GUIDEBOOK FOR THE DEVELOPMENT OF WORKFORCE HOUSING

2008

UTAH WORKFORCE HOUSING INITIATIVE

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EXECUTIVE SUMMARY

The Guidebook for the Development of Workforce Housing is a user-friendly tool to assist communities in understanding the unique housing needs of their community members. It is intended to assist communities to better understand how they can be a partner in actively promoting and developing additional housing opportunities, especially mixed price points and housing types for their working class populations as well as for other special needs populations. This effort will take into account the excellent work already accomplished by Envision Utah, the Utah League of Cities and Towns and the Utah Division of Housing and Community Development.

A kick-off event was held during the Utah Intergovernmental Roundtable at which Governor Huntsman announced he prioritized the need for increased workforce housing as part of his economic development strategy. This and other influences – not the least of which is a climbing internal growth rate and an increasing household formula – have contributed to a significant rise in the promotion of workforce housing throughout the state. It is in the best interest of all partners to get involved at this time and critical that local governments drive and control the process to ensure that the specific and unique needs within their communities are met.

UWFHI will be providing technical assistance and training in five pilot communities over the next three years. This work is supported by the early sponsors listed on the inside front cover. These pilot communities are:

- Boulder Town in Garfield County,
- Logan City in Cache County,
- Moab in Grand County,
- South Salt Lake in Salt Lake County
- Vernal in Uintah County.

The UWFHI is unique in the fact that there are no other similar inclusionary and comprehensive efforts. UWFHI brings resources, training and technical assistance to local governments to assess need, inventory local resources, and develop plans of action. The Guidebook for the Development of Workforce Housing provides a framework and tools for accomplishing community planning and development activities.

BACKGROUND

HB 295 – entitled *Providing Affordable Housing* – is a state law passed in 1996 that has been seen as an important vote for the development of affordable housing. The law mandated that all communities and counties in the state include a housing element as part of their general plan along with the land-use, transportation, environmental and public service capital investment plans.[i]

In January 1999, a survey was taken by the Utah Department of Community Development and it was found that merely 20 percent of communities had even attempted the development of a plan. The law, unfortunately, did not include any penalties for non-compliance. By 2002, only 65 percent of all communities had at least prepared some semblance of a plan. Thus, through specific legal action the courts established that communities were in fact mandated to develop an adequate plan or run the risk of legal action for non-compliance.

BEST PRACTICES IN THE PRODUCTION OF WORKFORCE HOUSING[II]

The Urban Land Institute and Fannie Mae Foundation jointly conducted a forum in March of 2005 to compile best practices in affordable housing development. The important findings that resulted from that forum are as follows and are a good summary of the information in this guidebook:

1. Both for-profit and nonprofit developers are important partners to meet affordable housing needs, and they conduct business from differing perspectives that must be examined carefully when a community is soliciting the appropriate partner;

2. At the predevelopment stage it is important to:
   > market both the idea of affordable housing development as well as the organization that is leading the project;
   > be strategic with land use issues;
   > attend to local politics;
   > assess the potential of mixed-income housing;
   > create compatible design;
   > recognize the role of the public sector;
   > have a nose for opportunity; and
   > know your market and resources while finding a match between them.

3. When seeking funding and financing for a project:
   > apply creativity and flexibility to a full spectrum of finance;
   > develop a long-term plan for capital;
   > take out soft debt;
   > use cross-subsidies;
   > drive down as many costs as possible;
   > employ rigorous business principles;
   > be tenacious with your program goals; and
   > develop long-term relationships with lenders and investors.

4. In order to achieve sustainability in your program growth:
   > reinvent the nature of your housing development regularly;
   > develop pro-active strategies;
   > seek geographic diversity in order to address varied housing needs and markets;
   > invest in human capital;
   > know your strengths and hire to fill gaps;
   > focus on the structure of the capital in each project;
   > maintain a diversity of housing products;
   > develop a strong and well-informed housing project team;
   > manage assets effectively;
   > seek limited guarantees;
   > think long-term and build housing to last; and
   > build and maintain a good reputation as a caring and knowledgeable facilitator and partner.

OVERVIEW OF THE GUIDEBOOK

The Guidebook begins in Section I with an analysis of current and future demographic trends in the state of Utah and how these trends help to project housing needs. Section II provides information, outlines and models for a housing assessment and planning process. This section lays out the key components in a successful and easily implemented housing plan. In addition, it provides important information about involving the entire community in the process, in order to gain early buy-in for the development of housing that meets the needs of all citizens.

Section III provides examples of the creative designs and formats that have been used to meet workforce housing needs in Utah as well as other communities throughout the nation. Designs are reviewed for the development of homeowner units, rental properties as well as supportive housing ideas for populations in need of supportive services and assisted living. Section IV provides practical tools, strategies and examples as well as the steps necessary to plan and implement workforce housing development goals in your community. Just as importantly, it reviews how to address housing needs through the creative use of zoning codes and ordinances It also provides suggestions for implementation of a plan along with recommendations for key partners and stakeholders.

Section V provides examples of a variety of tools to finance housing development. It outlines conventional lending products as well as subsidy programs and other alternative financing models. This section also makes suggestions on how to begin the financing process and who to partner with to amass the most favorable financing necessary for very-low-, low- and moderate-income housing. Section VI provides instructions on how to use the UWFHI software to assess and track needs, demographic trends and the profile of a community's unique housing issues.

Section VII provides an overview of the technical assistance being offered to pilot cities, including: Boulder Town in Garfield County, Logan City in Cache County, Moab in Grand County, South Salt Lake in Salt Lake County, and Vernal in Uintah County.

The Appendix provides the following:

I. Glossary of terms,
II. Helpful Resources,
III. Sample RFPs and Ordinances, and
IV. Bibliography of helpful publications.

[i] HB 295 requires that "each municipal governing board shall, as part of its general plan, adopt a plan for moderate income housing within that municipality." Moderate income housing is defined in HB 295 as "households with gross household incomes of more than 40% but less than 70% of the median gross income of the metropolitan statistical area."

[ii] ***Best Practices in the Production of Affordable Housing***, ULI Urban Catalyst Report, Number 3, Urban Land Institute and Fannie Mae Foundation, 2005.

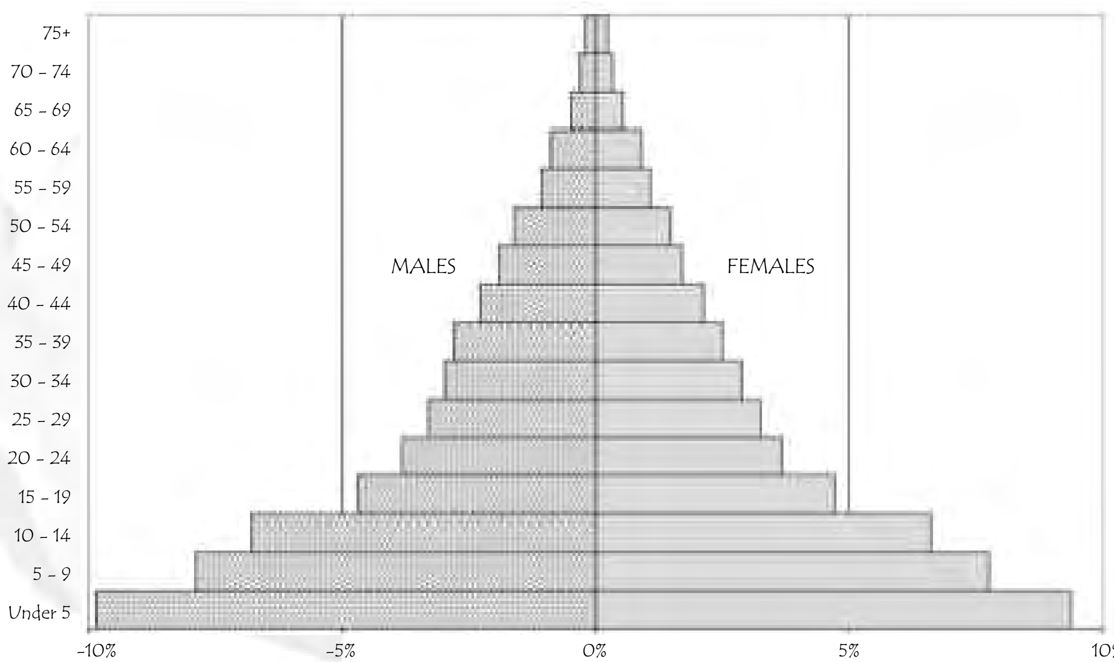
SECTION I: THE CHANGING DEMOGRAPHICS ACROSS THE STATE OF UTAH

Overall, in the next ten years, Utah's population will remain relatively young[iii] as compared to national statistics. This is a statistic that is not new to Utah and is due primarily to its high birth rate. The Wasatch area has grown rapidly in the last few decades and is predicted to continue to grow by 2.2 percent per year.[iv] According to Envision Utah, when the nation as a whole – including Utah – experienced a baby boom after World War II, Utah's was simply larger than the national average. The children of Utah's baby boom generation are expected to continue this pattern of relatively larger families resulting in a consistent growth in household formations.

There are also some significant trends that have implications for affordable housing demand over the next five to ten years. University of Utah Bureau of Economic & Business Research (BEBR) has determined that the 18 to 24 age demographic will be flat in Utah for the next decade with declining college participation rates, and an increasing number of retirees.[v] This means that Utah faces a decline in the number of people who have newly graduated college. In addition, the same research projects that Utah's population is becoming more diverse, both culturally and ethnically.

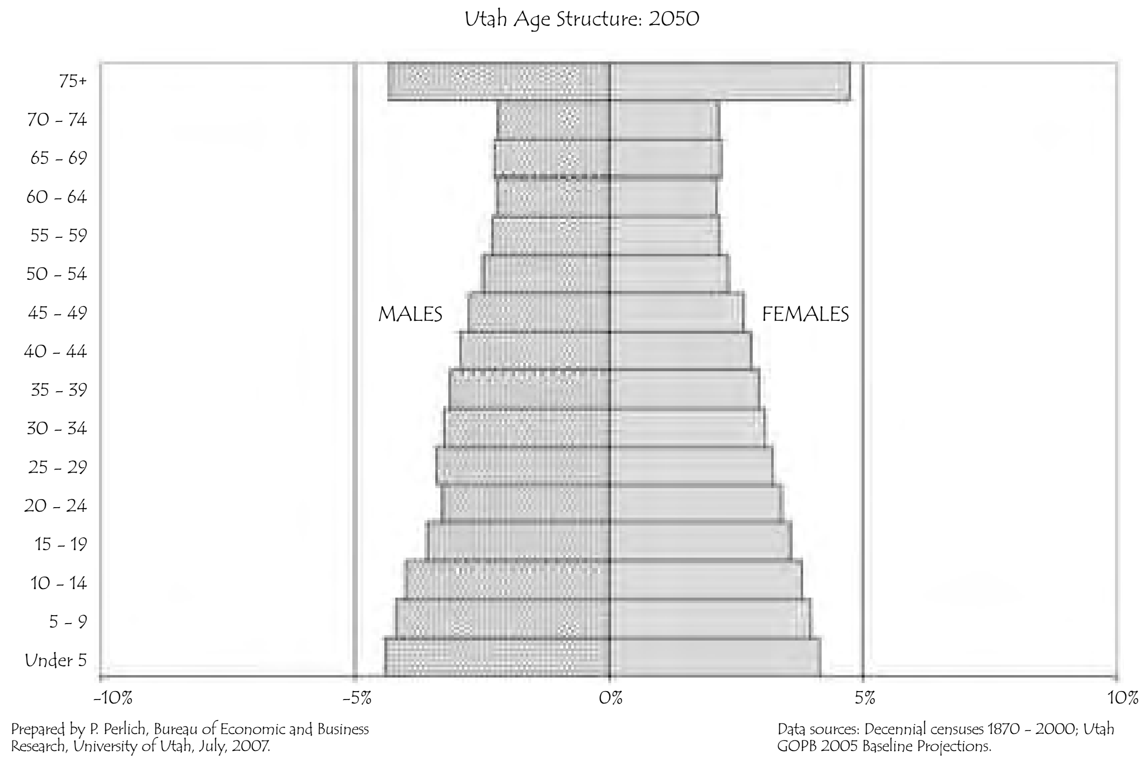
Envision Utah also points out that there are currently more single-parent households than in the past, and more people are choosing to live alone. This rise in single-parent and single-person households means that average household sizes are dropping and the number of new households is increasing faster than the overall population.[vi] An important note is that both groups do not tend to be higher-income households.

Utah Age Structure: 1870



Prepared by P. Perlich, Bureau of Economic and Business Research, University of Utah, July, 2007.

Data sources: Decennial censuses 1870 - 2000; Utah GOPB 2005 Baseline Projections.



Graph on left and above are comparisons of population breakdown by age. From the Bureau of Economic and Business Research, University of Utah.[ix]

Utah's Department of Human Services estimates that the state's aging population will increase by 50 percent between 2000 and 2015 and increase to 72 percent by 2030.[vii] The numbers are projected to be higher in rural areas. These projections have significant implications for housing needs. "In rural and urban communities, more attention will need to be given to remodeling and renovating homes to meet the needs for mobility and access of the elderly who live there."[viii]

Today, the Counties experiencing the greatest population increases are Iron, Morgan, Summit, Tooele, Utah, Wasatch and Washington. Additionally, close to half of the increase in 2006 was due to in-migration. Utah's very low unemployment and healthy job market have continued to draw job seekers from other areas of the country.

INCOME AND WORKFORCE TRENDS

Utah has a dynamic economy and is among the nation's leaders for generating job growth. In 2006, the state's employment growth was 5.2 percent – the second highest in the U.S.[x] Statewide, the workforce has increased by 26 percent over the past ten years. In several areas labor force numbers increased by 50 percent or more. Of special note is the increase in Uintah County which was 58 percent in the same time period. Uintah County is likely to continue this level of increase due to a significant employment boom in the oil, gas and petroleum industries. This trend has happened so quickly that housing and services have had a hard time keeping up.

While the job market remains healthy, median household income levels have remained lower than in the late 90's. In August of 2007, the level of poverty nationally decreased for the first time in years. However, in Utah the number of households living in poverty increased. In 1999, Utah's poverty rate was 9.4 percent and by 2006, it was 10.6 percent. As compared to falling incomes, Utah's housing prices were up more than 15.3 percent in 2007 over the second quarter of 2006.

MEETING WORKFORCE HOUSING NEEDS

Ten years ago when the State Department of Community and Economic Development published the ***Utah Affordable Housing Manual***, the affordability of housing to low- and very-low-income populations was characterized as an "increasingly serious challenge".[xi] There were only a few nonprofit housing developers producing units in Utah and the majority of for-profit builders were not aware of nor were they utilizing the variety of subsidy and finance tools available to produce sufficient numbers of new low-income housing units.

Today, even though the number of home builders – both nonprofit and for-profit – building affordable housing has increased, the need is even greater. Again, this is primarily due to the fact that income levels have not kept pace with the cost of living. Over the past two years Utah has reflected a national trend in which the cost of land and construction has sky-rocketed making it more and more difficult to build units affordable for low- and moderate-income households. Add to this the fact that today our economy is producing fewer middle-wage and more low-wage jobs, and we have a formula for severe and sustained housing issues statewide.

Adding to the demand for housing in several regional markets is an employment boom that even market-rate housing developers are challenged by and often unable to keep up with. Due to the expansion in oil and petroleum industries, in Vernal there is not a hotel room to be found because employers are using hotels to house their workforce until housing units can be built. This also adversely impacts other local business activities which would often use these facilities.

In 2002 BEBR conducted a study of 52 Utah Cities to see how effective HB 295 had been. The BEBR study found that though the number of units produced between 1997 and 2002 was significant – 18,450 or 24 percent of the nearly 76,000 new residential units built – the need was higher. It was determined that in 2002, "the affordability gap for the study area was sizeable – 12,000 units."[xii] The study also identified those areas that had been providing the greatest concentration of affordable units – they were: Layton, Provo, Salt Lake City, West Jordan and West Valley.

In 2006, the total number of Public Housing units in Utah was 2,229 and the total number of Section 8 vouchers authorized per month was 10,329. The cumulative number of units developed or in development with the Low Income Housing Tax Credit totaled 18,222 in 2007. According to a 2007 annual report, USDA's Rural Housing Programs are serving 3,942 households through a number of development, homebuyer assistance and home repair programs.[xiii]

Finally, one of the most affordable options for workforce households is purchase of a mobile home and rental of a pad in a mobile home park. According to a report by the Utah Housing Coalition, there are 75,000 Utahns living in 30,000 manufactured or mobile housing. There are nearly 200 parks state-side and the median purchase price for a new home is $63,000.[xiv]

If we total the units in these programs and add an additional five percent to account for undocumented units, the total units that can be considered affordable to Utah's workforce is 67,958. However, it should be noted that because of cuts in national housing program budgets, Housing Authorities across the state are beginning to sell off units to solve budget deficits. For example, Salt Lake City Housing Authority is currently in the process of identifying 300 units to sell to the open market which will take them out of the subsidy pool.

According to the July 2007 report from the governor's Office of Budget and Planning, Utah's statewide population is 2,699,554. Using the 2006 poverty rate of 10.6 percent, we can assume that approximately 286,153 Utahns are living in poverty of which 13,425 are homeless (State Homeless Coordinating Committee). Using the current family size average of 3.12[xv] persons per household, there is a need for – at minimum – 91,716 affordable housing units. ***This means the current supply of affordable units is short by 23,758.*** The demand for affordable housing is further demonstrated by the number of persons currently on waiting lists for Section 8 housing vouchers. According to the Utah Housing Coalition, on average, people spend 20 months on waiting lists for housing assistance.

Many Utah cities and communities report feeling the housing crunch when they try to hire police officers, teachers, social workers, firefighters and health-care workers. Although the higher paid of these service professionals have an average annual wage of $35,000, many receive far less. Another group of households with the greatest housing cost burdens are another essential workforce in our communities – service providers. They are the people who take care of our children, take care of the infirm and sell and/or deliver everyday necessities. They keep our offices clean, our restaurants running and are the backbone of a well-run tourism industry – something many of Utah's communities are highly dependent on. In Utah, childcare workers, teacher's aides, food service providers, housekeeping workers and home health aides have an average median annual wage of between $17,000 and $18,000.[xvi] A healthy small business community is highly dependent on the availability of very-low-, low- and moderate-income housing.

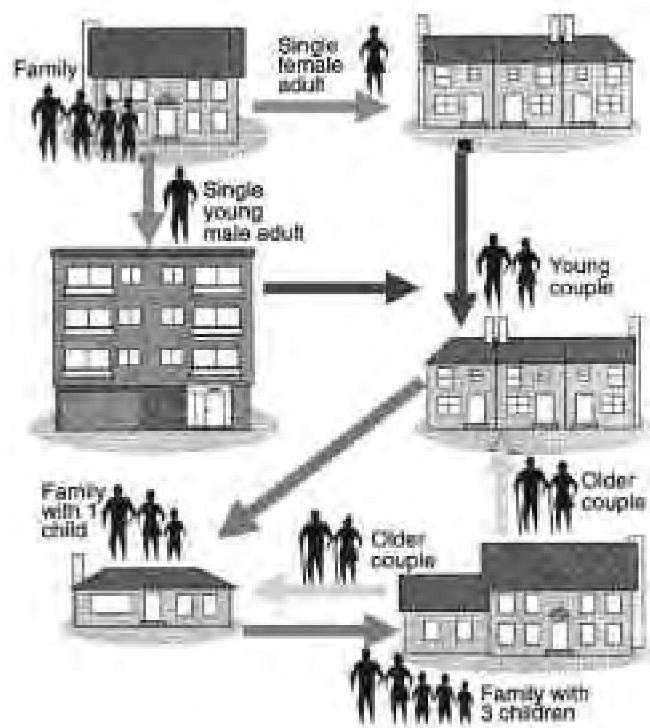
The housing affordability gaps listed above are compounded in communities that are isolated geographically. In Utah one of the most unique issues and populations suffering the greatest affordability gap are households living on Indian reservations. According to the National Congress of American Indians, housing is one of the greatest challenges for Tribal Communities. Nationally "approximately 40 percent of on-reservation housing is inadequate." This means that 3-5,000 households on Utah's reservations are in need of decent, affordable housing. Housing issues such as overcrowding, lack of plumbing and substandard conditions compound social problems to such a degree that the health, education and employability of our citizens suffers.[xvii]

Like rural or isolated populations, there are additional affordability burdens on those populations who are in need of housing combined with supportive services. These populations would include but are not limited to persons who are: elderly, disabled, or leaving systems such as correctional institutions, foster care, domestic violence shelters and homelessness. There are few programs that provide subsidies or financial assistance to cover the supportive services needed for these populations. For instance, a report on the units or beds provided by local service providers using the federal Continuum of Care program states that Utah's current inventory of beds is 2,926 and the unmet need is an additional 2,678 beds.[xviii] Long term permanent supportive housing as well as transitional housing is in critically short supply and resources to develop such units are limited.

LIFE-CYCLE DEFINED: PRE-EMPLOYMENT, EMPLOYMENT, POST-EMPLOYMENT OR RETIREMENT

For the purposes of this Guidebook – Workforce or Life-Cycle Housing is defined as housing that meets the changing needs of a population spanning a number of generations. One form of housing is not necessarily appropriate for all members of a community. For instance, a recent college graduate might not have the income to buy a house and a small apartment or shared housing situation might fit better. Rental housing in a multi-unit setting would serve lower-income singles, young families as well as some disabled populations.

As a person ages, advances professionally and economically, purchase of a home is a good investment. According to Utah Saves, "home equity – the market value of a home minus the balance on any home loans - represents more than four-fifths of the typical family's wealth. So, each home loan payment not only helps pay down the principal and interest on your home, but also builds your wealth."[xix] Homeownership can help increase one's assets over the years while providing a stable income for retirement and a solid beginning for future generations.



Envision Utah's "Community Tool Kit" provides a handy illustration of the path of life-cycle housing.[xx]

Homeownership can vary. It can come in the form of detached single family home, a condominium or town house, or a live-work unit in a multi-unit building. The many types of ownership options are explored in Section III along with examples.

As an individual ages and moves into retirement and perhaps finds themselves alone again as children move on or a spouse dies, housing needs once again change. One might choose to sell the house and downsize to a condo or apartment. Finally, an assisted living facility may be needed for those who cannot sustain their independence and have limited orno family support system.

A community needs to provide a wide range of housing options in order to meet the current and future needs of its citizens. Vibrant, healthy communities need to plan for and encourage the building of a variety of housing types to fully serve citizens as their needs and circumstances change.

THE DYNAMIC OF HOUSING AFFORDABILITY ACROSS ALL INCOME SECTORS

HUD has established a housing costs formula in order to determine affordability. It is: total monthly costs (including rent or mortgage as well as utilities) should not be higher than 30 percent of a gross household income. Using this formula, a household with total wages of $40,000 should be paying no more than $1,000 for monthly housing costs (this includes rent or mortgage plus essential utilities such as gas, electric, water, and sewer). A household of one, earning the state-wide minimum wage of $5.85 per hour will earn $12,000 annually. At this income level, housing costs (including utilities) should be no more than $300 per month. In reality, those individuals earning minimum wage are either working more than one job and/or living in a household with other wage earners. In many cases people earning the minimum wage are reported to be living in overcrowded or extremely substandard conditions.

According to Harvard University's Joint Center for Housing Studies (Harvard Joint Center) and confirmed by the Utah Housing Coalition, to afford the 2006 Fair Market Rent level for a 2-bedroom apartment in Utah, one must earn between $14.50 and $21.74.[xxi] In Salt Lake City and the surrounding area, one must earn $21.75 or more. The National Low-Income Housing Coalition also publishes an annual report on housing affordability entitled ***Out of Reach.*** The 2006 report states that "there is not a county in the country where a full-time minimum wage worker can afford even a one-bedroom apartment at the Fair Market Rent (FMR).[xxii] Both of these studies are used widely across the nation to establish local needs statements as well as to compare to other states and regional areas.

	A FMR	B Hourly Housing Wage	C Average Wage for a renter	D Minimum Wage
Statewide Average	678	13.04	9.92	5.85
Garfield County	612	11.77	6.61	5.85
Grand County	558	10.73	6.57	5.85
Logan City	615	11.83	7.46	5.85
Salt Lake County	714	13.73	11.25	5.85
Uintah County	519	9.98	10.80	5.85

Table 1: 2006 Data

Table 1 illustrates how difficult it is for low-wage earners to afford today's rental market. The tables in this section focus on the areas of Utah in which the UWFHI five pilot communities are located. Those pilot communities are: Boulder Town in Garfield County, Logan City in Cache County, Moab in Grand County, South Salt Lake in Salt Lake County, and Vernal in Uintah County. Of special note: average rents in some areas will be higher than the Fair Market Rents listed due to delays between HUD's FMR updates and local markets. Column B lists the amount of hourly income one would have to earn in order to afford the rents listed in Column A. Column C lists the current average wages earned by renters in those same locals. According to these numbers, only Uintah County has rental housing that is affordable to those earning the average income.

Table 2 illustrates average wages for some key service level professions in the same locations. These averages are derived by combining similar, related professions and averaging the wage levels. The data comes from 2007 4th quarter reports provided by Utah's Department of Workforce Services.

	Social Workers	Teachers	Nurses	Public Safety	Food Services	House Keeping
Statewide	18.80	18.88	13.61	15.71	8.34	8.32
Garfield County	9.48	13.36	13.09	14.86	7.86	8.08
Grand County	15.81	18.79	14.18	15.55	8.22	8.28
Logan City/Cache County	14.57	18.32	14.03	13.44	7.67	7.85
Salt Lake County	18.42	19.82	19.14	20.18	10.83	9.24
Uintah County	15.81	18.79	14.18	15.55	8.22	8.28

Table 2

Although, the social workers, teacher, nurses and public safety wages illustrated on this chart can afford average rental costs in all areas but Garfield County, food service and housekeeping employees are well below the rental affordability line. In addition, homeownership is much tougher for low- and moderate-income wage earners. According to the Governor's Office on Planning and Budget, in the second quarter of 2007, Utah's housing prices increased by 15.3 percent over the same period in 2006. This is the highest level in the nation.[xxiii] The increase in cost is compounded by continued high energy prices.

According to the Home Builders Association of Utah, sales of homes priced up to $250,000 will stay soft over the next six months, and will rebound over a 24 month period. The Association also noted that the market continues to demand higher density housing and smaller, detached, single-family homes, however builders continue to face barriers on a local level which prevent the development of these units. The restrictions typically are zoning and types of materials.[xxiv]

Table 3 takes the hourly wages listed in Table 2 and translates them into annual incomes.

	Social Workers	Teachers	Nurses	Public Safety	Food Services	House Keeping
Statewide	39,104	39,270	28,309	32,677	17,347	17,306
Garfield County	19,718	27,793	27,227	30,909	16,349	16,806
Grand County	32,878	39,088	29,494	32,354	17,102	17,222
Logan City/Cache County	30,307	38,112	29,190	27,960	15,958	16,320
Salt Lake County	38,307	43,243	46,150	37,345	22,534	19,220
Uintah County	32,878	39,088	29,494	32,354	17,102	17,222

Table 3

Average sales prices in Utah are now well out of reach of those earning less than median income. The following chart illustrates the 2007 average sales prices published by the Utah Association of Realtors.[xxv]

	Average Sales Price
Statewide	271,771
Garfield County	132,193
Grand County	236,765
Logan City/Cache County	190,267
Salt Lake County	298,214
Uintah County	201,072

Table 4

To purchase homes at these averages, one must earn an average of $16 to $34 per hour, equaling between $31,702 and $71,518 annually. Table 5 illustrates the likely monthly mortgage payment (figured at 6.0 percent on a 30-year fixed mortgage) and the wage needed to afford that payment. Please note that average monthly utility costs must be added to the mortgage figures to establish a true housing cost, however due to the differential in utility costs from region to region statewide, we did not attempt to put a representative value in these examples. Therefore, the wages listed as needed to cover these costs should be slightly higher. Though only estimates, the chart clearly shows how difficult it is for even moderate-income households to afford a home. The numbers listed in the tables make it obvious that affordable housing plans with clear and measurable steps for strategic implementation are critical to the well being of counties and municipalities of all sizes across Utah.

	Average Sales Price	Mortgage Payment	Hourly Wage Required	Annual Salary Required
Statewide	271,771	1,629.40	31.33	65,176
Garfield County	132,193	792.56	15.24	31,702
Grand County	236,765	1,419.52	27.30	56,781
Logan/Cache County	190,267	1,140.74	21.94	45,630
Salt Lake County	298,214	1,787.94	34.38	71,518
Uintah County	201,072	1,205.52	23.18	48,221

Table 5

THE IMPACT OF EDUCATION ON INCOME

In 2003, an analysis was published by the U.S. Census Bureau comparing poverty levels with levels of educational attainment. The findings make it clear that those who have attained a bachelor's degree are less likely to live in poverty. Although there are some high-paying jobs in Utah that do not require a college education – such as mining, construction and the oil and gas extraction industries, overall the fastest growing job sectors are not the highest paying jobs.

The Census Bureau's 2007 analysis states that 21 percent of the populations who have not completed high school are living in poverty. This percentage drops to 12 percent if one completes high school and to four percent if a bachelor's degree is earned.[xxvi]

The information and data listed above is key to establishing a basis for housing plans. In the next section, formats for those plans are explored.

[iii] Perlich, Pamela S., Ph.D., ***Utah's Age Waves and Their Potential Consequences: Public & Higher Education***, Presentation to the Utah Dean's Colloquium, BEBR, University of Utah, 2006.
[iv] ***Urban Planning Tools for Quality Growth***, Chapter 2-Meeting Housing Needs, Envision Utah, www.envisionutah.org, 2002
[v] Perlich, Pamela S., Ph.D., ***Utah's Age Waves and Their Potential Consequences: Public & Higher Education***, Presentation to the Utah Dean's Colloquium, BEBR, University of Utah, 2006.
[vi] ***Urban Planning Tools for Quality Growth***, Chapter 2-Meeting Housing Needs, Envision Utah, www.envisionutah.org, 2002
[vii] ***The Utah Aging Initiative***, Utah Department of Human Services, 2005.
[viii] ***The Utah Aging Initiative***, Utah Department of Human Services, 2005.
[ix] Perlich, Pamela S., Ph.D., ***Utah's Demographic Transformation: Implications for Education and Workforce***, Presentation to Council of Councils, October 2007, Bureau of Economic and Business Research, www.bebr.utah.edu.
[x] ***Utah Facts 2008***, a special report from the Governor's Office of Economic Development, http://goed.utah.gov.
[xi] ***Utah Affordable Housing Manual***, a resource manual published by the Utah State Department of Community and Economic Development, 1998.
[xii] Wood, James A., ***Affordable Housing in Utah Cities: New Construction, Building Fees and Zoning***, Research conducted by BEBR, University of Utah, 2003.
[xiii] USDA Rural Development Utah Annual Report, www.rurdev.usda.gov/ut
[xiv] ***Olene Walker Housing Loan Fund: 20 Years of Building Stable, Healthy Communities – A Guide for Housing People in Utah***, 2008 Legislative Session, Utah Housing Coalition, www.utahhousing.org.
[xv] 2005 Baseline Economic and Demographic Projections, Governor's Office of Planning and Budget.
[xvi] Wage and salary numbers are from data listings on the Workforce Information web page of the Utah State Department of Workforce Services at http://jobs.utah.gov.
[xvii] National Congress of American Indians, www.ncai.org
[xviii] ***Utah Point-in-Time Count of Sheltered and Unsheltered Homeless Individuals for the night of January 23, 2007***, a collaborative effort between Utah Department of Community and Culture, Salt Lake County Homeless Coordinating Council, Inc., and Homeless Service Providers in Utah, www.utahcontinuum.org.
[xix] Utah Saves, www.utahsaves.org
[xx] *Urban Planning Tools for Quality Growth*, Chapter 2-Meeting Housing Needs, Envision Utah, www.envisionutah.org, 2002
[xxi] ***The State of the Nation's Housing***, Joint Center for Housing Studies of Harvard University, 2007.
[xxii] ***Out of Reach 2006***, National Low Income Housing Coalition, 2006, www.nlihc.org.
[xxiii] ***2007 Economic Report to the Governor***, Governor's Office of Planning and Budget, Utah.
[xxiv] Interview with Taz Biesinger, Executive Vice President of the Home Builders Association of Utah, www.utahhba.com.
[xxv] ***2007 Second Quarter Housing Statistics***, Utah Association of Realtors.
[xxvi] Census Bureau

SECTION II: FORMATS FOR HOUSING PLANNING

Using the information in Section I, this section will explore how a community can direct and control the planning and implementation of strategies to meet the unique housing needs of its citizens.

PROTECT LOCAL VALUES BY PLANNING

Each community is obligated to guide the development within its boundaries rather then simply react as it happens. Local valuable assets include but are not limited to:

- Preservation of historically significant landmarks, significant structures (homes/commercial/industrial/schools), places, items/artifacts.
- Open space and natural areas such as stream channels and riparian zones, wetlands, and critical wildlife areas.
- Steep slopes and hard to develop areas
- Visual and esthetic resources
- Housing affordable to lower income families in the workforce and persons with special needs including the elderly, persons with disabilities and the homeless.
- Significant commercial/industrial areas consistent with the current land use patterns and general plan requirements.
- Historic downtowns or the creation and preservation of a downtown.
- Employment centers
- Cemeteries

HOUSING AS AN IMPORTANT LOCAL VALUE

As one of its national policy priorities, the American Planning Association (APA) states ***"Planners have the skills and ethical responsibility to create communities where diverse housing options are available to existing and future residents".*** The APA policy statement goes on to say "In order for communities to function, there must be an adequate supply of housing in proximity to employment, public transportation, and community facilities, such as public schools. The housing stock must include affordable and accessible for sale and rental units, not only to meet social equity goals, but in order to ensure community viability".[xxvii]

Communities that provide housing choices for all persons regardless of income, ethnic status, employment, etc. are healthier both economically as well as socially. Insuring that persons with special needs have access to affordable housing is also a key to a successful and thriving community. For instance, the elderly – many of whom have contributed significantly to the community, disabled persons, victims of domestic violence and youth transitioning out of foster care. Communities should also be working with their counterparts to address regional issues, such as homelessness, especially the chronically homeless.

The housing component of the general plan is a tool to assist the community to anticipate housing needs before they become critical. To expect the private sector to deal with all housing needs is unrealistic. The provision of a high standard of living and quality of life includes planning to insure that decent affordable housing exists for critically important, and often underpaid, workers in our society including school teachers, police officers, social service providers, fireman, retail workers and service workers.

LEGAL REQUIREMENTS

In Section 10 of the Utah Code all of the planning requirements for municipalities are identified. The same codes are listed in Section 17 for both counties and cities.[xxviii] For the purposes of this guidebook reference is made to specific sections and subparts related to the planning requirements for "Moderate Income Housing Plans". These planning functions are those related to housing in which each community must be compliant.

10-9a-203 Each community must provide a 10 calendar day notice of its intent to prepare or amend its general plan to the public, each effected entity, the related Association of Government, and the state planning coordinator.

10-9a-401 The content of each general plan is specified including the development and adoption of a comprehensive, long-range plan for the protection and promotion of moderate income housing.

10-9a-403 Each plan must be prepared at least with certain components including the moderate income housing plan. That plan must contain the following subparts:

a. Estimate of the need for additional moderate income housing and
b. Consider the legislatures determination that cities should facilitate a reasonable opportunity for a variety of housing including moderate income housing to meet the needs of people desiring to live there and to allow persons with moderate incomes to benefit from and fully participate in all aspects of neighborhood and community life.

The code also states that the plan ***"may"*** include an analysis of why the recommended means and/or techniques provide a realistic opportunity for the development of moderate-income housing within the planning horizon (horizon may be chosen by the community but must be at least 5 years or longer). The law suggests some "means and techniques" that communities may utilize in implementing the plan including:

- Rezoning for densities necessary to assure the production of moderate income housing;
- Facilitation of the rehabilitation or expansion of infrastructure;
- Encouraging the rehabilitation of existing uninhabitable housing stock;
- Consider providing general fund subsidies to waive construction-related fees that are normally imposed by the city;
- Consider utilizing state or federal funds or tax incentives;
- Consider utilizing programs and financing offered by the Utah Housing Corporation;
- Consider utilizing affordable housing programs administered by the Utah Department of Community and Culture; and
- Consider changing the often obsolete street standards still in force, specifically decreasing the widths demanded within developments themselves.

In order to maintain healthy communities, all citizens of the community need to be served. Housing must be provided at all price points – very-low-, low-, and moderate-income.

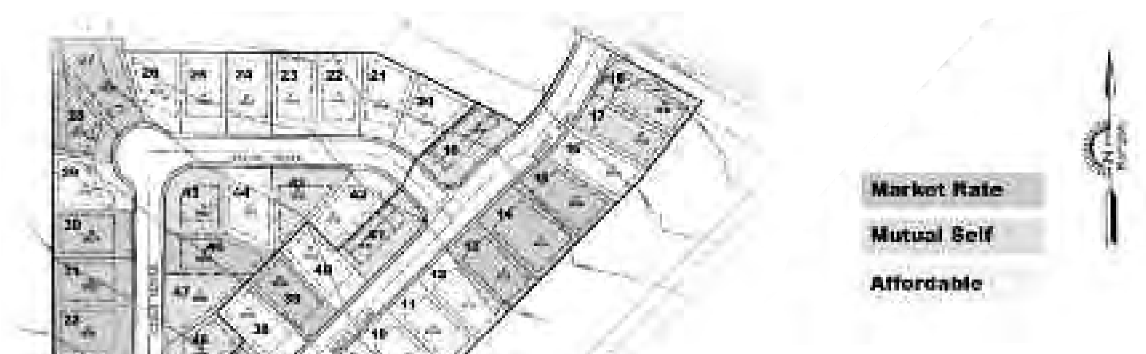
POSITIVE REGULATIONS	NEGATIVE REGULATIONS
1. Density Allowances	1. Large-lot zones without options.
2. Flexibility in landscape and open space design standards	2. Type and structure design requirements that restrict affordability
3. Fee Waivers and expedited review timelines for workforce housing development	3. Location requirements placing affordable multi-family development at unreasonable distances from basic amenities and infrastructure.
4. Overlay zones for workforce housing projects	4. Strict fee requirements for all developments
5. Inclusionary zones to require workforce housing development	5. Extended project review timelines due to NIMBY issues and lack of enabling ordinances.

Regulation Comparisons

It should be understood that this law exempts *"towns"* (defined as class 4 communities with less than 1,000 in population) from having to prepare plans. However, it is in the best interest of communities of all sizes to address the needs of the lower income families and individuals who live there. This is especially true of elderly persons on fixed incomes, disabled persons and young families desiring to live and work in these small communities.

JUDICIAL PRECEDENCE AND CASE LAW REVIEW

The courts have stipulated in Anderson Development Company vs. Bluffdale City, that communities must prepare a realistic moderate income housing plan or run the risk of legal action. The plan must address the items specified in the law and the components of the plan must identify real opportunities for the development of housing affordable for that community.



Land ready for subdivision development in Kanab, UT.

Recent amendments to the law made by the legislature specify that no monetary settlement may be awarded but communities must respond. Communities are required to prepare a plan that gives a realistic opportunity for the development of housing affordable for families living or wanting to live in that city. As evidenced by court decisions, cities may not preserve large-lot zoning at the expense of providing higher density housing affordable for the families that want to live there.

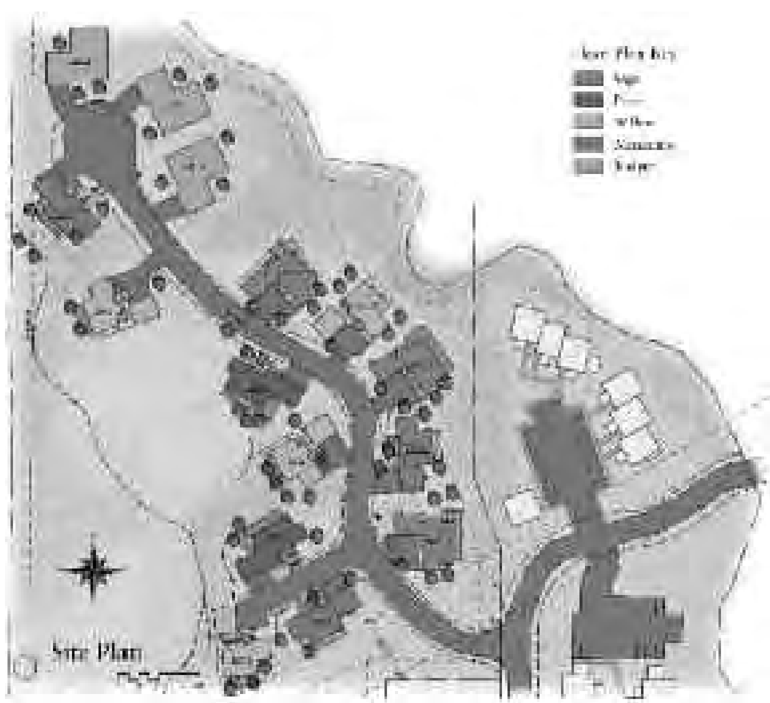
THE COST OF PROVIDING BASIC SERVICES

In planning for and management of housing development it is critical to understand the costs of providing services to residents. If a community creates large-lot zoning – as is often the case in Utah – the cost of providing services goes up and the number of homes paying user fees and taxes decreases. In studies conducted by the American Farmland Trust and Utah State University[xxix] it has been demonstrated that it costs $1.25 for services including water, sewer, roads and maintenance for every $1.00 provided by residents through property taxes and user fees. Sometimes communities are hesitant to charge higher fees to cover the costs of longer distances in large-lot zoned areas.

THE VALUE OF PUBLIC INVOLVEMENT: OBTAINING EARLY BUY-IN HELPS ENSURE SUCCESS

Often, it is the existing residents of the community who desire to limit housing options fearing that property values will decrease. (see myths on page 23) Well-managed higher density housing has not been shown to reduce property values.[xxx] The education of the public is important both in terms of the need for housing affordable to all families regardless of income as well as for their own family members who are going through transitions (moving out on their own or becoming elderly and infirm resulting in the need for specialized or supportive housing).

It is in the best interest of municipalities to reach out to the residents to inform them of what housing is needed in the community. Holding public meetings by neighborhoods (or in smaller numbers of participants) is valuable for at least two reasons. It is important to understand the feelings of key stakeholders and the residents even if they are based on misperceptions. It can also provide opportunities to inform community members about why the city needs workforce housing and make the connection between economic development and housing development. Studies have been done that disprove the belief that higher density development degrades property values. Information about such studies can be presented showing that reality.



Site plan for Redhawk in Springdale, UT. (Being built by Color Country Community Housing, Inc.)

Besides general public hearings, other alternatives might include “scoping” meetings where cities can invite specific groups of residents to attend. Participants can be asked to focus on creating solutions to the housing gaps identified in the plan rather than responding only to ideas. These meetings are important for the public to feel that their concerns are being addressed and prioritized within the general plan.

Multiple opportunities should be provided for the solicitation of public input and at a variety of times during the planning process. Attempting to gain support by having a meeting when decisions are already made will have the potential of derailing what could be a good plan. At the beginning of the process it is important to solicit input to identify and address fears and concerns especially in terms of housing location, type, density and design. Providing opportunity for community members to respond at a later time is also helpful to solicit input on the actual content of the plan. They can effectively then concur with compromises where appropriate and support the plan and its direction for future development.

It is suggested that communities create committees and/or advisory boards, task forces and other configurations of groups to obtain stakeholder and citizen involvement at the beginning and during the process as well as to respond to the draft plan. Groups might be made up of representatives of the community that have like interests. These might include, but are not limited to:

- Business owners;
- Financial institutions;
- Property owners, realtors and developers;
- Community members organized by neighborhoods;
- Those with special interests like historic preservation, open space, housing, recreation or transportation; and/or
- Implementation group responding to planning commission recommendations.

During the education process addressed above, it is most effective to use real life anecdotes from real community-based situations and experiences (without using names), to demonstrate the effect of not having workforce housing available in the community. Clearly identifying the issues faced by community leaders in providing housing for workers is very important. Making sure the public understands the need for a variety of housing options in order to have a vital and functioning community will help in gaining support as the plan is designed and especially as it is implemented. Using actual data based on real community needs will help people to know why the plan is being prepared.

Public meetings should be advertised in the local newspaper as well as fliers posted around the area and in local businesses. Word of mouth is perhaps the most important method of gaining participation. It helps to identify members of the community that are more involved in civic life in order to enlist their support in getting the message out to the broader community.

MAKE THE PRESS YOUR PARTNER

Members of the press can be very valuable or they can be the element that defeats the best of planning efforts. Here are some ideas about how to enlist the assistance of the press:

> Create a positive and pro-active relationship with members of the press – both reporters and editors – and create opportunities for them to be involved at strategic points.

> Take the initiative to create educational packets so that members of the press have the information you want to be publicized and at the points in time that are important to the success of your process.

> Anticipate questions and prepare yourself with data, information and responses for planned press events.

> Establish simple and high profile objectives that can be sited as important accomplishments and then identify some early successes based on established objectives.

> Establish key spokespersons and limit access to the press of persons not involved in the process. It is important to have a knowledgeable person on staff or someone appointed to meet the press. Some of the city council or county commission members can be important press contacts but only when the input given is constructive and leads to a unified message.

> Prepare and publish your own community educational articles.

THE BASIC COMPONENTS OF A QUALITY MODERATE INCOME HOUSING PLAN

A thorough plan will ensure that there are housing choices for all persons in the community. The plan should recognize the life-cycle housing needs of individuals. It should also describe the housing options for persons with special needs in the community who are often an important component of the workforce.

Not all communities need to have domestic abuse or homeless shelters for example. However, these kinds of housing options need to be available within a reasonable distance should it be necessary. This guidebook suggests that all communities participate in "fair share" discussions where regional solutions are created for workforce and special needs housing. To truly address all housing needs within a community regardless of income, disability, special needs or life situations, all factions of a community will need to come to the table, participate in discussions, make decisions and be part of determining solutions.

WORKFORCE HOUSING INITIATIVE HOUSING PLAN FORMAT

> **Evaluation of Current Conditions and Growth Trend Projections** (use the ***Utah Workforce Housing Estimating Model*** software to gather this information – see Section VI.)

1. Demographics
    A. Current population, age and family size breakdown, special needs analysis, (minorities, disabled, elderly, youth, etc.)
    B. Characterization of workforce
    C. Population growth projections – five and ten year projections of internal and external growth rates
2. Housing and economic development status analysis

A. Employment and business analysis tied to economic development plan, break-out of incomes based on various employment sectors – i.e. manufacturing, retail, service and essential public sector employees including police, teachers, social workers, etc.
B. Current housing conditions (as revised biennially) – number of housing units listed by type (rental, owner occupied) – condition of housing (new, acceptable, deteriorated, dilapidated), analysis by type (rental, owner occupied), real estate sales and development analysis, rental market review including numbers of units and vacancy levels, housing cost analysis (land acquisition/construction costs), building permit trends.
C. Housing needs projections (100%, 80%, 50% and 30% of AMI and homeless)—number of housing units needed by type and cost—multi-family and single family rental, as well as multi-family and single-family purchase (condos and townhouses). Also include projections for special needs populations such as: homeless, elderly, disabled, 30% and 50%AMI, domestic abuse, youth aging out of foster care (at age 18), and persons leaving correctional facilities. See Section VI for information about how to use the ***Utah Workforce Housing Estimating Model*** software to collect this information. Supporting infrastructure needs and capital investment plan

> **Regulatory Conditions**

1. Review of current zoning and codes that may impede moderate income housing – residential zones, density analysis, regulatory barriers (i.e. zoning, design standards, processing requirements, etc.)
2. Analyze regulatory innovations i.e. inclusionary zoning, moderate income housing overlay or floating zones, bonus or incentive provisions, cluster development flexibility allowances, Planned Unit Development (PUD) regulations, senior housing zoning districts, etc.

> **Regional Housing Planning Coordination**

The plan should take into account adjacent land uses in adjoining neighborhoods and communities. Each city should encourage and participate in regional planning efforts. One example is the existing regional homeless coordinating committees. Not every community needs a domestic abuse shelter or a homeless shelter, or an assisted living center for the elderly but other communities in close proximity might. Through regional cooperation, solutions and locations can be found for specialized housing needed by those persons in each community. Consulting with federal and state land management agencies is a helpful way to address issues – particularly, the State of Utah School and Institutional Trust Lands Administration. These state lands may be appropriate locations on which to develop new workforce housing subdivisions or rental properties following annexation. Also, consult with other State agencies with the intent of finding development opportunities for very-low-, low- and moderate-income housing.

> **Outline of Plan**

1. Statement of current gaps or needs: who is "housed out" in your community – type, incomes to be served, size and location of housing to be developed
2. Creation and adoption of a "Moderate Income Housing Goal Statement" – based on the gaps identified, what does your community want to achieve.

3. Existing resources – for example: identification of infill lots as well as vacant, abandoned or dilapidated housing, analysis of sites and locations appropriate for development, review of expiring subsidy rental properties – i.e. federal or state financed properties with expiring deed restrictions.
4. What available resources will be used in fulfilling the plan, such as: General Fund appropriation for housing projects, capital planning funding (including general obligation bonding), waiving the cost of impact fees and permits, RDA/EDA 20% funds for housing, Community Impact Board (CIB) (infrastructure support for housing development), and/or Community Development Block Grant (CDBG) program. Also begin the exploration of potential partnerships with (partial listing): Low-Income Housing Tax Credit (LIHTC) program, Olene Walker Housing Loan Fund (OWHLF), Utah Community Reinvestment Corporation (UCRC), limited purpose banks, community banks, foundations, Federal Home Loan Bank, private activity bonds, US Department of Agriculture (USDA), Rural Development, Department of Housing and Urban Development (HUD), HOME Investment Partnership (HOME) program and 202/811 more specifically, etc.
5. Description of planned community involvement (including business community, school districts, special districts and the general public)
6. Identification of benchmarks based on "outcome-based planning": community needs that the housing projects will address relative to the future vision as well as likely income and population trends identified for the community.
7. Project-based priorities and timelines (Need to be established by separate ordinance binding the city to these objectives and outcomes)
   A. Housing needs summary
   B. Housing type listed by priority
   C. Location analysis: where priority housing should be built – also, steps for any zoning issue resolution that may be necessary
   D. Timeline for housing development: what should be built annually
   E. Process for finding a development partner
   F. Project feasibility and pro-forma preparation
   G. Project financing options and application preparation.
   H. Specific tasks, assignments and milestones for construction, home sales or rental property management and lease-up.

Keep in mind through this process that not all components of this outline can legally be included in the general plan. Separate ordinances may need to be created and adopted to implement the plan.

[xxvii] American Planning Association policy statement, www.planning.org
[xxviii] ***Title 10, Utah Code — Statutes and Constitution***, http://www.le.state.ut.us/%7Ecode/code.htm.
[xxix] ***Cost of Community Services Study***, Farmland Information Center of the American Farmland Trust in partnership will Utah State University, www.farmland.org, August 2007.
[xxx] See the Bureau of Economic and Business Research (BEBR) at the University of Utah www.bebr.utah.edu as well as the Campaign for Affordable Housing at www.tcah.org.

