



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members

FROM: Nick Tarbet, Policy Analyst

DATE: December 1, 2020

**RE: Informational Briefing:
Comprehensive Review of
Housing Related Petitions**

PROJECT TIMELINE:

Briefing: December 1, 2020

Set Date: N/A

Public Hearing: N/A

Potential Action: N/A

ISSUE AT-A-GLANCE

For several years, housing issues have been a priority for the Salt Lake City Council. Whether it pertains to affordable housing, density, increasing the variety of housing options, or neighborhood compatibility and character, housing issues are a consistent theme of the City Council's discussion.

On December 1, 2020 the Salt Lake City Council will hold a briefing on a variety of planning petitions related to housing issues. City staff from Community and Neighborhoods will brief the Council on these petitions and related issues. They will talk about many of the recent efforts made to implement the goals and objectives of the city's housing plan, Growing SLC.

The Council wanted to hold the comprehensive briefing so they and the public have an opportunity to place in context the many housing related policy issues that will be considered in the next few months. This seemed timely, especially given heightened interest from the community about housing issues, particularly the impact of zoning regulations on the city's housing stock and neighborhoods.

(Note: The Council will not take action on these proposals at this meeting. Each item may have future stand-alone briefings and public hearings before the Council takes action.)

The Administration will be present to give context and discuss the policy issues related to the following items, which are either under current consideration or on the horizon:

- The Council is currently reviewing a few housing-related land use petitions forwarded by the Administration, including RMF-30 Zoning changes and a Shared Housing proposal.
- Changes to the Off-Street parking amendment were just received in the Council office after receiving a positive recommendation from the Planning Commission.

- The Planning Division is currently in the process of drafting an Affordable Housing Overlay zoning district that would provide incentives to include affordable homes in new development projects. That will come to the Council for consideration sometime in 2021, following the Commission's work.

Additionally, City staff will include an update on the Growing SLC Housing Plan, which will help provide valuable context to this discussion.

When considered separately, these proposed amendments will each have various impacts to City housing policy. However, when these are viewed together, the potential significant impact of the combined group is much more apparent.

The goal of the briefing is to link these proposals together and consider them with a “big picture” policy context. This briefing will help inform the City's efforts to expand housing opportunities in the City.

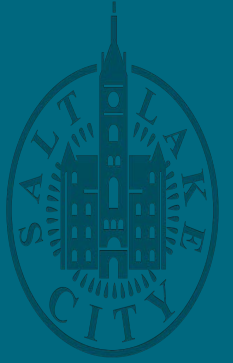
Description	Status
<p><u>RMF-30 Text Amendment</u></p> <p>Proposed changes aim to remove zoning barriers to multi-family housing developments in RMF-30 zoned areas of the City. Proposed changes include:</p> <ul style="list-style-type: none"> • Introducing design standards for all new development • Allowing the construction of new building types including sideways row houses, cottage developments, and tiny houses • Reducing minimum lot area requirements per unit • Removing lot width minimum requirements • Allowing more than one primary structure on a lot • Granting a density bonus for the retention of an existing structure • Introducing a lot width maximum to discourage land banking 	<p>Public Hearing 1: Oct 6, 2020 Public Hearing 2: Oct 20, 2020</p> <p>Follow-up briefings will be held in the coming weeks.</p>

<p><u>Shared Housing Text Amendment</u></p> <p>The proposed amendments would redefine what was previously Single Room Occupancy (SRO) housing to Shared Housing, and defines it as a residential building, or part of one, that contains smaller housing units consisting of one or more sleeping rooms and contains either a private kitchen or private bathroom, but not both. In the updated proposal, units could contain multiple sleeping rooms, rather than limiting the unit to one sleeping room.</p>	<p>Public Hearing 1: Oct 20, 2020 Public Hearing 2: Nov 10, 2020</p> <p>Follow-up briefings will be held in the coming weeks.</p>
<p><u>Off Street Parking Text Amendment</u></p>	<p>Sent to the Council Office in November 2020 after Planning Commission forwarded a positive recommendation.</p> <p>Briefings will be scheduled in coming weeks.</p>
<p><u>Affordable Housing Overlay</u></p>	<p>Planning staff is currently developing the proposal. It must still go to Planning Commission for review before coming to the Council for consideration.</p>
<p>Residential Housing Loss Mitigation</p>	<p>No active petition; however, the City has identified the need to consider amending the ordinance.</p>
<p><u>Growing SLC: A Five-Year Housing Plan 2018-2022</u></p>	<p>Adopted by the Salt Lake City Council in December 2017.</p>

