

CITY OF LEHI, UTAH



GENERAL PLAN MODERATE INCOME HOUSING ELEMENT

Prepared by:
Lehi City Planning Department and Mountainland Association of Governments

Adopted by Lehi City Council
December 12, 2017

Recommended to City Council
by Lehi City Planning Commission
November 9, 2017

MODERATE INCOME HOUSING ELEMENT

I. INTRODUCTION

The availability of moderate income housing has become a statewide concern. In 1996, the Utah State Legislature adopted statutes requiring that each municipality have a moderate income housing element as part of their general plan. Those statutes are currently found in Section 10-9a-403(2) (a) (iii) of the Utah Code. This section of the Utah Code requires that the Moderate Income Housing Element include the following:

1. An estimate of the need for the development of additional moderate income housing within the City; and
2. A plan to provide a realistic opportunity to meet estimated needs for additional moderate income housing if long-term projections for land use and development occur.

This section of the Utah Code also states that in drafting the moderate income housing element, the Planning Commission shall consider the Legislature's determination that cities should facilitate a reasonable opportunity for a variety of housing, including moderate income housing:

1. To meet the needs of people desiring to live there; and
2. To allow persons with moderate incomes to benefit from and fully participate in all aspects of neighborhood and community life.

Therefore, the purpose of the Moderate Income Housing Element of the Lehi City General Plan is to address the issues identified by the State and to establish the City's goals and policies for moderate income housing. These efforts are intended to provide safe, attractive, and affordable housing for all residents of Lehi. To accomplish this, the plan looks at current and projected housing needs and the factors that may affect the availability of affordable housing particularly for people with moderate incomes.

II. WHAT IS MODERATE INCOME HOUSING?

Moderate income housing as defined by the Utah State Code ' 10-9a-103(21) is: "...housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income of the county in which the city is located." The 2017 median income for a household of four persons in the Provo/Orem Metropolitan Statistical Area, as estimated by the U.S. Department of Housing and Urban Development (HUD) is \$67,600. Eighty percent of that amount is \$53,680, therefore moderate income housing would be housing that is occupied or reserved for families with an annual income of \$53,680 or less. This Utah County moderate income level is recommended by the State to be used by Lehi in determining whether or not housing is affordable.

III. ESTIMATE OF EXISTING SUPPLY

In order to assist municipalities in estimating the existing supply of affordable housing units within each city, the Utah Workforce Housing Initiative (UWHI) was created. The UWHI is recognized

and supported by both the State and Mountainland Association of Governments in these efforts. As part of the UWHI assistance program, a moderate income housing model has been provided. Lehi City used this model to estimate their existing and anticipated supply of moderate income housing. The model includes an extensive evaluation of 2010 census data as well as local and county data regarding demographics, population, income, and the number of existing and anticipated residential units and their valuation among other factors. Additional information regarding the model and the inputs used is available upon request at the Lehi City Planning Department.

According to the UWHI model and as illustrated by figure 1, Lehi currently has a total deficit of 43 units for households at the Metropolitan Statistical Area Median Income (MSAMI). Also according to the model the City has a deficit of 272 units for households making 80% of the MSAMI, a deficit of 535 units available to those making 60% of the MSAMI, a deficit of 1,427 for those making 50% of the MSAMI, and a deficit of 2,015 units for those making 30% of the MSAMI. The Model also provides information on the number of dwelling units in the City according to the different MSA income levels. The Model shows that Lehi has a total of 16,170 housing units. Of that total, 1,718 units, or 10.6%, are considered affordable at the 80% MSAMI or less. This unit total is taken from the UWHI Model and includes owner-occupied and rental units.

