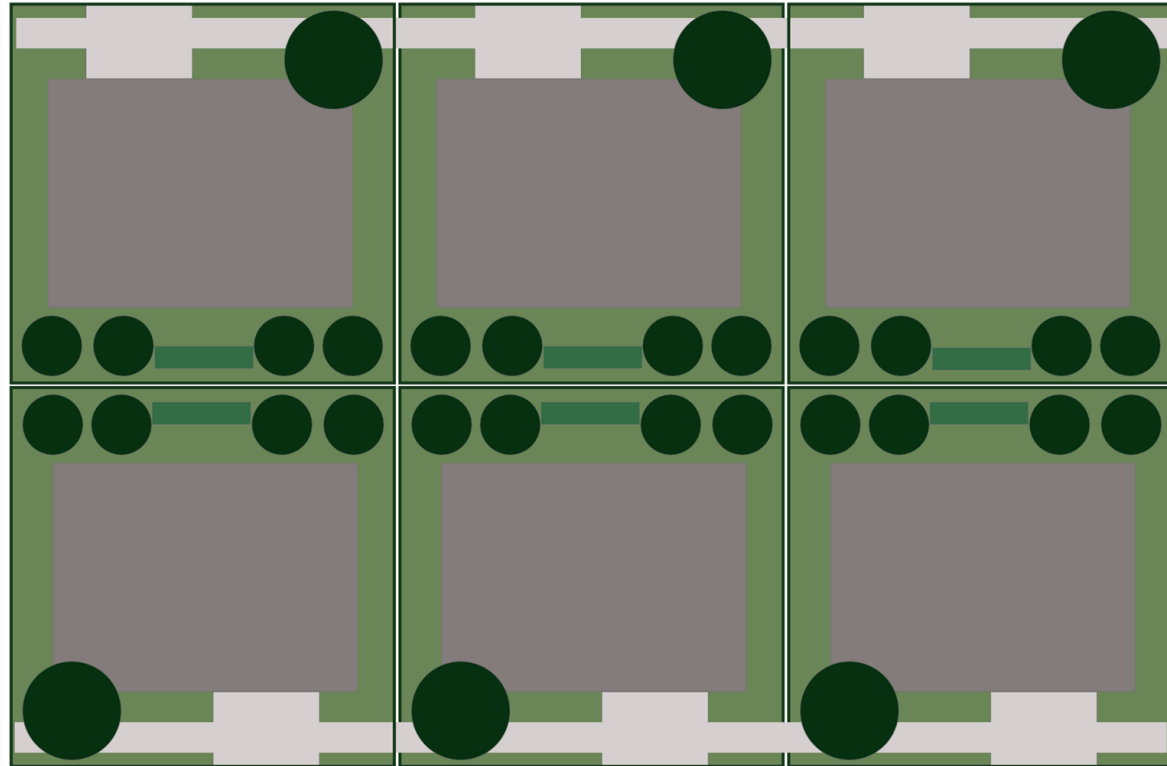
Land price:

\$155,877

Builder profit: 10%

Total home price:

\$625,215



22% price reduction

(plus additional land conservation and increased supply benefits)

to scale, home sizes are the same

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

- Including multiple units within the same structure could involve a townhome, duplex, triplex, or fourplex, and can be designed in a way that **looks like a single-family home**
- Rather than confining attached units solely to multifamily zones, a more effective approach is to **permit them in single-family zones**
- Even modest expansions of areas allowing multiple units can have a notable impact on housing supply



3. Facilitate smaller homes.



While the average Utah household size has declined from 3.6 to 3.1 people (14%) since 1970, the average new single family home size in the Wasatch Front has increased from 2,002 to 3,240 square feet (61%) over the same time period.

- **Reducing minimum land requirements** and allowing more units on each lot can also help smaller units to become more feasible
- **Closing the gap between supply and demand** is perhaps the most important thing that can be done to make smaller, less luxurious housing more attractive to build

4. Promote mixed-use development.

While zoning has long been used to keep incompatible uses away from each other, it can also be used to encourage the collocation of complementary uses

- **Allow multifamily housing** of an appropriate scale in commercial and office zones
- Allow strip malls, big box stores, and parking lots to be redeveloped into mixed-use areas that include housing, or even in some cases to be replaced by housing
- **Right-size parking requirements**, allow shared parking, and seek ways to help finance structured parking
- Consider adopting a form-based code



5. Reduce development delays and costs.

- **Simplify codes.** It can be difficult for a builder or developer to navigate requirements
- **Consider pattern-based zoning to expedite approvals.** ADUs and multifamily units offer opportunities to increase supply and maintain community character with pre-approved designs
- **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



6. Facilitate the use of offsite construction techniques.

In addition to reduced construction costs and timelines, offsite construction can also increase quality and energy efficiency.

- Allow manufactured housing by-right on owner occupied lots if it meets other zoning requirements and standardized conditions
- Adopt standards for offsite modular construction, inspection, and compliance
- Allow small units. Offsite construction may offer some of the most significant cost savings for small units less than 1,000 square feet.