THE FUTURE OF HOUSING: A COLLECTIVE VISION FOR AN EQUITABLE SALT LAKE CITY

SALT LAKE CITY COUNCIL // DECEMBER 1, 2020

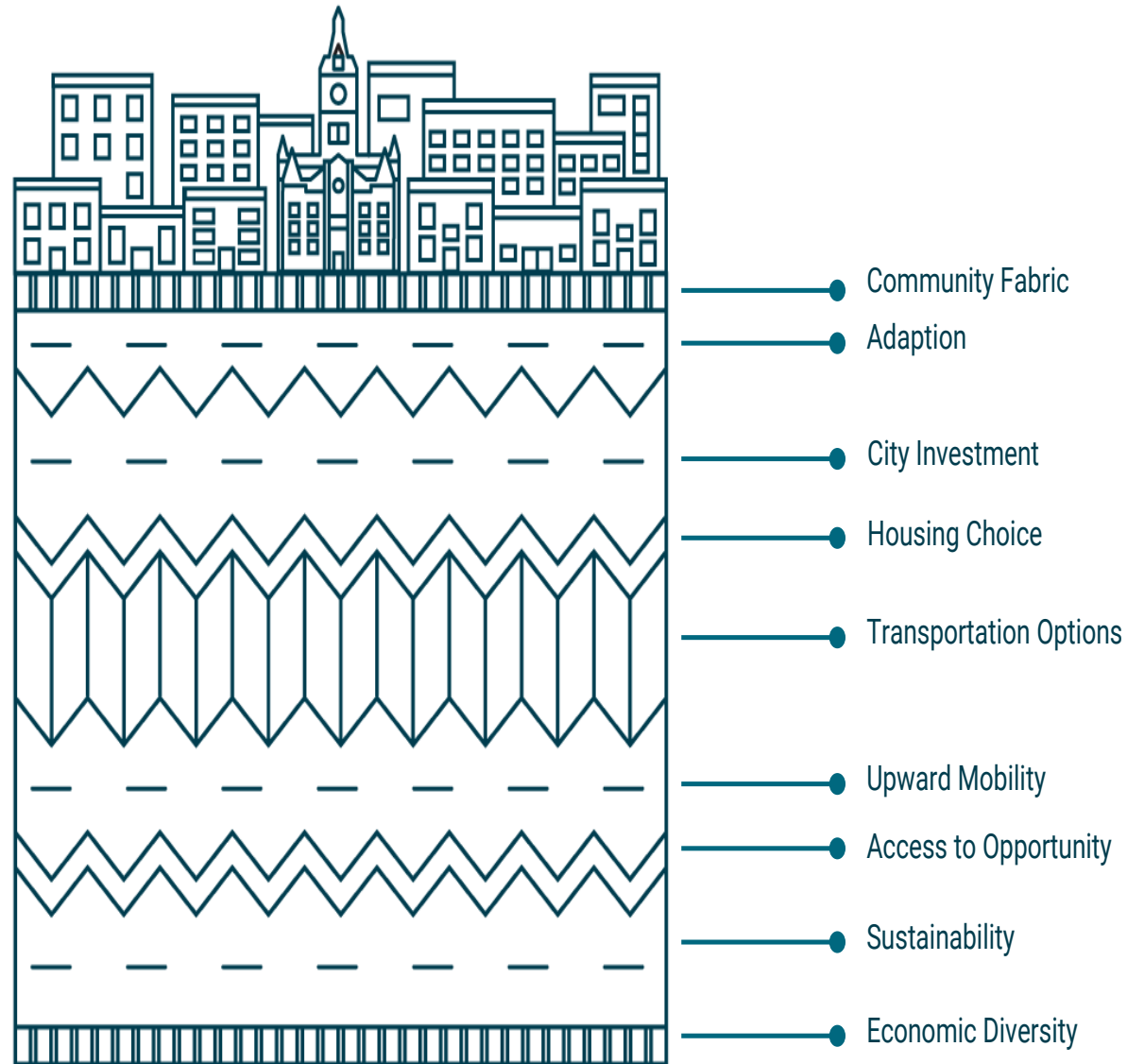




COMMUNITY VALUES //

PRINCIPLES

EQUITABLE + HOLISTIC CITY // VISION





The Future of Housing: A Collective Vision for an Equitable Salt Lake City



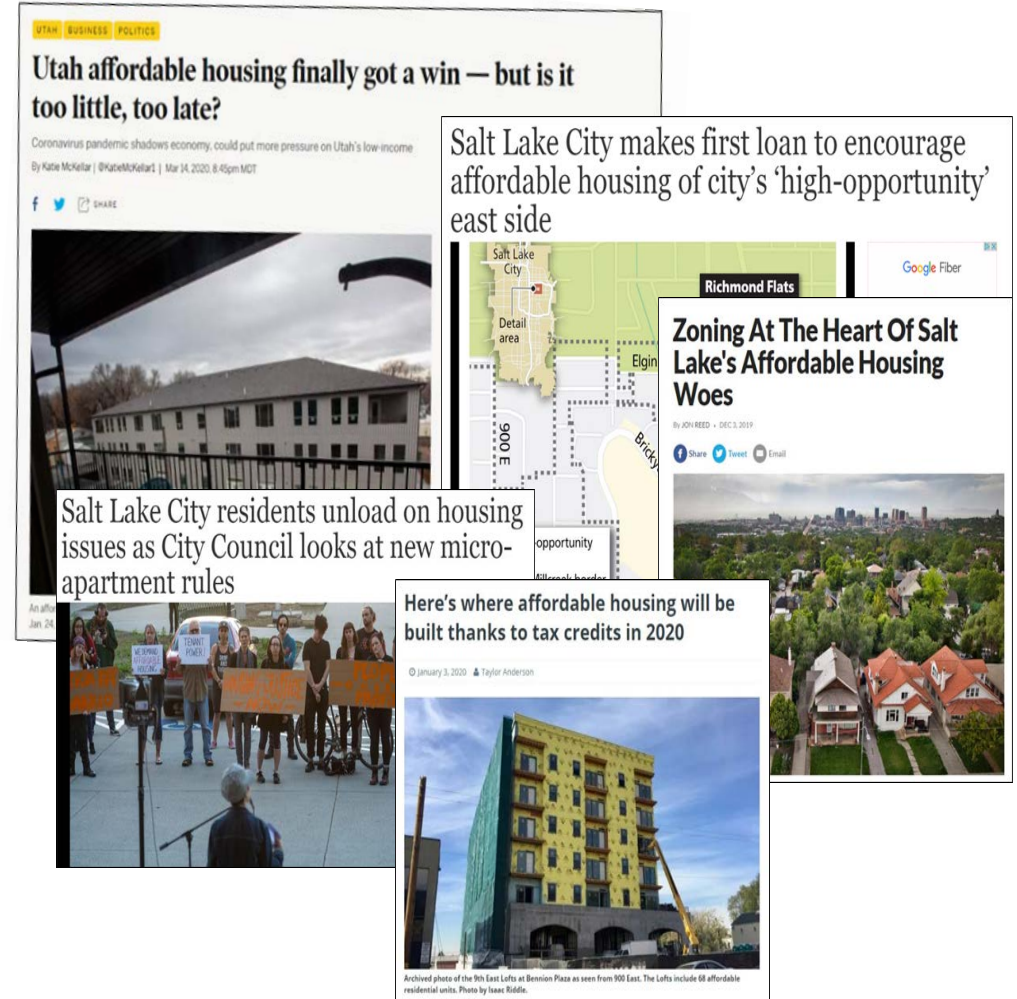
EXISTING CONDITIONS //
NEED TO ACT

HIGHLIGHTS

"Salt Lake City is in the beginning stages of a systemic housing crisis..." - *Growing SLC*, 2018

"Act now to avoid a housing affordability crisis in Utah"
- *Natalie Gochnour, Deseret News*, 2018

"The Utah housing market has entered perilous price territory."
- *James Wood, Kem C. Gardner*, Nov. 2020



DEFINITIONS

Affordable Housing

Affordable housing refers to a specific type of housing, generally government-assisted rental housing, targeted for very low to extremely low-income households.

Housing Affordability

Housing affordability is a much broader term and refers to the general level of housing prices relative to the general level of household incomes. The term does not refer to any particular type of housing.

- James Wood, *Reflections on Affordability in Utah's Housing Market*, Nov 2020

The Future of Housing: A Collective Vision for an Equitable Salt Lake City

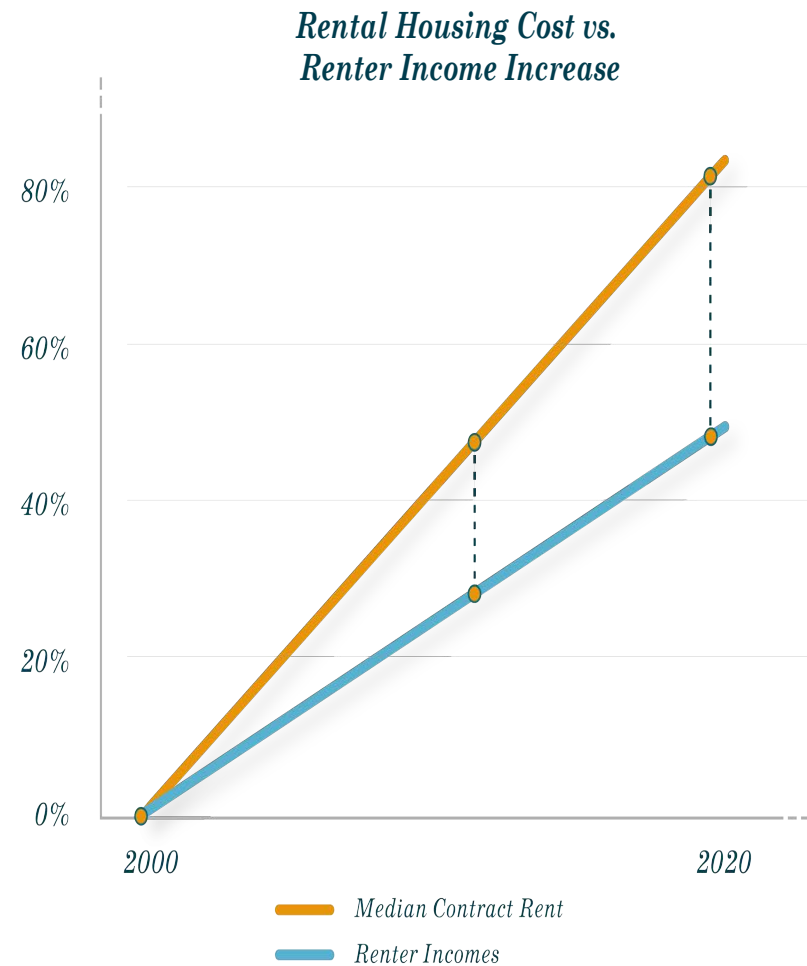


RENTAL HOUSING COST INCREASES VS. RENTAL INCOME INCREASES

Observations

Utah has had some of the best income increases in the nation in the past ten years, but they have not kept pace with increases in construction costs and total apartment rents/values.

Rental housing increased from roughly \$750 to \$1,373.



