City of Saratoga Springs

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Moderate Income Housing Report

Zions Public Finance, Inc.
Commun1tY.one
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Housing Market Overview

Housing growth and affordability has been capturing headlines across the country. The demand for new housing units is especially strong in Utah where the population is projected to double in the next 25-30 years. The State's economy is strong, having posted nearly 375,000 new jobs in the past 10 years. In comparison, Wyoming has grown by only 7,800 jobs, while Idaho has added 140,000 net new jobs.[1]

Utah's households are unique. The State has the lowest median age in the nation and the highest median household size, thereby influencing the type of housing product that is needed in the State. While Utah is showing signs of following national trends, with median age increasing and household size decreasing, demographics in Utah are still considerably different from that in the rest of the nation. However, as demographics change over time, housing product will also need to adapt to ensure that the needs of all age and income groups are met.

While incomes in Utah are the second-fastest growing in the nation, and have grown by 46.19 percent between 2000 and 2017, house prices have increased even faster – at a rate of 75.1 percent over the same time period.[2] This increasing gap between wages and home prices makes it ever more difficult for a first-time, or move-up, homebuyer to purchase real estate. In response to these economic conditions, many communities are considering strategies to reduce housing costs through a variety of means as discussed in this study.

Transportation costs are a critical factor when evaluating housing affordability. In Utah County, annual transportation costs are $15,714, representing 25.0 percent of average incomes.[3] Costs are slightly higher in Saratoga Springs where the annual average cost is $16,779. This is likely because the daily average commute time to and from Saratoga Springs is slightly higher than the County average.

While housing affordability is a concern in Utah, home prices along the Wasatch Front are still substantially more affordable than in other economic centers in the West. The table below shows the ratio of average home prices to average household incomes.[4] Salt Lake County has a ratio of 3.26. This means that the average home price in the County is 3.26 times the average wage, such as a home price of $326,000 and a wage of $100,000, or a home price of $250,000 and an average wage of $76,687.

Table 1: Comparative Housing Affordability Index

Area	2000	2010	Current
Utah County			4.11
Salt Lake County	3.26	3.31	4.03
Davis County	2.65	2.92	3.40
Weber County			2.76
Tooele County	2.22	2.45	2.74
Wasatch Front MCD			3.26
State of Utah	2.99	3.13	3.83
Portland, OR			5.12
Phoenix, AZ			5.44

[1] Zions Bank, *Economic Insights*
[2] American Community Survey (ACS) 2017
[3] Center for Neighborhood Technology (CNT.org)
[4] CityData; National Association of Realtors

Area	2000	2010	Current
Denver, CO			5.84
Las Vegas, NV			5.13
San Francisco, CA			18.12

Saratoga Springs is one of the fastest growing cities in Utah County and in the State. It is currently the ninth largest city in the County and is projected to become the fourth largest by 2040 surpassing Spanish Fork, Pleasant Grove, and Springville in size.[5] With rapid growth, long-term planning is both a challenging and vital task to ensure that growth is beneficial to residents and businesses. Facilitating proper housing development that is safe, efficient and diverse in type and affordability can improve the economic performance in the City, promote a feeling of community, and enhance the quality of life. The type of residential development that occurs will be influenced by government regulations and policies, zoning, existing land uses, and market forces.

This report provides all of the required elements of SB34 for housing elements of a General Plan.

Summary of Findings

Saratoga Springs has experienced a dramatic rise in population in recent years, much like the rest of the Wasatch Front. Most of the City's affordable units are in the higher threshold of affordability (80% of AMI) meaning that those citizens in the lower- to mid-level thresholds (30% and 50% of AMI) may not have the adequate housing opportunities in the City.

The analysis uses the following steps to evaluate housing affordability in the City:

- Identifies the number of households in Utah County that fall within the following income categories:
    - 30% of AMI
    - 50% of AMI
    - 80% of AMI
- Calculates Saratoga Springs' fair share of housing units needed ("demand") to serve these income categories based on the ratio of the City's households to the rest of the County[6]
- Researches the number of housing units ("supply") in the City that are affordable (based on HUD guidelines) for each income category
- Calculates the surplus (shortage) of units in Saratoga Springs for each income category

Based on these steps, the analysis concludes that the City could use nearly 700 additional affordable units, mainly to serve households with incomes less than 50% of AMI.

Table 2: Affordable Housing Needs

	30% of AMI	30% to 50% of AMI	50% to 80% of AMI	Total
Income Level	$23,900	$39,800	$63,700	

[5] Governor's Office of Management and Budget Subcounty Population Projections

[6] Calculation Example – The 2013-2017 ACS estimates that there are 155,664 households in Utah County. 21,117 of those households, or 13.57 percent, are below the 30 percent AMI threshold. Therefore, the Saratoga Springs fair share calculation is the ACS's estimated total number of Saratoga Springs households multiplied by that same percentage: (6,058 * .1357 = 822)

	30% of AMI	30% to 50% of AMI	50% to 80% of AMI	Total
Housing Price	$60,229	$140,702	$261,665	
Countywide HH's in Income Category	21,117	20,238	31,171	
% of All HHs Countywide	13.57%	13.00%	20.02%	
Saratoga Springs Units Needed Based on Fair Share of County	822	788	1,213	2,823
Total Affordable Units in Saratoga Springs	0	319	1,812	2,131
Additional Units Needed to Meet Fair Share of County	822	469	(599)	692
Saratoga Springs Actual HH's in Income Category	134	387	1,195	1,716
Difference Between County Proportion and Saratoga Springs Actual HHs	688	401	18	1,107

As the City grows, it is anticipated that demand for affordable housing will increase proportionate to population growth. Over the next five years it is projected that the City will grow by 2,860 households. The City will need to continue to consider this growth when planning housing supply in the future.

The City has proactively identified several strategies to diversify the existing housing stock in the City and serve the needs of all age and income groups. Some of these strategies include rezoning initiatives, higher density allowed in certain areas (especially near transit), reduced requirements for the use of accessory dwelling units and encouragement of more housing product types.

Demographics Overview

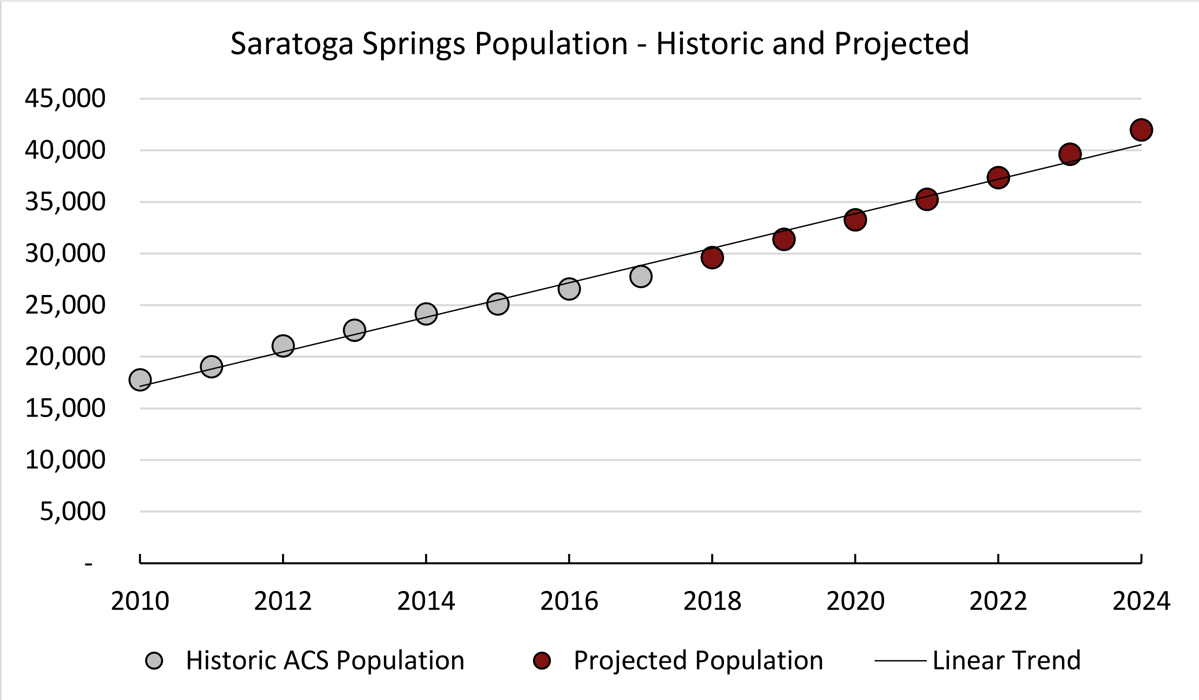
Demographic characteristics greatly influence housing demands within an area. Population growth, age, income and other characteristics of a city's population determine what types of housing are desired and needed. A variety of housing options is also important to ensure that the needs are met in all stages of the lifecycle. This section evaluates these factors in Saratoga Springs in order to inform the analysis of the demand for units now and in the future.

Population and Households Growth

The City's fast population growth increases the challenge of accurately projecting housing needs across all demographic groups. The City's population was 17,781 in 2010 according to the United States 2010 Census. The City had an estimated population at 27,780 in 2017[7] – an amazing 66.5 percent increase in just 7 years. This population makes up 6,977 households living within the City as of 2017. While Utah has had remarkable population growth statewide, the State's population growth over the same time period was relatively much lower compared to Saratoga Springs, only 11.7 percent.

Population is projected to be around 42,000 with 10,370 households by 2024. Population growth in the City has been largely linear since 2010 and the projection below is based on the expectation of the trend continuing. The graph below shows this projection based on historical Census data.

[7] Source: City of Saratoga Springs



Similar to the population, household sizes have also been steadily increasing. From 2010 to 2017 the average household size went from 4.05 to 4.23, a difference of 0.18 persons per household.[8] The national trend is a decrease in household size; therefore, this study assumes the household size will follow the national trend and decrease back to around 4.05 by 2024, and perhaps even further thereafter. The projected population divided by the projected household size produces a projected number of households, informing the number of housing units needed (discussed in "Projected Housing Needs"). This estimated number of households (7,510) will be used as the current number of households in comparison to current housing supply.

