

# SUMMIT COUNTY AFFORDABLE HOUSING SOLUTIONS

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## Note Regarding Completion of the Report

Habitat for Humanity of Summit and Wasatch Counties was actively meeting with County and City elected officials and staff members to review the contents of this report before its release. The final meeting was to take place the week of March 16, 2020. Due to the COVID-19 pandemic, all work to coordinate and release the final report was halted. Even as this report is released, almost all the City and County's resources are dedicated to keeping our communities safe and the economy stable. Habitat for Humanity of Summit and Wasatch Counties will resume work with both the City and County once they can focus on other community issues. During the Summer of 2020, we will distribute this report to other community stakeholders to gather additional input and advocate for support of affordable housing in our community.

# Executive Summary

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*Without change to local policies and practices, the current rate of affordable housing creation in Summit County may never catch up to the community's growing need.*

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To help policymakers focus on real solutions implemented in communities across the country, this report compiles a list of housing-related policies that address regulations and funding sources that can directly increase the supply of affordable housing. The examples highlighted are compatible with Summit County and communities within and align with the current barriers identified to construct affordable housing.

**There are four key takeaways from this report that policymakers, opinion leaders, and the interested public should keep in mind.**

## 1. Policy Matters

Policies supporting affordable housing should include straightforward regulations (density, height, setbacks, etc.) and processes outlined upfront and applications expedited to eliminate the uncertainty and excess costs during the initial phases of a project. Cumbersome procedures and zoning that requires negotiation to determine site requirements increase developer costs, even when the developer is a non-profit entity.

## 2. Funding Sources are Needed

Funding a project is often the most challenging aspect of affordable housing. Local affordable housing providers rely heavily on outside funding from grants, loans, direct and indirect subsidies, and private donors to get a development to the point of breaking ground. Lower returns on investment (ROIs) associated with below-market-rate housing remains a commonly cited impediment.

Many communities address this issue through various funding initiatives. The types of costs they offset include brick and mortar construction, land purchase, processing fees, impact fee waivers (pay into the fund), and subsidization of overall costs.

## 3. Use of Existing Housing Stock

Construction of for-sale units is the current focus in our community to increase affordable housing units. Not all that require affordable housing can purchase or desire to buy a unit. Rent is a heavy weight to carry for many Summit County residents: More than 20 percent of renters in Summit County face a severe housing burden (housing costs, including utilities, exceed 50% of household income.

Measures that either maintains the existing affordable housing supply or increase it using existing units need attention.

## 4. Advocacy

Educating the community members on affordable housing, our community, workforce, and traffic impacts assist in creating a more open dialog about effects a project may contribute to a neighborhood. By activating those supportive of affordable housing in the community, voices from all sides are expressed in public meetings regarding proposed projects.

**The lack of housing affordability results in more than just Summit County residents paying high percentages of their income on rents and mortgages.** Local employees unable to live in the community commute greater and greater distances impacting traffic and the environment. A more comprehensive measure of affordability would include transportation costs to extend and increase transit service to affordable housing projects.

The choices we make today play a crucial role in our community's future. All the solutions, including an outline of next steps contained in the document should be carefully considered as local government entities work to address the housing affordability.

## Introduction

The Wasatch Back, like many communities in our country, is facing an inadequate quantity of housing to sustain the workforce. The tourism economy and visitor growth cause the demand for the area. Visitor growth requires an increasing number of service workers, primarily low wage employment. Due to this housing market imbalance, many Wasatch Back communities are facing unprecedented housing demands.



The housing challenge along the Wasatch Back is a function of multiple factors: low-income workforce, high housing costs, the influence of external market demand, quantity, and restrictive land-use regulations.

Over the years, Wasatch Back towns and counties worked to address the need for affordable housing independently. There are successes; however, the current rate of affordable housing creation in Summit County may never catch up to the community’s growing need.

## Cost of Home Campaign

Habitat for Humanity International launched a worldwide campaign, *Cost of Home*, on June 12, 2019. The *Cost of Home* is the first national advocacy campaign for Habitat International. Habitat for Humanity International looks to mobilize local Habitat organizations, partners, volunteers, and community members across the country to find solutions and help create policies that will allow 10 million individuals<sup>1</sup> to have access to stable housing.

Over the next five years, the campaign will improve home affordability by promoting policy and systems change in four key areas: supply and preservation of affordable homes, access to credit, land use, and communities of opportunity.

 <b>Resources for home production</b>	 <b>Inclusive access to credit</b>	 <b>Equitable access to land</b>	 <b>Communities of opportunity</b>
<b>Example policy solutions</b> <ul style="list-style-type: none"> <li>• Expanding existing resources.</li> <li>• Housing trust funds.</li> <li>• Housing bonds.</li> <li>• Tax credits for affordable housing.</li> </ul>	<b>Example policy solutions</b> <ul style="list-style-type: none"> <li>• Expanding down payment assistance.</li> <li>• Expanding financial education and housing counseling.</li> <li>• Combating predatory lending.</li> </ul>	<b>Example policy solutions</b> <ul style="list-style-type: none"> <li>• Inclusionary housing policies.</li> <li>• Streamlining land use approvals.</li> <li>• Improved zoning ordinances.</li> </ul>	<b>Example policy solutions</b> <ul style="list-style-type: none"> <li>• Expanding home repair/modification assistance.</li> <li>• “Just Cause” eviction laws.</li> <li>• Property tax relief for lower-income homeowners.</li> </ul>

<sup>1</sup> <https://www.habitat.org/costofhome> (“Cost of Home: Housing Affordability Campaign.” Habitat for Humanity, n.d.)

Through the campaign, Habitat looks to engage housing advocates, Habitat homeowners, volunteers, and supporters — as well as federal, state, and local policymakers — to advance access to safe, decent, and affordable homes<sup>2</sup>. The local affiliate, Habitat for Humanity of Summit and Wasatch Counties, joined as a partner in this campaign by starting a conversation in our community about the supply-side barriers to affordable housing.

## Supply Side Barriers

Local and State governments often introduce legislation that: inhibits the design feasibility for the construction of affordable housing; are absent of incentives and concessions that allow an affordable project to pencil; lengthen approval time through internal policies and practices which delay construction and increases the cost of the project.

The costs of affordable housing are constrained more than any other type of construction since the final price of the home is set to meet specific parameters, it cannot increase due to additional costs as easily as a market-rate unit could. The maximum sales price is set at the time of deed restriction, well before construction starts. Affordable housing projects have little to no return on investment.

