



SPECIAL PLANNING COMMISSION AGENDA

Wednesday, October 30, 2019

NOTICE IS HEREBY GIVEN that the Herriman City Planning Commission shall assemble for a meeting in the Herriman City Hall Community Room, located at 5355 West Herriman Main Street, Herriman, Utah.

6:00 PM – SPECIAL PLANNING COMMISSION MEETING:

1. Public Hearing

- 1.1. Public Hearing and decision for the Herriman City Moderate Income Housing Plan – Michael Maloy, City Planner

2. Adjournment

In accordance with the Americans with Disabilities Act, Herriman City will make reasonable accommodation for participation in the meeting. Request assistance by contacting Herriman City at (801) 446-5323 and provide at least 48 hours advance notice of the meeting.

ELECTRONIC PARTICIPATION: Members of the City Council may participate electronically via telephone, Skype, or other electronic means during this meeting.

I, Jackie Nostrom, certify the foregoing agenda was emailed to at least one newspaper of general circulation within the geographic jurisdiction of the public body, at the principal office of the public body, on the Utah State Public Notice website www.utah.gov/pmn/index.html and on Herriman City's website at www.herriman.org

Posted and Dated this 24th day of October, 2019

*Jackie Nostrom, MMC
City Recorder*

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Staff Report

DATE: October 24, 2019

TO: Planning Commission

FROM: Bryn MacDonald, AICP, Assistant City Planner

MEETING: Planning Commission Special Meeting October 30, 2019

REQUEST: Review and approve the 2019 Moderate Income Housing Plan in compliance with Utah State Code Section 10-9A-403.

Applicant: Herriman City

File Number: G2019-003

Request

The City has to adopt a moderate income housing plan every two years to be in compliance with Utah State Code Section 10-9A-403. This must be completed by December 1, 2019. The draft plan is attached for review and recommendation by the Planning Commission.

Process

The Moderate Income Housing Plan is an element of the General Plan, and therefore requires a public hearing with the Planning Commission. The Planning Commission will hold a public meeting and make a recommendation on the Plan. The City Council will then hold a public hearing and make a decision.

A notice was published in the newspaper and on the City website on October 20, 2019. As of the date of this report, staff has not received any comments regarding the plan.

Discussion

The City has to adopt a moderate income housing plan every two years to be in compliance with Utah State Code Section 10-9A-403. As a result of the rising statewide housing prices, the Utah State Legislature passed SB34 in the 2019 Legislative Session. Specific requirements for the Moderate Income Housing plan were defined as part of SB34.

SB 34 updated Utah State Code Section 10-9A-403.2B to require each city to choose from a “menu” of strategies for moderate income housing plans. The draft plan identifies seven strategies that Herriman City will implement in order to meet the State requirements.

Recommendation

Staff recommends approval of the 2019 Moderate Income Housing Plan as required by State Code Section 10-9A-403.

Attachments

- A. Draft Moderate Income Housing Plan

2019

October 2019 DRAFT



Herriman City Moderate Income Housing Plan





1.1 INTRODUCTION

AFFORDABLE HOUSING IN HERRIMAN

Affordable housing and housing affordability can mean many different things to different stakeholders, and Herriman strives to provide a range of types and styles that fit with the character and lifestyle of the community that residents value.

Affordability can be understood as the relationship between a household's income and its housing costs. In general, housing that is considered affordable is housing for which the occupant(s) pay no more than 30 percent of their income for gross housing costs, including utilities.

UTAH STATE CODE

Utah State Code (Section 10-9a-403) requires municipalities to include a plan for moderate-income housing as part of a general plan. This is defined as “a plan that provides a realistic opportunity to meet the need for additional moderate income housing”. As a result of the rising statewide housing prices, the Utah State Legislature passed SB34 in the 2019 Legislative Session. SB34 encourages local communities to plan for housing for residents of all income levels and to coordinate that housing with transportation. Specific requirements for the Moderate Income Housing Chapter were defined as part of SB34.

Moderate-Income Housing, as defined by Utah State Code, specifically refers to providing housing for households with a gross household income equal to or less than 80 percent of the median gross income for households of the same size in the county in which the City is located. This chapter uses Area Median Income (AMI) in Salt Lake County as determined by the U.S. Department of Housing and Urban Development (HUD) and average household size to determine moderate income thresholds for an average household in Herriman.