SECTION III: LIFE-CYCLE AND WORKFORCE HOUSING OPTIONS

This section provides some examples of creative models for the development of workforce housing. Examples are taken from both within Utah as well as from other parts of the nation. There are innovative examples that solve a variety of community issues. In addition, we provide some development and design basics about how to get started in designing the models that will be a good fit for your community

CREATING HOUSING CHOICE IN YOUR COMMUNITY

A variety of housing options are necessary to meet the needs of an entire community. Refer back to the life-cycle diagram on page eight which illustrates the housing options that are likely needed. Options might include:

> Rental units for young families and singles just starting out in the workforce or aging empty-nesters and retirees ready to downsize.

> Homeownership opportunities for those ready to put down roots and build financial assets through their housing choice.

> Supportive rental housing for those populations needing support, such as physically and mentally disabled and seniors who are in various stages of aging, persons leaving prison or families fleeing domestic violence.

Formulating a projection of type of housing needed will based on population forecasts. One example according to Envision Utah's planning tools,[xxxi] is projections made by the Governor's Office of Planning and Budget that the "household mix of the Greater Wasatch area will change during the next 20 years. There will be a rise in senior households from the current 21 percent to 27 percent in the year 2020. Household size will decline from 3.12 people per household in 2000 to 2.78 in 2020.[xxxii] Decreasing household sizes mean the number of new households will increase proportionately faster than the population. Household sizes are expected to decrease as a result of more single-person and single-parent households and fewer two-parent families with children. Assuming that real incomes will remain more or less the same, smaller households mean there will be less demand for large-lot, single-family homes and more demand for smaller, less expensive housing. There also will be more demand for housing types that require minimal maintenance."

In order to ensure a variety of housing choices, there are several important steps to complete.

1. First and very important, is to complete an inventory of what housing is currently available and in what price-ranges.
2. Second, analyze current needs in your community. Study population data and work with service providers to develop a needs survey – what types of housing are needed in your community and how many of each?
3. Third, what are the location possibilities within your community? Is there vacant land available, some infill lots or buildings that can be rehabilitated for workforce housing? It is important to locate workforce housing in close proximity to transportation and important community amenities. Amenities such as schools, grocery stores, medical facilities and recreational facilities are all important. Also, it is important to educate residents on the costs that can be added to a project for size of lots as well as some amenities.

4. Fourth, determine who the players are in your community – who is building or developing housing in your community and what is in their development pipeline? – meet with local nonprofits to check their portfolios.
5. Fifth, determine what financial tools and government subsidies are available in your community to develop affordable housing.

EDUCATING COMMUNITY MEMBERS

A good and integrated design can play a crucial roll in the success and integration of an affordable housing project into the surrounding community. According to Michael Pyatok of Pyatok Architects in Oakland, California "Good design is absolutely essential for the long-term good of affordable housing. The more that people are proud of where they live, the greater the likelihood that they will work harder to take care of their homes. And the better the housing looks, the greater the likelihood that neighborhoods will accept it in their backyards."[xxxiii]

In many cases it is difficult to sell the idea of affordable housing to members of the community There are many negative perceptions not based on fact and one way of addressing this issue is to involve the community members in the design of a new workforce housing project proposed for their community.

Breaking down the opposition to affordable housing in neighborhoods and communities is a complex and multi-faceted challenge. A key element is to begin early to educate the community on the need for "workforce housing." Language can be very important – workforce or life-cycle housing will be more acceptable than "low-income or affordable housing". It is important to describe the need for housing that is attainable to teachers, nurses, social services providers, police officers and fire and rescue workers. In addition, it is important to also describe the next level of need – service-level employees such as housekeeping, janitors, food service employees and other support roles.

> For each dollar a working family saves by moving to an outlying home, it spends an additional 77 cents on transportation.
>
> www.HomesForWorkingFamilies.org

Proactive education needs to take place at every level and every opportunity within the community, from Council meetings to school meetings to local clubs and public events as well as during church and religious services. Using information made available through entities such as the Campaign for Affordable Housing can help to educate community members and dispel the myths associated with affordable housing. The Campaign for Affordable Housing is a national, nonpolitical nonprofit organization supported by a wide range of industry leaders and promotes the benefits of affordable housing and acts as a clearinghouse for local and regional organizations.

Although time-consuming, another very important element is to include the community in the planning for a new workforce housing project. If the community is involved in determining where the housing is built and the architectural design, opposition to the final product can be mitigated. Just be extremely careful that the workforce housing is not all built on the outskirts of town, isolated from amenities, transportation and the heart and soul of the community.

FIVE OF THE MOST OFTEN REPEATED MYTHS ABOUT AFFORDABLE HOUSING

MYTH 1… AFFORDABLE HOUSING IS UGLY
TRUTH: All over the country, the old public housing projects of the mid-20th century are being torn down and replaced by attractive buildings that are winning awards.

MYTH 2… AFFORDABLE HOUSING PRODUCES MORE TRAFFIC
TRUTH: Low-income households make 40% fewer trips than other households. "Studies indicate that the average resident in a compact neighborhood will drive 20-30% less than residents of a neighborhood half as dense."

MYTH 3… AFFORDABLE HOUSING INCREASES CRIME
TRUTH: There is no correlation between safe, decent and affordable housing and crime. Studies show that what does cause crime (and a host of other socio-economic ills) is community disinvestment, overcrowding, lack of jobs and community services. Failure to build affordable housing leads to slum conditions of over-crowding, absentee owners and deteriorating properties with no alternatives available to low income families.

MYTH 4… AFFORDABLE HOUSING OVERBURDENS SCHOOLS AND INFRASTRUCTURE
TRUTH: Studies show that traditional single-family home neighborhoods have 2 to 3 times the number of school-aged children than those residing in apartments. Higher density housing provides economies of scale for utility infrastructure in trunk lines and treatment plants. Infrastructure costs per housing unit significantly decline as density increases: in developments at 30 units per acre or greater to about $10,000 from $90,000 per unit when built at 4 units per acre. (Urban Land Institute, Wieman, 1996)

MYTH 5… AFFORDABLE HOUSING LOWERS PROPERTY VALUES
TRUTH: Academic studies and market analysis all prove otherwise. Wayne State (Michigan) University tracked property values before and after affordable housing was built and found that affordable housing often has an insignificant or positive effect on property values in higher-valued neighborhoods and improves values in lower-valued neighborhoods.

THE IMPORTANCE OF DESIGN

In addition to acceptance in the community, good design can contribute in a number of other ways. In ***Livable and Affordable***, an article appearing in ***Shelterforce*** magazine in 2002, Roberta Feldman and Tasneem Chowdhury make a thorough case for the use of creativity in the design of affordable housing.[xxxiv] Key points are excerpted here.

Fedman and Chowdhury speak of five areas where construction savings can be realized. They are:

1. ***Use of Standard Features and Reuse of Existing Assets:***
   > Details that use standard dimensions and equipment modules will limit labor and product waste. Buying locally available and easily repairable materials, equipment, and finishes will also limit construction and the life-cycle costs of a building. In Utah, the Buy Local First organization makes it easy to find locally produced goods.[xxxv]

   > Factory-built housing, both manufactured and modular, offers greater cost savings when compared with conventional site-built housing. Moreover, modular housing is considered the strongest among frame housing and conforms to the same standards and codes as site-built.

> Rehabilitation of existing housing rather than demolition is another way to save costs. In most communities demolition and dumping old construction materials are extremely costly. Instead creative re-design and reuse of existing structures can save environmentally as well as save historic and cultural landmarks.

2. ***Space Efficiencies*** can be achieved without reducing livable spaces, by minimizing circulation space and room dimensions. For example, the arrangement of circulation space in a central node or short hallway with surrounding rooms can significantly decrease the unit square footage without changing the size of the rooms. The ratio of a room's width and length also determines how well conventional furnishings will fit without wasting space. Rooms that are very long proportionally often do not offer the most efficient use of space.

   Compact building forms minimize the building's "envelope," and thus decrease costly building components, such as the foundation, roof, and exterior walls. A one-story single family dwelling is more expensive to build than a two-story structure with the same square footage, quality of construction, and amenities. Compact building forms also reduce life-cycle costs because they are less expensive to heat, cool, and maintain.

3. ***Greater Housing Densities*** can also save money, especially in areas where there is a high land cost, although in the U.S. low-density housing, predominantly single-family dwellings are favored. Higher density multi-family housing has environmental benefits, as well, in preserving agricultural land and open space and facilitating mass transit. One of the challenges of higher density housing is maintaining norms for privacy and valued, useable outdoor space; for example, in small backyards that abut other dwellings and yards. Apartments and townhouses, in fact, can have the same or similar layouts, and many, if not all of the same amenities, if well designed.

4. ***Energy-Efficient Design*** contributes to environmental sustainability and saves life-cycle costs. Unfortunately, it is all too often excluded from affordable housing projects because it is perceived as "too expensive." In fact, it is possible to attain energy efficiencies without incurring additional costs. Sources of information and resources for energy efficient building can be found through Energy Rated Homes of Utah or the Utah Energy Conservation Coalition, Inc. Information can be found at www.utahenergy.org.

   Energy costs can also be reduced by using energy-efficient equipment and materials. For example, residential energy consumption can be cut by 75 percent or more by using Energy Star-rated equipment and appliances. The higher costs of energy-efficient materials and equipment, such as super insulation and double-glazed low-e windows, can be offset by the cost savings incurred in the decreased, necessary capacity of the HVAC equipment.

   Passive solar design reduces the energy requirements of the building by meeting either part or all of its daily cooling, heating, and lighting needs. Simply orienting and shaping a building and its windows to maximize passive solar gain can save 10 to 20 percent of heating energy. In sunny climates, such as here in Utah, house orientation alone can make a difference of 50 percent or more in heating and cooling costs.

5. ***Design for Durability*** saves on costly maintenance and future building renovations. Spending on durable materials, finishes, furnishings, and equipment may entail higher initial construction costs, but is compensated by substantially decreased life-cycle costs. Good examples of moderate up-front costs and big savings follow:
   > A three-ply roof will last longer than two-ply – often for the entire tenure of typical homeownerships.
   > Burnished block is slightly more expensive than standard face block but lasts longer, is more impervious to water, and has much higher aesthetic appeal.

> High-quality windows cost more but are not likely to warp easily and will keep energy costs down.
> 5/8” drywall costs minimally more than 1/2” but will withstand wear and tear better.
> Solid core doors will need less frequent repair and replacement.
> High-quality workmanship is equally important to assure durability.

HOUSING OPTIONS: MULTI-FAMILY RENTAL

Multi-family rental housing continues to be a key component of a healthy menu of housing choices. Local municipalities and counties might start by compiling an inventory of current properties and their rates of occupancy and physical condition. Multi-family properties that are affordable to low and moderate-income families are typically financed through federal, state and/or local subsidy programs. Many of these subsidy programs are reaching the ends of their terms. Therefore, a critical component of any inventory is determining how many of the current affordable units are in expiring-use properties.

To meet the multitude of needs within any given community, multi-family rental properties should incorporate a number of unit sizes, primarily studio, one, two and three bedroom units. In some cases, larger units are also necessary. Multi-family projects can be designed in a number of creative ways. In communities where there is high opposition to traditional “affordable housing” projects, you might want to stay away from garden-style apartment layouts or a multi-unit low-rise or high-rise building. Creative solutions such as duplexes, triplexes and four-plexes surrounding green space or courtyards should be considered. Another creative way to bring workforce rental housing into a community is by using existing structures. Old industrial buildings can be renovated to create loft-style rentals or to mix residential with commercial by putting affordable rentals on the second and third floors of a commercial strip. Some resources for exploring the multitude of options are two publications from the Urban Land Institute: ***Developing Housing for the Workforce: A Toolkit*** and ***Affordable Housing: Designing An American Asset.***

Huntridge rental units in Moab, Utah

In addition to design, the other most critical factor to ensuring a successful rental project is the property management. Finding a good property manager with the proper type of experience is critically important. Management can ensure the success or cause the failure of a property. Finding a company that has experience in managing subsidized, affordable or workforce housing is critical to the success of any multi-family rental property. It is not advisable to be your own property manager if you've never taken on this role in the past and in fact many investors require five or more years of experience and/or a mentor with experience of the same time period. There are a number of property management companies in Utah that have experience with federally subsidized, tax credit or low-income rental properties. Please see the listing of these experienced management companies in Appendix II. It is strongly advised that you work with one of them. Find these companies through Utah Housing Coalition or the Utah Apartment Association.

Good property management can prevent one of the most challenging issues for cities, towns and municipalities from occurring – that of negligent absentee landlords. It is very difficult to address housing and community issues in a neighborhood where property owners – who in most cases do not live in the community – allow their properties to deteriorate with little maintenance – physical and/or aesthetic. In most communities, and especially in Utah and the west, property ownership is considered a sacred right and personal property rights are highly protected. This makes it difficult to prosecute owners who allow their buildings and property to become eyesores as well as unsafe for the tenants living there.

Cleveland, Ohio has a unique and very effective way of dealing with absentee landlords. Two young progressive legislators felt that "a special jurisdiction court was needed in Cleveland to distinguish civil evictions and criminal housing code violations from the widely diverse general municipal court docket. They believed housing-related cases had a detrimental impact on Cleveland's neighborhoods and that they required consideration beyond what was then received in the municipal courts."[xxxvi] Over the 25 years in which the Housing Court has worked, it has become a critical partner to both community activists working to better their neighborhoods as well as landowners who may need a little help and education. "This is a system that truly works…to make people accountable. It also finds every opportunity for a person to succeed with real estate rather than just punish people for failure." The Housing Court's answer to persistent neglect is to place the property in receivership utilizing nonprofit housing developers working in the community as the receivers.

Cleveland's Housing Court has also created a consortium of citizens and representatives of neighborhood non-profits and housing groups. "The group meets with the Judge and other Court officials on a quarterly basis to share ideas and to become familiar with the law and its procedures so that they can effectively meet housing challenges in their neighborhoods." Consortium members attend public meetings and track the status of cases before the Housing Court. They meet with inspectors and exchange ideas about addressing code issues in their communities on a proactive basis. They also provide information to property owners on grant and loan programs they might be eligible for.

HOUSING OPTIONS: OWNERSHIP

Homeownership can take on a number of forms. The detached single family home with a yard and picket fence that is traditionally pictured when thinking of the original "American Dream" is not the only option. In fact, in most communities in Utah, it can be the least desirable option when taking into consideration what land is available, the cost of sprawl, access to transportation and key amenities and environmental concerns. While small sub-divisions can still be a viable option especially in rural areas, other areas have little vacant land or very few infill lots left to build on.

Other homeownership options include:

> Condominiums
> Townhouses
> Limited Equity Housing Cooperatives
> Mutual Housing Associations
> Community Land Trusts
> Co-housing

Angelina's Corner condominiums in Salt Lake City

Today, condominium and townhouse design can be quite creative. Condominium units can be developed in small numbers or very large numbers and in multi-floor layouts or in side-by-side townhouse-style layouts. Townhouses can be built around small courtyards creating the feeling of town plazas. Both designs lend themselves to the creation of a Limited Equity Cooperative. In all three cases, the homebuyers will purchase a property that is technically walls and the airspace within the unit where they live. They also own a portion of the community space and play a role in overseeing the management of the property. All three are governed by a board elected by all owners in the project. Condominium or Homeowner Association fees cover maintenance of community space, landscaping and in some cases, utilities such as water and sewer.

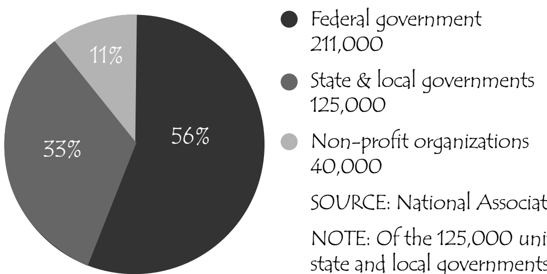
In the case of limited equity housing cooperatives (LEHC) – a form of homeownership that tends to be affordable to very-low-income households – individual buyers share ownership of a building. Ownership in a LEHC rarely costs more than a typical rental unit, while providing greater control of housing. In addition, membership in a LEHC teaches good business practices and requires democratic participation. According to the National Association of Housing Cooperatives, there are more than 400,000 units of limited equity cooperative housing in the US. Figure 1 on page 28 demonstrates the breakdown of those numbers and is provided by Policy Link at **www.policylink.org**. Other examples of shared equity ownership are:

Mutual Housing Associations **—** a nonprofit corporation set up to develop, own and operate housing. Mutual housing associations always involve substantial resident participation in the community and are often also owned and controlled by the residents of the housing produced.

Community Land Trusts — offer a balanced approach to ownership: a nonprofit trust owns the land and leases it for a nominal fee to individuals who own the buildings on the land. As the home is truly their own, it provides the homeowners with the same permanence and security as a conventional buyer while preserving the land for affordable housing in perpetuity.

Co-Housing – a form of housing that offers residents a strong sense of community in a close-knit neighborhood environment. In addition to individual units, co-housing communities generally have extensive common amenities including a common house and recreation areas. Co-housing developments are designed and managed by the residents.

Distribution of LEHCs Units by Sponsors, 1995



SOURCE: National Association of Housing Cooperatives

NOTE: Of the 125,000 units of LEHCs sponsored by state and local governments. 80,000 are in the state of New York and 45,000 are in all other states

Figure 1

Additional resources for alternative forms of ownership are provided by the National Association of Housing Cooperatives (www.coophousing.org) and the National Community Land Trust Network (www.cltnetwork.org).

In most cases, first time and low-income homebuyers will need assistance to ensure their success as homeowners. If a local nonprofit does not already provide homeownership education and/or counseling programs, it is important to encourage the development of a program. An important companion piece is the provision of down payment and/or closing cost assistance. This type of assistance can be provided in various grant forms, or through personal development accounts or IDAs. For a complete menu of homeownership education and counseling programs, go to www.hud.gov. In Utah, these services are provided by community action programs, local nonprofit housing developers and housing authorities.

Programs that provide assistance with IDA and personal development accounts vary with their specific features, however, they are universal in their goal to assist low-income persons and families to build assets for a specific purpose such as to purchase a home or start a small business. In some cases the accounts are used for higher education. Account holders contribute monthly over a one- to four-year period and their savings are matched at a rate of 1:1 to 3:1[xxxvii] Classes are required in conjunction with these accounts. Nationwide, IDAs have grown from three programs in 1995 to more than 500 programs in 2002 and upwards of 50,000 households have opened accounts.[xxxviii] Utah passed IDA legislation in 1997, but it was never funded and has since expired. The private sector has stepped in to fill the gap. A statewide IDA program established and managed by AAA Fair Credit Foundation has enrolled 164 people who have saved $140,000 of their own money to date. They also have 50 new applications for people to join this program.[xxxix]

HOUSING OPTIONS: SUPPORTIVE HOUSING

James Kier Retirement housing in Salt Lake City.

Before engaging in special needs housing, a thorough assessment must be completed to determine the level of need within the community. Special needs housing requires a partner with knowledge of the particular issue and population, the unique needs as well as necessary programs and curriculum for addressing the particular special needs. Ideally, local towns and cities will work with specialized local nonprofit partners who provide services to special needs populations. These partners will include, but are not limited to: Turn Community Services, Access Utah Network, Utah Nonprofit Housing Corporation, Housing Authorities, Utah Independent Living Centers, Sarah Daft Home and Area Agencies on Aging. There are some grant and subsidy programs available for many special needs populations and housing for persons with special needs is important to any locality. Special Needs housing can include but is not limited to: elderly, disabled, homeless, foster youth, persons leaving correctional institutions, persons living with HIV/AIDS, single-parent families, and persons leaving domestic violence.

According to the Corporation for Supportive Housing, "supportive housing is a successful, cost-effective combination of affordable housing with services that helps people live more stable, productive lives."[xl] Supportive housing is the best alternative for people who face a series of complex challenges, a limited income being only one. The Corporation for Supportive Housing points out five key elements to a successful supportive housing project:

1. THE PEOPLE: a clear and thorough analysis of the characteristics and needs of the future tenants.
2. THE PLACE: the location and structure must be able to support the target population including design aspects unique to serving the special needs of the future tenants.
3. THE SERVICES: the program of supportive services must match the needs of the target population and must be accessible to the future tenants, whether on-site or somewhere in the community.
4. MONEY: the project must be financially viable both in the short and long terms. Special focus must be made on the cost of operating the project and the companion supportive services.
5. ORGANIZATION: the project must be supported by an organization with the capacity necessary to plan, develop, manage and provide services to the program participants.

Often one of the backbones to supportive housing for homeless or displaced populations is a transitional housing component. Transitional housing is typically provided at a highly reduced rent and with case management and supportive services. Transitional housing is ideal for persons needing to stabilize their lives, but not necessarily needing permanent supportive housing. These programs are time-limited and typically run for three to five years. Typical programs serve persons leaving a correctional institution or a homeless shelter, families leaving domestic violence,or persons recovering from alcohol or substance abuse. Transitional housing models abound and there are a number of financial programs to support these efforts.

HOUSING OPTIONS: OTHER IMPORTANT CONSIDERATIONS

Mixed-Income Development – The mixed-income approach has been a very popular idea in recent years. Mixed-income refers to a strategy of providing a diverse mix of housing options in one development or neighborhood targeted at a mix of income levels. One of the main reasons stated for mixed-income development is "that it is a way to reverse decades of racial and socioeconomic segregation in urban America. The negative effects of highly concentrated inner-city poverty have been well documented."[xli] The hope is that the mixed-income development will allow for influence and cross fertilization among a range of income levels. These projects often generate their own project subsidies separate from traditional sources. Profits from the market-rate sales can assist in subsidizing the units for lower-income households.

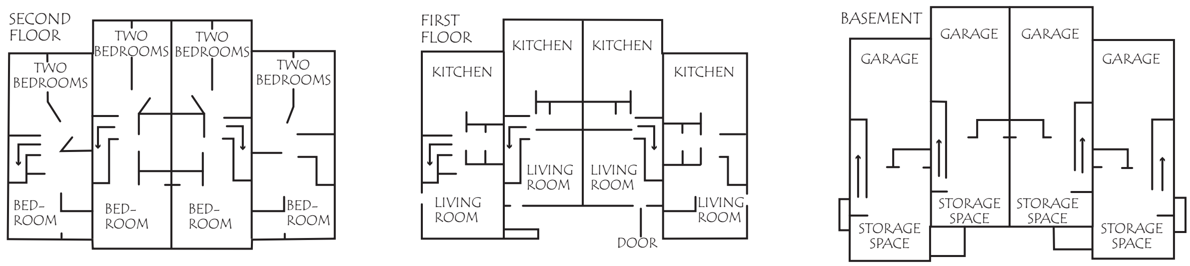
St. Benedict's School, converted to senior and homeless assisted living, Ogden, UT

In the context of large scale developments in distressed urban neighborhoods, where the effort is to completely revitalize an entire area, the mixed-income approach can be very effective. In these areas mixed-income housing tends to "catalyze other benefits for low-income residents. These benefits include a reduced housing cost burden; more structured supportive services; dramatically improved surroundings, high-quality housing and community design; faster-paced complementary investments in public systems and amenities; and strategically restored market functioning that offers more choices, lower prices, new jobs, and additional tax revenues to support service delivery."[xlii]

One creative mixed-income project was used in Virginia where affordable housing units were incorporated into a neighborhood of luxury homes. The developer of Edgemoore at Carrington used a 'great-house' design which appeared from the street to be one large home. It was in fact four three-bedroom town houses with garages in the rear of the property. Each workforce housing unit sold quickly and the appearance allows the units to blend seamlessly in with the rest of the market-rate neighborhood. "The approach has also succeeded in preventing outright rejection of affordable housing in one of the most affluent counties in the nation."[xliii]

Live-Work Space and Mixed-Use Development – One of the most creative affordable housing developments over the past 20 years has been a vital factor in bringing back many community and small business centers in communities around the country. Development of live-work space has brought new life to industrial neighborhoods as well as revitalized downtown business districts. The premier example of live-work space development is Artspace Projects, Inc. based in Minneapolis, Minnesota. Artspace Projects, Inc. has become nationally the leading nonprofit developer of real estate for the arts and is the model on which the Artspace live-work space development in Salt Lake City is based. Artspace in Salt Lake City creates affordable live and work space for artists, cultural organizations, nonprofits and others to revitalize and promote stable, vibrant and safe communities Their mixed-use projects incorporate affordable housing, cultural amenities, and commercial spaces and are catalysts for revitalizing the neighborhood and spurring further development. Artspace projects contribute to the arts and culture of the community by providing affordable artist studios, apartments and galleries. The projects also create synergy between the adjacent artists, nonprofit agencies and residents.[xliv]

Four-Unit Floor Plan



Great House in the Edgemoore at Carrington development in McLean, Virginia

Just has been Artspace's experience in Salt Lake City, according to Minnesota-based Artspace Projects, Inc., many artists gravitate to old warehouses and other industrial buildings. Subsequently their very presence in an industrial neighborhood often acts as a catalyst, setting in motion a process of gentrification that drives rents up and forces the artists out. The Artspace housing and finance model prevents that cycle from continuing. These spaces that are retained as affordable for the life of the financing – and often in perpetuity – are spaces that create safe working environments, helping artists to grow professionally and achieve financial stability. The projects help increase pedestrian traffic in urban areas, while streetscapes take on a new, lively character, often spurring additional neighborhood development.[xlv]

Other examples of mixed-use development are:[xlvi]

Baldwin Park, *Naval Base Redevelopment Project, Orlando, Florida.*
Combines rental and homeownership properties with office buildings, retail shops, restaurants, and green space.

Highland's Garden Village, *Conversion of an abandoned amusement park, Denver, Colorado.*
Single-family homes, mixed-income apartments, senior apartments, townhouses, live-work lofts, carriage houses, co-housing condominiums, shops, a school, gardens and community gathering space.

Belmont Dairy, *Conversion of a historic industrial diary site, Portland, Oregon.*
Market-rate, loft-style apartments, affordable rental units, rowhouses, ground-level retail, specialty grocer, restaurants and shops.

Town Center Redevelopment, *reclamation of a struggling neighborhood, St. Louis Park, Minnesota.*
Mixed-income housing, retail, community space and walkable town center.

MAXIMIZING ON CURRENT ASSETS

The most cost-effective way to address the need for more workforce housing is to rehabilitate current housing stock, convert unused or under utilized buildings, use creative infill strategies for vacant and underutilized land, use accessory apartments and preserve current affordable assets such as mobile home parks.

Infill development is the process of developing vacant or under-used parcels within existing urban areas that are already largely developed. Many communities have vacant land within city or town limits, which, for various reasons, has been passed over in the normal course of development. According to the Municipal Research and Services Center, it is ideal when infill development involves more than the piecemeal development of individual lots. A successful infill development program should focus on the job of crafting complete, well-functioning neighborhoods. Successful infill development is characterized by overall residential densities high enough to support improved transportation choices as well as a wider variety of convenience services and amenities. It can return cultural, social, recreational and entertainment opportunities, gathering places, and vitality to older centers and neighborhoods. Attention to design of acquisition, rehabilitation and infill development is essential to ensure that the new development fits the existing context, and gains neighborhood acceptance. A cooperative partnership between government, the development community, financial institutions, nonprofit organizations, neighborhood organizations and other resources is essential to achieve infill success.[xlvii]

Modular housing being used on infill lots in Magna, UT by Community Development Corporation of Utah.

Accessory apartments are not the answer to any community's workforce housing needs. However, it is a wonderful addition to a community's menu of affordable housing options. Park City, Utah encourages property owners to consider provision of accessory apartments. In a town desperately in need of seasonal low-cost housing for their resort community, Park City provides this definition of an accessory unit: "a self-contained unit with cooking, sleeping, and sanitary facilities." The units can be created by retrofitting existing single-family homes or by incorporating it into the new construction of a single-family home.[xlviii]

The value of mobile home parks can be controversial. Many people feel that they are a blight to a community and some parks that are not well-maintained can be exactly that. However, mobile home parks remain some of the most affordable and attainable housing for Utah's workforce that is not subsidized. Therefore, well-managed mobile home parks are a much bigger asset to communities then most cities and counties realize. Preserving well-managed parks is critical to on-going efforts to provide and preserve sufficient numbers of workforce housing units. Municipalities should investigate the costs, legal structure and management of the mobile home parks serving their community. Code enforcement is also critical to ensure existing facilities are maintained over time. Between 2002 and 2007, Utah lost 13 mobile home parks – three of which were in Salt Lake County in 2007.[xlix] According to the 2000 Census, in Utah 84,000 people live in manufactured housing. This loss of parks is having a detrimental effect on Utah's workforce housing inventory. A new law – HB 48 – was passed in the 2008 session of the state legislature that may assist in mitigating these losses. This bill requires a nine-month notice of change of use and disallows rent increases after notice.

[xxxi] ***Urban Planning Tools for Quality Growth***, Envision Utah, www.envisionutah.org, 2002.
[xxxii] ***2005 Baseline Economic and Demographic Projections***, Governors Office of Planning and Budget
[xxxiii] ***Affordable Housing: Designing an American Asset***, Published by Urban Land Institute in conjunction with an exhibit by the same title at the National Building Museum in Washington, DC, ***www.uli.org***, 2004.
[xxxiv] Feldman, Roberta M. and Tasneem Chowdhury, *Livable and Affordable*, ***Shelterforce***, Issue #124, 2002.
[xxxv] Local First Utah is a nonprofit organization dedicated to strengthening communities and local economies by promoting, preserving, and protecting local, independently owned businesses throughout Utah. Find more information at www.localfirst.org.
[xxxvi] "Cleveland's Housing Court: A Grassroots Victory 25 Years Ago Paved the Way for a Reliable, Much Needed Institution", By Robert Jaquay, ***Shelterforce***, Issue #141, May/June 2005
[xxxvii] "Individual Development Accounts, Engaging the Financial Services Industry in Asset Building", ***Community Investments***, Federal Home Loan Bank of San Francisco, May 2005.
[xxxviii] Comptroller of the Currency (2005). "Individual Development Accounts: An Asset Building Product for Lower-Income Consumers," Community Development Insights, February 2005. Ellen Seidman and Jennifer Tescher (2004). From Unbanked to Homeowner: Improving the Supply of Financial Services for Low-Income, Low-Asset Customers, paper prepared for the Joint Center for Housing Studies, Harvard University.
[xxxix] AAA Fair Credit Foundation is dedicated to teaching people how to save, spend, invest, borrow and manage their finances wisely to improve financial well-being and quality of life. Find more information at www.aaafaircredit.org.
[xl] ***Guidebook on Developing Permanent Supportive Housing for Homeless Veterans***, Corporation for Supportive Housing, 2006, www.csh.org.
[xli] Joseph, Mark L., "Is Mixed-Income Development an Antidote to Urban Poverty?", ***Housing Policy Debate***, Volume 17, Issue 2, Fannie Mae Foundation, 2006.
[xlii] Costigan, Patrick, M., "Comment on Mark L. Joseph's 'Is Mixed-Income Development an Antidote to Urban Poverty?", ***Housing Policy Debate***, Volume 17, Issue 2, Fannie Mae Foundation, 2006.
[xliii] ***Developing Housing for the Workforce: A Toolkit***, Urban Land Institute, 2007.
[xliv] www.artspaceutah.org
[xlv] www.artspaceusa.org
[xlvi] ***This is Smart Growth***, Smart Growth Network, www.smartgrowth.org
[xlvii] Municipal Research and Services Center, www.mrsc.org
[xlviii] ***Accessory Apartment Information Guide***, Park City Municipal Corporation, www.parkcity.org
[xlix] "Immobile homes: State should protect mobile home owners", ***Salt Lake Tribune***, October 10, 2007.

SECTION IV: THE COMMUNITY AS A WORKFORCE HOUSING FACILITATOR

This chapter reviews a number of ways for local government to proactively assist in the development of workforce housing. Planning is the key to meeting workforce housing needs in your community. Identifying the type of housing needed is important but also must be followed by development assistance on a number of levels. Assistance can take the form of favorable zoning changes, development incentives and expedited approval processes. This section will review a number of options. Examples of best practices across the United States are provided as well as references and links for further information.

STUDYING THE REGULATORY BARRIERS IN YOUR COMMUNITY

The first step in developing a workforce housing plan is a careful analysis of current ordinances that effect residential development. It is important to review zoning ordinances and codes regulating everything from single-family rehabilitation to multiple-unit high-rise rental complexes. On the following page is a sample tool to begin the process.

It is suggested that communities actively evaluate not only the planning process associated with moderate income housing but also identify locations where affordable housing could be located.

> IMPORTANT REMINDER!
> General plans are guidelines.
>
> They enable ordinances including zoning and implementation plans. Implementation plans identifying project types, locations and other incentives such as fee waivers will need to be adopted in separate ordinances passed by the city or county council or county commission.

The location of moderate income housing should be sensitive to current zoning and associated land use. It should also consider positive placements associated with public transportation, shopping opportunities and employment centers. Federal law identifies "Environmental Justice" in the locations of federally assisted housing projects avoiding incompatible land uses, noise, pollution, isolation, etc. These conflicts must be avoided or mitigated as part of the approval process. Often difficult locations are targeted for affordable housing locations due to the lower initial cost associated with such lots.

Evaluate Zoning Ordinances

Workforce housing is normally all about density and flexibility in community ordinances. Ordinances can be the primary tool by which communities can accommodate and support the development of workforce housing or be the primary reason affordable or special needs housing is not happening!

Typical residential zoning R-1-1, R-1-20, R-1-8, etc. and all of the multi-family zones, set the parameters for development within that zone. They establish dimensions for the footprint of the structure in terms of set-backs and orientation. In some cases these zones include a minimum structure size as well as basic design requirements. Often these zones limit accessory apartments and other types of housing development such as Planned Unit Developments (PUD) and clustering of structures.

REGULATORY BARRIERS QUESTIONNAIRE[1]	NO	YES
1. Has your jurisdiction prepared and adopted a "Moderate Income Housing Plan" as part of your general plan? (mandated by statute in the Utah Code) (If the answer is no, please go directly to question #4)		
2. Has your community updated your moderate-income housing plan within the last two years and completed and submitted your biennial report to DCC?		
3. Does your housing plan provide estimates of the projected housing needs for low and moderate income housing for a 5-year period or longer? (Specify projection period __________________)		
4. Do your projections specify the type and density of housing needed as well as recommended locations based on zoning?		
5. Prepare a comparison of zoning ordinances as well as development and subdivision regulations as they relate to the housing component of the general plan. A. Is there sufficient density allowed for multi-family rental, duplexes, town-homes, PUDs, and small lot single-family developments in zones and overlay zones? B. Is there sufficient developable property currently zoned for higher density development to accommodate projected need?		
6. Do your current ordinances set minimum building size stipulations?		
7. Are impact fees calculated based on actual capital investment directly related to the type of project proposed and especially moderate income housing projects?		
8. Do you provide waivers of the impact fees and/or other fees for projects that provide moderate income housing consistent with the general plan?		
9. For rehabilitation projects – does the application of building codes make allowances to encourage different levels of rehabilitation to be performed on a voluntary basis?		
10. Is manufactured housing (HUD Code approved) allowed as an approved housing type in all residential zones and subject to the same requirements as all other types of housing construction?		
11. Has a review been conducted in the past two years of the regulatory barriers currently existing? If not, when was the last review conducted? __________		
12. Do you provide allowances for the modification of infrastructure standards or new technologies to decrease the cost of moderate income housing developments, i.e.: narrowing of road widths?		
13. Have you adopted an expedited application and approval process for developments that provide moderate income housing? This might include zoning, site plan approval, engineering and permitting.		
14. Have you adopted a time limit for the review and approval of moderate or Workforce housing? Does it include a penalty for exceeding that limit?		
15. Have modified parking requirements been adopted in your ordinance base for affordable housing projects?		
16. Have special public hearing requirements been adopted to educate the public and expedite the approval process for affordable housing developments or projects?		

A community may decide to use overlay zones as a way of spurring the development of Workforce housing. Overlay zones are used within existing zones allowing for additional uses including higher density in certain areas while maintaining the density specified in the zone. Accessory apartments do not degrade the integrity of zones while allowing additional housing options that are lower cost and affordable to lower-income households. (It is best to provide off-street parking for tenants.)

Great House in the Edgemoore at Carrington development in McLean, Virginia

Allowing a proportion of increased density within zones does not compromise the original ordinance especially in terms of property values when good compatible building design is used. Zones may also allow multi-family units in single family zones when the building type and off street parking is accommodated in such a way as to disguise the multi-family nature of the structure. An example of this is the "great home" concept mentioned in Section III where a large, well designed home is built in a large-lot zone with one acre minimum lot size. The home appears to be just like all of the other homes in the area but in actuality is a four-plex and four families live in the home with separate access and garages.

Zones can have built-in flexibility to accommodate home size, construction differences, liberal definitions of families and flexible sub-division design standards. An example would be allowing decreases in minimum parking requirements when a housing project targets special needs populations like elderly or homeless persons. This housing requires fewer parking spaces.[li]

Review Density

One key to facilitating affordable housing – single family or multi-family – is through the use of increased density allowances. Communities can stimulate workforce housing development by identifying optimal locations for higher density housing and creating appropriate zones, and doing so in advance of planning and project development. The optimal locations for higher density housing should be determined by considering transportation hubs, shopping and employment centers. What also needs consideration is the availability of adequate infrastructure, ingress and egress options and compatible adjacent land uses.

Density can be managed through the use of either gross density (the number of units on the entire development parcel) or developable density (the number of units only tied to the actual developable land in the project). It is suggested that both calculations be given planners in order to have enough information on which to base decisions. Higher density zones could allow the kind of density often needed to make developments affordable. Through the use of overlay zones cities can negotiate more flexibility with developers when increased densities are needed for affordability. (See more detail in section on overlay zones later in this chapter.) The trade-off for higher densities can be improved design quality, the addition of amenities, not to mention affordability.

Promote Mixed-Income Developments

By including some less expensive housing in higher priced developments communities can provide workforce housing and minimize objections from the neighborhoods where they are located. Proactively, communities can give a density bonus if a developer builds affordable housing into their market or upscale development plans. A rule of thumb is a ten percent density bonus or one affordable unit per ten market or upscale housing units. Development codes can allow for density bonuses even within single family zones when affordable housing is being built in mixed income developments, as long as the adopted plan enables this alternative.

Examples of inclusionary zoning ordinances can be found at a number of websites including, but not limited to the following:

> Park City, UT: http://www.parkcity.org/government/codesandpolicies/documents/Housing%20Resolution%2020-07.pdf
> Massachusetts: http://www.mass.gov/envir/smart_growth_toolkit/bylaws/IZ-Bylaw.pdf
> Orange County, FL: http://www.orangecountyfl.net/cms/WorkforceHousing/AccessoryUnits.htm

Using Conditional Use Permits

Communities must carefully evaluate the effect of the conditional use process in terms of its positive or negative effect on the affordability of housing costs. Housing that is affordable can be allowed conditionally and the community imposes or mitigates requirements through this process. Discussions should include any of the following components in the process, in terms of their effect on affordability.

> Structural design requirements;
> Subdivision lay out and traffic flow (including narrowing street width and parking requirements);
> Amenities including open space, landscaping and common areas;
> Community centers;
> Services; and
> Management requirements.

Using Fee Waivers

Cities may waive fees as a significant commitment to making truly affordable projects work. Expenses to developers can include an often bewildering array of fees and costs. A typical list might include the following:

> Plan review fee for P&Z processing;
> Impact fees (fire, police, roads, parks, etc.);
> Water and sewer connection fees;
> Other public works fees; and
> Building Permits including the permit fee itself (also added plan review and inspection fees).

Cities should review their fee structures and determine what fees are actually necessary as well as where fees might be cut to accommodate the needed workforce housing in the community. Often, water and sewer fees are fixed in that it reflects the actual costs of connecting to the system. However, plan review, impact fees and building permits are fees that can be absorbed by a city as a partial contribution towards achieving its workforce housing goals. There have been cases where the accumulation of fees have made otherwise affordable projects no longer financially feasible.

Managing Your Existing Rental Stock In Order To Enhance Future Programs

1. IMPLEMENTING AN EFFECTIVE CODE ENFORCEMENT PROGRAM

   One of the biggest issues creating impediments to development of additional workforce housing is the mismanagement of existing multi-family housing developments. Through effective code enforcement cities can require management companies to improve their management of properties, including the upkeep of the appearance and the behavior of residents. This may include actually training individuals and families how to live successfully in rental properties. Training is available statewide with certified trainers and approved curriculum for new homebuyers as well as current homeowners. Contact the Utah Homebuyer Education Coalition at 435-753-1112 for more information.

2. DILIGENT MANAGEMENT AND USE OF NUISANCE ORDINANCES

   Communities need to insure that their ordinance base addresses nuisances but not in a way that restricts the development of housing affordability. The managers of multiple-family rental properties need to understand that they are responsible for insuring that rental housing residents adhere to all city regulations and cities need to actively enforce those ordinances. Often a dedicated enforcement position is necessary to maintain the integrity of the ordinance. Public perceptions are very important and enforcement of ordinances will give the impression that affordable rental housing is an asset to the community and that it is managed just like any other housing in the city. Some examples of necessary ordinances include:

   - Pet control;
   - Litter control;
   - Internal crime prevention;
   - Drug and alcohol prevention and enforcement;
   - Noise and quiet periods;
   - Off street parking;
   - Landscaping maintenance requirements;
   - Lighting requirements;
   - Notice procedures; and
   - Resident organizations and peer accountability.

3. WORKING WITH ABSENTEE LANDLORDS

   Landlords owning property locally but living elsewhere are considered absentee landlords. Properties that are not managed well can become a real problem for communities. Badly managed properties also do not help the public's perception of low cost or affordable rental properties. The best tool cities and counties have to regulate management issues is an active program of code enforcement. Communities need to work with those landlords to maintain their properties to the standard specified and can use significant financial penalties for non-compliance.

CREATIVE INTERPRETATIONS OF REGULATIONS

Location Dimensions

It is important to recognize that the location of housing is a critical issue both in terms of the individuals who will live there as well as the interest of the city in terms of compatible land use. Lower income persons who are critical to the workforce need to be located near employment centers, public transportation or at minimum near roadways which access employment centers. Access to shopping and health care centers is also important due to the fact that lower income households often have less access to cars.

Proximity to available infrastructure is also a critical issue. The courts have held that identifying locations for moderate income housing in areas prohibitively expensive for development such as long distances from infrastructure is not responsible planning. Communities need to zone potential development sites close to existing water and sewer lines with capacity and road access in close proximity.

And finally, locations should be dispersed throughout the community rather than concentrated in areas on less desirable or "hard to develop" sites. Often, these sites are less expensive originally but are locations that make life difficult for working families because of inconvenience and/or distance from services and amenities.

NIMBY Issues

It is best to deal with potential opposition on the part of neighbors through education and compromise. Holding neighborhood meetings to explain the proposed development in an honest direct manner will have dividends in the long run. If residents know what is expected, what effect it will have on their neighborhood traffic flow, property values and quality of life then they can make an informed decision. This is particularly true in the zoning process. Once the appropriate zone is established then the type, density and design can be discussed. The city and developer can come prepared with compromises that they are willing to make while still maintaining the financial feasibility of the project. If residents know the city is supportive and the zoning is already appropriate then they know they must also compromise their positions or lose any influence over the type of project being developed.[lii]

Mixed Income Development: It has been proven to be more acceptable in many communities to construct units affordable to a mix of income levels. When constructing multi-family rental properties, instead of building 100% moderate income units, construct some units to be rented at market-level rents and some for lower income households. The higher rent units can subsidize the more affordable units and the public will be more amenable to the idea of multi-family rental densities nearby. Financial feasibility and marketing of mixed income is more likely in larger unit rental properties then in smaller projects. Usually 40 to 50 units is the minimum size for mixed income properties. Projects normally have rent tiers with some units targeted for 30%, 40% and 50% of AMI and the remainder at market rates.

Adaptive Reuse: Transforming existing, often commercial, buildings into workforce housing creates attractive and innovative housing in downtown locations close to transportation and work destinations. The unused upper floors in commercial buildings in downtown areas in some communities can be converted into housing options, as well. There is also a new move to create "live-work" housing options. A person can have a business in the ground level of the building and live in the upper floors of the unit. The Artspace units in downtown Salt Lake City referred to in Section III are a good example of this model. It is both residential and commercial space.

Design Initiatives and Allowances

Workforce housing can be an asset to your community in terms of the design, long term maintenance of the property and the management of the residents. Design factors such as using up-to-date construction materials complimentary with the adjoining structures will help neighbors to accept a project. Developments should not stick out, looking like they are lower-income housing, they should compliment the neighborhood in which they are located. Use of stucco, brick with significant windows and varied roof pitches may add to the esthetic beauty of a building.

Converted industrial building to live-work space and mixed-use space – Artspace in Salt Lake City

The Envision Utah Toolbox is a very helpful tool (referenced a number of times in this document). Some of the ideas identified by Envision Utah are restated in this design section.[liii]

The design of the structures should be consistent with neighboring uses and should not be easily distinguished from other middle class or upper-income housing. Included in this section are some building design ideas that can assist in planning for location as well as the design of housing units.

- Avoid letting garages and parking lots dominate the streetscape.
- Make sure that blank walls do not face the street.
- Maximize solar access by positioning the buildings so that each unit has sunlight access at some part of the day.
- Create setbacks (both side yard and front yard) similar to adjoining properties.
- If the neighborhood allows, front yard setbacks should be moved to site the structure closer to the street creating garages and parking to the rear of the property.
- Size and bulk of buildings should be similar to other buildings in the vicinity.
- Height is often the critical difference objected to by adjoining neighbors and the design of buildings should be sensitive to this need.
- Utilize different roof shapes and cluster structures with different designs with multiple heights, setbacks, color, materials, texture and trim.
- Windows should be adequate in number, different sizes generally with trim and energy efficiency.
- Facades should be compatible with other kinds of structures in the area and be of consistent materials and colors as well as low maintenance.

In addition, it is critically important that buildings and units are designed with accessibility and visitability in mind. For instance, entry's, interior doorways (especially bathrooms) and hallways should be conducive to wheelchairs and persons using crutches and walkers.

The main entry into the site of a multi-family property is critical to the public perception of the development. For multi-family developments requiring significant parking, avoid creating large parking lots with multiple rows in front of the structures. Consider breaking the parking up into smaller lots associated with separate buildings themselves. The breaking up of lots into smaller units with landscaping between them will create boundaries that are important in all types of housing development. This can lead to contiguous areas of vehicle-free areas with open space and bicycle and pedestrian walk ways. The design of the site is often as important as the design of the structures themselves.

Open space needs to be provided in all developments and with good site planning even in increased density development. The provision of play areas for children and community gathering spaces for all ages can increase the quality of life considerably. Open spaces should be accessible and visual access should be available so that the open spaces can be seen at all times by residents. These open spaces should be usable for multiple ages of children for maximum utility.

Landscaping should be designed appropriately and well maintained. Trees, grass and flowers can add to the acceptability of a workforce housing development. During the development approval process communities need to insure that the budget of the development allows for the cost of maintaining and upkeep of the landscaped areas. Codes for maintaining rental property development should be adopted and enforced.

Inclusionary Zoning

Inclusionary zoning is a tool that requires developers to acknowledge the need for communities to have a variety of housing types and costs.. Communities have the authority to create zoning stipulations that require developers to include some workforce housing units in their market or upper income developments. The most common formula being used is to require developers building projects of five or more units to add workforce or affordable units at the level of ten percent of the total number of units. For instance, if a developer is building 100 units of market level housing, it will be required that ten units be added that are affordable to lower income households.

It is important that the developer build these units among the market level units, however, where that is not possible, units can be built at another site that is mutually agreed to with the city or county. It is important to have these options clearly understood from the beginning as timing of affordable housing development is critical. As a motivator to get developers to build the units themselves, it may be appropriate to provide some kind of incentive such as a density bonus. Other incentives might include unit size reductions, expedited permitting, reduced parking requirements or fee waivers.

In some cases – and it is recommended that this be rare – developers can opt to pay a fee in-lieu of building the units. However, it still remains an effective way of constructing workforce housing only if the community has an effective method to allocate the funds to projects in a timely manner i.e.: a trust fund with trained staff. Another option is to transfer the funds to a housing authority or an experienced affordable housing developer with adequate development capacity. In-lieu fees can also be donated to the Olene Walker Housing Loan Fund to create housing for workforce families in off site locations. It is recommended that in-lieu funds be utilized to meet the need for housing affordable to lower-income households including those at 50% of AMI or less.

In Utah currently, there are only two jurisdictions that utilize the tool. They are Wasatch County and Park City.[liv] Many California communities have had inclusionary zones for years and have produced significant housing options for their workforces. Inclusionary zones are also evident in the eastern United States for reference purposes.[lv]

Affordable family rental housing built in West Valley City by Utah Nonprofit Housing Corporation

Moderate Income Housing Overlay Zones

Cities can create zones that overlay other zones where the ordinance promotes various land uses that are compatible. The use of overlay zones would be allowed in all residential zones and mixed use zones, but should be avoided in commercial or industrial zones unless the primary use is intentionally being modified. The creation of this zoning opportunity will site affordable housing in any and all housing zones along with specific requirements and standards. Standards and guidelines should be included such as design standards, density allowances and conditional use requirements. Overlay zones are prevalent in the eastern parts of the country and in the southwest. They almost always have shortened review requirements to further increase the affordability of the housing being developed.

Expedited Review Requirements and Process

Communities can be very proactive in creating shorter review and approval timelines even in cases where affordable units are a small percentage of the total units in a mixed-income development. Shortening the time it takes to process permits and approvals can create significant cost savings for developers. It is recommended that the processing time periods be limited to 120 with 180 days being a maximum including the zoning or rezoning processes. Penalties and automatic approval language will need to be built into the ordinance base to protect the developers. Communities should also have some protection in the ordinance in the case of documented non-responsiveness from a developer. Communities can create opportunities for specific affordable housing project application review processes. A good example of this is the “Affordable Dwelling Unit Ordinance” in place in the City of Suffolk, Virginia.[lvi]

In 2006 the National Association of Industrial and Office Properties (NAIOP) evaluated communities in Salt Lake County as part of their “Municipal Development Report Card” program.[lvii] The review included assessment of the time it took to process approvals and the amount of fees charged for permits and development. Five communities were listed as charging less than $100,000 in fees on typical commercial buildings. These communities included Herriman, Midvale, Murray, Salt Lake County and South Salt Lake. All other communities charge as much as $350,000 in fees. The processing time for commercial building permits range from one month to two years for cities in Salt Lake County. Communities have begun to review their permitting processes relative to workforce housing projects. Communities are realizing that expedited reviews and minimal costs can reduce costs to workforce housing projects.

An increasing number of communities across the country are adopting a development review process that has the following elements.

- An expedited review and approval process;
- Established definitions of workforce housing and affordability customized for the particular needs and issues in the community;
- Identification of qualifying applicants and their ideal building types;
- Identification of preferred sites for projects that are pre-zoned for density allowances;
- Identification of zoning changes and conditions ideal for plan approval; and
- Established enforcement and monitoring requirements and process including deed restrictions and resale provisions (including equity sharing options).