State & Regional

Proposed Recommendations

1. Educate the public about the need for more housing.

- Local government regulations tend to reflect public preferences, or at least the expressed preferences of the portion of the public who weighs in at city council meetings.
- A public campaign that connects local zoning regulation to high housing prices could be impactful.

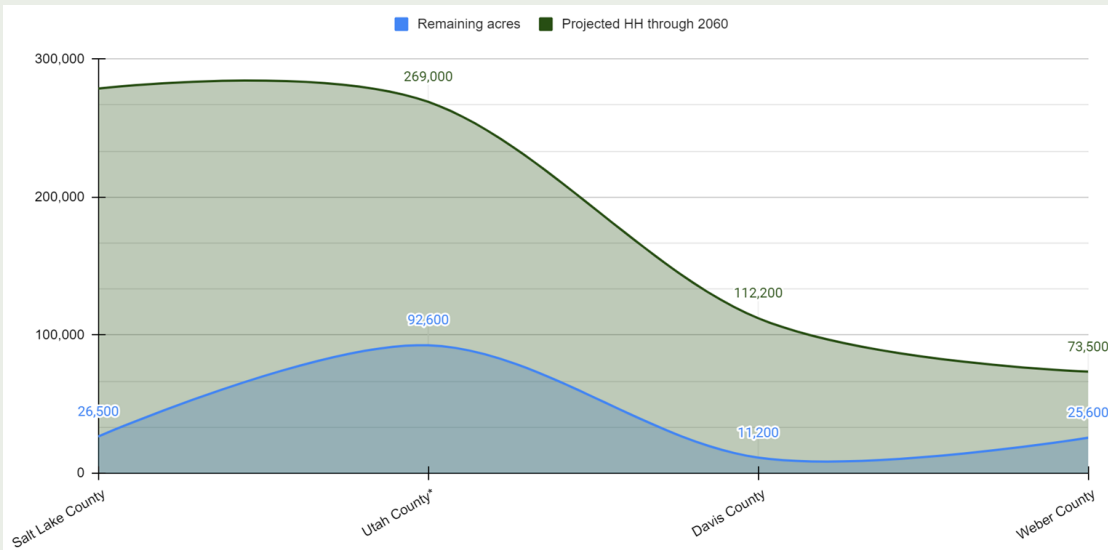


2. Develop materials for training local government officials about what they can do to promote housing affordability and how to address concerns.

- Many local government officials feel embattled on this issue, with state mandates and **perceived political pressure from the development community**
- Similarly, local governments and their **constituents worry about a variety of issues related to increased density of development.**



3. Do a more in-depth analysis of available land and water.



Remaining
Acres &
Projected
Households

Estimations
through 2060

RCLCO - Residential Land Analysis

3 SCENARIOS THROUGH 2060

Salt Lake and Davis counties both build out their remaining acreage, regardless of scenario, though increased density notably impacts total units and unmet demand.

	SALT LAKE COUNTY	UTAH COUNTY ¹	DAVIS COUNTY	WEBER COUNTY	ADJACENT COUNTIES ²
	26,500 remaining acres	92,600 remaining acres in path of growth; total 185,800 acres	11,200 remaining acres	25,600 remaining acres	
THROUGH 2060	278,600 new households	269,000 new households	112,200 new households	73,500 new households	
Scenario 1: Business As Usual	179,700 total housing units across all acres	347,900 housing units, assuming same permitting and redevelopment trends 78,900 surplus to accommodate all Salt Lake County unmet demand, representing ~11,400 acres, with no additional units and no additional acreage to be developed	85,200 total housing units across all acres	103,000 housing units, assuming same permitting and redevelopment trends Can accommodate all 27,000 unmet demand from Davis County, representing ~3,900 acres, with a surplus of 2,500 units and an additional ~1,800 acres that can be developed	20,000 required spillover units to meet unmet demand, totaling ~3,300 acres
Scenario 2: Reduce Minimum Lot Sizes & Occupancy / Setbacks	200,000 total housing units across all acres	382,000 housing units, assuming same permitting and redevelopment trends Can accommodate all 78,500 unmet demand from Salt Lake County, representing ~10,000 acres, with a surplus of 34,500 units and an additional 1,250 acres that can be developed	96,400 total housing units across all acres	102,900 housing units, assuming same permitting and redevelopment trends Can accommodate all 15,800 unmet demand from Davis County, representing ~2,000 acres, with a surplus of 13,600 units and an additional ~3,200 acres that can be developed	0 required spillover units to meet unmet demand
Scenario 3: Reduce SFD-Only Zoning and Implement Scenario 2 Policy Changes	221,700 total housing units across all acres	382,000 housing units, assuming same permitting and redevelopment trends Can accommodate all 56,900 unmet demand from Salt Lake County, representing ~6,500 acres, with a surplus of 56,000 units and an additional 6,600 acres that can be developed	108,300 total housing units across all acres	102,900 housing units, assuming same permitting and redevelopment trends Can accommodate all 3,900 unmet demand from Davis County, representing ~450 acres, with a surplus of 25,400 units and an additional ~4,400 acres that can be developed	0 required spillover units to meet unmet demand

4. Assist communities with transportation infrastructure to soften community opposition to more housing.



- Opposition to denser development is often **motivated by increasing traffic congestion** because infrastructure struggles to keep up with growth
- Similarly, cities that seek to add housing to create or enhance mixed-use centers can run into infrastructure challenges

5. Analyze and address non-zoning barriers to condominium development (e.g., strict financing requirements) to promote ownership opportunities.