AVERAGE HOUSING COSTS

Percentage of Monthly Income Spent on Housing

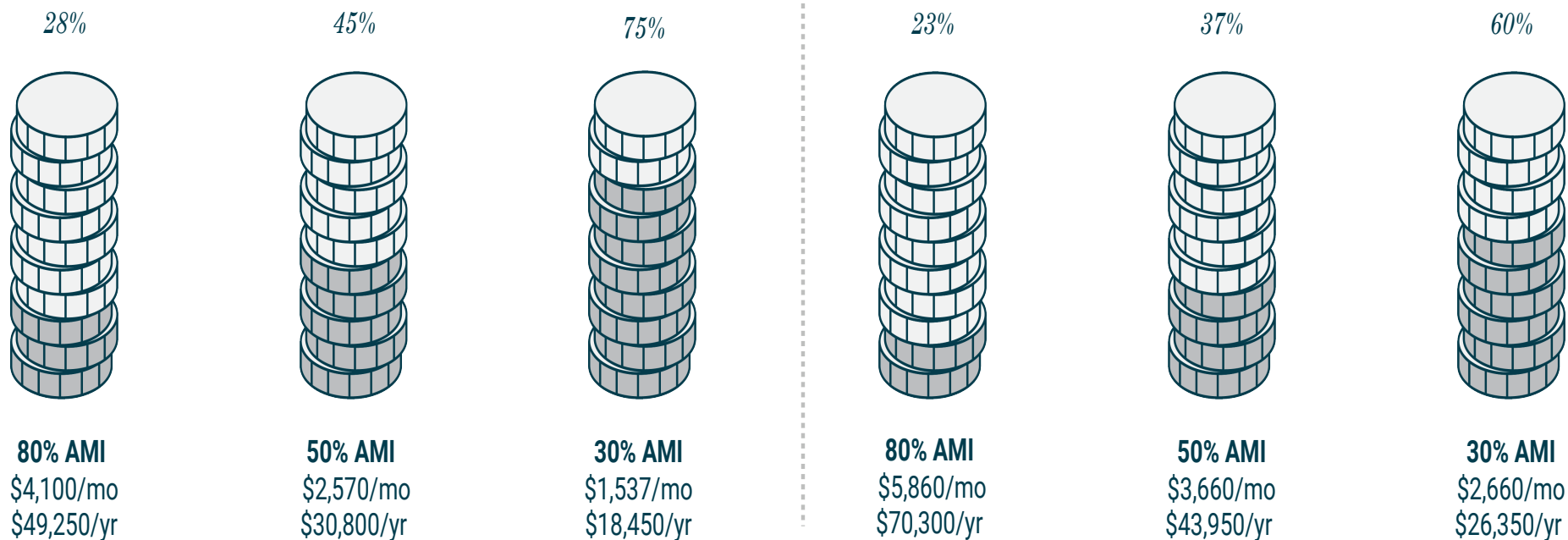
Median Family Income \$87,900

Single Person

1BR - Average Rental Unit \$1,150

Family of Four

2BR - Average Rental Unit \$1,373



"FOR SALE" HOUSING COST INCOME INCREASES VS. "OWNER" INCOME INCREASES

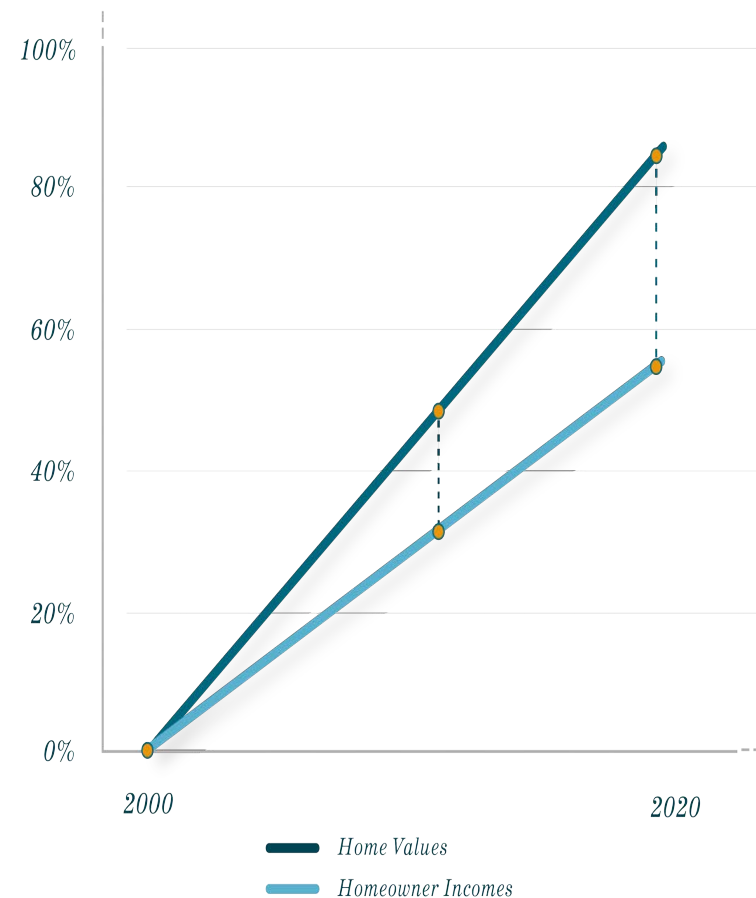
Observations

"For sale" incomes have increased at a greater rate than "for rent" incomes.

This suggests that economic growth has favored higher income brackets to a higher degree than the gains for lower income groups.

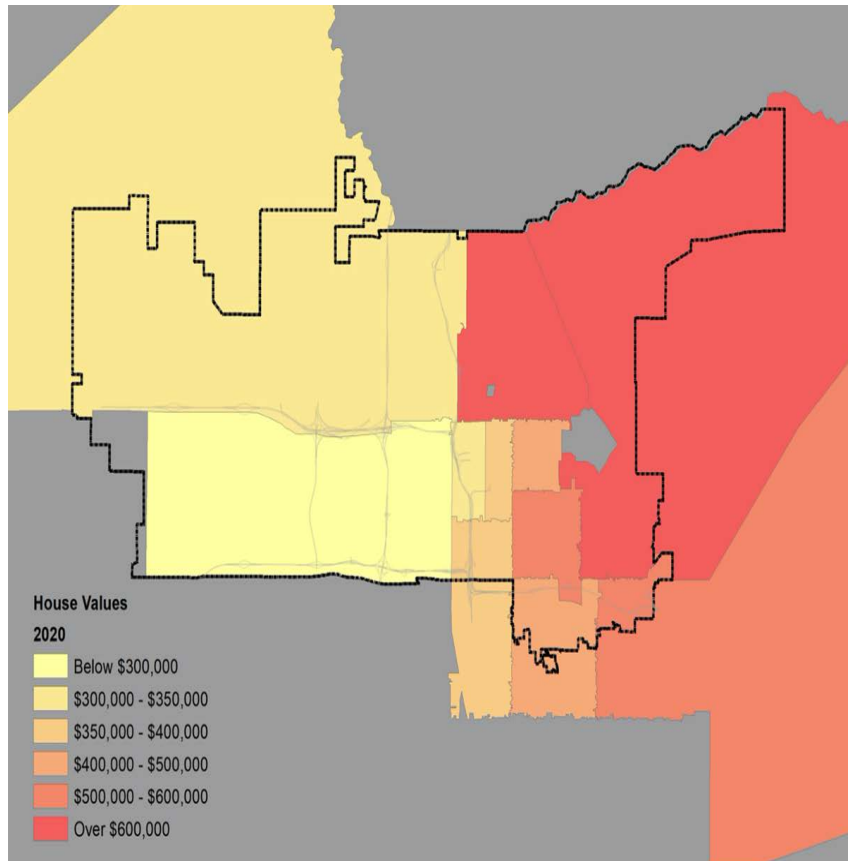
"For Sale" housing costs (*home values*) increased from roughly \$180,000 to near \$350,000.