While Summit County communities are not unique in having supply-side barriers, the identified barriers in our communities include:

- Long, complicated, and costly timeline to secure entitlement
- Zoning incentives do not offset costs
- Lack of a diversity of residential zoning
- Project may no longer be feasible due to numerous constraints placed on approvals
- Impact fee costs
- Challenges in matching funding timelines and development build timelines

Habitat of Summit and Wasatch Counties faces the same barriers when constructing single-family homes in Summit County communities. In 2019, Habitat received a construction permit for a 1,200 square foot single-family home in Silver Creek Village. The total impact fee costs equaled \$23,663. These fees did not include architectural, engineering, and legal costs incurred during the review and permitting processes, nor did it include building permitting fees and standard land carrying costs that can be incurred. Habitat for Humanity knew other affordable housing providers were facing the same barriers and determined the Cost of Home campaign work would focus on local solutions.

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<sup>2</sup> <https://www.habitat.org/about/advocacy/the-cost-of-home-campaign> (“Cost of Home: Housing Affordability Campaign.” Habitat for Humanity, n.d.)



Resources for home production	Equitable access to land
<p>Example policy solutions</p> <ul style="list-style-type: none"> <li>• Expanding existing resources.</li> <li>• Housing trust funds.</li> <li>• Housing bonds.</li> <li>• Tax credits for affordable housing.</li> </ul>	<p>Example policy solutions</p> <ul style="list-style-type: none"> <li>• Inclusionary housing policies.</li> <li>• Streamlining land use approvals.</li> <li>• Improved zoning ordinances.</li> </ul>

## Local Solutions

With the ability to bring Habitat International’s best practices to the table, Habitat of Summit and Wasatch Counties decided to approach the reduction of supply-side barriers by inviting local officials to participate in a workgroup that would discuss ways to increase affordable housing supply.

There was a desire to build one workgroup with representatives from entities covering both Wasatch Back counties. However, due to the limited availability of elected officials, we focused separately on each county. While the discussions and solutions concentrate on each county and their respective communities, the overarching goal is to encourage the adoption of similar practices, thereby simplifying the understanding of affordable housing

incentives and regulations along the Wasatch Back.

The Summit County Workgroup convened over three meetings, where they identified inhibiting factors to the creation of affordable housing and discussed practical solutions. The participants agreed that to address supply-side solutions, they needed to address:

- Zoning requirements
- Cumbersome processes – need for simplification
- Bridging a range of housing: rentals, seniors, homeownership
- Impact and permitting fees
- Funding options
- Addressing exterior material requirements??
- Retention of year-round dwelling units

Habitat distilled the input and drafted this Solutions Plan that outlines the next steps to provide a supply-side toolbox within the context of the Wasatch Back marketplace for the construction of affordable housing.

## Development Project Workflow

All development projects, no matter the size and scope, go through a workflow. New construction may have the most expansive list of steps, and the workflow table included outlines the necessary tasks. This report identifies ways to incentivize the construction of affordable housing at various levels during the project workflow. Further, it indicates a logistic connection on the timing of tasks. Placing the cart before the horse results in change orders that add costs unnecessarily. Please see Exhibit A for the Development Project Workflow Analysis.

## Recommended Solutions

The following solutions work to increase affordable housing units, whether new or through measures that focus on the existing housing stock. The group of individuals contributing ideas to the final document included land developers, multifamily housing developers, realtors, planners, and architects. Input from those with these backgrounds significantly contributed to the practicality and feasibility of the recommended solutions, along with community fit. Resources from Habitat for Humanity International were incorporated into the document, including insights from other communities across the United States.

# Summit County Solutions Plan

As identified by the Summit County Workgroup, there are several inhibiting factors to the creation of affordable housing. The included solutions, highlighted by communities currently using these measures, address Summit County specifically and are meant to address:

1. Policy
  - a) Zoning
  - b) Use and Permitting Process Improvements
  - c) Deed Restrictions
2. Financing/Gap Funding/Funding Sources
3. Use of Existing Housing Stock
4. Advocacy

Exhibit C highlights types of policies that either increase affordability or decrease affordability. While the solutions provided below are aimed to improve affordability, this report did not look to identify all existing policies within local governments that reduce affordability.



Equitable access to land

#### Example policy solutions

- Inclusionary housing policies.
- Streamlining land use approvals.
- Improved zoning ordinances.

## 1. Policy

Policies supporting affordable housing should include straightforward regulations (density, height, setbacks, etc.) and processes outlined upfront and expedited to eliminate the uncertainty and excess costs during the initial phases of a project. Please see Exhibit A for the Development Project Workflow Analysis.

### a) Zoning

Zoning regulations are meant to preserve community character and minimize nuisances between different uses. Often base zoning and compatibility requirements are too restrictive to allow construction of an affordable housing unit that meets the AMI needs of the community. The referenced looked to solutions that worked to balance the two.

## Affordable Housing Overlay Zone

Many zoning codes create uncertainty with regards to what can be built and often require multiple plan revisions that add both time and expense cost to the project. A set of standards for affordable housing should be placed over existing zoning to address the risk with regards to affordable housing projects,

An overlay zone would extract current affordable housing references in parts of the code, and then set new affordable housing regulations through the creation of an overlay zone. Projects reviewed under this would have an established decision tree and regulations to meet to receive expedited processing, as well as clear set of entitlements, know early in the process.

Summit County has discouraged mixed-use developments within the Snyderville Basing Code; however, they are currently looking at changes to codes that include regulations for Master Planned Developments (MPD) and NMU-1 accommodating a mix of uses including affordable housing. Additional allowances for affordable housing will assist in increasing the number constructed within projects.



### Increase Density and Height for Affordable Housing Projects

Without incentivizing affordable housing with increased density and height exceptions, the cost to construct the project is spread over a fewer number of units, therefore, increasing the subsidy needed to build each unit and/or increasing the unit price for rental or purchase. The more units constructed on a property allows the costs to be spread among more units.

Given the great need for affordable housing in Summit County, reducing the subsidy needed to construct affordable housing allows the dollar to go farther and can be used to build more units.

While allowing an increased density and heights for affordable housing projects, sites remain too constrained by parking and setback requirements. The more available space that can go toward the overall interior space of the project allows for the construction of more units. Projects that are a mix of affordable and market-rate units become more feasible if the increased density is permitted for developments of less than 100% affordable units.

### Incentivize Placement of Housing

Often affordable housing for a community's workforce is placed on the outskirts of town due to the generally lower price of land away from City centers and attractions. Addressing how employees travel to work and essential services without causing additional traffic is difficult. Two ways to aim density increases is to condition them on their placement in relation to transportation corridors and employment generators.

### *On-Site Affordable Housing Requirements*

Commercial and residential projects generate demand for employees. Previously in-lieu fees were a resolution communities adopted that allows developers to pay into a fund to offset their affordable housing impact. In-lieu fees do not cover the cost of what it costs to construct affordable housing. Due to the lack of available land, these fees become hard to use to cover the cost of land.

Requiring developers to provide affordable housing on-site or allow for a donation of land that can be built out by the local government or local affordable housing providers will help meet the lack of available property.

