

CHAPTER 4: MODERATE INCOME HOUSING ELEMENT

The Utah Municipal Code, 10-9a-403(2)(a)(iii) requires that all cities adopt a Plan for “Moderate Income Housing” as part of their General Plan. Section 10-9a-403(2)(b) of the Utah Municipal Code, outlines three issues that must be addressed in the Moderate Income Housing Plan. The three issues that must be addressed are: 1) municipalities shall facilitate a reasonable opportunity for a variety of housing, including moderate income housing; 2) an analysis of how the municipality will provide a realistic opportunity for the development of moderate income housing within the next five years; and 3) shall include a recommendation to implement three or more strategies found in 10-9a-403(2)(b)(iii) of the Utah Municipal Code.

I. Current Moderate-Income Population

Moderate income housing is defined by the Utah State Code 10-9a-103(38) as: “...housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income for households of the same size in the county in which the city is located.”

The U. S. Census Bureau lists the median household income in Utah County in 2017 as \$ \$69,200. Information from the U.S Department of Housing and Urban Development (HUD) indicates that based on the size of the household, an income level of \$ \$38,750 - \$73,100 could still be considered a low income household. For example, a household with 4 people making less than \$55,350 is considered having a low income.

Table 1: Low Income Levels Based on Household Size.

Income Levels	Household Size							
	1	2	3	4	5	6	7	8
Low (80%) Income Limits	\$38,750	\$44,300	\$49,850	\$55,350	\$59,800	\$64,250	\$68,650	\$73,100
Very Low (50%) Income Limits	\$24,250	\$27,700	\$31,150	\$34,600	\$37,400	\$40,150	\$42,950	\$45,700
Extremely Low (30%) Income Limits	\$14,550	\$16,600	\$20,420	\$24,600	\$28,780	\$32,960	\$37,140	\$41,320

Source: Information obtained from US Housing and Urban Development Income Limits Documentation System 2017(www.huduser.org)

Santaquin’s population in 2010 was 9,128 and the population estimate for 2017 was 11,652. That is an increase of 2,524 residents in seven years. Each year, HUD receives custom tabulations of the American Community Survey 5-Year Estimate (ACS) from the Census Bureau. This data is known as the Comprehensive Housing Affordability Strategy (CHAS). This data demonstrates the extent of housing problems and needs, particularly for low income households. Table 2 categorizes household income levels by Area Median Income (AMI) using the statistics for CHAS. This table illustrates the number of Santaquin households whose total income falls within each income bracket.

Table 2: Households by Income Level 2016

AMI Income Level	Households	% of Households
100% AMI	1465	58%
80% AMI	625	25%
50% AMI	315	12%
30% AMI	135	5%

Source: Information obtained from US Housing and Urban Development Comprehensive Housing Affordability Strategy 2016 (www.huduser.org)

