

# SECTION 8 - AFFORDABLE HOUSING

**Need for Affordable Housing .....8-1**  
**What Is Affordable Housing? .....8-1**  
**Needs Analysis.....8-2**  
**Identifying Solutions .....8-5**  
**Goals, Policies, and Implementation Measures .8-6**

## NEED FOR AFFORDABLE HOUSING

In 1996, the Utah State Legislative passed House Bill 295 to help address the need for affordable housing in Utah. The law requires all communities to plan for a sufficient amount of affordable housing to meet their current need and their needs for at least five years into the future.

Utah continues to experience rapid population growth. Utah was the fourth fastest-growing state in the U.S. during the 1990s, with a growth rate of twice the national average. Only one-fifth of Utah's 2.35 percent annual growth is from migration into the state. Eighty percent of Utah's growth is from children growing up, starting their own families, and settling in the area.

With the increase in population, Utah is experiencing a greater demand for housing that is less expensive and housing that requires minimal maintenance. Because of the rise in population, it has become increasingly difficult for families and communities to deal with the dramatic increase in housing costs.

## WHAT IS AFFORDABLE HOUSING?

Housing choice is very different for each person living in a community because of family situation, household income, and the affordability of the home. Most newly married couples, elderly people, and young families need moderately priced housing in our communities.

*Our children, newly married couples, and the elderly need affordable housing choices.*

Moderate-income housing is defined as housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80 percent of the County Median Family Income (CMFI). In Smithfield City, a family of four could earn \$39,450 annually or less and be considered moderate or low income.

In 2002, Smithfield City had approximately 951 families considered moderate or low income; this is 38 percent of the total 2,472 resident families. These families need affordable housing choices.

Providing housing choices in Smithfield City allows families to choose from a variety of housing options, while keeping the costs within their budget.

The future will bring less demand for large lots and single-family homes, and increased demand for smaller, minimal-maintenance, less-expensive housing. The challenge for all Utah communities is to ensure that zoning regulations do not limit the types of housing that are needed and desired by the residents of a community.

## **Achieving Affordable Housing**

Smithfield City's development regulations (ordinances for zoning and subdivision, for example) outline how the development and construction of housing should take place. Both long-term and short-term policies need to be established to meet the housing needs of the community and to attain the goals presented for Smithfield City here. Zoning codes need to be evaluated and changed as necessary to allow more creative housing choices.

## **Why Is Affordable Housing Important to Smithfield City?**

There are many benefits to having a diversity of housing choices in Smithfield City. As people move through the stages of life, they can live and grow in the same community. Young couples, families, and the elderly can live near relatives. Children can grow up knowing people from different ages, walks of life, and income groups. Such diversity fosters more healthy neighborhoods and communities.

## **NEEDS ANALYSIS**

### **Who Needs Moderately Priced Housing?**

Many people need housing that is more affordable—including teachers, policemen, young families buying their first home, single adults, and the elderly. Affordable housing is about providing options and choices for all that choose to make their home in Smithfield City.

### **Population and Demographic Background**

This affordable housing component of the Smithfield City General Plan evaluates the city's affordable housing as a whole. This approach provides a better understanding of the housing needs in Smithfield City and identifies the city's responsibility in meeting those needs. The implementation policies developed as part of this component will serve as Smithfield City's policy for improving and maintaining affordable housing within its incorporated areas.

Smithfield City has experienced an average annual growth rate of 3.0 percent per year from 1990 to 2000. The U.S. 2000 Census indicated the following about Smithfield City:

- Population: 7,261
- Number of households: 2,066
- Average number of people in a household: 3.51

The 2005 projected population for Smithfield City in 2005 is approximately 8,772, and for 2010 is approximately 10,085. Approximately 561 new households are projected between 2004 and 2010.

See Table 8-1 for a population and household profile.

**Table 8-1. Population and Household Profile for Smithfield City**

Profile	City Total
2000 population (U.S. 2000 Census)	7,261
2005 projected population (Cache County data)	8,772
2000 household size (U.S. 2000 Census)	3.51
County estimate for 2005 projected household size (Governor's Office of Planning and Budget)	3.21
County estimate for 2010 projected household size (Governor's Office of Planning and Budget)	3.23
2000 income limit for low-income family of four in Cache County (80 percent of median)	\$37,050
2003 income limit for low-income family of four in Cache County (80 percent of median)	\$39,450

## Household Incomes

Household income is the most important factor in the ability of an individual or family to provide for housing needs. Table 8-2 indicates the income levels for Smithfield City and Cache County according to the U.S. 2000 Census.

**Table 8-2. Median Incomes for Smithfield City (2000)**

Type of Income	Smithfield	Cache County
Median household income	\$47,745	\$39,730
Median family income	\$49,828	\$44,453

House Bill 295 requires that Smithfield City's need for affordable housing be analyzed in terms of households earning at or below 80 percent of the CMFI, 50 percent of the CMFI, and 30 percent of the CMFI. Each of these annual income levels has unique and individual implications for affordable housing in Smithfield City. For example, it would be very difficult for a family earning at or below the 30 percent CMFI level to qualify for a mortgage and purchase a home. Families in this category would require affordable rental opportunities in Smithfield City.