Austin, Texas. The "Affordability Unlocked' Development Bonus Program" waives or modifies some development restrictions in exchange for providing low- and moderate-income housing. The program is designed to increase the number of affordable housing units being developed in Austin and fully leverage public resources by allowing housing providers to build more units in their developments when significant amounts of affordable housing are included. In return for setting aside half of a development's total units as affordable, bonuses include the height and density increases, parking, and compatibility waivers, and reductions in minimum lot sizes.

### *Employment Generators and Services*

Where you live affects how you move. The closer affordable housing is to major employment centers, the numbers of additional efforts reduce, such as transportation to the employer. Traffic is listed as a top concern by community members in all Wasatch Back communities. Whether they are trying to reduce the impacts of traffic or prevent the start of issues, infill parcels are closer to employment areas. At the same time, most of the available land is located on the outskirts of our existing communities. Allowing co-housing or micro-units near commercial and employment centers can reduce traffic impacts from residents driving to services and/or work.

Miami, Florida. A resolution was passed, allowing dwelling units of 275 square feet, also known as Micro-Units, within transit-oriented developments. Required parking is reduced or limited for the units.

The Urban Land Institute studies indicate that Micro-Units have more substantial occupancy rates than typical apartments and individuals choosing to live in Micro-Units are attracted to Micro-Units because of a desire to sacrifice space for lower per-unit cost and proximity to transit, employment, and vibrant mixed-use neighborhoods;

New York, New York. Seeking more innovative housing models, the New York Department of Housing Preservation and Development (HPD) launched the adAPT NYC competition in 2012 that called for concepts for the City's first micro-unit apartment building in Manhattan's Kips Bay neighborhood. Six municipal zoning code overrides were created, including the relaxation of the minimum unit square footage and density limitations, but the site's Floor Area Ratio (FAR) was not increased. In March 2016, the City passed legislation allowing developers to include apartments with less than 400 square feet of space in buildings with larger units in relatively dense areas.

### *Transportation Corridors*

Placing affordable housing on the outskirts of town only increases traffic in and out of commercial and business areas. One strategy communities adopt is locating affordable high-density residential and mixed-use developments along transportation corridors. Characteristics of transit-oriented developments include:

- High-density development within a 10-minute walk circle around a transit station.
- A mixed-use development that includes schools, retail uses, shopping, and various housing types.
- Street facilities for walking and biking.
- Street grid, connectivity, and traffic calming features to control vehicle speeds.
- Parking management to reduce the land devoted to parking.
- Street trees and lighting.

Seattle, Washington. The Sound Transit Board passed the 80-80-80 policy in 2016, which requires Sound Transit to offer 80 percent of its surplus property to affordable housing developers and make 80 percent of the units affordable for those earning 80 percent or less of the area median income.

With collaboration from community stakeholders, private and non-profit developers and partner agencies, Sound Transit plans outcomes at the start of transit project planning by evaluating the development potential of alternative alignments and station locations and then cultivating specific opportunities through the design phase.

### *Reduce Standard Designs for Land Development*

Communities regulate street widths and parking lot aisles and through Design Standards, often overseen by a City/County Engineer. These regulations are developed to provide standards for the physical development of subdivisions of land, construction of public works improvements within Park City, including, but not limited to, the construction and installation of roads, streets, curbs, gutters, drainage systems, and water and sewer systems.

Allowing reduction of lengths and widths required for driveways, parking lot aisles, and other standards on affordable housing projects would make additional land available on the site for the construction of units. Charlottesville, Virginia, is exploring this concept, but no formal adoption of new standards has taken place.

### *Modify Architectural Design Guidelines*

Developments set their architectural standards which include types of exterior materials permitted during the approval process with local government entities. Often the standards are higher and more expensive than what makes sense for an affordable unit. Specifying alternative, complementary materials that are less expensive for affordable units keeps overall costs for the unit down.

## b) Use and Permitting Process Improvements

Delays during any stage in the development process add to the final costs of new housing. By reducing the costs incurred by developers during the development review and construction process, affordable housing projects become more attractive. Expedited permitting or “fast-tracking” is a cost-efficient and effective way of reducing developer costs along with allowing concurrent approvals for a project.

Delays during the approval and permit processing result in cost increases due to labor and material cost growth and shifts in market preferences. Such cost increases may be substantial and unlikely to add to earlier cost proformas that set the range of sale prices for pre-construction unit prices.

### Fast Track Processing

Fast-tracking means projects meeting the qualifying criteria as defined by codes and are located on land appropriately zoned for development may be processed at an accelerated schedule. The jurisdiction retains the ability to deny the request. The advantage of an accelerated review to business is that the time in which a project is in limbo between application and approval/denial is shortened. Both investor risk and the cost of carrying the project’s financing are minimized. Fast-tracking review, permitting, and inspections of affordable housing projects reduce developer costs at no-cost to local jurisdictions.

Pinellas County, Florida. A variety of incentives are made available by the Board of County Commissioners to encourage affordable housing development in Pinellas County. For the expedited permit processing incentive, the county administrator provides a review process that gives Affordable Housing Developments priority in the permit review process. A two-week turnaround time is the desired goal for the processing of a site plan for such development.

Charlottesville, Virginia. Expedited permitting for affordable housing is provided through the Affordable Dwelling Unit ordinance to encourage the provision of affordable units. Under expedited permitting, once a rezoning or special use permit has been approved, site plans submitted for review are acted within 21 days of the plan being officially submitted. Expedited permitting also applies to any preliminary site plan application, which guarantees that at least 15 percent of all proposed residential units included in the site plan will be affordable to households with incomes no higher than 80 percent of Area Median Income (AMI) for a minimum of 30 years.

### COMMUNITY HIGHLIGHT

Montgomery County, Maryland. The “Green Tape” review process reduces red tape for Affordable Housing Development. Time is an essential component of the development process and overcoming red tape can save time — and money. Projects eligible for “Green Tape” review include any residential or mixed-use development that designates at least 20 percent of the total number of housing units to persons or families with incomes at or below the income level for moderately priced dwelling units (MPDUs) as provided in the Montgomery County

Code. Projects are not automatically green taped. Instead, the developer of the eligible project must include the request for such a review as part of the application package.

Among the interagency changes necessary for a successful "Green Tape" process are:

- an expedited review process for applications
- improved communications between the reviewing agencies
- development of a clear and concise list of required documents to support applications
- creation of a geographic information system map overlay of green tape applications for easy identification of these projects
- expedited construction permits and utilities permit processing.

### Concurrent Review and Approval

The private sector needs predictability in the regulatory process. Simultaneous coordination between approval entities allows projects to move quickly through the system.

Lancaster County, Pennsylvania. The Lancaster County Planning Commission aids the county in a sequential plan approval process through its Permitting Initiative. The Permitting Initiative advocates a concurrent and coordinated review process that results in the issuance of all permits and approvals for selected economic development projects within a short time frame. All regulatory agencies, authorities, and units of government agree to concurrently review the project to the extent allowed under existing statutes. This acceleration is achieved through efficient, collaborative reviews and open communication between the applicant and the regulators and among the regulators.