1.2 WHAT WE KNOW

CURRENT HOUSING SUPPLY

While Herriman City actively tracks housing units using building permit data and GIS, the Salt Lake County Assessor provides the necessary information for evaluating affordable housing - number of housing units, housing type designation, and the assessed value of housing units.

The 2018 Salt Lake County Parcel Database reflects a total of 11,937 housing units on 10,553 parcels. Approximately 84 percent of those units are categorized as single-family residences. Salt Lake County property designations include townhomes and completed Planning Unit Development (PUD) homes as single-family properties. Herriman’s housing supply includes four apartment complexes (1,387 total units), 472 condominium units, and 10,025 single-family units. The remaining units are categorized as duplexes, manufactured homes, or modular homes.

AREA MEDIAN INCOME LEVELS

According to HUD, the AMI in Salt Lake County is \$80,000. Salt Lake County has an average household size of 3.01; therefore, a household of three persons is used as the average family size, putting the **moderate-income threshold at \$57,600.**

HUD considers an affordable monthly housing payment for either a mortgage or rent to be no greater than 30 percent of gross monthly income. This 30 percent should include utilities and other housing costs such as mortgage and hazard insurance.

Table 1 shows affordable monthly allowances at different levels of income. These amounts represent total housing costs affordable at 30 percent of gross income. This allowance considers affordability for either a mortgage or rental rate. A family choosing housing would need to factor in utilities and other costs for a given housing unit within this affordable range. For example, **a household of three at the 80 percent**

TABLE 1: Monthly Housing Allowance by Household Size and AMI Thresholds

Household Size	30%	50%	80% of AMI
1 person	\$420	\$700	\$1,120
2 persons	\$480	\$800	\$1,280
3 persons	\$540	\$900	\$1,440
4 persons	\$628	\$1,000	\$1,600
5 persons	\$736	\$1,080	\$1,729
6 persons	\$844	\$1,160	\$1,856
7 persons	\$952	\$1,240	\$1,985
8 persons	\$1,060	\$1,320	\$2,113

Source: HUD, ZPFI

AMI threshold has a monthly housing allowance of \$1,440. If utilities are \$250, the family can afford a rent or mortgage payment of \$1,190 per month.

Translating this moderate-income affordability level to home values, **a family of three at 80 percent of AMI can afford a home in Herriman up to \$229,303.** This assumes utility payments at \$250 per month, current Herriman property tax rates, insurance, a four percent interest rate, 30 year mortgage term and a ten percent down payment.



KEY STATISTICS

POPULATION & PROJECTIONS

The City's fast and variable growth makes projecting population particularly challenging. The City's population was only 1,523 in 2000 according to the United States Census; however, the City experienced rapid growth of 21,785 by the 2010 Census. The most recent Census estimates from 2017 put the City's population at 31,970. Since Herriman City's rapid growth has been through new home construction in the last decade, City staff provided population projection estimates that accounts for gains in the housing market during the economic recovery. These reflect a 2020 population of 62,010; 2030 population of 93,465, and a 2040 population of 108,668.

AGE AND HOUSEHOLD SIZE

Herriman has a very young population with a median age of 26.2 years. This is a result of having a high population of children, large household sizes, and few seniors in the City. The median age is just over six years younger than the Salt Lake County median and significantly lower than most of the surrounding cities. Herriman has the second highest household size in the area at 3.91 persons per household and 64.2 percent of households have children at home – more than double the national percentage.

EXISTING MODERATE-INCOME HOUSING SUPPLY

Previous concerns about affordability within the City have been partially addressed in recent years with the construction of apartment complexes. Of the 1,387 recorded apartments in the City, just over 68 percent of units are within the affordable threshold defined by 80 percent of AMI. The relatively recent construction of the Incline at Anthem and Towne Center apartments brings the estimated total of affordable housing units in the City to 2,006 units, or about 16.8 percent of all housing units. This translates to a current surplus of 182 affordable units for moderate-income households. However, there is a short of 763 units for those making 50% AMI or less.

PRICING AND AFFORDABILITY

Table 2 shows the home price ranges affordable to household income categories at various interest rates. Note the significant difference the interest rate can make. While current rates are near four percent, making housing much more affordable, affordability in the City will be more difficult to maintain if interest rates rise in the future.