Density Bonus Management

Usually communities use density bonuses as incentives to achieve a higher public good. An example would be to allow the creation of additional units beyond what the zoning ordinance allows in a workforce housing overlay zone. In the case of inclusionary zoning, density bonuses would be based on the percentage of units set-aside for workforce families. If there was a ten percent affordable housing requirement, there might be a ten percent density bonus issued for the project.

The density bonus would allow either smaller units to be constructed or would allow set-back requirements to be reduced to allow more units on a lot. Different types of construction would also be allowed. Height restrictions may also be relaxed to allow buildings to be constructed higher than normal. Construction of town houses and condominiums might also be allowed using common walls to fit a higher density of units on the same lot size.

Usually an increased density of about 25% is allowed in the zoning ordinance when affordability is increased. The deeper the targeting of rents or sales prices (below 50% of AMI) and the more units as a percent of the whole project will trigger additional density allowances in the code. The S.M.A.R.T Housing Program in Austin, Texas and the community of Woodland, California provide good examples of creative affordable housing incentives.[lviii]

HOUSING AND ECONOMIC DEVELOPMENT RELATIONSHIPS

It is critical to connect the need for housing with economic development initiatives. The workforce created by new businesses will likely include a cross section of various wages from top-level management to maintenance, security, janitorial and clerical jobs. All employees are important to businesses and all employees need housing they can afford within close proximity to the employment center or near transportation hubs where they can commute to the job site within a reasonable timeframe.

UTILIZING RDA 20% HOUSING SET-ASIDES

Communities that create a redevelopment (RDA) or economic development areas (EDA) must use 20% of the tax increment on housing that is affordable for families and individuals making less then 80% of a county median income. Often, the projected tax increment is not insignificant. Communities can maximize housing opportunities by utilizing the housing set-aside at the front end rather than waiting till years ten to15. This would support efforts to maintain and attract a diversified economic base. There is currently more than $125 million in the tax increment finance (TIF) system which will continue to grow and represents a valuable long-term implementation tool.

There are multiple options for the use of these tax increment receipts. Sandy City provides a good example as one community that has used innovative ideas.[lix] Following are a few suggestions:

- For an option that requires less administrative time and resources on the part of the local community, the funds can be passed through to the Olene Walker Housing Loan Fund that will then allocate those funds to housing projects within and on behalf of the community.
- Your community can set up a nonprofit organization or trust fund that manages the allocation of the funding on a project-by-project basis.
- Communities may act as developers or solicit proposals from existing developers in order to complete housing projects (consider a nonprofit agency).
- You may choose to use the funds to cover the costs of infrastructure (streets, water/sewer, storm drainage, etc.) to a preferred development site for moderate-income housing development.
- The funds can be used for land acquisition (land banking) for future development.
- Establish a housing rehabilitation program to reclaim older, deteriorated housing to make it available to lower income families as well as establishing a rehabilitation program for properties currently owned by lower or fixed income families, especially elderly.

Following are important steps to effectively utilize an RDA or EDA as a tool in the provision of workforce housing:

- Assess the housing needs of the workforce that will be employed in the businesses located in the RDA or EDA and also make sure the resulting housing plan addresses the needs of employees at the lower end of the expected pay scale.
- Include businesses in the planning process to address the housing needs of their employees.
- Determine the best use and management of the funds (see suggestions above).
- Identify sites in the RDA or EDA that are conducive for housing development and create appropriate zoning to promote it.
- Prepare an infill housing and property study to determine where undeveloped or redeveloped land is available.

INFRASTRUCTURE SUPPORT FOR DEVELOPMENT

Another way communities can facilitate the development of workforce housing is to reduce the costs of construction by providing infrastructure development on unimproved land. The construction of water and sewer lines, curbs, gutters, sidewalks and roads in a new development helps to make housing financially feasible. Providing these essential components for raw land development would significantly reduce costs for the developer – a savings that can be passed on to the end user in the form of reduced rents or sales prices.

Some options for covering the costs of improvements to the land are: use of general fund monies; use of force account labor; the Community Impact Board can provide assistance to energy-impacted communities; and CDBG funding can be used when 51% of the persons in a subdivision have lower incomes. The community may also decide that it will waive impact fees related to infrastructure and other costs, construction fees and inspection fees when the development is going to address affordable housing.

FINDING A DEVELOPMENT PARTNER

The selection of a development partner to assist in meeting workforce housing needs is an important process and requires careful consideration. In most cases, housing that is affordable to persons on fixed incomes and service sector type workers is best provided by a public entity or a nonprofit provider. The selection of a nonprofit to own, develop and manage the property will be less expensive in the long run assuming that there is a nonprofit available and with the capacity to play these roles. Local government may need to provide incentives to local nonprofits to take on increased capacity. These incentives may be financial or technical assistance in nature.

Housing authorities are one form of a public/private nonprofit partnership that is designed to address affordable housing needs. Housing authorities can access public funds not available to other agencies. In Utah, there are housing authorities assigned to cover all parts of the state. Utah housing authorities are listed in Appendix II. Another special category of nonprofit housing developer is a "Community Housing Development Organization" or CHDO. CHDOs can access 15 percent of HUD's HOME program funds.

The need to involve experienced development partners is critical both in terms of managing construction and project costs, as well as the fact that many are able to own and manage the property long-term. As mentioned earlier in this Guidebook, the selection of long-term management can be critical to the success of a project. Communities need to insure that the property will be managed well both in terms of the physical appearance of the property but also in care of the resident population, while enforcing compliance.

It is important to assess the pros & cons of working with a nonprofit versus a for-profit developer. The Urban Land Institute provides a good list of comparison criteria provided in the chart on the next page.[LX]

The type of housing to be developed will be the first consideration to determine who the best partner might be. Complicated tax credit projects need an experienced staff person who can help put the financial proformas together to demonstrate that the project will be successful. An applicant for LIHTC will also have the opportunity to apply for loans and grants from the Olene Walker Housing Loan Fund Program to fill funding gaps. These applications are combined.[lxi] An experienced developer will know these important resources.

NONPROFIT	FOR PROFIT
Mission-based	Double bottom line: "doing well by doing good"
Long view – tend to retain ownership	Tend to build and sell
Less likely to pool reserves to generate cash	Will leverage properties to extract capital
Governed by community-based stakeholders	Governance depends on business structure
Succession planning is a luxury often not afforded	Often does a good job of succession planning
Selects projects based on hospitable local government and affordable property	Selects projects based on local market
Tend to stick with deals even when they turn rocky	Can walk away from a rocky deal

For housing rehabilitation and single family development with subsidies such as the "self-help homeownership" program the five rural associations of governments in the state are very good place to start. In the urban counties the best place to start is with the county public housing authorities. These housing authorities are in Weber County and Ogden City, Davis County, Salt Lake County, Tooele County and Utah County.

Lists of both nonprofit and for-profit developers are provided in the Appendix II. Utah's housing authorities are also listed.

PARTNERSHIP STRUCTURES

Partnerships are not only important to the development of the units, but also in identifying financing and service provision partners. Other partnerships might include but are not limited to:

> Financial analysis firms or individuals;
> Architects;
> Funders;
> Builders and contractors;
> Services providers such as Workforce Services;
> Commercial and industrial employers in the area;
> Local businesses to identify the housing needs of their employees (the same businesses might also be potential financial partners); and
> School districts (they will often provide financial resources or land when they know teachers will benefit from the housing development efforts).

FINANCIAL ADVISORS

The financing of workforce housing can be quite complicated. Typically there can be ten or more funding sources in projects targeting to lower income families. Laying out the financial structure and assessing the feasibility of the project are the first steps in the development process. Involving an experienced financial analysis company or individual is critical to determining financing structure options and the likely cash flow. Skilled financial advisors can assist in successful planning but also in identifying possible funding sources. They can also assist in preparing applications for funding and in defining how best to use the various funding partners in the development process.

CHALLENGES & OPPORTUNITIES OF PARTNERSHIP

Some developers establish partnerships to produce affordable housing often between a for-profit and a nonprofit company. Place-based partnerships, with a geographic focus on a particular city, region, or neighborhood, are common. Partnerships are most successful, when each party brings a unique ability to the endeavor, such as a mixed-use project where a nonprofit contributes experience in building affordable housing and a for-profit developer offers a track record in commercial development. Of prime importance for any partnership is an exit strategy that details next steps when the partners have completed the project.

PRIORITIES FOR PROSPECTIVE PARTNERS

- Establish trust and understanding between parties.
- Align the mission and objectives.
- Examine the alignment of cultures: figure out how to work together to run project management.
- Decide how to structure the deal.
- Determine how long the partnership will exist, and formulate an exit strategy.
- Designate management of day-to-day operations, control, and decision-making responsibilities, as well as each partner's share in the project equity.
- Determine an equitable split of the benefits.

Best Practices in the Production of Affordable Housing,
ULI Urban Catalyst Report, Number 3, Urban Land Institute and Fannie Mae Foundation, 2005.

ARCHITECTS

Once the community has decided on the unmet housing needs and the location for development, it is time to issue an RFP (Request for Proposals) for an architect to design the project. Architects may be obtained locally or through a statewide procurement process. Selecting an architect should be based on experience doing the type of design that will increase affordability but will have lower maintenance costs. The architect should be familiar with energy star and accessibility requirements. An architect that is willing to reduce fees based on the public benefits of the projects could also be considered. However, the city must be confident that the quality of the product will not be compromised.

CONTRACTORS

Normally a contractor is procured through a competitive process that most cities are very familiar with. The competitive bidding requirement should take into consideration the contractors experience with the type of housing to be developed. The contractor's bond ability and insurability are also important. It is suggested in this context that the community not act as the general contractor in these complicated projects, especially if the project is rehabilitation of existing buildings.

PARTNERING WITH EMPLOYMENT AND SOCIAL SERVICE AGENCIES

Often in specialized workforce or affordable housing there is a need to provide varied levels of services for the residents. When providing transitional housing for the homeless, it is critical to connect the residents with services such as life skills training, substance abuse counseling, and employment skills. The success of housing programs for youth aging out of foster care is also totally dependent on the provision of these services. Housing for persons with mental disabilities will need services provided by regional mental health agencies. Housing for elderly, particularly assisted living housing, is in need of increasing levels of supportive services. There are limited facilities that provide subsidized assisted living. They include: Sarah Draft Home and St. Joseph's Village in Salt Lake City and Sunshine Terrace in Logan. Resources for the provision of services are available from such sources as the Pamela Atkinson Trust Fund and CDBG.

DEFINING THE DEVELOPMENT PROCESS

The structure of a typical workforce housing deal is usually different from a market rate development. Communities can decide to involve an experienced development partner in the following process which is from the ***"Affordable Housing Guide for Developers"*** published with support from American Express Centurion Bank[lxii]

1. ***Local Governments Needs Assessment and Prioritization*** – the housing needs plan should include a description of the specific types of housing needed as well as a priority list of projects based on need, feasibility and cost among other criteria.

2. ***Identify the Potential Locations for Housing Development*** – locations must also be prioritized for such issues as: rehabilitation of existing properties, infill construction, expiring public subsidies (i.e.: loss of currently affordable units). The following criteria should be considered:
   A. Current zoning
   B. List of expiring subsidized properties
   C. Land costs
   D. Infill or vacant land availability analysis
   E. Inventory of blighted or dilapidated housing that needs to be acquired, including structure demolition, and new construction.
   F. Availability of land for sale
   G. Location of supportive infrastructure including road access and water and sewer nearby
   H. Associated compatible land-uses
   I. Public transportation routes
   J. Employment centers and opportunities
   K. Supportive service locations
   L. Amenities such as shopping proximity, health care, etc.
   M. Walkability, especially for younger families and elderly housing
   N. Other public purposes such as redevelopment, relocation of non-compatible uses.

3. ***Public Involvement and Education*** – begin educating the public about the need for workforce housing first (see public involvement section of this guide) and then talk to adjoining property owners in the process of creating support for the project. There will likely be a negotiated compromise between the community and public leaders. Be prepared to have the development partners lead the negotiations.

4. ***Selecting a Development Scenario and Procuring Architectural Services*** – hire the design partner early to obtain a visual interpretation to help with step three. Also identify project costs early so that applications for funding can be prepared. Many lenders will loan "predevelopment" funds to help secure both architects and development partners to begin the work. A sample RFP is included in Appendix III.

5. ***Project Feasibility and Market Analysis*** – a market analysis will often be needed by most funders for their due-diligence analysis of the project and its costs. A market analysis should be prepared by an independent source. It will look at what the housing and financial market forces working within the community and should support the need for the housing being proposed. Project feasibility will look at predevelopment costs, construction costs, marketing, operating costs, permanent financing sources and costs to establish whether or not a project makes financial sense in the end.

6. ***Development of a Pro-Forma*** – Step five will establish an initial pro-forma. The pro-forma is simply a projection of costs for predevelopment, construction and management of the property. It will establish projected cash flow and will identify debt service capacity. The preparation of the pro-forma takes specialized expertise and should be the responsibility of the development partner in the deal.

7. ***Complete Environmental Reviews and Obtain Site Control*** – The first step to achieving site control is the completion of an environmental review according to HUD and EPA standards (see CDBG Grantee Handbook put out by the State of Utah, Division of Housing and Community Development).[lxiii] It is recommended that the community pay for an official property appraisal from a licensed appraiser near the actual time of purchase. Most lenders will require an appraisal and it should not be more than six months old.

8. ***Select Development Partner*** – see information provided earlier in this chapter.

9. ***Obtaining Both Public and Private Financing*** – development partners will often assist with this step. See Section V for a variety of financing sources.

10. ***Procure Contractor and/or Sub-Contractors*** – see information stated earlier in this chapter.

11. ***Construction Management*** – Use of HUD funding for construction costs will normally trigger the Davis/Bacon Wage compliance laws and is critical for the ultimate success of the project. The keeping of time sheets compared against fair market wages must be done where applicable.

12. ***Obtain Management Partner or Obtain Management Training*** – identifying a property manager must be done early. If the development partner will not be a manager, see a list in the addendum of property managers with experience in workforce housing properties. Communities should not be hesitant to quickly require a change in management if physical maintenance of the property declines or the management of residents is not consistent.

13. ***Prepare for and Document Compliance for Lenders and Syndicators*** – there are significant compliance requirements if the project receives funding from public sources. The tax credit program and all HUD and RD projects require significant record keeping.

QUALIFYING FOR THE GOVERNOR'S QUALITY GROWTH COMMUNITIES PROGRAM AND THE RURAL 21ST CENTURY COMMUNITY PROGRAM

The state legislature created the Governors Quality Growth Communities Program in an effort to motivate urban communities to be well-planned. Well-planned in this case includes: housing affordable to a variety of households; protection of natural resources such as land, air, and water; economic development; and capital investment in water, sewer and roads. A Quality Growth Community also understands its relationship with neighboring communities and regionally. Rural communities may decide to participate in this new program or in the older 21st Century Communities Program through the same process. Communities must complete an application that can be obtained electronically from Utah's state website[lxiv] or through the Governors Office of Planning and Budget. Direct all questions related to the Quality Growth Community Program or the 21st Century Communities Program to the Governor's Office of Planning and Budget.[lxv]

Besides the obvious benefits of improved city functions through better planning, there are competitive advantages when applying for several state-managed programs including the Community Impact Board and the CDBG program. Various transportation programs also recognize Quality Growth accomplishments.

Communities must complete a comprehensive planning process covering all segments of community responsibility, as previously stated, including housing. The housing plan must be completed consistent with the state statute and be adopted as part of the community's general plan. The housing plan needs to address the current and projected moderate income housing needs and describe the zoning implications as stated earlier in this guidebook. Critically important also is an implementation strategy. The law identifies a partial list of potential solutions that the community may select from or they could create their own program with measurable goals, outcomes and timelines.

[1] Adapted from the Regulatory Barriers Clearinghouse at www.hud.gov.
[li] Refer to "Affordable Housing Guides" at the American Planning Association, Affordable Housing Projects page at www.planning.org.
[lii] For more information concerning dealing with NIMBY issues go to the website of the California Housing Law Project at www.housingadvocates.org or visit the website of the Campaign for Affordable Housing at www.tcah.org.
[liii] ***Envision Utah Toolbox***, Envision Utah, www.envisionutah.org, 2002.
[liv] ***Affordable Housing Guidelines and Standards***, Park City Municipal Corporation, http://www.parkcity.org/government/codesandpolicies/documents/Affordable_Housing_10_06.pdf and Wasatch County, www.co.wasatch.ut.us.
[lv] *Affordable Housing development requirements*, City of Woodland, California, http://cityofwoodland.org/municipal_code/_DATA/CHAPTER06A/index.html
[lvi] ***Affordable Dwelling Unit Ordinance***, City of Suffolk, Virginia, http://www.suffolk.va.us/citygovt/udo/a4/section31417_zoning.pdf
[lv] ***Salt Lake County Municipal Development Report Card***, National Association of Industrial and Office Properties, Fall 2006.
[lvi] ***S.M.A.R.T. Housing™ as a Tool to Reduce Regulatory Barriers for Housing, as a Component of Smart Growth***, informational paper, www.huduser.org, also go ***to Affordable Housing development requirements***, City of Woodland, California, http://cityofwoodland.org/municipal_code/_DATA/CHAPTER06A/index.html
[lix] RDA development, www.Sandy.utah.gov
[lx] ***Best Practices in the Production of Affordable Housing***, ULI Urban Catalyst Report, Number 3, Urban Land Institute and Fannie Mae Foundation, 2005.
[lxi] Go to the Olene Walker Housing Loan Fund for the LIHTC/Olene Walker combined application, www.community.utah.gov.
[lxii] ***Affordable Housing Guide for Developers***, Rural Community Assistance Corporation and American Express, www.rcac.org.
[lxiii] CDBG guidelines can be requested from the Utah Department of Housing and Community Development at http://community.utah.gov/housing_and_community_development/index.html.
[lxiv] Utah's Quality Growth Commission, http://qualitygrowth.utah.gov/Communities.htm, (801) 538-1556.
[lxv] Governor's Office of Planning and Budget can be found at www.utah.gov.

SECTION V: FINANCING THE DEVELOPMENT OF LIFE-CYCLE HOUSING

This section discusses financial mechanisms essential to the development of prospective housing projects as identified in the community planning, partnership structuring and development consideration timelines presented previously.

Providing life-cycle and more specifically workforce housing options is a highly complicated endeavor whether it is considered in whole in the general plan, in the legislatively mandated moderate housing plan or in part for a master planned community, planned unit development or on an individual project basis. The many barriers preventing the development of multi- and single-family housing alike, no matter the price point, have only been exacerbated by a growing divergence between household incomes and housing costs over the past decade. Utah's economic health and that of local municipalities will be ever more reflective of comprehensive planning strategies which result in business diversification, diminished traffic congestion, and successful leveraging of all the available tools and financial resources at their disposal to maintain and produce housing stock that does not consume ever larger percentages of municipal budgets and citizen household incomes. The proper selection and diligent review of housing policy and resource utilization as depicted in the previous sections can have a positive and long lasting impact on municipal planning throughout Utah and the consequent quality of life of citizen households across all spectrums no matter their size, income, job titles, stage in the life cycle, health care disability(s), rental or homeownership lifestyle objectives, need for supportive services, or residency in rural or urban geographies.

FIVE PRINCIPLES FOR DRIVING HOUSING AFFORDABILITY

No matter the complexity or income targeting ratios of the specific housing development project, the following five principals can drive greater housing affordability:[i]

1. **Reducing the costs of real estate development.** Reductions of out-of-pocket costs—acquisition, construction or "soft" costs (fees, interest, etc.)—are equally effective. When the initial costs are reduced, a homeowner or rental property owner carries less debt, and the carrying costs for occupants are thereby reduced. The most effective methods of reducing costs are to build or renovate housing modestly but intelligently, to achieve reasonable economies of scale, and to aggressively control hard and soft costs. Donated land, materials and labor are effective but less prevalent ways of reducing development costs. It is important to note that a grant or public funding to offset land and infrastructure costs is not a cost reduction—it is a subsidy as described in item 4 below.

2. **Reducing routine operating costs.** For rental properties, this may be as mundane as haggling over insurance rates and tax assessments, and keeping staff costs as low as possible. And for almost all types of housing, increased affordability can result from reducing energy and water consumption and maintenance costs. The highest efficiencies can reduce monthly user costs substantially.

3. **Providing direct subsidies for rents or operating costs.** These may apply to new, rehabilitated or existing housing. Federally-funded and locally-funded rent subsidy programs are the most widely used mechanisms. Public housing operating subsidies help several million low-income renter households. Many local governments provide housing vouchers or housing allowances through public assistance programs. For very low-income homeowners, fuel assistance grants are another form of operating subsidy.

4. **Providing direct financing for real estate.** In the affordable housing arena, this includes loans and equity investments—usually on non-conventional terms—as well as grants. Seven direct financing mechanisms are described in this document—two of the most common being below-market-rate loans and deferred payment loans.

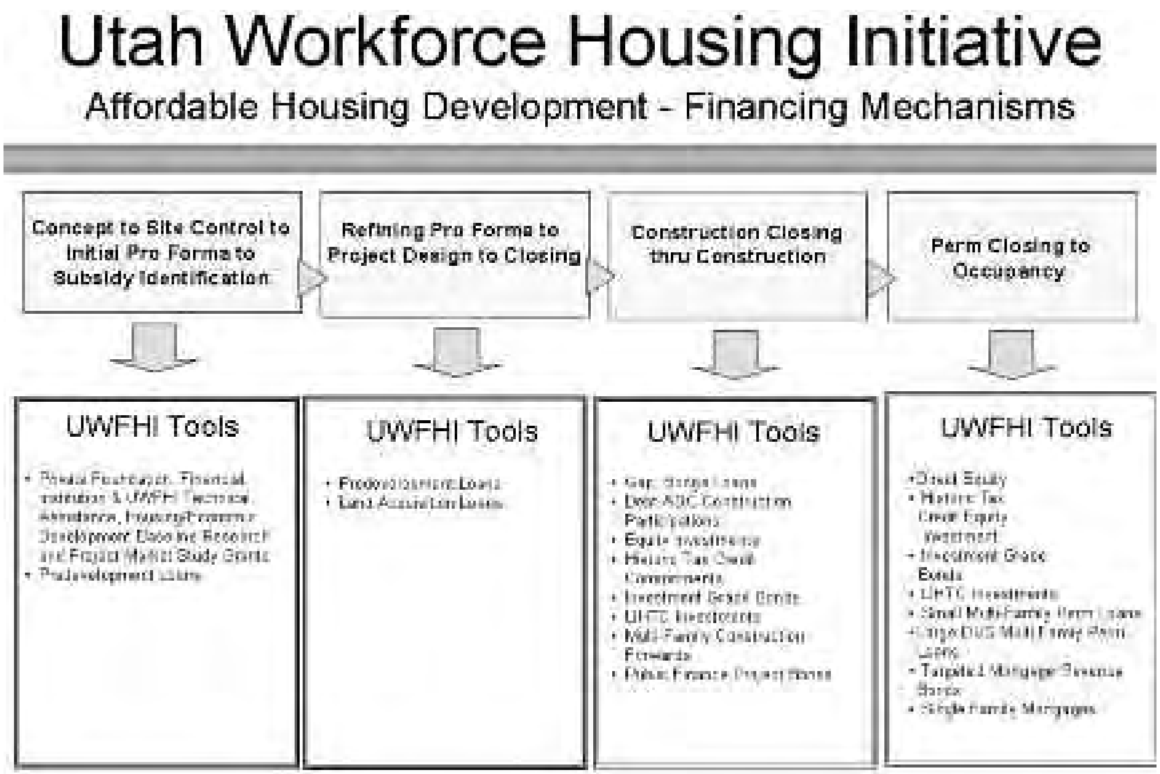
5. **Providing inducements to financing.** These include public or private mortgage insurance, loan guarantees, tax-exempt lending provisions, interest subsidies, tax credits, and a number of other devices designed to make direct financing easier or less expensive. Unlike direct financing mechanisms, they are not "money on the table" for a real estate development project—rather, they induce or make possible other, more direct investments such as loans or equity investments.

FINANCING MECHANISMS FOR AFFORDABLE HOUSING

Federal, state and local government agencies operate thousands of separate funding programs which are often mixed and matched to facilitate the rental rates or housing sales price points needed to address the diverse needs inherent in local housing sub-markets and even smaller still constituent neighborhoods. The resources listed below attempt only to familiarize the reader about key potential financial mechanisms. Further detail is provided by local agencies in the Appendix II but by no means should the resources listed herein be considered static or comprehensive.

Workforce financing mechanisms are defined here as the generic techniques by which renters or rental projects receive on-going subsidies, affordable housing is directly financed (at below-market or market rates), or affordable financing is some how induced. Standard procedures and legal instruments for all of them are generally accepted throughout the United States. Peter Werwath, in the Enterprise document entitled ***"Financing Mechanisms for Affordable Housing"*** describes these resources in a format that enables citizen and professional planners to grasp the key facets of each; an edited summary of those materials are presented below[ii]

> *Some of these mechanisms can be called* ***conventional*** *because they are commonly used in market-rate real estate development—for example loans, loan guarantees, mortgage insurance and equity. But many are used primarily or only in the fields of low-income housing and economic development, where cash flows from projects typically cannot support conventional financing or risks to investors are unacceptably high.*
>
> *The* ***non-conventional*** *mechanisms are typically employed by the government agencies and nonprofits, using such "non-market" resources as federal grants, tax revenues, the credit-worthiness of a government agency, various housing trust fund devices and charitable grants.*



Development Process & Financing Mechanisms

Conventional and non-conventional financing mechanisms are used as real estate financing primarily for two purposes: (1) home purchases or repairs by individual low-income homeowners (usually assisted by a public or nonprofit agency) and (2) real estate development projects carried out by public, nonprofit or for-profit entities.

Depending on where they live, individual low-income homeowners might use between two and a half-dozen financing mechanisms. Conventional loans are ubiquitous, and low-interest loans funded by tax-exempt bonds are widely available from state or local housing finance agencies.

In real estate development projects, virtually all of the mechanisms listed are possibilities, but their availability locally depends on the willingness and capacities of local governments, state agencies or grant-makers. Some local programs will fund deferred payment loans and some make only grants. Some mechanisms make sense with one type of homeowner or developer, but not another.

In any case, the available project financing mechanisms are employed in four ways:

1. ***Pre-Development Financing*** *- Grants and low-cost loans frequently fund early, high-risk expenses such as option fees or site engineering—particularly for nonprofit sponsors that do not have their own pools of venture capital.*

2. ***Construction Financing*** *- Low-cost construction loans can reduce interest costs by hundreds or thousands of dollars per unit. In syndicated rental projects, typically one-third of the equity is advanced for construction, further reducing interest carry costs. Grant financing is less common—used mainly for construction of public housing, housing for the elderly and homeless or home repairs for the poor.*

3. ***Permanent Financing*** *- All of the financing mechanisms can come into play, except for rent subsidies and operating subsidies, which have only indirect effects on permanent financing. Non-conventional permanent financing generally has the effect of reducing or, more rarely, totally eliminating debt service on the project. Grants for down payment assistance and closing costs have a different purpose—helping cash-poor home buyers qualify for conventional financing.*

4. ***Rent subsidies and operating subsidies*** *- These mechanisms increase the income stream to a project, or make it possible for occupants to live more affordably. Examples include federal rent subsidies, public housing operating subsidies, locally-paid housing stipends and heating fuel assistance payments.*

At each stage of the development of affordable housing projects, two, three, four or more financing mechanisms are typically used in combination—so that there are literally thousands of possible tailored approaches to financing affordable housing—most of them outside the mainstream of real estate financing.

The Role of "Inducements"

There is little question that direct financing mechanisms such as grants, low-interest loans and equity investments are among the most important tools that are available to create affordable housing. However, there are barriers to financing affordable housing that even grants, low-interest loans and other direct subsidies cannot solve:

For example:

> *A developer may have planned an excellent apartment construction project, but still be denied a loan because the neighborhood is perceived as a high-crime area that may not attract renters. Some extra inducements may be necessary to get equity investments and a conventional loan.*

> *Deferred payment loans for partial financing of home purchases can't help low-income buyers if conventional lenders have high down payment requirements or other underwriting criteria that screen out most low-income applicants.*

This section describes a number of financing mechanisms that do not directly provide low-cost financing, but which can overcome financing barriers such as these.

Some of these inducements are termed ***credit enhancements****, because they enhance the credit-worthiness of the person or entity seeking financing—by reducing or eliminating some identified risk. For example, loan guarantees and mortgage insurance are credit enhancements that reduce or eliminate risks of loss if a default occurs. In contrast, another credit enhancement, the interest subsidy, reduces the risk that a default will ever occur, by making loan payments more affordable.*

Some inducements are not considered credit enhancements—for example, loan purchases by secondary markets, non-conventional underwriting, tax credits and tax-exempt financing. Yet each mechanism in its own way can make financing of affordable housing more feasible.

Rent Subs

Over 2.3 million low-income tenants in privately-owned housing receive federal rent subsidies—making this the single largest form of federal housing assistance. Public housing programs run a distant second with over 1.25 million tenants.

In most federally-funded rent subsidy programs, "affordable housing costs" are calculated at 30 percent of household income for rent and utilities, as in this example:

Tenant's annual income	*$10,000*
Tenant's monthly income	*$833*
30% of monthly income (affordable rent amount)	*$250*
Market rent for tenant's rental unit (or similar unit)	*$600*
Estimated cost of utilities paid by tenant	*$90*
Total housing cost	*$690*
Subtract: Tenant contribution	*($250)*
Equals: Section 8/Voucher contribution	*$440*

There are two distinct kinds of rent subsidies:

1. ***Tenant-Based Assistance****, by which the subsidies "float" with the tenant, who is free to move at the end of each one-year lease period.*

2. ***Project-Based Assistance****, which are intentionally "attached" to specific affordable housing projects for periods of 10 to 20 years. The subsidy allows a market-rate rent to be charged and thereby increases the amount of financing that can be raised for a rental project.*

Project-based rent subsidies are effective incentive for construction or preservation of affordable housing. Because rent subsidies increase the income stream of a project, they also increase the debt-carrying capacity. Over the years, HUD has become more liberal in allowing local housing authorities—the administrators of HUD rent subsidies—to attach rental vouchers to affordable housing projects. These are not new subsidies that are additive to the affordable housing supply; housing authorities can earmark up to 20 percent of their supply of rent subsidies for this purpose.

Other examples of **project-based rent subsidies** *include:*

> *The HUD Section 202 and Section 811 programs for the elderly and disabled —which also involve grants to build the projects.*

> *The Rural Housing and Community Development Service's Section 515 rental housing program—in which rent subsidies are typically approved in tandem with low-interest permanent loans.*

In contrast, tenant-based assistance is structured to benefit individual households, not projects, because these programs always require that the subsidy be portable—that is, transferable to another rental unit when the lease term is up. Tenants benefit by paying more affordable rents, and landlords benefit from a more dependable (and sometimes higher) stream of income than they could otherwise expect from a very low-income tenant.

Tenant-Based Subsidies *include:*

> *The HUD Section 8 Existing Certificate and Housing Choice Voucher programs.*
> *A similar but short-term (2-year) program that can be funded with HUD's HOME program.*
> *Rental assistance paid by local welfare departments.*

Operating Subsidies

Subsidies supporting operations and maintenance of public housing account for approximately 20% of HUD's budget.

Tenant rent contributions in public housing are calculated in nearly the same way as in the Section 8 program—at 30 percent of income. But tenant incomes in public housing tend to be extremely low—in some surveys averaging around $8,000 cash income. Therefore the tenant contributions of about $150 to $200 a month are insufficient to operate the housing properly, even though no debt service is involved. As a result, operating and maintenance subsidies are the life blood of public housing. Occasionally, governmental housing finance agencies or private foundations offer very limited operating subsidies to affordable housing development projects—usually only to see them through the rent-up stage.

Market-Rate Loans

Market-rate single- and multi-family loans need little explanation. These are loans, dependent on the type and size, may be offered by banks, credit unions, thrift institutions and mortgage companies to homebuyers and investors in rental property. Insurance companies and public pension funds also make direct real estate loans, but rarely with affordable housing projects, because the transactions are typically too small to be profitable.

There is no set "market rate" of interest for housing loans—rather, a range of rates, which are determined by market factors. These rates are primarily functions of three variables: (1) the perceived risk of the investment, (2) the costs of doing the transaction and (3) supply/demand factors in the money markets.

One determinant of market interest rates are the ***secondary markets*** *for loans—those institutions such as Fannie Mae and Freddie Mac that buy loans from banks. Mortgage lenders who plan to originate loans and sell them naturally set their interest rates in line with the benchmark rates of their secondary market sources. However, many other factors affect loan rates.*

As of this writing (in 2007), interest rates for fixed-rate 30-year home purchase loans averaged 6.4%, while rates for 15-year loans averaged 6.09%, because lenders and their secondary markets perceived less "rate risk"—that is, the risk that costs of money would rise during the period of the loan. For loans involving fewer "points" (i.e., upfront fees for making the loan), lenders asked a higher rate of interest, since their transaction costs for making the loan had to be recouped primarily through interest payments over time.

Adjustable rate 30-year mortgages (ARMs) were being made for an average of 6.15 percent—also less than fixed-rate loans, reflecting the fact that lenders were taking less rate risk, because ARM rates are adjusted periodically to prevailing market interest rates.

Again, as of this writing, multifamily loans were typically being offered at rates ranging from 7% to 9%, reflects the fact that lenders and secondary markets perceive higher risk in making these loans.

While market-rate loans do nothing per se to make housing affordable, they are widely used in affordable housing development projects and home purchase programs in tandem with subsidy financing such as below-market-rate loans, deferred payment loans and grants. It is the availability of this financing that is most important, and for low-income homebuyers and developers of affordable housing, liberal underwriting guidelines are often crucial (see section below with that title).

Below-Market-Rate Loans

A below-market-rate loan can be defined as any loan with an interest rate that is clearly lower than prevailing market rates, taking into account the market factors just described and the particular benefits and risks of the transaction in question.

There are eight common sources of below-market-rate loans:

1. ***Direct Low-Interest Loans from Federal Agencies** - Once this was more common. Until recently, the Farmer's Home Administration offered direct low-interest loans for rural housing, but it is now transitioning to loan guarantees. HUD abandoned the last of its direct loan programs years ago.*
2. ***Lending Using Federal Sources** - HUD's HOME and CDBG grants to local and state governments are used to make low-interest loans.*
3. ***The Proceeds of Selling Tax-Exempt Bonds** - In this case, investors in bonds issued with the approval of local and state governments have traded lower interest rates for tax shelter—creating a pool of low-interest loan money.*
4. ***Credit-Enhanced Investments** - These are characterized by lenders offering slightly lower interest rates in exchange for more certainty of repayment—for example, through a third-party guarantee.*
5. ***Housing Finance Agency Reserves** - Many state and local housing finance agencies have cash surpluses far beyond their required reserves. These can be lent out at low rates—or for that matter granted, though this is rarely done.*
6. ***Community Reinvestment Act (CRA) Motivated Loans** - The federal CRA regulation encourages lender involvement in lending that assists low-income individuals or communities. It does not mandate below-market-rate lending, but some has resulted.*
7. ***An Investment Pool that Mixes Market-Rate Funds with Grants** - This is not a common source. An example: Neighborhood Housing Services of America (NHSA) borrows money in the investment markets and blend it with grants to create a national pool of below-market-rate loan funds.*
8. ***Other Innovative Sources of Capital** - These include benevolent loan funds that use capital invested at below market rates, and housing trust funds, which typically use some source of dedicated revenue.*

Some novices in the field or arm-chair advisors have a tendency to look for gimmickry or "creative financing" that creates below-market-rate financing out of thin air, so to speak. But as there is a law of conservation of matter, there is similar law involving below-market-rate financing: ***For below-market interest rates to exist, somebody had to give something in return.***

Project-Based Grants

Project-based grants are used for the acquisition, construction or renovation of affordable housing. These are distinguished from other types of grants that might, for example, be used to pay rent subsidies, capitalize a loan pool or underwrite the operating expenses of a nonprofit housing organization.

Project-based grants from federal and private sources are used for a number of purposes in the affordable housing industry. Significant examples include:

> *A HUD grant to a housing authority under one of the "HOPE" programs to rebuild low-rent public housing as a mixed-income community.*

> *A HUD grant to a nonprofit organization to build:*
> - *A Homeless shelter.*
> - *"Section 202" apartments for the elderly.*
> - *"Section 811" housing for the disabled.*

> *Grants to low-income families to renovate their homes—typically made by local governments using the HUD HOME program or CDBG programs.*

> *Weatherization grants to low-income families or their landlords—using funds from the Department of Energy and other sources.*

> *Grants to low-income home buyers for down payment assistance—often made with funds from HUD's HOME program, the Community Development Block Grant Program or local housing trust funds.*

The sources of grants (principally public housing funding and entitlement programs like HOME and Community Development Block Grants) are in high demand and a shrinking resource. Therefore, there is a tendency for project-based grants to be used very strategically, in the following situations:

1. *The clients in the housing are very poor and cannot bear (though rents or mortgage payments) any added debt service.*

2. *The grant recipient is a housing authority or other nonprofit agency which charges exceptionally low rents.*

3. *Some forms of assistance are so small and the clients so poor, that a loan with small monthly payments would be possible but not really efficient. Examples are weatherization, home repair and down payment assistance grants in the range of $500 to $5,000.*

Federal policies and practices regarding project-based grants have varied over the years. In the mid-1980s HUD stopped funding public housing with low-interest loans and started making grants, because, inefficiently, HUD operating subsidies were previously used to pay the debt service to HUD—a holdover from bygone days when public housing could actually afford to pay debt service.

Apart from public housing and various programs for the homeless, most federal grants for housing have been passed through local government programs as home repair grants for low-income homeowners living in substandard housing. In the early 1980s, HUD began encouraging local rehab programs to move away from grants and into loan making—as a way to recycle scarce subsidy dollars. One result of this movement toward efficiency is a financing mechanism that in some ways acts like a grant, but in others is most certainly a loan—the deferred payment loan.

Deferred Payment Loans

In conventional lending, loan principal payments are often deferred during the development phase of a project—perhaps a year or two at most—until the project can generate cash flow. Interest payments are rarely deferred for more than a month or two.

*In the affordable housing industry, "deferred payment second mortgage loan" typically means that **all** payments of principal and interest are deferred until resale of the property or conversion to another use. Such loans are also called "soft seconds" or "deferred payment loans (DPLs)". They typically generate no return on the original principal invested (unless there are also shared appreciation provisions), are not amortized (repaid monthly) and are made with non-conventional sources of investment capital, usually federal sources such as HOME and CDBG or local trust fund monies.*

Sometimes such loans are even forgiven (written off) over a period of years—for example, one-twentieth of the loan principal a year over 20 years. In other words, it is a grant with recapture provisions. However, most deferred loans have provisions for full repayment of the principal, even if no interest is charged. But in either case, this is partially or completely "free money" when viewed in conventional lending terms.

*The source of a deferred payment loan is almost always a state or local governmental grant or the lender's own CRA/Philanthropic funds rather than borrowed money—simply because the time of repayment is so uncertain. The home buyer might sell in a year and repay the loan, or wait 30 years. The most common sources of funds for these types of loans are: (1) HUD's HOME program, (2) HUD's Community Development Block Grant program and (3) local and state housing trust funds. No particular federal or private program has **required** deferred payment loans. But it is one of many mechanisms **allowed** in locally-designed housing programs that use federal funds.*

Deferred payment loans are generally used in three ways:

> *Down payment assistance for low-income homebuyers—typically amounting to $2,000 to $10,000—in tandem with conventional financing.*

> *Major subsidies—gap financing—to rental project developers or home buyers, typically on the order of $10,000 to $50,000 per dwelling unit.*

> *Rehabilitation loans to low-income homeowners or landlords who cannot afford additional debt service—typically in the range of $5,000 to $50,000 per dwelling unit.*

Increasingly, deferred payment second mortgage loans are being used to leverage conventional first mortgage financing, as the following example illustrates:

Home Purchase with Deferred Payment Subsidy Loan:

Buyer annual income: $24,000
Assumed maximum monthly payment (principal & interest) per lender underwriter: $500
Assumed home purchase price and market value: $100,000

Subtract:
a. Maximum affordable down payment (buyer cash available): . . . . ($4,000)
b. Maximum affordable first mortgage at 6.5%, 30 years with $500 payment . . . . ($79,000)

Equals: Required deferred payment second mortgage: $17,000

In this case, the deferred payment loan made it possible for the lender to participate without violating its normal underwriting standards regarding the maximum affordable monthly payment. That would not only be risky business for the bank, but would place an unaffordable financial burden on the borrower. In addition, since the buyer and other funders are providing over 20% of the financing required—through mechanisms approved by most lenders—the buyer can completely avoid paying monthly mortgage insurance premiums to protect the lender against possible default (see below for a description of mortgage insurance).

When deferred payment second mortgages first came into use, conventional lenders were hesitant because of their natural resistance to including other debt obligations in a financing package.

Today, many conventional lenders are pleased to have deferred payment loans made in tandem with their loans—for example financing a home purchase for a low-income family. The conventional loan helps the lender meet Community Reinvestment Act (CRA) requirements, and the deferred payment loan improves the ***loan-to-value ratio*** *(LTV)—all important to a lender. No lender likes to advance a loan for 100 percent of the value of a property.*

This subsidy mechanism can also be used to make rental projects affordable, as the following example illustrates.

Rental Project with Deferred Payment Loan:

Target monthly rent: $450
Mortgage amount needed per apartment: $90,000

Subtract: Maximum market-rate loan amount that can be supported by rent: .... ($45,000)

Equals: Required subsidy per unit (could be a deferred payment loan): $45,000

While this example appears to have a large subsidy per apartment, it is not uncommon for affordable rental projects to have 100 percent subsidy financing in high cost markets.

In such instances, deferred payment loans from several sources are often combined with equity raised from the Low Income Housing Tax Credit. Projects helping the homeless and disabled typically follow this 100 percent subsidy model, since affordable rents may be as low as a few hundred dollars, not even sufficient to cover bare operating *expenses such as maintenance, insurance and utilities, let alone repayment of debt. In projects with extremely low-income tenants, operating subsidies are often required for basic building operations as well as supportive services.*

Owner Equity and Equity Syndication Proceeds

Owner equity can be defined as cash or something else of value provided by the owner to a real estate transaction that involves acquisition, construction or refinancing. For example, a homebuyer's down payment is equity. An investor's cash paid into a deal is equity. The market value of land or buildings provided to a deal is equity.

With rehabilitation of a property for an existing owner, the owner's equity is usually valued as the difference between the market value of the property and debt on the property.

In the real estate industry, all financing is grouped into two generic categories: debt and equity. All financing—at least all sensible financing—follows these two related formulas, by which equity must make up the gap between total project costs and the amount of loan money that can be raised:

- *Equity + debt = total financing*
- *Total financing = total development cost*

Just as lenders expect a return on their investment (ROI) through interest payments, most investors expect an ROI on their equity. Homeowners may or may not expect a return on their equity, over and above their enjoyment of their home. But investors in rental housing typically expect a 10 to 20 percent return on equity from net rental income, plus possible appreciation, and tax benefits. Early investors in the high-risk phase of a development project may expect a 20 to 30 percent return on equity through sales of land or homes. In real estate development projects—for example rental projects—conventional lenders will typically lend up to a maximum of only 60 to 70 percent of the project's market value. The remainder of the financing in conventional projects is made up with equity or higher-risk (and higher rate) debt investments.

Whether developing a conventional or affordable housing project, many project sponsors do not have sufficient equity, so they form partnerships or corporations with two, twenty or even hundreds of investors. In ordinary partnerships, all partners share income and risks in proportion to their investments. If the project goes sour, every partner could lose their original investment, or in the worst case, may even have to make up further losses.

In a special kind of partnership called a syndication, a ***general partner*** *(usually the developer) plans and oversees the project and is fully liable for all financial obligations.* ***Limited partners*** *buy shares of a project's ownership much as stock certificates are sold. As with stocks, the investor's liability is limited to the amount of the investment (thus the term "limited" partnership). But unlike stocks, syndications pass through tax losses and tax credits to the investors.*

Syndication Proceeds *are the sum total of limited partners' investments, less legal, accounting and sales expenses. Regarding low-income housing, there are several tax credits, which are commonly used with syndications. These tax credits are described elsewhere in this document.*

Lease-Purchase Loans

A few major national and regional banks have offered financing for lease-purchase programs. Fannie Mae and Freddie Mac, the leading national buyers of home loans, have both offered special financing products.

In a typical program, a local government agency or nonprofit group arranges financing for a group of homes—whether homes to be built, rehabbed or simply bought in the open market. The program sponsor sells the homes to low-income families who do not currently qualify for conventional financing—usually by failing to meet down payment requirements. A slight surcharge on the monthly payment builds up a reserve account for the down payment.

The loan to the program sponsor is essentially a multifamily housing loan that converts to a single-family home purchase loan in a year or two, when the lessee buys the home. In most programs, a maximum interest rate is guaranteed upon conversion. This mechanism is unique in two respects: (1) the ability to convert and (2) the extremely long forward commitment to a maximum mortgage rate (60 to 90 days is usually the maximum for single-family loans).

Some in the industry have called into question the benefit of this approach. With mortgage insurance or other special funding described herein, most home purchase programs can reduce down payment requirements to as low as 3 percent—which amounts to $2,400 on an $80,000 home—or even $0 in some instances. Some operators of special financing programs argue that ***not*** *having a home provides an incentive for families to repair their credit ratings and save up these minimal down payments.*

Alternative Mortgage Instruments

The suitability of alternative mortgage instruments as tools for affordable housing programs has been the subject of some controversy. There are four principal types of alternative mortgage instruments: (1) adjustable rate mortgages (ARMs), (2) graduated payment mortgages, (3) reverse mortgages, and (4) shared appreciation mortgages.

The first three mechanisms are little used in the affordable housing industry, but sometimes described as potential affordable housing tools. In contrast, the shared appreciation mortgage is an important (if only occasionally used) mechanism to recapture windfall profits from sales of homes in high-priced markets.

Adjustable-Rate Mortgages

Interest rates for ARMs can be adjusted from time to time after the loan is made in line with the changes in a benchmark interest rate. As a result, an ARM presents a lender with less risk than a fixed rate loan, thus enabling the lender to price interest rates somewhat lower under typical market conditions. Benchmarks that are commonly used are the one-year or six-month U.S. Treasury bill rate or LIBOR (London InterBank Offer Rate), a global inter-bank lending rate.

There is one drawback, which is significant for low-income borrowers. ARMs offer only limited protection against future increase in interest rates.

For example, if ARM rates increase substantially in a short time or "reset" from teaser rates—as occurred in 2006 and 2007 with dire results for some homeowners—the payment on a home loan can increase by hundreds of dollars a month. This might be an acceptable risk for a middle-income borrower, but it could lead to a default by a financially strapped low- or moderate-income borrower.

Graduated-Payment Mortgages (GPMs)

With this type of mortgage, which has never been widely used, the starting interest rate is pegged below conventional fixed-rate mortgages, but is stepped up by specified amounts over a period of years. The assumption is that borrowers' incomes will increase with inflation while the loan payment will be fixed.

While incomes of young professional households might be expected to increase, the real incomes of most low-income and many moderate-income households have declined since the early 1970s. As a result of these economic realities, most home purchase programs assisting these borrowers have adopted neither ARMs nor graduated payment mortgages. HUD's Section 245 program provides mortgage insurance for GPMs as an inducement to lenders to offer this type of mortgage.

Reverse Mortgages

This type of mortgage never ***creates*** *affordable housing—it can only extend the time during which a household (usually headed by an elderly or disabled person) can live in its home. With a reverse mortgage, a homeowner borrows against his or her home equity to create a monthly living stipend. HUD offers a mortgage insurance program for reverse mortgages, and many lenders offer their own products.*

Shared Appreciation Mortgages (SAMs)

In conventional financing of home purchases, this device aroused a brief flurry of interest during the periods of high interest rates in the 1980s. Where SAMs were used at all, banks would charge a below-market interest rate in exchange for a share of the home's appreciation upon resale. The terms of these mortgages were typically for ten years—forcing a sale or refinancing at the end of that time. SAMs in this form were almost never used in affordable housing programs.

However, in recent years, a different type of SAM has been used by governmental or nonprofit housing agencies that sell more suburban-type homes to low-income households in expensive and rapidly appreciating markets. This SAM is not a money-making venture by the lender—rather a way to recapture subsidies put into the home and recycle profits for the benefit of another low-income homebuyer in the event of a resale. Following is an example of this kind of SAM:

Example of Shared Appreciation Mortgage Used to Recapture Windfall Profits

Scenario: Nonprofit sells new home to low-income family

Home cost:	*$200,000*
Price affordable to buyer:	*$140,000*
Monthly payment on SAM: (due only on resale)	*$0*
Estimated resale value in 5 years:	*$250,000*
Assumed gross profit from resale:	*$50,000*
Assumed sales costs, at resale:	*$15,000*
Assumed net profit from resale:	*$35,000*

Financing package:

Down payment	*$20,000*
Bank first mortgage	*$120,000*
Deferred payment SAM	*$60,000*
Total financing:	*$200,000*

Proration of net profits upon resale:

To SAM provider: 30% ($60,000 SAM as a percentage of $200,000 total financing).

To homeowner: 70%

Homeowner's share of proceeds from resale:

70% of $35,000 net profit:	*$24,500*
Equity from down payment and principal paydown	*$24,000*
Total:	*$48,500*

SAM provider‘s proceeds of resale:

30% of $35,000 net profit:	*$10,400*
Repayment of original SAM principal:	*$60,000*
Total:	*$70,400*

It should be pointed out that the shared appreciation requirements, in and of themselves, do nothing to generate the capital for the initial deferred payment SAM, although over time SAMs can generate new revenues to make additional loans. Typically governmental or private grant funds are used to fund these loans. Used in the way just described, the SAM's only purpose is in recapturing and recycling subsidies for an ongoing housing subsidy program.

Loan Guarantees

A loan guarantee is a promise by a person or entity to make good on a loan if it goes into default. The guarantor may be the borrower, but more commonly is a government agency.

Currently, the major guarantor of housing loans in the United States is the Government National Mortgage Association (GNMA—or Ginnie Mae), a quasi-public agency headquartered with HUD. Ginnie Mae guarantees pools of mortgages that are the "backing" of mortgage-backed securities. The securities (usually bonds) are paid off with the revenue from monthly mortgage payments. With Ginnie Mae's guarantee, the securities are seen as eminently safe, and thus easy to sell. The deep-pocket federal guarantee also results in a cost of capital that is lower than would otherwise be obtained, and helps keep mortgage rates nationally as low as possible.

Ginnie Mae's guarantee is not an affordable housing program per se—its guarantees are available to all securities issuers that have pools of mortgages acceptable to Ginnie Mae. However, loan guarantees in other forms are important tools for affordable housing programs.