### Defer Payment of Permitting Fees

Folsom, California. The City found that early payment of specific impact fees for residential development may create a barrier to affordable housing development. To ease such barrier, the payment of certain impact fees can be deferred. To create further incentives to construct residential projects for very low-income households, the city council also desires to waive the payment of specific processing fees or a portion of such charges. The city council finds that this deferral and waiver program is consistent with the policies and goals of the housing element of the General Plan of the City of Folsom and necessary for the health and welfare of the City's residents.

### c) Deed Restrictions

Retaining affordability on properties is as tricky as constructing them. A Deed Restriction is a legally binding document that is recorded against a property detailing how a property may be used, owned, and/or transferred.

Deed restrictions are recommended to retain affordability on all types of housing, rental, senior, and for sale. Restrictions can include requirements that the purchaser/renter be employed within the area, that it remains a primary residence. If rented, it must be on a monthly or annual basis. These restrictions can also place a cap on the percentage growth a property can annually increase. First rights of refusal to purchase do not preserve affordable housing units. At this time, there is no overarching entity that could hold and monitor the restrictions. Other communities have Housing Authorities that act in this role.



## Resources for home production

### Example policy solutions

- Expanding existing resources.
- Housing trust funds.
- Housing bonds.
- Tax credits for affordable housing.

## 2. Finance/Funding Sources

Many affordable housing experts suggest that direct financial support from public funds needs to play a more significant role in facilitating the development of new units. Indeed, in many instances, affordable housing will not be constructed without it.

Funding a project is often one of the most challenging aspects of affordable housing. Local affordable housing providers rely heavily on outside funding from grants, loans, low to moderate income construction financing products, direct and indirect subsidies, and private donors to get a development to the point of breaking ground. Lower returns on investment (ROIs) associated with below-market-rate housing remains a commonly cited impediment.

Many communities address this issue through various funding initiatives. The types of costs they offset include brick and mortar construction, land purchase, processing fees, impact fee waiver (pay into a fund), and subsidization of overall costs.

## Percentage Contribution or Portion of Open Space Purchases

Purchasing open space has eliminated developable land, which in turn increases the market value of development properties. While open space purchases provide an eternal benefit to the community, including an offsetting measure as part of future purchases is recommended. Policies can be set to include a contribution to an affordable housing fund at a percentage of the total purchase price. During the acquisition of open space, land along the edges that are in proximity to exiting development can be considered for affordable housing development.

## Property Tax

Chapel Hill, North Carolina. The City's Penny for Housing program (\$0.01 for every \$100 in property value) banks nearly \$700,000 each year in property tax revenues for affordable-housing projects. The issuance of \$250,000,000 in tax-supported general obligation bonds and notes for planning, constructing, renovating, improving, and equipping affordable housing facilities for low income and moderate-income persons and families, and acquiring land and interests in land and property necessary to do so, funding loans and grants for affordable housing, and funding affordable housing programs, as may be permitted by law; and the levy of a tax sufficient to pay for the bonds and notes.

Durham, North Carolina. According to the City's plan, \$95 million in bond proceeds, resulting from a voter-approved bond increasing property taxes (\$0.016 for every \$100 in property value), will be spent on "brick and mortar" aspects of housing production and preservation, and \$65 million in local and federal funding will be dedicated for homelessness services and other goals. The bond would allow the City to build 1,600 new affordable-housing units and preserve 800 affordable rentals, according to the plan. It would also help 1,800 homeless families find permanent housing and provide affordable homes for 400 first-time homebuyers.

## Local Government Bond

Chapel Hill, North Carolina. Through a voter-approved referendum, Chapel Hill approved a \$10 million bond that could help build and preserve more than 700 affordable homes and apartments. The money might also help residents threatened by mobile home park redevelopment. Chapel Hill, North Carolina. The Chapel Hill Town Council approved three eligible activities for the use of Affordable Housing Bond Funds:

- Acquisition
- Home Repairs
- New Construction

The Council also approved the following priorities for the use of funds:

- Rental housing serving households less than 60 percent of the area median income (about \$48,300 for a household of 4)
- Rental housing serving vulnerable populations
- Housing that achieves long-term affordability
- Housing located near transit services
- Projects that leverage other financial resources

Portland, Oregon. The \$658.4 million bond measure was passed by voters to build more affordable housing—the bond measure to create thousands of homes affordable for low-income residents. The bond would produce as many as 3,900 homes affordable to households that make 80% or less of the region’s median income for their family size.

## Demolition Tax

As the Wasatch Back communities age, the rate at which older, more affordable homes are torn down will increase and result in a loss of diversity in the area’s housing stock. Discounts and/or waivers of the tax are given for projects that are deconstructed.

Highland Park, Illinois. A municipal demolition tax is charged on all residential demolitions that is equivalent to the greater of \$10,000 per building or \$3,000 per residential unit, in addition to a \$750 demolition permit fee for the project. Payment is due prior to the issuance of a demolition permit but may be deferred for an additional \$5,000. The demolition tax is waived in several circumstances, including:

- Homes are torn down for the development of affordable housing;
- The occupant has owned and occupied the home for at least five years and plans to own and occupy the replacement home for another five years after the demolition;
- The applicant can prove that demolition is necessary due to the owner’s medical condition and the owner is a low- or moderate-income household who will continue to occupy the replacement dwelling; and/or,
- The applicant establishes that the demolition is necessary due to “factors beyond the owner’s control and reasonable ability to remedy.”

## General Fund Appropriations

A portion of sales taxes could be dedicated to affordable housing. A sales tax dedicated to an affordable housing fund would be a way to take some of the money earned from businesses and visitors and invest it back into the community. Housing is economic development, and without enough housing, a community will slowly lose the workforce needed to support its businesses. Communities able to qualify for Resort City Sales Tax could

designate funds towards affordable housing. The correlation of increased visitors and the need to meet the demand in services meet the criteria for spending the funds.

## Real Estate Transfer Fee

Real estate transfer taxes are assessed on real property when ownership of the property is transferred between parties. These taxes are used to fund affordable housing programs. It provides a formal mechanism for second homeowners and upper-income owner-occupants to offset the increased cost of all homes in the local market created by the sale of a high-end property.

Somerville, Massachusetts. The Somerville City Council filed Somerville’s Home Rule Petition to the State Legislature to enact a Transfer Fee, H.2423. The bill is currently in committee and proposes the City of Somerville may impose a fee of up to two percent (2%) of the purchase price upon the transfer of any real property interest or the transfer of a controlling interest in any real property situated in the City of Somerville.

As a community, Somerville decided to exempt owner-occupant sellers and buyers from real estate transfer fees in the interest of promoting owner-occupant investment in Somerville. At the same time, they determined that it is reasonable to levy transfer fees on non-owner occupants in the interest of supporting the development and preservation of more affordable housing for our residents.

