

Moderate Income Housing Element

Introduction

In order to address concerns about moderate income housing, the State of Utah has directed municipalities to adopt plans for "housing occupied or reserved for occupancy by households with a gross household income equal to or less than eighty percent (80%) of the median gross income for households of the same size in the county in which the city is located" (Utah Code Ann. §10-9a-103(38)). The moderate income housing element is to include ". . . an analysis of how the municipality will provide a realistic opportunity for the development of moderate income housing within the next five years" and is to include at least three of a number of listed strategies (Utah Code Ann. §10-9a-403(2)(b)).

In order to adequately analyze the moderate income housing situation in Salem City, 2010 US Census data, 2014 American Community Survey (ACS) data, 2012 Population Projections from the Utah Governor's Office of Management and Budget, and 2012 Comprehensive Housing Affordability Strategy (CHAS) data from the US Department of Housing and Urban Development (HUD) was used along with the Utah Affordable Housing Forecast Tool (UAHFT) which is provided by the Utah Department of Workforce Services. Although the situation in Salem City has certainly changed from what it was when this data was collected, the numbers used in this report represent the most recent data available. While not all data from various sources matched up or were perfectly compatible with the UAHFT, care was taken to ensure acceptable analysis and any attempts to correct for gaps or inconsistencies are explained in the report.

The following demographic overview provides helpful background information for Salem City and Utah County. These are based on 2019 estimates.

	Total Population	Median Household Income
Salem City	9017	\$83,833
Utah County	622,213	\$67,042

As stated in the definition above, median income housing is considered housing for households with an income of equal to or less than 80 percent of the median gross income for households in the county. The median income for households in the county is referred to as the Area Median Income (AMI). According to the 2017 ACS, the AMI for Utah County is \$67,042.

A household is considered overburdened in paying for housing when more than 30 percent of income goes towards housing. Thus, all calculations in this report are determined by assuming that 30 percent of income is in fact going towards housing. This allows the report to show the most a household can get with its income without being overburdened.

Estimate of Existing Supply and Demand

Supply

In order to determine the supply of housing, information was taken from the 2019 GIS data from the Utah County Assessor's Office. This contained data for each parcel of land in the City. The parcel data was reduced down to include only those parcels that are residential and have built value (i.e. there is a structure for dwelling on the site). Outliers were investigated and eliminated as appropriate. The current market values were then analyzed for each of the remaining parcels. The monthly allowance for housing determined from AMI was used to determine what mortgage ranges associated with the AMI ranges. These mortgages were calculated assuming a 30-year mortgage with an interest rate of 3.55 percent. These mortgage ranges show what mortgages households in the different AMI ranges could afford. The breakdown of this information is found in the following table.

Percent of AMI	Monthly Income for Housing	Maximum Mortgage Loan Amount	Number of Owned Dwelling Units
Less than 30%	< \$503	< \$11,500	8
30-50%	\$503 - 838	\$11,500 - \$185,500	101
50-80%	\$838 - 1341	\$185,500 - \$269,500	597
80-100%	\$1,341 - \$1676	\$269,500 - \$297,000	213
Greater than 100%	\$1,676	\$297,000 - \$371,000	1597
Total			2516

Demand

According to the 2017 ACS, the median household income for Utah County is \$67,042. There are 1,968 households in the City according to the ACS. Since the GIS data is more current and is believed more accurate, the same ratio of housing per category has been used to determine the number of housing units available in each category, matching the 2516 dwelling units, as shown by the GIS data. The state law defines moderate income housing as housing that is affordable to households that make 80 percent or less of the AMI. In other words, for Salem City, moderate income housing is catering to households with a median income of \$53,634 or less. The thresholds of percentages of AMI are broken down as follows.

Percent of AMI	Corresponding Income	Number of Households
Less than 30%	$Y \leq \$20,112$	159
30-50%	$\$20,112 < Y \leq \$33,521$	288
50-80%	$\$33,521 < Y \leq \$53,634$	192
80-100%	$\$53,634 < Y \leq \$67,042$	463
Greater than 100%	$Y > \$67,042$	1414
Total		2516

ACS data are broken down into different income ranges than the AMI is. Thus, matching up AMI thresholds to the number of households in different median income ranges was imperfect. ACS data showed the number of households in different income ranges. This data was then broken down into more manageable ranges. This allowed the data to be matched up with and assigned to the appropriate AMI thresholds. It was determined that the households of Salem City fit into the AMI thresholds as shown in the table.

Aspects of Salem City’s Moderate Income Housing Situation

Findings. From the supply and demand numbers, a housing surplus or deficit was determined for the three categories within the moderate income range as well as for the total moderate income households and dwellings. The differences (surpluses and deficits) are presented in the following table.

Percent of AMI	Number of Dwelling Units	Number of Households	Surplus (Deficit)
Less than 30%	8	159	(151)
30-50%	101	288	(187)
50-80%	597	192	405
Total 80% or below	706	639	67

An analysis of the data shows an overall surplus of moderate income housing of 67 units. Interestingly, there is a surplus of affordable housing for those in the 50% to 80% of AMI, but a shortage for the very poorest of households, representing 338 units or thirteen percent (13%) of the total households.

Salem City has taken numerous measures to help provide more moderate income housing, realizing that despite the City’s best efforts, it is developers and not the City who actually build residences and set the value therefore. These measures include 1) providing a waiver of impact fees for affordable housing (See Salem City Municipal Code §13-4-050(E)); 2) adopting an R-5 Townhome Development Zone (See Salem City Municipal Code Title 14, Chapter 11) that provides for more dense housing; 3) adopting a Master Planned Zone (See Salem City Municipal Code Title 14, Chapter 12), that provides for more dense housing; 4) adopting a Mixed Use Zone (See Salem City Municipal Code Title 14, Chapter 13), that allows residential and certain commercial uses to exist in the same locations. The City is currently studying how best to allow accessory dwelling units in some or all of the residential zones of the City.

Several developers have taken advantage of the zoning changes to present plans that provide for smaller lots, townhomes, condominiums, and senior housing on smaller lots and homes. Currently there are approved 485 townhome units yet to be constructed, 612 condominiums units yet to be constructed, and 554 senior housing units yet to be constructed.

It is felt that continued use of the existing zoning strategies, together with the addition of ADU’s will help provide moderate income housing for the households in the categories below 50% of the AMI.

Strategies and Conclusion

The following strategies are meant to address moderate income housing needs in Salem City, as required by Utah Code Ann. §10-9a-403:

Strategy 1: Apply the R-5 Zone and Master Planned Zone in appropriate circumstances. UCA §10-9a-403(2)(b)(iii)(A).

Strategy 2: Apply the Mixed Use Zone in appropriate circumstances. UCA §10-9a-403(2)(b)(iii)(F).

Strategy 3: Adopt an accessory dwelling unit apartment allowing for shared housing. UCA §10-9a-403(2)(b)(iii)(E).

Strategy 4: Waive, or partially waive, impact fees for affordable housing. UCA §10-9a-401(2)(b)(iii)(M).

Strategy 5: Coordinate with government or non-profit entities to assist in providing moderate income housing. UCA §10-9a-403(2)(b)(iii)(P).

Conclusion

This analysis is meant to serve as a tool and reference for Salem City when considering the needs of current and future residents. Taking regular inventory of supply, demand, and policies regarding housing can ensure the City is prepared to meet residents' needs.