Other examples of federal government loan guarantees are the HUD Section 184 Indian Home Loan Guarantee Program and a variant of the Dept. of Agriculture Section 502 program which provides affordable home purchase financing in small cities, towns and rural areas In these programs, the homebuyer pays a guarantee fee, which currently ranges from 0.5 percent to 1 percent of the loan amount.

Providing such guarantees is not necessarily a profit-generating activity when provided by the public sector. In the case of the two programs mentioned, the federal agencies from time to time have to make good on some defaults

Occasionally in profit-motivated real estate deals—such as a rental housing development—individually-tailored loan guarantees are provided for a price. For example, a lender may want a construction loan guaranteed, but the borrower does not have enough liquid assets to make good on the guarantee. In this case, the borrower might buy a guarantee by paying a high net-worth individual or corporation to co-sign the promissory note. The cost of such a guarantee will vary depending on how the guarantor perceives the risk of loan default and how much effort it takes to analyze a deal. More often, the owner/developer of the project provides guarantees to the lender, which may require bringing in new principals to the deal who have the net worth to back up such a guarantee.

Some local governments and charitable foundations have provided loan guarantees for nonprofit housing developers (most of which have both low net worth and few liquid assets). Often, these are partial guarantees. For example, a City has for many years reserved a specified amount of funds to guarantee home repair loans made by local banks. The fund amounts to only a small fraction of the loans outstanding, but defaults have been so infrequent that this partial guarantee is a powerful inducement to lending.

Loan guarantees not only induce lenders to make loans, they can result in lower-than-normal interest rates (as with the Ginnie Mae guarantee) because investments in federally guaranteed mortgages are considered one of the lowest risk investments that can be made—almost on a par with savings bonds and Treasury bills.

Mortgage Insurance

From the lender's point of view, mortgage insurance is very similar to a loan guarantee. With mortgage insurance, a private or public agency agrees to make good on a loan if it defaults. But these are several differences from loan guarantees: (1) mortgage insurance is almost never individually tailored (as a guarantee may be), (2) the risks to the guarantor are more limited, and (3) it is generally a money-making business, even for government insurers such as FHA and VA.

HUD provides mortgage insurance through an array of programs designed as inducements for the financing of affordable and moderate-priced housing. The resulting loans are generally called HUD-insurance mortgages or FHA insured mortgages, since the Federal Housing Administration is the division of HUD that manages these insurance programs. The Veteran's Administration (VA) provides mortgage insurance to veterans under similar terms for home purchases.

Profit-motivated companies also provide mortgage insurance, which is often referred to as PMI.

HUD/FHA focuses its efforts on what might be called "public purpose" markets such as inner cities, lower-income home buyers, and rental housing developers. Private companies gravitate to more mainstream markets. But increasingly, private insurers overlap much of HUD's targeted single-family markets and charge similar insurance premiums. Unlike benevolent loan guarantees, mortgage insurance is not free of charge. The insurer may charge both an up-front fee and continuing monthly fees. Because of this, mortgage insurance is typically only used by borrowers who are perceived as above-average risks for one reason or another.

For example, conventional lenders for home purchases do not like to lend more than 80 percent of the value of a home without having mortgage insurance to cover the risk of default. Without mortgage insurance, requiring the owner to have 20 percent equity in the home gives the lender a margin of safety if the home has to be foreclosed on and sold by negotiation or through an auction. If the home's value is nearly equal to its cost (as in most purchases), the borrower must come up with a substantial down payment.

However, if the borrower can obtain mortgage insurance, most lenders will loan up to 97 percent of the value of the home and sometimes even up to 100 percent. The higher the LTV percentage, the higher the premium for mortgage insurance.

The most commonly used HUD single-family mortgage insurance programs are Section 203(b), used with purchases of new or existing one- to four-family homes, and 203(k), which insures loans for home repair and improvements.

In the late 1960s through the 1970s, mortgage insurance was one of HUD's major inducements for developers to build and operate affordable apartments, and for lenders to finance these projects. Hundreds of thousands of rental units were built using HUD insurance programs such as Section 221(d)(d) and Section 236, which were usually coupled with interest subsidies. These programs and other HUD multifamily insurance are still used by *developers, since they help reduce mortgage rates and overcome lenders' high equity requirements—but much less so than decades ago when significant interest subsidies were attached to these programs. HUD Section 232 mortgage insurance is widely used for construction of nursing homes, and the Section 234 program is widely used to finance condominium sales.*

Mortgage Purchase Programs (Secondary Markets)

*Some people buying a home for the first time have the impression that local banks have money stored that is used for making home loans. This is typically not the case. Many lenders make a loan and immediately sell it to a national secondary market institution such as Fannie Mae or Freddie Mac. The originator may still collect monthly payments (called **servicing** the loan) under contract to the new owner of the mortgage.*

*In such a sale, the originating lender typically holds the loan only for a month or two. As a result, interest income to the originator is negligible. The originator makes its money in one or more of these ways: (1) on application and origination fees (the latter being called **points),** (2) on servicing fees (a percentage of the monthly payment) and (3) on any premium paid by the secondary market (which occurs when the loan was originated at a higher rate than the "buy" rate).*

Some loans are "packaged" for banks and mortgage companies by mortgage brokers, who make sure the borrower is qualified and prepare the paperwork. But the broker is not the lender.

*The ultimate sources of most housing loan capital in the U.S. are large financial institutions such as Fannie Mae and Freddie Mac, who buy loans from banks, thrift institutions and mortgage companies. These buyers are collectively called **secondary mortgage markets**. The secondary markets, in turn, sell **mortgage-backed securities** (MBS – typically bonds) to institutional and other private investors to raise the capital to buy more mortgages.*

*Sometimes, banks hold on to their mortgage loans. These are called **portfolio loans**, since the lender keeps the loans in its portfolio of investments. For these loans, credit requirements have sometimes been varied in such a way that the secondary market won't buy them—the loans don't meet their underwriting criteria. Often such loans are "seasoned"—kept in portfolio a few years to establish a steady payment record or overcome a negative credit factor—and then sold. Holding loans in portfolio is more common with community banks that have large amounts of deposits to invest and/or want to participate in affordable housing programs that benefit the community.*

*Because most home purchase and refinancing loans (along with many multifamily loans) are ultimately sold off, major **secondary market** players such as Fannie Mae and Freddie Mac have a powerful influence on the financing of affordable housing. For example, "Fannie" and "Freddie" may buy home purchase loans that were piggybacked with a deferred payment mortgage and forego their usual cash down payment and mortgage insurance requirements, so long as homebuyer training is provided and the second mortgage program is examined and meets the standards of one or both of these mortgage institutions.*

Interest Subsidies

While a below-market-rate loan is one with an inherently low rate of interest, an interest subsidy is a payment of cash to a lender in exchange for a lower interest rate. These subsidies are sometimes called "write-downs" or "buy-downs" of the loan, as in this illustration:

30-Year loan amount:	$100,000
Monthly payment at 6.5% (market rate):	$632
Buy-down or interest subsidy required to achieve 3% loan:	$33,000
Monthly payment at 3%, after subsidy:	$422

In this example the subsidy is, in effect, prepaid interest paid at the time the loan is made. An interest subsidy may also be a deposit in an interest-bearing account, from which monthly subsidies are drawn and paid to the lender along with the regular monthly payment.

*In the affordable housing industry, an interest subsidy might involve a third party—for example a government agency—making a one-time payment to a conventional lender in order to reduce monthly loan payments for a low-income home owner, a nonprofit housing developer or a profit-motivated developer of affordable rental housing. Up-front interest subsidies are intended to equal the **present value** of interest that will not be paid in the future—or in other words discounted for inflation. However, it is possible for a lender and a subsidy provider to disagree on the precise formula and assumptions to be employed.*

Mortgage interest subsidies were widely used in connection with HUD/FHA housing development programs from the 1960s through the early 1980s, but now are little used in any context,

Several other financing mechanisms can achieve the same results as an interest subsidy, much more simply. The most prevalent alternative today is a zero percent interest deferred payment loan, due only on resale of the financed property. A deferred payment loan made in tandem with a conventional first mortgage loan seems at first glance very different from an interest subsidy. However, using equivalent amounts of funds, a deferred payment loan and an interest subsidy both result in very similar, if not identical, reductions of the monthly payment of the corresponding conventional loan.

The most prevalent use of interest subsidies today is in conjunction with tax-exempt bond programs. Typically, a housing finance agency will use some of its surplus cash to "write down" the interest rate on part of the proceeds of a bond issue.

For example, a $10 million bond issue might yield mortgage money at 6% interest. On 20 percent of the issue, agency cash might be used to subsidize the interest rate down to 4 percent for homebuyers with incomes below a certain threshold, for example, under a certain income threshold that is lower than their normal target market.

Compensating Balances

Very occasionally, loan interest rates are subsidized by a method other than a cash payment made in exchange for the reduced income. Instead, a government agency or socially-motivated investor deposits funds with the lender at no interest or a low interest rate. The terms of the deposit are designed to compensate for the lender's loss of interest income from making a low-interest loan.

For example, the City government wants to help a local Nonprofit Housing Entity build 10 low-rent apartments. The project works only with a five percent interest rate. The bank is willing to make the loan, but its current rates are higher. The city doesn't want to pay out interest subsidies and never get them back, so it gets the bank to agree to a compensating balance arrangement, which looks like this:

Current bank interest rate for multifamily projects: 8%
Monthly payment affordable to project: $6060
Interest rate corresponding to that monthly payment: 5%
Reduction in interest rate needed: 3%
Compensating balance arrangement:

Bank loan at 5%, 20 yrs. $1,000,000
City deposit at 0%, 20 yrs. $500,000

The city pledged to keep its deposit in the bank at that rate for as long as the loan is outstanding. Every year, a portion of deposit may be withdrawn—but only equal to the amount of loan principal paid down. However, if the borrower defaults, the deposit is not forfeited as if it were a guarantee. Its only purpose is to subsidize the interest rate. The theory behind the compensating balance is this: the Bank will use the non-interest-bearing deposit to fund market-rate loans or other high-yielding investments. Thus, extra income is generated for the bank to offset the below-market loan made to the local Nonprofit Housing Entity.

But there are several factors that make this a seldom-used financing mechanism for affordable housing. First, compared to an interest subsidy or a deferred payment mortgage, it ties up a great deal more capital for a long period of time. Second, the actual future yield on the deposit is typically determined by using a conservative benchmark, such as Treasury bills or notes that run for the same length of time. The provider of the compensating balance might well have achieved a higher rate of return through another investment vehicle.

This arrangement is not as clear-cut as if the city, for example, had simply given a deferred payment second mortgage of $275,000, which would reduce the monthly mortgage payment by the same amount: to $6060.

From the standpoint of current dollars available, the city could fund roughly twice as many affordable apartments with current dollars by using interest subsidies or deferred payment loans instead of a compensating balance. Of course the original principal is preserved with the compensating balance mechanism, but any accountant will tell you that depositing money for 20 years with no return is tantamount to giving away something like half or two-thirds of the original capital, because inflation will diminish its value.

Aside from compensating balances, other indirect capital investments such as these can be used to induce lending for community development and economic development projects. The terminology involved—compensating balances, linked deposits and matched funding—becomes confusing. For our purposes, the terms are defined as follows:

> *Compensating balances are below-market-rate and non-conventional investments (such as federal block grants) used to induce lenders to make below-market-rate loans.*

> *Linked deposits are low yielding but conventional investments (such as pension fund money) which are deposited to induce lenders to make loans at rates which are slightly below market.*

> *Matched funding is a market-rate investment (such as from the Federal Home Loan Bank Board's Community Investment Program—CIP) that simply eliminates lenders' risks of future increases in market rates of interest.*

The techniques are similar and best remembered as a continuum. Compensating balances are intended to create an interest rate subsidy. Linked deposits generally offer a little discount from conventional rates. Matched funding offers no real subsidy.

Linked Deposits

Because the nature and magnitude of their portfolios, pension funds have been used creatively to induce lending for affordable housing projects. The portfolios are typically a mix of short-term, middle-term and long-term investments. In some cases, the long-term investments are conservative ones with yields similar to 30-year treasury notes (around 5 percent at this writing).

Some pension funds have made agreements with public and private lenders to create linked deposit programs with community development objectives. The pension funds agree to make long-term investments at their normal (but relatively conservative) rates, and the investments are linked to certain loans made at rates two or three percentage points higher. Similar to a depositor of a compensating balance, the pension fund investment is not at risk if the loan defaults.

Matched Funding

The nation's best-known and largest matched funding program used to finance affordable housing is the Federal Home Loan Bank's Community Investment Program. The program's technique is best explained by an example:

Let's assume you are a developer with a plan to buy and renovate 100 apartments. You want to use the federal Low-Income Housing Tax Credit, which requires that rents be below a certain level. To achieve these rents, you need 25-year debt financing at an interest rate of 8 percent or less. But let's say for sake of an example that the current market rate for this type of loan is at least 9 percent.

You approach a lending institution that is a member of the Federal Home Loan Bank System (FHLB), which entitles it to use the CIP program. Under CIP, the FHLB branch borrows money in the major capital markets, often at relatively low rates compared to conventional mortgage rates. At this writing CIP rates are around 6.5%. These funds are then passed through to the local lender and deposited.

The funds are not literally used to make your loan. They become co-mingled with other funds and used for loans or other investments. In essence, the funds are a hedge against market interest rates rising. With this in mind, the lending institution would normally make a loan for about 50 or 200 basis points over its cost of the matched CIP funding—or something like 7 percent to 8.5 percent. The lower end of that spread—50 basis points, or half of one percent—would typically represent a major concession on the part of the lender, because this is below any normal benchmark for covering costs of lending and risks of default For multifamily loans, many lenders require a higher spread to compensate for their work in underwriting and servicing the loan, as well as the perceived risk of default. But at least the CIP funding eliminates the risk of future market interest rate increases—called "rate risk." The nature of the risk is this: if market interest rates rise, loans made at lower rates experience a corresponding reduction in their market value on the books of the lending institution—the same as with owning bonds.

As with compensating balances and linked deposits, CIP funds are not a loan guarantee. If a borrower defaults on a loan, the lender must still pay back the funds borrowed from the Home Loan Bank. Matched funding does not remove all risks of making a loan—only the risk that market interest rates will increase.

Liberal Underwriting Guidelines

The other lending-related "inducements" discussed in this set of documents have one common characteristic—a third party (such as a government agency) has made a financial concession to induce a private lender to make a loan, usually at a low interest rate.

With liberal underwriting, the private lender makes the concession. Liberal underwriting guidelines allow a lender to make a loan to an applicant who would not otherwise be qualified. The most common motive is a desire to comply with the Community Reinvestment Act (CRA).

*In **single-family lending**, liberal underwriting can vary from conventional underwriting one or more of these ways:*

> *Loan-to-value ratios are liberalized without requiring mortgage insurance.*

> *Down payment requirements are reduced.*

> *"Debt ratios" applied to borrowers' incomes are liberalized.*

> *Credit reports showing more payment problems are accepted.*

> *Lower-than-normal credit scores are accepted.*

> *More irregular employment histories are accepted.*

> *Alternate forms of income (like food stamps) are accepted.*

> *Liquidity standards for borrowers (conventionally, cash in the bank for two months' mortgage payments) are lowered.*

A little over a decade ago, concessions such at these were considered extraordinary. However, with the growth of "Alt-A" and sub-prime lending, more flexible underwriting standards such as these became commonplace. And all too often, standards of some mortgage companies were loose and/or irresponsibly applied. As a result, at this writing, the pendulum is swinging back toward somewhat less flexible underwriting in the face of widespread defaults and foreclosures.

However, the experience of many affordable home purchase assistance programs has indicated that flexibility in underwriting is critically important to low-income families, and that foreclosures can be minimized by providing effective pre-purchase counseling and training and additional financing such as down payment assistance.

In ***multifamily lending****, similar concessions might be made, including:*

> *Reduced requirements for equity invested in the project*

> *Higher loan-to-value ratios*

> *Higher debt service ratios*

> *Reduced net worth requirements for borrowers*

> *Reduced requirements for project reserves and guarantees*

> *Offering fixed rates when variable rates are standards*

> *Increasing amortization periods—for example from 15 to 30 years.*

With multifamily projects, concessions are usually made on a deal-by-deal basis. Loan-to-value ratios are sometimes liberalized from the conventional 70 percent to 80 or 90 percent. Debt service ratios (the ratio of project cash flow after expenses to the debt service) are relaxed from the typical 1.20 to 1.10 or even less—allowing the amount of the loan to be higher.

As with concessions on single-family loans, relaxed standards for multifamily lending naturally create tensions. Risks are increased so that social benefits can be achieved.

However, multifamily loans can run in the millions of dollars, so more is at stake. And history shows that multi-family lending has been more risky than single-family lending. As a result, significant concessions are less frequently found in multifamily lending.

Tax Credits

As a result of certain provisions in the federal tax code, ***tax credits*** *are available for investors in low-income rental properties. These tax credits greatly increase the return on equity for certain investors, so much so in some instances that cash returns on the investment are of little or no importance. The three most relevant federal tax credits for producing affordable housing are:*

> *The Low-Income Housing Tax Credit program, which allows the project owner tax credits of 40 to 90 percent of the value of a residential rental property over ten years if the owner agrees to keep rents and tenant incomes below certain levels. This is by far the most potent of the three credits described here in terms of its ability to reduce the cost of housing substantially below market rates.*

> *A 20 percent federal historic tax credit for rehabilitating a certified historic structure.*

> *The New Markets Tax Credit, a 39 percent tax credit over 7 years for qualified community development investments. While primarily aimed at commercial real estate development and business investment, it can also be used to lower the cost of development capital for single-family home construction.*

The Low-Income Housing Tax Credit is much more widely used in affordable housing projects, and in fact has become the nation's single biggest indirect subsidy program for affordable housing.

Tax credits are available only after a building has been put into service, so they cannot be used for up-front financing. However, they are converted to up-front project capital through the formation of ***limited partnerships****, commonly called syndications, which were described in the previous section.*

With the Low-Income Housing Tax Credit, syndication proceeds paid into a qualified project can amount to as much as 80 percent or 90 percent of the cost of building the project. This reduces the amount of the mortgage loan needed and the amount paid for monthly debt service—or can eliminate debt service altogether in some instances. Therefore, rent levels can be pegged considerably lower than market rates.

About 10 state governments also offer tax credits for cash and in-kind corporate gifts to affordable housing projects and other public-purpose activities. However, these credits only partly offset the cost of the gift—they have nothing to do with conventional investments.

Tax-Exempt Lending Provisions

Internal Revenue Code allows the interest from many types of investments to be exempt from federal taxes—if defined public purposes are being served by the investment.

The list of available tax-free investments is long. Individuals can create their own tax shelters by investing in approved retirement accounts, or they may take advantage of the home mortgage interest deduction. These tax exemptions are allowed by the government because comfortable retirements and homeownership are seen as socially beneficial.

In the affordable housing industry, most tax-exempt lending is accomplished through issuance of tax-exempt bonds. Bonds are security instruments like stocks, mortgages or certificates of deposit. Given in exchange for an investment, a bond is a written pledge by the issuer to repay the money by a specified date in the future—usually 30 years later for housing bonds. In the interim, interest is paid to the bondholders.

There are two major types of tax-exempt bonds: (1) revenue bonds and (2) general obligation bonds. Revenue bonds are normally used to make one loan or a group of loans, and are paid back with the loan repayments. General obligation bonds are generally paid back out of future years' tax dollars.

The federal government authorizes only certain entities to issue ***tax-exempt revenue bonds****—usually called "finance agencies" or "finance authorities." These quasi-public entities are chartered by state and local governments,* *which typically appoint their boards of directors. Housing finance agencies, economic development authorities and student loan authorities are examples of revenue bond-issuing agencies.*

***General obligation bonds** can be issued only by state and local governments. These can have much broader purposes and more flexible uses—for example, road building, financing water and sewer systems, school construction, floating public debt, or construction of public facilities. Occasionally, the proceeds of so-called "G.O." bonds are used in connection with affordable housing programs—most commonly for infrastructure. Occasionally, G.O. bonds have been used to finance housing trust funds or loan funds.*

Using tax exempt revenue bonds to raise capital for housing loans was pioneered in the 1960s and has become commonplace since them. Tax-exempt single-family mortgage revenue bonds are the bread-and-butter business of state housing finance agencies.

Tax-exempt bond financing has these key benefits:

> *It reduces the mortgage interest rate for home purchase loans typically by 50 to 100 basis points (half to one percent), as compared to conventional mortgage loans.*

> *Tax-exempt financing can be used by rental housing developers, as well as income-qualified individuals who are buying homes.*

> *Its widest use is as permanent financing, although it is sometimes used for construction financing of rental projects.*

> *Bond financing can be used very flexibly—for acquisition of existing housing, financing of new housing and even some types of renovations.*

> *Tax-exempt financing can be combined with deeper forms of housing subsidies—such as "soft" second mortgages from federal HOME funds, CDBG funds or other sources. Increasingly, it is being used with the Low-Income Housing Tax Credit, although this reduces the total amount of tax credit eligibility.*

However, tax-exempt financing is not without its detractors—who claim that tax-exempt bonds are an inefficient subsidy that cost the U.S. government billions of dollars a year. Only part of this tax loss ends up benefiting public purposes—while the rest pays middleman costs and benefits wealthier taxpayers.

Despite these legitimate issues, tax-exempt bond financing is the single largest source of below-market mortgage financing for affordable housing.

Mortgage Credit Certificates

*Federal rules allow a simple alternative to the expensive and complex business of issuing and selling bonds to raise tax-exempt investments for housing loans. The device is called a **mortgage credit certificate,** which entitles a qualified borrower a federal income tax credit for a portion of the interest on a qualified mortgage.*

In a sense, the tax credit is used to repay the mortgage. In underwriting a loan with a mortgage credit certificate, a conventional lender calculates a monthly pro-ration of this tax credit. This amount should be added to the borrower's maximum spending capacity for PITI (principal, interest, taxes and insurance). This, in term, qualifies the borrower for a bigger loan, just as if the interest rate on the mortgage were a percentage point or so lower.

At the time of this writing in 2007, the annual credit per individual cannot exceed $2,000 per year of the life of the mortgage, which adds about $26,000 in borrowing power at current interest rates. However availability is limited. Certificates are allocated by housing finance agencies—the same agencies that provide tax exempt single-family mortgages.

UTAH'S FINANCIAL MECHANISMS RESOURCE NETWORK

Utah is fortunate in that it has a strong mix of local, state, regional and national credit unions (state, federal), financial institutions (commercial, industrial, and savings banks), investment funds, lending consortia, mortgage companies and non-profit intermediaries that offer technical assistance services and funding to support affordable housing. Lending and investment services and parameters vary widely, therefore a municipality and/or development partner must be diligent to research their regulatory environments, geographic foot prints, under-writing criteria, interest rates or targeted returns for operating lines of credit, predevelopment, land acquisition, construction financing, tax credits, primary long term debt and/or single-family home mortgages as may be appropriate. It is advisable to sit down with several potential partners early on in the development process to determine what roles each can and would be willing to play or facilitate in bringing single-family, multi-family or mixed-use housing projects to fruition.

Public lenders play a critical role in driving true affordability, as they generally have more flexibility to fill financing gaps with tools that offer both primary and secondary long term debt with varied repayment allowances such as lower or no interest cash flow loans. Cited below are several of Utah's most utilized public, consortia and non-profit intermediary affordable housing development finance partners, contact information and more programmatic details are provided by each agency in the appendices:

> U.S. Department of Housing & Urban Development

> Department of Agriculture, Rural Development

> Olene Walker Housing Loan Fund

> Rural Community Assistance Corporation

> Utah Community Reinvestment Corporation

> Utah Housing Corporation

When a municipality begins to put together a candidates list for a workforce housing planning/supportive services/ financial advisory committee(s) or when staff or local elected officials simply become interested in knowing more about who currently operates and supports the community, the UWFHI recommends you start by contacting credit union, financial institution, municipal and non-profit housing association representatives; those entities and their web-sites are listed on the next page:

- > Utah Banker's Association, www.uba.org
- > Utah Housing Coalition, www.utahhousing.org
- > Utah League of Cities & Towns, www.ulct.org
- > Utah League of Credit Unions, www.ulcu.com

FINANCING MECHANISMS BEST PRACTICES

Numerous best practice recommendations have been generated at national, regional, state and local training certification courses, governmental forums and even local workforce housing roundtables over the past several years, but the "Best Practices in the Production of Affordable Housing" a ULI community catalyst report summarizes the information presented in this guide book most succinctly[iii]:

1. ***Apply Creativity and Flexibility to a Full Spectrum of Finance.***
   Affordable housing typically requires multiple layers of financing from a variety of sources. As such, successful projects demand savvy and ingenuity from a financing perspective, developers say, with methods that vary according to the housing product and other particulars of the market

2. ***Develop a Long-Term Plan for Capital.***
   It is important to establish a long-term plan for managing capital, on top of a day-to-day strategy, non profit developers say. Because many non-profit developers continue to own and manage their rental properties, over the years their growing portfolios offer the opportunity for refinancing: pooling of collateral is a way for non-profits to free up equity income to use for their mission.

3. ***Take Out Soft Debt.***
   Low-interest loans from state or local government lenders, as well as from funding sources, can be a key to many affordable housing deals. These loans are called soft debt because these sources often offer deferred repayment or forgivable debt terms.

4. ***Use Cross-Subsidy.***
   Applying the cash flow generated by market-rate projects is one way to subsidize below-market-rate housing. This cross-subsidy may occur in a single project, such as a development that is subject to inclusionary zoning, or between projects, such as a non-profit developer who pursues a market-rate deal to generate income to serve its mission with other properties.

5. ***Drive Down Costs.***
   Keeping out-of-pocket costs down is an important strategy for the production of affordable housing. Some developers seek soft debt for a deal, negotiating with the local government to comply with certain regulations in exchange for debt forgiveness. In other cases, developers may seek to keep down costs per unit by increasing density and building additional units. Other techniques to keep down development costs include seeking access to publicly or institutionally owned land that may be available for development, thus lowering the cost of land acquisition.

6. ***Employ Rigorous Business Principles.***
   To manage the risk in their real estate deals, it is important for developers to apply business principles consciously and with discipline, they say. These principles include the willingness to make difficult decisions, such as walking away from a deal if it proves impossible to close a gap in financing. For a non-profit, adherence to the mission is an additional "business principle" that can help it evaluate the merit of prospective projects.

7. ***Be Tenacious.***
   The attributes of persistence and patience in activities ranging from negotiation with local governments to assembling multiple layers of financing, pay off in the development of affordable housing.

8. ***Develop Long-Term Relationships with Lenders and Investors.***
   People are an important component of any real estate development project. Because time is a critical factor in many real estate deals, it is important for a developer to have a good working relationship with a loan officer in order to act quickly when necessary. A longstanding relationship with a lender is part of a solid track record that helps developers manage risk and support future efforts.

[i] Enterprise, ***"Financing Mechanisms for Affordable Housing,"*** p. 2. Copyright 1997-2007, Peter Werwath.
[ii] Enterprise, ***"Financing Mechanisms for Affordable Housing, "*** pp. 4-31. Copyright 1997-2007, Peter Werwath.
[iii] ULI Community Catalyst Report Number 3, "Best Practices in the Production of Affordable Housing," pp. 7-9.

SECTION VI: UTAH WORKFORCE HOUSING ESTIMATING MODEL / SOFTWARE FOR TRACKING WORKFORCE HOUSING NEEDS AND TRENDS

This section provides instructions on the use and interpretation of the *Utah Workforce Housing Estimating Model* – a software tool designed to be used in conjunction with other *Utah Workforce Housing Initiative* material. This software will help local planners evaluate affordability, demand, and potential market opportunities, for workforce housing and other affordable housing for special needs in their community. The section is organized as follows:

Rosenthal & Associates Inc
PO Box 3510
Park City, Utah 84060
435-658-3700

Lotus Community Development Institute Inc
233 East 700 South Suite C
Salt Lake City, Utah 84106
801-364-6117

FIGURES

EXECUTIVE SUMMARY

The purpose of the model is straightforward, in that it is intended to address two specific workforce housing issues.

Estimate Housing Affordability in Terms of Supply and "Price Gap"

1. Estimate the net number of affordable units by income. The model offers a structured approach to quantify an order of magnitude estimate of units vs. demand, by income. It addresses the question – is there an adequate supply of units affordable to each income group in our community, given a target of 30% of income for shelter cost? If not, how many households are potentially cost-burdened, and disenfranchised?

2. Estimate the affordability "price gap" – the difference between income and housing cost. Stated another way – quantify the difference between what is affordable assuming certain jobs, and median shelter price. This "gap" is a valuable indicator – it gives an idea of the size of the income dislocation that may prevail, and may point the way to certain housing market opportunities.

Add a Quantitative Element to the Workforce Housing Discussion

The model provides a way to estimate the number of cost-burdened households in a community – the size of the potential mismatch between income and cost. Because by definition, every member of a community lives in a dwelling unit (with exceptions as discussed below) the unique information offered by this model will help to inform – to give better context – to the ongoing workforce housing issue.

The model is not intended as a predevelopment market analysis, but rather is useful as a tool to identify and generally quantify, a large-scale, community wide problem. The information it provides is valuable because it introduces a quantitative element, heretofore missing, in consideration of the workforce housing issue. In this sense, any order of magnitude estimate based on reasonable methodology, improves the quality of ongoing analysis and problem solving.

SOFTWARE INSTRUCTIONS

Model "Quick Start" (It's probably best, from this point forward, to use these instructions while sitting at a computer, with the model up.)

The model (specifically, the User Input page) comes populated with pretend data, for a pretend City in Wasatch County. This is intended as a convenience for the analyst in that it quickly illustrates the kind of information needed for each data input cell. Simply write over or erase all of the pretend values as you fill in values for your own study area.

Following is a description of the use and interpretation of each of the ***nine Model Pages***. (Each model page is illustrated in Figure 1 through Figure 17.)

1. **User Input** - this is the single data input page. Fill in all the yellow-shaded cells. (There is one section – "Housing Stock Growth Rates" – that is optional. You can start by populating these cells with "0%" in order to speed the initial analysis, and then update them later when your research has given you a sense of actual annual growth rates, by unit type.) Most data needed for this page is obtained from the internet. Some is from local research. Each data item has a link to source and explanatory information on the *Data Links* page. (The User Input page is illustrated in Figure 1, Figure 2, Figure 3 and Figure 4.)

2. **Data Links** - each Data Input item has a link to this page. This page gives some discussion of each data item and shows an associated web link. From here you can quickly access most of the information needed to finish the User Input task – simply click on web links and follow the prompts to obtain the data. Screenshots of each internet data source begins on page 106 – from the initial or "gateway" page, to the target– and shows parameters typical for an analysis in a Utah community. This page provides a guided and simplified approach to data acquisition. (The Data Links page is illustrated in Figure 5 through Figure 8.)

3. **Chart 1** – (an output page) shows a comparison (current year) by income category (% of HUD median), of number of households and number of affordable dwelling units. A greater number of households than dwelling units in a given income group means that some households are paying more than 30% of income for shelter – they are "cost burdened". A smaller number (typical of upper income categories) means that households have the option of paying 30%, or less than 30%, for shelter – i.e. they are able to compete downward with lower income households that have more limited housing choice. The chart provides a quick way of illustrating the current state of the housing supply – deficit or excess. (This page is illustrated in Figure 9.)

4. **Chart 2** – (an output page) shows a summary of the housing supply in terms of number of dwelling units (shortfall or surplus) by income group. This kind of analysis – net number of affordable units – has the following significance:

   The housing stock in a given study area has a certain "value profile" – x number of dwelling units at $x cost, across a given number of categories. If the value of the housing stock is such that it generally matches the income capabilities of households, then each household will find itself able to obtain "affordable" housing – i.e. each household would have the opportunity to pay 30% of income for shelter, and no more. This is the goal of affordable housing analysis, and policy intervention. To the extent however that there is a current or projected (+ 5 years and +10 years) "economic mismatch" between income and cost – that dislocation is illustrated by the chart.

   A negative number of dwelling units for a given income group means that there is a shortage of affordable units. A positive number means that there are more affordable units than households. The chart shows therefore the degree of the "mismatch" between cost and income.

   Another way to look at this is that, if there were no mismatch, all income groups would show "0" net dwelling units – no shortage and no surplus.

In thinking about this chart it's important to remember an underlying analytical assumption – that the number of households and number of dwelling units for a given study area are equal, and that the chart shows the extent to which there may be an affordability or price "mismatch." The purpose of the chart is not to illustrate a potential physical shortage of units, but rather to point to this "economic mismatch." (This page of the model is shown in Figure 10.)

5. **Summary** – (an output page) this page shows two separate approaches to the evaluation of the workforce housing affordability issue.

   The top of the page shows current and projected housing affordability for a number of income groups (% of HUD median) expressed in terms of net number of affordable units (shortage or excess), and in terms of the affordability "price gap."

   The bottom of the page shows a similar analysis, but with a slightly different take – the "price gap" is estimated for specific local jobs. The purpose of this approach is to give local context – real meaning – to the affordability problem.

   As used here, "price gap" is simply the difference between the market value of the median priced unit, and affordable shelter cost for various income groups and jobs.

   Aside from other potential interpretations, the "price gap" is useful because it highlights a common situation – that the median income household cannot afford the median priced dwelling unit. It also shows how big the income shortfall is. If the price gap is, for example, $200,000, this means that the subject household can in fact be housed affordably if a strategy as implemented to eliminate, or minimize the monthly cost of that $200,000 shortfall – a revolving loan fund, public participation, subsidy, etc. (The summary page of the model is illustrated in Figure 11.)

6. **Summary 2** – (an output page) this page illustrates certain housing and demographic trends, and is intended as another way to give context to the workforce housing market analysis. (This page of the model is illustrated in Figure 12.)

7. **NAICS Info** – (reference material) the last section of the summary page is expressed in terms of various job types. These categories derive from a standard classification system which describes all job types – the NAICS classification system. This page shows a high-level summary the entire NAICS system in order to give context to the hierarchy of local jobs shown on the summary page. (This page of the model is illustrated in Figure 13.)

8. **# Households by Income Group** – (reference material) this page provides a count of households by income, for each Utah county and municipality (certain small towns are necessarily excluded, for reasons of confidentiality). This categorization is basic to the analysis in that it allows for a comparison of number of households against number of dwelling units. You will use information from this page to complete a section of the part of the User Input page. (This is illustrated in Figure 14, Figure 15 and Figure 16.)

9. **Assessor Data Request Form** – (reference material) a key data set not available on the internet is number of dwelling units by type, and by market value. (Value categories differ by County because they are driven by County specific, HUD median income.) Housing stock value information is obtained from your County Assessor. In order to structure and simplify the process of obtaining the data, this page shows a data request form specific to the parameters of your analysis. It can be used as a "fill-in-the-blank" form begin discussion with the assessor's office. Note that your local AOG may also be a potential asset in the process of obtaining information from the assessor's office. (This page of the model is illustrated in Figure 17.)

The foregoing necessarily assumes a certain basic level of competence with Excel –the spreadsheet program in which the model is written. Such tasks as setting the print area and printing the various model pages are left to the know-how of the analyst.

HOUSING ANALYSIS HELP

Use of the model is straightforward. A certain amount of estimation is required of the analyst. The number of parameters which must be estimated is small (and varies depending on the study area and the availability of relevant data).

It's important to remember that modeling parameters (each of the data items required on the Data Input page) are not equal when it comes to the effect they will have on the results produced by the model. Some will have very little effect – if changed from a maximum to minimum value, the effect on model output (the predicted shortage or surplus of affordable workforce housing) will be small or insignificant. Other parameters will in fact have significant effect on model output. Remember, in your own research, to distinguish, and concentrate on, parameters that promise to have significant effect, and to place reduced time and effort on those which will have insignificant effect.

Furthermore, consider undertaking a kind of maximum/minimum analysis – one of the benefits of, and an approach readily facilitated by, use of a model. Estimate the value of a parameter at its theoretical maximum and minimum, and then take note of the range in the affordable housing supply consequent to each potential value. This eliminates the need for committing to a specific estimating parameter and is a reasonable approach, which in the absence of more specific information, defines a range of impact likely to be attributable to a parameter. (This process – defining the potential impact of modeling assumptions by quantifying the effect under an assumed maximum and minimum, and of evaluating the significance of different estimating assumptions – is facilitated by use of a model, and is encouraged. The exercise is known as "sensitivity analysis" and is one of the significant benefits of implementing a model, rather than a site-specific approach.) To the extent that we have the time and expertise to help you with housing analysis, or questions regarding use of the housing model, we will be happy to do so.

Check our website for updates to obsolete web links.

SCREENSHOTS OF MODEL PAGES

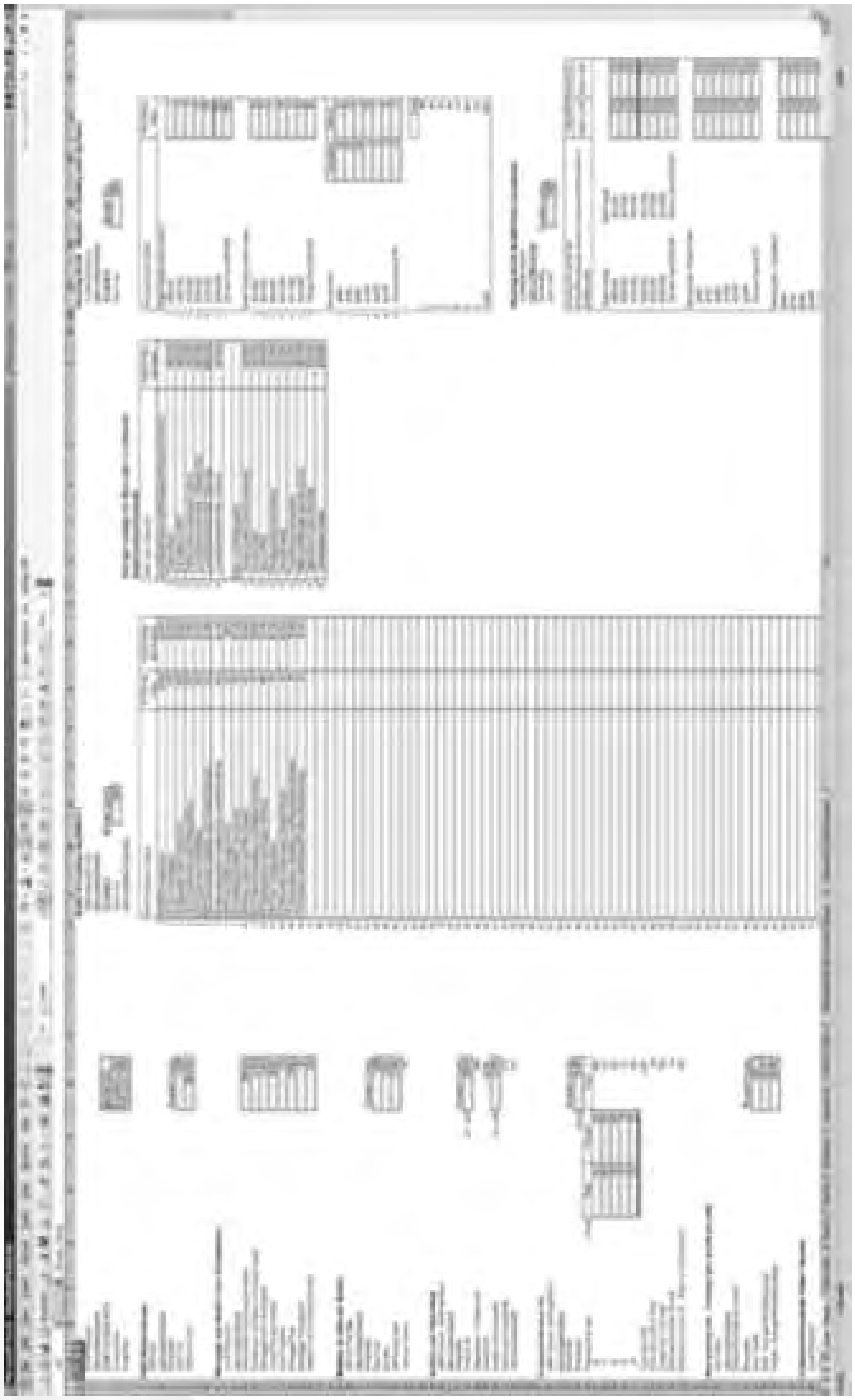


Figure 1
Yellow-shaded cells are data entry cells. All are required, except for the section on the lower right, titled "Housing Stock Growth Rate" (as further explained on page 82.)

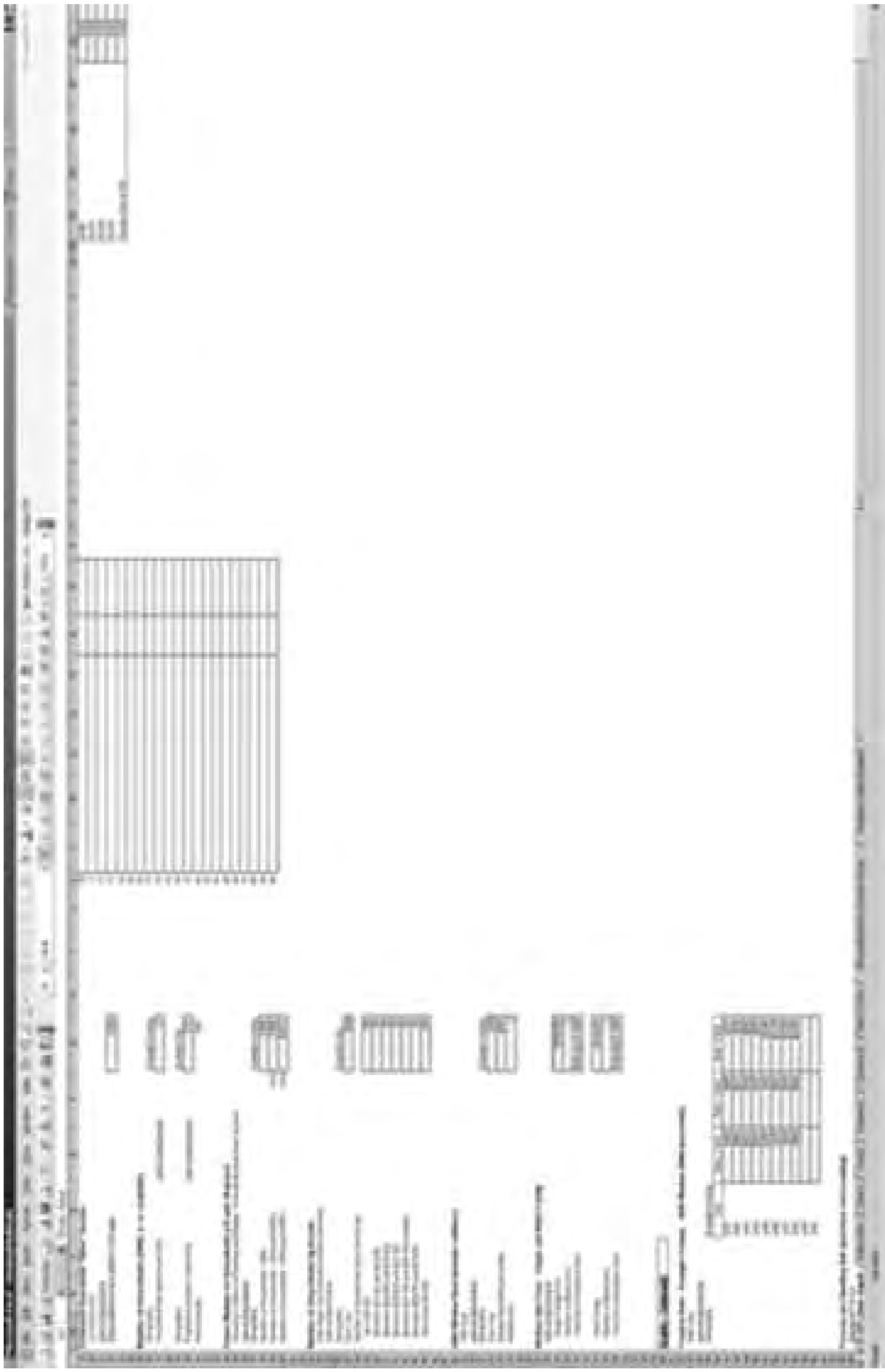


Figure 2

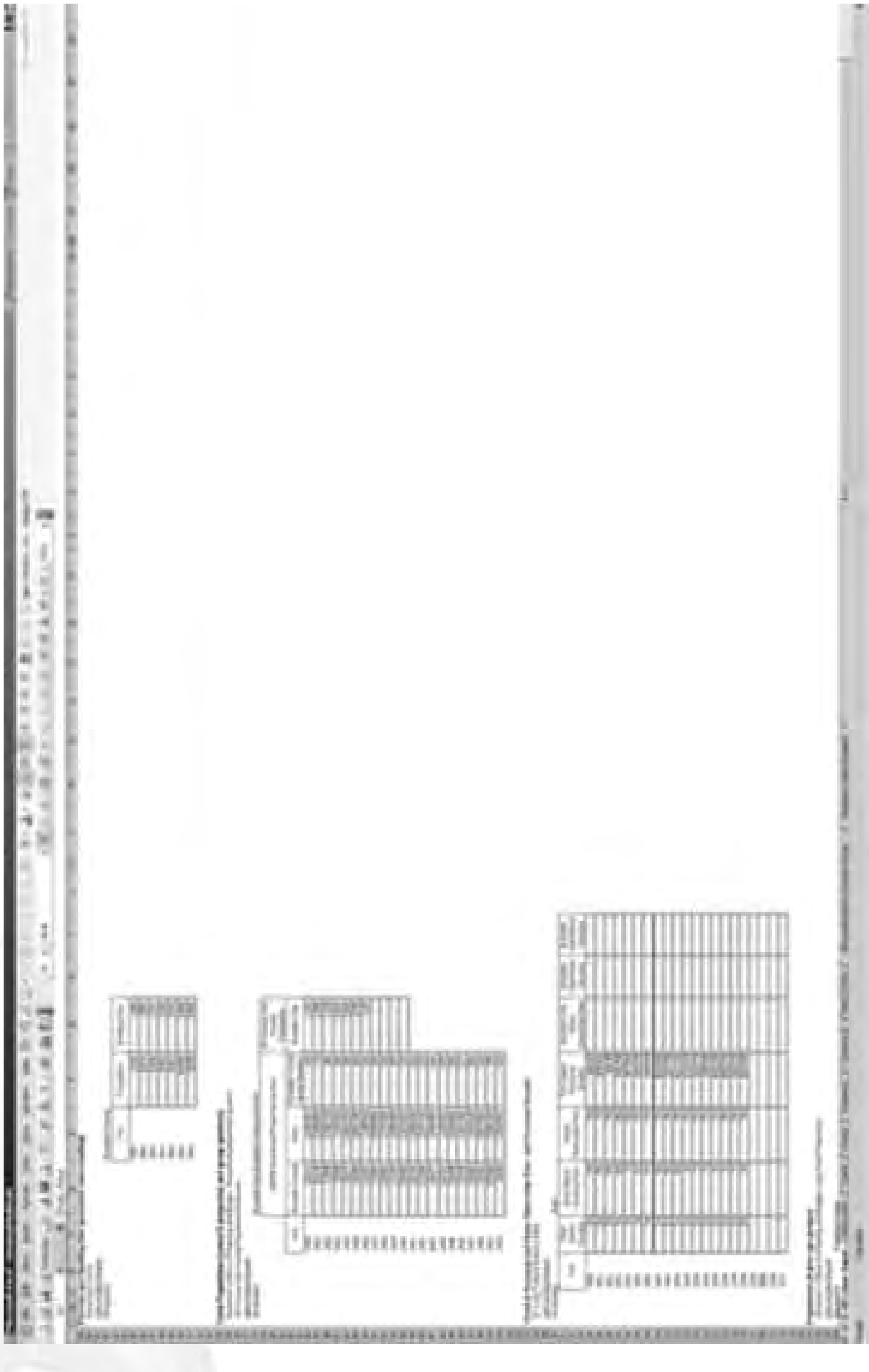


Figure 3

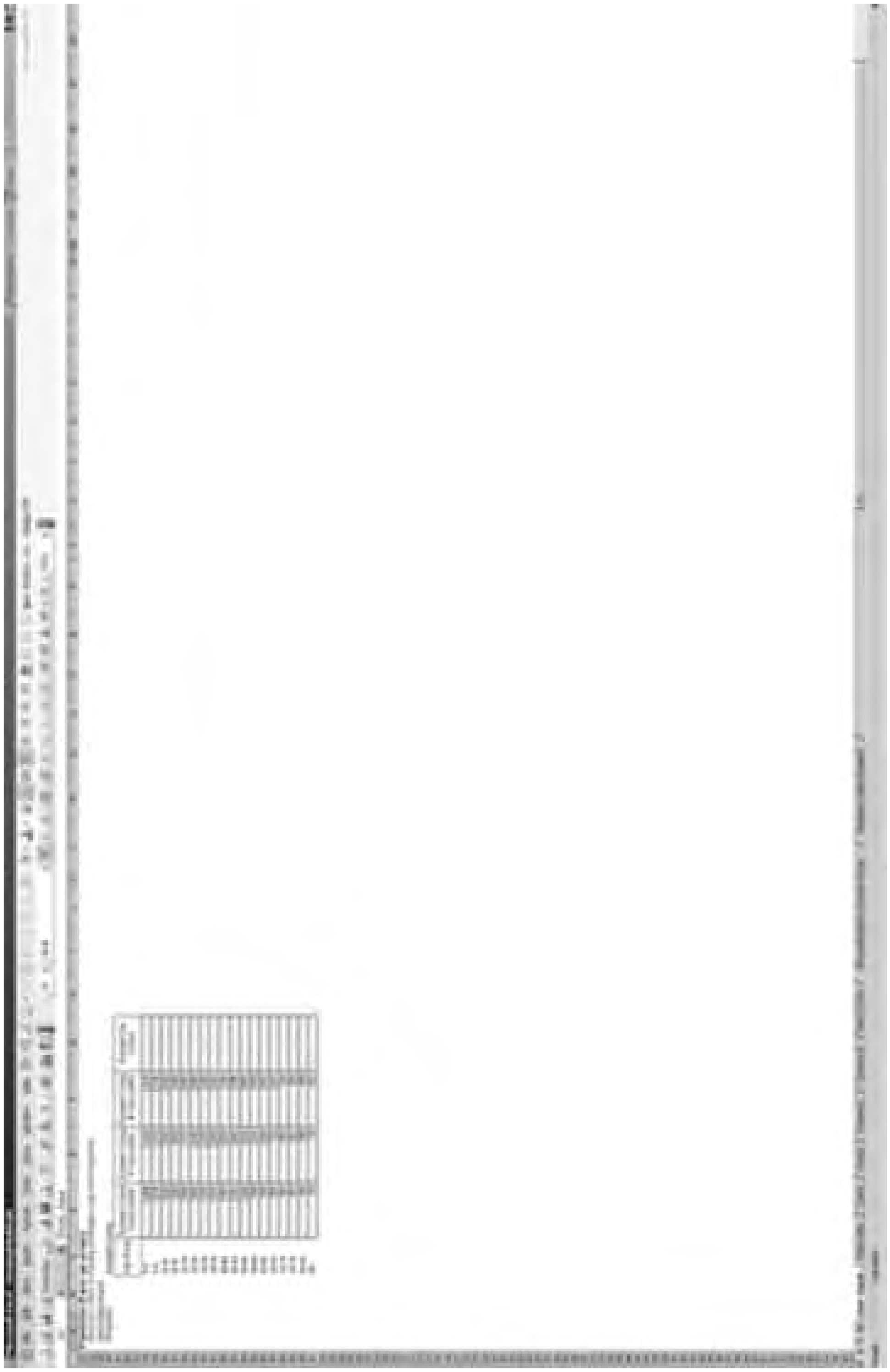


Figure 4

Figure 5

Figure 6

Figure 7

Figure 8

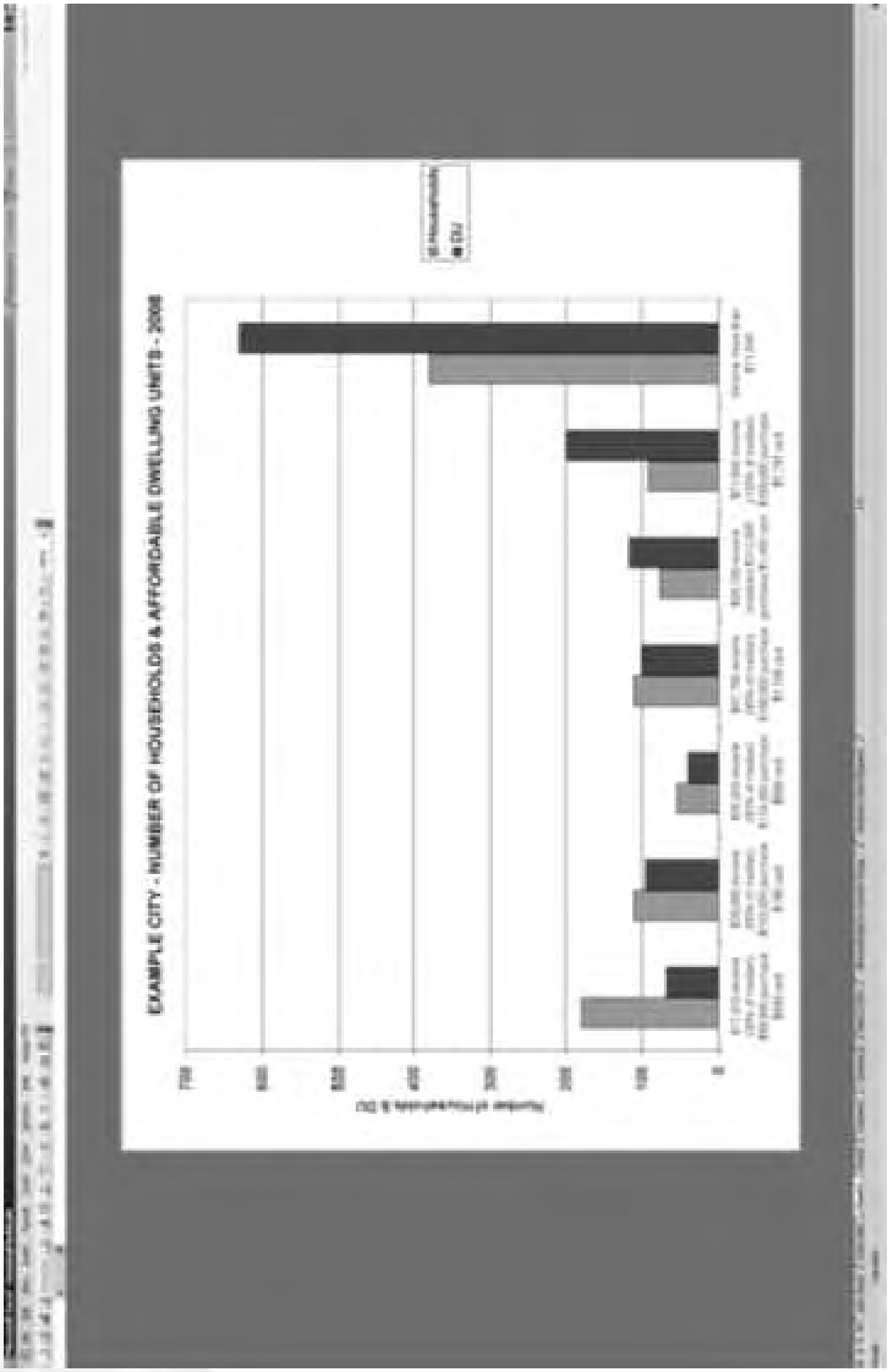


Figure 9
The blue column shows number of households. Red columns show number of dwelling units. Where the blue column is taller, it indicates an affordable housing shortage.