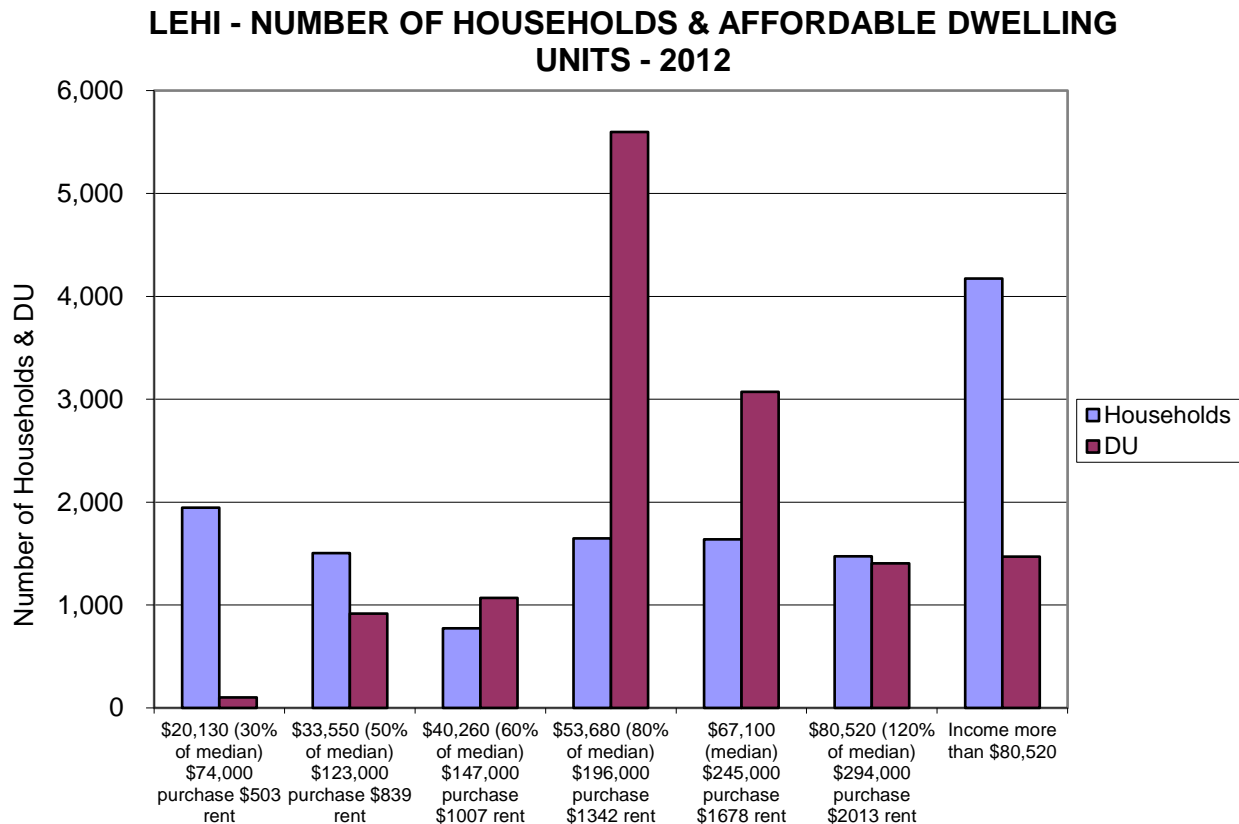
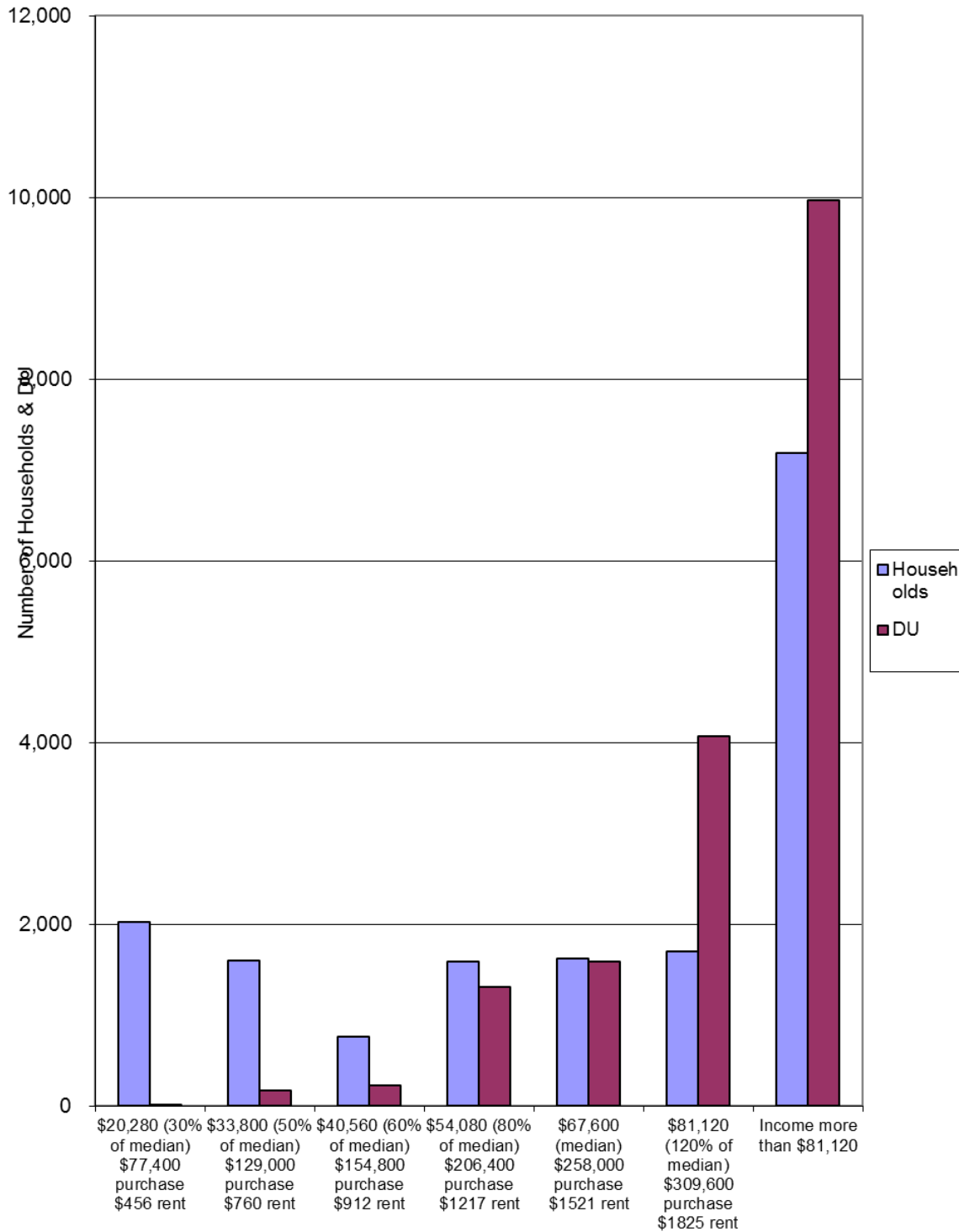