Table 3 shows the distribution of single-family units by home value, as maintained by the Salt Lake County Assessor's Office. Just over half of all units are valued between \$280,000 and \$399,999. The median value is \$345,100 according to assessed values. The 2017 ACS places the City's median household value lower at \$332,400. Both of these median values are above the affordable threshold of \$229,303. **Approximately 9 percent of single-family homes are within this affordability target or below.**

TABLE 2: Annual Household Income Requirements for Various Home Values

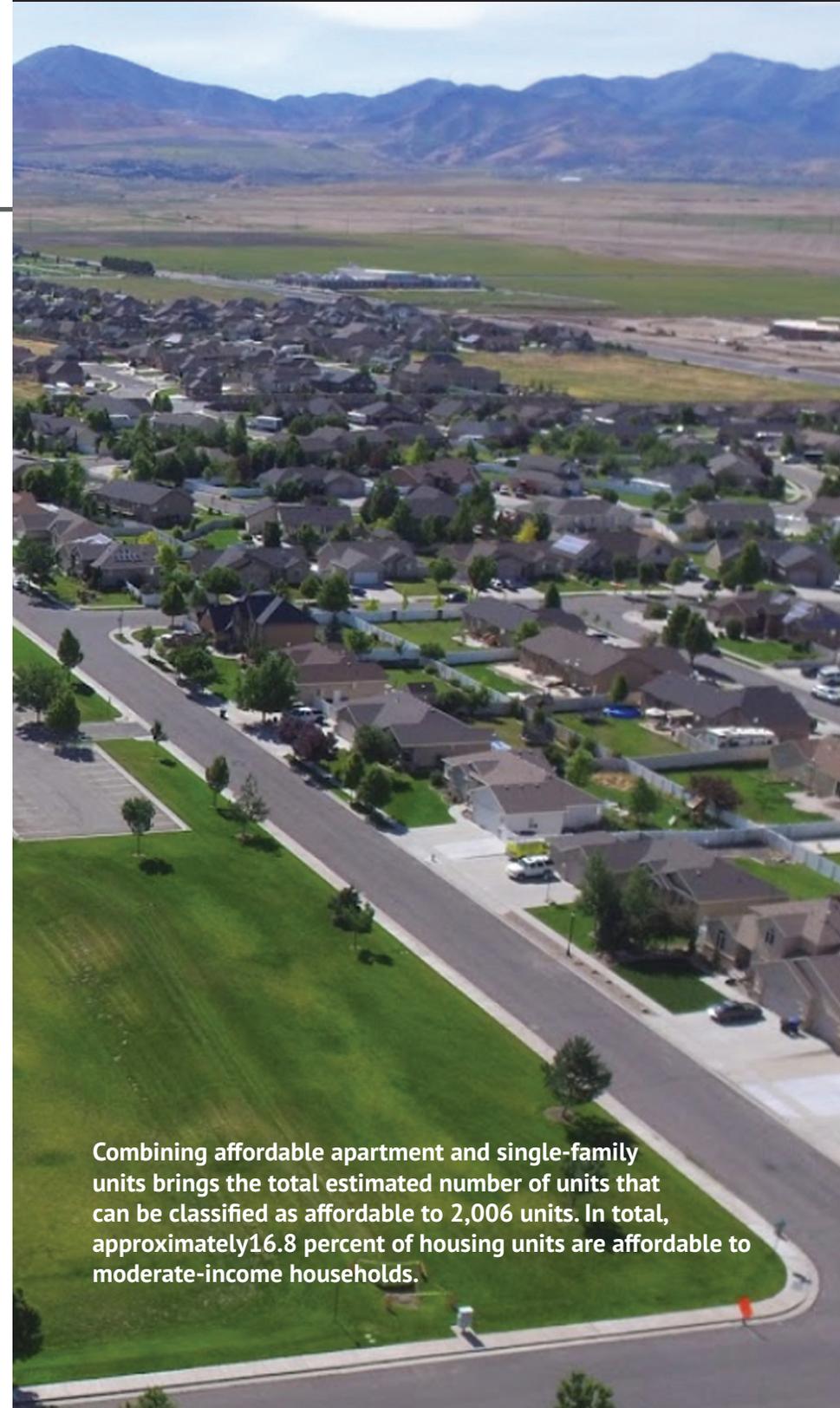
Household Income Range	Home Price Range					
	4% Mortgage		5% Mortgage		6% Mortgage	
	Low	High	Low	High	Low	High
\$10,000 to \$14,999	\$0	\$24,082	\$0	\$21,897	\$0	\$19,969
\$15,000 to \$24,999	\$24,082	\$72,255	\$21,897	\$65,701	\$19,969	\$59,915
\$25,000 to \$34,999	\$72,255	\$120,428	\$65,701	\$109,504	\$59,915	\$99,861
\$35,000 to \$49,999	\$120,428	\$192,687	\$109,504	\$175,209	\$99,861	\$159,779
\$50,000 to \$74,999	\$192,687	\$313,119	\$175,209	\$284,717	\$159,779	\$259,644
\$75,000 to \$99,999	\$313,119	\$433,552	\$284,717	\$394,226	\$259,644	\$359,509
\$100,000 to \$149,999	\$433,552	\$674,417	\$394,226	\$613,242	\$359,509	\$559,238
\$150,000 to \$199,999	\$674,417	\$915,282	\$613,242	\$832,259	\$559,238	\$758,968
\$200,000 or more	\$915,282		\$832,259		\$758,968	