*"For Sale" Housing Cost Increases
vs. "Owner" Income Increases*

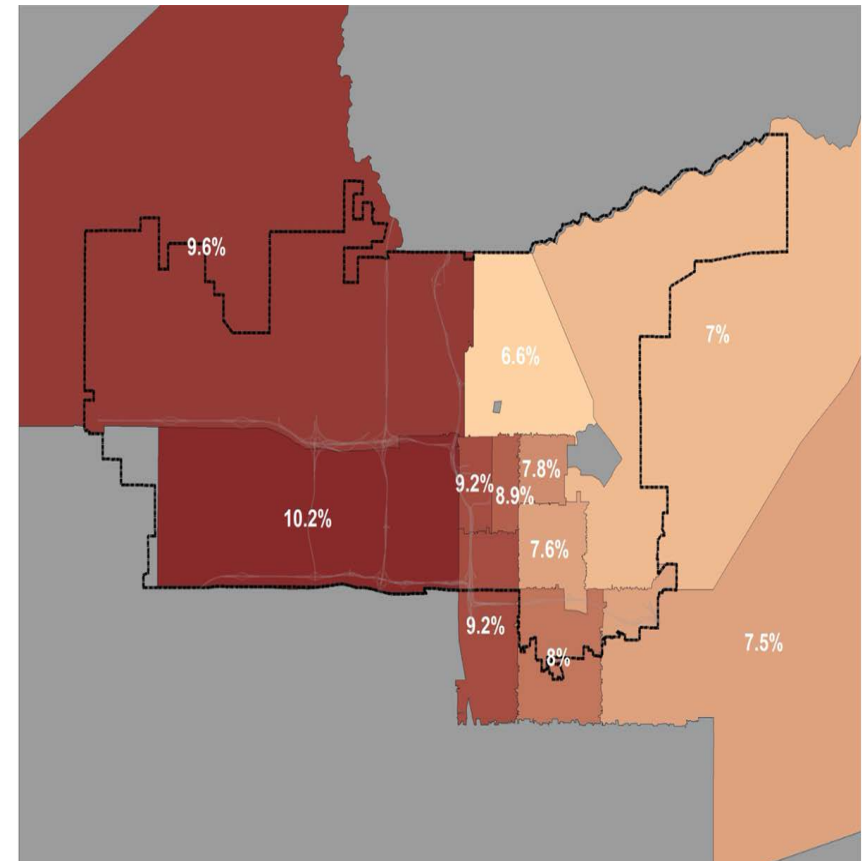


INCREASE IN HOME VALUES

2020 Single-family house typical value



2011-2020 Average annual change



AFFORDABILITY INDEX

Affordability Index - 2020

Median Household Income - \$56,370

Median List Price	\$425,000	7.54
Median Sold Price	\$481,778	8.55
Median Home Value	\$351,177	6.23

Affordability Index – Median Home Value

2016	4.67
2017	5.17
2018	5.42
2019	5.86
2020	6.23

2016 – Median home values were 4.67 times greater than incomes

2020 – Median home values are 6.23 times greater than incomes

JOB GROWTH AND STARTING WAGES

Key Industry Job Growth and Starting Wages – 2020-2025, Salt Lake City

Job Category	Average Starting Wage	Starting Salary – Qualify for Median SLC Home Sales Price (2020)*
Manufacturing	\$64,500	No – 18% below
Distribution, Warehousing, Transportation	\$51,000	No – 49% below
Health and Social Services	\$47,500	No – 61% below
Professional Services	\$76,000	Yes
Public Administration	\$52,500	No – 45% below

** Assumes 20 percent down, 3.0 % interest, standard taxes and utilities. Requires roughly \$76,200 salary to qualify for median home sale price (\$481,778 in 2020), assuming no more than 30% of income is spent on housing and related utilities.*

PROJECTIONS

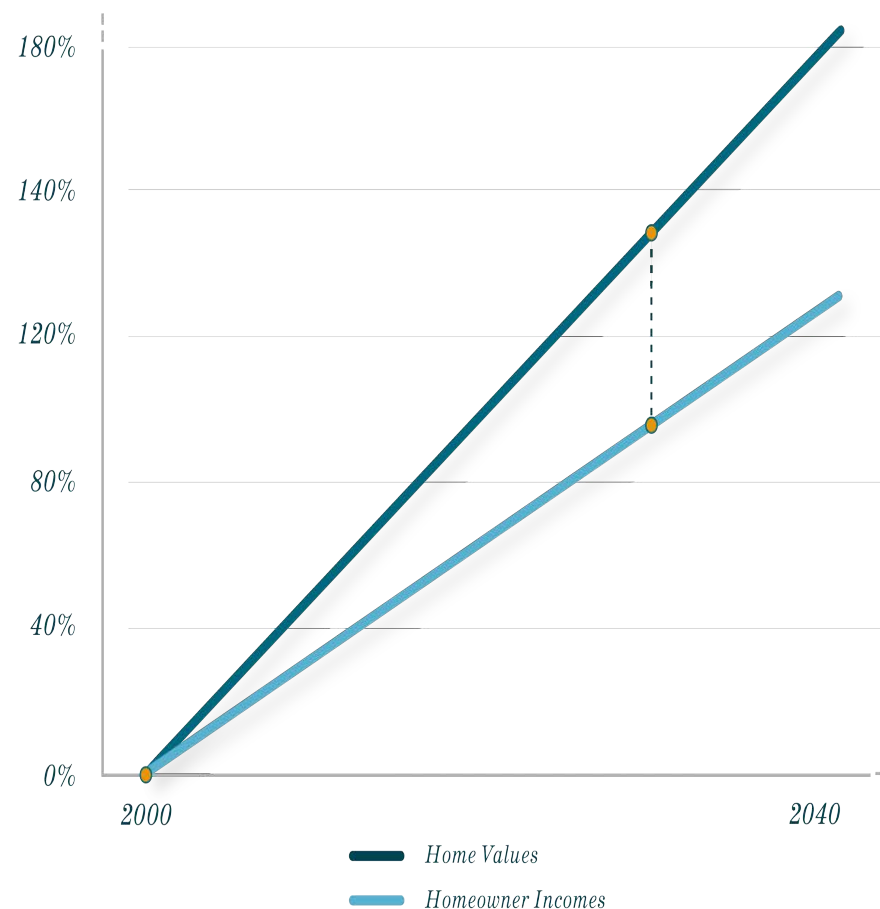
Observations

The projected course if we continue at the increases experienced over the past two years.

If median housing values increase at similar annual rates as the past ten years and if median household incomes increase at similar annual rates as the past ten years...then the affordability index in 2030 will be 11.6.

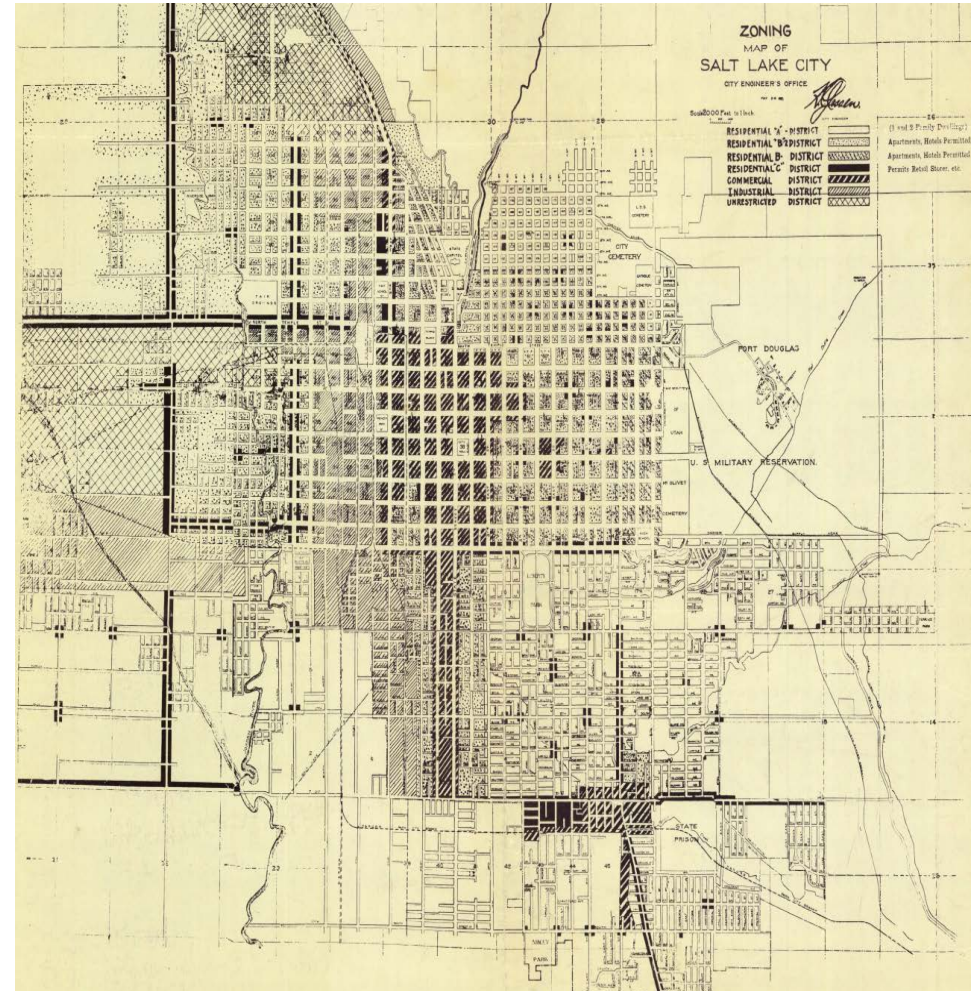
The median housing price will be 11.6 times more than the median household income (*current is 6.23*).