FIGURE 1

LEHI - NUMBER OF HOUSEHOLDS & AFFORDABLE DWELLING UNITS - 2017



Since 2012, Lehi has experienced a drastic decrease in housing affordability. Median household income has only increased by \$500, from \$67,100 to \$67,600, while median house prices have

increased from \$239,000 to \$297,000, moving many housing units to higher value categories. Whereas Lehi had a large surplus of housing in the 80% and 100% of AMI categories in 2012, it now has surpluses in the 120% and more than 120% AMI categories only. For households making the median AMI or below, it is now difficult to find affordable housing within the city.

Specifically within the 80% of AMI category, Lehi has gone from a surplus of 3,948 units to a deficit of 272 units. This means that in five years, over 4,000 affordable units have been lost.

IV. ESTIMATE OF THE NEED FOR MODERATE INCOME HOUSING IN THE MUNICIPALITY FOR THE NEXT FIVE YEARS

The majority of the need for moderate income housing within Lehi will be to serve the City’s own growth as well as provide housing for commuters working in Salt Lake County and the Provo/Orem MSA. The City’s goal should be to provide adequate housing for existing and incoming residents and more particularly their children as they grow up and move out of their parents’ home.

According to the UWHI Model and as illustrated in table 1, population growth in Lehi between 2017 and 2022 will create a demand for 499 additional units to be available to moderate-income families at the 80% MSAMI level. The demand for additional units at the 60% MSAMI level will be 668 units, the demand at the 50% MSAMI level will be 1,709 additional units, and 2,372 additional units will be needed for those making 30% of the MSAMI.