Source: ZPFI

TABLE 3: Single-Family Residential Unit Values

Single-Family Home Value	# of Units	% of Total	Cumulative % of Total
<\$125,000	10	0.10%	0.1%
\$125,000 - \$139,999	17	0.17%	0.3%
\$140,000 - \$149,999	11	0.11%	0.4%
\$150,000 - \$159,999	26	0.25%	0.6%
\$160,000 - \$169,999	99	0.97%	1.6%
\$170,000 - \$179,999	93	0.91%	2.5%
\$180,000 - \$189,999	195	1.91%	4.4%
\$190,000 - \$199,999	172	1.68%	6.1%
\$200,000 - \$219,999	272	2.66%	8.8%
\$220,000 - \$239,999	445	4.36%	13.1%
\$240,000 - \$259,999	559	5.47%	18.6%
\$260,000 - \$279,999	558	5.46%	24.1%
\$280,000 - \$299,999	798	7.81%	31.9%
\$300,000 - \$324,999	1088	10.65%	42.5%
\$325,000 - \$349,999	1148	11.24%	53.8%
\$350,000 - \$374,999	1030	10.08%	63.8%
\$375,000 - \$399,999	843	8.25%	72.1%
\$400,000 - \$424,999	668	6.54%	78.6%
\$425,000 - \$449,999	563	5.51%	84.1%
\$450,000 - \$474,999	397	3.89%	88.0%
\$475,000 - \$499,999	326	3.19%	91.2%
\$500,000 - \$599,999	622	6.09%	97.3%
\$600,000 - \$699,999	157	1.54%	98.9%
\$700,000+	117	1.15%	100.0%

Source: Salt Lake County 2018 Parcel Database



Combining affordable apartment and single-family units brings the total estimated number of units that can be classified as affordable to 2,006 units. In total, approximately 16.8 percent of housing units are affordable to moderate-income households.

Of the 1,387 recorded apartments in the City, just over 68 percent of units are within the affordable threshold defined by 80 percent of AMI. Assuming about \$250 per month in utility and other housing costs, rent rates should be \$1,190 per unit per month (or lower) to be affordable.



Timbergate is a Section 42 housing development and has two pricing tiers ranging from \$986 to \$1,137 for units under Section 42 pricing, and \$1,099 to \$1,075 for their market unit rates. Only 15 of the three-bedroom units at Timbergate fall just above this cut-off at \$1,299 for the largest market units. However, **most units at Timbergate, including 97 other three-bedroom units, are deemed affordable.**

Copperwood rental rates range from \$948 to \$1,290 per unit per month. Copperwood offers 496 units in four different floor plans, but only their three-bedroom units are outside of an affordable range which means about **74 percent of the apartments offered are considered affordable.** Rental rates at Copperwood change from week-to-week based on the number of units available, but there are no units that are anticipated to fluctuate out of affordability.

The Towne Center Apartments offer the widest range of rental rates with living spaces available from \$1,025 to \$1,910 per unit per month. Only the one-bedroom floorplan offers some units that would be in the noted affordable range. The rest of these units exceed the affordability threshold with estimates placing **only about 20 percent of the 305 Towne Center Apartments at an affordable rate.**

The Incline at Anthem Apartments housing is specifically geared towards residents who are 55 years old and up. According to staff, about 80 percent of the units are specified for the 55+ community with 20 percent for residents 18 years and older. Rent at Incline ranges from \$925 to \$1,460 per unit per month. The Incline offers three floorplans which are one-bedroom units, all of which fall under the affordable standard. The two-bedroom units do not qualify as affordable, which designates about **71 percent of the Incline units as affordable.**

Combining affordable apartment and single-family units brings the total estimated number of units that can be classified as affordable to 2,006 units. In total, approximately 16.8 percent of housing units are affordable to moderate-income households. There is currently a reasonable opportunity for moderate-income households to live in Herriman.