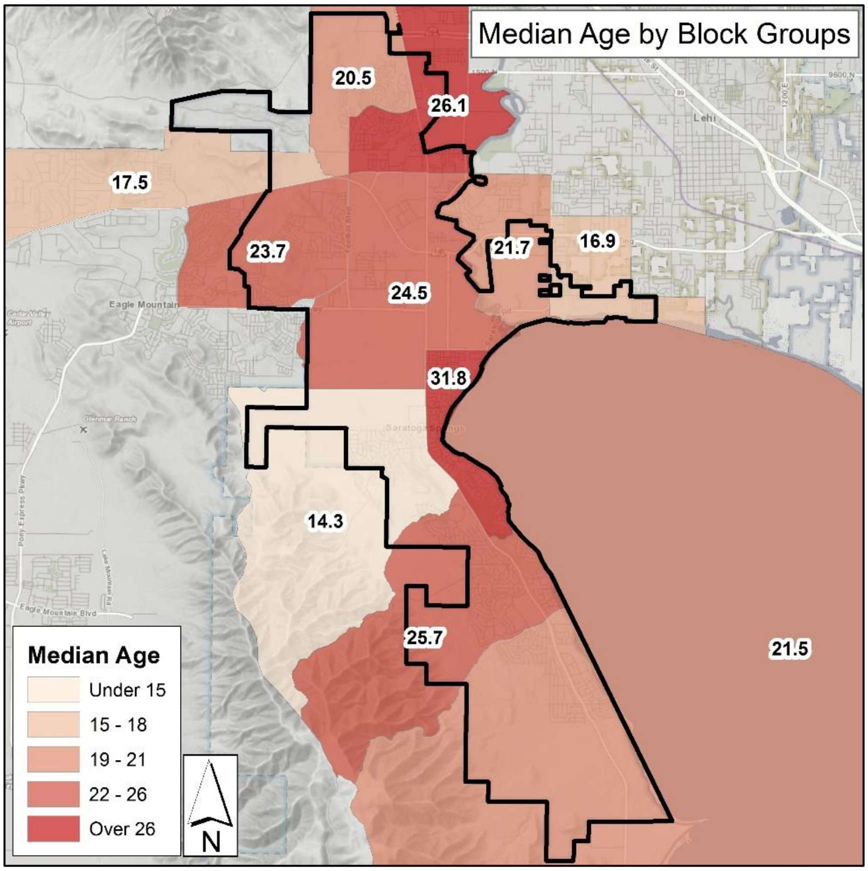
Table 3: Projected Population and Households

Year	Projected Population	Projected Household Size	Projected Households
2019	31,384	4.18	7,510
2020	33,268	4.15	8,011
2021	35,254	4.13	8,542
2022	37,379	4.10	9,114
2023	39,622	4.08	9,722
2024	42,000	4.05	10,370

Age and Household Size

Saratoga Springs has a median age of 21.4 years, slightly younger than the Utah County median of 24.5 years old and much lower than the statewide median of 30.5. New developments in the southwestern and southern areas of the City have lowered the median age as new homes are being filled with young families. Block Group 490490101061 has a median age of 14.3, which is the lowest of any block group with boundaries within the City. [9]

[8] U.S. Census Bureau 2010 Census and ACS 2013-2017 5-Year Estimates
[9] U.S. Census Bureau ACS 2013-2017 5-Year Estimate



Source: U.S. Census Bureau ACS 2013-2017 5-year Estimate, Utah AGRC

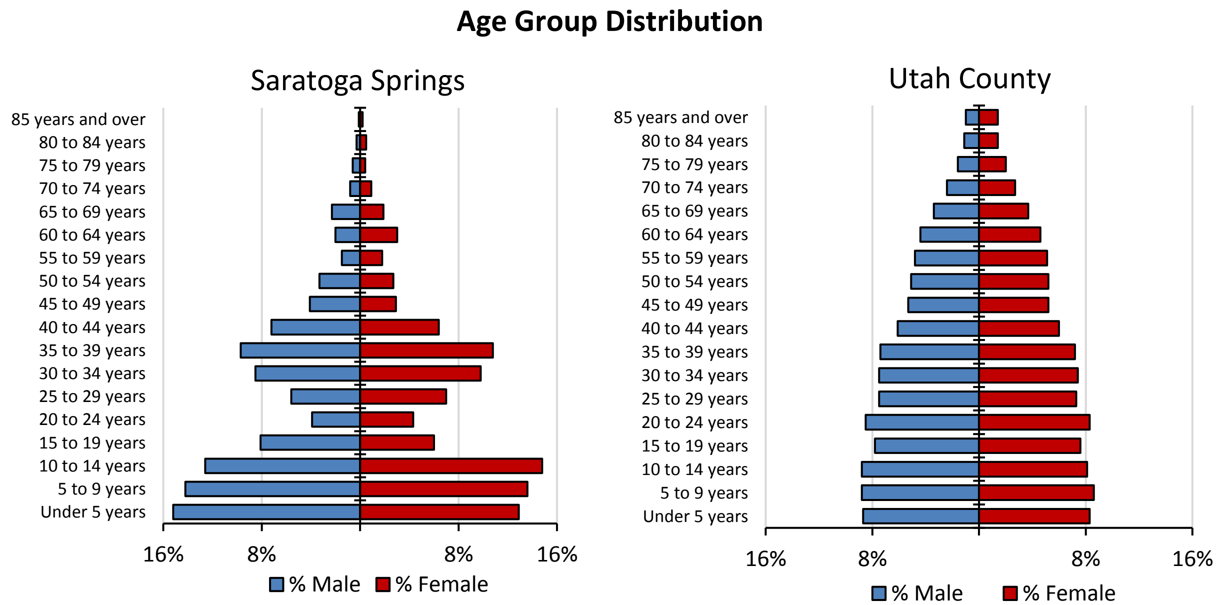
Saratoga Springs is a family-oriented community with a high average household size of 4.23 persons per household. Over 68 percent of the current households contain children under 18 years old and nearly half of the population is under the age of 18.

Table 4: Age and Household Characteristics in Saratoga Springs

	Saratoga Springs	Utah County	Utah
HH Size	4.23	3.60	3.14
Median Age	21.4	24.5	30.5
% of households with someone under 18	68.1%	49.3%	41.3%
% of total population under 18	47.0%	34.5%	30.4%
% of total population 65 and over	4.0%	7.2%	10.3%

Source: U.S. Census Bureau ACS 2013-2017 5-Year Estimate

The population pyramid below shows a detailed breakdown of age groups compared to Utah County. The disproportionate distribution of the pyramid helps to highlight Saratoga Spring's young population and how it compares to the average distribution in Utah County. There are more children under the age of 18 than any other age group in the City. The next largest age group are adults between the age of 30 to 44 years old. This suggests that the predominant family profile in the City is established families with infants and school-age children. The smallest categories in the City are the elderly adults over the age of 75 years old and who constitute less than 1 percent of the total population.



Source: U.S. Census Bureau ACS 2013-2017 5-Year Estimate

Income

Saratoga Spring's median household income is $88,804; this is $21,762 higher than the County median income of $67,042. The City's median income is comparable to surrounding cities like Lehi and Herriman, but much higher than that of American Fork and Eagle Mountain.[10]

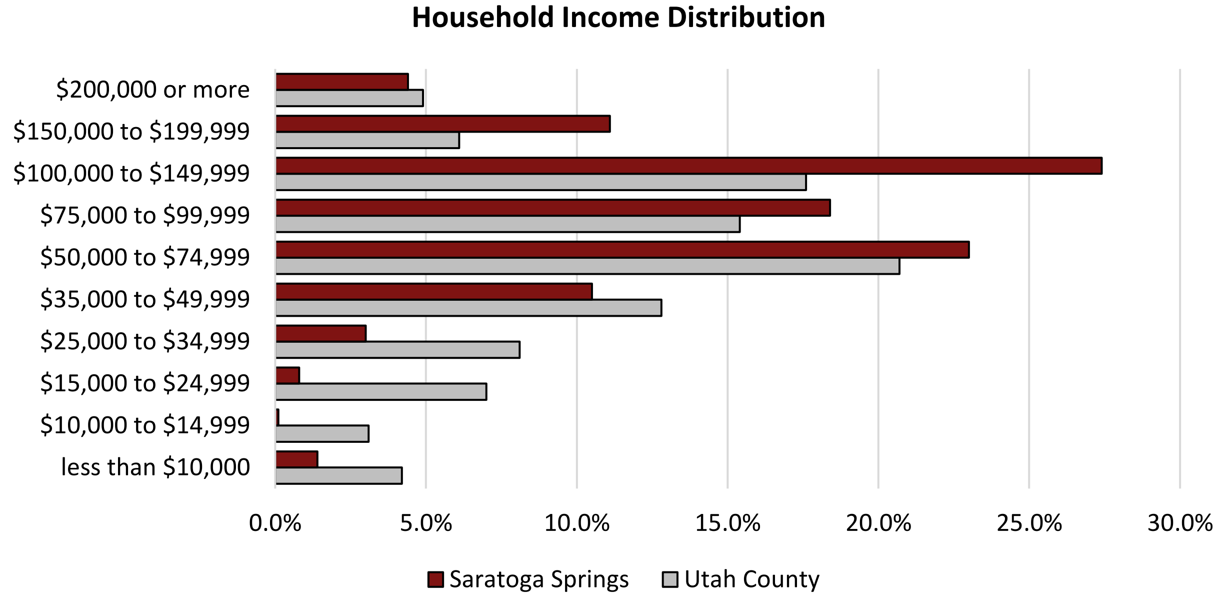
Table 5: Median Income

	American Fork	Bluffdale	Draper	Eagle Mountain	Herriman	Lehi	Saratoga Springs	Utah County
Median Income	$70,926	$105,391	$110,270	$74,885	$94,837	$85,794	$88,804	$67,042

Source: U.S. Census Bureau ACS 2013-2017 5-year Estimate

Over 40 percent of the households in Saratoga Springs makes over $100,000 per year, compared to 28.6 percent countywide. Only 5.3 percent of households live on less than $35,000 in the City while 22.4 percent of households in Utah County live at this income level or less. The largest income category is $100,000 to $149,999 with 27.4 percent of the City's households in this income range.

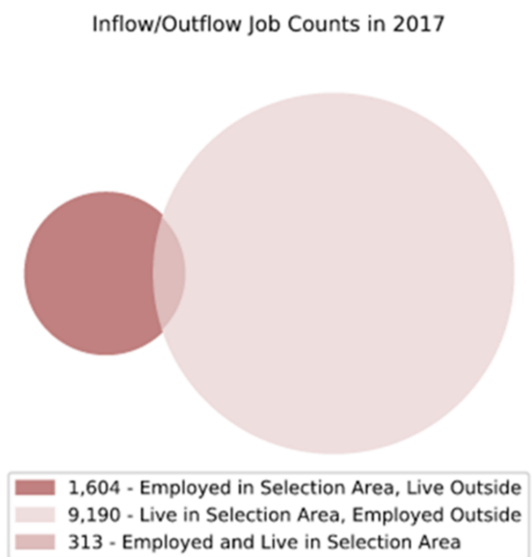
[10] U.S. Census Bureau ACS 2013-2017 5-Year Estimate



Source: U.S. Census Bureau ACS 2013-2017 5-Year Estimates

Employment

Saratoga Springs is a commuter community with most of its residents leaving the City during the day to commute to their places of employment and only 313 residents working within the City's boundaries. The chart below[11] shows the inflow and outflow of jobs within Saratoga Springs.



Source: U.S. Census Bureau, "On the Map"

The average commuting time of 30.3 minutes for a Saratoga Springs resident is significantly longer than average commute times for residents of other cities in the County. The countywide average is 21.4

[11] US Census "On the Map" Tool

minutes.[12] Commuting is an important factor in housing costs as a lower cost of commuting can help a household afford housing.

Residential Market Conditions Overview

Residential market conditions in Saratoga Springs are presently considered healthy, although significant concerns exist regarding rising housing prices. A gap persists between the rise in incomes and housing prices, resulting in a local populace that has some difficulty moving through life cycle housing options. Overall, it is anticipated that market conditions will continue to exude demand for new housing options, and prices will likely show persistent upward movement.

Competitive Markets

Saratoga Springs is a rapidly growing city that has a major influence on surrounding cities in both northern Utah County and southern Salt Lake County. In order to understand the pressures on Saratoga Springs, it is important to analyze the demographics of neighboring cities. The following table highlights data from the U.S. Census and the American Community Survey, and shows median monthly housing costs, housing costs as a percentage of income, the percentage of single-family residences within the respective cities, and the percent of owner-occupied housing.