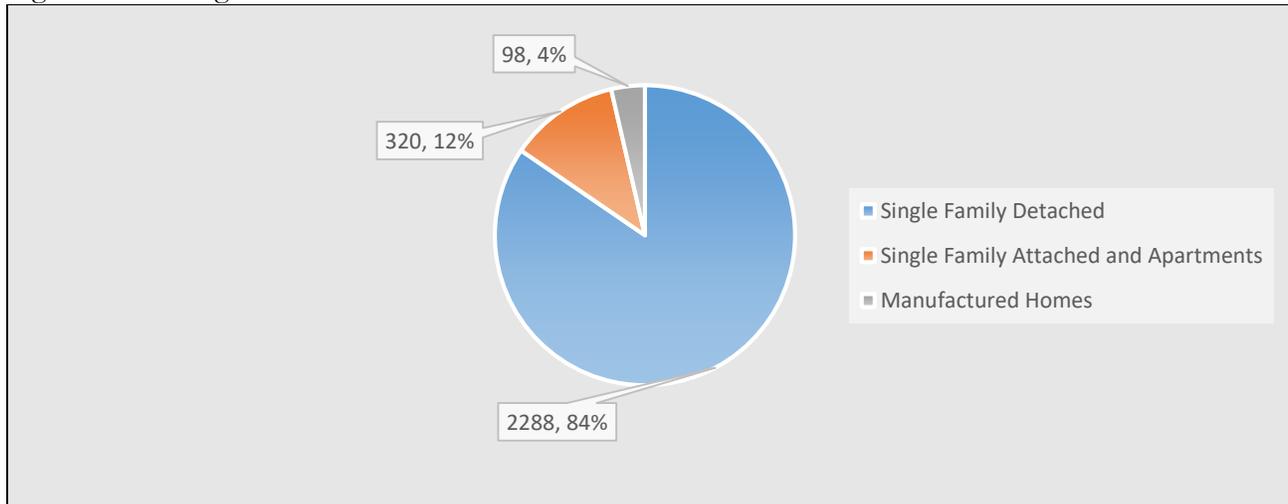
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A low income is considered to be 80% of the AMI. There are 1,075 households in Santaquin with a household income categorized as low income to extremely low income. The households that earn just 30% of the AMI find it very difficult to live within the affordable housing guidelines since they cannot afford average market rental rates. It is vital to the well-being of the community that households of all income levels have affordable housing options.

II. Current Housing Stock

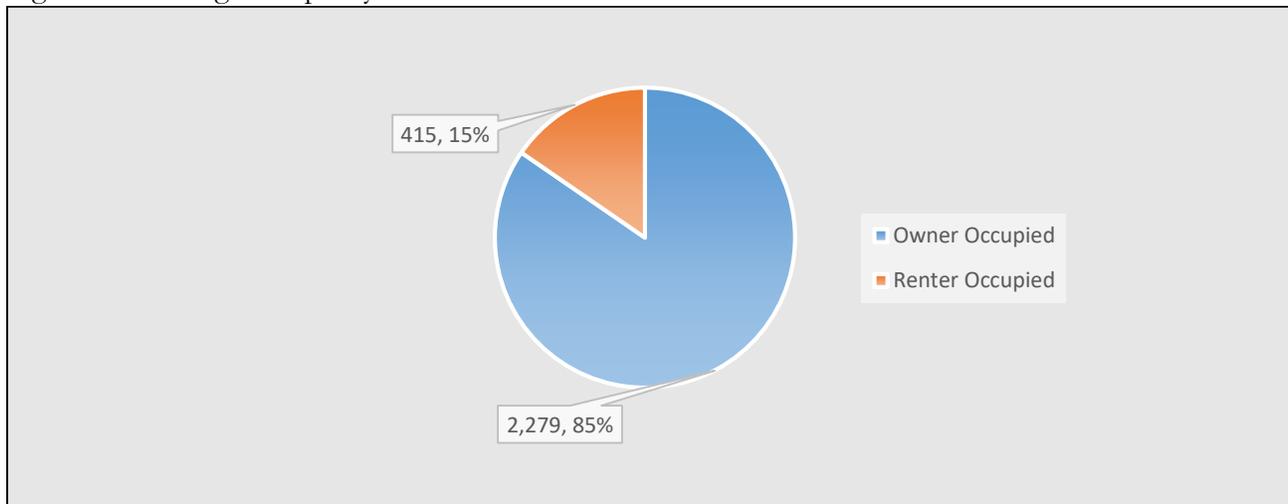
In 2017, Santaquin had 2,288 detached single family residences, 320 attached single family or apartment units, and 98 manufactured homes. These numbers combine for a total of 2,706 dwelling units. The majority of dwelling units in Santaquin were owner-occupied. There were 2,279 owner occupied units, 415 renter occupied units and 12 vacant units.