- Most high-density development tends to be apartment rental units, whereas condos with potential owner occupancy are less common
- Strict federal financing requirements, defect litigation, and potentially other issues limit the market viability of condominiums



6. Consider state-level financial assistance for structured parking in centers and transit-oriented developments.



- Parking is one of the primary barriers to accommodating more housing with walkable designs in town centers and near transit stations
- Cities have some tools to help with financing structured parking, but state-level financial assistance could be a game changer

7. Standardize plan review and inspection for offsite construction.

- Off-site construction of housing modules and components has the potential to **reduce construction costs by 27 to 65%**
- Also reduces construction timelines, ensures quality, and side-steps local construction labor shortages, which are particularly acute in rural Utah

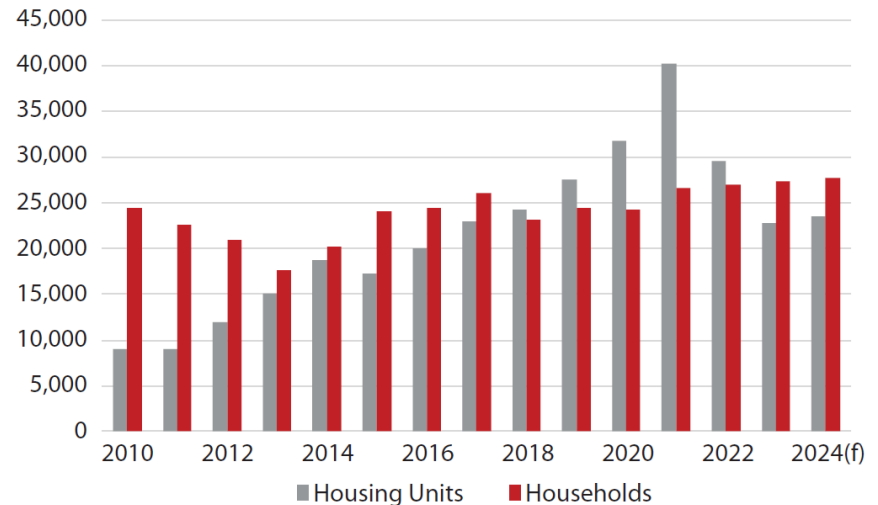


Common Questions

Why should we continue allowing more townhomes, small lots, or other more “affordable” products, when we find that what is built is still very expensive?

- New construction will almost always be more expensive than older housing
- Smaller products that use fewer resources (land, materials, & labor) will create the largest **affordability benefits by closing the gap between supply and demand.**
- When supply catches up with demand, it helps make existing units more affordable because there are **fewer people competing for units.**

Increase in Utah Housing Units vs. Increase in Utah Households, 2010-2024(f)



Source: Kem C. Gardner Policy Institute

What about the thousands of units that cities have already approved but aren't being built?

Number of Residential Units Receiving Building Permits by Type of Unit in UT

Year	Single Family Units	Condominium Units	Apartment Units	Total
2013	9,857	2,469	2,539	14,865
2014	8,712	3,122	6,742	18,576
2015	9,933	2,536	4,607	17,076
2016	10,668	3,034	5,735	19,437
2017	12,113	4,874	5,061	22,048
2018	12,766	5,741	5,185	23,692
2019	11,872	5,752	9,366	26,990
2020	15,569	7,016	8,816	31,401
2021	17,528	7,895	14,143	39,620
2022	11,873	7,146	10,367	29,386

Source: Kem C. Gardner Policy Institute

- There are many reasons entitled units may not currently be under construction, including: lack of infrastructure, financing, investors waiting on market conditions, builders concerned about current and near-future market conditions, or the entitled units may not be affordable or attractive in the current marketplace.
- **Regardless, the more units that are approved, the higher the odds that enough supply will be built to meet demand**

How do we get the local community on board?



- There are a number of resources for working with the local community, including the Public Engagement Guidebook and the Growth Messaging Guide
- **Those who typically speak at council meetings tend not to represent the entire community,** and that younger people and renters, who are often underrepresented in public processes, are on average much more open to allowing a wider variety of housing options.

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How can you implement these findings in your city?

① Start presenting to display the poll results on this slide.

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How can you overcome barriers to implementation?

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What can the state do, if anything, to help you implement these recommendations?

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What kind of data would be helpful?

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