



# COUNCIL STAFF REPORT

CITY COUNCIL *of* SALT LAKE CITY

**TO:** City Council Members

**FROM:** Sean Murphy  
Public Policy & Budget Analyst

**DATE:** August 27, 2015 at 3:39 PM

**RE:** **CITYWIDE HOUSING POLICY**

Item Schedule:

Briefing: Sep 1, 2015

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## ISSUE AT-A-GLANCE

During the July 21 Housing Policy discussion, the Council discussed key changes to the Citywide Housing Policy and expressed an interest in understanding more about the City's changing demographics.

Pam Perlich, Director of Demography at the University of Utah's Policy Institute, is scheduled to present the Council with the Institute's latest information about the city's housing needs.

Staff have also prepared an amended Citywide Housing Policy for the Council's consideration. It is attached.

Future presentations topics could include:

- The Administration's research on zoning and affordability requirements
- Housing specialist presenters: HUD representatives or residential developers

***Goal of the briefing:*** Receive a brief from Pam Perlich on the city's demographics and discuss ongoing issues that require additional research.

## POLICY QUESTIONS

1. With demographic information being provided at this work session, the Council may wish to receive briefings on other important housing-related topics. Presenters at future Council session could include local US Housing and Urban Development representatives (to discuss expectations, compliance, and the future of federal guidelines) and residential developers who have experience working with incentives and requirements for affordable housing.

Is the Council interested in lining up additional presenters to cover other specific subject areas?

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## NEW INFORMATION

### I. Demographic Presentation – Pam Perlich, PhD.

On July 21, the Council additional information about the City's changing demographics. Dr. Perlich will be presenting relevant demographic trends and specific information regarding housing in the city. Particular emphasis will be paid to what we currently understand about the City's population needs and what research is missing from a complete picture.

Additional questions the Council has posed regarding demographics include:

- People leaving the city because they can't affordable housing?
  - If so, what demographic is that?
- Shifting demand for family units.
  - How does bedroom size impact choice/demand?
- What does "working class" mean?
  - What's that household dynamic?

### II. Citywide Housing Policy

Previously, the Council discussed key provisions to the Citywide Housing Policy in an effort to craft a policy that reflects the Council's housing goals and help guide the Administration's development of a new Housing Plan. Staff have amended the Housing Policy to address those changes. A draft is attached that highlights new and amended text.

Changes to the policy include the following:

- Developing and maintaining reliable demographic data
- Suggests stronger language around developing affordable housing
- Addressing the question of mitigating housing loss due to demolition
- Parking and transit needs in new developments; especially neighborhood business nodes and multi-unit developments
- Consistency between the City's housing goals and zoning map
- Zoning flexibility that accounts for neighborhood character
- Aging in Place and multi-generational housing needs

Attachment A : Citywide Housing Policy (revised)

(From the July 21 staff report)

## POLICY QUESTIONS

1. Staff have compiled a list of housing-related concerns that Council Members have mentioned in the recent past (found below on page 2). This list is collected from previous work sessions, notes from various meetings, press statements, budget discussions, and so on. In an effort to create a complete and exhaustive list of individual concerns about any housing-related issues, please take a moment to review the list and comment or add to it. Does this list adequately reflect your detailed concerns regarding housing in the city?

The Chair may wish to call a straw poll on these different items before assigning additional research to staff.

2. During the May 5 work session, the Administration proposed several policy questions for Council Members (which can be found on page 3). As the Administration begins work on a new Housing Plan, answers to these questions will be very helpful in defining the Council's interests.

While these questions will be explored further in subsequent work sessions and will not require immediate answers, it would be helpful if Council Members began thinking about these questions. Many of the questions relate directly to the list that Council staff has compiled.

## ADDITIONAL & BACKGROUND INFORMATION

The Council Chair has expressed interest in scheduling a series of housing-related discussions over the late summer and fall that will likely call upon the expertise of Administration staff, Council staff, consultants working on special projects, housing advocates and private developers. This Housing Policy discussion will help shape the agendas of those future meetings.