*“For Sale” Housing Cost Increases vs.
“Owner” Income Increases – Projected*



EXISTING ZONING

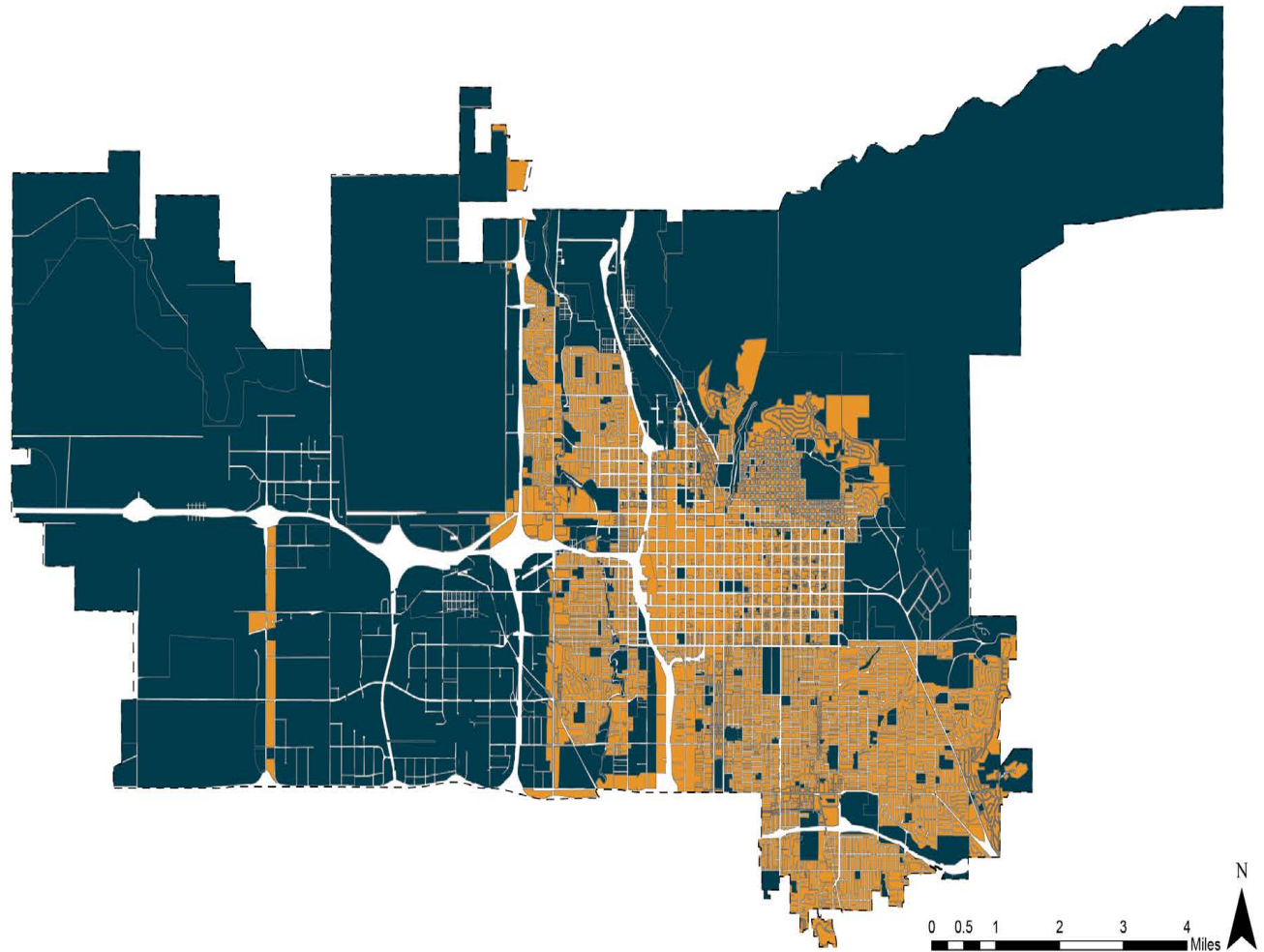
- Residential zoning became more restrictive over time.
- First zoning ordinance adopted in 1927, permitted two-family dwellings in all residential zones.
- Apartments and hotels permitted in the Residential B zones that included the Lower Avenues, Capitol Hill, Poplar Grove, East Central and neighborhoods surrounding State Street.
- In 1944, many of the neighborhoods surrounding Liberty Park and to the south zoned were A-3, which allowed fourplexes.
- In 1977, outer neighborhoods on the east and west sides permitted single and two-family dwellings.
- 1995 rezoning downzoned many areas from R-2 to R-1, prohibiting two-family dwellings.



WHERE ARE RESIDENTIAL UNITS PERMITTED?

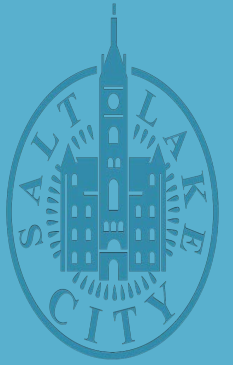
Total City Acreage: 71,500 acres
including airport, open space, and foothills.

Permitted Residential: Approx. 12,600 acres
(17.6%) - including most of downtown and other commercial areas.