Affordable Housing Supply & Affordability Gap by HUD AMI - Lehi (Aug, 2017)	Affordable Shelter Cost			Number of Households (2017)	Number of DU (2017)	Affordable Housing Supply		
	Owned		Rent			Current (2017)	5 Years (2022)	10 Years (2027)
	Single Family	Multi Family						
30% of Median Up to \$20,280	\$73,800	\$69,300	\$456	2,022	7	(2,015)	(2,372)	(2,770)
50% of Median Between \$20,280 and \$33,800	\$123,000	\$115,500	\$761	1,599	172	(1,427)	(1,709)	(2,023)
60% of Median Between \$33,800 and \$40,560	\$147,600	\$138,600	\$913	758	223	(535)	(668)	(817)
80% of Median Between \$40,560 and \$54,080	\$196,800	\$184,800	\$1,217	1,588	1,316	(272)	(499)	(754)
MEDIAN Between \$54,080 and \$67,600 (median)	\$246,000	\$231,000	\$1,521	1,629	1,586	(43)	126	393
120% of Median Between \$67,600 and \$81,120	\$295,200	\$277,200	\$1,825	1,704	4,069	2,365	3,050	3,966
More than 120% More than \$81,120				7,189	9,964	2,775	3,699	4,971
Total				16,489	16,170	848	1,627	2,966

TABLE 1

Table 2 illustrates the existing affordability “gap” for 2017. This “gap” is an estimate of the difference between what the current average market price for an owned unit or price for rent and what a person/family at various moderate income levels can afford.

Price "Gap"					
Owned Unit (single family)		Owned Unit (multi family)		Rental (2 bedroom)	
Median Price	"Gap"	Median Price	"Gap"	Median Rent	"Gap"
\$297,000	(\$223,200)	\$195,000	(\$125,700)	\$825	(\$369)
\$297,000	(\$174,000)	\$195,000	(\$79,500)	\$825	(\$65)
\$297,000	(\$149,400)	\$195,000	(\$56,400)	\$825	\$0
\$297,000	(\$100,200)	\$195,000	(\$10,200)	\$825	\$0
\$297,000	(\$51,000)	\$195,000	\$36,000	\$825	\$0
\$297,000	(\$1,800)	\$195,000	\$82,200	\$825	\$0
	\$0				