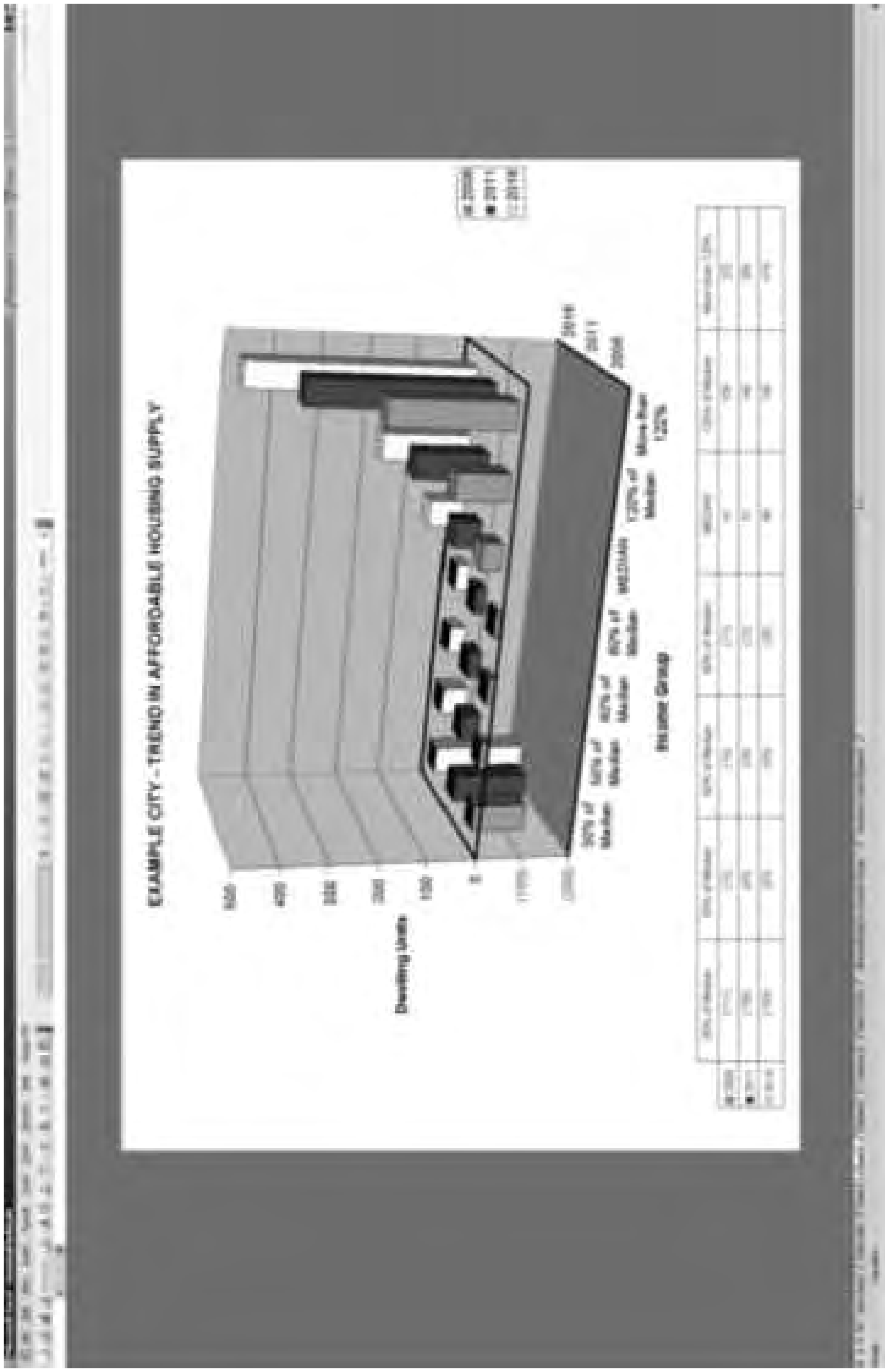


Figure 10
Negative numbers – an affordable housing shortage – are shown by columns which point downward, in the region of red, or negative dwelling unit counts.

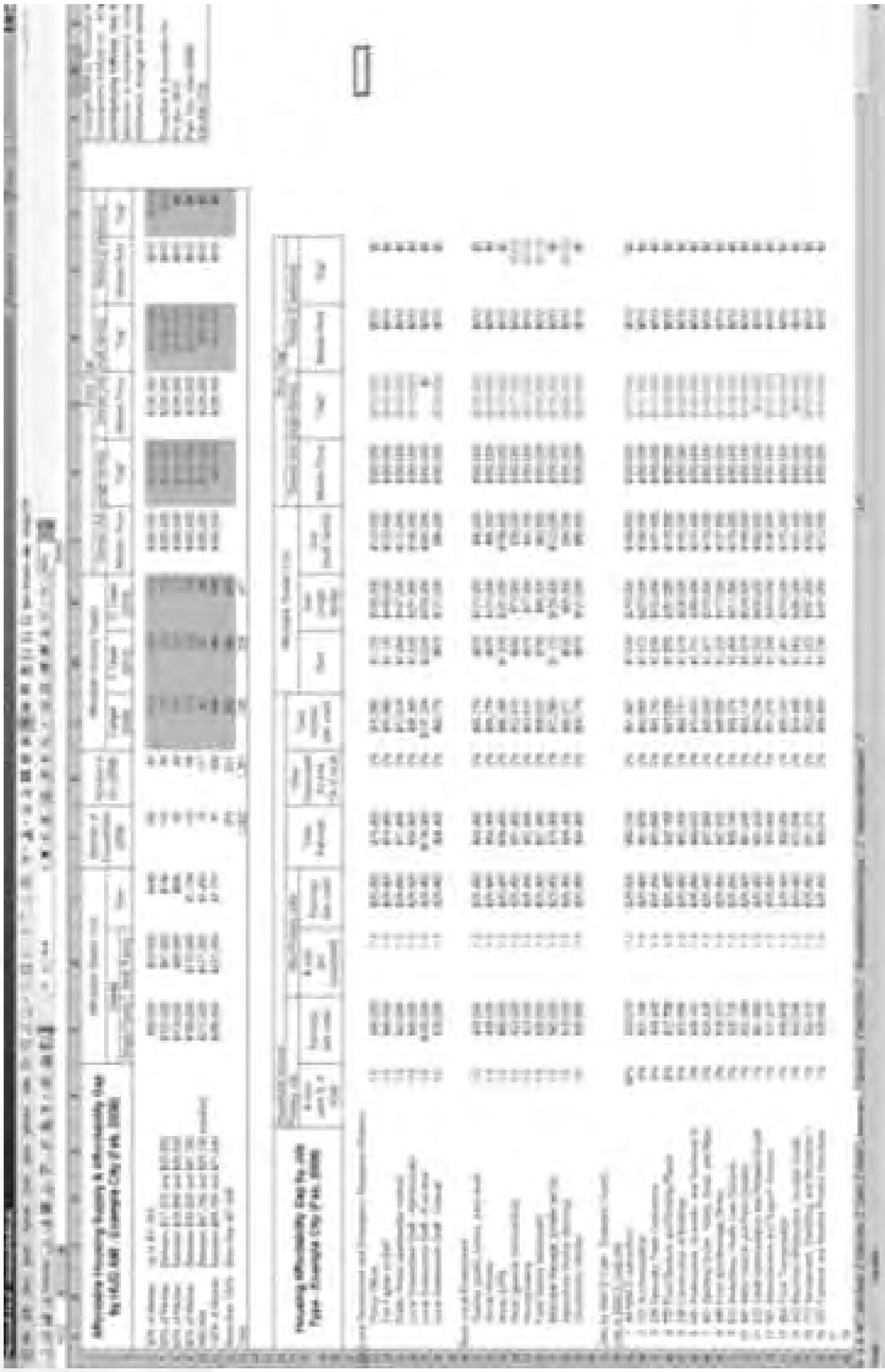


Figure 11
This page shows two different ways to assess housing affordability – in terms of the net number of affordable units (surplus or deficit), and in terms of the price gap (a comparison of buying power against the median priced home). Both of these are discussed beginning on page 82.

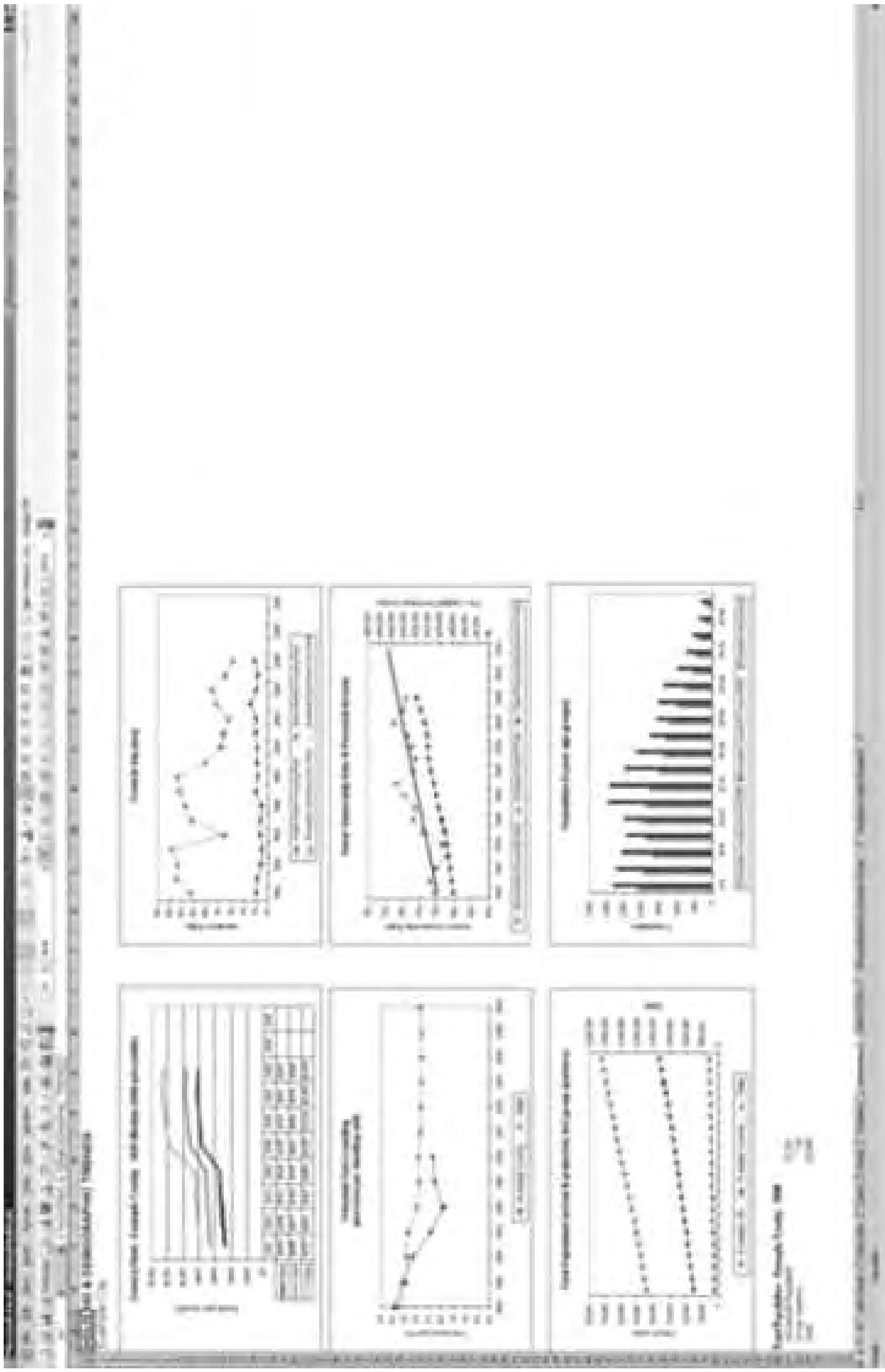


Figure 12
Only 3 of the 5 graphs are updatable given the data sources available to support this component of the analysis – Trend in Rent, Trend in Vacancy and Home Ownership Rate & Personal Income.

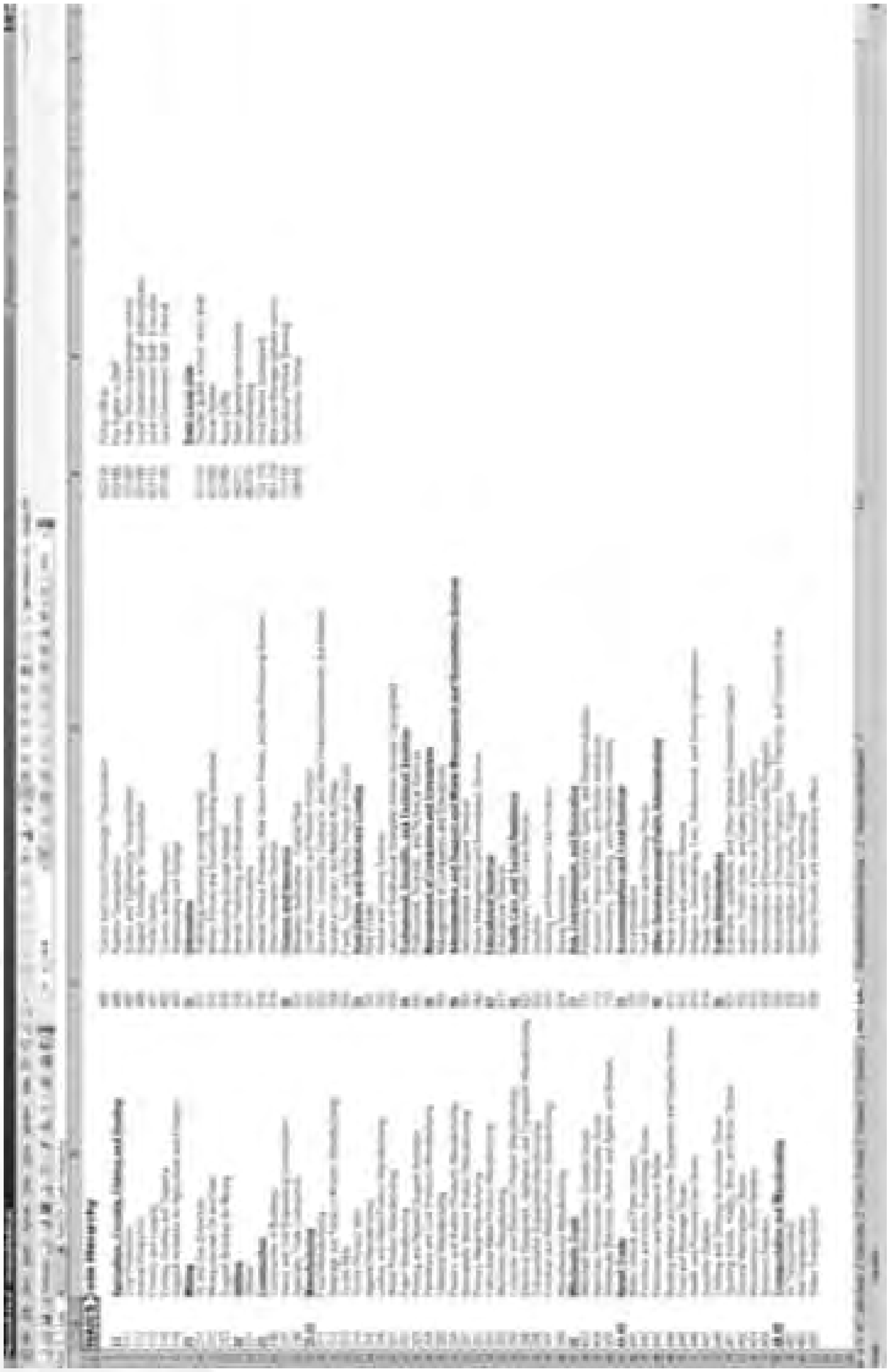


Figure 13

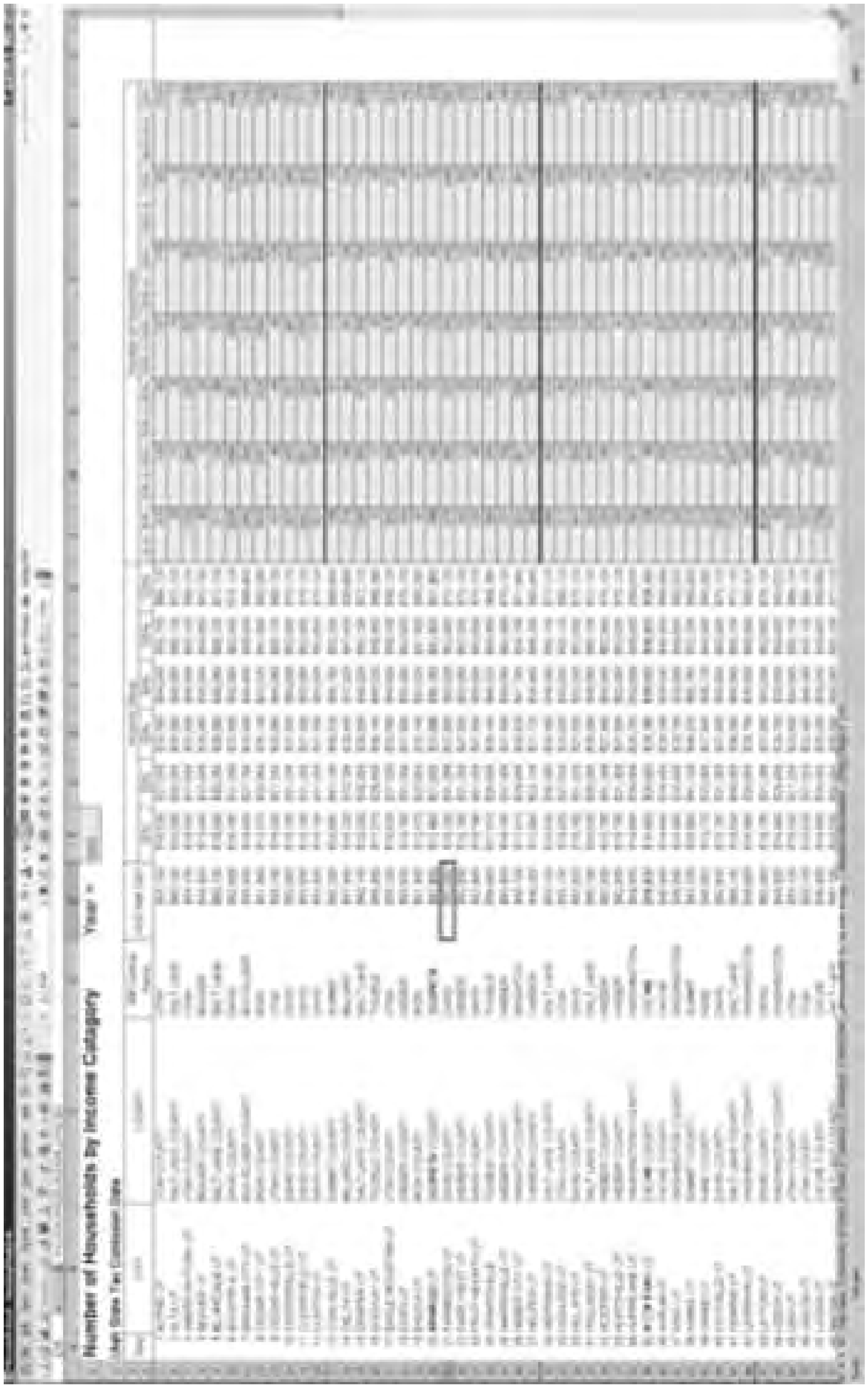


Figure 14
Number of households by locale (city or county) is from the Utah State Tax Commission. Data for 2006 is the most current available, and is suitable for current and future affordable housing analyses. (This table will be updated periodically, with new copies made available on the Utah Workforce Housing Initiative website.)

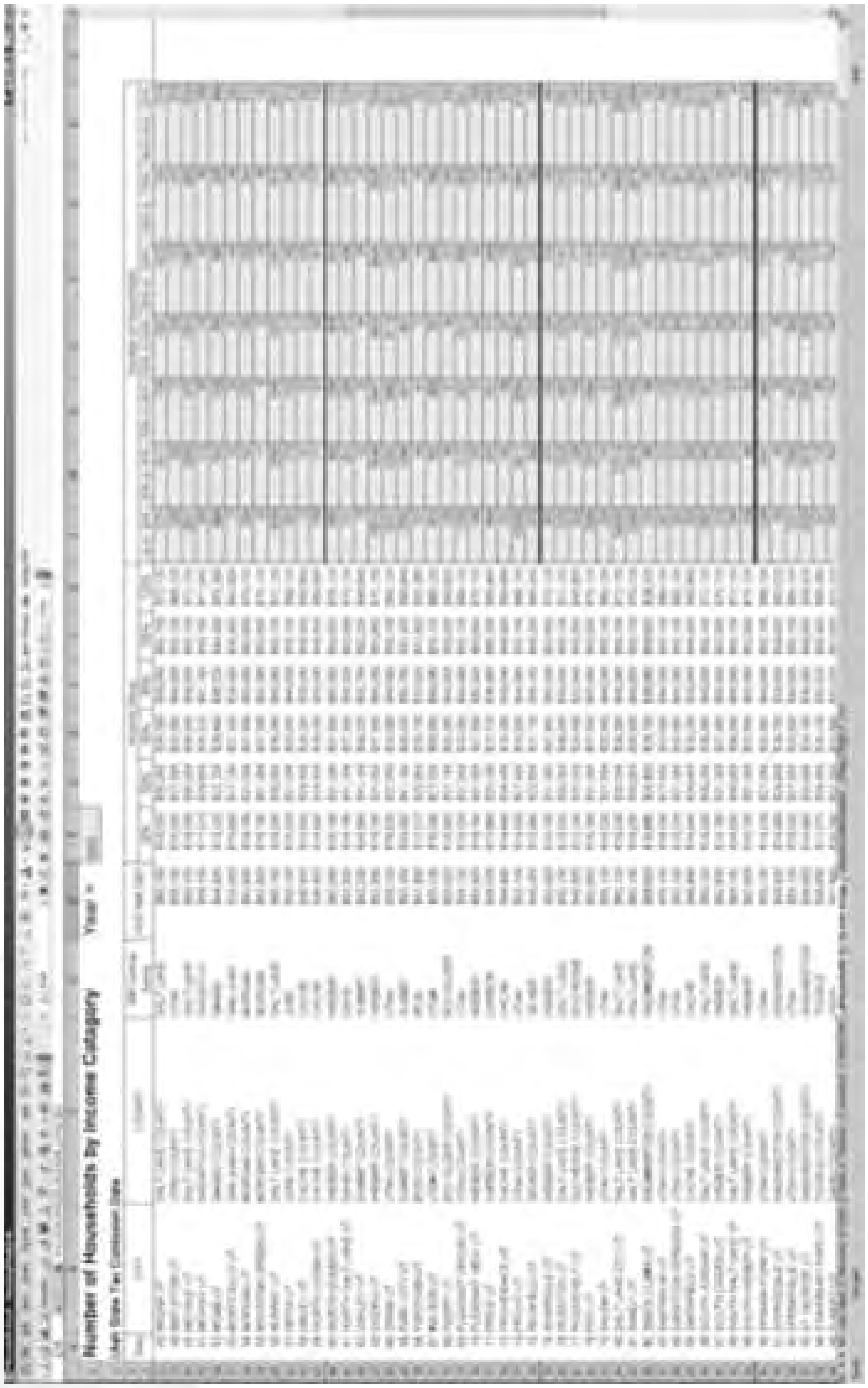


Figure 15

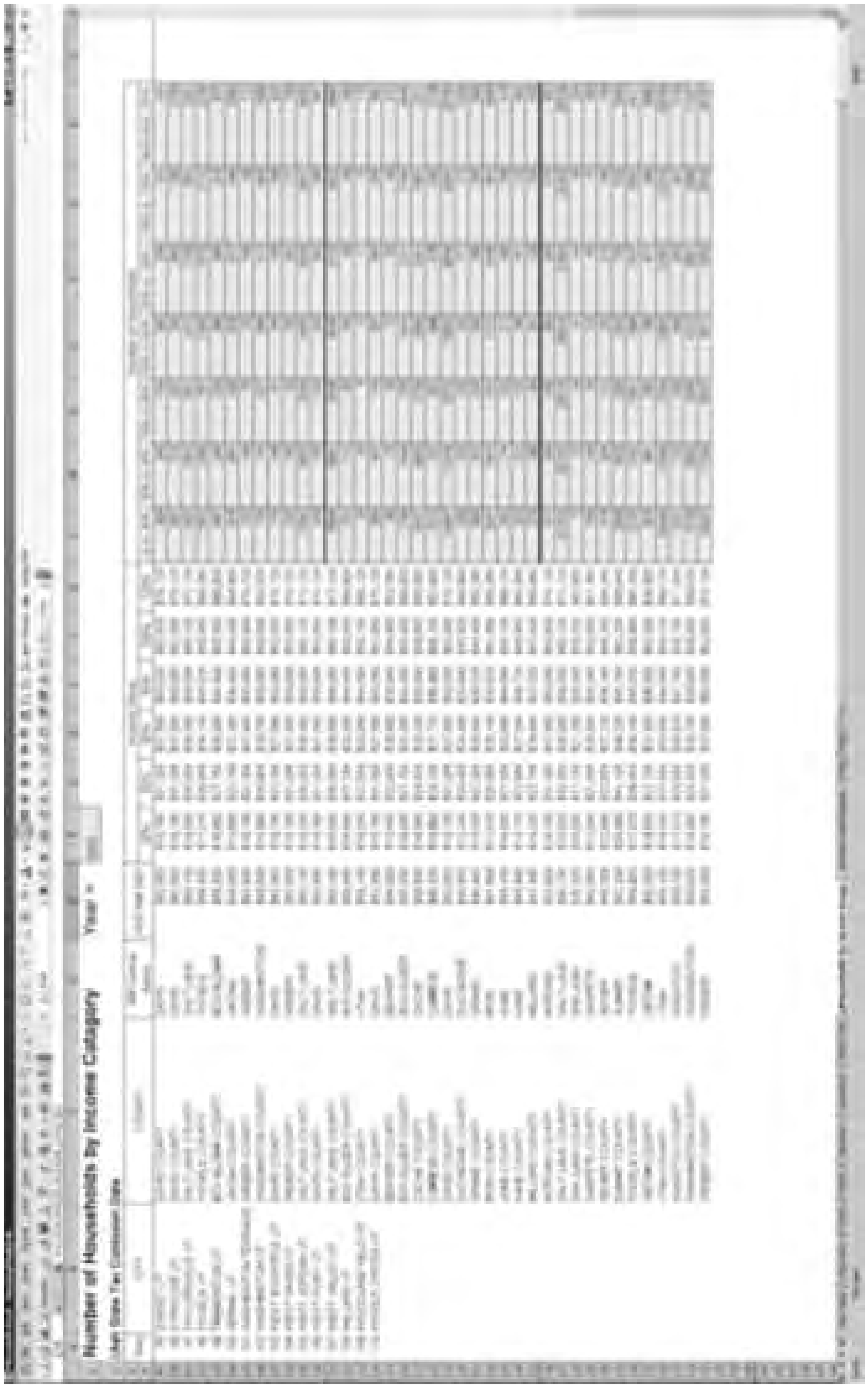


Figure 16

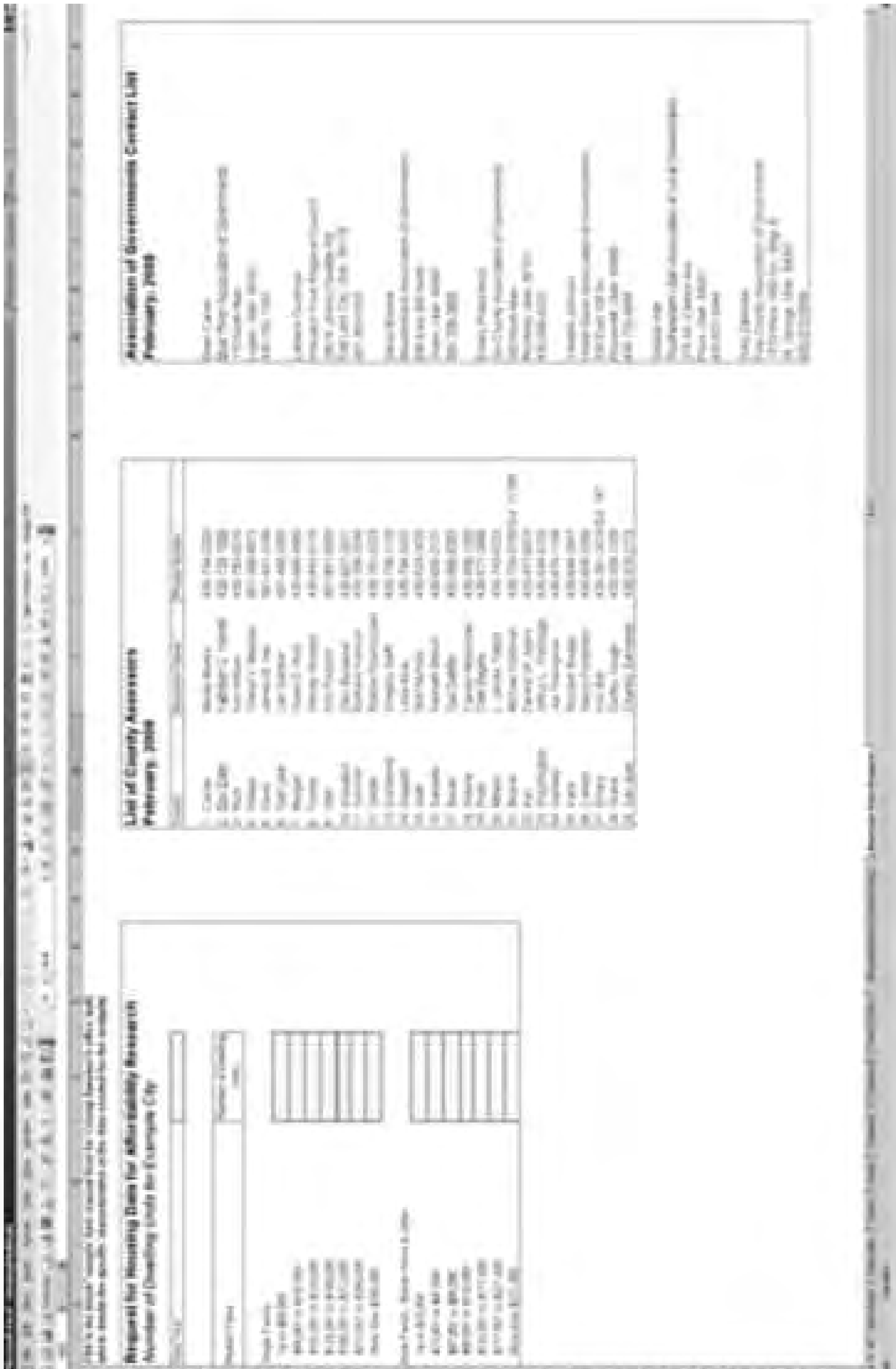


Figure 17
The County Assessor's Office is the best source for accurate housing stock value. The form on the left side of this page will be useful, to begin discussions with the Assessor as to how best to obtain this information.

CHAPTER 3: SCREENSHOTS OF INTERNET DATA SOURCES

Screenshots in the sections that follow show the sequence of web links, followed to obtain data for each of the user input sections for which internet sources are specified. (With few exceptions, most of the information required for the *User Input* page of the model is obtained from the internet.)

Web links are current as of March 2008. They will certainly be outdated over time. Check our website for updates to these links, which we will post as new information becomes available, and feel free to contact us for assistance.

HUD MEDIAN INCOME BY COUNTY

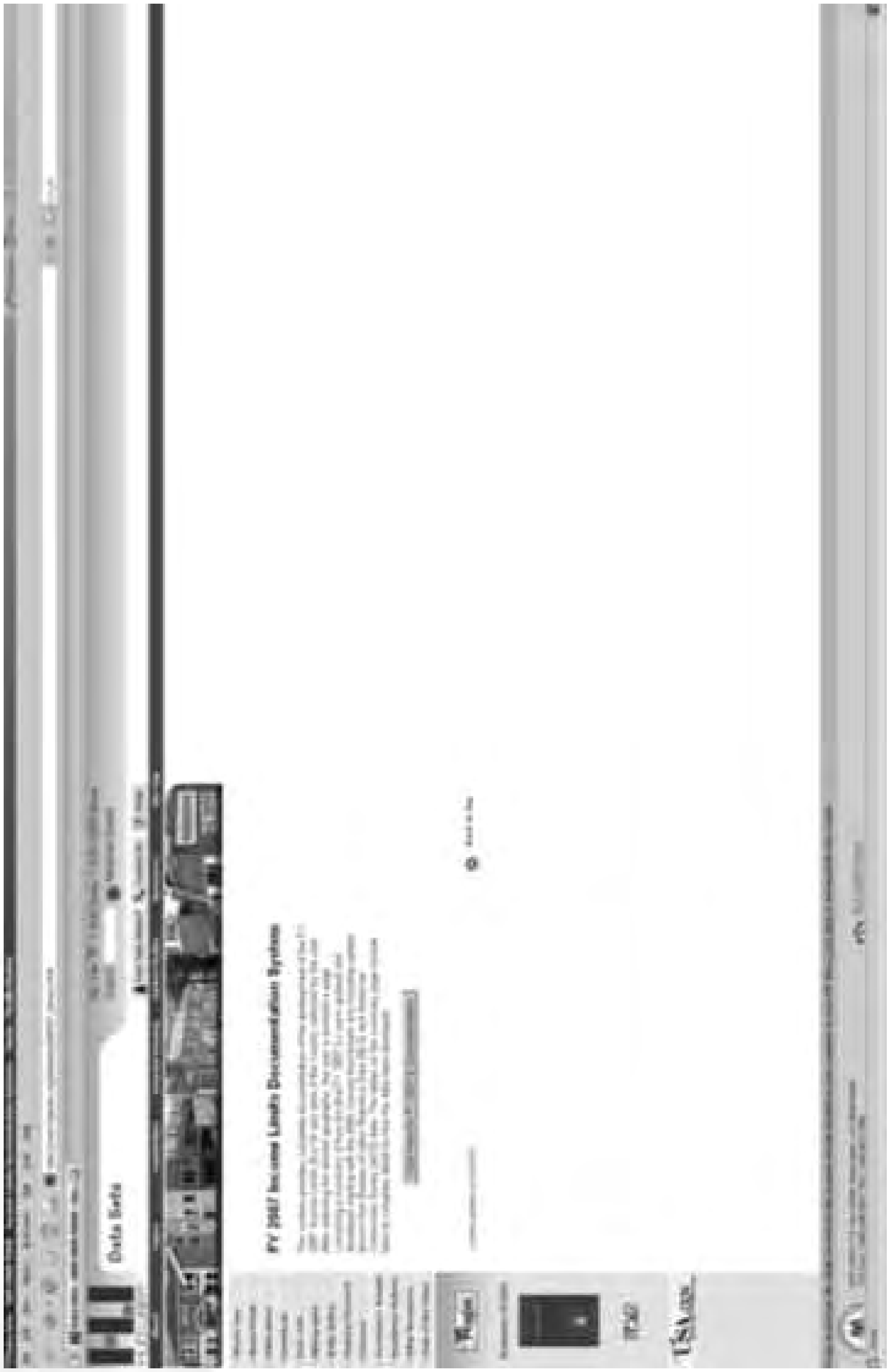


Figure 18
Select Click Here

Figure 19
Select state as "Utah" and click Select State. (Ignore HMFA income Limits Area.)

Figure 20
Select your County name and click Select County.

Figure 21
Median income for your County will be shown as above.

NUMBER OF JOBS PER WORKER

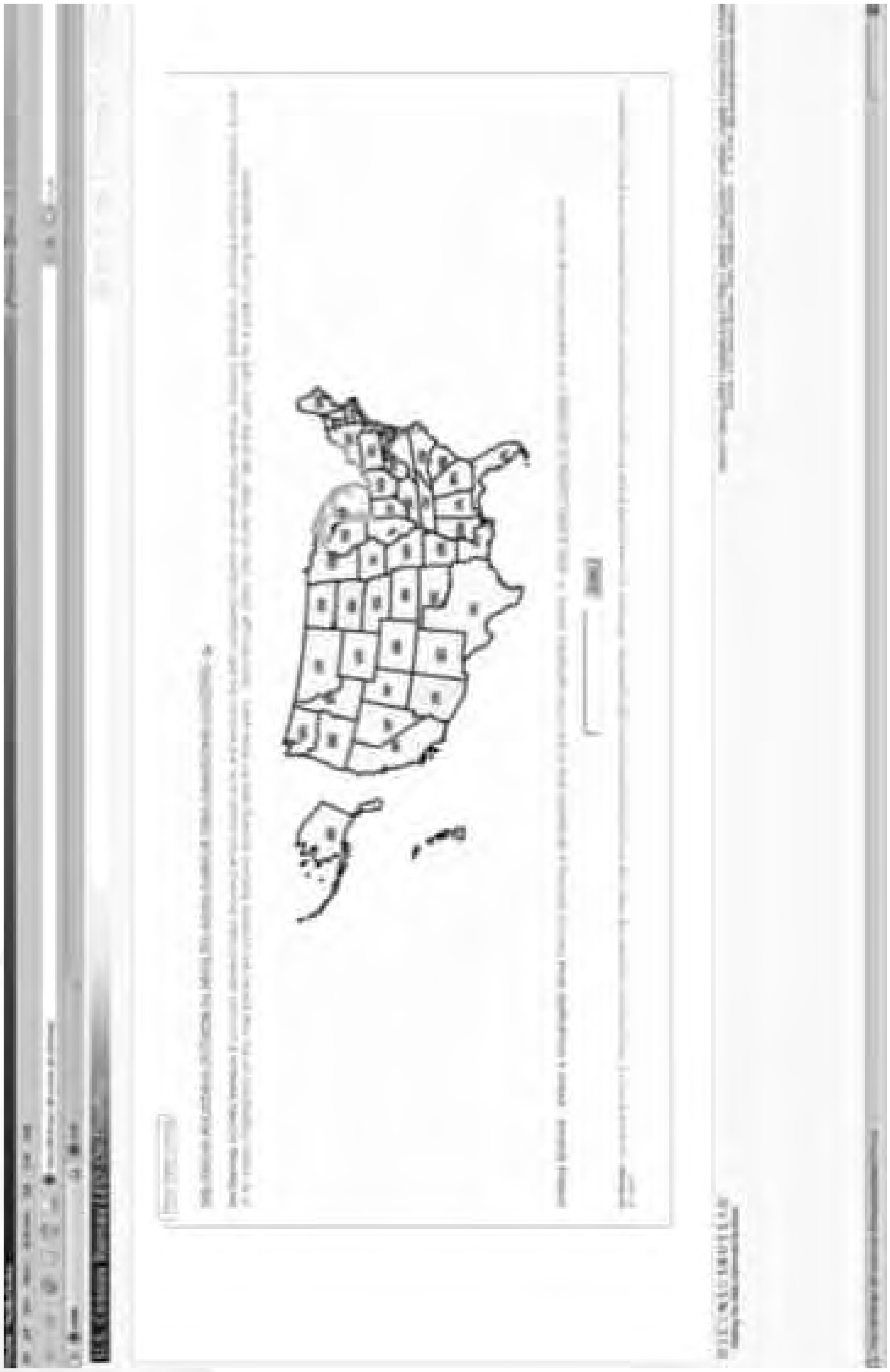


Figure 22
Select Text-based tool (upper right of the web page).

Figure 23
Enter your County name.

Figure 24
Click on your County name

Figure 25
Select parameters as shown above and click Get Report Parameters are as follows – Year=2004, Job Type=All Primary, Live or Work=Labor Shed, Report Type=Area Profile Report, Format=HTML.

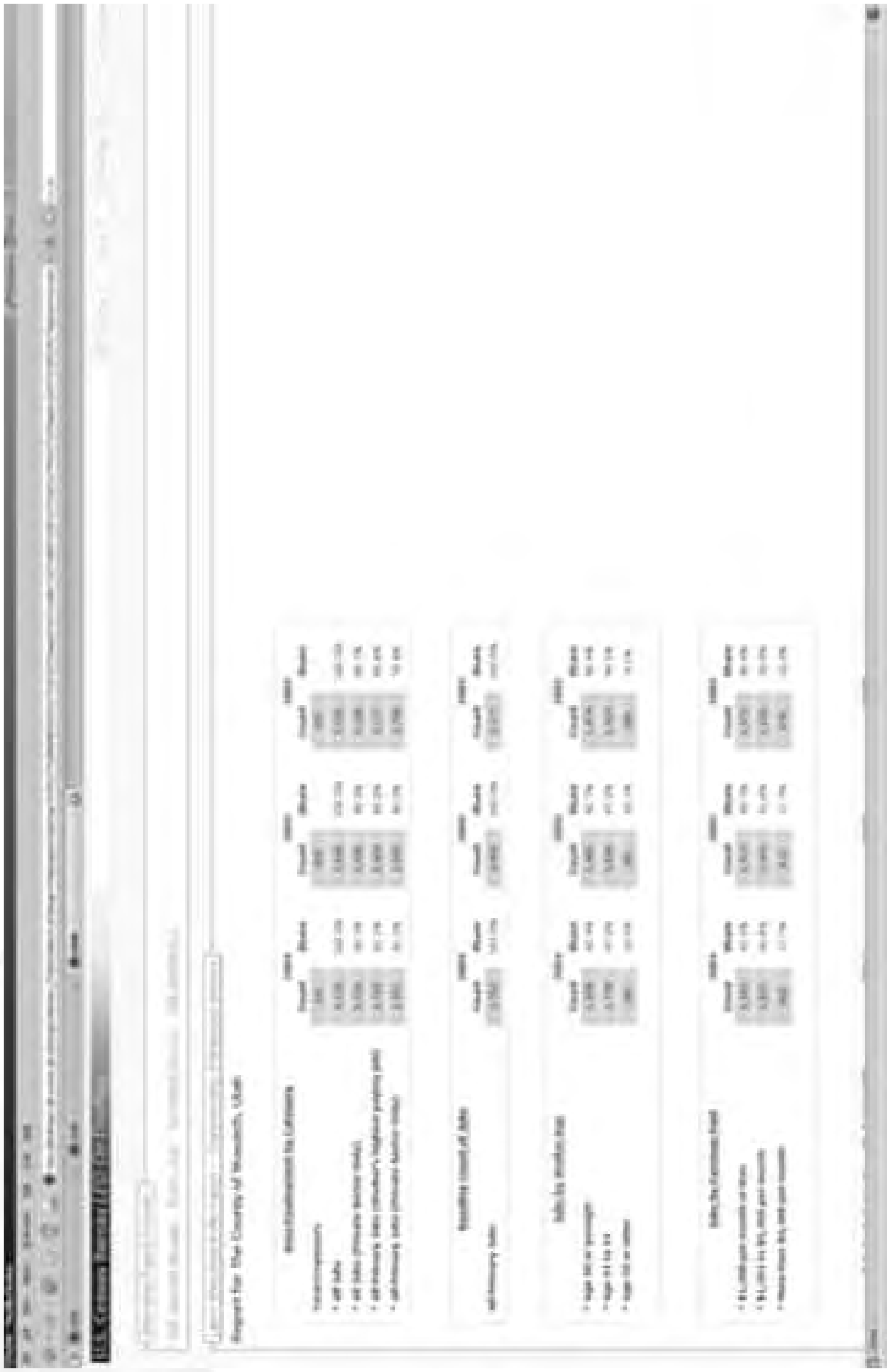


Figure 26
Total jobs and number of primary jobs for your County will be shown, as above.

CENSUS 2000 – SUMMARY FILE 3 (VARIOUS TABLES)

Figure 27
Access the page shown above by clicking the link on the Data Links page of the model, for Census 2000 – SF3. Select "Census 2000 Summary File 3 (SF 3) - Sample Data" and then "Detailed Tables."

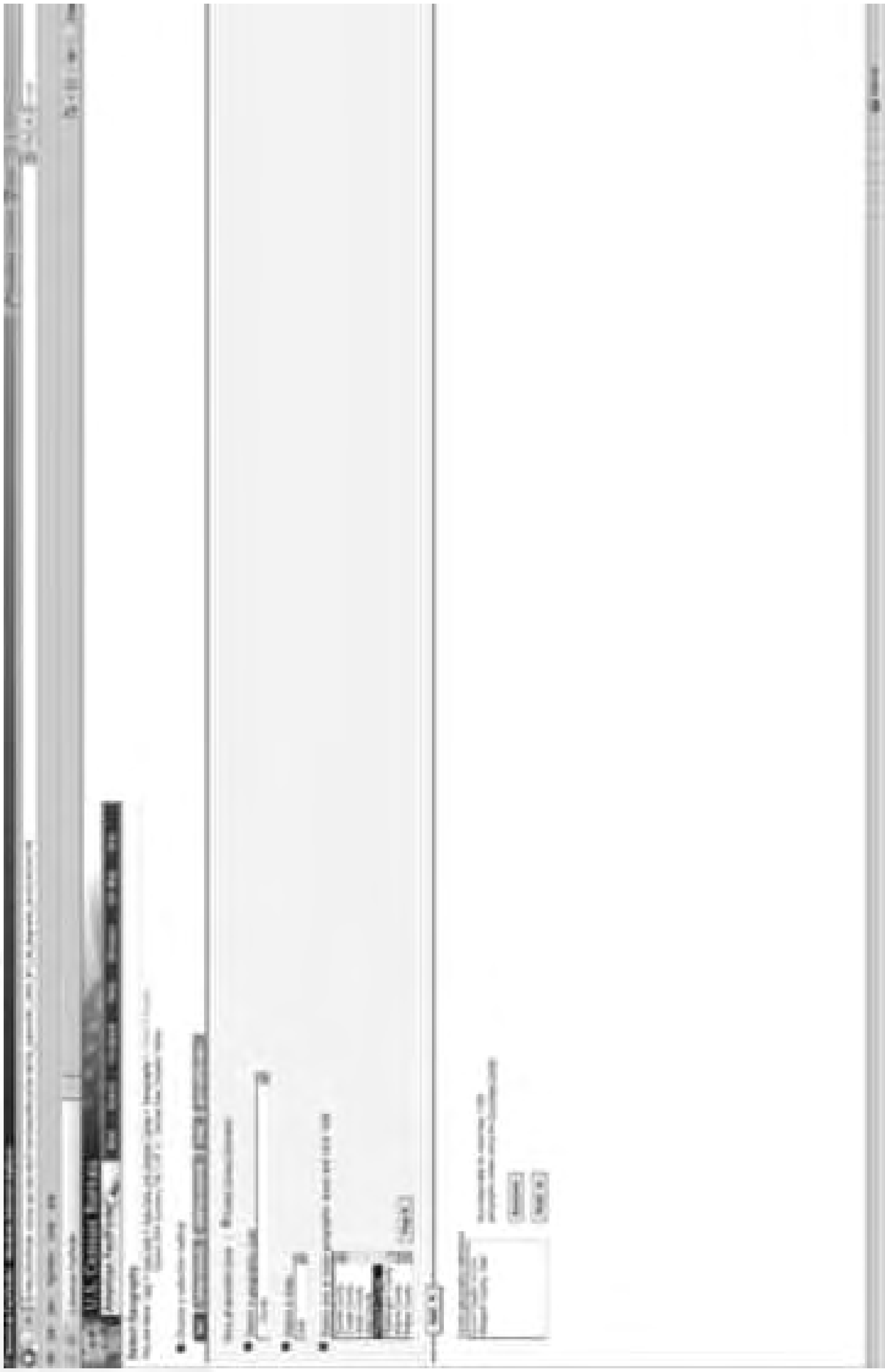


Figure 28
Select parameters as shown above and click Next. Parameters are as follows – geographic type = County, state=Utah, select one or more geographic areas=your county name.