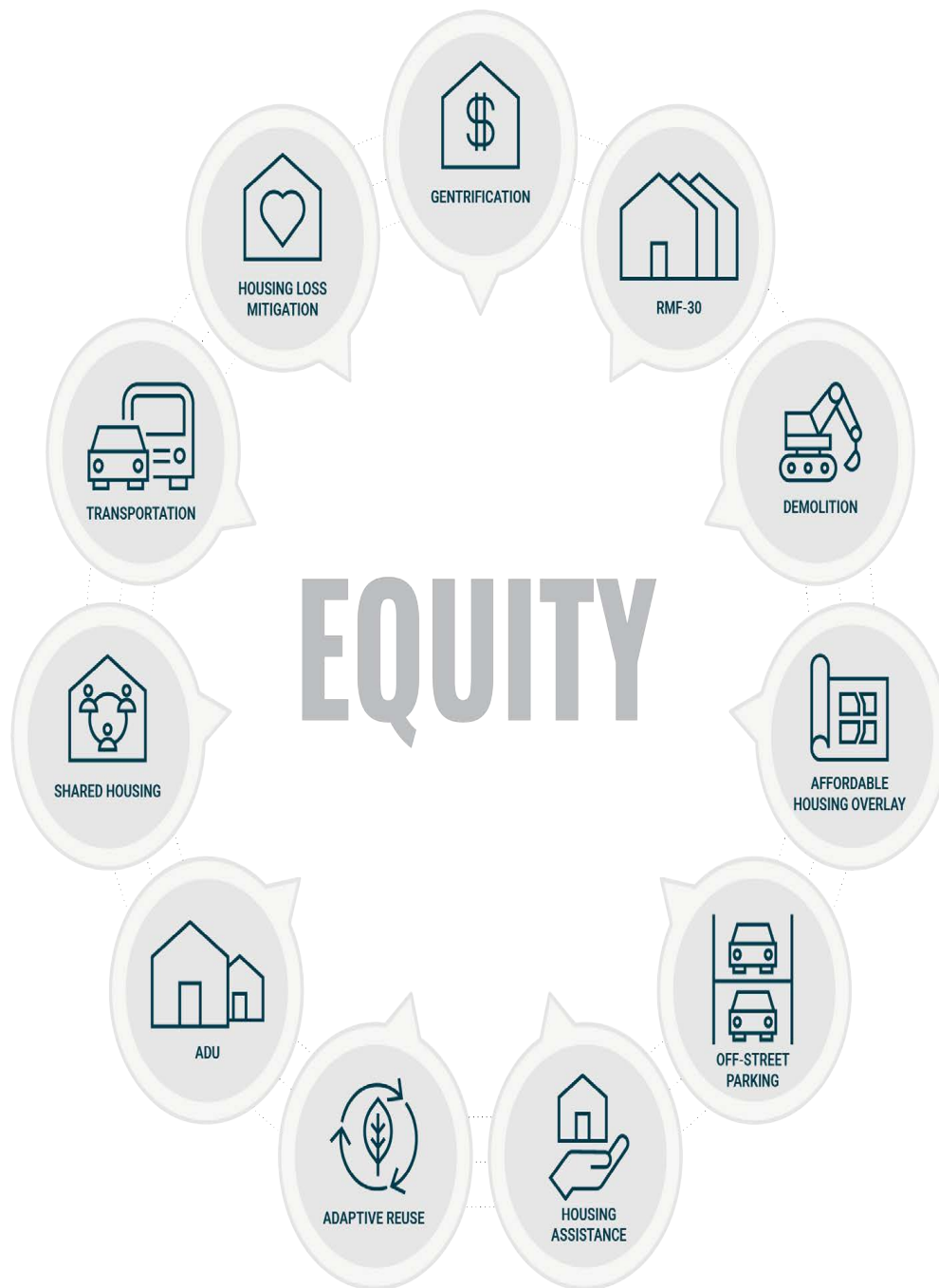




The Future of Housing: A Collective Vision for an Equitable Salt Lake City



COMPREHENSIVE SOLUTIONS // POLICY



GROWING SLC // GOALS AND OBJECTIVES

Policy Solution

Growing SLC Goal and Objective

Transportation

G1 01.1.1: Develop flexible zoning tools and regulations, with a focus along significant transportation routes.

Housing Loss Mitigation

G2 02.2.1: Propose a significant, long-term, and sustainable funding source for the development, preservation, and stability of affordable housing.

Gentrification/Relocation/Displacement

G2 02.1.2: Consider an ordinance that would require and incentivize the inclusion of affordable units in new developments.

Demolition

G1 02: Remove impediments in City processes to encourage housing development.

ADU

G1 01.1.3: Revise the Accessory Dwelling Unit ordinance to expand its application and develop measures to promote its use.

Shared Housing

G1 01.1.2: Develop in-fill ordinances that promote a diverse housing stock, increase housing options, create redevelopment opportunities, and allow additional units within existing structures, while minimizing neighborhood impacts.

Off-Street Parking

G1 01.1.4: Reduce parking requirements for affordable housing developments and eliminate parking requirements in transit-rich, walkable neighborhoods or when the specific demographics of a development require less parking, such as senior populations.

RMF-30

G1 01.1.2: Develop in-fill ordinances that promote a diverse housing stock, increase housing options, create redevelopment opportunities, and allow additional units within existing structures, while minimizing neighborhood impacts.

Affordable Housing Overlay

G1 01.1.2: Develop in-fill ordinances that promote a diverse housing stock, increase housing options, create redevelopment opportunities, and allow additional units within existing structures, while minimizing neighborhood impacts.

Adaptive Reuse

G1 03: Lead in the construction of innovative housing solutions.

HOUSING LOSS MITIGATION

Purpose

The purpose of this chapter is to mitigate the loss of affordable housing stock due to new development with due consideration for vested or protected property rights.

(Salt Lake City Municipal Code 18.97)

Impact

The intention behind the codified Housing Loss Mitigation ordinance is to "do no harm" to the current housing supply.

Status

Planning Commission briefing March 27, 2019 item was tabled. HAND convened a working group and met with community partners.



HOUSING LOSS MITIGATION

<i>Item</i>	<i>Current</i>	<i>Issue</i>	<i>Recommendation</i>
Purpose	"Do no harm" to housing supply.	Naturally occurring affordable housing is being replaced by market rate units.	Mitigate the impacts of the loss of naturally occurring affordable housing, and residential units through a performance or payment option.
Trigger	Trigger could be a demo permit, parking CUP, zoning amendment for non-residential use of land that contains residential dwelling units.	Multiple touch points in the application process and the housing plan is required too early in the process; development may not occur.	Building permit or change of land use.
Formula	Building value from County Assessor minus the International Code Council (ICC) square foot replacement costs. Payment intended to infuse capital into the Housing Trust Fund for future affordable housing development.	Results in a negative valuation due to the calculation based on appraised value rather than market value.	Formula calculation could be based on tenant rent, cost per square foot, or construction costs.
Process	Application submitted to Building Services, Planning creates a report, CAN Director sends to Housing Advisory and Appeals Board for a public process.	No clear ownership over process.	Administrative process, with an appeal option. "Ownership" in one CAN Division.

TRANSPORTATION

Purpose

Important connection of transportation & land use.

After housing, transportation biggest household expense.

Invest in bus service & infrastructure, including high frequency bus.

Investments in walking & biking to expand choices; Street Typologies.

Impact

Housing zoning ordinances & amendments tied to transportation/transit.

Reducing transportation cost burden can be part of solution.

Status

Street Typologies – Public comments received.

Transit Master Plan – Priority bus routes being implemented by City; additional routes by UTA.

Transportation Master Plan update – RFP out 2021.



HOUSING RELATED AMENDMENTS

Accessory Dwelling Units

Adopted 2018, Annual Report required.

Allows for small, more affordable units on single-family properties.

Shared Housing

Hearing closed, pending consideration.

Provide more opportunities for shared housing.

RMF-30

Hearing closed, pending consideration.

Increase opportunities for multifamily development.

Off-street Parking

Draft ordinance transmitted to City Council.

Modify parking required, can reduce the cost of development.

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AFFORDABLE HOUSING OVERLAY

Purpose

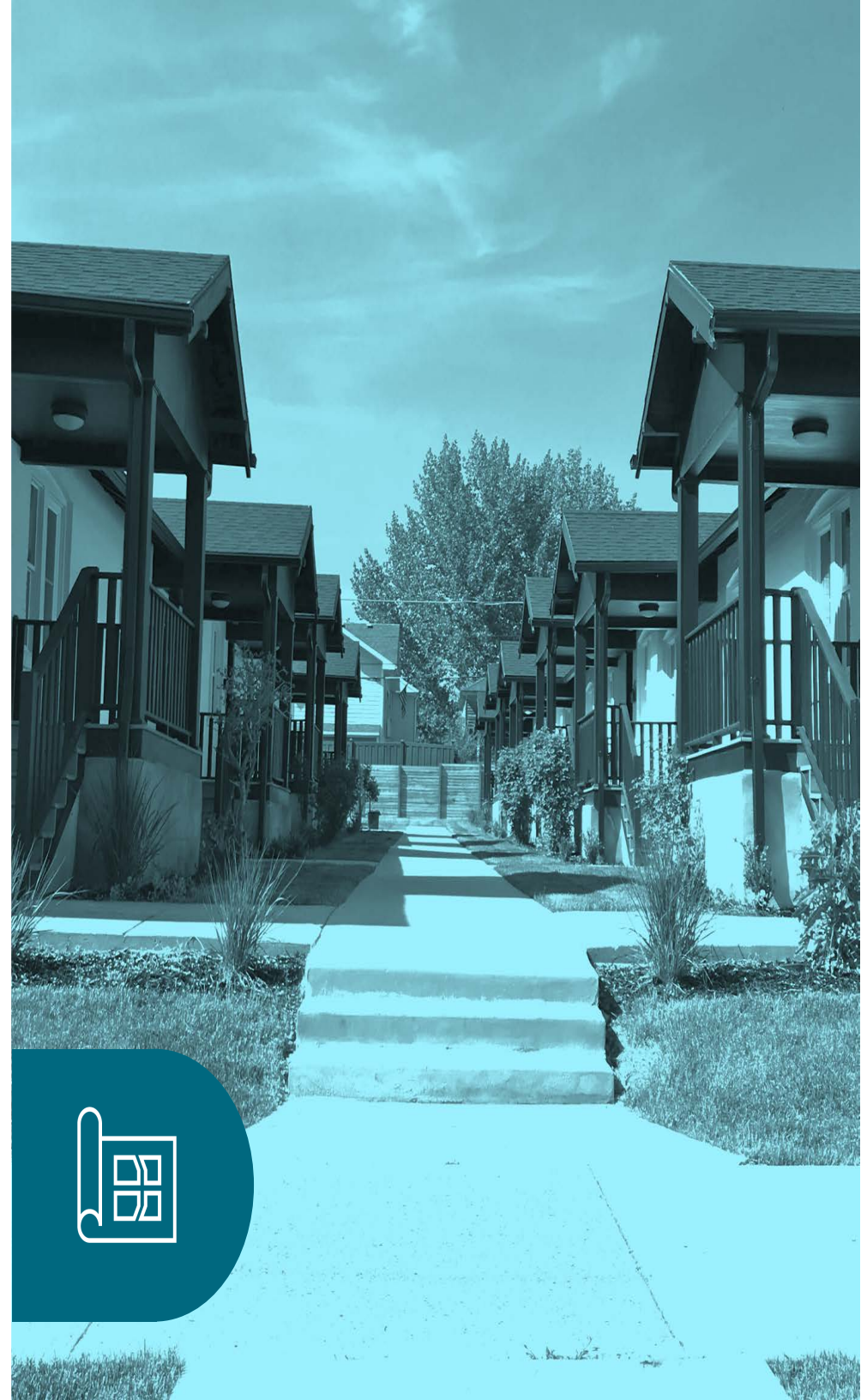
Provide incentives, including density and height, that would reduce barriers to development for projects that include affordable units.