### The Council's Stated Housing Interests

In this session, the Council Chair has requested that Council staff provide an initial assessment of whether or not the current housing policy meets the Council's previously stated concerns. Staff is prepared to walk through the policy (Attachment A) line-by-line to discuss its contents. Staff will also consider how best to include any new concerns that Council Members raise.

The issues Council Members have previously discussed broadly fit within the categories below.

<b>Availability</b>	Ensuring housing options are available in every neighborhood of the city Does this mean <u>affordable</u> housing options in all neighborhoods? or Does this mean ensuring housing options across the <u>full market range</u> ? Council Members have discussed both ideas at different times. The two statements have different implications.
<b>Density</b>	Promoting dense urban housing development where it makes the most sense for directing future growth: ie shopping destinations, office space, transit centers Clearly defining an "appropriate" level of density could require extensive effort, but establishing a basic understanding of the Council's interest there is first step.
<b>Neighborhoods</b>	Preservation of neighborhood character, particularly in neighborhoods with a tradition of single-family home development This relates to the question of density above – how to concentrate new development to protect the character of residential neighborhoods.
<b>Homeless</b>	Placing an emphasis on understanding the current and growing needs of housing for

<b>Transitional Housing</b>	<p>individuals transiting out of homelessness, and setting the goal of funding housing developments that strategically address the transitional community</p> <p>This is related to the various allocations the Council has made to support homeless efforts around the city and county and could lay groundwork in anticipation of findings from the Administration’s Homeless Commission.</p>
<b>Mixed-Income</b>	<p>Investing in the construction and management of mixed-income housing developments</p> <p>There is a growing body of research supporting mixed-income developments. HUD has indicated its support for this model in a variety of ways.</p>
<b>Poverty</b>	<p>Ensuring that the City’s influence does not further concentrate areas of poverty, and wherever possible, the City attempt to overcome historic concentrations of poverty</p> <p>On several occasions, the Council has discussed the option of using the Opportunity Index as a tool for directing affordable housing investments around the city. This could be a very useful method, but would require additional work to understand the full landscape of poverty around the city.</p>
<b>Sustainability</b>	Encouraging the use of sustainable, energy efficient building practices
<b>Tools</b>	Ensure a robust set of housing-related tools are available to both private developers and City Departments to help accomplish the City’s goals
Examples of Tools	<p><b>Demolition Ordinance:</b> Ensuring “affordable” units of rental stock are not lost during redevelopment around the city</p> <p><b>Energy Efficiency Ratings:</b> Encouraging the use the new energy efficiency score cards for new housing entering the market and homeowners preparing to list their homes</p> <p><b>In-Lieu Payments:</b> Allowing developers to choose to pay make payments to a fund rather than build affordable units on-site</p> <p><b>Incentives:</b> A clear incentive structure that rewards the development of affordable housing, particularly on-site affordable units</p> <p>This could likely be accomplished in a several ways, one of which would be the modification of impact fee assessments</p> <p><b>Permitting:</b> A streamlined approach to both plan review and inspections</p> <p><b>Zoning:</b> Considering the applications of different zoning options to increase available affordable units – transit-area zone analysis; inclusionary zoning analysis</p> <p>The Administration is currently working with a consultant to study the viability and applicability of inclusionary zoning in Salt Lake. A presentation of those findings should be available for a future work session.</p> <p>Modifying the requirements within Transit Station Area zones has also been discussed as a possible tool for increasing affordable housing units near transit. Council staff have are investigating this option as well.</p>

### Questions posed by the Administration

The Administration posed the 7 questions below during the Council’s May 5 work session in an attempt to better understand the Council’s housing interests. Several of these questions are reflective of the items above. Staff have included these questions to remind to Council Members of the general shape this conversation is taking. Again, if Council Members feel there are important questions that have yet to be posed, please let staff know.