TABLE 2

V. FUTURE TRENDS IN HOUSING

LEHI - TREND IN AFFORDABLE HOUSING SUPPLY

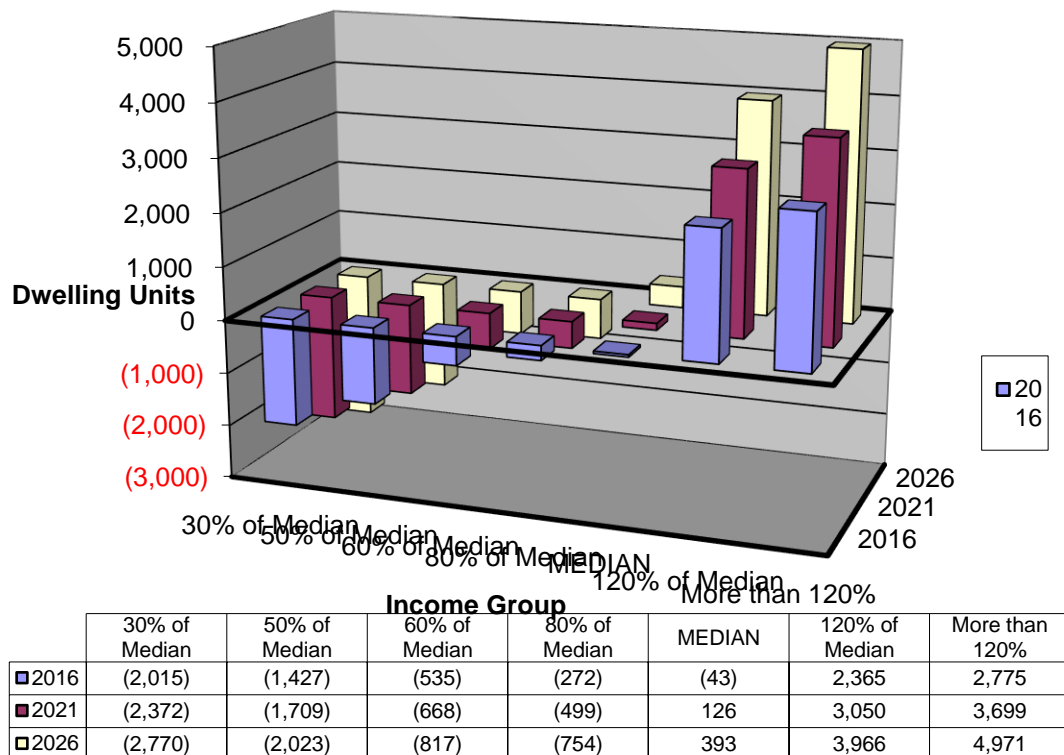


FIGURE 2

The UWHI model also provides information regarding future trends in affordable housing supply. Based on the graph shown in figure 2, the projected trend of affordable housing in Lehi shows that the deficit of housing for those in the 30%, 50%, 60%, and 80% categories will increase, while the deficit of housing for the median category will change to a small surplus. Those making 120% or above of the median will see greater and greater surpluses.

VI. SURVEY OF RESIDENTIAL ZONING

The City has fifteen zones that allow for a wide range of residential uses. They are: TH-5 (Transitional Holding 5 acre); A-5 (Agriculture 5 acre); A-1 (Agriculture 1 acre); RA-1 (Residential Agriculture 15,000 sq. ft.); R-1-22 (Residential 22,000 sq. ft.); R-1-15 (Residential 15,000 sq. ft.); R-1-12 (Residential 12,000 sq. ft.); R-1-10 (Residential 10,000 sq. ft.); R-1-8 (Residential 8,000 sq. ft.); R-2 (Residential-multi-family); R-2.5 (Residential-multi-family); R-3 (Residential-multi-family); MU (Mixed Use Single Family Residential and Commercial); RC (Resort Community); and PC (Planned Community).

The Residential Zones of Lehi City are formulated to provide a range of housing choices to meet the needs of Lehi City residents, to offer a balance of housing types and densities, and to preserve and maintain the City's residential areas as safe and convenient places to live. These zones are intended for well-designed residential areas free from any activity that may weaken the residential strength and integrity of these areas. Typical residential uses include single family dwellings, two-family dwellings, multi-family dwellings, condominiums and townhouses.

The larger zones including the TH-5, A-5, A-1 and RA-1 Zones, allow both agricultural and residential uses. The TH-5 Zone is designated primarily for the annexation of land where no water is dedicated upon annexation and where no city culinary water or pressurized irrigation water services will be provided. Characteristic of this Zone is a continuation of uses and services existing at the time of annexation. The A-5, A-1 and RA-1 Zones are designed to preserve lands suited for farming and ranching operations protected from the encroachment of incompatible uses. Additionally these zones are intended to allow viable agricultural uses to remain on lands potentially suited for the eventual development for other uses, pending proper timing and the provision of the required services including all public utilities, streets, parks, schools and other facilities, so that an orderly development pattern is encouraged.

The purpose of the Low Density Residential Zones (RA-1, R-1-22, R-1-15, R-1-12, R-1-10 and R-1-8) is to provide for single family residential areas and single family dwelling units on larger individual lots. The purpose of the Medium Density Residential Zone (R-2) is to identify and encourage the development of a variety of medium housing density types and styles, including single family dwellings, two-family and multiple family dwellings with a maximum of four dwelling units per structure. The purpose of the Intermediate High Density Residential Zone (R-2.5) is to provide as a transition zone between medium and high density residential or commercial areas, including low-rise townhouses and condos. The purpose of the High Density Residential Zone (R-3) is to provide an environment and opportunities for higher density residential uses, including single family detached and attached residential units, apartments, condominiums and

townhouses. The purpose of the Mixed Use (MU) Zone is to foster and provide an area of mixed, compatible residential, commercial and office uses in certain areas of the City.

The purpose of the Planned Community Zone is to create a cohesive mixture of land uses, including residential uses, which provide a range of housing types and densities, to accommodate a variety of age and income groups and residential preferences, so that the community's demographic diversity is maintained. The purpose of the Resort Community Zone is to create a complimentary mixture of land uses, including commercial, residential, recreational, and/or business park.