Table 8-3 shows number of families by income category. In 1999, an estimated 38 percent of Smithfield City's population had annual household incomes falling at or below 80 percent of the Cache County CMFI. This percentage remained essentially the same for 2002 estimates.

**Table 8-3. Percentage of County Median Income by Family for Smithfield City**

Affordable Housing Income Category	Greater than 80%	80% of Median Income	50% of Median Income	30% of Median Income	Total
Total number of families in 1999	1,361	351	219	263	2,194
Total number of families in 2002	1,521	405	252	294	2,472

## Existing Housing

Based on the U.S. 2000 Census, Smithfield City has approximately 1,766 owner-occupied housing units and 300 renter-occupied housing units. The self-assessed median value of owner-occupied housing in Smithfield City in 2000 was an estimated \$131,400 (U.S. 2000 Census). This is higher than Cache County (\$129,700), but considerably lower than the State of Utah (\$142,600).

## Families Living on the Margin

A general “rule of thumb” used by the housing industry and supported by the U.S. Department of Housing and Urban Development (HUD) is that when families pay in excess of 30 percent of their total household income toward housing-related costs (including utilities) they begin to struggle to meet other household financial obligations. Unexpected household expenses may put these families at risk when they pay such a high percentage of their income toward housing. These families are living at the financial margin and may risk becoming homeless when faced with overwhelming financial obligations (Utah has one of the highest foreclosure rates in the nation). Often these families are forced to pay such a high percentage of their income toward housing because they want to live in the community but are unable to find affordable housing.

Table 8-4 shows the number of dwelling units by occupancy for which families are paying over 30 percent of their gross income toward housing-related costs.

**Table 8-4. Dwelling Units as a Percentage of Income in 2000**

Renter Occupied	Total	Owner Occupied	Total
Less than 15.0%	30	Less than 15.0%	578
15.0% to 19.9%	39	15.0% to 19.9%	286
20.0% to 24.9%	53	20.0% to 24.9%	171
25.0% to 29.9%	25	25.0% to 29.9%	166
30.0% to 34.9%	54	30.0% to 34.9%	116
35.0% or more	80	35.0% or more	239
Not computed	15	Not computed	10
Total specified renter-occupied housing units	296	Total specified owner-occupied housing units	1,566

## Affordable Housing Needs Summary

Smithfield City has a total of 489 households that are paying in excess of 30 percent of their gross income toward housing-related costs. This may indicate a deficit in affordable housing to meet the existing need. Of these households, 355 are living in owner-occupied housing and presumably servicing a mortgage. These people may be at risk of foreclosure when faced with unexpected household expenses.

In terms of future housing needs, Smithfield City is projected to accommodate 561 additional households by the year 2010. Assuming that the income status of these new families is roughly the same as existing Smithfield City households, it is estimated that 213 of these new families will earn at or below 80 percent CMFI and need affordable housing. Of these families, 67 will earn at or below the 30 percent CMFI and likely need additional affordable rental opportunities. See Table 8-5.

**Table 8-5. Estimated Affordable Housing Needs Summary (Year-end 2000)**

<b>Affordable Housing Category</b>	<b>80% of Median Income</b>	<b>50% of Median Income</b>	<b>30% of Median Income</b>
Household income	\$39,450	\$24,656	\$14,794
Maximum purchase price (based on estimated 2004 interest rates and terms)	\$155,300	\$95,300	\$55,300
Maximum monthly rent or house payment	\$905	\$535	\$285
2004–2010 Smithfield City projected affordable housing need (households)	90	56	67

## IDENTIFYING SOLUTIONS

### What Can Be Done?

Smithfield City has a limited but very important role in providing affordable housing within its jurisdiction. Each jurisdiction has a limited amount of power to regulate the overall affordable housing units built within its community. Under the Utah State Code, each city and municipality has a responsibility for developing and administering its own plans and ordinances. A community may have some effect on the affordable housing policies of its community through general plans, land-use regulations, fees, and development exactions. Certainly much of what happens regarding affordable housing development in Smithfield City in the next ten years will be driven by housing market forces that are external to Smithfield City.

## Land-use Regulations

Land-use regulations are often considered one of the major barriers to the development of affordable housing and are reflected in the cost of housing. The three major areas where land-use regulations have had the greatest impact on the cost of housing are:

- Large lot zoning
- Standards imposed by zoning and subdivision regulations
- Requirements for installation of off-site facilities

Currently, Smithfield City's land-use ordinances are designed to ensure a compatible interrelationship of land uses so that the health, safety, and general welfare of the community are promoted and protected. The objectives of land-use ordinances are to establish regulations that provide locations for all essential uses of land and buildings and to ensure that each is located appropriately.