Figure 1: Housing Stock



Source: US Census Bureau's American Community Survey, 2017 (www.factfinder.census.gov)

Figure 2: Housing Occupancy

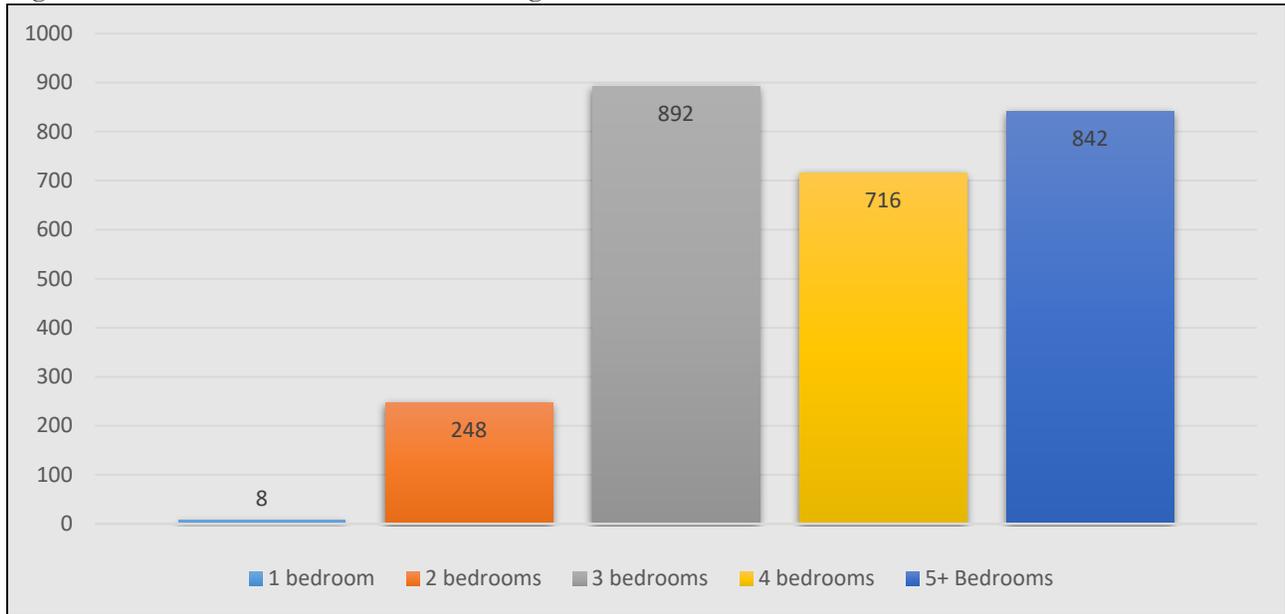


Source: US Census Bureau's American Community Survey, 2017 (www.factfinder.census.gov)

There are only 8 dwelling units that have one bedroom. The majority of housing units have 3+ bedrooms. Approximately 48% of the housing stock in Santaquin was built in 2000 or later and 14% built before 1959. Half of the owner-occupied units and 57% of the renter-occupied units are over 20 years old.

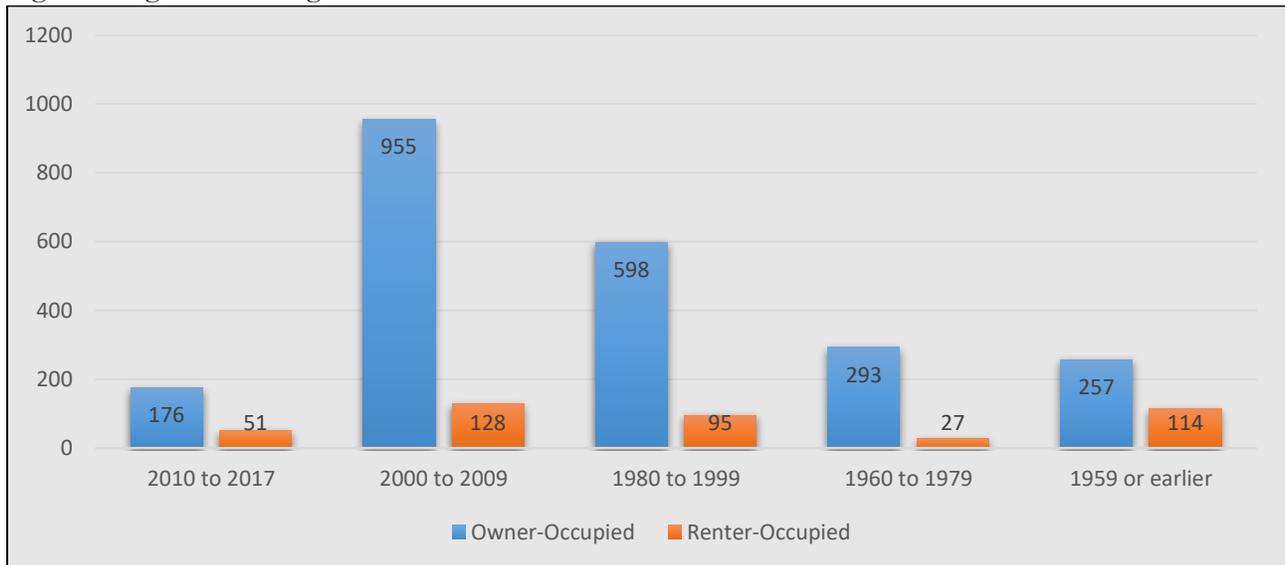
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Figure 3: Amount of Bedrooms in Housing Units