In addition to these residential zones, the City also allows clustered residential developments under its Planned Residential Development (PRD) and Planned Unit Development (PUD) ordinances. The PRD and PUD provisions function as overlay zones and allow design flexibility in the development of lands within the City. These clustering ordinances encourage the realization of several potential public benefits, one of them being to encourage the construction of affordable housing units within the City under conditions and requirements that will insure development of residential environments of sustained desirability and stability. Both ordinances have provisions that allow for density bonuses.

VII. EVALUATION OF ZONING'S EFFECT ON HOUSING OPPORTUNITIES

The Lehi City Planning Commission and City Council hold one of the most important keys to providing housing opportunities for persons of moderate income. The key the City holds is zoning. It appears from the data received from the model that Lehi's zoning has allowed for a surplus in housing for moderate income families. Families making 50% of the median income, who will typically be renters, may be affected by zoning, but may also be impacted by market conditions beyond the control of the City. Families making 30% of the median income will need federal or state government housing assistance in addition to the zoning regulations the City is providing to allow for moderate income housing.

VIII. EXISTING AND PLANNED DEVELOPMENTS THAT INCLUDE MODERATE INCOME HOUSING

There are several noteworthy developments or residential areas located within Lehi City that have helped or will help provide for the housing needs of those with moderate and below moderate incomes. A brief description of each one is as follows:

Mayflower Harbor Apartments at Pilgrim's Landing – This high density apartment project consists of 64 two bedroom apartments and 128 three bedroom apartments that are income restricted to those making 50% of the MSAMI.

Downtown Residential Neighborhoods – The neighborhoods in the historic downtown area of Lehi have numerous older, yet clean and attractive homes that are moderately priced. There are also many duplex, triplex, and other multi-family units scattered among the single family homes. These downtown neighborhoods have provided a great source of affordable housing to younger couples as well as elderly persons on a fixed income.

Holbrook Annexation – This area consists of 1,800+ acres of property that was recently approved for annexation on the west side of Lehi between the Jordan River and Redwood Road. The property was approved with over 240 acres zoned for high density residential that allows up to 12 units per acre and an additional approximately 280 acres zoned for medium density residential that allows up to 6 units per acre. The City anticipates that the developments in this area will help provide additional affordable housing.

Lehi Gateway – This is a recently constructed high-density project featuring 51 townhomes and 60 condominiums. The condos price out at about \$207,000 per unit, making them somewhat affordable.

The Exchange – This is a recently constructed high-density project that features, among its other high-density offerings, relatively affordable condominiums at about \$220,000 per unit.

IX. MODERATE INCOME HOUSING FOR SPECIAL NEEDS POPULATIONS

It is difficult to estimate the exact need for housing for special needs populations such as seniors, disabled, single mothers, homeless, or victims of domestic abuse. However, in an effort to address the needs of these people, the City is committed to, and is a member of the Utah Valley Consortium of Cities and County (UVCCC). As a member, the City contributes its allocated share of Housing and Urban Development (HUD) funds to help address various low and moderate income housing needs throughout Utah County. Some of the programs that are supported and funded by UVCCC include:

1. Women and Children in Crisis
2. Habitat for Humanity
3. Housing Services of Utah Valley
4. Rehab facilities, for low income families
5. Re-Entry Assistance Program (REAP) (an assistance program for Utah County Jail inmates that are being released from jail and would otherwise be classified as homeless)
6. Utah Alcoholism Foundation’s House of Hope program
7. Mental illness and rehab housing programs within the County
8. Neighborhood revitalization projects
9. Down payment assistance program

As mentioned previously, the City has various retirement oriented projects that address the need for elderly housing. These projects include Meadow Park Villas with 80 units, and Willow Park Villas with 96 units, and they are designed specifically as affordable senior communities. The City also has Abbington Manor with 60 units and Medallion Supported Living Center with approximately 30 units. These are two of the City’s larger assisted living centers that help meet the housing needs for both elderly and disabled persons who need special assistance. The City also has several other smaller residential facilities for the elderly and persons with a disability located throughout the City including 16 unit and 8 unit satellite facilities that are part of Abbington Manor’s operations.