1.3 HOW WHAT WE KNOW HELPS PLAN FOR THE FUTURE

MATCHING MARKET WITH DEMOGRAPHICS

There is a total of 2,006 affordable units and 1,824 low-to-moderate income households, indicating a surplus in supply of 182 affordable units in comparison to current City demographics. **It is notable that there are currently 773 households who earn 50 percent of the AMI and only 10 housing units available for those households.** This means that, while there is currently a surplus of affordable housing units, not all available units may be affordable to households with low and extremely low income.

There are few houses under the \$140,239 level in Herriman, leaving nine percent of households making less than \$35,000 per year with less than one percent of single-family homes in their matching affordability range. This is about 739 households. However, the availability of affordable apartments helps to cover this gap in affordable units to a degree.

Average sale prices in Herriman of single-family homes indicate an upward trend in home values. Herriman also saw strong sales in 2018. **As values increase and the trend of building single-family home developments continues, it will be important to monitor that affordability keeps pace with population growth.**

PROJECTED MODERATE-INCOME HOUSING NEED

Future rapid growth in the City will likely require continual monitoring of affordability. Over the past few years, multi-family homes have become the most popular development within Herriman. This new trend has helped Herriman to diversify its housing options to fit the demands of varying demographics, but future housing developments appear to indicate that single-family homes will dominate the new housing within the city. As the population and number of households continues to rise, the City will have greater need to provide housing that meets the needs of residents and those interested in moving to the City. The current surplus plus the additional need each year means that (assuming current distributions of household incomes) **the City will have a need of 625 affordable housing units by 2024.**



Herriman City Planning tracks building permit data and compares it to approved development. Based on the current approved development agreements, an additional 4,937 Single-Family Units and 2,434 Multi-Family Units are slated to be built. Many of these units will be built in the next five years and some may help address the needed affordable housing units.

1.4 WHAT WE WANT TO ACHIEVE

The following overall goal, five objectives, and nine action strategies capture Herriman’s approach for addressing the issues and opportunities related to the City’s Moderate-Income Housing.

The objectives represent what Herriman would like to achieve. The strategies in the Action Plan section are action items for achieving the overall goal and detailed objectives.

OVERALL GOAL FOR THE CHAPTER

Overall Moderate-Income Housing Goal: Ensure Herriman maintains reasonable affordability and provides housing choices through times of rapid population growth and varying development trends.

PLAN OBJECTIVES

Objective 1: Ensure affordable housing grows proportionally with standard residential development.

Objective 2: Continue to guide development of assisted living, congregate care, and affordable housing to ensure residents can stay in Herriman through all stages of life.

Objective 3: Provide for affordability and life-cycle housing concerns through development of housing options, including multi-family housing, that maintains the desired character of Herriman. Support affordable housing options that address the needs of low to moderate income households and individuals and offer options for a range of demographics and lifestyles.

Objective 4: Disperse multi-family developments throughout the City such that there is no concentration of multi-family dwellings in any one neighborhood or development area. Provide desirable affordable housing options that integrate well into surrounding neighborhood contexts.

Objective 5: Provide the opportunity for affordable home ownership by offering a range of housing types, including attached dwellings, for purchase.

UTAH FAIR HOUSING ACT ACKNOWLEDGEMENT

In accordance with state and federal laws, Herriman City exercises the authority to plan, zone, and regulate land use in promoting the community’s health, safety, and welfare.

The moderate income housing element of this plan acknowledges and upholds the Utah Fair Housing Act by promoting the equal protection and equitable treatment of all people who lawfully seek to rent, lease, purchase, or develop real property within its jurisdiction. Its housing policies and plans strictly prohibit discrimination on the basis of color, disability, ethnicity, familial status, gender identity, national origin, race, religion, sex, sexual orientation, source of income, or any other suspect classification.

It is the policy of Herriman City to report housing discrimination to the Utah Antidiscrimination Labor Division immediately.

It is the goal of Herriman City to prevent, eliminate, and/or mitigate any unfair housing practices that may result from its plans, policies, regulations, and ordinances. It is also the goal Herriman City to affirmatively further fair and affordable housing by reviewing the housing needs of its moderate income households and its vulnerable populations biennially, and by proactively planning to meet their needs.