Smithfield City recognizes a small need for affordable housing at the present time. Based on the implementation policies of the General Plan, Smithfield City will give careful consideration to helping meet the need for affordable housing as part of updating the community's land-use regulations.

## Infrastructure Limitations

Smithfield City currently has the infrastructure to meet the development demands in the developing areas of the city. However, the city has made an effort to grow from the inside out to reduce urban sprawl, and much of the available raw development area within the city is depleting. As a result, the community is experiencing annexation requests from areas around its east perimeter as development pressures expand beyond the city core. Many of these new areas lack the infrastructure necessary for development, and the cost for providing the infrastructure is driving development costs up.

# GOALS, POLICIES, AND IMPLEMENTATION MEASURES

## Affordable Housing Policy Statement

Smithfield City is currently updating its General Plan and the water and sewer master plan. The update is, in part, the result of the recommended update cycle, but is also intended to meet the growth pressures from areas that have not received an adequate long-range planning effort. It has been and will continue to be the intent of Smithfield City to not limit the development of residential housing within the incorporated areas of the city. However, the physical environment and available infrastructure could place some restrictions on the type and density of any residential development in the city. To meet the current and future affordable

housing requirements, zoning codes need to be evaluated and changed if necessary to allow more choices for affordable housing.

Following is a list of potential policies. Each jurisdiction adds and chooses policies that fit its community.

## Innovative Housing Types to Consider

Table 8-6 lists housing types to consider that could contribute to community livability and affordability.

**Table 8-6. Innovative Housing Types**

Type of Housing	Description
Mixed-use housing above retail	Housing on the upper floors of retail shops, or mixed apartments and shops on the same street.
Accessory dwelling units	A basement or guest house that has separate living quarters.
Garden courts	A garden or park surrounded by higher-density housing. Minimal lot sizes required by modern zoning codes make this type of housing difficult to develop.
Live-work units	Zoned so that people are able to work from home, with a separate work entrance and discreet signage. This type of housing must be zoned to allow for office use by non-resident employees and customers.
"Big house" apartments	Apartments that fit into neighborhoods. The building is designed to look like a large home, but it accommodates two, four, or even eight units.

## Potential Policies

Following is a list of potential policies. Each jurisdiction adds and chooses policies that fit its community.

**Goal 1: Improve access to housing opportunities for low-income and moderate-income residents.**

**Policy: Support and use existing affordable housing resources.**

- Adopt the prepared resolution authorizing Bear River Regional Housing Authority (administered by the Bear River Association of Governments, or BRAG) to offer the HUD Section 8 rental assistance program to eligible renters who reside in Smithfield City.
- Support and promote the first-time buyer home-buyer program administered by BRAG.
- Support and promote the housing repair and rehabilitation program administered by BRAG. and the U.S. Department of Agriculture (USDA) Rural Development Agency (RDA).

**Goal 2: Improve fair housing practices.**

**Policy: Support fair housing practices through education and awareness.**

- Sponsor and support presentations and information dissemination by non-profit organizations and government agencies.
- Commit to combat the “not in my back yard” negative stigma of affordable housing by becoming educated and understanding the economic value of having diversified housing choices in a community.

**Goal 3: Encourage and support the development of affordable housing units.**

**Policy: Consider modifications to existing regulatory measures to encourage the development of affordable housing and reduce production costs.**

- Support non-profit and private affordable housing developers by donating or selling land for affordable projects.
- Encourage flexibility and innovation in the interpretation of local building codes to allow for the use of different building materials and new technologies.
- Continue to support the more relaxed restrictions on the definition of “family” to allow, within limits, the beneficial sharing of dwelling units by students, singles, and extended family.
- Continue to look for ways to streamline the local administrative development review and permitting process to allow for costs reductions.

**Policy: Provide financial incentives for affordable housing development.**

- Provide for fee waivers and impact fee exemptions for projects or portions of projects that provide new affordable housing units.
- Take advantage of RDA tax incentive increment financing specifically for affordable housing.

**Policy: Encourage the development of in-fill housing and adaptive reuse.**

- Facilitate infill development by inventorying appropriate infill sites for developers and realtors.
- Encourage adaptive re-use and mixed-use projects to stimulate affordable housing and economic development.

**Policy: Adopt new regulatory measures to encourage the development of affordable housing.**

- Allow for the development of accessory dwelling units in existing single-family zones.
- Have no more restrictions for manufactured housing than regular housing.
- Adopt local rehabilitation codes for maintaining existing housing stock to encourage neighborhood revitalization.
- Adopt quality design standards to help erase negative stigmas and increase acceptance of affordable housing without increasing costs.
- Consider selective rezoning of residential land to allow greater density for both single-family and multi-family housing.
- Amend the residential zoning ordinance to include single-family lots under one-quarter acre where appropriate.