Table 6: Comparative Housing Costs

Neighboring Cities	Median Monthly Housing Costs	Housing Costs as % of Income	Percent of Single-Family Homes in City	Percent of Owner-Occupied Housing
Bluffdale	$2,045	37%	83%	82%
Lehi	$1,564	30%	78%	81%
Eagle Mountain	$1,167	26%	87%	85%
American Fork	$1,370	26%	69%	72%
AVERAGE	*$1,537*	*30%*	*79%*	*80%*
Saratoga Springs	$1,578	31%	75%	78%

Source: U.S. Census Bureau, ACS 2013-2017 5-Year Estimate

Saratoga Springs is largely reflective of the data shown for surrounding cities for median housing costs and the make-up of single-family homes and owner-occupied housing. Statistics from DataUSA, the American Community Survey, and the MLS are shown below that reflect the affordability indexes for each city. This index represents the ratio of median housing price to median household income. The higher the ratio, the less “affordable” a community is (a ratio of 4.0 suggests that the median household price is four times the median income).

Table 7: Housing Affordability Index

Neighboring Cities	Median Household Income	Median Housing Price	Affordability Index
Bluffdale	$106,000	$430,000	4.0
Lehi	$86,000	$290,000	3.4
Eagle Mountain	$75,000	$240,000	3.2
American Fork	$71,000	$245,000	3.5
AVERAGE	*$84,500*	*$301,250*	*3.5*

[12] ACS 2017 5-Year Estimate

Neighboring Cities	Median Household Income	Median Housing Price	Affordability Index
Saratoga Springs	$88,800	$295,000	3.3

Source: U.S. Census Bureau, ACS 2013-2017 5-Year Estimate

The previous data notes that Saratoga Springs has comparable or higher incomes to most surrounding cities but has an affordability index that is in line with the most immediately surrounding municipalities (temporarily excluding Bluffdale). The 3.3 indication for Saratoga Springs represents a significant increase from figures reflected just ten years ago that were closer to 2.5. Median housing prices have escalated at a rate notably higher than incomes, resulting in upward pressure on the affordability index.

As land becomes more constrained around and within Saratoga Springs, the affordability index will most likely continue to rise. Most developers anticipate that construction costs will continue to rise, and, at a rate that exceeds the escalations in median incomes. Consequently, the affordability index will likely reflect upward movement. If national and regional economic conditions deteriorate, construction costs could decrease. Additionally, if interest rates rise, the number of qualified home buyers will decrease, resulting in downward pressure on achievable pricing. Median home values are considered to be more prone to market fluctuations than median incomes, as the latter does not always see notable declines during periods of market weakness.

Of additional note is the impact of transportation costs on a household's ability to afford housing in Saratoga Springs. Lending institutions are now considering with greater import the combined costs of housing and transportation to gauge a household's ability to qualify for a loan. The table below highlights transportation costs per household, the percentage of income that transportation costs represent, the annual household miles driven, and the combined percentage of income spent on housing and transportation.

Table 8: Comparative Housing and Transportation Costs

Neighboring Cities	Annual Household Transportation Costs	Transportation Costs as % of Income	Annual Household Miles Driven	Housing and Transportation Costs as % of Income
Bluffdale	$16,502	27%	27,051	63%
Lehi	$16,519	27%	26,850	56%
Eagle Mountain	$17,272	28%	28,297	51%
American Fork	$15,878	26%	25,622	52%
AVERAGE	*$16,543*	*27%*	*26,955*	*56%*
Saratoga Springs	$16,779	27%	27,806	58%

Source: U.S. Census Bureau, ACS 2013-2017 5-Year Estimate

As the data shows, residents in Saratoga Springs have fairly similar transportation costs as most surrounding cities, although combined housing and transportation costs are higher than all but Bluffdale. If annual transportation costs are reduced by $1,500, a typical household that could qualify for a $300,000 home would be able to qualify for a $325,000 home at current (2019) market lending rates. Furthermore, if transportation costs are reduced by $2,500, that same household can qualify for a $350,000 home, as compared to $300,000. The potential to reduce transportation costs should be a consideration in providing life-cycle housing options for current and future residents of Saratoga Springs.

Residential Investment and Development Market Conditions

Again, as noted, construction costs have had notable increases over the past several years, ultimately resulting in upward pressure on housing prices in Saratoga Springs. Despite this factor, current developer proformas continue to show profitability for nearly all housing types in the city. Required internal rates of return from developers range from 15 to 25 percent, with most developers and construction firms indicating that they will pursue new projects with a 20 percent internal rate of return as a goal. The internal rate of return is highly sensitive to time, so projects which quickly move through the approval process and are priced correctly show returns in excess of 25 percent. If a development is slowed due to public opposition or changes in required design, profits can ultimately drop to levels that do not meet the desired market returns and may ultimately lead to project abandonment.

As compared to previous years, investors are showing only minimal upward pressure on discount rates. This suggests that they see some increase in possible risk of receiving income from their developments (and thus the increased discount rate), but that overall, they view the market with healthy optimism. Projections of future discount rates are always somewhat higher than what is deemed supported by the market at present due to the perceived increase in risk with most future investments.

Current conditions in the lending market suggest a healthy market for both developers and potential buyers. Interest rates for construction loans are at appealing levels, and banks remain interested locally in lending to residential developers. Loan to value ratio requirements have not shown upward pressure (a practice often noted when economic conditions worsen) in the past several years. Borrowing rates for possible home purchasers remain low, allowing for a wide variety of possible buyers to enter the market or move within the market. Historically, as interest rates have increased by 50 basis points (for example, from a rate of 4.0 to 4.5), roughly ten percent of the active residential market loses its ability to qualify for a loan. If interest rates were to notably climb, transaction volume would likely decrease. If significant product was on the market during a period of rapid rate escalation, the effect would likely be a downward pressure on prices. Additionally, required rates of return for developers may fall to the level where new projects are not feasible under a rising rates scenario. If rates do increase at the same time as market supply of product is limited, the impact to housing prices and developer proformas will be reduced.

The multi-family housing market for rentals is presently strong in the region, as well as within Saratoga Springs. Rental rates have shown upward pressures, although not at unsustainable levels. Strong population and regional employment growth have fueled demand for rental housing. Furthermore, as for-sale housing prices have increased, more demand has been experienced for rental units. Occupancy rates in Saratoga Springs are on average at 96 percent for apartment units, and rollover periods for individual units are at less than three weeks. Both these indications suggest a tight supply market.

Rental rates for apartments have increased notably in the past several years, while data for 2018 and 2019 show healthy increases that appear sustainable going forward. Monthly rental rates are shown at prices ranging from $1.10 to $1.50 per square foot, with the level of buildout and common area amenities having a significant influence on price. Furthermore, smaller units reflect higher price per square foot rental rates than larger units, all else equal. Projections by local developers suggest that apartment rental rates may increase by three to five percent in 2020, reflecting a figure that represents healthy market conditions and not concerns of an overheated market.

Construction proformas for apartment developments in Saratoga Springs (representing both single-level flats and multi-story rental townhomes) indicate healthy profit potential. Apartment complexes are selling with capitalization rates below 6.0 percent. The lower the rate the higher the value on a per square foot basis, with apartment capitalization rates the lowest of all commercial and residential property types. The low rates are reflective of the high demand for the property. Developer proformas show the ability to provide some forms of covered parking in select areas. While developers typically indicate that the market does not allow them to provide covered parking (due to cost issues), numerous projects in the region have successfully implemented some variety of covered parking. Below-grade parking does not appear feasible in most areas, but structured parking with wrapped units is successfully being implemented in many areas. Developers have become more aggressive with charging for covered parking, with some complexes reflecting monthly parking rents close to $80-$100 per space. This additional income source has aided in making parking structures more feasible for the development community.

The spreadsheet on the following page shows estimated market rent and expenses for a hypothetical apartment complex in Saratoga Springs. Market rents are based on existing, achievable rents from newer, good quality developments in the city. Average unit sizes, additional income sources, stabilized vacancy rates, and potential operating expenses are all derived from developer proformas. The hypothetical example shows a range in capitalization rates and the associated sensitivity of impact that each rate has on value. The lightly-green shaded boxes show the spread in value and costs (costs are outlined below the shaded boxes), reflecting the potential profit margin that a developer could achieve for the risk associated with construction and stabilization. This is not a reflection of the previous mentioned internal rates of return.

The costs shown on the spreadsheet consider the type of proposed building construction, including heights and consideration for parking and total lot size needed. Costs are derived from active construction companies, the Marshall & Swift Valuation service, and various construction cost indexes utilized throughout Utah. In this analysis, surface spaces are estimated.

Overall, the apartment construction spreadsheet shows desirable developments at both 6.0 and 6.5 percent capitalization rates. This indicates that if developers can build, stabilize, and eventually sell projects with a capitalization rate of 6.0 or 6.5 percent (a reflection of the strength of the investment market and the appeal of apartment development), then development will be pursued. If rates (which are influenced by investor demand and perceived associated risk) are at 7.0 percent or higher, development will most likely not occur unless incentives are provided, the developer has a low land cost basis, or certain economies of scale can be applied.

		Saratoga Springs				
Direct Capitalization		MULTIFAMILY				
		Number of Units	Average Unit Size	Rent Per Unit/Mont	Annual	
Estimated Market Rent - Multi-Family		150	950	$1,378	$2,479,500	
Other Income (storage, late fees, parking, etc.)					$45,000	
Potential Gross Income (PGI)		*Total Size*	*142,500*		**$2,524,500**	
		% of PGI				
Less Stablized Vacancy		5%			($126,225)	
Effective Gross Income (EGI)					**$2,398,275**	
Operating Expenses		% of EGI	Per Unit/Year			
	Management	3%			($71,948)	
	Reserves	1%			($23,983)	
	Utilities		$840		($126,000)	
	Maintenance & Repair		$1,200		($180,000)	
	Admin		$450		($67,500)	
	Property Taxes		$1,188		($178,200)	
	Insurance		$480		($72,000)	
	Total Expenses				($719,631)	
			Per unit/Year	$4,798		
Net Operating Income (NOI)					**$1,678,644**	

Capitalization Rate	Value	Per Unit	Per Sq.Ft.	Value Spread With Costs/Per Unit	Value Spread With Costs/Sq.Ft.	Profit %
6.0%	$ 27,977,400	$ 186,516	$196	$ 40,007	$ 42	27.3%
6.5%	$ 25,825,292	$ 172,169	$181	$ 25,659	$ 27	17.5%
7.0%	$ 23,980,629	$ 159,871	$168	$ 13,361	$ 14	9.1%

COSTS

Building Size	Footprint	Required Parking Spaces	Total Spaces Needed	Sq.Ft. Per Space	Total Parking Area	Site area needed
142,500	35,625	1.0	150	320	48,000	2.40

	Per Sq. Ft.	**Total**
Direct Costs - Bldg	105	$ 14,962,500
Indirect Costs - Bldg	36	$ 5,130,000
% of Indirects to Direct - Bldg		34%
	Per Space	
Costs - Surface	$3,500.0	$ 525,000
	Total Direct/Indirect	**$20,617,500**
Land Costs	$13.00	$ 1,358,906
	Costs + Land	$ 21,976,406
Profit	% of Costs + Land	
	0%	$ -
Total Costs + Profit		$ 21,976,406
	Per Unit	$146,509
	Per Sq.Ft.	$154.22

Newly constructed detached homes in desirable areas of Saratoga Springs are being valued at prices typically ranging from $115 to $145 per square foot. This represents a near 15 percent increase over what was reported in late 2017 and early 2018. Homes with higher-end finishes, larger lots, or smaller floor plans (smaller units typically trade for higher price per square foot amounts, all else equal) have sold above this range, while newly constructed homes with some unfinished areas or less desirable specific locations are selling below this range.