Assuming current distributions of household incomes, the City will have a need of 625 additional affordable housing units by 2024.



1.5 HOW WE MAKE IT HAPPEN

ACTION PLAN - MAKING IT HAPPEN

The strategies in the Action Plan section are action items for achieving the overall goal and detailed objectives. Many action strategies will work to achieve more than one, individual objective.

Strategy 1: Carefully monitor affordability in proportion to overall residential development to ensure affordable housing needs are anticipated. Maintain existing Section 42 Housing. [Utah State Code Strategy L]

Strategy 2: Allow for multi-family or town home mixed-use development as buffers between commercial and single-family residential areas, as well as in the Herriman Towne Center, the city's downtown. [Utah State Code Strategies F & G]

Strategy 3: Consider Accessory dwelling units in appropriate areas. Allow for accessory dwelling units, including detached units, to be integrated into residential neighborhoods. [Utah State Code Strategy E]

Strategy 4: Support higher-density and/or moderate-income residential development in the mixed-use Towne Center, near the future Salt Lake Community College campus, and adjacent to commercial and employment centers by ensuring zoning designations allow these options. [Utah State Code Strategies A, F, & G]

Strategy 5: Continue to encourage some PUD neighborhoods with small lot sizes and support the integration of small lot sizes into developments to offer a mix of housing within the same neighborhood. [Utah State Code Strategies A & B]

UTAH STATE CODE (10-9A-403.2B)

Herriman City is recommending to implement the highlighted strategies, from the “menu” of strategies specified in the 2019 updates to Utah State Code for moderate income housing plans:

Strategy 6: Require the highest standards of design, function, and appearance for all multi-family developments. Building styles of multi-family developments should be compatible and harmonious with surrounding adjoining buildings.

Strategy 7: Designate areas in the future land use and development framework where multi-family development will be permitted to take advantage of existing and planned infrastructure. Support a range of multi-family housing types including townhomes, row-homes, and duplexes, which appeal to a variety of population demographics, including younger and older individuals. [Utah State Code Strategy B]

- (A) rezone for densities necessary to assure the production of moderate income housing;
- (B) facilitate the rehabilitation or expansion of infrastructure that will encourage the construction of moderate income housing;
- (C) facilitate the rehabilitation of existing uninhabitable housing stock into moderate income housing;
- (D) consider general fund subsidies or other sources of revenue to waive construction related fees that are otherwise generally imposed by the city;
- (E) create or allow for, and reduce regulations related to, accessory dwelling units in residential zones;
- (F) allow for higher density or moderate income residential development in commercial and mixed-use zones, commercial centers, or employment centers;
- (G) encourage higher density or moderate income residential development near major transit investment corridors;
- (H) eliminate or reduce parking requirements for residential development where a resident is less likely to rely on the resident’s own vehicle, such as residential development near major transit investment corridors or senior living facilities;
- (I) allow for single room occupancy developments;
- (J) implement zoning incentives for low to moderate income units in new developments;
- (K) utilize strategies that preserve subsidized low to moderate income units on a long-term basis;
- (L) preserve existing moderate income housing;
- (M) reduce impact fees, as defined in Section 11-36a-102, related to low and moderate income housing;
- (N) participate in a community land trust program for low or moderate income housing;
- (O) implement a mortgage assistance program for employees of the municipality or of an employer that provides contracted services to the municipality;
- (P) apply for or partner with an entity that applies for state or federal funds or tax incentives to promote the construction of moderate income housing;
- (Q) apply for or partner with an entity that applies for programs offered by the Utah Housing Corporation within that agency’s funding capacity;
- (R) apply for or partner with an entity that applies for affordable housing programs administered by the Department of Workforce Services;
- (S) apply for or partner with an entity that applies for programs administered by an association of governments established by an interlocal agreement under Title 11, Chapter 13, Interlocal Cooperation Act;
- (T) apply for or partner with an entity that applies for services provided by a public housing authority to preserve and create moderate income housing;
- (U) apply for or partner with an entity that applies for programs administered by a metropolitan planning organization or other transportation agency that provides technical planning assistance;
- (V) utilize a moderate income housing set aside from a community reinvestment agency, redevelopment agency, or community development and renewal agency; and
- (W) any other program or strategy implemented by the municipality to address the housing needs of residents of the municipality who earn less than 80% of the area median income;