Impact

Proposal would affect zones that permit residential development. The scope of the incentives permitted would determine number of units constructed and their locations.

Status

Draft proposal outlined Summer 2020. Public feedback obtained through surveys. Preparing draft for discussion.



ADAPTIVE REUSE

Purpose

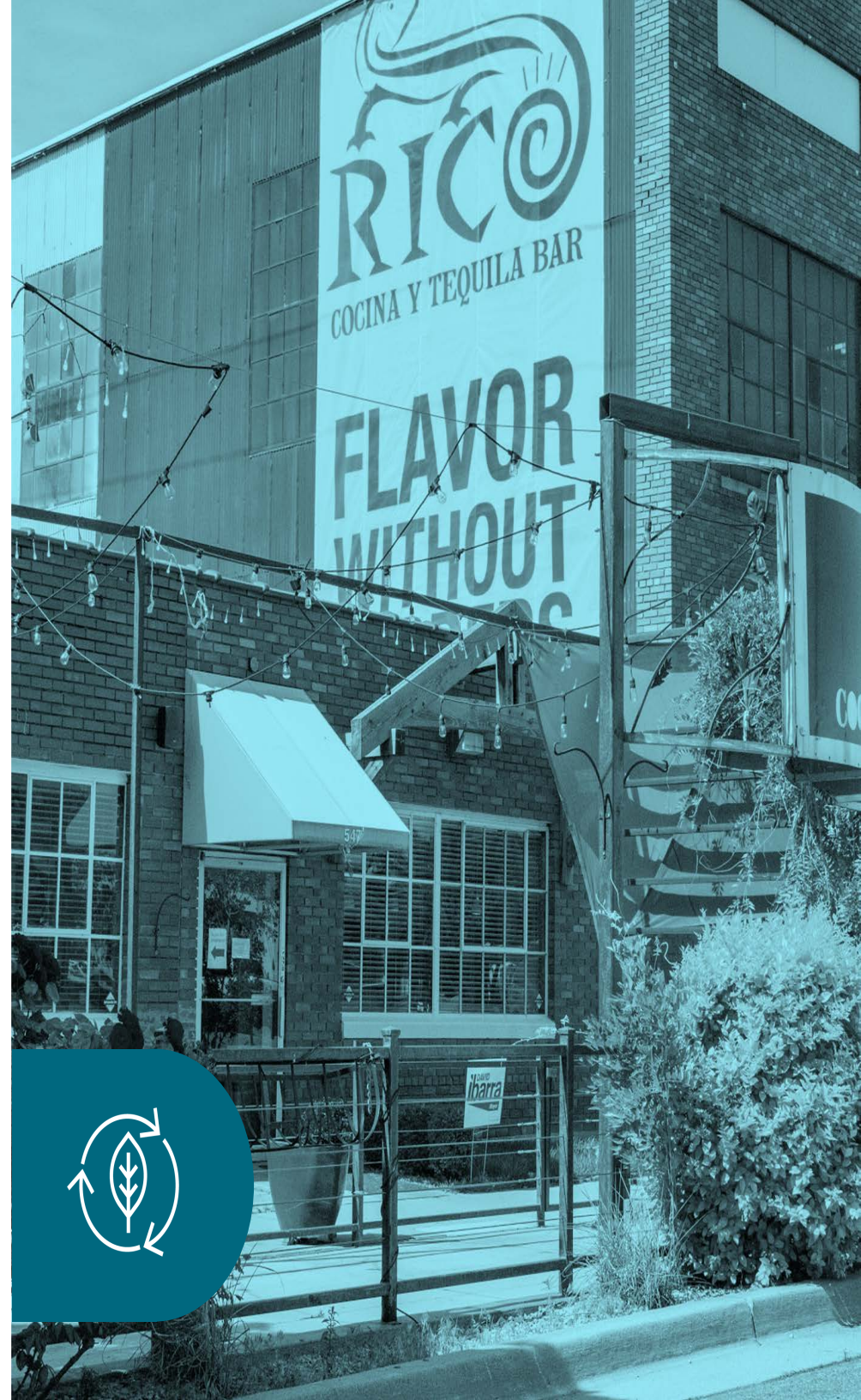
Promotes the city-wide reuse of existing buildings that have outlived their original use. This project will enable growth and new housing opportunities within established neighborhoods, while preserving existing neighborhood and community character.

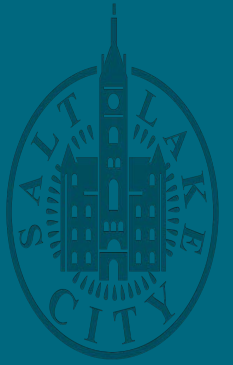
Impact

Proposal would affect zones that permit residential, commercial and mixed-use development; excluding single-family residential districts.

Status

Public engagement for this project is anticipated to start in the beginning of 2021.





NEXT STEPS // 2021

ADOPTION // POLICIES



Accessory Dwelling Units
(Adopted in 2018)

Gentrification Study RFQ
(Launch)

Shared Housing
(Council Consideration)

Transportation Master Plan
(Launch)

Affordable Housing Overlay
(Draft and Hearings)

New Housing Plan
(Launch)

Funding Our Future
(Continued Implementation)

Demolition Ordinance
(Adopted)

Growing SLC
(Continued Implementation)

RMF-30
(Council Consideration)

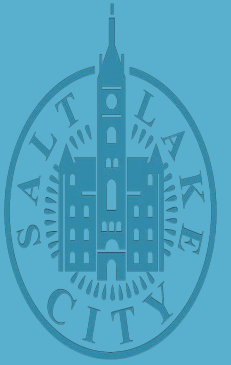
Adaptive Reuse
(Draft and Hearings)

Rent and Mortgage Assistance
(Continued Implementation)

Off-Street Parking
(Council Consideration)