Attached homes have traded in a wide range of prices, with this market segment typically more sensitive in pricing to age, specific location, and varying interior buildouts. Recent sales transactions have shown figures from $125 to $175 per square foot, with the upper end heavily influenced by size.

Most transactions are occurring at asking prices, although some areas have seen offers at amounts slightly above listed prices. While price appreciation has somewhat slowed in recent months, future demand driven by healthy population growth and in-migration, coupled with continually low interest rates, suggests strong support for housing prices. As employment growth continues to surge in the surrounding areas, Saratoga Spring's desirability from a residential perspective should remain strong.

Current Housing Supply

The majority of housing units in Saratoga Springs are owner-occupied, single-family homes with large lot sizes. Saratoga Springs currently has 8,934 residential parcels listed with the Utah County Assessor's office representing 9,173 housing units. Approximately 79 percent of those units are categorized as single-family residences (SFRs). The median value for SFRs is $364,156 according to the County's assessed market values and the average lot size is 0.30 acres. In addition, the City has a senior housing facility with a total of 116 beds. Although the senior housing facility beds are important housing resources for residents, they are reserved for a specific age group and not available to most households as a housing choice. These facilities will be included in the analysis where appropriate, but generally not in market affordability considerations.

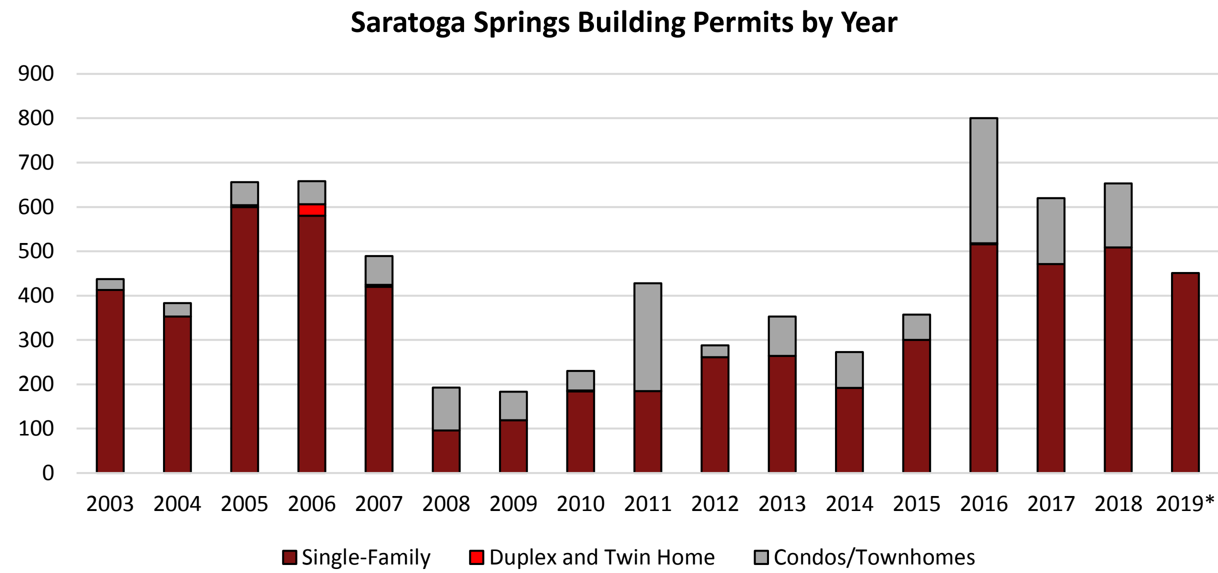
Table 9: Number of Parcels and Units by Housing Type*

Summary	Total Number of Household Units	Avg. Parcel Size (acres)	Average Value
Apartments	240	NA	NA
Condo	516	NA	$188,702
Duplex	210	NA	$278,023
Townhome	1,165	0.03	$250,100
Single-Family Residence	7,042	0.30	$364,156
TOTAL	9,173		
Senior Housing	116	10.1	NA

Source: Utah County Recorder and Assessor Offices
* Types are as categorized and grouped determined by the parcel database.

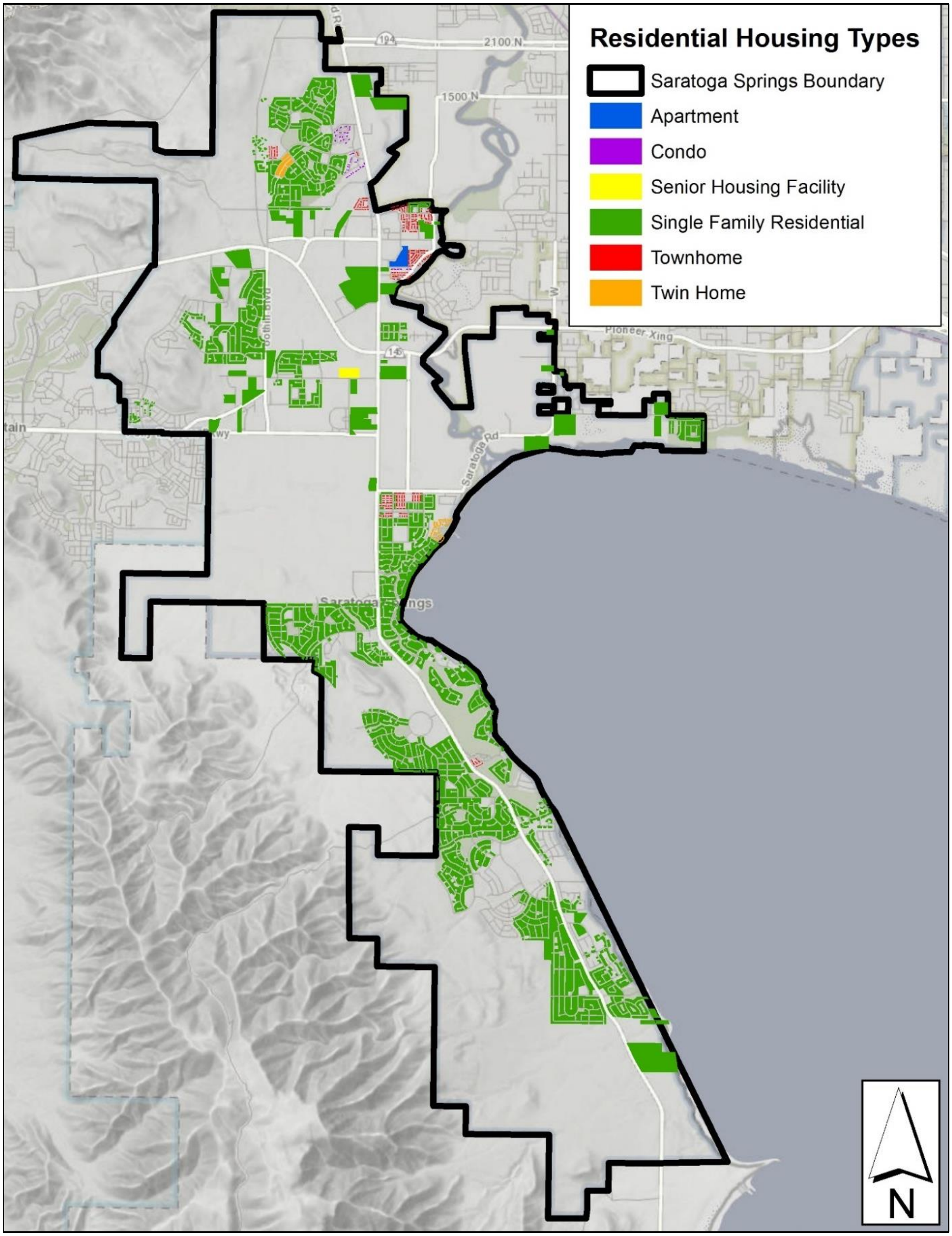
In addition to the 9,173 dwelling units already built and listed in the Assessor's parcel database, an additional 451 permits have been submitted through October of 2019.[13] The following graph shows that the building of single-family homes has been fairly steady since recession recovery. This corresponds with the consistent population growth in the City. The building permits also show the variety in housing types built each year showing efforts by the City to provide more housing diversity.

[13] University of Utah BEBR – Ivory-Boyer Construction Database; City of Saratoga Springs



Source: University of Utah BEBR – Ivory-Boyer Construction Database, Saratoga Springs Building Department
*Through October of 2019

The following map shows the geographic distribution of housing types in the City and visually shows the predominance of SFRs in the City.



Source: Utah County Recorder and Assessor Offices Utah AGRC

The parcel database shows that 1,180 vacant residential lots are already recorded. This indicates that there are many lots prepared for future growth.

The Census's 2017 American Community Survey (ACS) data estimated a 17.9 percent rental rate for the City. A comparison to other local communities shows that Saratoga Springs is below average when compared to the renter-occupied percentages of most other local communities. The City is also lower than Utah County's rate as well. Bluffdale and Lehi are similar, with Herriman, Draper and American fork having more rentals and Eagle Mountain having fewer.

Table 10: Proportion of Units that are Renter-Occupied

	American Fork	Bluffdale	Draper	Eagle Mountain	Herriman	Lehi	Saratoga Springs	Utah County
Percent of Units: Renter-Occupied	24.2	17.0	20.7	14.3	20.0	19.1	17.9	32.7

Source: U.S. Census Bureau, ACS 2013-2017 5-Year Estimate

Saratoga Springs has a limited number of apartments. There are 240 units located at the Aldara Apartments complex. The following tables detail the current apartments and senior living beds located in these two complexes

Table 11: Units by Apartment Complex

Summary	Address	Number of Units	Monthly Rental Rate
Aldara Apartments	1256 N. Commerce Drive	240	
1 Bed/1 Bath		50	$1,149 - $1,299
2 Bed/1 Bath		130	$1,289 - $1,399
3 Bed/2 Bath		60	$1,369 - $1,599

Table 12: Beds by Senior Living Complex

Summary	Beds
Legacy Villas	116

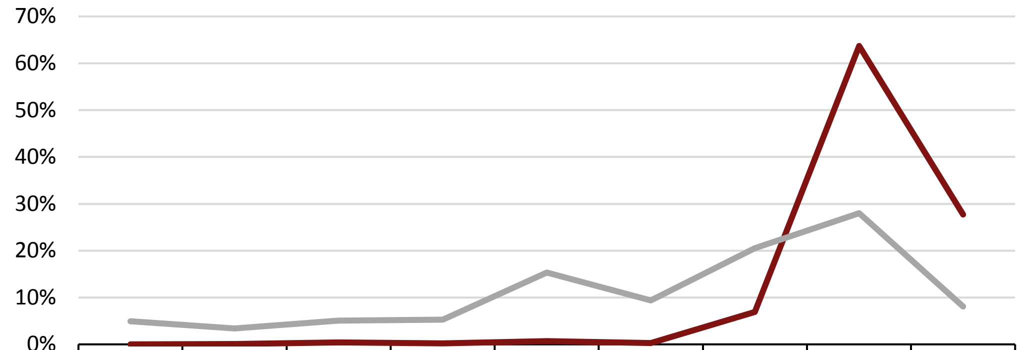
Source: Saratoga Springs Planning Department

The ACS estimates 92.5 percent of all rentals have a gross rent above $1,000 per month. The median gross rent is $1,417, compared to the County's $954.