Source: US Census Bureau's American Community Survey, 2017 (www.factfinder.census.gov)

Figure 4: Age of Housing Stock



Source: US Census Bureau's American Community Survey, 2017 (www.factfinder.census.gov)

III. Housing and Rent Affordability

Affordability of housing units is determined by AMI and the amount a household at each income level can afford. Housing is considered affordable by State and Federal definition when a household spends no more than 30% of their annual income on housing expenses, including mortgage or rent and utilities. Households that spend more than 30% of their monthly income on housing expenses are considered cost-burdened.

In 2019, the AMI for Utah County was \$79,600 or \$6,633 a month. Based on these numbers, mortgage or rent and utilities should be no higher than \$1,990 per month for the unit to be considered affordable.

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The Moderate Income Housing Plan is created to ensure that housing is affordable for all income levels. The same affordability standards apply to all income levels. For example, a household that makes 80% of the AMI, which is \$63,680 or \$5,306 a month, can spend \$1,592 on mortgage or rent and utilities. A household will be considered cost-burdened if they pay more than \$1,592.

The table below summarizes the maximum monthly affordable housing costs for various income levels in Santaquin. The estimated maximum mortgage loan amount in the table below is based on a 30 year fixed rate loan at 3.7% interest and \$0 down payment, a monthly utility bill of \$321 and an estimated property tax.

Table 3: Affordability Summary 2019

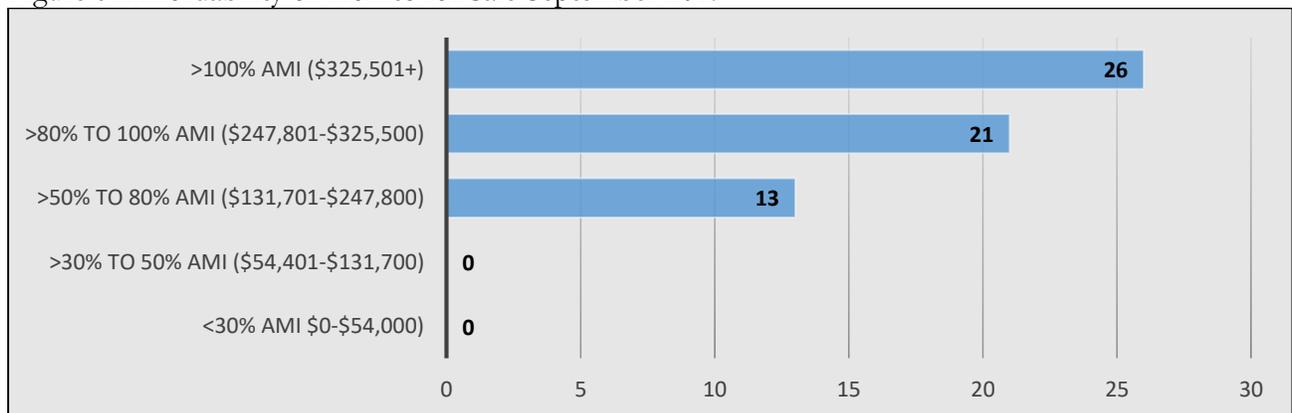
Household Income	Yearly Income	Monthly Income	Monthly Housing Expenses	Max. Mortgage Loan Amount
100% AMI	\$79,600	\$6,633	\$1,990	\$325,500
80% AMI	\$63,680	\$5,306	\$1,592	\$247,800
50 % AMI	\$39,800	\$3,316	\$995	\$131,700
30% AMI	\$23,880	\$1,990	\$597	\$54,000