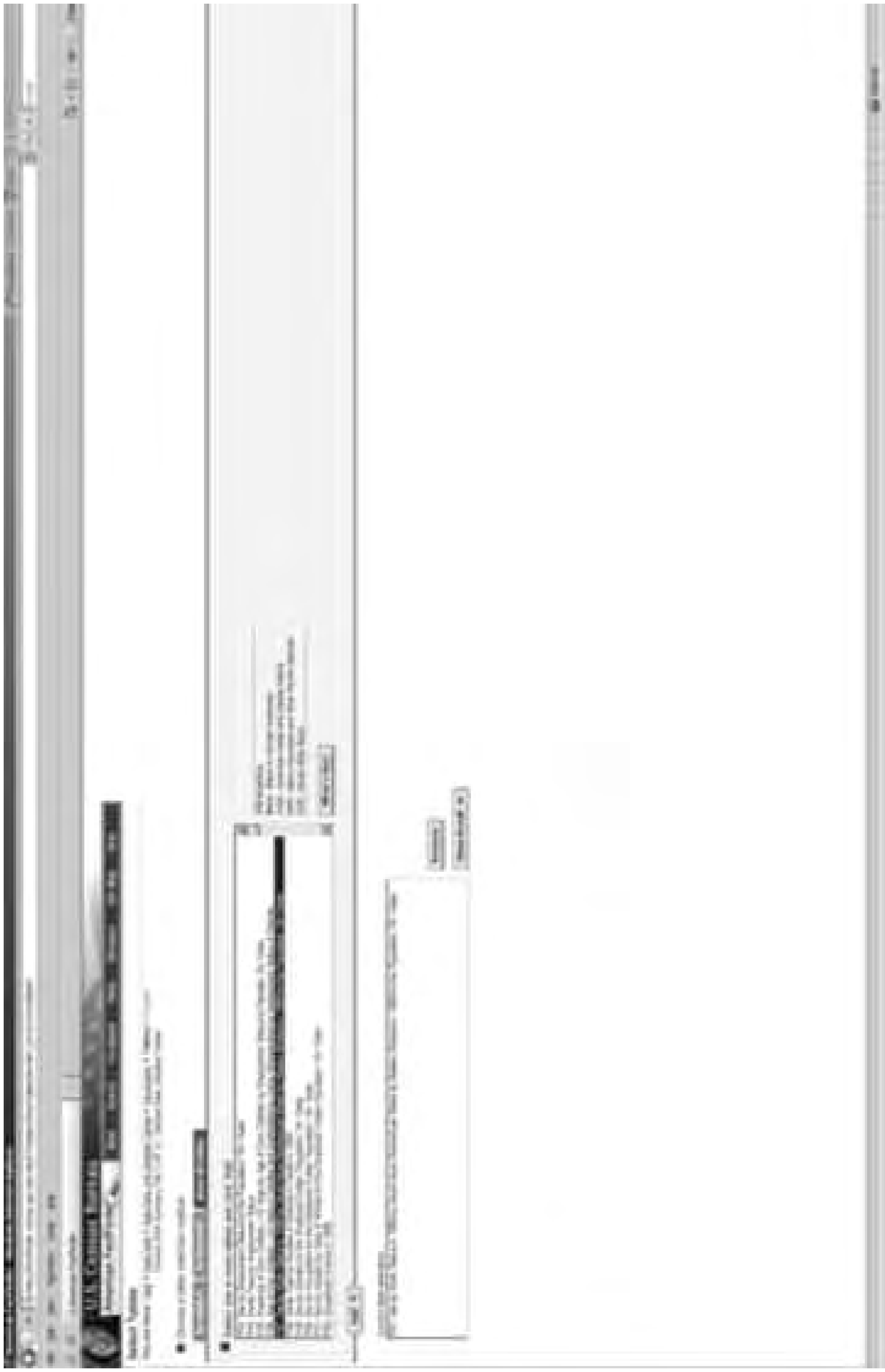


Figure 29
Double Click on table names, and then click Show Result. Table numbers needed for the analysis are shown on the User Input page of the model (in the section titled "Workers per Household" and Estimated number of Workers 21+").

Figure 30
Data for your county will be shown, as above.

Figure 31
Select Click Here to begin the query.

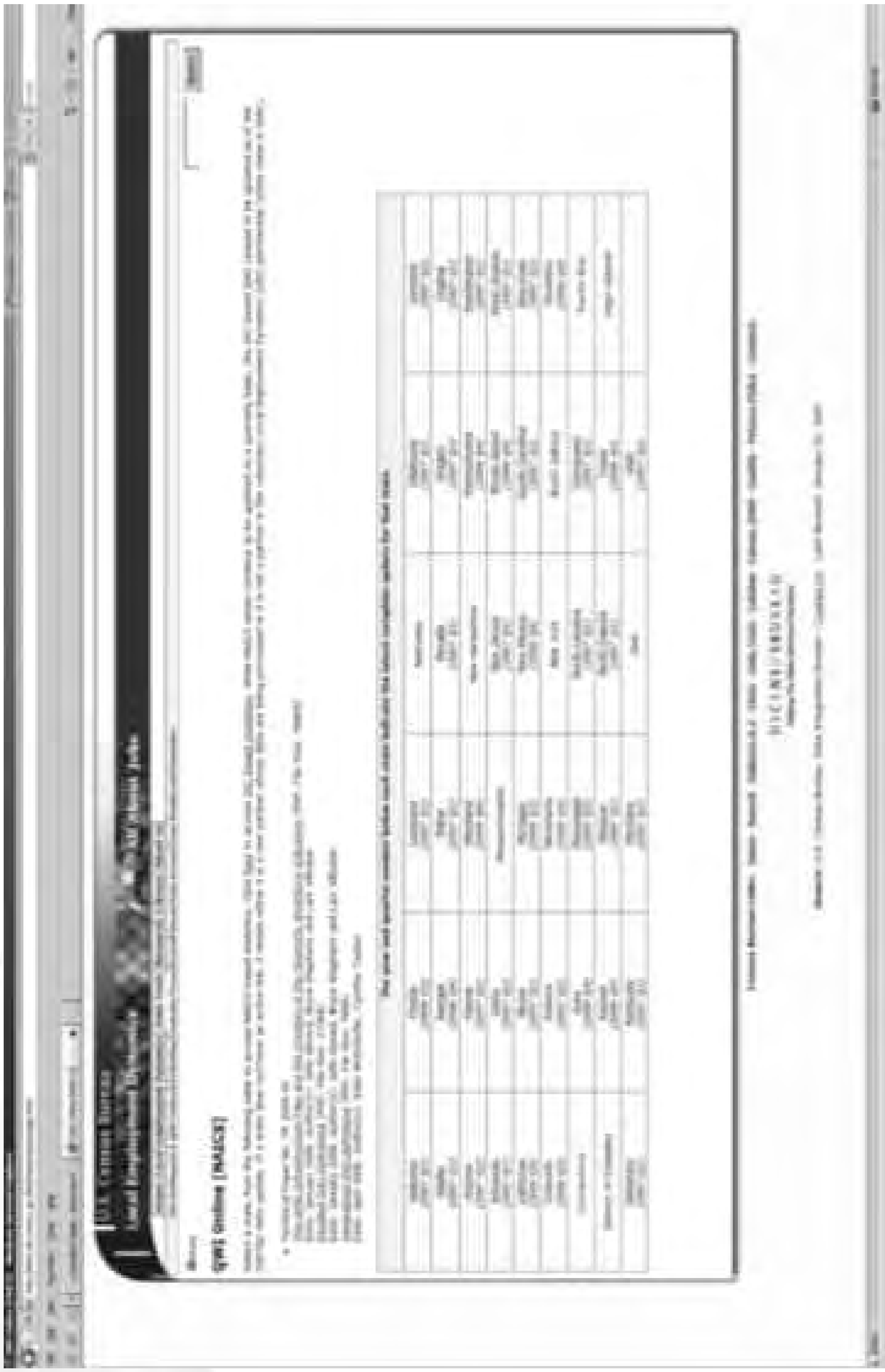


Figure 32
Click on "Utah."

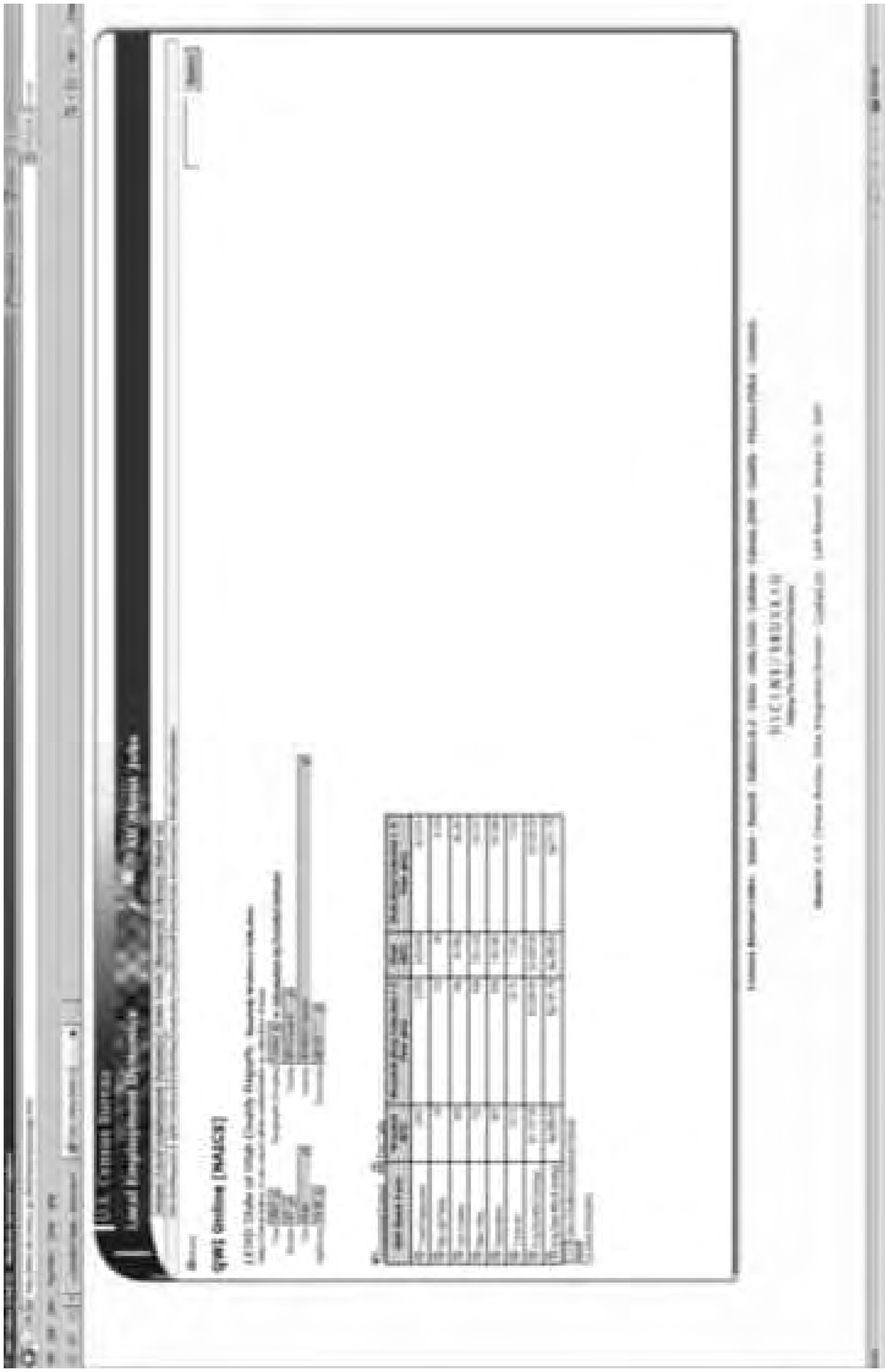


Figure 33
Data is shown for either male or female. Select "Male" and record average monthly earnings for Q1, and then select "Female" and record monthly earnings. Parameters are as follows –Year=most recent available, Quarter =Q1, Sex=Male or Female, Age Group=14-99, Geography=County, County=your county name, Industry = All NAICS Sectors, ownership=All.

HOUSEHOLD SIZE BY COUNTY

Figure 34
Click on "Household Projections by Area."

Figure 35
At this prompt select either option, as desired. This will open (or save) the spreadsheet shown on the following page.

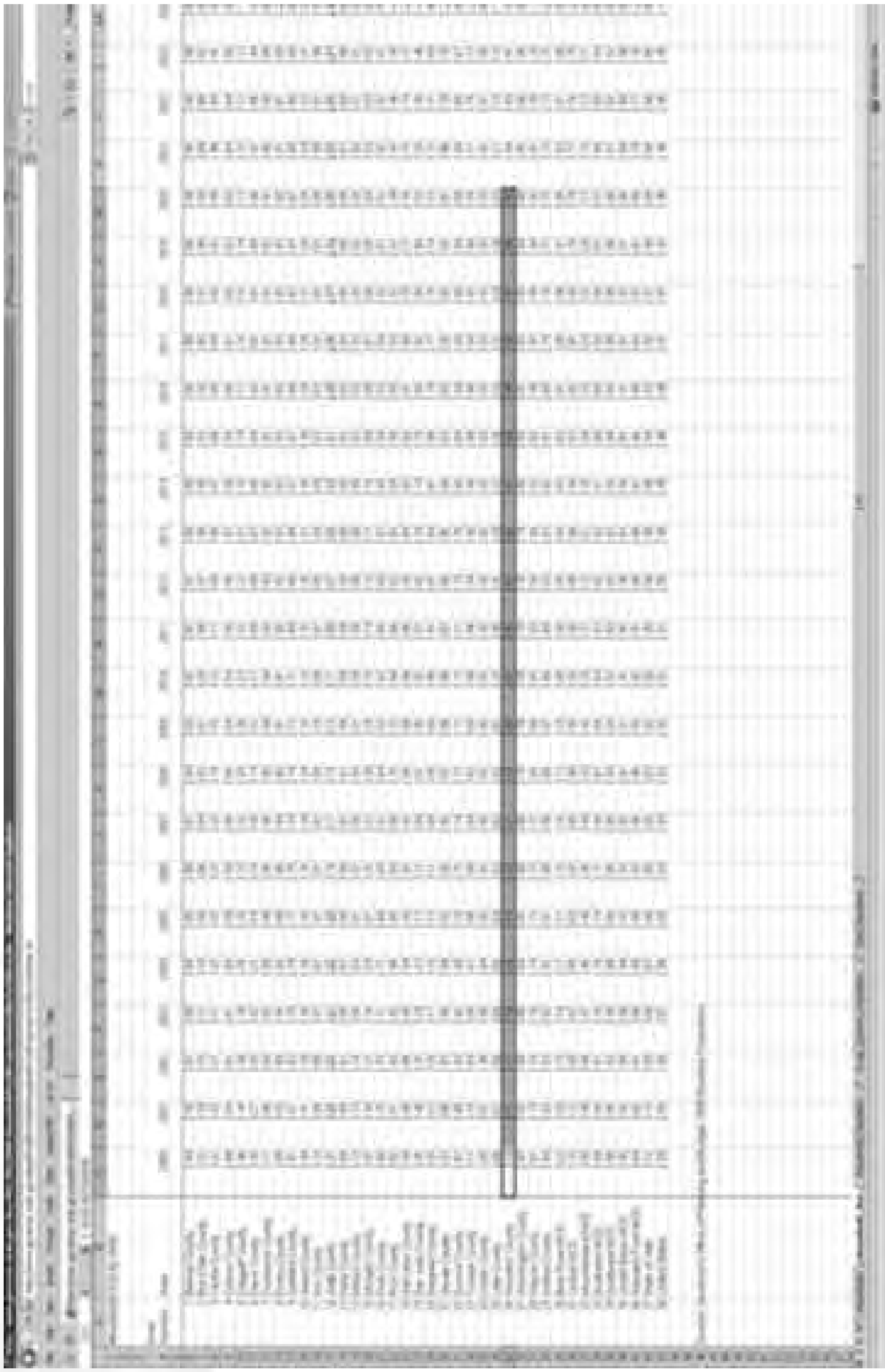


Figure 36
Select the Household Size tab of the workbook and record household size for your county. This is used for the User Input section "Number of Households."

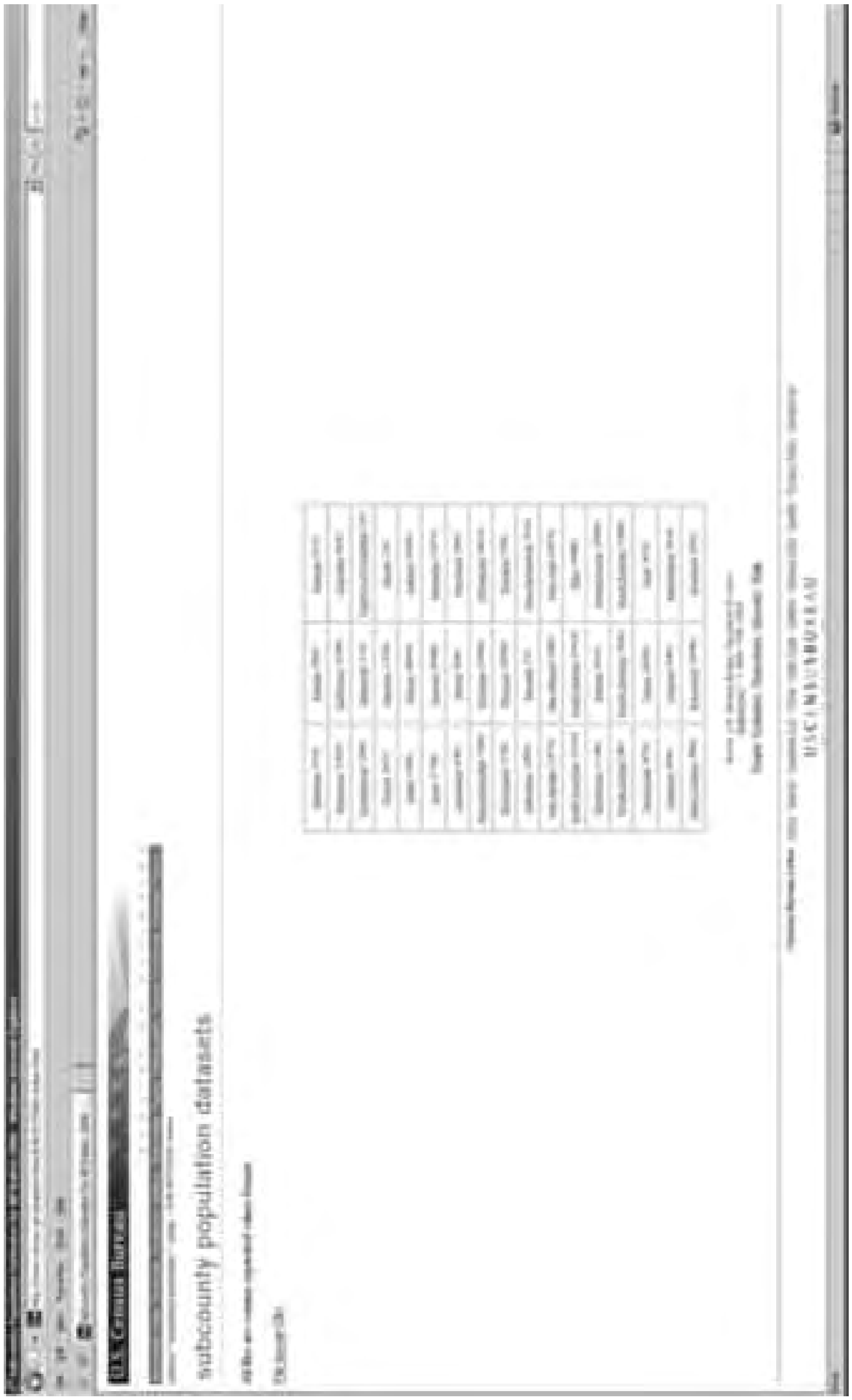


Figure 37
Click on Utah. This will open a text file, as shown on page at right.

Figure 38
On your browser, Click on File| Save Page As. Save type is "Text Document."
Save the file in a known location so that you can retrieve it.

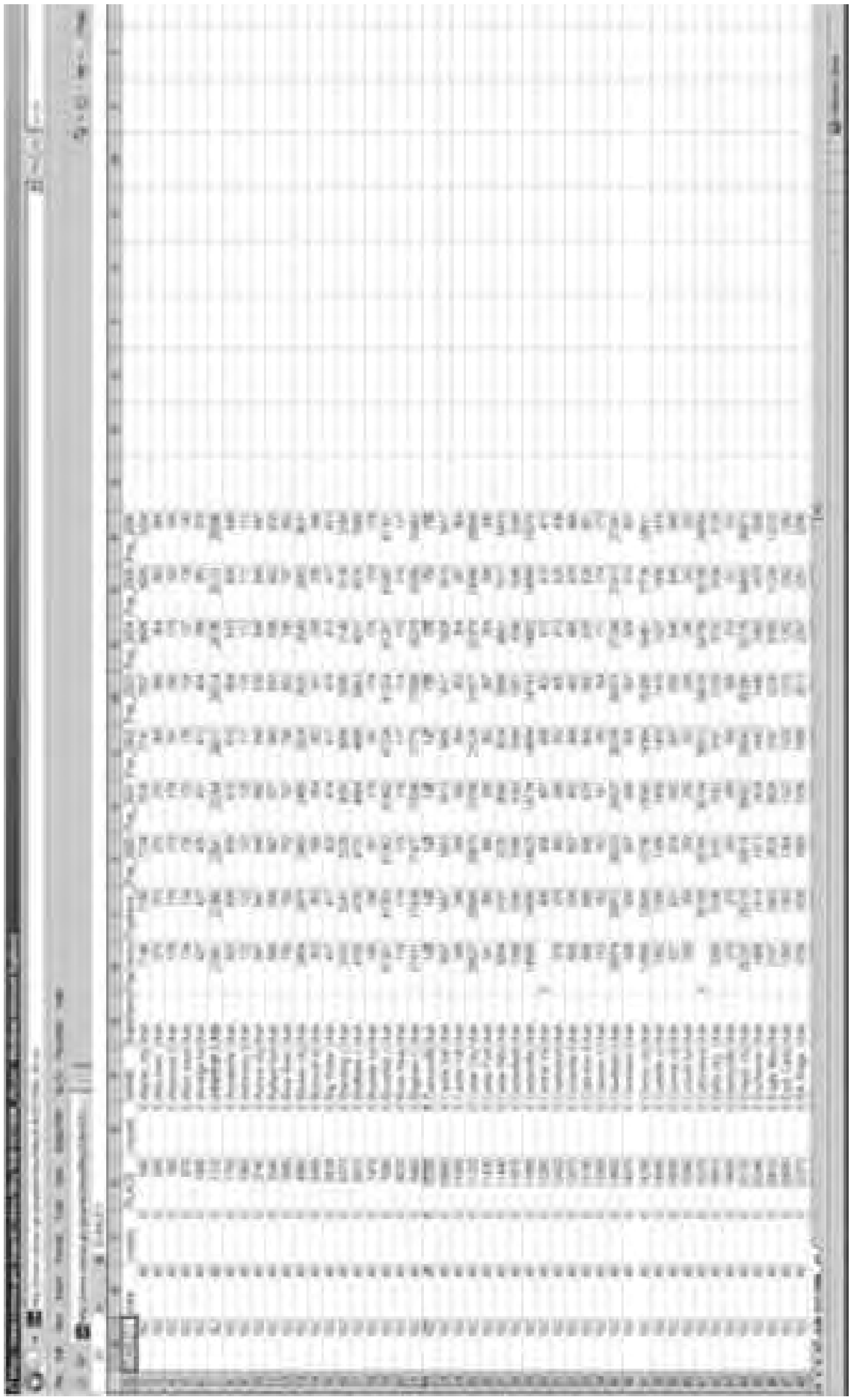


Figure 39
Open the text file from Figure 39 in Microsoft Excel. The file will look as shown above. Select population for the most recent year for your study area (city or county). If the analysis is based on 2007 data, for example, and most recent population is 2006, you should consider adjusting population upward, based on analysis of the growth trend (average% per year) shown above.

#HOUSEHOLDS BY INCOME – UTAH TAX COMMISSION SUMMARY DATA

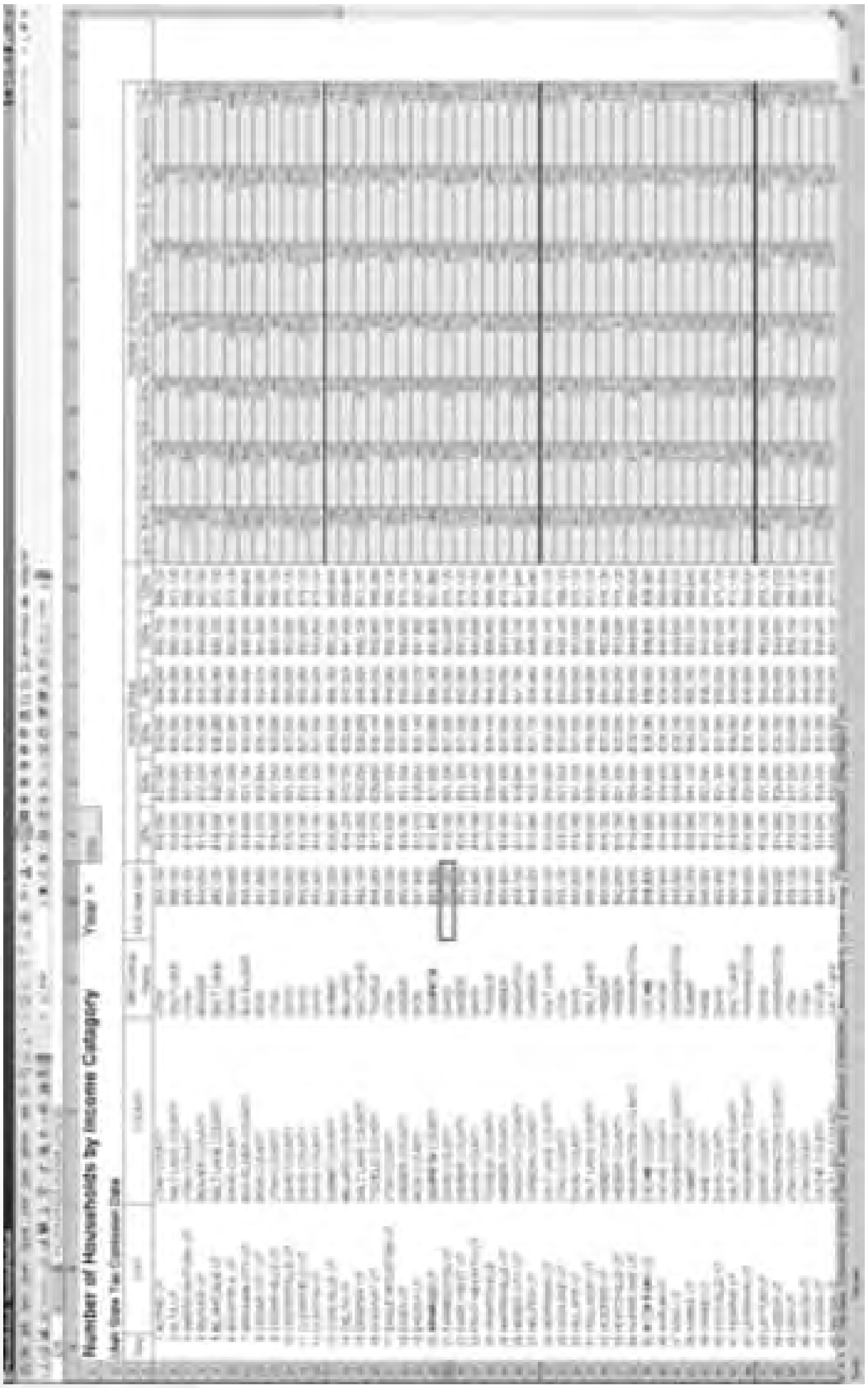

Number of Households by Income Category

Figure 40
Number of households by locale (city or county) is from the Utah State Tax Commission. Data for 2006 is the most current available, and is suitable for current and future affordable housing analyses. (This table will be updated periodically, with new copies made available on the Utah Workforce Housing Initiative website.)

HUD MEDIAN RENT (50TH PERCENTILE) BY COUNTY

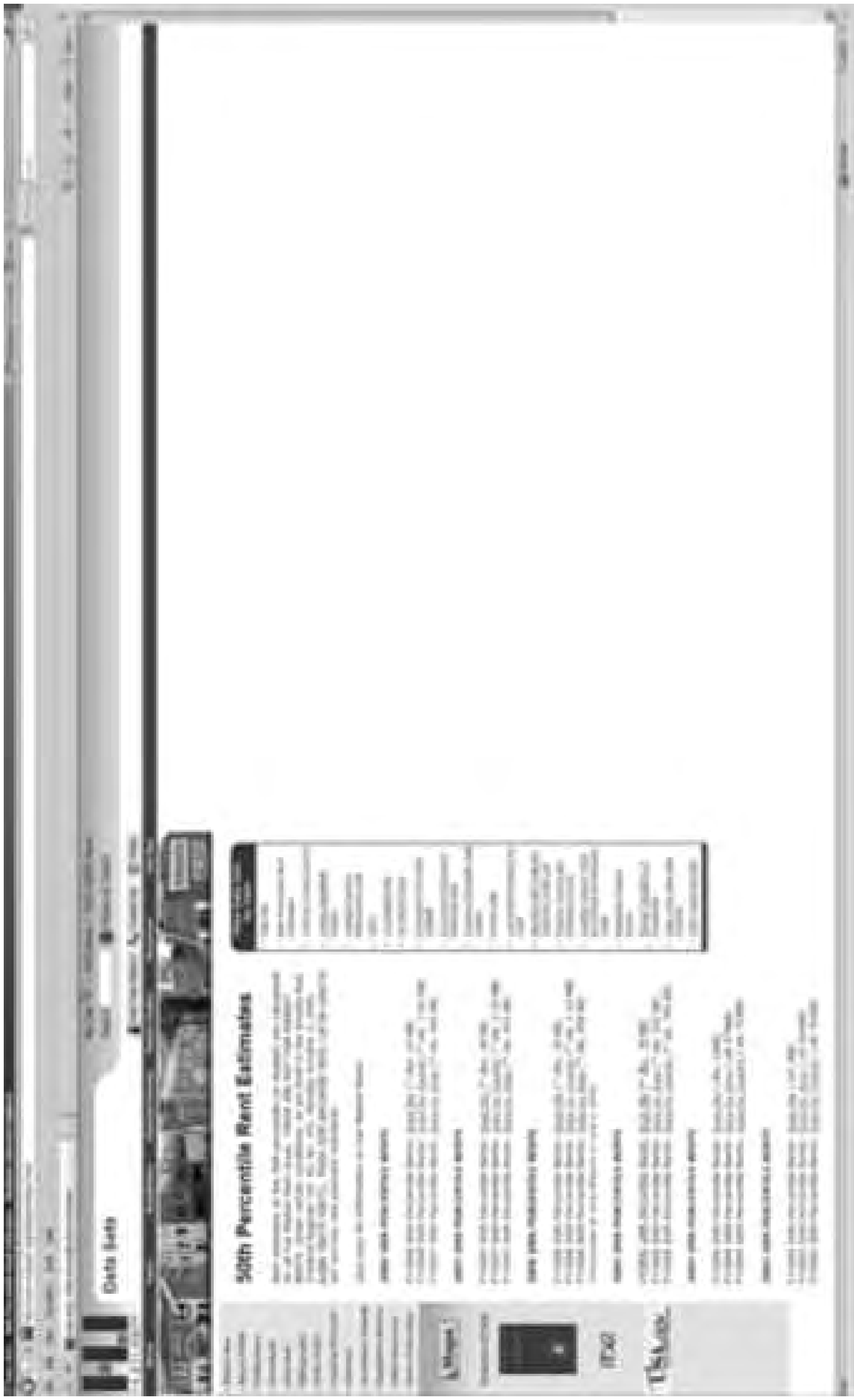


Figure 41
You will use rent for each year shown above, for two bedroom, three bedroom, and four bedroom units. Current year rent is used for the user input section "HUD Median Rent". Past year rents are used for the section "Trend in Rent." This example will be based on the year 2008. Click on "FY2008 50th Percentile Rents: Data by County (.xls, 1.03 MB)." At the prompt click on either "open" or "save" as you prefer. This will open the spreadsheet shown on page at right.*

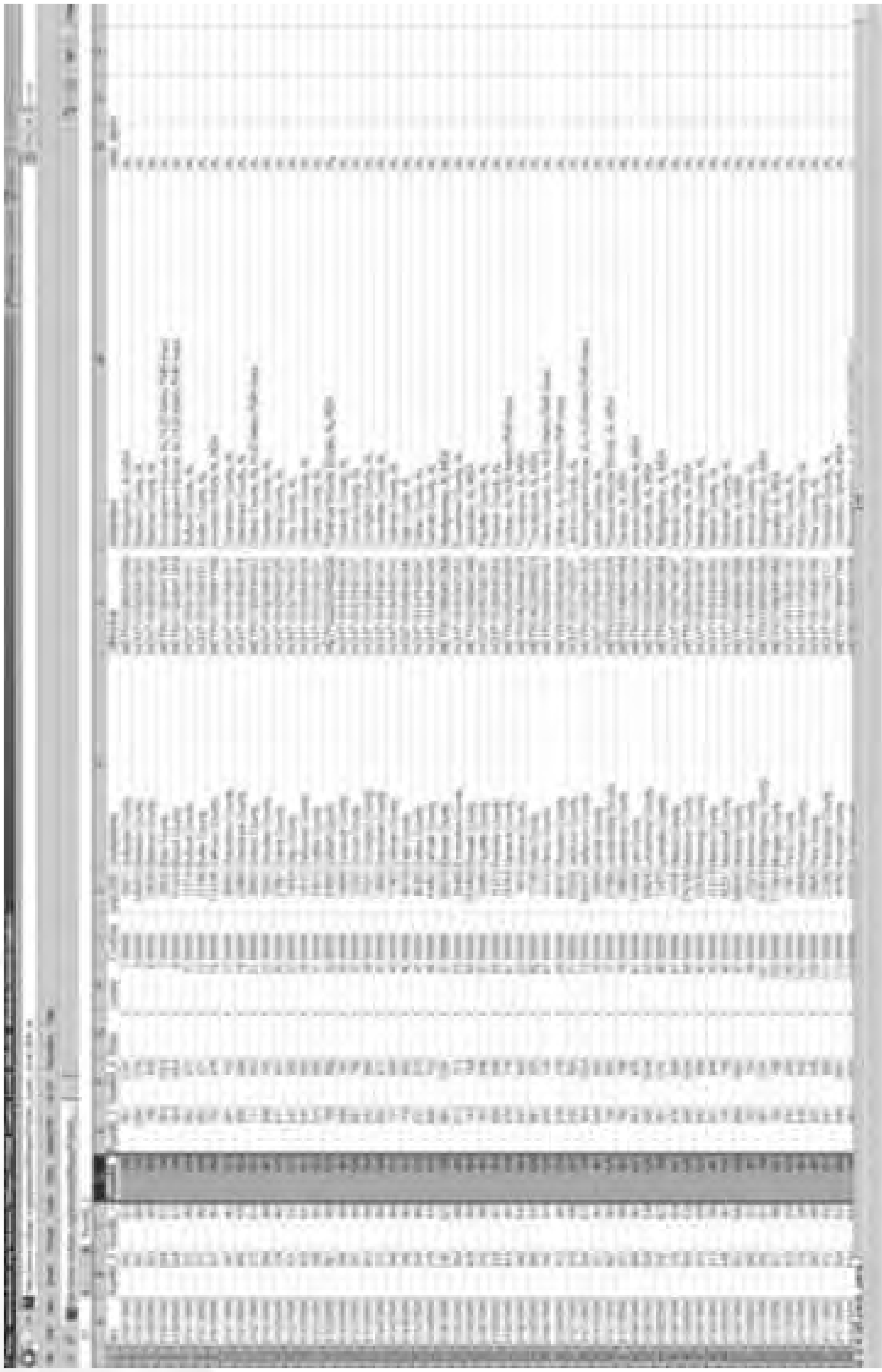


Figure 42
Select your study area (city or county) and record the rent amount for 2, 3, and 4 bedroom units. Repeat this procedure for all other years for which data is available (years as shown in Figure 41).

MEDIAN SINGLE FAMILY & MULTI FAMILY LISTING PRICE

Figure 43
This website may provide useful data for your analysis — a means to calculate current median price for single and multifamily units. You may want to inquire if the data can be used for purposes of this analysis. The analysis is undertaken twice — once for single-family, and once for multifamily. Select city and state, or ZIP code. Select price as "no minimum" and "no maximum", and "number of bedrooms" and "number of bathrooms", as "any". Click on Search.

Figure 44
Select "Property Types" (either single family, or Condo/townhouse and multi family) and Click on View as List. This example shows a query based on multifamily units.

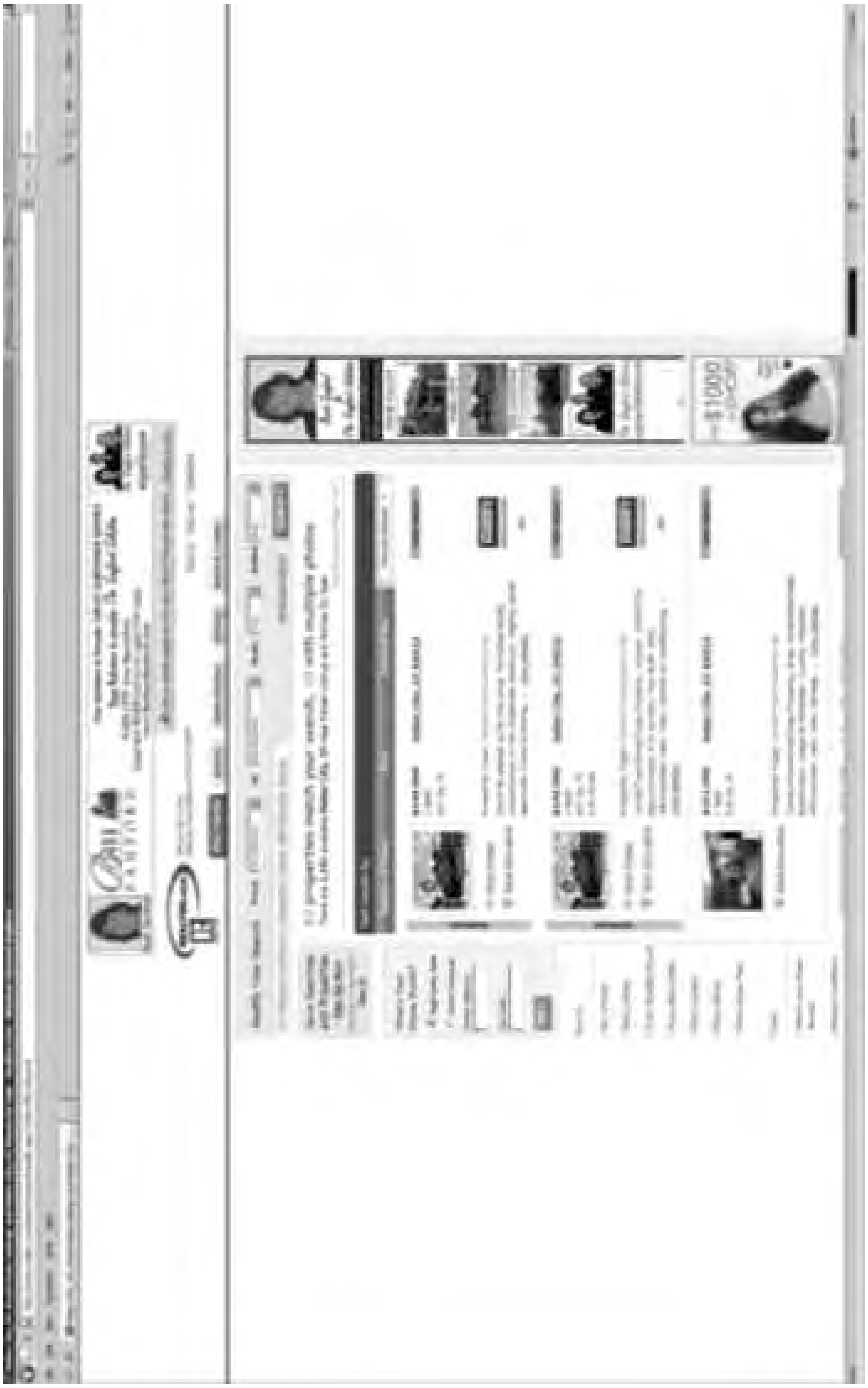


Figure 45
Record the listing price and number of bedrooms for all of the available sample data. Use the Excel median function to calculate median list price. If, on the User Input page of the model, you've chosen to limit median price to units with a certain bedroom count, you need to record data and calculate median price, only for those units.

Repeat the procedure (beginning with Figure 43) for single-family units.

Figure 46
Scroll down the page and Click on Regional Data, and Utah.

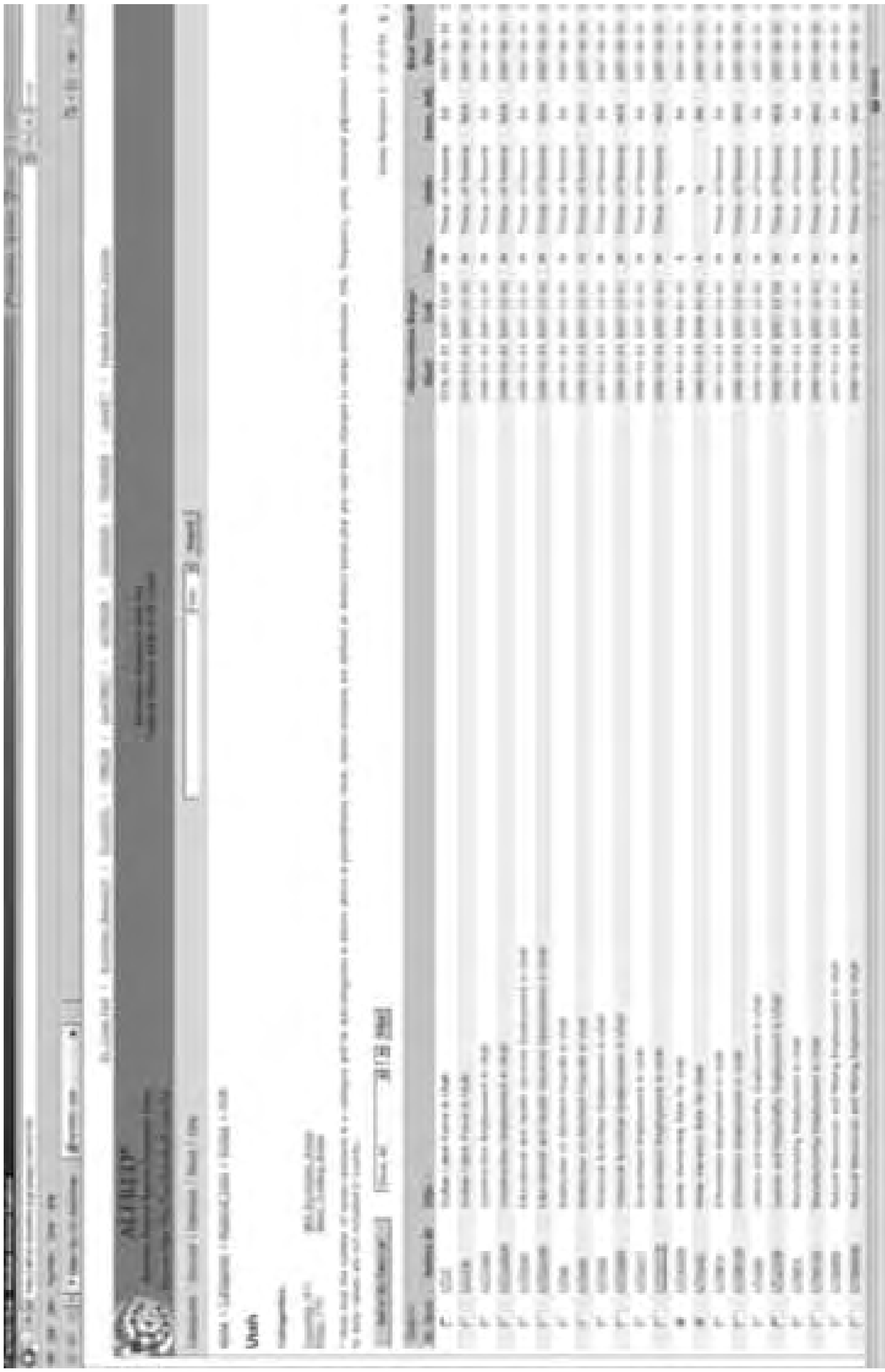


Figure 47
Select parameters as follows – Home Ownership Rate, Home Vacancy Rate, (scroll down the page) Per Capital Personal Income, and Rental Vacancy Rate. Click on Add to My Data List and follow the prompts to open a free account. Record results beginning for the year 1990, to the most recent available.

Figure 48
Click on Industry Focus.

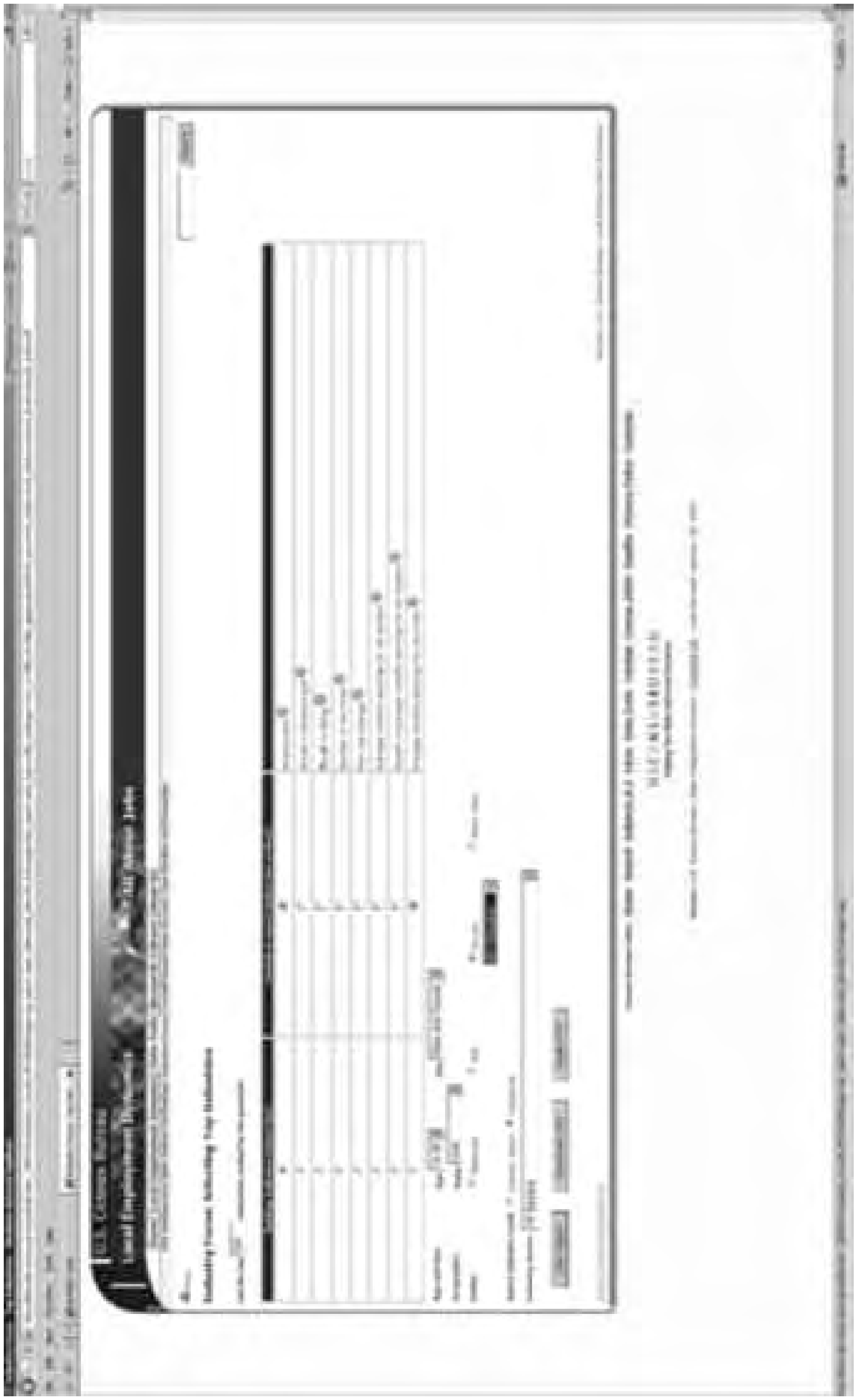


Figure 49
Select parameters as shown above, and Click on View Report.

Parameters are as follows – List the Top=100 industries, Ranking indicator=Employment, include in Report=Employment and Average monthly earnings for new hires, Age and Sex= 14-99 and Male and Female, Geography =Utah, Entity =County, Select Industry Level=Industries, industry Sector= All Sectors.