Housing Conditions

63.7 percent of housing in Saratoga Springs was built between 2000 and 2009, and 27.7 percent built in 2010 or after. While the City experienced some slowdown during the recession years around 2010, recent building permit data indicates that new home construction has returned to the pre-recession levels of the mid-2000s.

Proportion of Housing Units by Year Built



	<1939	1940-1949	1950-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009	>2010
Saratoga Springs	0.0%	0.1%	0.4%	0.2%	0.7%	0.3%	6.9%	63.7%	27.7%
Utah County	4.9%	3.4%	5.1%	5.3%	15.3%	9.4%	20.5%	28.0%	8.1%

Source: U.S. Census ACS 2013-2017 5-Year Estimate

Housing Affordability

Utah State Code and recent legislation requires municipalities to include a plan for moderate income housing as part of a general plan. The City must outline a Plan to "*facilitate a reasonable opportunity for a variety of housing that meet the needs of people of various income levels living, working, or desiring to live or work in the community*." The Plan must "*allow people with various incomes to benefit from and participate in all aspects of neighborhood and community life*." This Plan is designed to meet these requirements.

Moderate income housing is defined by the U.S. Department of Housing and Urban Development (HUD) as "*housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80 percent of the median gross income for households of the same size in the county in which the City is located*." This plan uses Area Median Income (AMI) in the Provo-Orem, UT MSA[14] as determined by HUD and average household size to determine current moderate-income thresholds for an average household in the region.

Area Median Income Levels

According to HUD, the Median Family Income (MFI or AMI)[15] for 2018 in the region is $79,600 – HUD rounds up from $79,588. The Plan will estimate housing affordability as a percentage of this AMI. A "moderate income" household at its most basic definition is at 80% AMI – an income of $63,700 in Utah County. The Plan will also consider thresholds for those making 30% and 50% of AMI.

Table 13: Income Thresholds in Salt Lake City HUD Metro Fair Market Rent Area

Area Median Income	30% of AMI	50% of AMI	80% of AMI
$79,600	$23,900	$39,800	$63,700

Source: U.S. Department of Housing and Urban Development

[14] This area contains Utah County, UT

[15] Area Median Income (AMI) is more generally used in the industry. HUD considers the terms synonymous. https://www.huduser.gov/portal/datasets/il/il18/FAQs-18r.pdf

The chart below shows the HUD income limits for Utah County. These income limits are adjusted for family size at each income threshold and for poverty definitions, allowing for larger families to earn more and still qualify for services. HUD does not always use 30 percent of AMI as its lowest income level; poverty guidelines established by the Department of Health and Human Services are used if higher than 30 percent of AMI, as is the case for Utah County. Calculations in this Plan will use the simple 30 percent threshold, as this is the level indicated by Utah Code and legislation guidelines. The following chart is provided for informational and contextual reasons only and is not used in calculations.

Table 14: Area Median Income Thresholds by Household Size

Household Size	"Extremely Low Income"	50% of AMI	80% of AMI
1 person	$16,750	$27,900	$44,600
2 persons	$19,050	$31,850	$51,000
3 persons	$21,550	$35,850	$57,350
4 persons	$25,750	$39,800	**$63,700**
5 persons	$30,170	$43,000	$68,800
6 persons	$34,590	$46,200	$73,900
7 persons	$39,010	$49,400	$79,000
8 persons	$43,430	$52,550	$84,100

Source: U.S. Department of Housing and Urban Development

Using the HUD income levels, Saratoga Springs has a total of 1,716 households that are considered low-to moderate-income households earning under the 80 percent of AMI threshold. A more comprehensive breakdown of this figure is detailed in the table below.

Table 15: Saratoga Springs Low- and Moderate-Income Households

Affordability	Number of Households	Cumulative Number of Households
<30% of AMI	134	134
30% - 50% of AMI	387	521
50% - 80% of AMI	1,195	1,716

Source: ACS 2017 5-Year Estimate, HUD, ZPFI

HUD considers an affordable monthly housing payment for either a mortgage or rent to be no greater than 30 percent of gross monthly income. This 30 percent should include utilities and other housing costs such as mortgage and hazard insurance.

The table below shows affordable monthly allowances at different levels of income given above but using the 30 percent income level instead of poverty definitions. Utah Code does not stipulate whether those of moderate income must be able to purchase a home, so the allowance considers affordability for gross monthly costs that include either a mortgage or rental rate. A family choosing housing would need to consider utilities and other fees for a given housing unit within this affordable range. For example, a household of four at the 80 percent AMI threshold has a gross monthly housing allowance of $1,593. If utilities are $300,[16] the family can afford a rent or mortgage payment of $1,293 per month, including taxes and interest if applicable.

[16] Utilities include water, sewer, storm drain, gas, electric, and garbage. This is an estimated amount; utilities vary widely based on house size, quality, season and usage.

Table 16: Monthly Housing Allowance by Household Size and AMI Thresholds

Household Size	30%	50%	80% of AMI
1 person	$419	$698	$1,115
2 persons	$478	$796	$1,275
3 persons	$538	$896	$1,434
4 persons	$597	$995	**$1,593**
5 persons	$645	$1,075	$1,720
6 persons	$693	$1,155	$1,848
7 persons	$741	$1,235	$1,975
8 persons	$788	$1,314	$2,103

Source: ACS 2017 5-Year Estimate, HUD, ZPFI

Translating this moderate-income affordability level to home values, a family at 80 percent of AMI can afford a home in Saratoga Springs up to $261,665. This assumes utility payments at $300 per month, average City property tax rates, insurance, a four percent interest rate, 30-year mortgage term and a 10 percent down payment. The first table below shows the home price ranges affordable to household income categories at various interest rates; the next table shows the ranges specific to targeted low- and moderate-income households. Note the significant changes in affordability due to mortgage interest rates. While current interest rates are currently at historic lows around four percent, making housing much more affordable, affordability in the City would be more difficult to maintain if interest rates rise in the future.

Table 17: Affordable Home Price Ranges by Income Category and Mortgage Interest Rate

Household Income Range	Home Price Range					
	4% Mortgage		5% Mortgage		6% Mortgage	
	Low	High	Low	High	Low	High
$10,000 to $14,999	$0	15,179	$0	13,718	$0	12,447
$15,000 to $24,999	15,184	65,791	13,722	59,458	12,451	53,952
$25,000 to $34,999	65,796	116,403	59,462	105,198	53,956	95,456
$35,000 to $49,999	116,408	192,321	105,203	173,809	95,460	157,713
$50,000 to $74,999	192,327	318,852	173,813	288,159	157,717	261,474
$75,000 to $99,999	318,857	445,383	288,164	402,510	261,478	365,235
$100,000 to $149,999	445,388	698,444	402,515	631,211	365,239	572,757
$150,000 to $199,999	698,449	951,505	631,216	859,913	572,761	780,279
$200,000 or more	951,510		859,917		780,283	

Source: ZPFI

Table 18: Affordable Price Ranges by Targeted Group and Interest Rate

Household Income Range			Home Price Range					
			4% Mortgage		5% Mortgage		6% Mortgage	
	Income Range - Low	Income Range - High	Low	High	Low	High	Low	High
< 30% of AMI	$0	$23,900	$0	$60,229	$0	$54,431	$0	$49,390
30% to 50% of AMI	$23,900	$39,800	$60,229	$140,702	$54,431	$127,158	$49,390	$115,382
50% to 80% of AMI	$39,800	$63,700	$140,702	**$261,665**	$127,158	$236,477	$115,382	$214,578

Source: ZPFI

As Saratoga Springs continues to grow, there is a chance that the average household size may decrease as the City follows national trends and as a greater diversity of housing product is made available in the City. The table below shows the affordable price ranges of a three-person household size to show the impact a reduced household size has on the affordability threshold of the City. In this case, the affordability threshold for a household of three making 80 percent of AMI is $229,527 at a four percent interest rate. This is $32,138 lower than the comparable $261,665 cost for a household of four shown in the previous table.

Table 19: Affordable Price Ranges by Targeted Group and Interest Rate (3-Person Household)

Household Income Range			Home Price Range					
			4% Mortgage		5% Mortgage		6% Mortgage	
	Income Range - Low	Income Range - High	Low	High	Low	High	Low	High
< 30% of AMI	$0	$21,510	$0	$48,132	$0	$43,499	$0	$39,471
30% to 50% of AMI	$21,510	$35,850	$48,132	$120,710	$43,499	$109,091	$39,471	$98,988
50% to 80% of AMI	$35,850	$57,350	$120,710	**$229,527**	$109,091	$207,432	$98,988	$188,223

Source: ZPFI

Housing Unit Pricing and Affordability

In considering affordability, there are two types of housing costs: the costs to purchase (and likely pay a mortgage) or the rental costs of a unit. For purposes of analyzing housing costs, SFR, Condo, Townhome, and Duplex units will be analyzed on their market value since they can be bought and sold by individual owners and are primarily owner-occupied. The affordability of these units is analyzed based on their market value as assessed by the County.

Market Value Properties – SFR, Condo and Duplex

The table below shows the distribution of 8,931 SFR, Duplex, Townhome, and Condo units by home value in Saratoga Springs, as assessed and maintained by the Utah County Assessor. The average assessed value in the City is $337,116 and should be somewhat reflective of actual market value. The average value is substantially higher than the affordable threshold (80% of AMI) of $261,665.

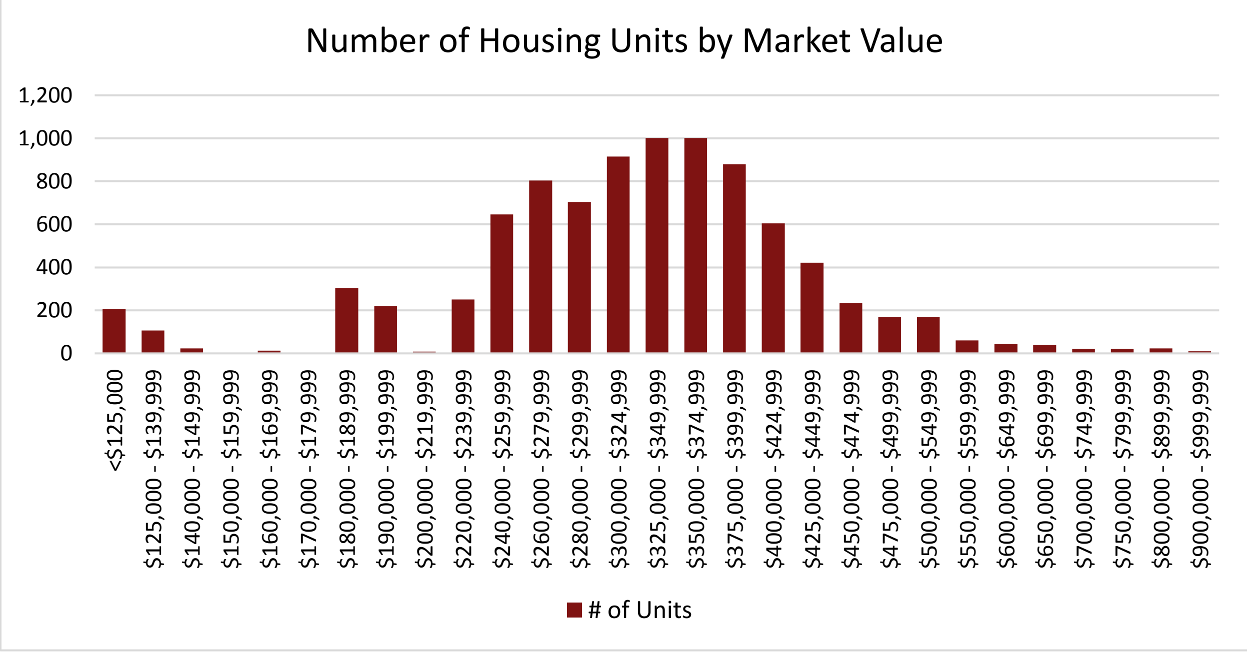
Approximately 21 percent (1,891 units) of units available for sale to individual households are affordable to individuals making 80 percent of AMI. Of these units, only 319 units are attainable at the 50 percent affordability threshold and there are none at the 30 percent level.