Source: Information obtained from US Housing and Urban Development Income Limits Documentation System 2019(www.huduser.org)

Research conducted on utahrealestate.com and homes.ksl.com indicate that there were 60 homes for sale in Santaquin as of September 2019. Of the 60 homes available, 21 units are affordable to moderate income households and 13 are available to low income households

There were 19 properties listed for rent on zillow.com and rentler.com. Of the 19 properties available for rent, 10 were available to low income households, 5 for very low income households and 2 to extremely low income households.

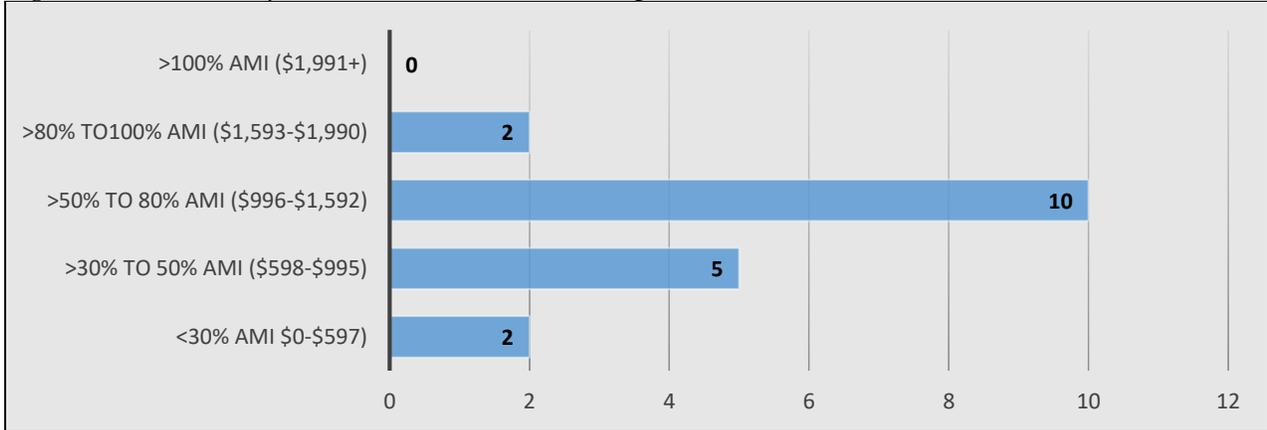
Figure 5: Affordability of Homes for Sale September 2019



Source: US Census Bureau's American Community Survey, 2017 (www.factfinder.census.gov, utahrealestate.com, homes.ksl.com 2019)