Baltimore, Maryland. There is both a City and a State transfer tax along with City recordation with respect to both residential and commercial transactions over \$1 million. Revenues from this legislation are projected to average \$13 million annually to the Trust Fund. If the legislation generates more than \$16 million each year, additional revenue will be split with half to the Trust Fund and a half to the General Fund.

## Employee Generation Impact Fee

An impact fee is considered a charge on new development to help fund and pay for capital improvements needed to service the new development. They are usually implemented to help reduce the economic burden on local jurisdictions that are trying to deal with population growth within the area. High impact fees increase the overall costs of affordable housing development. One additional shortcoming of impact fees is that they treat all developments equally regarding the use and target audiences (i.e., multifamily housing developments compared to short-term rental developments).

Aspen, Colorado. The impact fee for residential construction varies based upon the size of the residential development. In no case shall an impact fee apply to properties improved with less than five thousand seven hundred fifty (5,750) square feet of interior floor area as measured by the IBC. The fee collected for residential construction shall reflect mitigation for second-home use unless a covenant is recorded on the property, restricting it to Pitkin County resident occupancy.

- Employee Housing. No employee housing impact fee shall be imposed on the construction of deed-restricted employee housing as defined from time to time by the Board of County Commissioners or its housing designee, the Aspen/Pitkin County Housing Authority.
- Replacement, Restoration, or Remodel of Existing Units.

No employee housing impact fee shall be charged for replacement or restoration for an improvement that was lost or damaged through fire, age, or other events not precipitated by the owner of the property. This exemption shall extend only so far as replacement or restoration for the unit lost is being

sought in its same location and at the same size and configuration. No employee housing impact fee shall be charged for remodel construction that does not increase the size of the residential structure.

## Land Gain Tax

Vermont. A land gain (or speculation) tax is a graduated tax on the profit between the sale and resale of the same house or building. The tax rate depends on the period that the land is held, with shorter holding periods and higher profits subject to higher tax rates. The strategy is intended to prevent the rapid “flipping” of real estate for a quick profit and instead encourages long-term ownership. The tax also is designed to return to the community a significant portion of the short-term gains made by the rapid turnover of real estate. By discouraging speculation, these graduated taxes may reduce the land costs of affordable housing.

## Limited Dividend Program

Canadian Housing Authority Corporation. Affordable housing projects are financed at 115% of the cost. At the time the project receives the certificate of occupancy, the developer is given the 15% incentive if the units are restricted to a rental or for sale percentage growth per year. The developer is responsible for managing the project for a minimum of 20 years and can receive a management fee.

## 3. Use of Existing Housing Stock

Construction of for-sale units is the current focus in our communities to increase affordable housing units. Not all that require affordable housing are able to purchase or desire to buy a unit. Rent is a heavy weight to carry for many Summit County residents: More than 20 percent of renters in Summit County face a server housing burden (housing costs, including utilities, exceed 50% of household income<sup>3</sup>). Measures that either maintains the existing affordable housing supply or increase it using existing units need attention.

## Incentivize Long-Term Rentals

The tourism economy of Summit County lends itself to buyers purchasing residential units as a rental property or a second home. By deed restricting existing units to primary residences or ensuring reduced rental rates, communities are beginning to meet their affordable housing demand.

Vail, Colorado. The Vail InDEED program was created to provide cash incentivize in exchange for a deed restriction on a Vail residential property. The property owner can use funds from the sale of the deed restrictions for any purpose. The average cost of a Vail InDEED deed restriction is \$66,000. Terms of the deed restriction include:

- The unit must be the buyer’s primary residence;
- Buyers must work in Eagle County an average of 30 hours per week over the course of a year.; and,
- The deed restrictions do not impose an appreciation cap.

Waltham, Massachusetts. The City of Waltham passed a Deed Restriction Buy-Down program where landlords receive upfront a significant sum of money, equal to the difference between market value and affordable rent for a 10-year period. In exchange, a deed restriction for the same span of time is placed on the property.

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<sup>3</sup> Summit County Housing Affordability Assessment, 2017



## Overnight Accommodations in Residential Zones

In high cost-of-living areas, many argue that short term rental platforms like Airbnb absorb inventory that would otherwise be available for traditional 12-month leases. Overnight accommodations end up restricting the housing supply and causing rental prices to climb higher.

Santa Monica, California. The City of Santa Monica passed an ordinance regulating the short-term vacation rental market by authorizing licensed “home-sharing” (rentals where residents remain on-site with guests) but prohibiting all other home rentals of 30 consecutive days or less. As to home-sharing rentals, the ordinance imposed certain obligations directly on hosting platforms such as Airbnb, including disclosing certain listing and booking information regularly to the City and refraining from booking transactions for properties not licensed by the City.

Washington DC. In 2018, local lawmakers enacted restrictions on short term housing that took effect on October 1, 2019. The new regulations restrict property owners in Washington DC to rent out one home as a short-term rental, and this home must be the landlord's primary residence. The maximum number of times you can rent out an entire property as a vacation rental is 90 nights per year. Property owners who do not adhere to these new restrictions and requirements will be subject to fines ranging from \$500 to \$6,000

## Accessory Dwelling Units

Accessory and secondary development units help increase housing stock within an existing built environment. Specifically, these units increase the stock of rental units in a community. ADUs have the potential to help ease the housing shortage and to provide places to rent that are more affordable than a standard single-family home.

Portland, Oregon. The City of Portland took bold steps to develop affordable housing in the City by incentivizing homeowners to build Accessory Dwelling Units (ADUs). Portland took action to educate homeowners about their eligibility to develop ADUs and what the benefits are. Also making clear that the new fee waivers were being made available temporarily. The program has been extended twice since its original implementation and is expected to continue it further based on its widespread success.

### COMMUNITY HIGHLIGHT

Santa Cruz County, California. Developers and housing advocates championed both Accessory Dwelling Units (ADU) and micro-units as a means of allowing seniors to age in place and providing housing affordable to a broader range of households. With the Santa Cruz County community facing a critical housing shortage and high housing costs, the County looked at ways to expand access to affordable housing for residents

The County created a forgivable loan program for anyone who will agree to rent their ADU at an affordable rent to an income-qualified renter. Up to \$40,000 is available to fund construction, subsidize fees, or contribute to a down payment that will allow borrowers to secure additional financing.

The County partnered with Habitat for Humanity Monterey Bay and Senior Network Services to create the My House My Home loan program to help low-income senior homeowners build ADUs. The goal is for the ADUs to provide rental income and flexible living arrangements to help seniors age in place.

## 4. Advocacy

Often much of the community does not show up to speak in favor of a project they support, rather attendance at public meetings is boosted by those opposed to a project. Many times, those opposed to affordable housing do not understand the issue and types of community members served by this effort. Education of affordable housing, our community, workforce, and traffic need to be disbursed among community members to assist with a more open dialog about any impacts a project may contribute to a neighborhood.