Table 20: Residential Unit Values

Home Value	# of Units	% of Total	Cumulative % Total
<$125,000	208	2.33%	2.33%
$125,000 - $139,999	107	1.20%	3.53%
$140,000 - $149,999	23	0.26%	3.78%
$150,000 - $159,999	2	0.02%	3.81%
$160,000 - $169,999	13	0.15%	3.95%
$170,000 - $179,999	3	0.03%	3.99%
$180,000 - $189,999	304	3.40%	7.39%
$190,000 - $199,999	220	2.46%	9.85%
$200,000 - $219,999	9	0.10%	9.95%

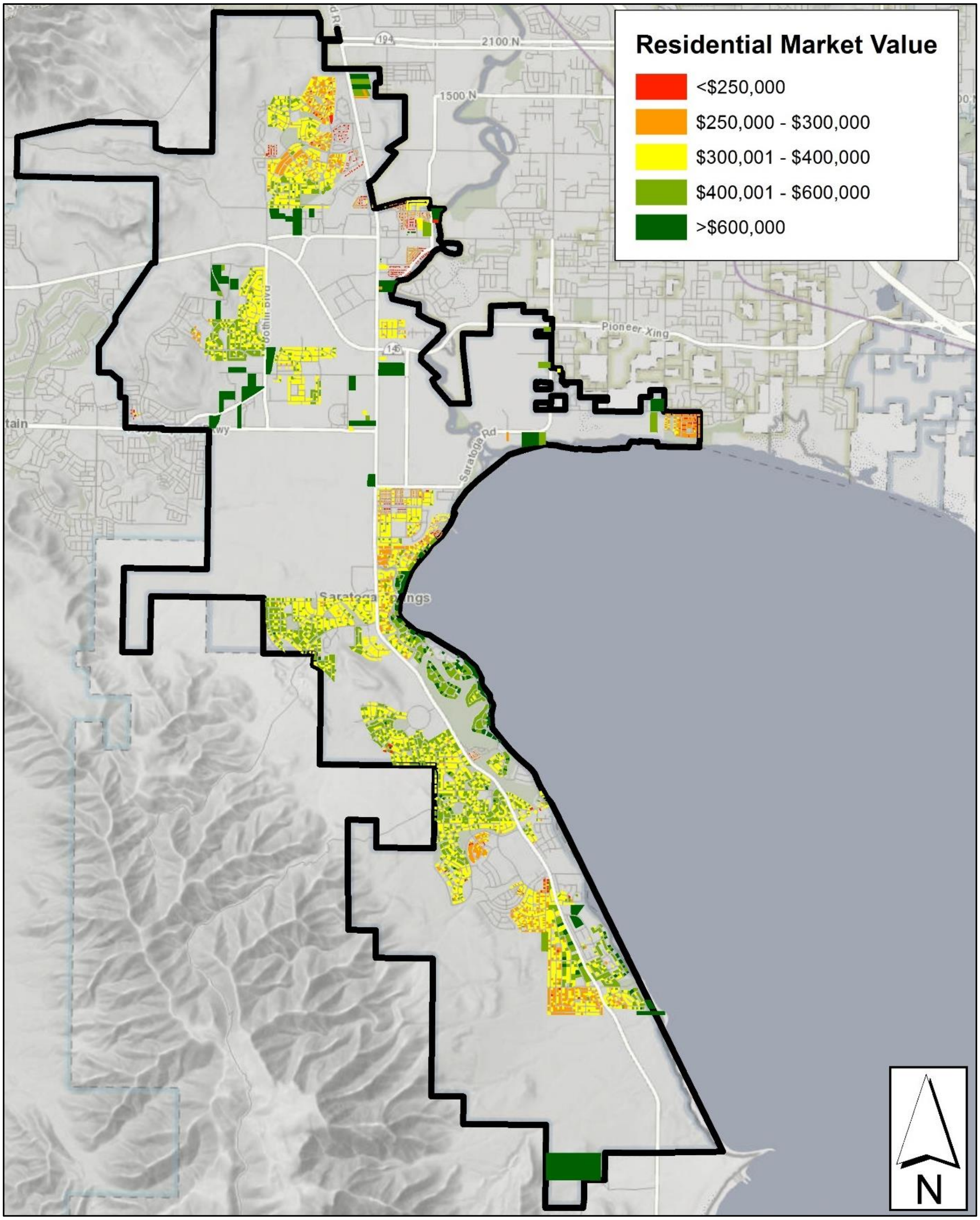
Home Value	# of Units	% of Total	Cumulative % Total
$220,000 - $239,999	251	2.81%	12.76%
$240,000 - $259,999	646	7.23%	19.99%
$260,000 - $279,999	803	8.99%	28.98%
$280,000 - $299,999	704	7.88%	36.86%
$300,000 - $324,999	915	10.24%	47.11%
$325,000 - $349,999	1002	11.22%	58.32%
$350,000 - $374,999	1001	11.21%	69.53%
$375,000 - $399,999	879	9.84%	79.37%
$400,000 - $424,999	604	6.76%	86.13%
$425,000 - $449,999	421	4.71%	90.84%
$450,000 - $474,999	234	2.62%	93.46%
$475,000 - $499,999	171	1.91%	95.38%
$500,000 - $549,999	170	1.90%	97.28%
$550,000 - $599,999	61	0.68%	97.96%
$600,000 - $649,999	44	0.49%	98.46%
$650,000 - $699,999	40	0.45%	98.90%
$700,000 - $749,999	21	0.24%	99.14%
$750,000 - $799,999	21	0.24%	99.37%
$800,000 - $899,999	23	0.26%	99.63%
$900,000 - $999,999	10	0.11%	99.74%
$1,000,000+	23	0.26%	100.00%

Source: Utah County Parcel Database, ZPFI



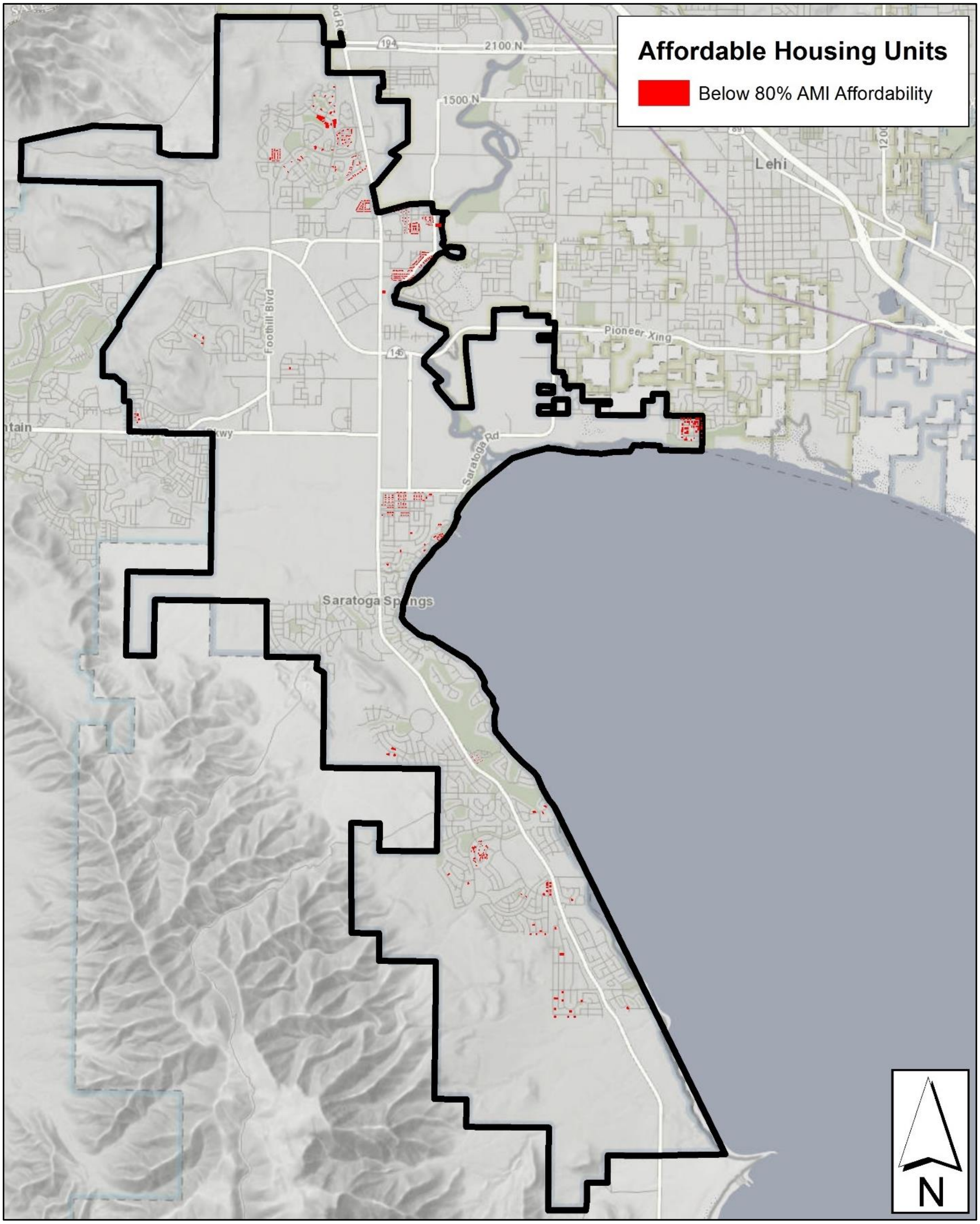
Source: Utah County Parcel Database 2019

The map below shows the value of the residential parcels in Saratoga Springs. It shows that housing prices tend to increase as property gets closer to Utah Lake with most shoreline properties assessed at over $600,000 in value. Most of the lower valued homes are smaller parcels and are located in the northern part of the city.



Source: Utah County Recorder and Assessor Offices, Utah AGRC, ZPFI

The next map shows the locations of the units affordable at the 80 percent AMI or below throughout the City and indicates that there are affordable units spread throughout the entire City.



Source: Utah County Recorder and Assessor Offices, Utah AGRC, ZPFI

Rental Properties – Multi-Family Complexes

All the rental units at the Aldara Apartment complex classify as affordable, but rental rates place all current units in the upper threshold of affordability. This means many households who are under 50 percent of the AMI do not have access to affordable rental units. These rental units are important options for households that do not have down payment savings, would have trouble with loan approval, or simply for those not wishing to make a large commitment on purchasing a home. These households are often those with the highest need for affordable housing.