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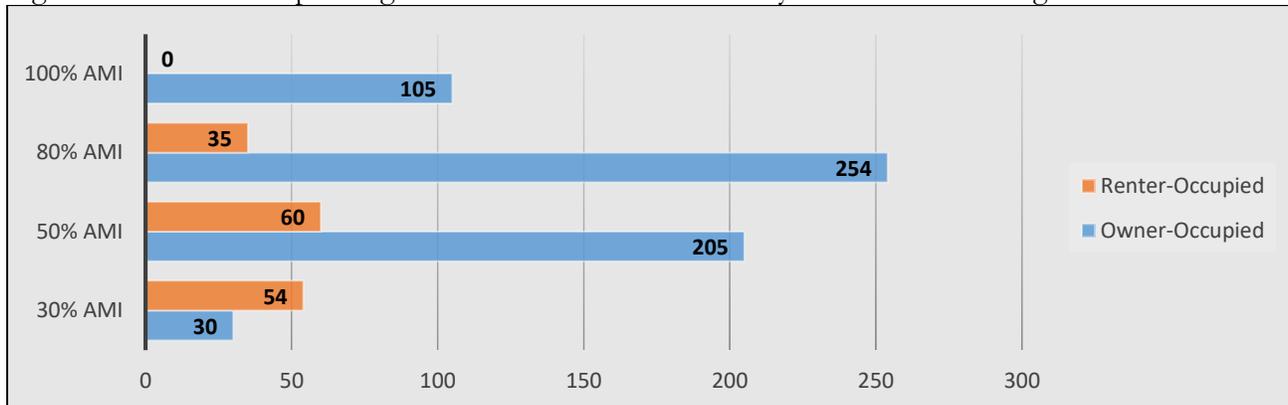
Figure 6: Affordability of Available Rental Units September 2019



Source: US Census Bureau's American Community Survey, 2017 (www.factfinder.census.gov, Zillow.com, Rentler.com 2019)

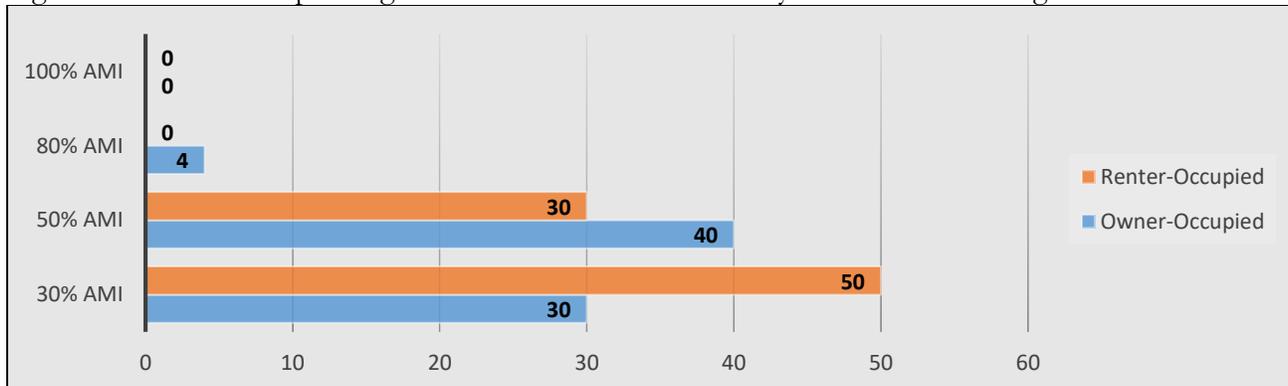
The two figures below show the owner-occupied and renter-occupied households that are spending 30% or 50% of their monthly income on housing. The majority of cost-burdened households are in the 80% AMI category and spend 30% or more of their income on housing.

Figure 7: Households Spending 30% or More of Their Monthly Income on Housing



Source: Comprehensive Housing Affordability Strategy 2016 (huduser.gov)

Figure 8: Households Spending 50% or More of Their Monthly Income on Housing



Source: Comprehensive Housing Affordability Strategy 2016 (huduser.gov)

IV. Evaluation of How Existing Land Uses and Zones Affect Opportunities for Moderate Income Housing

Santaquin's affordable housing is clustered near the center of town. This is primarily due to the zoning regulations that are in place and the age of the housing stock in this area. Some affordable housing is also found in newer, larger homes, where accessory apartments are located. Santaquin's zoning regulations allow for more affordable housing to get built in areas which are more readily serviced by public transit, services and amenities.

Zoning around Main Street allows for multi-unit housing and even encourages more housing opportunities near the Central Business District. These areas are serviced by public transit and are within walking distance to business.