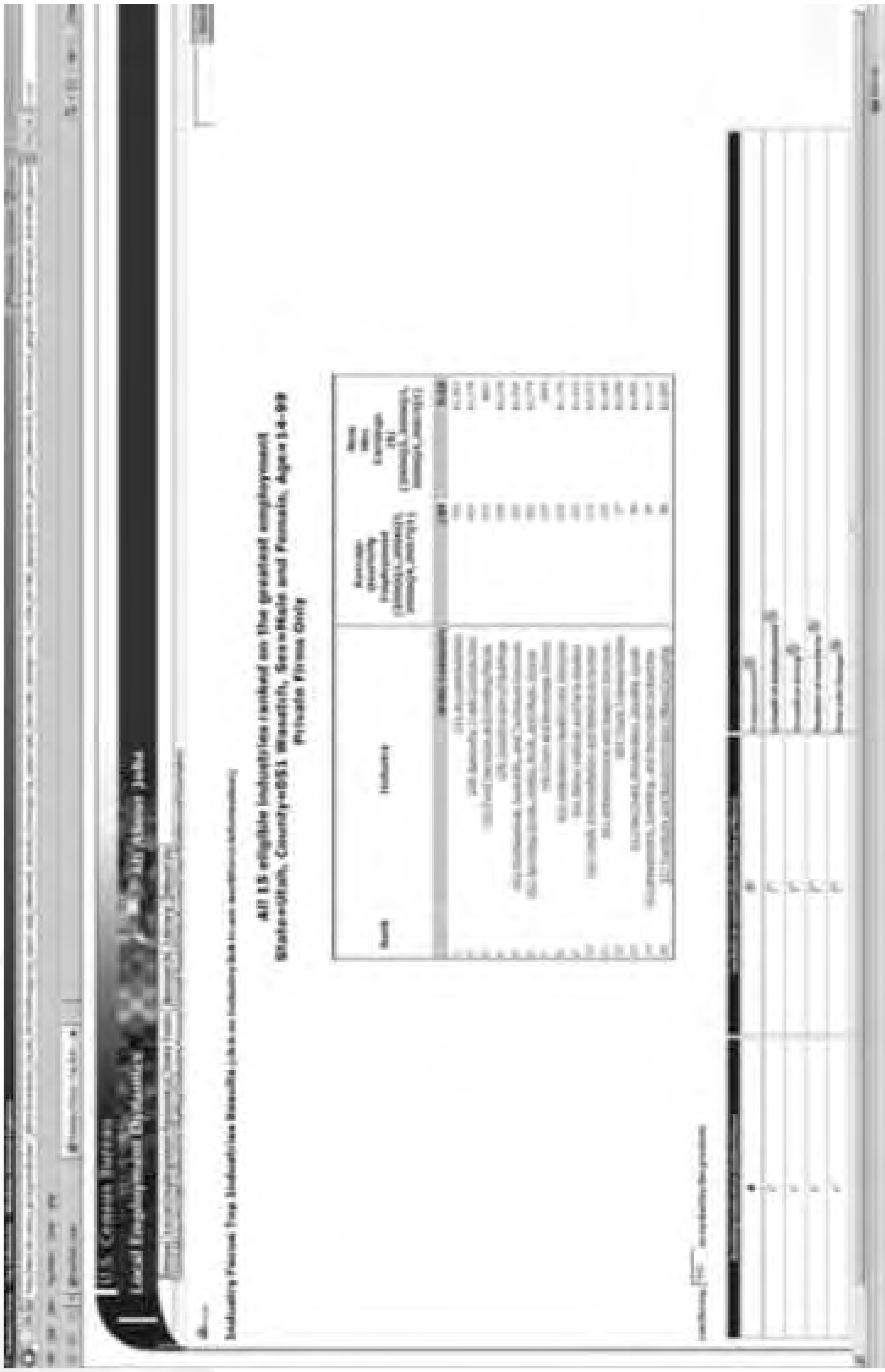


Figure 50
Record the data for "Industry" (the name of each sector shown), "Average Quarterly Employment", and "New Hire Earnings" for use in the User Input section of the model titled #Jobs & Earnings (by NAICS).

HOUSING STOCK - NUMBER OF UNITS BY VALUE

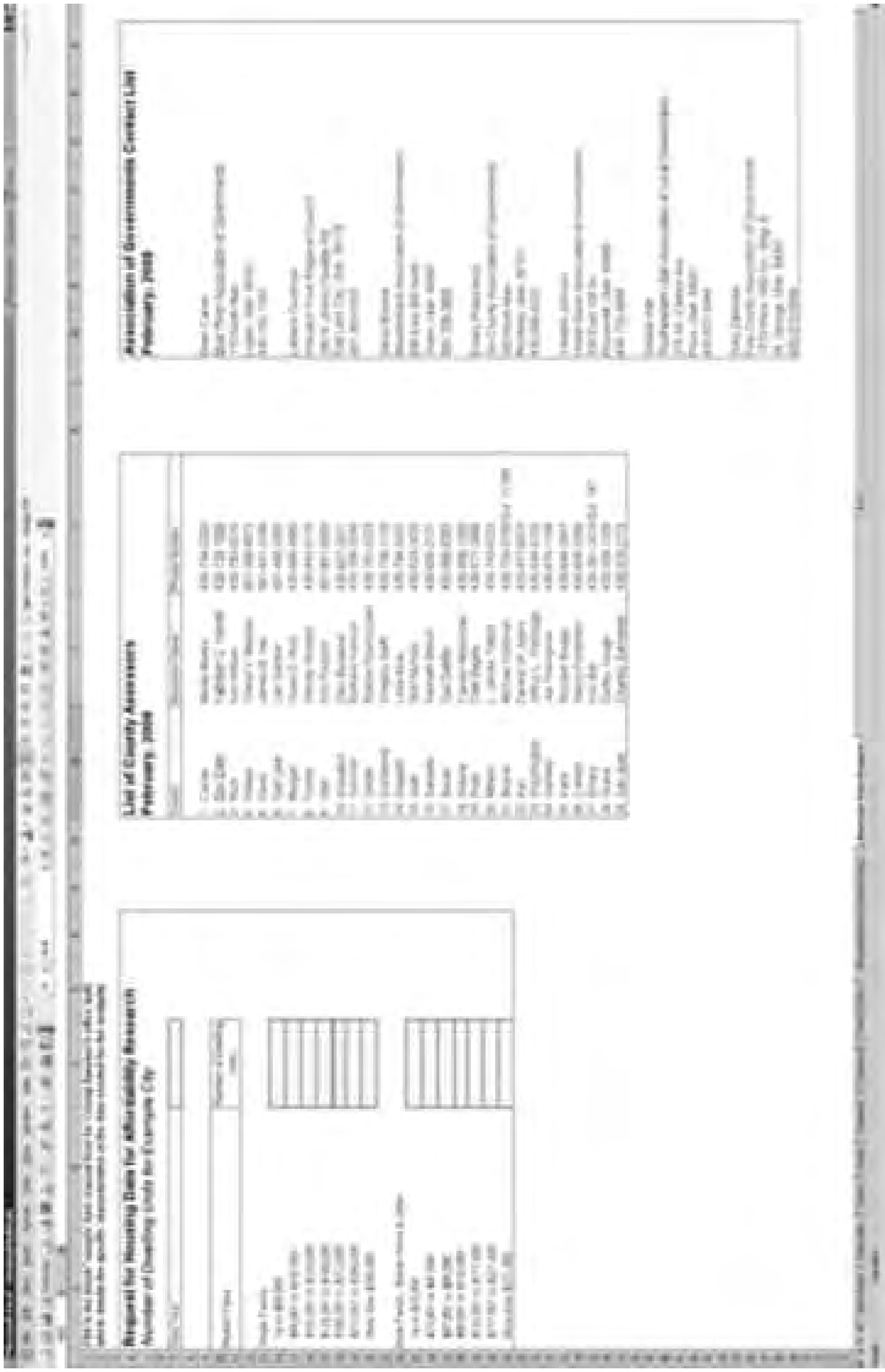


Figure 51
The County Assessor's Office is the best source for accurate housing stock value. The form on the left side of this page will be useful, to begin discussions with the Assessor as to how best to obtain this information.

PERSONS PER DWELLING UNIT

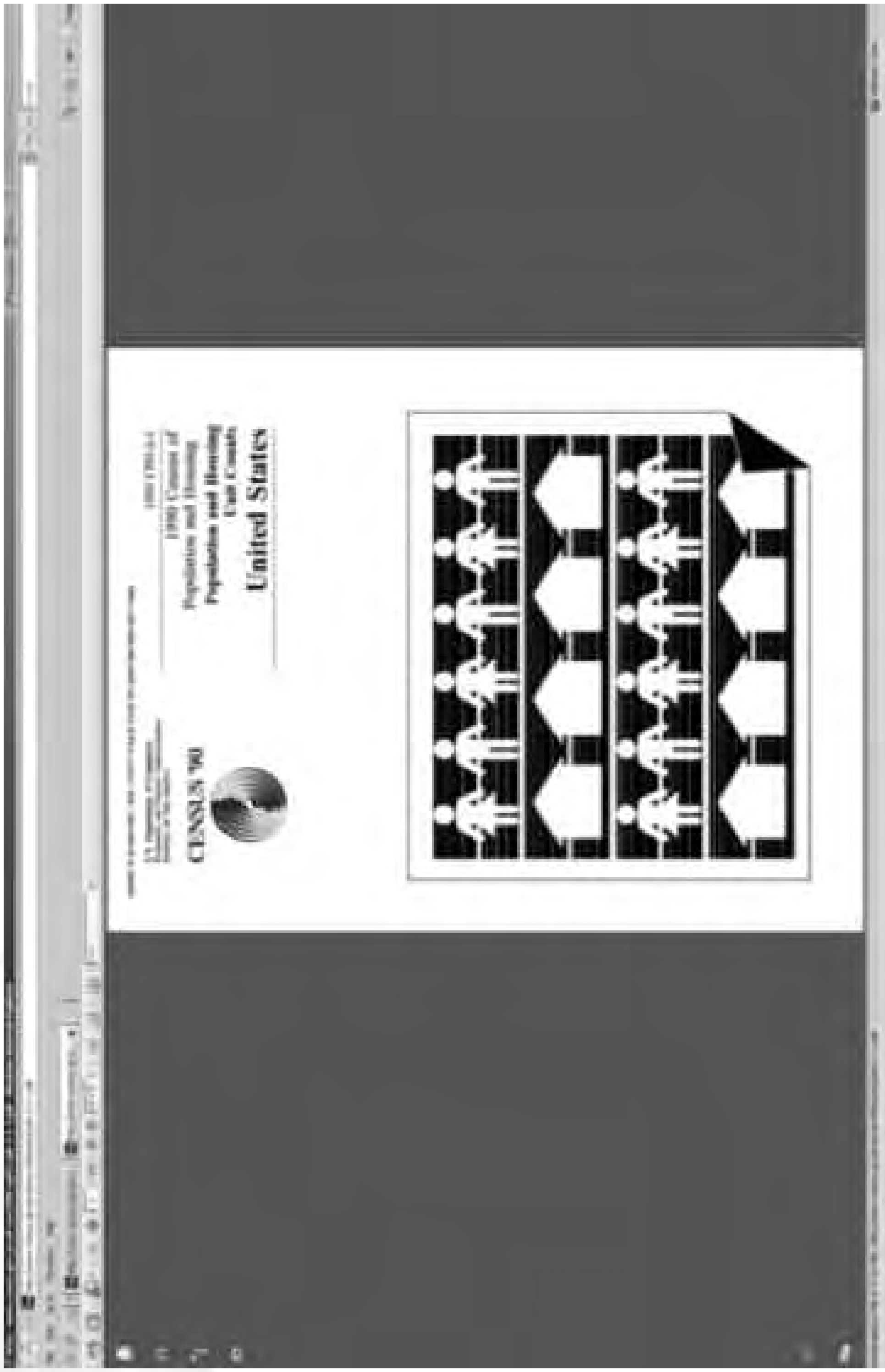


Figure 52
This Census publication provides population and dwelling unit counts for the state, for the period 1940 to 1990. See Table 30.

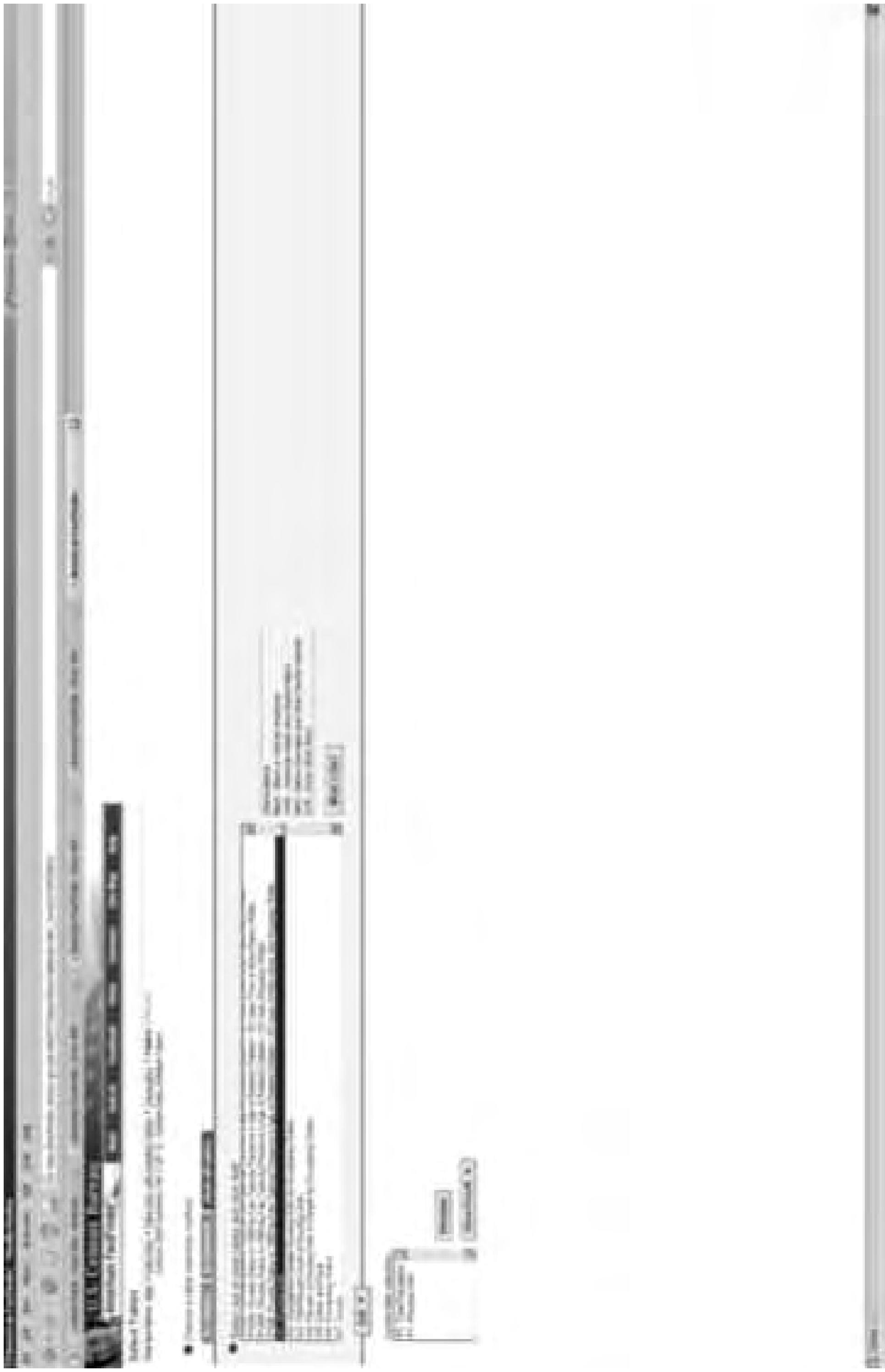


Figure 53
See Figure 27 and Figure 28 to access this web page. Select and record data for tables P-1 and H-1.

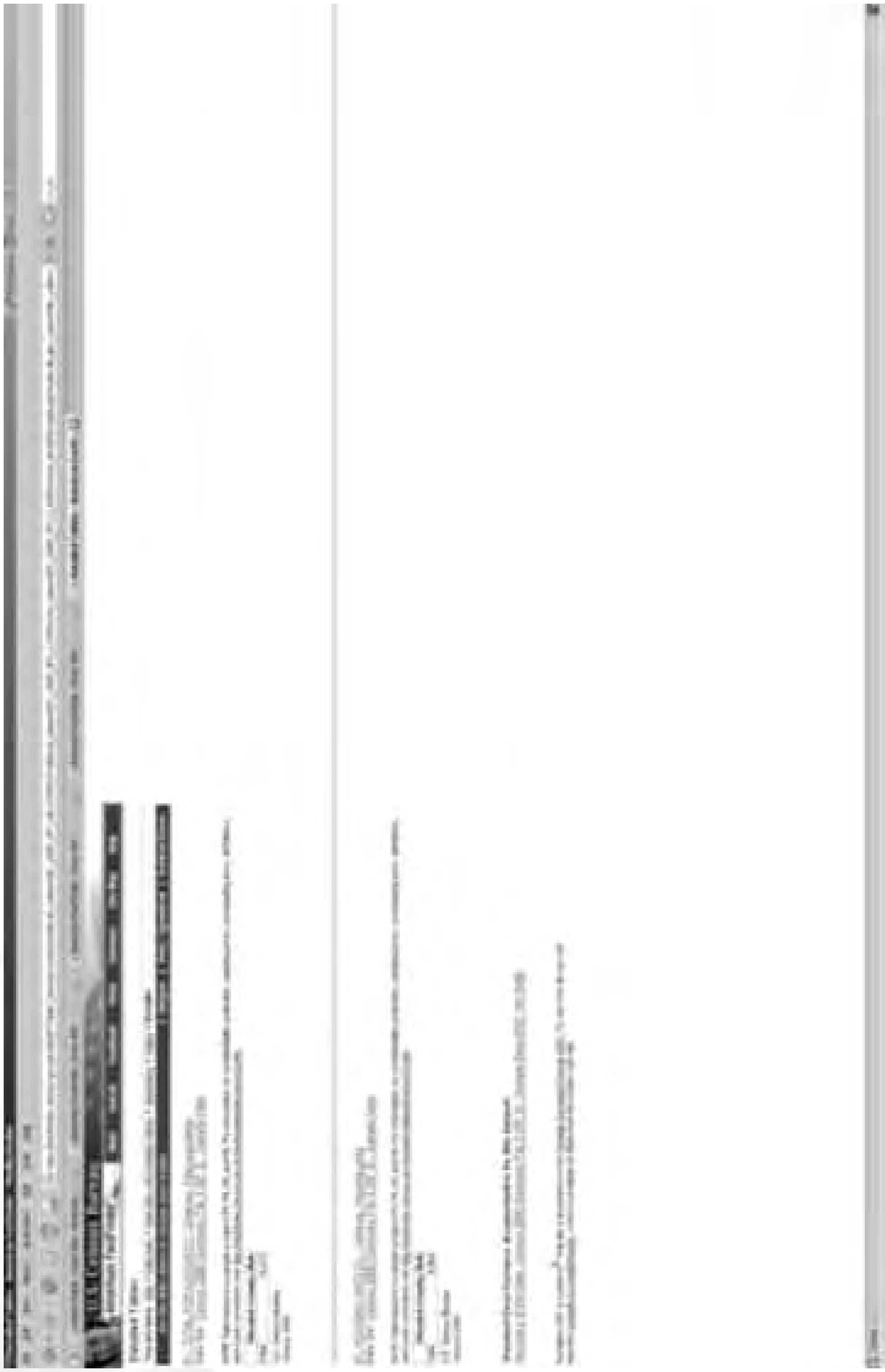


Figure 54
Data is presented in this format. This provides population and dwelling unit counts for the state, for the year 2000.

Figure 55
Click on Household Projections by Area.

Figure 56
At this prompt select either option, as desired. This will open (or save) the spreadsheet shown on the following page.

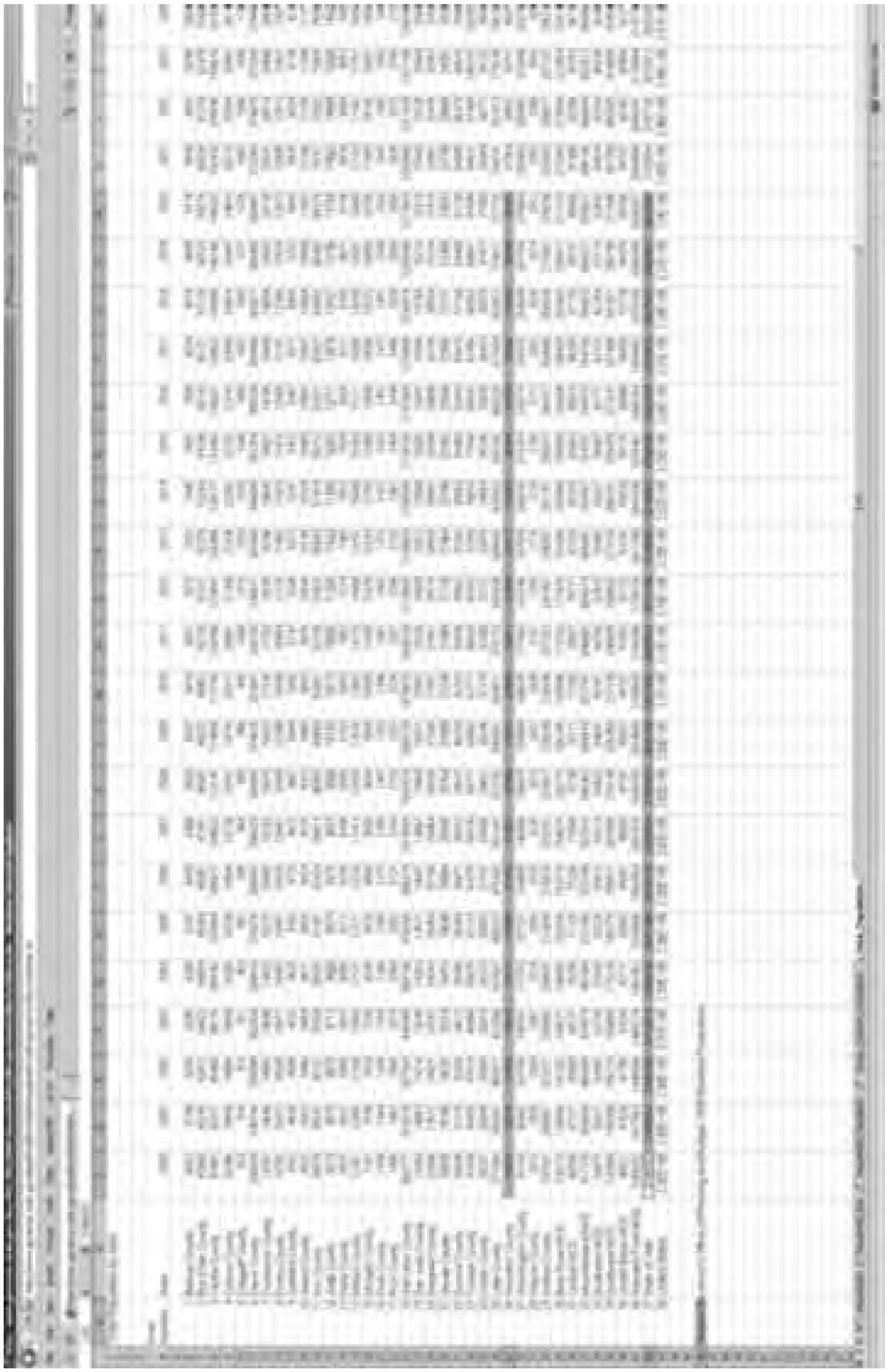


Figure 57
Select the Total Population tab of the workbook and record population for your county and the state for the period 2000 to 2020. This is used for the User Input section "Total population" (actual and projected).

Figure 58
Select the Group Quarters tab of the workbook and record population for your county and the state for the period 2000 to 2020. This is used for the User Input section "Total population" (actual and projected).

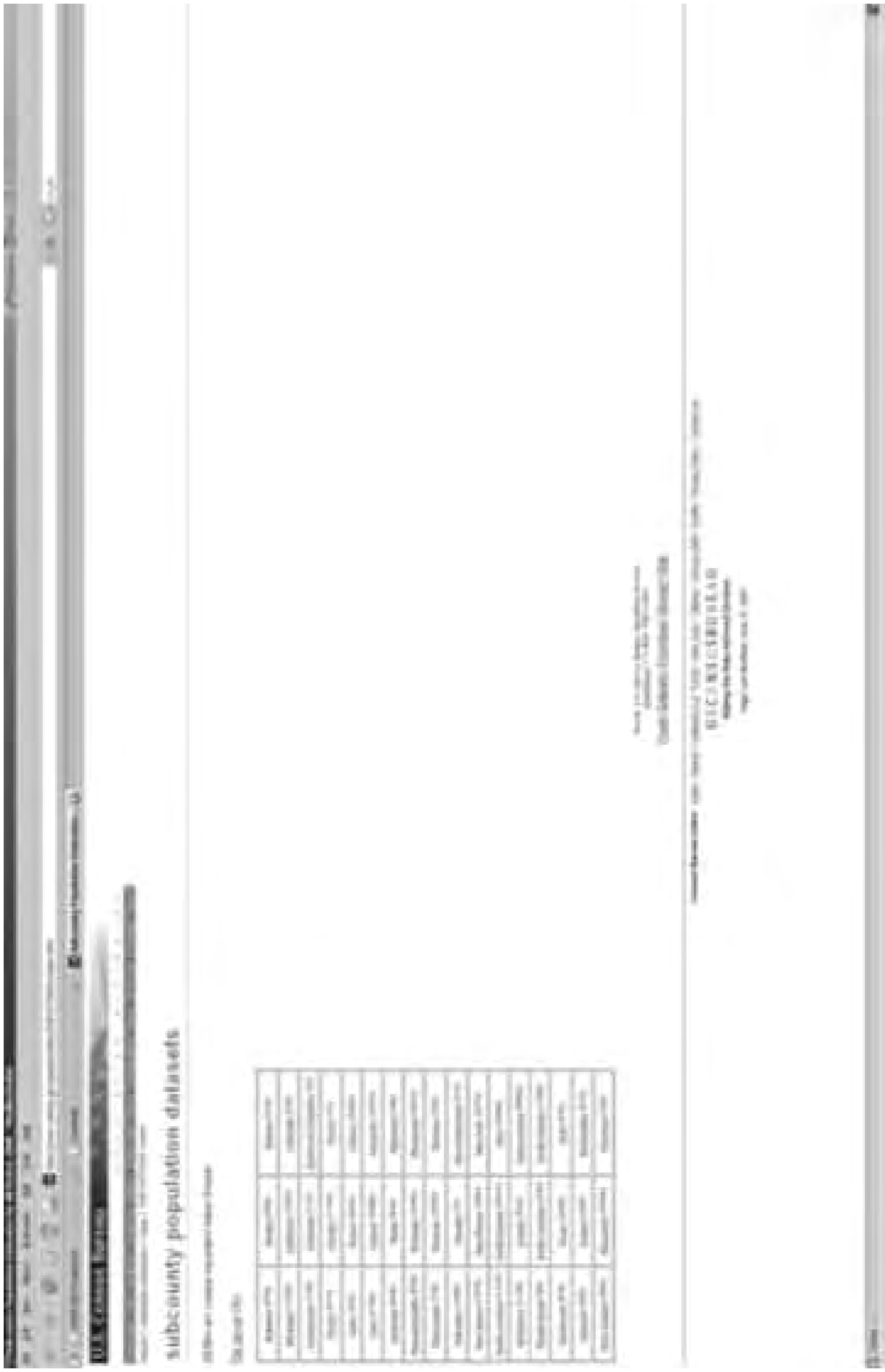


Figure 59
This is the source for city population estimates. Click on Utah, and follow the directions shown for Figure 38 and Figure 39.

POPULATION BY AGE

Figure 60
Click on Population Projections.

Figure 61
Click on Populations by Area, Gender and Five Year Age Group.

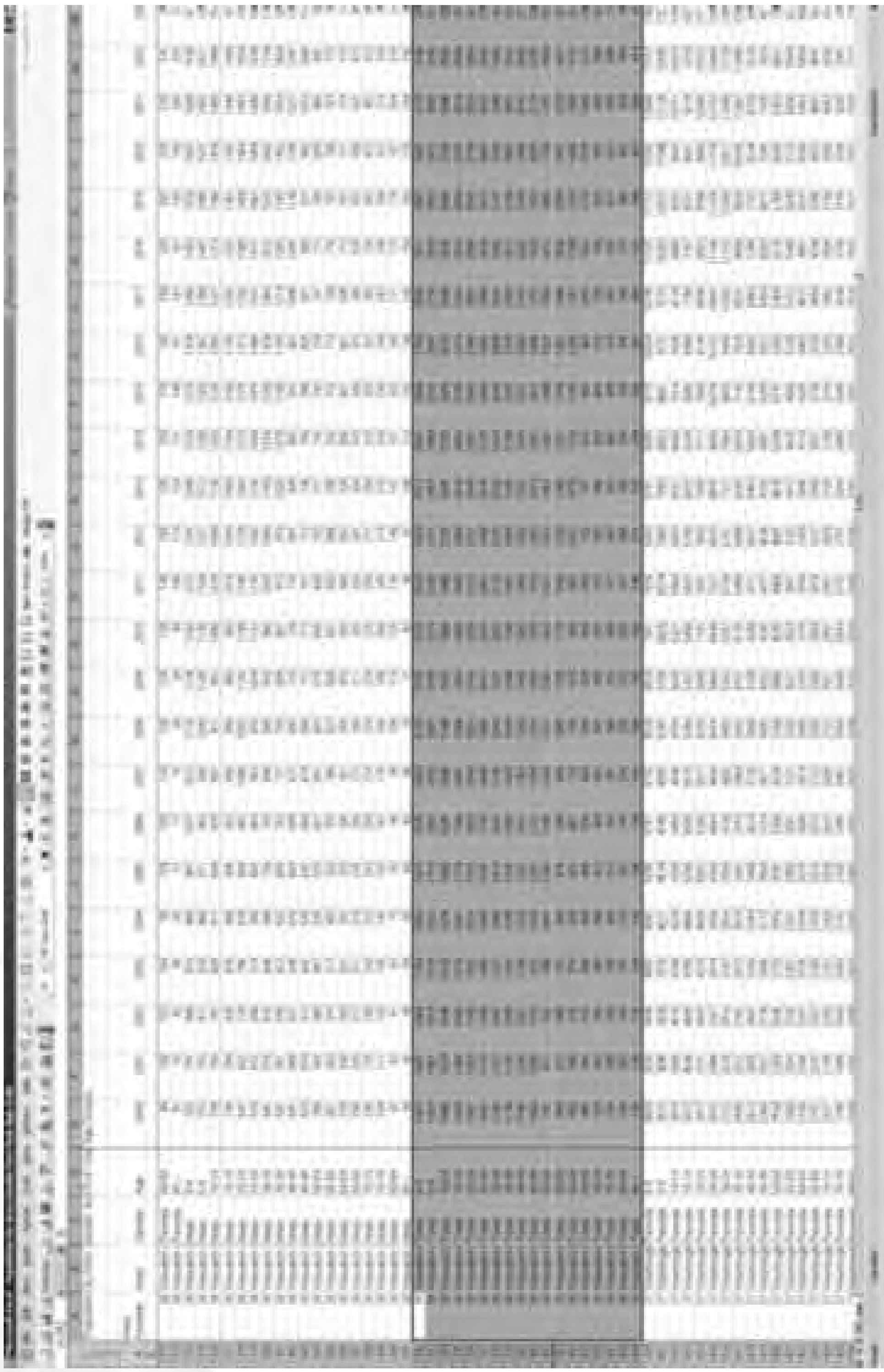


Figure 62
For each county there is the option for "Male", "Female" and "Total." Select and record "Total" for use in the "Population (five year age groups)" section of the User Input page.

SECTION VII: UTAH WORKFORCE HOUSING INITIATIVE

In the preceding sections information and best practices were provided from affordable housing industry associations, organizations and professionals regarding potential barriers to creating and maintaining affordable lifecycle, and more specifically workforce housing strategies that are relevant, accessible and useful to both citizens and professional planners. Regulatory approaches, viable housing financial mechanisms and community organizing strategies were all presented to help guide and enhance the efforts of Utah municipalities in the actual preparation of local housing needs assessments, general and moderate housing plan components, the formation of workforce housing advisory committees, and finally in project development partnership structuring and financing mechanisms.

UTAH WORKFORCE HOUSING INITIATIVE

Please visit our web-site at www.lotuscdi.org to pull down a copy of the software tool and this guidebook or to become more familiar with the technical assistance services available to assist your community.

Watch for updates regarding our progress and best practice materials forthcoming from our partnerships with targeted Utah pilot communities including Boulder, Logan, Moab, South Salt Lake and Vernal. Thanks to the generous support of our many sponsors, each will be receiving assistance with housing and economic development research, the creation of moderate housing plans, and in the actual production of critical workforce housing.

Lotus Community Development Institute Inc., its board, and associates are especially dedicated to the Utah Workforce Housing Initiative and its sponsors' efforts to promote responsive community planning and capacity building that results in decent, safe, affordable housing and healthy living environments for all Utahns. The information is intended to improve the over all quality of life of all Utah citizen's by advancing education, planning and housing development that "cultivates stronger communities." We encourage you to visit our web-site at **www.lotuscdi.org** to learn more about our mission, programs, services and network associates.

APPENDIX I: GLOSSARY OF HOUSING AND COMMUNITY DEVELOPMENT TERMS

Additional Funds Policy: Allows owners and purchasers to bring additional resources such as tax credits, tax-exempt bond financing, HOME/CDBG funds, or other state or local resources to a HUD Mark to Market transaction without decreasing HUD's contribution to restructuring. The transaction must result in significant benefits to residents and the property, and must be able to close in a timely manner consistent with the debt restructuring schedule.

Affordable Housing or Workforce Housing: For the purposes of this Guidebook, when the phrase affordable housing or workforce housing is used, it means housing units – for sale or rent – that are affordable to households earning 60 percent of AMI or more.

Affordable Housing Program (AHP): A program of the Federal Home Loan Bank system, AHP provides subsidized cash advances to member institutions, to permit them to make below-market loans for eligible housing activities.

Amenity: Non-monetary tangible or intangible benefit derived from real property often offered to a lessee, typically recreational facilities, concierge services, or planned activities.

Americans with Disabilities Act (ADA): Federal legislation that defines the rights of access to and use of public accommodations, commercial facilities, and the workplace for people with disabilities. Also provides mechanisms for enforcement of rights of disabled persons against private persons, other entities (such as employers), and state and local governments.

AMI: Area Median Income – as determined by HUD and adjusted for household size and local cost of living.

Attached Housing: Two or more dwelling units constructed with party walls.

Bridge Financing or Bridge Loan: Short-term mortgage financing between the end of one loan or financing instrument and the beginning of another.

Building Code: Rules established by local governments that dictate the standards to which buildings must be constructed. Building codes are intended to make the structure safer and more resistant to failure. Older buildings may need repairs and new construction to conform to modern building codes.

Buy-In: The level to which an individual or member of a community is involved with and supports the ideas, concepts, processes, and projects that are advanced by the leadership.

Capital Needs Assessment (CNA): An assessment of the physical condition and required repairs and upgrades of a property. Also known as a physical needs assessment.

Capital or Capital Account: Money or property invested in an asset for the creation of wealth; alternatively the surplus of production over consumption. Properties that experienced accelerated depreciation and interest deductions with limited or negligible cash flow eventually will have a negative capital account. Taxes will be owed on the negative capital account even if no cash proceeds are realized from the sale (see Exit Tax).

Closing Costs: Also referred to as settlement costs, these costs are paid at loan closing and may include prepaid interest (points), attorney's fees, title insurance, and inspections.

Co-Housing: A form of collaborative housing intended to provide the benefits of homeownership within a tightly knit community. The most common configuration is 20 to 30 single-family homes clustered around a pedestrian street or courtyard. The community usually has recreational facilities, libraries, lounges, children's space, and communal dining hall where residents share several meals a week.

Community Development Block Grant (CDBG): HUD-administered program that provides lump-sum payments to state and local governments. Funds can be used only for specific uses such as economic development, rehabilitation of historic or distressed housing, and infrastructure. State and local governments may establish their own projects and priorities as long as they meet funding criteria.

Community Development Corporation (CDC): An entrepreneurial institution that combines public and private resources to aid in the development of social-economically disadvantaged areas.

Community Development Financial Institutions Fund (CDFI Fund): A federal agency in the U.S. Department of Treasury that certifies Community Development Financial Institutions (CDFIs), administers grants, and also administers the New Markets Tax Credits program.

Community Housing Development Organization or CHDO: A local or regional nonprofit housing developer that is certified by HUD and has access to a 15% set-aside of HUD's HOME program funds for housing development. These organizational also have access to HUD-funded technical assistance.

Community Land Trust: A private non-profit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents. In particular, community land trusts attempt to meet the needs of residents least served by the prevailing market.

Community Reinvestment Act (CRA): Requires periodic evaluations of insured repository institutions and their efforts in helping meet the credit needs of its entire community.

Condominium: A form of joint ownership and control of property in which specified volumes of airspace (for example, apartments) are owned individually and common elements of the building (for examples, land, outside walls, recreational facilities) are jointly owned.

Congregate Housing: Residential program that houses or shelters a group of individuals in one location.

Conventional Loan: Financing provided by private lenders, usually banks. Conventional loans are loans made without subsidy or assistance.

Cooperative: A form of ownership in which a purchaser buys shares of a housing cooperative rather than an individual unit. The owner then "leases back" a particular unit in the cooperative. Cooperative ownership offers some advantages over real property, including group insurance, divestiture of liability for major repairs, and a lower purchase price. Disadvantages include difficulty securing financing and renting out units.

Demographics: Information on population characteristics by location, including such aspects as age, employment, earnings, and expenditures.

Density: The level of concentration (high or low) of buildings or population within a given area. Often expressed as a ratio, for example, dwelling units per acre.

Department of Housing and Urban Development (HUD): U.S. Department of Housing and Urban Development, a Cabinet-level executive agency of the U.S. government. The agency implements programs and monitors conditions with regard to the national's housing, growth, and urban problems.

Detached Housing: A freestanding dwelling unit, normally for a single family and situated on its own lot.

Developer: One who prepares raw land for improvement by installing roads, utilities, and infrastructure in order to construct buildings. A developer either sells lots to builders or functions as a builder, constructing structures on real estate.

Downpayment: The portion of the purchase price paid at the time of purchase. The downpayment is the difference between the sale price and the loan amount. Lenders set specific requirements for this amount, which may vary based on the type of financing.

EDA: An economic development area (EDA) (also known as a redevelopment area or RDA) is a defined area established by cities or counties in which to conduct urban renewal, urban development or economic development activities. The city or county creates the agency or taxing authority, to manage the redevelopment process and the tax increment generated by the renewal project. At least 20 percent of all of the tax increment generated by the RDA or EDA must be used to provide housing opportunities for moderate income families in the jurisdiction.

Extremely-Low-Income: Earning 30 percent or less of the area median income.

Eminent Domain: Authority of a government entity to forcibly acquire real estate for a public purpose, with compensation at Fair Market Value.

Enhanced Vouchers: Tenant-based Section 8 assistance from HUD provided to eligible residents when owners prepay their HUD-subsidized mortgages or opt out of HUD project-based Section 8 contracts. Rents are set at market comparable levels, instead of the regular voucher payment standard, as long as the tenant elects to remain in the building.

Entitlements: Publicly funded financial and medical benefits available to individuals who meet criteria usually based upon income or disability measures.

Entitlement Community: A city, county or participating jurisdiction (consortium of cities) that does not have to apply for federal funding because it is entitled to the funds and receives it directly on an annual basis. Each federal program has its own definition of entitlement – for example, CDBG cities must be 50,000 in population and urban counties must be 200,000.

Equity: That portion of property or other securities that is owned outright, that is, above the amount financed.

Fair Housing: Refers to federal laws designed to protect access to housing regardless of race, color, national origin, sex, familial status, or disability.

Fair Market Rent (FMR): HUD-determined benchmark rent level, used to establish regional payment standards for the Section 8 program.

Fannie Mae: Formerly the Federal National Mortgage Association or FNMA, a federal government-sponsored entity that purchases mortgage loans in the secondary market. Fannie Mae also invests in tax credit project and provides other financing products for housing development.

Farmers Home Administration (FmHA): Former name of the Rural Housing Service. See RHS.

Federal Housing Administration (FHA): Originally an independent agency established under the National Housing Act of 1934 to improve housing standards and conditions, FHA is now a part of HUD. Its goal is to provide an adequate home financing system through insurance of mortgages, and to stabilize the mortgage market.

Fee simple: The most extensive interest in land recognized by law. Absolute ownership but subject to the limitations of police power, taxation, eminent domain, and private restrictions of record.

Freddie Mac: Federal Home Loan Mortgage Company or FHLMC, a federal government-sponsored entity that purchases mortgage loans in the secondary market.

Garden apartments: Two- or three-story multifamily hosing development that features low density, ample open space around buildings, and on-site parking.

Ginnie Mae: Government National Mortgage Association (GNMA), the federally owned secondary loan market agency. Unlike Fannie Mae or Freddie Mac, Ginnie Mae is owned by the federal government rather than private shareholders.

Government Accountability Office (GAO): Formerly known as the General Accounting Office, a Congressional agency that monitors the programs and expenditures of the federal government.

Ground lease: A long-term lease on a parcel of land, separate from and exclusive of the improvements on the land.

Halfway House: Transitional residential program focusing on reintegration of participants into the community, such as substance abusers or ex-offenders.

High Rise: Tall building, usually more than 16 stories for office buildings or ten stories for residential buildings.

Historic Tax Credit: Tax incentive given to owners of properties listed on the National Register of Historic Places who substantially rehabilitate distressed historic properties Federal tax credits are worth 20 percent of the historic property's value and reduce the owner's income tax liability dollar for dollar. Tax credits can also be sold to raise capital for rehabilitation projects.

HOME Investment Partnerships Program: The HOME program, administered by HUD's Office of Community Planning and Development, provides formula grants to states and localities (See Participating Jurisdictions) to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. The HOME program is authorized by Title II of the 1990 Cranston- Gonzalez National Affordable Housing Act.

HOPE VI: Homeownership and Opportunity for People Everywhere, a HUD-sponsored affordable housing program founded in 1992. HOPE VI provides direct funding and loans to developers. It marked a major funding policy shift in public housing that encourages mixed income and mixed uses in projects involving affordable units instead of isolated public housing projects. HOPE VI also promotes the upgrade and renovation of old public housing stock.

HOPWA: Housing Opportunities for Persons with AIDS. A HUD program offering grants for state and local governments to provide housing, social services, and treatment for persons living with AIDS. Alternatively HOPWA funds can be spent on hosing for persons with mental disabilities and an chemical dependency.

Housing Authority: A housing authority is generally a governmental body or a public-private partnership that governs and manages HUD-subsidized housing within a specific location. See also Public Housing.

Housing Choice Voucher Program or Tenant-Based Section 8: Administered by HUD's Office of Public and Indian Housing through local housing authorities, portable vouchers are allocated to individual households and provide a rental subsidy, limiting the tenant contribution to 30 - 40% of the household's adjusted income. The subsidy is awarded to tenants and stays with tenants when they leave the property. See also enhanced vouchers.

HUD: U.S. Department of Housing and Urban Development, a Cabinet-level executive agency of the U.S. government. The agency implements programs and monitors conditions with regard to the national's housing, growth, and urban problems.

Infrastructure: Services and facilities provided by a municipality, including roads, highways, water, sewage, emergency services, parks and recreation, and so on. Can also be privately provided.

Joint venture: As association of two or more firms or individuals to carry on a single business enterprise for profit.

Land development: The process of preparing raw land through clearing, grading, installing utilities, and so on for the construction of improvements.

Lease: A contract that gives the leaser (the tenant) the right of possession for a period of time in return for paying rent to the lessee (the landlord).

LEED: Leadership in Energy and Environmental Design – a voluntary national standard for developing sustainable, or "green," buildings. Developers build product according to standards published by the U.S. Green Building Council, and, if it meets the standards, the end product is certified.

Lien: The right to hold property as security until the debt that it secures is paid. A mortgage is one type of lien.

Limited Partnership: A partnership that restricts the personal liability of the partners to the amount of their investment.

Living Wage: Income provided through employment that is at an adequate level to afford necessities such as housing, food, and medical services.

Loan-to-Value (LTV) Ratio: The relationship between the amount of a mortgage loan and the value of the real estate securing it; the loan amount divided by market value.

Low-Income: A household whose income is 80 percent of the area median income or less.

Low-Income Housing Tax Credit (LIHTC): A ten-year tax credit given as an incentive to private developers to acquire, build, or rehabilitate low-income rental units. Developers enter into a minimum 30-year extended low-income use agreement A percentage of the dwelling units are reserved for low-income persons. The program was enacted in 1986.

Low Rise: A building with one to three stories.

Mid Rise: A building with four to 15 stories.

Mixed-use Development: A development, in one building or several buildings, that combines at least three significant revenue-producing uses that are physically and functionally integrated and developed in conformance with a coherent plan.

Mortgage: An instrument used in some states (rather than a deed of trust) to make real estate security for a debt. A two-party instrument between a mortgagor (a borrower) and a mortgagee (a lender).

Move-up Housing: typically, larger, more expensive houses that homeowners buy as their incomes increase. First homes – "starter homes" – are generally more modest in size and price.

Multifamily Housing: Structures that contain more than one housing unit. The U.S. Census Bureau considers multifamily housing to be buildings with five or more units.

Neighborhood: A segment of a city or town with common features that distinguish it from adjoining areas.

Option: The right given by the owner of a property to another to purchase or lease the property at a specific price within a set time.

Participating Jurisdiction (PJ): A HUD-recognized entity that is an eligible recipient of HOME funding.

Planned Unit Development (PUD): A zoning classification created to accommodate master-planned developments that allows mixed uses, varied housing types, and/or unconventional subdivision designs.

Project-Based Section 8 Vouchers: Administered by HUD's Office of Public and Indian Housing and local housing authorities, the Section 8 Project-Based Voucher program allows local housing authorities to contract with property owners to ensure that Section 8 voucher holders to will occupy up to 25% of a building's units. When assisted tenants move and take their vouchers with them, new voucher holders replace them.

Property Manager: An individual or firm responsible for the operation of improved real estate. Management functions include leasing and maintenance supervision.

Public Housing: A form of housing (property and/or financing) in which the property is owned or the housing costs are subsidized by a state or local government authority. Housing is usually rental property that is owned and/or managed by the state, by not-for-profit organizations, or by a combination of the two, usually with the aim of providing affordable housing. Although the common goal of public housing is to provide affordable housing, the details, terminology, definitions of poverty and other criteria for allocation vary.

RDA: A redevelopment area (also known as an economic development area or EDA) is a defined area established by cities or counties in which to conduct urban renewal, urban development or economic development activities. The city or county creates the agency or taxing authority, to manage the redevelopment process and the tax increment generated by the renewal project. At least 20 percent of all of the tax increment generated by the RDA or EDA must be used to provide housing opportunities for moderate income families in the jurisdiction.

Redevelopment: The redesign or rehabilitation of existing properties.

Rent Control: Limitations imposed by state or local authorities on the amount of rent a landlord can charge in certain jurisdictions.

Rent Up: The process by which a newly developed property fills vacant units.

Right of First Refusal: Right to match the terms and conditions of a third party offer to purchase the property within a specified time period. Holder must be notified of the third party offer and may be required to close by a designated date.

Rural Development (RD): Part of the U.S. Department of Agriculture, RD administers grant and loan programs to promote and support housing and essential community facilities development in rural communities.

Rural Housing Service (RHS): Part of the Department of Agriculture's Rural Development division, RHS is responsible for administering a number of rural housing programs.

Scattered Sites: Rather than building public housing in concentrated, isolated communities, the "scattered sites" approach develops public housing on a small scale, dispersing it in neighborhoods throughout a city so that it is undistinguishable from surrounding buildings.

Secondary Market: Loans sold to new owners by the organization that originally loaned the money to the borrower. The new owners collected payments form the borrower. The original lender frees up cash to make new loans. Fannie Mae, Freddie Mac, and Ginnie Mae facilitate these transactions in most cases purchasing and holding loans.

Section 8: See Housing Choice Voucher Program and Project-Based Section 8 Vouchers.

Single-Family Housing: A dwelling unit, either attached or detached, designed for use by one household and with direct access to a street; it does not share heating facilities or other essential building facilities with any other dwelling, although it may share one or more walls.

Single Room Occupancy (SRO) Building: A type of building that offers residents a single, furnished room, usually with shared bathroom and kitchen facilities.

SSDI (Social Security Disability Income): Cash benefits for people with disabilities who have made payroll contributions to the federal social security program while they were employed.

SSI (Supplemental Security Income): Federal cash benefits for people aged 65 and over, the blind or disabled. Benefits are based upon income and living arrangement.

Stakeholders: Individuals who have a vested interest in the outcomes or the process of a particular endeavor.

Subsidy: A below-market-rate loan, favorable terms, tax credits, or cash payment to homebuyers or renters from a government entity.

Supportive Housing: Combines and links permanent, affordable housing with flexible, voluntary support services designed to help the tenants stay housed and build the necessary skills to live as independently as possible.

Tax-Exempt Bonds: Bonds issued and backed by the faith and credit of the issuing local government. Securities issued by a local government are exempt from federal and state income taxes.

Tax-Exempt Multifamily Housing Bonds: For certain qualified multifamily housing projects, Section 142 of the Internal Revenue Code authorizes tax-exempt Exempt Facility Bonds that provide access to Low Income Housing Tax Credits, and Section 145 authorizes so-called 501(c)(3) bonds for nonprofit owners.

Tax Increment Financing: The financing of infrastructure by issuing bonds backed by the increase in property tax receipts. Because property values increase after infrastructure is built, the difference in assessed values (and therefore revenues) before and after bond issuance becomes a dedicated stream of funds to repay the bond.

Tenant: One who rents property from another.

Title: Evidence of ownership of real property to indicate a person's right to possess, use, and dispose of the property.

Townhouse: Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front- and backyards. Also called a rowhouse.

Transit-Oriented Development (TOD): Development designed to promote the use of alternative modes of transportation. TODs are often found near rail stations or bus depots.

Transitional Housing: Housing meant to help homeless people access permanent housing, usually within two years.

Very-Low-Income: A household whose income is 50 percent or less of the area median income.

Workforce housing or Affordable housing: For the purposes of this Toolkit, when the phrase affordable housing or workforce housing is used, it means housing units – for sale or rent – that are affordable to households earning 60 percent of AMI or more.

Zoning: Classification and regulation of land by local governments according to use categories (zones); often includes density designations as well. Development that conforms to the zoning classification is allowed; other land uses are not.

APPENDIX II: HELPFUL RESOURCES

HOUSING AND COMMUNITY DEVELOPMENT LENDERS AND TECHNICAL ASSISTANCE PROVIDERS

> The Enterprise Community Partners, Inc., www.enterprisecommunity.org

> The Housing Assistance Council, www.ruralhome.org

> Local Initiatives Support Corporation, www.lisc.org

> Lotus Community Development Institute & Associates, www.lotuscdi.org

> National Association of Housing Cooperatives, www.coophousing.org

> National Community Land Trust Network, www.cltnetwork.org

> NeighborWorks America, www.nw.org

> The Rural Collaborative, (605) 391-3281, mchambers@tie.net

> Rural Community Assistance Corporation, www.rcac.org
(please see more detail about RCAC programs at the end of this Appendix.)