Combined Supply and Demand

The table below shows the estimated number of cumulative units at each affordability threshold of all housing types – SFR, Condo, Duplex and Apartments – and how those units match up with current demand of households within the City. There is a total of 2,131 affordable units and 1,716 low- to moderate-income households, an adequate supply of affordable units in comparison to current City demographics. However, there is not an adequate supply of housing for those making less than 50 percent of AMI. These statistics must be further compared to the need in all of Utah County.

Table 21: Affordable Housing Unit Availability by Income Threshold

Affordability	Cumulative Total Affordable Housing Units Available	Cumulative Percentage of Affordable Units	Cumulative Number of Households at Income Level	Cumulative Percentage of Households at Income Level	Current Cumulative Shortage
30% of AMI	0	0.00%	134	2.18%	134
50% of AMI	319	3.48%	521	8.49%	202
80% of AMI	2,131	23.23%	1,716	27.95%	(415)*

*Indicates surplus of affordable units

Affordable Housing – Utah County Comparison

This section compares Saratoga Springs to Utah County in the interest of regional context. About 35 percent of households in the County make less than $50,000 per year, compared to 16 percent of households in Saratoga Springs. In this regard, Saratoga Springs is not representing lower-income households relative to the County.

Table 22: Income Distributions in Saratoga Springs and Utah County

Income Category	Saratoga Springs	Saratoga Springs Cumulative	Utah County	Utah County Cumulative
Less than $10,000	1.40%	1.40%	4.20%	4.20%
$10,000 to $14,999	0.10%	1.50%	3.10%	7.30%
$15,000 to $24,999	0.80%	2.30%	7.00%	14.30%
$25,000 to $34,999	3.00%	5.30%	8.10%	22.40%
$35,000 to $49,999	10.50%	15.80%	12.80%	35.20%
$50,000 to $74,999	23.00%	38.80%	20.70%	55.90%
$75,000 to $99,999	18.40%	57.20%	15.40%	71.30%
$100,000 to $149,000	27.40%	84.60%	17.60%	88.90%
$150,000 to $199,999	11.10%	95.70%	6.10%	95.00%
$200,000 or more	4.40%	100.00%	4.90%	100.00%

Source: U.S. Census Bureau, ACS 2013-2017 5-Year Estimate

If the County's income distributions were applied to the current number of Saratoga Springs households, the demand for housing units at 30 and 50 percent of AMI would increase substantially. The table below explores this would-be distribution, as well as how the current affordable units compare to that hypothesized figure. It shows a far greater need for housing units for lower-income thresholds than the actual need for current Saratoga Springs households. The higher threshold (households at 80 percent) is where most of the City's current affordable housing is found and would still be sufficient to meet the demand for affordable housing at that level of income.

Table 23: Hypothetical Number of Affordable Units to Meet County Income Proportions

	30% of AMI	30% to 50% of AMI	50% to 80% of AMI	Total
Income Level	$23,900	$39,800	$63,700	
Housing Price	$60,229	$140,702	$261,665	
Countywide HH's in Income Category	21,117	20,238	31,171	
% of All HHs Countywide	13.57%	13.00%	20.02%	
Saratoga Springs Units Needed Based on Fair Share of County	822	788	1,213	2,823
Total Affordable Units in Saratoga Springs	0	319	1,812	2,131
Additional Units Needed to Meet Fair Share of County	822	469	(599)	692
Saratoga Springs Actual HH's in Income Category	134	387	1,195	1,716
Difference Between County Proportion and Saratoga Springs Actual HHs	688	401	18	1,107

Source: U.S. Census Bureau, ACS 2013-2017 5-Year Estimate

Projected Housing Needs

Population growth is rapid throughout Utah and especially the Wasatch Front. The Kem C. Gardner Institute recently produced a report that found, for the first time, there are more households than household units, which is a major reason behind rising home prices. In addition, current supply may not be meeting the broad range of needs or desires of potential homeowners. Combined with slow wage growth, rising material costs and a shortage of skilled construction workers, any measures the City can take to actively work towards providing a diverse range of housing units will help residents and families dramatically.

A significant age gap in the City is young adults in their 20s. There is also a large gap in the City's number of residents who are over the age of 50. While part of this could be a result of lifestyle factors, it can also be indicative of the current housing supply not adequately meeting full life-cycle housing demands. There may not be sufficient apartments to house young adults who have yet to start families and there may not be enough options for "empty-nesters" who no longer have children living at home and who want to downsize.

As the population and number of households continues to rise, the City will have greater need to provide housing that meets the needs of residents and those interested in moving to the City. The current surplus (for households at 80 percent of AMI) will provide the additional units needed until 2023, meaning that (assuming current distributions of household incomes) the City will have a deficit of 239 affordable houses by 2024. However, an analysis based on the County's proportion of income as shown in Table 21 shows that the demand for affordable housing in the County will increase the number of affordable units needed within the next 5 years. When considering the County's income levels, Saratoga Springs has a deficit of 692 affordable housing units in 2019. That number is projected to increase to a deficit of 1,767 units by 2024. Due to the incredible growth in the area, it is not unlikely that the need for affordable housing may increase even more quickly than the historical average. Therefore, the City may still find it necessary to plan for unexpected demands in affordable housing by continuing to facilitate low-cost housing even though there is sufficient current supply for those households at 80 percent of AMI. There is a current shortage of housing units for households at 50 percent and 30 percent of AMI.

Table 24: Projected Affordable Housing Need

Year	Projected Total Households	Projected Total Moderate-Income Households	Surplus (Deficit) of Affordable Units	Utah County Proportion	
				Projected Total Moderate-Income Households	Surplus (Deficit) of Affordable Units
2019	7,510	1,716	415	2,823	(692)
2020	8,011	1,830	300	3,011	(880)
2021	8,542	1,952	179	3,211	(1,080)
2022	9,114	2,083	48	3,426	(1,295)
2023	9,722	2,221	(91)	3,654	(1,523)
2024	10,370	2,370	(239)	3,898	(1,767)

Source: Utah County Assessor's Database, ZPFI

Financial Resources

Listed below are various funding resources available to development within Saratoga Springs and sources relevant to the City's affordable and special needs. They are from a variety of local, state and federal sources.

Local, Non-Profit, and Private Sources

Rocky Mountain Community Reinvestment Corporation (AKA Utah Community Reinvestment Corporation)

This multi-bank consortium provides financing for multi-family housing developments for low- and moderate-income households. Support includes loans, tax-exempt bonds and equity capital.

Down Payment Assistance

Consideration could be given to the creation of a down payment assistance fund which could be used for down payment assistance for qualifying first-time homebuyers wishing to purchase a home in Saratoga Springs making under 80% of the Area Median Income (AMI). The city of Asheville, NC operates a program of this type. Their program also offers special assistance towards qualifying full-time city employees, police officers and firefighters, as well as qualifying full-time school employees.

State Sources

Critical Needs Housing
The most useful application to the City of this appropriation is grants to be matched against other funding sources for accessibility design and down payment assistance. These funds must be used to serve those with income at or below 125 percent of the federal poverty guideline.

Olene Walker Housing Loan Fund
This State fund is the primary source of State-level housing assistance, providing funding for rehabilitation and development of affordable and special needs housing. Funds are available for individual use for very low-income, low-income and moderate-income persons as defined by HUD. There are two programs within this fund of special interest to the City:

1. The Community Driven Housing Fund within the Olene Walker Housing Fund is specifically intended to help cities develop affordable and special needs housing. This program helps set up partnerships with developers, guides the development process, and can assist with gap financing to make affordable housing more feasible to developers. The City can use this program in direct development assistance for needs identified in this study.
2. The HomeChoice program helps low- and moderate-income households or households with a disabled member buy affordable housing. The program funds 30 percent of the purchase price through a second mortgage with a one percent interest rate. This makes monthly payments much more affordable, reducing the housing cost burden.
3. The Multi-family program provides financial assistance for the acquisition, construction, or rehabilitation of affordable rental housing of five or more units.
4. The Transportation-Oriented Development Fund will provide loan guarantees for third-party financing to multi-family developers. The Board intends for these guarantee funds to revolve as loan guarantees are fulfilled. An element of the selection process is that the project targets households at less than 80 percent of AMI.
5. Individual Development Accounts: OWHLF supports savers participating in Individual Development Accounts with AAA Fair Credit. Savers receive federal and state matching funds for use in down payments and closing costs.

Utah Housing Corporation
Created in 1975, the Utah Housing Corporation was created through the Legislature to provide a supply of money to make mortgage loans and reasonable interest rates. The UHC also partners with developers and investors to use State and Federal Tax Credits and bond financing on multifamily projects for low-income families, senior citizens and more. Additionally, UHC administers Low Income Housing Tax Credits. These credits are a dollar for dollar reduction of tax liability for owners and investors of low-income housing for ten years. The amount of the credit is based on the costs of the project and the number of units that will be reserved for low-income households.[17]

[17] https://utahhousingcorp.org/about/programs

Federal Sources

Community Development Block Grant Program (CDBG)
This federal program provides communities with resources to address a wide range of community development needs, including housing projects. Numerous local entities receive a portion of these funds, including Assist Inc. and the Community Development Corporation of Utah.

Low-income Housing Tax Credit Program (LIHTC)
This federal program can assist housing developers in the development of affordable rental projects for low- and moderate-income households. The City can assist in partnerships with developers in receiving these grants.

Section 8 Certificates and Vouchers
The Section 8 program provides assistance to individual households to subsidize housing costs where housing would otherwise be unaffordable. This program provides diversity and distribution of low-income households, rather than segregation and concentration in dedicated housing developments

HOME Investment Partnership Program Allocations
This federal money is appropriated through the State and county consortiums through the Utah Department of Housing and Community Development. At the State level, this program performs competitive funding rounds where developers can submit applications for assistance for affordable housing projects.

HUD Section 811 – Supportive Housing for Persons with Disabilities
This program provides funding to develop and subsidize rental housing with the availability of supportive services for low-income adults with disabilities. Assistance through this program comes in two forms: 1) Capital Advances and 2) Project Rental Assistance. Capital Advances are interest-free capital advances to nonprofit sponsors to finance the development of rental housing. It can finance the construction, rehabilitation, or acquisition of a property. The advance does not have to be repaid if the property remains available to low-income persons with disabilities for 40 years. While the property should provide services such as case management, independent living training, and employment assistance, use of these services is not required as a condition of occupancy. Rental assistance contracts cover the difference between the HUD approved operating cost and the amount the residents pay – usually 30 percent of adjusted income. The initial term of these contracts is three years and can be renewed if funds are available.

HUD Section 202 – Supportive Housing for the Elderly
Much like the Section 811 program, Section 202 provided capital advances for the construction, rehabilitation or acquisition for low-income elderly, including the frail elderly. Terms and options are also similar to section 811 with capital advances and rental assistance.

Other Sources Available to Individuals and Households

There are hundreds of other programs available to individuals and households needing assistance with affordability or special needs. While these programs are not available for direct involvement or use by the City, they are available to help individuals and households close the affordability gap or find funding for special needs in housing. Some of these programs include:

- Utah Technology Assistive Foundation

- Emergency Shelter Grants Program
- HUD's 203K Rehabilitation Program
- Programs through the Community Development Corporation of Utah
- Utah Affordable Housing Database
- Making Home Affordable Program
- Utah Nonprofit Housing Association
- HomeChoice Loan Program
- Home Energy Assistance Target Program
- Community Development Corporation of Utah
- NeighborWorks
- Mountainland Association of Governments (MAG)
- Utah Community Reinvestment Corporation
- National Association of Homebuilders
- Homebuilder Association of Utah
- Many other nonprofit agencies through Utah and the Country

Goals, Policies & Strategies

As a result of the rising statewide housing prices, the Utah State Legislature passed SB34 in the 2019 Legislative Session stipulating actions that municipalities shall take to encourage and facilitate affordable housing, requiring three or more from the list. This year the legislation did not include funding, but may in future years; however, transportation funds are tied to this requirement.