1. The Comprehensive Housing Policy states that the City should provide homeownership and rental opportunities for those at 80% or below area median income. Should Salt Lake City continue to create and preserve affordable housing? And, if so, should affordable housing be in every Council district?
2. What role does the City play in the development of affordable housing?
3. Is the goal of the City to provide housing that is owner-occupied, rental, or both?
4. If mixed income developments are preferred, should the City also build “market rate” housing using the general fund or look to the private sector?
5. In areas where land values are high, does the Council wish to provide funding to write down or subsidize property for affordable housing?
6. In areas that are or may experience gentrification, what can be done to preserve existing affordable housing?
7. What other tools, such as zoning or incentives can be used to create and preserve more affordable housing?

### Introduction

As the largest city in Utah and the economic hub of the state, Salt Lake City faces significant housing and population issues. Precipitous increases in land values over the last decade, volatile financial and lending conditions, and escalating construction costs are some of the factors that create barriers to the development of affordable housing. At the same time, a renewed interest in walkable neighborhood commercial centers, increased residential development downtown, and an emphasis on dense, transit-oriented residential projects throughout Salt Lake City offer opportunities for policymakers to capitalize upon as they seek to provide a range of housing choices to meet the desires and needs of residents.

Demographics in the United States are rapidly changing, and Salt Lake City is no exception. Populations are aging, minority communities are growing, and there are more single-parent households and households without children. These seismic shifts require changes in Salt Lake City's housing policies to effectively address today's realities.

### Purpose

By establishing the Salt Lake City Housing Policy, the Mayor and City Council seek to:  
Foster and celebrate the urban residential tradition;

- Respect the character and charm of predominantly residential districts, including those with historic character and qualities, while also providing opportunities for the provision of local goods and services easily accessed by neighborhoods;
- Promote a diverse and balanced community by ensuring that a wide range of housing types and choices exist for all income levels, age groups, and types of households;
- Develop new housing opportunities throughout the City;
- Ensure that affordable housing is available in all neighborhoods and not concentrated in a few areas of the City;
- Emphasize the value of transit-oriented development, transit accessibility and proximity to services;
- Recognize that residents, business owners, and local government all have a role to play in creating and sustaining healthy neighborhoods;
- Create an appropriate balance of rental and ownership opportunities in neighborhoods without jeopardizing an adequate supply of affordable housing; and
- Strongly incentivize or require the use of green building techniques and sustainability practices in public and private housing developments.
- Examine the changing needs of Salt Lake City's population, and develop and maintain reliable demographic information to support housing policy and residential development.
- Consider the needs of multi-generational households and ensure housing products are available to meet those needs.
- Address the livability of neighborhoods with concentrations of aging adults, and plan and implement strategies that will allow residents to Age in Place.

Commented [%1]: Addresses the need for current, reliable demographic information

Commented [%2]: Addresses multi-generational needs.

Commented [%3]: Addresses Aging in Place considerations.

## Attachment A: Salt Lake City Comprehensive Housing Policy

The Mayor and City Council expect this Housing Policy to be considered whenever the City Administration engages in the following activities:

- City and Redevelopment Agency funding assistance
- Zoning and land use planning
- Master planning of neighborhoods
- The creation of economic development incentives

The Housing Policy is a combination of 13 Policy Statements that are detailed below.

### Policy Statements

#### 1. New Development

New housing development in Salt Lake City should meet the following criteria:

- Be consistent with requirements of the Federal Americans with Disabilities Act, Fair Housing Amendments Act (FHAA), Section 504 of the Rehabilitation Act and the International Building Code.
- Encourage for sale and rental mixed-use and mixed-income projects in areas with established transportation, public infrastructure, and related public services.
- Encourage and incentivize mixed-use projects to include some affordable housing units.
- Incentivize the development of affordable housing throughout the city and require it in specific locations.
- Encourage single-family infill housing, in single-family neighborhoods, to attract middle-income families where appropriate.
- Require architectural designs that are contextually compatible with the surrounding structures and overall fabric of the neighborhood. These designs should:
  - a. Preserve and incorporate open space, even minimal amounts.
  - b. Interface well with public spaces.
  - c. Incorporate energy efficient technologies and design.
  - d. Create quality living environments.
- Provide for realistic parking needs in the least intrusive manner possible in single family neighborhoods.
- Provide for realistic parking needs and consideration of transit placement/accessibility for all new development of significant density, especially at neighborhood business nodes and in multi-unit residential developments throughout the city.
- Provide aesthetically pleasing and attractive public spaces, such as designated common areas, community centers, community parks, trail networks, bikeways, resident gathering places, and resident/community gardens.