Advocacy also includes building a local pro-affordable housing movement in the area. By activating those supportive of affordable housing in the community, voices from all sides can be expressed in public meetings and during the review of proposed projects.

The Park City Community Foundation sponsored Social Equity Affordable Housing Taskforce and identified the formation of this type of group as essential to move forward and change barriers to affordable housing. The PCCF's proposal to Park City Municipal's Council addresses additional action points regarding this topic. This type of advocacy is needed at both the local and state level.

## Best Practices

### Regional Collaboration Efforts

Communities along the Wasatch Back are part of the same ecosystem. When one community makes a change, impacts can be felt in other areas such as increased traffic, increased housing demand, increased housing prices, and an increased need for local services. Each also has its growth trajectory outside of the impacts from other communities.

All entities expressed a desire to keep a diversity of people living in their communities, ensuring each place retains its authenticity as a full community. By working together, each community can understand the other's needs. Collaboration can result in partnerships that can assist in other common impacts the communities see from the resort economy.

### Complete a Housing Inventory

A housing inventory is a valuable tool. However, due to the length of time it takes to compile the registry, it is not recommended as a first step. Many fruitful efforts that benefit the increase in affordable housing can be accomplished without this step.

Once the production of affordable housing increases, a housing inventory can assist in determining the areas of greatest need. A housing inventory would include current land uses and vacant land, age of structures, sales price and/or rental price. The quantity can be compared to the current demand for housing and projected workforce growth.

### Establish a Regional Housing Authority

Mountainlands Community Housing Trust successfully worked to provide a central point for affordable housing in the community. With the increasing need for affordable housing, all affordable housing entities will benefit from a current housing inventory paired with the creation of a formalized housing authority. Establishing a formal housing authority allows for ongoing tracking of inventory and monitoring of deed restrictions.

Housing authorities can access additional funding sources to support projects and efforts than individual cities or counties often can. Having an organization that is solely focused on affordable housing for the area is a benefit to the community.

### Expansion and Increase of Transit Service

Connecting affordable housing to commercial and business districts is essential. If residents live too far to walk and have no available transit service, their only option is to drive. Commuting employees add to the existing congestion experienced daily in and out of Park City. An effort to prioritize extending service to affordable housing developments is needed during approval, and construction can ensure new residents have an alternative option rather than driving.

### Coordinated State Legislature Efforts

Developing an overarching strategy on Affordable Housing along the Wasatch Back would provide the groundwork for further efforts in lobbying the state legislature. The coordinated effort helps raise the issue as an important one for the Wasatch Back and the State of Utah. It can assist in reducing legislative barriers that prevent some of the funding solutions proposed. Working together to provide public testimony and support of legislation brings more constituents to the table.

## Recommended Next Steps

Habitat for Humanity of Summit and Wasatch Counties asks the community and Summit County to review the solutions provided and determine which would best benefit the community. Habitat, working with community members and government staff, can provide feedback during the adoption period as well as build a local advocacy campaign supporting affordable housing solutions. Measures easy to implement should be taken care of immediately rather than waiting for the adoption of a whole “toolbox” of measures.

Habitat for Humanity of Summit and Wasatch Counties recommends the following steps towards implementing solutions that increase the production of affordable housing.

- Schedule time at an upcoming Council meeting for staff and Habitat to review the solutions within the report.
- Direct County/City staff working on planning and affordable housing projects review capabilities of solutions
- Meet quarterly with Affordable Housing Work Group to outline actions that move solutions included within this plan, forward.
- Reference this report when reviewing changes to regulations and during the review of affordable housing projects.
- Coordinate updates with City and County affordable housing liaisons and staff.
- Engage and support Habitat with community advocacy in support of affordable housing.

## Conclusion

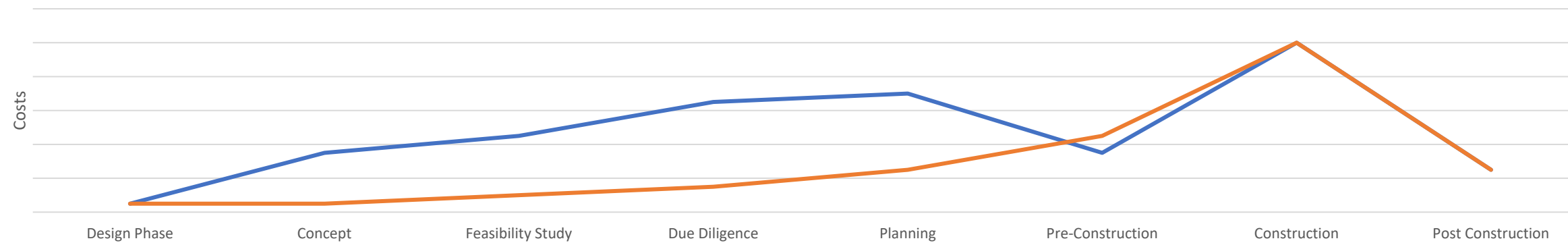
Summit County’s communities have an affordable housing shortfall and leaving efforts as is will do nothing but create a greater need as the area and economies grow. Identifying and adopting measures as included within this report can help quicken the pace of project development and help fill the gap for the funding needed to construct homes.

# Exhibit A – Development Process Flow Chart

## Wells Development Corporation Development Process Flow Chart for Income Property For Discussion Only Jun-89

Phase	Start	go/no go	go/no go	go/no go	go/no go	go/no go	go/no go	End							
Sub-Phase	Pre-Development			Development			Construction	Post-Construction							
Task	Concept		Feasibility Study		Due Diligence		Planning		Pre-Construction		Construction		Post-Construction		
<b>Task</b>			Mitigation Review	Entitlement Review		Check Approval Pipeline		Land Use Review		Utility Extension Agreement		Temporary Certificate of Occupancy		Release of Performance Surety	
<b>Finance</b>		Concept Proforma	Financial Goal		Draft Proforma		Final Project Budget		Appraisal		Draw Requests and Lender Inspections		Final Project Accounting	Project Complete	
			Funding Structure		Cash Flow Model		Formal Finance Request		Commitment Letter		Loan Documents				
			Revised Concept Proforma		Concept Request Package		Term Sheet		Loan Documents		Loan Closing				
			Equity Funding		Equity Funding		Equity Funding		Equity Funding						
<b>Construction</b>			Select General Contractor		Prime System Analyze		Design Review and Input		Prime Sub Bid		Issue Sub/Supplier Contracts		Mobilize onto Site		
			Historic Cost Analyze		Revised Concept Proforma		Value Engineering Detailed Estimator		Prime Suppliers Bid		Final Bid		Contract, Bonds and Insurance		
			Concept Cost Budget		Design Review and Input		Provided Project Schedule						Shell and Core		
			Project Concept				Detailed GPN Schedule						Enclosure System		
													Finisher and Landscaping		
													Final Punchlist and Clean-up		
													Tenant Improvements		
													Warranties and Operating Manuals		
													Release Holdback		
													Final Project Complete		
<b>Marketing</b>	Macro Market Conditions		Market Trend Analyze		Select Marketing Team		Design Review and Input		Create Marketing Materials				Open Onsite Facility	Initial Move-in	Final Move-in
	Supply Demand Analyze		Competitive Project Analyze		Concept Review and Input		Create Marketing Plan		Prepare Standard				On-going Sales and Marketing		On-going Sales and Marketing
	Market Target Definition		Supply Demand Analyze						Start Pre-Leasing						
<b>Property Management</b>					Select Management Team		Design Review and Input						Periodic Inspections		
					Concept Review and Input								Maintenance Bid		On-going Property Management
													Maintenance Contractor		