The following is the list of recommendations from SB34, of which the City must choose at least three.

SB34 Affordable Housing Municipal Action Ideas:

(A) rezone for densities necessary to assure the production of moderate-income housing;
(B) facilitate the rehabilitation or expansion of infrastructure that will encourage the construction of moderate-income housing;
(C) facilitate the rehabilitation of existing uninhabitable housing stock into moderate income housing;
(D) consider general fund subsidies or other sources of revenue to waive construction related fees that are otherwise generally imposed by the city;
(E) create or allow for, and reduce regulations related to, accessory dwelling units in residential zones;
(F) allow for higher density or moderate-income residential development in commercial and mixed-use zones, commercial centers, or employment centers;
(G) encourage higher density or moderate-income residential development near major transit investment corridors;
(H) eliminate or reduce parking requirements for residential development where a resident is less likely to rely on the resident's own vehicle, such as residential development near major transit investment corridors or senior living facilities;
(I) allow for single room occupancy developments;
(J) implement zoning incentives for low to moderate income units in new developments;
(K) utilize strategies that preserve subsidized low to moderate income units on a long-term basis;
(L) preserve existing moderate-income housing;

(M) reduce impact fees, as defined in Section 11-36a-102, related to low and moderate income housing;
(N) participate in a community land trust program for low- or moderate-income housing;
(O) implement a mortgage assistance program for employees of the municipality or of an employer that provides contracted services to the municipality;
(P) apply for or partner with an entity that applies for state or federal funds or tax incentives to promote the construction of moderate-income housing;
(Q) apply for or partner with an entity that applies for programs offered by the Utah Housing Corporation within that agency's funding capacity;
(R) apply for or partner with an entity that applies for affordable housing programs administered by the Department of Workforce Services; and
(S) apply for or partner with an entity that applies for programs administered by an association of governments established by an interlocal agreement under Title 11, Chapter 13, Interlocal Cooperation Act[.];
(T) apply for or partner with an entity that applies for services provided by a public housing authority to preserve and create moderate income housing;
(U) apply for or partner with an entity that applies for programs administered by a metropolitan planning organization or other transportation agency that provides technical planning assistance;
(V) utilize a moderate-income housing set aside from a community reinvestment agency, redevelopment agency, or community development and renewal agency; and
(W) any other program or strategy implemented by the municipality to address the housing needs of residents of the municipality who earn less than 80% of the area median income.

The City has already been actively promoting several of these strategies. Accessory dwelling units are being allowed in most new development, including the recent Beacon Point (Strategy E). Moderate-income development near transit has been encouraged, as evidenced by the recent development at North Shore (Strategy G). And, rezoning for higher allowable densities for moderate-income housing has taken place in several zones within the City, including North Shore (Strategy A).

Goals and Strategies

Overall, housing supply in Saratoga Springs is in good condition and growing at a rapid rate. Therefore, the City may do well to primarily concentrate on increasing the number of affordable housing units, rather than redeveloping existing housing stock. In this regard, the City can take many steps to promote safe, healthy, and attractive housing in a range of types, styles, and price levels.

Affordable Housing Development

Goal: Ensure development of well-designed housing that qualifies as Affordable Housing to meet the needs of moderate-income households within the City.

Strategy: Rezone for densities necessary to assure the production of moderate-income housing (Menu Item A)

Strategy: Implement zoning/density incentives for including planned moderate-income housing within new developments.

Strategy: Allow accessory units in additional areas of the City (Menu Item E).

Strategy: Encourage higher-density or moderate-income residential development near major transit investment corridors (Menu Item G).

Housing Product Diversity

Goal: Promote the development of diverse housing types which provide life-cycle housing for a full spectrum of users.

Strategy: Facilitate zoning that allows for multiple housing types (multi-family, single-family, "senior," etc.) to be built in appropriate areas with the requirement that they adhere to similar visual standards and incorporate open areas which appeal to family gatherings and activities.

Strategy: Encourage multi-family developments with a diversity of unit types with unique building features (building architecture, height, façade, etc.) to avoid a monotonous visual appearance. Some examples of these development types could be townhomes, condos, and "mansion apartments" or apartments which appear to be one large single-family residence but house multiple housing units.

Strategy: Require or encourage the inclusion of "senior" and "empty nester" housing with approved mixed used developments instead of grouped together. Examples of these units would include condos and townhomes which fit the overall visual standard of the neighborhood.

Neighborhoods

Goal: Maintain existing and well-maintained single-family residential neighborhoods.

Strategy: Schools, churches, libraries, fire stations, and other public buildings and structures, located in residential areas, should provide attractive and well-maintained landscaping.

Strategy: Industrial and other non-compatible activities should not be permitted or allowed to expand or encroach upon residential neighborhoods.

Strategy: Adopt and enforce ordinance requiring land owners to keep their property free of weeds, junked vehicles and equipment, unsightly buildings, trash, and other debris.

Strategy: Continue to maintain curbs, sidewalks, walkways, and street lighting to maintain walkability and install these features if existing neighborhoods lack such features.

Goal: Facilitate the growth of new, safe, and well-planned neighborhoods within the City.

Strategy: Ensure that all new developments include provisions for safe mobility (pedestrian and vehicular) by incorporating street lighting, sidewalks, and proper storm drainage and gutter systems.

Strategy: Put proper zoning in place to allow for appropriate growth of existing neighborhoods with new housing units.

Strategy: Avoid mobility problems by reviewing proposed developments for mobility issues to avoid neighborhoods with "dead-ends." All new developments should include multiple access points to allow residents flexibility in traveling in and out of neighborhoods.

Implementation

Implementation strategies for providing affordable housing solutions abound. However, not all strategies will be applicable to a municipality based on existing goals, objectives, attitudes, and/or culture. Understanding the pulse of the community will assist in qualifying which implementation strategies may immediately be appropriate while others will potentially require preparations in order for implementation to occur. Strategies will also need to consider the fabric of existing neighborhoods and what may/may not be appropriate based on that existing context. Existing residential development patterns are often at a much lower density than what is more appropriate for general comprehensive strategies. More nuanced approaches should be considered when analyzing existing conditions within a community.

In greenfield areas of a municipality there is more latitude for implementing broader and more comprehensive solutions. Implementing affordable housing strategies within greenfield areas will provide for the greatest opportunities for impact. General principles associated with these implementation strategies will consist of the following considerations:

1. **Modify Zoning Requirements**

   Conventional zoning leads to a segregation of uses, which includes a fine-grained separation of housing types even though the use is the same. With less restrictive zoning requirements, a greater variety of housing stock could be achieved in neighborhoods, leading to a more inclusionary environment.

   The palette of available housing types could be expanded past the three general housing types which conventional zoning typically allows (single-family detached, single-family attached [townhomes], and stacked flats [condos/apartments]). There are a myriad of "missing middle" housing types which conventional zoning has regulated out of use and now require reintroduction through methods of zoning reform.

   The zoning reform required to expand the palette of available housing types could enable the blending of different housing types within the same neighborhood. This would provide opportunities for entry-level homebuyers to move up within the same neighborhood and for older residents to age-in-place in their same neighborhoods. With proper physical form, differing housing types can exist at the same scale.


Accessory Unit


Single Family Detached – Small Lot


Cottage Court


Multiplex - Small (2-6 units)


Multiplex – Large (6-10 units)


Mansion Apartments

2. **Expand Opportunities for Market-based Choices**

   It is important to seek out any and all solutions that are market-based in their implementation. Those market-based solutions must be available at both the developer as well as the consumer stage. There are a multitude of intricate ways in which these market-based solutions can be provided, which then allows for developers and consumers to opt-in based on their level of comfort.

3. **Legalize Accessory Units**

   By definition, an accessory unit is a self-contained housing unit that is an "accessory" to the main residence. Accessory units must have a separate ingress/egress from the main residence while sharing the same utility meters. Accessory units must contain a bathroom, stove and sleeping area.

   Accessory units come in different forms in terms of their separation from or incorporation into the main structure on a lot. A variety of forms should be accounted for and allowed in order to provide the widest range of alternatives and acceptance by the community.


Inclusive to the main structure


Attached to the main structure


Detached from the main structure

Accessory units are a way to directly impact housing affordability through allowing a community's residents to act as part of the solution (at their choice), implementing through a city-wide ordinance to disburse affordable housing opportunities.

Accessory units are the most effective way of providing density within a neighborhood while simultaneously providing the lightest impact to the neighborhood. It allows the property owner to subsidize their own mortgage with the rent from the accessory unit. It permits the property owner to closely supervise needs within their immediate family while simultaneously providing both dignity and privacy (i.e. a newly-married child, a single-parent relative, or an older parent). It allows for live-work opportunities for a property owner that prefers to utilize the accessory unit in an alternative fashion to rental housing.

Provisions which allow for accessory units can be effective in existing neighborhoods as well as greenfield scenarios. Such issues as allowable type of accessory unit, required parking, size, and location are example conditions that should be addressed.

Example Accessory Unit Ordinances

- Salt Lake City, Utah – ADU Handbook
- Portland, Ore.—Accessory Dwelling Units (Chapter 33.205)
- New Hampshire—New Hampshire Accessory Dwelling Units statute (RSA 674:71-73)
- Austin, Texas—Accessory Dwelling Units Ordinance (No. 20151119-080)
- Los Angeles, Calif.—Accessory Dwelling Units SB 1069 and AB 2939

4. Mixed-Use Development Patterns

As referenced earlier, due to the impacts of conventional zoning practices housing is generally concentrated by density (dwelling units/acre).

The impact of disbursing housing types attributable to affordable housing solutions throughout a neighborhood and community can be positive on multiple fronts. To name a few, the effort allows for mentoring opportunities between different demographic groups; it provides for the mutual sharing of resources between neighbors, both in terms of time and materials; it embeds the work force citizens of a municipality (i.e. public safety, educators, government staff) to both work and live in the communities they serve, rather than being forced to leave at the end of the work day.

When different housing types are integrated within a related and acceptable scale to each other the result provides diversity and visual aesthetics that create authenticity within the neighborhood. Single- family housing can exist directly adjacent to small multiplex buildings as an example.

The Avenues Neighborhood | Salt Lake City, UT

5. **Locate Affordable Housing Adjacent to Transit and Mixed-Use Environments**

   Transportation costs can have a significant impact on a household's budget. When transportation costs can be reduced, a greater range of housing types can become available. By locating affordable housing near areas of mixed-use and transit access, households can see significant cost savings. If transportation costs can be either eliminated or minimized by offering daily needs shopping (through mixed-use development) and regional transportation options (through transit proximity) within a walkable environment, then the quality of affordable housing alternatives can be increased by the offset in the requirement of an automobile within one's household.

   To accomplish this objective, greater levels of development intensities should be allowed along key transit corridors. A mix of uses will also allow for convenience services to be located near affordable housing, thus reducing the need for transit and further reducing costs for low-income households.

The level of choice regarding where one can live differs greatly due to household income. Individuals don't all have access to the same set of resources, and thus the level of choice drops significantly the scarcer financial resources are within a given household. The degree to which opportunities for choice in housing type alternatives can be expanded, the stronger and heathier communities can become.