Commented [%4]: Addresses strengthening the language around affordable housing development.

Commented [%5]: Addresses the need for "realistic" parking and transit connection needs in ndew development.

#### Action items:

- Ensure better compatibility with existing neighborhoods for new infill development.
- Review the residential and mixed-use zoning regulations for redundancy and consistency to ensure they accurately reflect this policy.
- Revise the permitted and conditional use tables to reflect a stronger emphasis on mixed-use development and to limit or prohibit uses that are incompatible with the neighborhood.
- Consider developing design standards for buildings in residential and mixed-use zones.
- Establish, strengthen and enforce City ordinances mitigating the loss of affordable housing due to development of higher end housing and other facilities.

## 2. Affordable Housing

Provide affordable housing and homeownership opportunities for residents who make 80% or less of the area median income in Salt Lake City. The City should strive to ensure that affordable housing is available for purchase in Salt Lake City.

Provide affordable rental housing in Salt Lake City for residents who make 80% or less of the area median income. The City should strive to ensure that affordable rental housing is available in Salt Lake City.

A primary purpose of Salt Lake City's Housing Policy is to foster a diverse and balanced community with housing that offers a wide range of choices for all income levels. Accordingly, affordable housing should be available in all neighborhoods and not concentrated in a few areas of the City. Encouraging a variety of low, medium and high density housing developments for all income levels will help to enhance, maintain and sustain livable, viable neighborhoods. The Council and Mayor recognize that there is a segment of the City's population whose income level and other circumstances may make it difficult to qualify for established housing programs. The City should address housing for this population.

The City, through the Redevelopment Agency (RDA), the Housing and Neighborhood Development division, the Housing Authority of Salt Lake City and successful housing development nonprofit organizations should provide examples of how affordable housing can be built or rehabilitated.

### Action items:

- a. Analyze the impacts of fees and current zoning on affordable housing.
- b. Develop an incentive program for housing developers to provide a percentage of affordable housing as part of their overall development.
- c. Develop an easily-understood requirement for specific areas of the city that any new development over a certain size provide a percentage of affordable housing.
  - a. Allow developers the opportunity to either build those units on-site, on another site, or make a payment into the Housing Trust Fund, and structure the requirement to reflect a preference for those units to be built on-site.
- d. Preserve and expand, as appropriate, the amount of subsidized and Section 8 housing in the City.
- e. Continue to provide funding for homeownership and affordable rental housing projects with federal funds and housing trust funds.
- f. Investigate inclusionary zoning practices which encourage development of affordable housing.

Commented [%6]: Addresses the question of requiring affordable units for large developments.

Commented [%7]: Addresses the options available for how a developer can meet the obligation above.

## 3. Housing Stock Preservation and Rehabilitation

The City should support the preservation, rehabilitation, and adaptive reuse of existing housing stock to the most practical degree possible.

### Action items:

- a. Adequately fund the City's apartment inspection program to promote housing safety and quality.
- b. Adequately fund programs that assist home and apartment owners in rehabilitating and maintaining housing units.
- c. Support reinvestment in existing urban and inner suburban areas.



- d. Develop rent definitions that apply to market rate units in the lower end of the cost spectrum so that when properties that house a defined percentage of “market rate affordable” units are redeveloped, those units will be replaced at similar or equal rental rate.
- e. Ensure that when these “market rate affordable” units are replaced, the replacement units remain either on-site or within the same neighborhood.

#### 4. Transit-Oriented Development

The City should support transit-oriented development as well as adequate, reliable public transportation so that residents may easily access employment, goods and services, and housing.