### Costs During Development Process



## Exhibit B – Resources

Solution	Column1	Town/County	State/Country	Type of Government	Link to Resource
<b>Zoning</b>					
Incentivize Placement of Housing					
	On-Site Affordable Housing Requirements	Austin	Texas	Local	<a href="http://www.austintexas.gov/department/affordability-unlocked-development-bonus-program">http://www.austintexas.gov/department/affordability-unlocked-development-bonus-program</a>
	Employment Generators and Services	Miami	Florida	Local	<a href="https://www.scribd.com/document/363306807/micro-units">https://www.scribd.com/document/363306807/micro-units</a>
		New York	New York	Local	<a href="https://www.metalocus.es/en/news/winner-announced-adapt-nyc-competition">https://www.metalocus.es/en/news/winner-announced-adapt-nyc-competition</a>
	Transportation Corridors	Seattle	Washington	Local	<a href="http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/s047781.pdf">http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/s047781.pdf</a>
<b>Use and Permitting Process Improvements</b>					
Fast Track Processing					
		Santa Fe	New Mexico	Local	<a href="http://www.santafenm.gov/community-services/community-development/affordable-housing.asp">http://www.santafenm.gov/community-services/community-development/affordable-housing.asp</a>
		Pinellas County	Florida	County	<a href="http://www.co.pinellas.fl.us/bcc/community/PDF/AffordableHsgOrdinance.pdf">http://www.co.pinellas.fl.us/bcc/community/PDF/AffordableHsgOrdinance.pdf</a>
		Charlottesville	Virginia	Local	<a href="https://www.charlottesville.org/Home/ShowDocument?id=29514">https://www.charlottesville.org/Home/ShowDocument?id=29514</a>
		Montgomery County	Maryland	County	<a href="http://www.montgomeryplanning.org/community/housing/frequently_asked_questions.shtm">http://www.montgomeryplanning.org/community/housing/frequently_asked_questions.shtm</a>
	Concurrent Review and Approval	Lancaster County	Pennsylvania	County	<a href="https://lancastercountyplanning.org/DocumentCenter/View/46/permittining_initiative_sheet?bidId=">https://lancastercountyplanning.org/DocumentCenter/View/46/permittining_initiative_sheet?bidId=</a>
<b>Finance/Funding</b>					
Property Tax					
		Chapel Hill	North Carolina	Local	<a href="https://chapelboro.com/news/local-government/chapel-hill-manager-recommending-113-million-budget-1-6-cent-property-tax-increase">https://chapelboro.com/news/local-government/chapel-hill-manager-recommending-113-million-budget-1-6-cent-property-tax-increase</a>
		Durham	North Carolina	Local	<a href="https://www.durhamaffordablehousingbond.com/en/overview">https://www.durhamaffordablehousingbond.com/en/overview</a>
Local Government Bond					
		Chapel Hill	North Carolina	Local	<a href="https://www.chapelhillaffordablehousing.org/bondinfo">https://www.chapelhillaffordablehousing.org/bondinfo</a>
		Portland	Oregon	Local	<a href="https://beta.portland.gov/phb/portlands-housing-bond">https://beta.portland.gov/phb/portlands-housing-bond</a>
Demolition Tax					
		Highland Park	Illinois	Local	<a href="https://cms6.revize.com/revize/highlandparkil/government/city_departments/community_development/planning/docs/Demo%20Tax.pdf">https://cms6.revize.com/revize/highlandparkil/government/city_departments/community_development/planning/docs/Demo%20Tax.pdf</a>
General Fund Appropriations					
		Folsom	California	Local	<a href="https://www.codepublishing.com/CA/Folsom/html/Folsom16/Folsom1660.html#16.60.070">https://www.codepublishing.com/CA/Folsom/html/Folsom16/Folsom1660.html#16.60.070</a> (Ord. 960 § 1 (part), 2002)
Real Estate Transfer Fee					
		Somerville	Massachusetts	Local	<a href="https://www.somervillema.gov/departments/transfer-fee-home-rule-petition">https://www.somervillema.gov/departments/transfer-fee-home-rule-petition</a>
		Baltimore	Maryland	Local	<a href="#">(See Green Tape process request form.)</a>
Employee Generation Impact Fee					
		Aspen	Colorado	Local	<a href="http://reesconsultinginc.com/wp-content/uploads/2010/02/Fee-in-lieu-report-final.pdf">http://reesconsultinginc.com/wp-content/uploads/2010/02/Fee-in-lieu-report-final.pdf</a>
		San Jose	California	Local	<a href="https://www.sanjoseca.gov/your-government/departments/housing/developers/affordable-housing-impact-fee">https://www.sanjoseca.gov/your-government/departments/housing/developers/affordable-housing-impact-fee</a>
Land Gain Tax					
			Vermont	State	
Limited Dividend Program					
			Canada	Country	
<b>Use of Existing Housing Stock</b>					
Incentivize Long Term Rentals					
		Vail	Colorado	Local	<a href="http://www.vailindeed.com/">http://www.vailindeed.com/</a>
		Waltham	Massachusetts	Local	<a href="https://watchcdc.org/community-organizing-d1/deed-restriction-buy-down/">https://watchcdc.org/community-organizing-d1/deed-restriction-buy-down/</a>
					<a href="https://www.smgov.net/uploadedFiles/Departments/PCD/Permits/Santa%20Monica%20HomeSharing%20Rules%20-%20FINAL%20EFFECTIVE%20JUNE%2012%202015.pdf">https://www.smgov.net/uploadedFiles/Departments/PCD/Permits/Santa%20Monica%20HomeSharing%20Rules%20-%20FINAL%20EFFECTIVE%20JUNE%2012%202015.pdf</a>
Overnight Accommodations in Residential Zones					
		Santa Monica	California	Local	
		Washington DC		Local	<a href="https://code.dccouncil.us/dc/council/laws/22-307.html">https://code.dccouncil.us/dc/council/laws/22-307.html</a>
Accessory Dwelling Units					
		Portland	Oregon	Local	<a href="https://www.portlandoregon.gov/bds/article/707694">https://www.portlandoregon.gov/bds/article/707694</a>
		Santa Cruz	California	Local	<a href="https://www.sccoplanning.com/ADU/Planyourfinancing.aspx">https://www.sccoplanning.com/ADU/Planyourfinancing.aspx</a>