Beehive Homes has built a 16 unit residential facility for the elderly within the City. The City was willing to work with Beehive Homes to increase the number of units allowed in a residential care

facility in a single family residential zone from 8 to 16 units in order to accommodate their request. The City has also been willing to grant density bonuses to developers for retirement based communities for the elderly. This additional density was granted when their projects were approved through the Planned Unit Development process. We would expect that the City will continue to consider density bonuses for these types of projects in the future to encourage housing for the elderly and disabled.

In addressing the homeless population, it would be difficult for a small to medium sized city such as Lehi to support its own homeless shelter because there is no direct access to a full medical facility (hospital), public transportation facilities are limited, and there is no direct access to meal providers (soup kitchens etc.). These supporting facilities are available in larger cities such as Salt Lake, Provo, and Orem where the nearest homeless shelters are currently located. As Lehi and the north end of the County continue to grow, these types of facilities will need to be addressed in the future on a local level. Until such time, Lehi City will continue to lend its full support toward providing housing for the homeless at a county level through its membership in the Utah Valley Consortium of Cities and County (UVCCC). This is an effective way to address the homeless problem by pooling the resources of several communities in Utah County.

X. LEHI'S PROGRAM TO ENCOURAGE MODERATE INCOME HOUSING

When The Moderate Income Housing Element was originally adopted in 1998 the City estimated a large surplus (1,131 units) for households making 80% of the MSAMI and the deficit of units available to those making 50% of the MSAMI as only 8 new units per year for the next five years. Each year as the Element was updated, the City continued to maintain a surplus for households making 80% of the MSAMI and the deficit of units available to those making 50% of the MSAMI remained significantly low.

Based on the updated findings of the UWHI Model for the year 2017, it is evident that Lehi City's zoning, land use and development regulations are **not adequately providing** moderate income housing for those under its control who make 80% or more of the MSAMI. The City anticipates that current zoning and land use regulations will not continue to provide an adequate supply of moderate income housing in the future. The City has a low percent of affordable housing (9.9% of all units) because insufficient steps have been taken to provide for the continued growth of affordable housing in Lehi. As remedies, staff recommends several options:

1. The R-2 Duplex Overlay should not be expanded. Such a course of action would decrease affordability in the city even more, by reducing the amount of land that is available for high-quality duplex construction. Also, there is not much R-2 land left in the city, making expansion of the overlay somewhat pointless.
2. The Planning Commission and City Council should approve upcoming TOD overlays that would incentivize high-density development in areas for which more intense development makes sense, such as near future TRAX stations.
3. The city could implement low percentages of income-restricted housing, mixed into market-rent developments. Density bonuses could be given as an incentive for developers to implement this.

The City will continue to monitor housing within the City and review this Element on a biennial basis to be reviewed in January of each even numbered year, to assure that the City's needs are being met.

XI. LEHI'S GOALS AND POLICIES FOR MODERATE INCOME HOUSING

Goals:

1. To ensure an adequate supply of safe, accessible, sanitary, and aesthetically pleasing moderate income housing integrated throughout the City in various locations, and consistent with the needs of all segments of the population.
2. Develop programs and incentives to improve and maintain existing housing, especially in the historic neighborhoods.
3. Create a neighborhood preservation zone for the residential districts in downtown Lehi.

Policies:

1. Encourage a mix of lot sizes and housing types in new residential developments so that moderate income housing is properly integrated and not concentrated in one development or area.
2. Encourage requirements to keep moderate income housing consistent with other residential development within the City, such as landscaping, quality building materials, and varied architectural styles.
3. Encourage the rehabilitation of existing uninhabitable housing stock into moderate income housing.
4. Facilitate the rehabilitation or expansion of infrastructure that will encourage the construction of moderate income housing.
5. Consider utilization of state or federal funds or tax incentives to promote the construction of moderate income housing.
6. Consider utilization of programs offered by the Utah Housing Corporation within that agency's funding capacity.
7. Consider utilization of affordable housing programs administered by the Department of Community and Culture.
8. Regularly update the Moderate Income Housing Element and Affordable Housing Model to determine the housing needs for all groups, to quantify specific housing needs, and to identify solutions to housing problems. This Element will be reviewed on a biennial basis.
9. Encourage life-cycle housing that provides different housing options to allow people to live and grow in the same community.
10. Continue implementation of the 2007 Downtown Revitalization Plan.