The City should support housing densities, mixed-use and mixed-income projects, parking policies, and pedestrian-oriented urban designs that encourage walking and the use of alternative and public transportation.

##### Action Items:

- a. Review the residential and mixed-use zoning regulations for redundancy and consistency to ensure they accurately reflect this policy.
- b. Continue to review the permitted and conditional use tables to reflect a stronger emphasis on mixed-use and mixed-income development on an on-going basis.

#### 5. Zoning

The City should evolve its zoning regulations to effectively address the City’s changing housing needs.

While the City supports mixed-use development, it also recognizes that there are some zones that are not conducive to residential development.

##### Action items:

- a. Allow for higher densities and building height, in the form of density bonuses, in affordable multi-family, mixed-income and mixed-use housing developments if the developer incorporates features to minimize potential negative impacts such as buffer landscaping, usable open space, on-site amenities, support services, preservation of existing structures, and underground vehicle parking.
- b. Provide opportunities for the development of newly adopted residential densities.
- c. Allow neighborhood anchor areas or commercial uses that enhance the function of residential neighborhoods and/or are compatible with residential activity.
- d. Allow the flexible application of zoning standards to encourage innovation and creative problem solving in new developments.
- e. Ensure that the City’s priorities for housing density are reflected in the City’s zoning map.
- f. Develop flexibility in the application of zones that recognizes the unique nature of sites and blocks within the same zone and allows for variation that reflects neighborhood character.
- g. Research and adopt an ordinance to allow the Director of Community and Economic Development or the Planning Director the authority to administratively modify zoning requirements up to 10% when specific criteria have been met.

Commented [%8]: Addresses consistency with the zoning map.

Commented [%9]: Addresses need for flexibility within zones.

- h. Research inclusionary zoning options that encourage and enhance mixed-use and mixed-income development and rehabilitation.

## **6. Permitting**

The City should review and evaluate the impacts of the building permitting process on proposed residential development.

### **Action items:**

- a. Provide expedited plan review for projects designed as sustainable, high performance buildings, including designs that impact neighborhoods in a positive manner and meets the Mayor's Executive Order, Expedited Plan Review for New Construction and Major Renovation Projects that Meet Certain Sustainable Building Criteria, dated August 22, 2008.
- b. Complete the City's One Stop Shop initiative, which will streamline the permitting process for development and provide seamless customer service at the City and County Building for development related customers. The goal remains co-location of staff responsible for core plan review, thus creating a true One-Stop-Shop for development-related customers. To accomplish this level of customer service, a representative from each of the six groups conducting plan review must be represented in Room 215 at the City and County Building. Space issues and staffing levels must be resolved to realize this goal. Electronic plan review and digitized submittals/records will aid toward this accomplishment.

## **7. Downtown Housing**

Permanent residences in downtown Salt Lake City are a critical part of creating a vibrant, safe, and sustainable Capital City. The urban core should be considered a neighborhood for purposes of housing planning, and the City should expect housing to be available to all income levels downtown.

### **Action Items:**

- a. Conduct an inventory and zoning review of land within the Downtown that could be used for housing sites, and study the feasibility of developing the sites for housing uses.
- b. Explore options for protecting multi-family housing units east of 200 East between South Temple and 400 South and encourage infill development housing east of 200 East.
- c. Permit and encourage retail support services that promote increased residential population and support downtown workers.
- d. Continue pursuit of official City commitment to provide more single room only (SRO) housing to complete spectrum of housing needs.

## **8. Homeless, Transitional and Special Needs**

The provision of temporary and permanent housing options for those who have no other option is a fundamental responsibility of government in modern day society. The City will work with Salt Lake County, the State of Utah, and community partners to assist in providing temporary and permanent housing options to city residents.