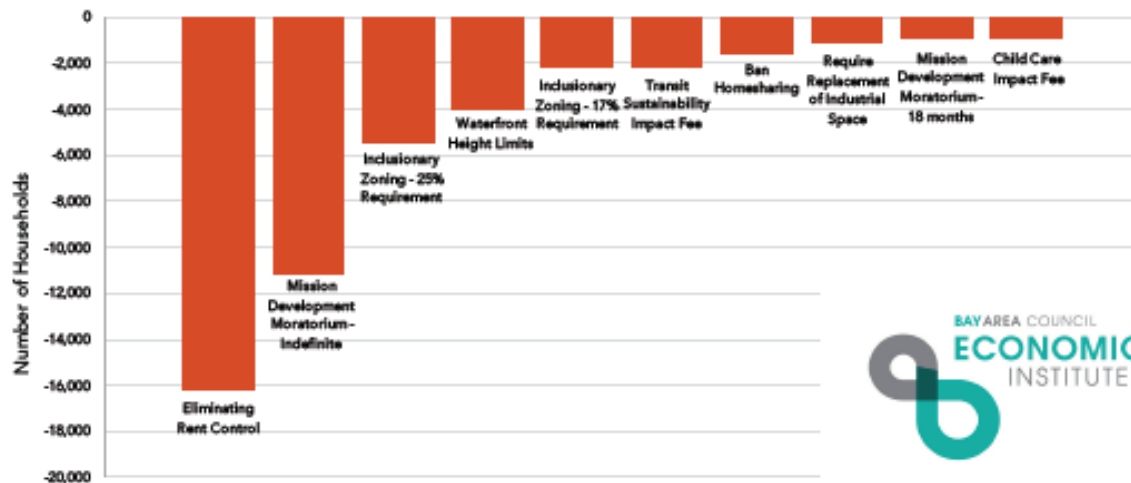
## Exhibit C – Policy Choices and Impacts to Affordability

# How San Francisco Policy Choices Change the Number of Households Burdened by Housing Costs

### Top Ten Policies that Increase Affordability ...

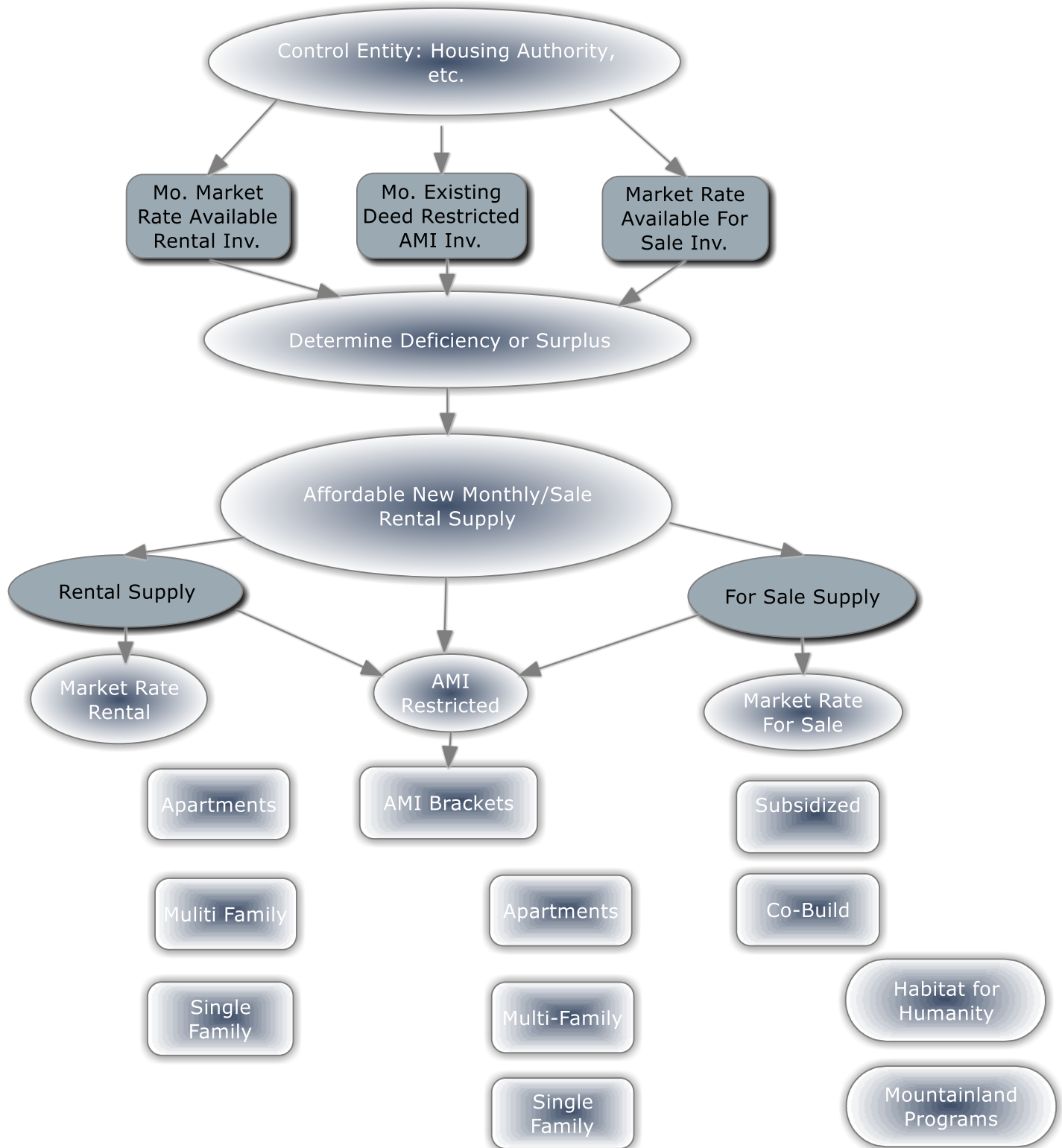


### Top Ten Policies that Worsen Affordability ...



\*Major developments include the Hunters Point Shipyard, Mission Rock, Treasure Island, and Park Merced projects.  
Housing cost burden is defined using the conventional measure of households spending more than 30% of their income on rent or mortgage payments.

## Exhibit D - Affordable Housing Inventory and Analysis



## References

### *Summit County Studies*

2019 Summit County Moderate Income Housing Report and Resolution Number 2019 31

2017 Summit County Draft Housing Affordability Assessment: Snyderville Basin and E Summit County

### *Park City Municipal Studies*

2020 Park City Municipal Housing Assessment and Plan

2017 Park City Municipal Housing Assessment and Plan

2016 Park City Housing Municipal Needs Assessment