Tackling housing affordability, population growth, and low/moderate income housing in Utah

Background
Utah’s strong economy, high birthrate, and desirable quality of life has resulted in the fastest population growth rate of any state since 2010\(^1\). This growth, accompanied by the housing market collapse of 2007, increased cost of construction materials, increased land costs, and a shortage of skilled labor, has led to increased housing prices across Utah. In 2018 the Utah Legislature established the Commission on Housing Affordability. The commission spent the 2018 interim examining how local governments could integrate their planning for housing, particularly for moderate income housing, and transportation. The result of that effort was SB 34.

Senate Bill 34 (2019)
SB 34 requires cities to align transportation resources with land use policies to amplify the effects of smart planning and to qualify for state funding from the Transportation Investment Fund (TIF). The bill outlined 23 potential planning tools from which cities had to select at least three (or four, if the city has a transit stop) in order to plan for a variety of housing. The bill applied to 82 cities (those with a population of more than 5,000 in urban counties). Of the 82 cities required to comply with SB 34, 80 as of January 2020 have updated their general plans accordingly (96%). The most common MIHP options that cities have utilized are:

- **Creating or allowing for, and reducing regulations related to accessory dwelling units**
- **Allowing for higher density or moderate-income residential development in commercial and mixed-use zones, commercial centers, or employment centers**
- **Encouraging higher density or moderate-income residential development near major transit investment corridors**

Though local planning for growth certainly precedes SB34, the policy has accelerated the trendline. Residential building permits have increased by 10.3% over last year, resulting in 20,996 dwelling units by Q3 of 2019\(^2\) and 2019 was on pace to be a record year for new housing. Tens of thousands of additional units are in city pipelines. According to the Ivory Boyer Construction Report\(^3\), “Multifamily is the principal driver of residential construction in 2019; 55 percent of permits are for apartments, condominiums, duplexes, and townhomes.”

While cities work to accommodate population growth, the Commission then focused on low and moderate-income housing which focuses on housing affordable for residents earning less than 80% of the area median income. Often, ensuring housing for this population requires specific policy interventions which became SB 39.

Senate Bill 39 (2020)
SB 39 requests targeted state resources to address specific moderate-income housing needs. The bill provides $15 million for gap financing of private activity bond financed rental housing, $5 million for affordable housing preservation, $300,000 to assist with pre-development costs for affordable housing in rural Utah, $10 million in rental assistance, and $5 million in rental assistance for homeless families defined by the McKinney Vento Act. SB 39 also makes several technical changes to support affordable housing development.

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