**Action Items:**

- a. Collaborate with the providers of homeless services, neighborhood residents and business owners to create an environment to ensure that a mix of income populations can live, work, flourish together while still providing services to those in need.
- b. Utilize the efforts of the “Long Range Planning for Sheltering Needs of Homeless Persons Committee” in implementing the Countywide ten-year plan to end chronic homelessness.
- c. Continue to support the development of scattered site affordable housing projects with appropriate case management as needed.
- d. Include temporary dwellings, excluding tents, in the definition of transitional housing.
- e. Address zoning and rezoning issues related to the need for development of new facilities, be it transitional housing, institutional housing, shelter location, or any other facility that may support a scatter site approach.

Commented [%10]: Addresses the question of zoning for critical-needs housing.

**9. Historic Preservation**

The City should preserve valued historic structures designated as significant to the cultural or architectural heritage of the City based on an up-to-date historic resource survey.

**Action Items:**

- a. Complete a City-wide historic resource survey.
- b. Develop a Preservation Plan.
- c. Reevaluate infill ordinances and revise them accordingly.

**10. Funding Mechanisms**

Housing development is funded through a combination of private and public funds. The City should continue to use best practices to efficiently fund the development of a variety of housing.

**Action items:**

- a. Increase the housing stock through non-profit and/or for profit partnerships.
- b. Maintain the Salt Lake City Community Housing Plan that outlines annual sources and uses of funds for housing and housing programs.
- c. Maintain public reviews and input relating to use of City housing monies through the City's Housing Trust Fund Advisory Board, Redevelopment Advisory Committee and the Redevelopment Agency Board.
- d. Establish a permanent funding source for the Housing Trust Fund. Examine options for increasing City resources available to assist in affordable housing development.
- e. Evaluate opportunities to efficiently deliver housing services among service providers.
- f. Fund projects that create quality living environments.

**11. Marketing and Education on Housing in Salt Lake City**

Residents, developers, government, and social service providers all play a role in educating the public (and each other) about the availability of housing types and the gaps in the housing spectrum. The City can take the lead to ensure that accurate information is conveyed to all stakeholders.

**Action Items:**

## Attachment A: Salt Lake City Comprehensive Housing Policy

- a. Develop educational programs for developers, community councils, and the public to dispel myths and stereotypes about high density and affordable housing. Topics to be covered in these programs include: density, accessibility and visitability design concepts; affordable housing; and home buyer issues for developers.
- b. Develop public/private partnerships to market housing and educate the public on housing issues.
- c. Invest in marketing programs to highlight Salt Lake City's housing strengths and opportunities.
- d. Utilize market research for the development of aggressive public marketing campaigns to entice area residents to live in Salt Lake City; and to provide guidance for the City, the Redevelopment Agency and the development community in their efforts to develop housing within the city.
- e. Prepare educational information to distribute to the public regarding when a building permit is required.
- f. Continue the development advisory forum that brings together all stakeholders in the development process, including applicants, Housing, Planning, Building, Fire, Engineering, Public Utilities and Transportation Divisions.
  1. Review new/proposed programs and processes.
  2. Offer presentations from specific City department/divisions that may affect the industry and stakeholders.
  3. Provide training in current best practices.
  4. Review changes and additions to city processes that regulate and control development of the built environment.
  5. Include question and answer dialogues.

### 12. Growth Targets

Salt Lake City's goals for growth are predicated upon the orderly development of additional housing. Accordingly, the City's housing policies must be consistent with overall growth goals.

#### Action items:

- a. Develop and maintain a citywide plan for attracting population growth in Salt Lake City.
- b. Set and achieve 5-, 10-, and 20-year growth targets that will help maintain the City's status as Utah's largest city. The City should use all available tools to achieve these growth targets including zoning, permitting, marketing, fees and incentives.
- c. Review the current suite of tools available to build affordable housing and consider the adding or creating new tools to meet the goals around affordability, mobility, and access to opportunity.
- d. Set growth targets for different housing types.

Commented [%11]: Addresses the need for fully functioning toolset.

### 13. City Funded Projects

The preservation and creation of affordable housing are high priorities. The City will continue to provide financial assistance to projects that meet the goals of the Housing Policy.

Requests for City funding will be evaluated based on their consistency with this Housing Policy.