Most of the older homes in the core area include 2-3 bedroom structures on large lots. Santaquin allows for redevelopment, infill reduction standards and flag lots within the core area of town to increase the amount of new affordable housing stock in the area. The infill reduction allows for the square footage of the lot and the lot frontage to be reduced by 20% from what the underlying zone requires. This always for smaller more affordable lots and homes.

Other affordable units in the city are accessory apartments. They are sought by single person households and young families with limited incomes and older individuals, who also benefit from these units, since the rental income helps subsidize their retirement incomes. Accessory apartments are allowed in every residential zone in Santaquin.

Santaquin also encourages higher densities within typical single family zones by doing a Planned Unit Development(PUD). A PUD allows for additional multi-family and "starter home" dwellings. With the approved PUD's in the City, there will continue to be multi-family and starter home dwelling for the foreseeable future.

V. Santaquin's Program to Encourage Moderate Income Housing for the Next Five Years

Providing a mix of residential densities, both in housing and parcel size throughout the community can stabilize home values, draw a variety of households to the City, and increase economic potential. Knowing this, Santaquin has zoning regulations near downtown that allows for more infill and high density developments where infrastructure is readily available. This directed growth will likely consist of smaller lots or higher density developments, which helps provide housing opportunities not readily available to those with extremely low income. It will also increase economic development potential and local business support in the downtown area. Areas which have not been developed yet or are currently in agriculture operations are slated for low density development (e.g. ranchettes, farmsteads) for those seeking larger properties and animal rights. Other lands within current developments are also being reserved for housing of attached single family homes or large lot estate homes. All of these efforts will strengthen the housing market around Santaquin while maintaining the affordability of homes.

Providing high density residential areas in strategic locations will be a priority. The objectives of establishing high density residential areas is to provide a residential environment within the city which is characterized by dwellings that may include attached and detached single-family homes, patio homes, townhomes or row-houses, duplex and apartments. These areas are situated to take advantage of existing public infrastructure, e.g. recreation facilities, utilities, services, schools and shopping centers. Proximity to these uses allows more

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community interaction with reduced dependence on automobiles with neighborhoods that are designed for walkability. Providing more density in these areas allows for development of properties with unique limitations due to size, configuration, location or price. These areas serve to recapture tax base opportunities lost by larger lot single family developments and increase the viability of commercial areas. The design of high density areas should integrate high quality materials and building character with integration to existing neighborhoods rather than create isolated and walled off housing projects. Allowing for more varied housing opportunities in the area can meet the needs of many levels of economic and demographic characteristics within the city, including young single professionals, recently married couples and elderly or retire couples or individuals that prefer less house size and less maintenance responsibilities

The following goals and policies should be considered as the City reviews future residential development proposals

GOALS OF THE MODERATE INCOME HOUSING PLAN:

- Goal 1 Ensure that housing within the community is safe, accessible, sanitary, and constructed with lasting materials.
- Goal 2 A variety of housing types should be integrated throughout the City in various locations, and consistent with the needs of all household types and incomes.
- Policy 1 Provide a mix of lot sizes and housing types in new residential developments so that a variety of household and demographic types can be integrated with a neighborhood and not isolated in one development area.
- Policy 2 Distribute multi-family development opportunities throughout the community consistent with the Land Use Plan
- Policy 3 Work cooperatively with the Utah County Housing Authority to provide opportunities for Section 8 rent assisted housing.
- Policy 4 Utilize state or federal funds or tax incentives to promote the construction of moderate and low income housing.
- Policy 5 Utilize programs offered by the Utah Housing Corporation.
- Policy 6 Utilize affordable housing programs administered by the Utah Department of Housing and Community Development.
- Policy 7 Find ways to reduce utility expenses and housing costs for families with very low and extremely low incomes.
- Policy 8 Continue to allow for accessory apartments throughout the City to help subsidize mortgage payments and allow for affordable rentals in the City.
- Policy 9 Allow for higher density and moderate income residential developments around commercial, and employment centers.