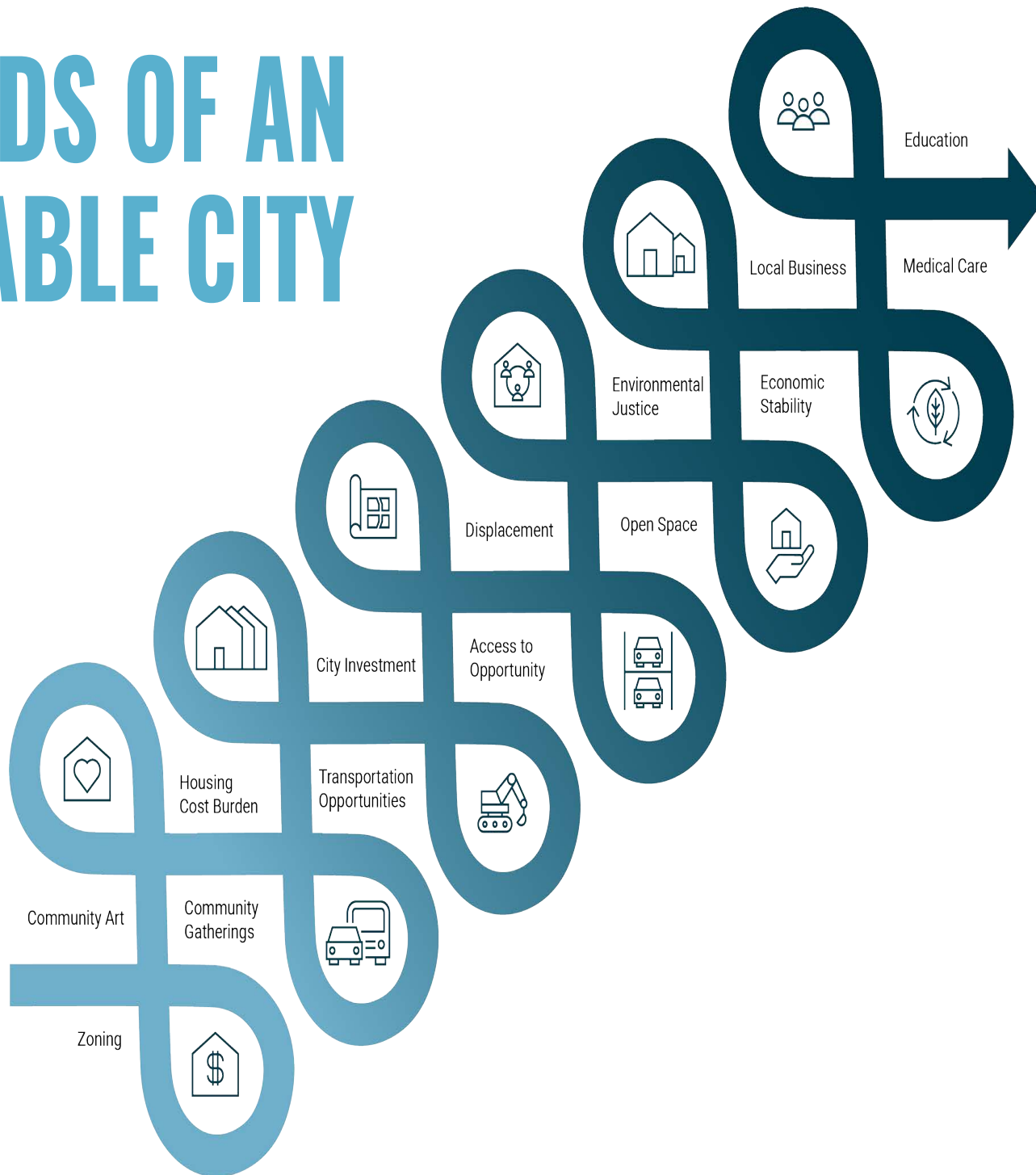
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MOVING FORWARD //

POLICY DIRECTION

THREADS OF AN EQUITABLE CITY



GENTRIFICATION

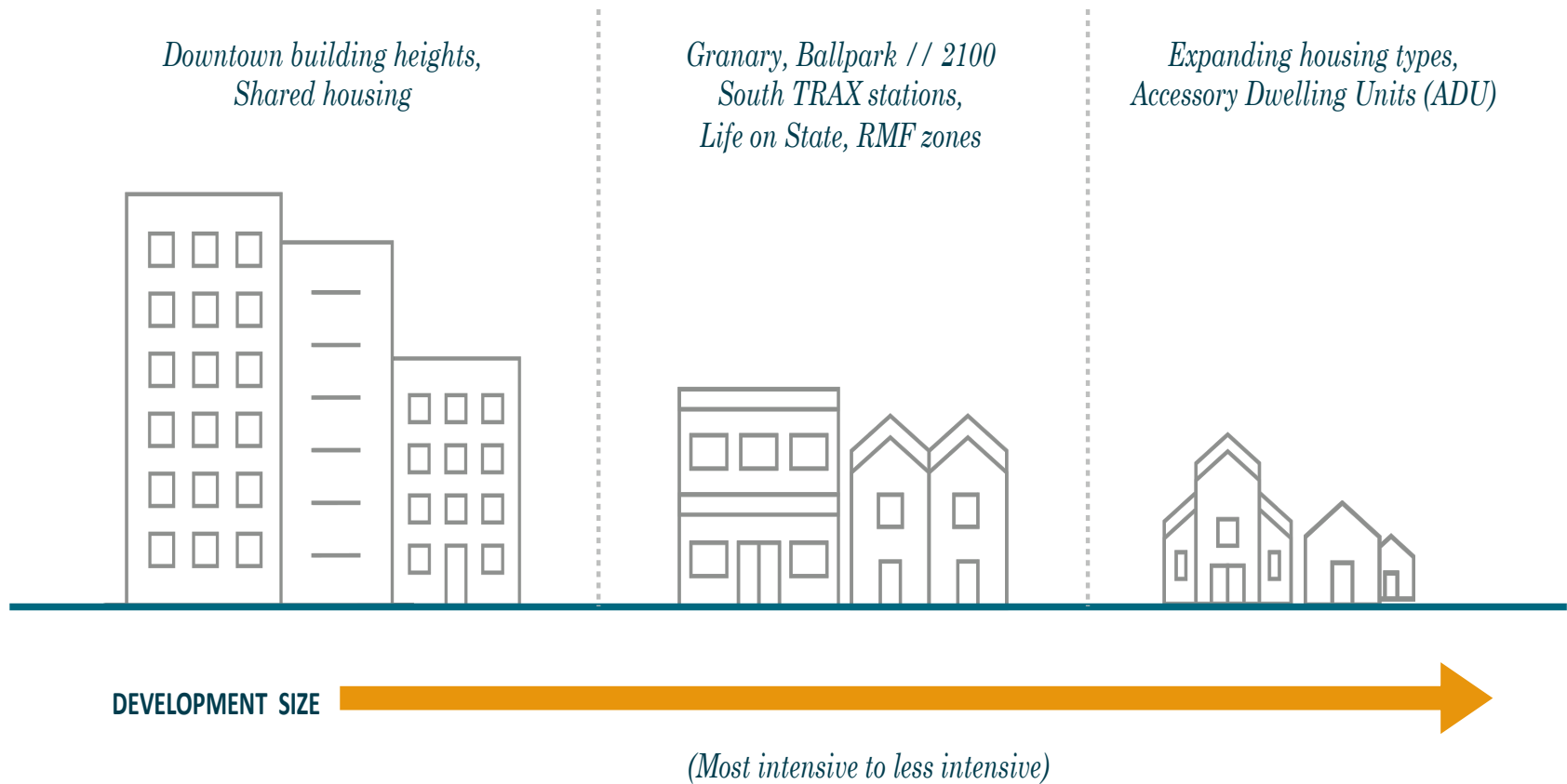
Approach

- Council approved funding (\$100K) April 7, 2020 for Gentrification Mitigation Study.
- Community engagement and data analysis of gentrification pressures and risk of displacement from City neighborhoods.
- Anticipate policy changes needed in both ordinance amendments and program implementation to address short- and long-term needs.
- Long range goals for achieving Citywide equity and inclusion.

Vision for Creating an Equitable City

- Advance socio-economic mobility and improve access to opportunity.
- Provide affordable housing solutions and preserve existing affordable housing.
- Develop policy recommendations to mitigate displacement & preserve community character.
- Promote equitable transportation mobility and connectivity.
- Ensure access to healthy and safe neighborhoods.

POTENTIAL AMENDMENTS AND IMPACT





QUESTIONS AND ANSWERS

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