> Utah Housing Corporation, www.utahhousingcorp.org

UTAH-BASED NONPROFIT DEVELOPERS, BUILDERS, CHDOS, AND HOUSING AUTHORITIES

> ArtSpace, www.artspaceutah.org

> Bear River Housing Authority, (435) 752-7242

> Beaver City Housing Authority, (435) 438-2935, bcha@xmission.com

> Carbon County Housing Authority, (435) 637-5170, lyndav@haocc.org

> Cedar City Housing Authority, (435) 586-8462

> Color Country Community Housing Inc, www.ccchi.org

> Community Development Corporation of Utah, www.cdcutah.org

> Community Housing Services, Inc,

> Davis Community Housing Authority, www.daviscommunityhousing.com

> Emery County Housing Authority, (435) 381-2902, jhs@co.emery.ut.us

> Grand County Housing Authority, (435) 259-5891, grandhousing@frontiernet.net

> Habitat for Humanity of Northern Utah, (435) 723-7133, hfhnu@brigham.net

> Habitat for Humanity of Salt Lake Valley, www.habitatsaltlake.com

> Habitat for Humanity of Summit & Wasatch Counties, (435) 658-1400, bernfam1@xmission.com

> Habitat for Humanity of Utah County, www.hfhuc.org

> Habitat for Humanity of Weber & Davis Counties, www.weberdavishabitat.org

> Housing Authority of Salt Lake City, www.hasaltlakecity.com

> Housing Authority of the County of Salt Lake, www.hacsl.org

> Housing Authority of Utah County, www.co.utah.ut.us/Dept/Hauc

> Logan City Housing Authority, (435) 752-7242

> Mercy Housing, www.mercyhousing.org

> Mountainlands Community Housing Trust, www.housinghelp.org

> Multi-Ethnic Development Corporation, www.medc-utah.org

> Myton City Housing Authority, (435) 722-3952

> Neighborhood Nonprofit Housing Corporation, www.nnhc.net

> Ogden Housing Authority, (801) 627-5851
> Provo City Housing Authority, www.haprovo.com
> Provo Neighborhood Housing Services, www.nhsofprovo.org
> Roosevelt City Housing Authority, (435) 722-5858, rcha@ubtanet.com
> Rural Housing Development Corporation, www.rhdchome.org
> Salt Lake Neighborhood Housing Services, www.slnhs.org
> Salt Lake Valley Habitat for Humanity, www.habitatsaltlake.com
> St. George Housing Authority, (435) 628-3648, sghousing@infowest.com
> Tooele County Housing Authority, (435) 882-7875, deannc@trilobyte.net
> Uintah Basin Assistance Council, (435) 722-3952, ubac@ubtanet.com
> Utah Nonprofit Housing Corporation, www.unhc.org
> Utah NAHRO, www.utahnahro.org
> Weber County Housing Authority, (801) 627-5851
> West Valley City Housing Authority, (801) 963-3329. lmorris@ci.west-valley.ut.us

UTAH'S ASSOCIATIONS OF GOVERNMENT

> Bear River Association of Governments, www.brag.utah.gov
> Five County Association of Governments, www.fcaog.state.ut.us
> Mountainland Association of Governments, www.mountainland.org
> Six County Association of Governments, www.sixcounty.com
> Southeastern Utah Association of Local Governments, www.seualg.dst.ut.us
> Uintah Basin Association of Governments, www.governor.utah.gov/planning/aog/ubag.htm
> Wasatch Front Regional Council, www.wfrc.org

MANAGEMENT COMPANIES EXPERIENCED WITH SUBSIDIZED HOUSING PROJECTS

> IDG/Horizon Investment and Management Corp, www.idghorizon.com
> Key Property Management, www.keypropertymanagement.com
> Kier Management, www.kiermanagement.com
> The Sellers Group, www.sellersgroup.net
> Utah Nonprofit Housing Corporation, www.utahnonprofithousing.org

PUBLIC FINANCIAL RESOURCES

> Olene Walker Housing Loan Fund, Utah Department of Community and Culture, http://community.utah.gov
(see more detail on these programs at the end of this Appendix)
> Rural Development, www.rurdev.usda.gov/ut
(see detail on Rural Development housing programs at the end of this Appendix.)
> US Department of Housing and Urban Development, www.hud.gov (see detail on HUD housing programs at the end of this Appendix.)

PRIVATE FINANCIAL RESOURCES
> Enterprise Community Investment, www.enterprisecommunity.com
> Fannie Mae, www.fanniemae.com
> Freddie Mac, www.freddiemac.com
> Homestead Capital, www.homesteadcap.com
> Housing Assistance Council (HAC), www.ruralhome.org
> Local Initiatives Support Corporation (LISC), www.lisc.org
> Rural Collaborative, (605) 391-3281, mchambers@tie.net
> Rural Community Assistance Corporation, www.rcac.org
> Utah Community Reinvestment Corporation, (801) 366-0400
> Utah Housing Corporation, www.utahhousingcorp.org

PROJECT PARTNERS
> National Association of Homebuilders, www.nahb.org
> Homebuilder Association of Utah, www.utahhba.com
> Remodelers Council, www.slhba.com

SERVICE PROVIDERS
> Access Utah Network, www.accessut.org
> Assist, a community design center, www.assistutah.org
> Community Action Partnership, www.communityactionpartnership.com
> The Road Home, www.theroadhome.org
> Salt Lake Community Action Program, www.slcap.org
> Turn Community Services, www.turncommunityservices.org
> Utah Independent Living Center, www.uilc.org
> Utah Statewide Independent Living Council, www.usilc.org

SOURCES OF INFORMATION
> American Fact Finder, http://factfinder.census.gov
> American Institute of Architects, www.aia.org
> American Planning Association, www.planning.org
> Archival Federal Reserve Economic Data, http://alfred.stlouisfed.org/
> Brookings Institute, www.brookings.edu
> Bureau of Economic and Business Research at University of Utah, www.bebr.utah.edu
> Bureau of Labor Statistics, US Department of Labor, www.bls.gov
> The Campaign for Affordable Housing, www.tcah.org
> Catalog of Federal Domestic Assistance, www.cfda.gov

> Dataplace by Knowledgeplex, www.dataplace.org
> Department of Workforce Services, http://jobs.utah.gov
> Envision Utah & Campaign for Utah's Future, www.envisionutah.org
> Fannie Mae, www.fanniemae.com
> Federal Home Loan Bank, www.fhfb.gov/FHLB/FHLBP_housing.htm
> First Gov (Official website for searching the U.S. Government), www.firstgov.gov
> Freddie Mac, www.freddiemac.com
> Governor's Office of Planning & Budget, www.governor.utah.gov/gopb
> Harvard University's Joint Center for Housing Studies, www.jchs.harvard.edu
> HUD User, www.huduser.org
> Knowledgeplex, www.knowledgeplex.org
> National Association of Housing and Redevelopment Officials, www.nahro.org
> National Association of Realtors, www.realtor.com
> http://alfred.stlouisfed.org/categories
> National Low Income Housing Coalition, www.nlihc.org
> National Development Council, www.nationaldevelopmentcouncil.org
> National League of Cities, www.nlc.org
> PolicyLink, www.policylink.org
> Utah Housing Coalition, www.utahhousing.org
> Urban Land Institute, www.uli.org
> US Census Bureau, www.census.gov
> US Census Bureau LED on the map, http://lehdmap2.did.census.gov/themap/
> US Conference of Mayors, www.usmayors.org
> Corporation of National and Community Service, www.cns.gov
> US Department of Agriculture, www.usda.gov
> US Department of Education, www.ed.gov
> US Department of Health and Human Services, www.hhs.gov
> US Department of Housing and Urban Development, www.hud.gov
> US Department of Justice, www.usdoj.gov
> US Department of Labor, www.dol.gov
> Utah Banker's Association, www.uba.org
> Utah League of Cities & Towns, www.ulct.org
> Utah League of Credit Unions, www.ulcu.com
> Utah NAHRO, www.utahnahro.org
> Western Regional Nonprofit Housing Corporation, www.wrnphc.org, (801)531-9200
> White House Faith-Based and Community Initiatives, www.fbci.gov

STATE OF UTAH OLENE WALKER HOUSING LOAN FUND

MISSION STATEMENT

Support quality affordable housing options that meet the needs of Utah's individuals and families while maximizing all resources.

VISION STATEMENT

We promote all aspects of the development of quality, affordable housing for all people, so they can contribute their personal attributes to community health by:

> Investing in quality projects that are conceptually and financially sound, and maximize the leveraging of resources.
> Working in partnership with community-focused organizations to provide opportunities for people to improve their quality of life.
> Upholding high ethical standards, as defined by the state of Utah, in all of our funding reviews and decisions.
> Educating individuals, families and communities throughout the state about housing resources and information.

The State of Utah Department of Community and Culture, Division of Housing and Community Development (DHCD), is the designated administrator of the Olene Walker Housing Loan Fund (OWHLF) for the State of Utah under Utah Code Annotated Section 9-4-703 through 708, (the Code), and all regulations promulgated there-under.

The Olene Walker Housing Loan Fund Board is appointed by the Governor and includes 11 voting members representing various housing-related sectors including: local government, mortgage lenders, real estate sales, homebuilders, rental housing representatives, housing advocates, manufactured housing representatives, and the general public. There are two ex officio board members.

The objective of the OWHLF is to develop housing that is affordable to very low, low and moderate-income persons.

The OWHLF provides a fair and competitive process to stimulate the creation and preservation of housing by promoting projects that:

> Through cost containment and resource leveraging, efficiently utilize funds.
> Restrict the greatest number of units to the lowest possible rents for the longest period of time.
> Achieve equitable geographic distribution of resources.
> Provide housing for special needs populations including: transitional housing, elderly and frail elderly, and the physically and mentally disabled.
> Strengthen and expand the abilities of local governments, nonprofits, Community Housing Development Organizations (CHDO) to design and implement strategies to create affordable housing.
> Promote partnerships among local government, nonprofits, CHDO and for-profits.

The Olene Walker Housing Loan Fund partners with public and private organizations to create and preserve affordable housing for Utah's low-income community. The Division of Housing and Community Development manages six OWHLF-funded programs, and the programs support the construction, rehabilitation, and purchase of affordable multi-family and single-family housing throughout Utah. These programs provide a fair and competitive basis to promote the creation and preservation of low-income housing.

MULTI-FAMILY PROGRAMS:

> Rental: One (1) or more units generating income, Non-Rental Special Needs: Group homes and transitional housing that do not generate income.

SINGLE-FAMILY PROGRAMS:

> Rural Rehabilitation and Reconstruction Program – Assistance for owner-occupied units located in rural Utah;

> Home Ownership/Self-help Development – Assistance for first-time homebuyers who provide labor to construct their own homes located in rural Utah;

> HomeChoice – Assistance statewide to provide owner/occupied housing to households with a disabled member(s);

> Down Payment Assistance – Loans for first time homebuyers to assist with down payment assistance or closing costs;

Pre-Development Loans – Non-recourse loans for project development preceding permanent/construction financing.

For each housing project, DHCD recommends a level of funding to the board necessary to achieve long-term financial viability and to ensure that low-income populations are served throughout the funding period. Board meetings are conducted under State of Utah public meeting laws. In making final project approvals, the OWHLF Board also considers:

> The sources and uses of funds and total financing including loan terms, equity and contributions planned for the project.

> Adherence to special set-asides for Community Housing Development Organizations (CHDOs), rural set asides, special needs housing, and grants (see Attachment A).

> The equity proceeds expected to be generated by use of the Low Income Housing Tax Credits.

> The percentage of the housing dollar amount used for hard project costs compared to the cost of intermediaries (e.g. syndication, developer, consulting) and other soft costs.

> The reasonableness of the developmental, construction, and operational costs of the project and the rate of return of the owner's investment.

> The support from the local community including the amount of any CDBG grant funds allocated to the project.

> The proposed time frame for construction or rehabilitation.

Four application cycles occur throughout each year. To coincide with the federal tax credit application process, larger requests for OWHLF multi-family project funding tend to occur each fall.

For more information on the Olene Walker Housing Loan Fund visit our web site at **www.community.utah.gov** or contact Lora Rees at 801-538-8872.

USDA RURAL DEVELOPMENT OFFICE – PROGRAMS FOR RURAL HOUSING

Rural Development helps improve the quality of life for rural Americans by ensuring access to safe, well built, affordable housing. Rural Development has a variety of home ownership, home repairs, and rental housing assistance for people in rural America. The housing programs can provide financing with no down payment and at favorable rates and terms. Housing subsidies are available for eligible applicants. In fiscal year 2007, USDA Rural Development invested over $116 Million in rural communities through our Housing, Community and Business Loans and Grants.

USDA Rural Development delivers a variety of home ownership, home repair, and rental housing assistance to support the needs of rural people. Most involve direct assistance by USDA, while others work through partnerships. Field offices also offer homeownership and credit management education.

USDA Rural Housing Programs and Features	Purpose (What is the program's goal?)	Program Type (How does it work?)	Eligible Applicants (Who can apply?)	Eligible Areas (What is rural?)	Authorized Purposes (What can funds be used for?)	Typical Amount of Assistance
Single Family Housing Direct Loan (SFH 502 Loan)	Enable low income households to buy a modest home or build their own home through Mutual Self-Help Program.	USDA processes loan to home-buyers	Very low & low income households	Unincorpo-rated areas, <20,000 population	Buy & do needed repairs on new or existing homes. 100% financing -- No downpayment required.	$100,000-$150,000 Up to 100% of the market value of the home.
Single Family Housing Participation Loan (SFH 502 Participation/ leveraging)	Enhance the ability of mortgage lenders to make loans which allow low-income households to buy a modest home.	USDA participates with a local mortgage lender in financing a home	Low income households	Unincorpo-rated areas, <20,000 population	Buy & do needed repairs on new or existing homes. 100% financing -- No downpayment required.	$100,000-$150,000 Up to 100% of the market value of the home.
Single Family Housing Guaranteed Loan (SFH Guarantee)	Provide an incentive for mortgage lender to make home loans to low & moderate income households	USDA guarantees home loan made by mortgage lenders	Mortgage lenders ... making loans to low and moderate income households	Unincorpo-rated areas, <20,000 population	Buy & do needed repairs on new or existing homes. 100% financing -- No downpayment required.	$100,000-$180,000 Up to 100% of the market value of the home.
Single Family Housing Repair Loan (SFH 504 Loan)	Modernize or repair a modest home	USDA makes loan to home owners	Very low income households	Unincorpo-rated areas, <20,000	Install or repair water or sewer hook-ups, roofing, insulation, and other housing improvements.	$20,000

USDA Rural Housing Programs and Features	**Purpose** (What is the program's goal?)	**Program Type** (How does it work?)	**Eligible Applicants** (Who can apply?)	**Eligible Areas** (What is rural?)	**Authorized Purposes** (What can funds be used for?)	**Typical Amount of Assistance**
Single Family Housing Repair Grant (SFH 504 Grant)	Rehabilitate substandard housing to a safe, decent & sanitary condition	USDA gives grant to home owners	Very low income households who are 62 years or older	Unincorporated areas. <20,000	Install or repair water or sewer hook-ups, roofing, insulation, and correct other basic housing defects.	$7,500
Multi Family Housing Direct Loan (MFH 515 Loan)	Finance the purchase of apartments for very low and low income households	USDA processes loan to purchase apartments	Private developers, nonprofits, tribes, public agencies	Unincorporated areas, <20,000 population	Finance the construction of new apartments or buy and renovate existing apartments; also provides partial or complete rental assistance	$1,000,000 maximum; leveraged with tax credits & other funds
Multi Family Housing Guaranteed Loan (MFH Guarantee) (Section 538)	Provide an incentive for commercial lending to finance the purchase of apartments for low and moderate income tenants	USDA guarantees loans processed by financial institutions	Private developers, nonprofits, tribes, public agencies	Unincorporated areas, <20,000 population	The guaranteed loans finance new apartments or purchase and renovate existing apartments	$2,000,000 (LIHTC and tax exempt bonds)
Farm Labor Housing Direct Loan & Grant (FLH 514/515 Loan & Grant)	Finance the purchase of housing projects for farm workers & migrant laborers	USDA processes loans and grants for eligible entities	Nonprofits, public bodies (e.g., housing authorities), & Association of Farmers	Rural areas that serve farm labor households	Finance new or buy and renovate existing farm labor housing projects	$1 million -$2 million (highly leveraged)
Housing Preservation Grant (HPG Section 533)	Support programs that cure safety, health and accessibility problems in existing homes & rental units	USDA processes grants to eligible entity	Nonprofits, tribes, & public bodies (e.g., cities & counties)	Unincorporated areas, <20,000 population	Any program that offers affordable assistance (loans, grants, subsidies, technical assistance, etc.) to repair very-low and low-income households.	$30,000 – $50,000

RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC) – SERVING COMMUNITIES SINCE 1978

RCAC is a nonprofit organization dedicated to assisting rural communities achieve their goals and visions by providing training, technical assistance and access to resources. RCAC promotes quality, respect, integrity, cooperation and commitment in our work.

THE FIVE CORE SERVICES OF RCAC

> ***CAPACITY DEVELOPMENT***
> RCAC works with the community or agency to assess needs, develop potential solutions and select and implement the best plan.

> ***ACCESS TO RESOURCES***
> RCAC staff helps identify funding sources and assists with financial packaging and funding applications. RCAC successfully leverages funds from foundations, religious organizations, traditional financial institutions and government agencies for rural projects.

> ***TECHNICAL ASSISTANCE***
> RCAC offers technical assistance to supplement local agency capabilities in tackling community development projects.

> ***TRAINING***
> RCAC provides practical, task-oriented training on a variety of management and technical subjects. We believe training should not only explain how something is done, but must also offer participants hands-on experience for long term success.

> ***ADVOCACY***
> RCAC helps strengthen the effectiveness and presence of local communities with state and federal agencies.

COMMUNITY DEVELOPMENT PROGRAM AREAS

> ***HOUSING***. Nonprofit housing developers call upon RCAC for assistance in developing, financing, and operating affordable housing programs. We help with project feasibility, funding applications, selection and purchase of sites, project design, construction management, and housing management.

> ***ENVIRONMENTAL***. RCAC helps rural, small and tribal communities develop and maintain safe, affordable drinking water and wastewater systems and integrated solid waste services.

> ***FINANCE.*** As a certified Community Development Financial Institution (CDFI), RCAC's Loan Fund fills financing gaps and serves those traditionally neglected by conventional markets. We offer a comprehensive array of products for the development of affordable housing, environmental infrastructure and community facilities in rural communities.

TO ACCESS HOUSING SERVICES IN UTAH, CONTACT:

RCAC Regional Manager Connie Baker Wolfe @ (303) 455-7882 or cbakerwo@rcac.org
Dave Conine @ 801/501-0465 or dconine@rcac.org
Greg Hancock @ 970/243-1838 or ghancock@rcac.org

HUD FUNDING FOR AFFORDABLE HOUSING DEVELOPMENT

COMPETITIVE FUNDING

The Super Notice of Funding Availability (SuperNOFA) is how HUD announces and distributes funding available through its competitive grant programs. The SuperNOFA document describes the application and selection process and amounts available for funding opportunities under a variety of HUD programs and is annually published in the Federal Register. Competitive grant programs allow eligible applicants to request funding directly from HUD by submitting an application. By way of example, the 2007 Super NOFA listed the following programs which could support affordable housing:

1. **Rural Housing and Economic Development (RHED) Program**. The RHED program is designed to support innovative housing and economic development activities in rural areas. The program provides funding to local rural nonprofit organizations, community development corporations (CDCs), federally designated Indian tribes, state housing finance agencies, and state community and/or economic development agencies.

2. **Self-Help Homeownership Opportunity Program (SHOP).** SHOP is designed to facilitate and encourage national and regional nonprofit organizations or consortia to provide innovative single-family or multi-family homeownership opportunities through the provision of self-help housing in which the homebuyer contributes a significant amount of sweat equity toward the construction of the house. Only experienced organizations or consortia are eligible to apply.

3. **Section 202 Supportive Housing for the Elderly.** Section 202 provides interest-free capital advances to private nonprofit organizations to construct, rehabilitate, or acquire (with or without rehabilitation) rental housing with supportive services for the very-low-income elderly.

4. **Section 202 Demonstration Pre-Development Grant Program.** This program works in conjunction with #3 above by providing pre-development grant funding for architectural and engineering work, site control, and other planning related expenses.

5. **Assisted Living Conversion Program (ALCP) for Eligible Multifamily Projects.** This program provides grant funds to private nonprofit owners of Section 202 housing projects; Section 515/8 rural housing projects; Section 221(d)(3) projects; and Section 236 projects that are designated primarily for occupancy by the elderly and have been in occupancy for at least five years.

6. **Persons With Disabilities - Section 811 Supportive Housing for Persons With Disabilities.** Provides interest-free capital advances to nonprofit organizations to construct, rehabilitate, or acquire rental housing for very-low-income persons with disabilities (physical, developmental, or chronic mental illness disabilities).

7. **Housing Opportunities for Persons With AIDS (HOPWA).** Provides states and localities with the resources and incentives to devise long-term comprehensive housing strategies for meeting the housing needs of low-income persons living with HIV/AIDS.

HOMELESS ASSISTANCE

1. **The Continuum of Care.** Resources for organizations and agencies that provide housing and supportive services designed to help individuals and families move from homelessness and emergency shelter to transitional housing or to permanent housing. Funding is provided through three competitive programs: Supportive Housing Program (SHP), the Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program, and Shelter Plus Care (S+C). Continuum of Care is also supported through the Emergency Shelter Grant (ESG) program, a formula grant program that provides resources for those in need of emergency shelter to move off the streets.

2. **Continuum of Care—Supportive Housing Program (SHP).** This program awards funds to state and local governments, other agencies (such as PHAs), and nonprofit organizations that provide housing and supportive services for the homeless.

3. **Continuum of Care—Section 8 Moderate Rehabilitation Single Room Occupancy (SRO).** This program funds public housing agencies (PHAs) and private nonprofit organizations for rental assistance to homeless individuals who rent rehabilitated SRO units.

4. **Continuum of Care—Shelter Plus Care (S+C).** This program funds states, local governments, and PHAs to provide rental assistance to homeless people with disabilities and their families with a primary focus on persons who are seriously mentally ill; who have chronic problems with alcohol, drugs, or both; or who have HIV/AIDS.

5. **Community Development Block Grant (CDBG) Program.** CDBG is the Federal government's primary program for promoting community revitalization throughout the country. CDBG provides annual grants on a formula basis to approximately 1,100 metropolitan cities and urban counties (entitlement communities). CDBG funds are used for a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.

6. **HOME Investment Partnerships Program.** HOME provides funds and general guidelines to state and local governments to design affordable housing strategies that address local needs and housing conditions. Jurisdictions must reserve at least 15 percent of their HOME funds for housing to be developed, sponsored, or owned by community housing development organizations (CHDOs). A CHDO is a private, community-based nonprofit organization that has, among its purposes, the provision of decent, affordable housing for low-income people.

7. **Emergency Shelter Grants (ESG) Program.** The ESG program is designed to help improve the quality of existing as well as provide for additional emergency shelters. ESG funds states, metropolitan cities, urban counties, and territories according to the formula used for the CDBG program.

FOR MORE INFORMATION

"Connecting with Communities: A User's Guide to HUD Programs" provides a succinct overview of all HUD programs. Also contact the Utah State Office at (801) 524-6070 or visit the website at: http://www.hud.gov/. A copy of the User's Guide is also available at http://www.hud.gov/offices/adm/grants/fundsavail.cfm.

UTAH HOUSING CORPORATION

Utah Housing Corporation (UHC) is Utah's largest provider of comprehensive financing options for affordable housing, having provided loans and equity for more than 81,000 residential units for Utah's working class residents. UHC does not receive any funding from the State of Utah. It is totally self-supporting and each year raises hundreds of millions of dollars to fund its first time homebuyer mortgage program and other programs. UHC forms partnerships with private sector lending institutions, homebuilders, realtors and others to bring the maximum amount of expertise together in administering these extremely complex and sophisticated programs. UHC was created as an independent body politic and corporate, constituting a public corporation of the State of Utah by legislation enacted in 1975.

HOME OWNER PROGRAMS

FirstHome and FirstHome Plus

UHC has provided mortgage financing for more than 57,000 homes and condominiums through its bond programs. Money raised through the sale of bonds enables UHC to purchase mortgage loans offered to the public through over 30 different lending institutions located throughout the state. FirstHome provides below-market interest rate mortgage loans to first-time homebuyers. Homebuyers may borrow a portion of the money for those requirements under UHC's FirstHome Plus program.

ECHO, REACH and CROWN

Over 250 homes and condominiums have been built under these programs. Homes built by students in High Schools and Applied Technology Schools under ECHO (Educationally Constructed Housing Opportunities) are available for purchase by the public. Through cooperation with Utah Correctional Industries REACH (Rehabilitation Thru Affordably Constructed Housing) modular homes are built at Utah's correctional facilities by offenders learning the building trades. CROWN (Credits-to-Own) is a lease-to-own program for very low income households.

RENTAL HOUSING PROGRAMS

Low Income Housing Tax Credit Program

Over 19,000 units of rental housing have been developed throughout Utah since 1986 under LIHTC (Low Income Housing Tax Credit Program).

Multifamily Tax-Exempt Bond Financing Program

Over 9,000 units of rental housing in 84 projects have been financed by UHC's bonds since 1978.

CONTACT UHC AT

(801) 902-8200 or at www.utahhousingcorp.org.

Utah Community Reinvestment Corporation (UCRC) is a private non-profit 501(c) 3 corporation based in Salt Lake City, Utah. The UCRC operates a $60 million revolving line of credit provided by investments from state and nationally chartered financial institutions.

Formed as a result of the efforts of Utah's financial institutions, UCRC was created to provide Utah's affordable housing industry ready and affordable access to technical and financial resources needed to develop housing products to serve Utah's low and moderate income residents. UCRC has provided debt financing to Utah's housing industry since its organization in 1999. As part of our expanding mission, the UCRC now serves Utah, Wyoming, Idaho and Arizona and can provide term financing on real estate based transactions other than affordable housing.

Because of the continued efforts of the member banks, in 2008 the UCRC will introduce expanded products and services in response to the need for specialized, creative funding for the preservation of manufactured home parks as affordable housing and in providing access to home ownership products for public servants and service personnel in high housing cost areas as part of the State of Utah Workforce Initiatives plan.

These new UCRC initiatives and products will provide the communities we serve with innovative credit facilities that will have recognizably positive impacts. By partnering with community leaders and agencies that currently offer strategic leadership on these challenging issues, UCRC can provide readily available credit facilities as part of the on-going effort to provide affordable housing and services to our community.

These new UCRC products will compliment the UCRC's existing products and services:

Multi-Family Term Loans

- Loan Size $250,000 - $6,000,000
- Term: 18 year maturity, up to 40 year amortization
- Rate: Negotiable
- Fee: Negotiable
- DSCR: 1.10:1 non profits, 1.15:1 for profits
- LTV: 80% maximum using restricted value
- Rate Lock: up to 30 months; currently just 1 basis point per month; purchase in 3-month blocks.

Acquisition/Rehab/Term Loans

- Up to $750,000 additional interim advance over term loan amount
- Interest only during rehab period
- Single close – save time and money
- Fixed interest rate for all phases of loan
- Designed to work with Tax Credit investments

Multi-Family Bond Placements

- Private placement to member institutions
- No enhancement required (stabilized properties)
- Low fixed rates
- 30 year amortization /15-30 year term
- Low cost origination
- 15 yr. tax exempt rate competitive with current market

HUD – Rural Development Preservation Loans

- Lending limits based on subsidized rents rather than LIHTC restricted rents - (up to 90% of market rents)
- Can be combined with acquisition/rehab product for one-stop service
- Rate: FHLB of Seattle Daily Advance Rate plus 1.50% to 1.80%
- Mezzanine financing to 95% LTV – 10 yr term

Manufactured Home Park Financing Tool Kit

- Available to non-profits, governments and cooperatives
- Term loan to 85% LTV and 30 yr term
- Mezzanine loan to 95% LTV and 10 yr term
- Co-op share financing

Contact the UCRC by calling 801-366-0400 or by email at sgraham@ucrc.biz

APPENDIX III: SAMPLE DOCUMENTS

SAMPLE INCLUSIONARY ZONING ORDINANCE

Sec. 1 – Purpose.

The purpose of this Chapter is to promote the public health, safety and welfare by promoting housing of high quality located in neighborhoods throughout the community for households of a variety of income levels, ages and sizes in order to meet the City's goal of preserving and promoting a culturally and economically diverse population in our community.

Based upon the review and consideration of reports and analyses of the housing supply in the City, it is apparent that the diversity of the City's housing stock has declined for many reasons including increasing property values and construction costs. The City recognizes the need to provide affordable housing to households of a broad range of income levels in order to maintain a diverse population and to provide housing for those who live or work in the City. Without intervention, the trend toward rising housing prices will result in an increasingly inadequate supply of affordable housing for city residents and local employees, which will have a negative impact upon the ability of local employers to maintain an adequate local work force and will otherwise be detrimental to the public health, safety and welfare of the city and its residents. Since the remaining land appropriate for new residential development within the City is limited, it is essential that a reasonable proportion of such land be developed into housing units affordable to low and moderate income households and working families.

The regulations set forth in this Chapter are in furtherance of a key goal of the City's Comprehensive Plan: to create and preserve affordable housing opportunities. The regulations also support other goals of the City including the reduction of traffic congestion and associated air pollution; and the prevention of sprawl through the maintenance of the urban services boundary. The regulations are intended to encourage and provide a structure for cooperative participation by the public and private sectors in the production of affordable housing.

While this Chapter provides specific alternatives to the production of on-site affordable housing units, the intent and preference of this Chapter is for the provision of permanently affordable housing units constructed on-site and privately produced, owned, and managed.

Sec. 2 – Covered Development Projects:[1]

The provisions of this Chapter shall apply to all new developments that contain or result in (a) five or more residential dwelling units; or (b) a new subdivision of land that results in (i) five or more single-family lots or (ii) two-family lots with the potential for six or more residential units. The types of development subject to the provisions of this ordinance include, without limitation, the following:

A. A multifamily development that is
   i. New residential construction that creates 5 or more dwelling units or
   ii. New mixed-use construction with a residential component of 5 or more dwelling units.

B. A development that is the renovation or reconstruction of an existing multifamily residential structure that increases the number of residential units from the number of units in the original structure by 5 or more dwelling units.

C. A multifamily development that will change the use of an existing building from non-residential to residential having 5 or more dwelling units.

D. A new subdivision of land into five or more single-family lots.

E. A new subdivision of land into two-family lots with the potential for six or more residential units [same comment as above].

Sec. 3 – Percentage of Affordable Housing Units or Lots Required.

A. General requirement. Except as otherwise specifically provided, the affordable housing component shall provide for the permanent affordability (as defined in Sec. 13 below) of [amount to be determined] percent of the approved dwelling units, as further detailed in Sec. 7 below. Further, except as otherwise specifically provided, the affordable units shall be located within the covered development.

B. Calculation. For subdivision proposals, each lot that is large enough for only one single-family dwelling unit or that is limited by restrictive covenants to development only with a single-family dwelling unit shall be deemed to house one single-family dwelling unit. Each lot that is large enough for a two-family dwelling unit or that is allowed by restrictive covenants to develop with a two-family dwelling shall be deemed to house two dwelling units. The minimum number of affordable units for a subdivision shall then be determined by multiplying the maximum number of dwelling units permissible within the development proposal as determined herein by the percentage specified above.

C. Cash payment in lieu of housing units.

   i. General applicability. In accordance with Sec. 9 below, the Planning Commission may accept a payment in lieu of affordable housing for all or part of the affordable housing obligation imposed by this Chapter. If the calculation of the housing obligation results in a fractional number of units, the fractional amount shall be fulfilled with a payment in lieu (calculated in accordance with subsection (3) below).[2]

   ii. Amount and use of cash in lieu. The per unit payment amount shall be determined by the City Council and set forth in the City's annual fee resolution. The per-unit amount shall be based on an estimate of the cost of providing an affordable housing unit in ____________. The Council shall base the annual per unit payment amount on the differential between the cost to produce such a unit and the price it can be sold for, as determined by averaging the actual differentials reported over the previous 12 months by two or more developers actively producing affordable housing stock in ____________ or in close proximity to ____________. All cash payments received pursuant to this Chapter shall be deposited directly into the Revolving Acquisition Fund[3] for purposes authorized under Sec. ___ [relevant section of the ____________ code].

iii. Calculation. For purposes of determining the total in lieu payment amount, the per unit amount established by the City pursuant to Paragraph (C)(2) of this Section shall be multiplied by 15 percent of the number of units proposed in the covered development. For purposes of such calculation, if 15 percent of the number of proposed units results in a fraction, the fraction shall not be rounded up or down. If the cash payment is in lieu of providing one or more but not all of the required units, the calculation of required affordable dwelling units shall be prorated as appropriate.

Sec. 4 – Application and Inclusionary Housing Plan.

A. Application. For all covered developments, the applicant or owner shall file an application for approval on a form provided and required by the City. The application shall require, and the applicant shall provide, among other things, general information about the nature and scope of the covered development, as well as such other documents and information as the City Manager may require. The Manager shall also have the authority to require, as part of the application submittal, such portions of the inclusionary housing plan required under subsection (b) of this section as the Manager shall deem necessary to properly evaluate the proposed covered development under the requirements and provisions of this Chapter.

If the applicant intends to request permission to provide an alternative to on-site affordable housing units as provided under Sec. 9 of this Chapter, the applicant nonetheless is required to demonstrate with reasonable specificity what the project would look like if the project included on-site integration of affordable housing units, per Sec. 8 of this Chapter. In accordance with Sec. 9, the applicant who seeks to provide an alternative to on-site integration shall demonstrate that the proposed alternative will further affordable housing opportunities in the City to a greater extent than compliance with the otherwise applicable on-site requirements of this Chapter.

B. Inclusionary Housing Plan. As part of the approval of a covered development project, the applicant shall present to the City an inclusionary housing plan that outlines and specifies the covered development's compliance with each of the applicable requirements of this Chapter. The plan shall be subject to approval by the City and shall be incorporated into a binding agreement to be called the Affordable Housing Performance Agreement between the applicant and the City as required pursuant to Sec. 5 of this Chapter. Minor modifications to the plan are subject to approval by the City Manager; major modifications are subject to Council approval and will be considered promptly upon petition from the applicant. The plan shall specifically contain, at a minimum, the following information regarding the covered development:

i. A general description of the development.
ii. The total number of market rate units and affordable units in the development.
iii. The number of bedrooms and bathrooms in each affordable unit.
iv. The approximate square footage of each affordable unit.
v. The approximate location within any multifamily residential structure, or any subdivision of land, of each affordable unit.
vi. The pricing for each affordable housing unit [or lot?]. The pricing of each unit or lot shall be determined at time of approval. At time of sale this price may be adjusted if there has been a change in the median income or a change in the formulas used in this ordinance.

vii. The order of completion of market rate and affordable units.

viii. Documentation and plans regarding the exterior appearance, materials and finishes of the development for each of its affordable units unless it is stated that market units and affordable units shall have identical exterior finishes.[4]

Sec. 5 – Affordable Housing Performance Agreement and Other Documents.

Prior to issuance of a zoning compliance permit for any covered development, the applicant or owner shall have entered into an Affordable Housing Performance Agreement with the City regarding the specific requirements and restrictions regarding affordable housing and the covered development. The applicant or owner shall execute any and all documents deemed necessary by the City, including, without limitation, restrictive covenants and other related instruments, to ensure the permanent affordability of the affordable housing units or lots in accordance with Sec. 13 of this chapter. The agreement shall set forth the commitments and obligations of the City and the applicant and shall incorporate, among other things, the inclusionary housing plan; it shall also contain the agreements and decisions regarding the applicability of any one or more of the alternatives to the provision of on-site affordable housing units as set forth in Sec. 9 of this Chapter. The agreement and all documents described above shall be recorded in the ____________________________ County Registry of Deeds as appropriate.

Sec. 6 – Development Cost Offsets.

An applicant who fully complies with the requirements of this chapter shall, upon written request, receive from the City, with regard to the affordable housing units or lots in the covered development, a waiver of all the otherwise applicable application fees, building permit fees, plan review fees, inspection fees, and such other development fees and costs which may be imposed by the City, except for any fees associated with water or wastewater [stormwater?] which shall be charged at market process.[5]

Sec. 7 – Density Credits.

[This section is to be determined; the subcommittee's report (see Final Report) provides a starting place.][6]

Sec. 8 – Integration of Affordable Housing Units.

A. Location of affordable housing units. Affordable housing units or lots shall be situated within the covered development, unless the applicant qualifies under Sec. 9 below for an exception or alternative to providing on-site housing. The locations shall be recommended by the Planning Commission, and approved by the city council.

B. Phasing of construction. The inclusionary housing plan and the Affordable Housing Performance Agreement shall include a phasing plan that provides for the timely and integrated development of the affordable housing units as the covered development project is built out. The phasing plan shall provide for the development of the affordable housing units concurrently with the market rate units. Zoning compliance permits shall be issued for the covered development project based upon the phasing plan. The phasing plan shall be approved by the City Council (or Planning Commission, if appropriate) prior to the issuance of any zoning compliance permit. Subsequent to approval, the phasing plan may be adjusted by the City Manager when necessary in order to account for the different financing and funding environments, economies of scale, and infrastructure needs applicable to development of the market rate and the affordable housing units.

C. Exterior appearance. The exterior appearance of the affordable housing units in any covered development shall be compatible in style and quality with the market rate units in the development.

D. Interior appearance and finishes. Affordable housing units may differ from market rate units with regard to interior finishes. As a matter of City policy, the units should be energy-efficient.

E. Gross floor area. [Needs development.][7]

Sec. 9 – Alternatives to On-Site Affordable Housing Units.

A. In lieu of the provision of all or part of the affordable housing on the site of the covered development as otherwise required by Sec. 3 of this Chapter, the City Council, following consideration by and a recommendation from the Planning Commission, or the Planning Commission, if appropriate, may approve one or more of the three alternatives for affordable housing as set forth in subsection (b) of this section. Utilization and the requirements of the provisions of this section shall be specifically set forth in the Affordable Housing Performance Agreement for the covered development. This section shall not be utilized unless the applicant demonstrates to the satisfaction of the City Council (or Planning Commission, if appropriate) that (i) the alternate means of compliance will further affordable housing opportunities in the City to a greater extent than compliance with the otherwise applicable on-site requirements of this Chapter, or (ii) the provision of on-site affordable housing is not economically feasible.

B. Any one or more of the following affordable housing alternatives may be utilized in lieu of all or part of the otherwise applicable on-site requirements of Sec. 3 of this Chapter.
   i. A dedication of land to the City of ____________ or the City's not-for-profit designee.
   ii. The provision of affordable housing units at another site within the City.[8]
   iii. A cash payment in lieu of housing, to be deposited directly into the Revolving Acquisition Fund[9] for purposes authorized under [the section of the ____________ code that defines that fund]. The per unit amount payment may not be less than the per unit payment established pursuant to Sec. 3(c)(2) of this Chapter.
   iv. An alternative proposed by the applicant that directly provides or enables the provision of affordable housing units within the City. [To be further discussed.]

Sec. 10 – Target Income Levels for Affordable Housing Units or Lots.

Income levels shall be provided as follows:

A. Single family subdivisions shall be for families at 80% of AMI or less

B. Multiple Family developments shall be for 50% of AMI or less depending upon the density bonus being targeted.[10]

Sec. 11 – Price of rents and for sale affordable units or Lots.[11]

A. Rents shall be priced at 30% of income of families with incomes less then 50% of AMI and receive density bonuses. Rents my be priced at fair market rents as established by HUD for all other affordable rents.

B. Affordable housing units will be priced at 30% of the income of families at 80% of AMI or less.

C. Affordable lots in subdivisions will priced at one half of the prices of the market rate lots within the development.

Sec. 12 – Priority of Eligible Households.[12]

Only eligible households with pre-approved loans shall be permitted to make an application for an affordable housing unit or lot for purposes of this chapter. Priority will be given:

A. First to verifiable employees of the City and school teachers hired by the school district(s) of the city.

B. Second to employees of businesses located in the City, and to employees of other governmental agencies of the city/county, provided they have been an employee for a minimum of 12 months.

C. Third to residents of the City of ____________ provided they have been a resident for a minimum of 12 months.

D. Fourth to residents of ____________ County, Utah, provided that they have been a resident for a minimum of 12 months.

E. Fifth to residents of __________ County, Utah.

F. Sixth to the general public.

Sec. 13 – Period of Affordability.

In covered developments that contain for-sale units or lots, affordable housing units or lots shall be resold to low- and moderate-income households in perpetuity or as long as permissible by law. The owner shall execute and record all documents required by Sec. 5 of this Chapter to ensure compliance with this subsection.

Sec. 14 – Affordability Controls; Resale of Affordable Housing Units or Lots.

Private party purchases. In the resale of affordable housing units or lots, the parties to the transaction shall execute and record such documentation as required by the city including, without limitation, restrictive covenants and other related instruments to ensure the continued affordability of the housing units or lots. Such documentation shall include the provisions of this chapter and shall provide, at a minimum, each of the following:

A. The affordable housing unit or lot shall be sold to and occupied by an eligible household as provided for in section 4-12.

B. The affordable housing unit or lot shall be conveyed subject to restrictions that shall permanently maintain the affordability of such affordable housing units or lots for eligible households.

C. Resale calculations for dwelling units. Calculation of the price of a resale affordable unit shall be determined by taking the original sales price of the affordable unit; adjusting the price for inflation by adding the percentage of the original sales price that is equal to the increase in the cost of living since the unit first sold, as determined by the CPI (Consumer Price Index as determined by the Bureau of Labor Statistics, US Department of Labor and not compounded annually); adding to the sales price the fair market value of any capital improvements made to the unit; and adding allowance for the closing costs initially paid by the buyer of the unit. The fair market value of the dwelling and any other capital improvement shall be determined by a licensed Utah appraiser.

D. Resale calculations for lots. Calculation of the price of a resale lot or lot with owner built dwelling shall be determined by taking the price of the affordable lot; adjusting the price for inflation by adding the percentage of the original sales price that is equal to the increase in cost of living as determined by the CPI (not compounded annually); adding to the sales price the fair market value of the dwelling if any; and adding allowance for the closing costs initially paid by the buyer of the lot. The fair market value of the dwelling and any other capital improvement shall be determined by a licensed Utah appraiser.]

[1] The edits in this section are provisional; the point from the task force is that we mean five or more dwelling units in all cases.
[2] There remains a policy question regarding whether there are any further circumstances in which a payment in lieu might be acceptable.
[3] The Revolving Acquisition Fund is provisionally cited because it is where the payments in lieu currently go. Task force members pointed out, however, that the range of available uses for the money is narrow, that it has to be replaced within six months, that the use is at the discretion of the City Manager, and that for those and other reasons it might be advisable to redesign this fund or even create a different one to use in conjunction with this ordinance. The task force recommends asking the three affordable housing nonprofits to propose the changes they would like to see.
[4] Many questions remain about this section. There is tension between the public's interest in being assured that the affordable units will be of appropriate size as well as appropriately sited within the development; and the developer's need to have flexibility as the actual project takes shape. A question also remains for cases in which lots permitted as part of a subdivision application are designated as sites for affordable units in the future, but nothing in the present can be known about that development.
[5] Exactly which fees to waive is a policy determination. The Council may want to request information about the reduced revenue from relevant departments (Planning, Inspections and Engineering) and from the City Attorney.
[6] A member of the task force raised the question of whether, if the applicant chooses not to take advantage of the density credits, the percentage of that applicant's affordable housing obligation would be reduced.
[7] The task force wrestled with this issue. While it was reluctant to get too restrictive about the size of the affordable units, it recognized in principle the community's' interest in ensuring that the affordable units are sized properly to be marketable and comfortable to the folks who live in them. A related concern is the design of the units: how can the process be constructed so as to avoid the construction of poorly designed (unmarketable as well as uncomfortable) units?
[8] The task force discussed whether it would be appropriate here to indicate to the applicant that, as a matter of policy, the Council prefers that the off-site affordable housing be in a nearby neighborhood.
[9] See note c above.
[10] The task force recommends in principle that the affordable housing be targeted to both the 80 percent AMI and the 65 percent AMI. For ideas about how the details of the income targeting could work out, see the subcommittee's recommendations in the Final Report.
[11] Questions in this section include how much detail here is appropriate, as well as whether, regarding affordable lots, the lots should be required to be sold to a qualifying agency, or the to City, to be built as permanently affordable housing.
[12] The task force recognizes that these priorities should be subject to further discussion.

SAMPLE RFP FOR ARCHITECTURAL SERVICES

PUBLIC NOTICE: REQUEST FOR PROPOSALS FOR ARCHITECTURAL SERVICES

ISSUED BY ________________________________, is currently accepting proposals from qualified individuals or firms for architectural services for a multiple current and future building projects primarily for multiple and single family housing. Questions about this RFP should be addressed to______________________________ at ______________________ (phone) or by fax, or email to _____________________________________.

Interested individuals or firms should submit twelve (12) copies of their proposal no later than 10:30 a.m., Wednesday, November ___________, 20____.

Deliver the 12 copies to:

____

Director

____

__________________________ reserves the right to waive any formality and reject all or part of any proposal.

____

ARCHITECTURAL SERVICES RFP

OVERVIEW OF SERVICES REQUIRED: The ___________________________ would like to enter into a contract with an individual or firm for Architectural Services. The primary purpose of this contract would be for generic architectural design services for the period of 5 years. As part of these services the architect may be expected to assist _____________ with site location. The architect will be responsible for all phases of the project such as design, bidding, and construction supervision. The construction of projects is conditional on adequate funding. Once the master plan of projects is determined by the owner, preliminary design and budget projections will be required to be completed on the highest priority project or project number 1. Design work will then be halted until fund raising can be completed by __________________. When adequate funds can be obtained to complete the project, detailed design and construction bids can be completed. The preliminary design work must include drawings showing building elevation and layout design so that the drawings can be presented to grant and foundation sources.

CALENDAR OF EVENTS: All dates are subject to change

10/17/2008 — City Council to consider approval of RFP.

11/16/2008 — Proposals due.

11/21/2008 — City Council meeting to determine qualifications.

11/28/2008 — Interviews (if needed) or negotiations.

12/05/2008 — City Council meeting to select an architect.

GENERAL INFORMATION: The __________________________________ is an incorporated municipality with a population of approximately _____________. The City is located ______________________________.

SELECTION PROCESS:

The ______________________________ (City) reserves the right to accept or reject any part or all of a submitted proposal. The City Council may use a committee to make a recommendation; however, the City Council, at its discretion, shall determine whether a particular applicant has the required qualifications. Negotiation on prices and compensation will begin after the most qualified firm has been identified. If prices and compensation cannot be agreed to, then negotiations with the most qualified firm will be terminated and then will begin with the next most qualified firm.

OTHER INFORMATION:

1. The City reserves the right to cancel any agreement, at any time, upon sixty days (60) written notice of it's intent to terminate the agreement.
2. Proposal responses received unsigned may not be considered.
3. The City is not responsible for lateness or non-delivery of mail, carrier, etc. to the City, and the time and date recorded by the City shall be the official time of receipt.
4. The successful applicant's rights and duties awarded by the contract may not be assigned to another without written consent of the City signed by the City's authorized agent. Such consent shall not relieve the assignor of the liability in the event of default by the assignee.
5. Any ambiguity in the proposal because of omission, error, lack of clarity or noncompliance by the applicant with specifications, instructions and all conditions of bidding shall be construed in the favor of the City.
6. No oral statement of any person shall modify or otherwise change, or affect the terms, conditions or specifications stated in the resulting contract. All change orders to the contract will be made in writing and shall not be effective unless signed by an authorized representative of the City.
7. The City shall have the right to modify the specifications prior to the proposal submission deadline and will endeavor to notify all potential applicant that have received a copy of the specifications, but failure to notify shall impose no obligation or liability on the City.
8. The successful applicant agrees to and shall indemnify and hold harmless the City against any and all liens and encumbrances for all labor, goods and services which may be provided under the City's request, by seller or seller's vendor(s) and if the City requests, a proper release of all liens or satisfactory evidence of freedom from liens shall be delivered to the City.
9. The successful applicant hereby warrants that the services and use or sale of the products and materials delivered hereunder will not infringe on the rights of any patent, copyright, or registered trademark, covering such materials and the successful applicant agrees to indemnify and hold harmless the City for any and all costs, expenses, judgments and damages which the City may have to pay or incur.
10. The City may, by written notice to the successful applicant, cancel this contract without liability to the applicant if it is determined by the City that gratuities or bribes in the form of entertainment, gifts, or otherwise, were offered or given by the successful applicant, or it's agent or representative to any City officer, employee or elected representative with respect to the performance of the contract. In addition, the successful applicant may be subject to penalties stated in the Utah Code.

FORMAT OF PROPOSAL:

1. **Executive Summary –** The Executive Summary of the Proposal shall be one (1) to three (3) pages. Include items such as a cover letter of introduction and/or a brief overview of your firm.
2. **Experience – i.** Provide all pertinent information describing your firm's history, background, and experience. ii. Detail previous experience in providing services for other similar agencies and communities and projects. iii. Detail previous experience in assisting clients in the acquisition of grants and foundation money. vi. The applicant is to provide a minimum of three (3) verifiable references in which the applicant has provided service to in the past five years. v. A statement as to what projects the firm is currently working on and the date the applicant could be available to begin work on this project.
3. **Staff – i.** Include the résumés of the staff that will be assigned to the project. ii. Include an organizational chart of the key personnel. iii. Include copies and evidence of appropriate State licenses.
4. **Insurance Requirements – i.** Include copies of liability insurance policies currently in effect. ii. Provide evidence of Utah Worker's Compensation coverage.
5. **Identifying Information –** Identify the form of legal entity of the applicant and the year such entity was established. Include the Federal Employer Tax Identification Number and State Sales Tax Identification Number.
6. The final page from this document or replica ***with signature***; must include the name, physical address of principal place of business, mailing address, telephone number, fax number, email, and general information of applicant's primary contact person.

SAMPLE OVERLY ZONE ORDINANCE

ORDINANCE NO. 2007-______

AN ORDINANCE AMENDING THE ZONING ORDINANCE TEXT TO INCLUDE THE NORTH DISTRICT ZONE (New Overlay Zone) TEXT

WHEREAS: the City is authorized by law to enact ordinances establishing regulations for land use, development, and subdivision of land; and

WHEREAS: the City Council finds that certain changes and additions are desirous in order to foster orderly and compatible use of land;

WHEREAS: the City Council finds that land use in certain areas of the City require specific regulations;

WHEREAS: the City Council finds that the creation of a new zone district titled the "North District Zone" is in the best interest of the City;

WHEREAS: the City Council finds that an amendment to the zoning ordinance with the inclusion of the "North District Zone" will foster orderly and desirable development;

WHEREAS: the City Council has received a positive recommendation from the Planning Commission.

BE IT ORDAINED, therefore, by the City Council of the City of ____________ that the zoning ordinance be amended to include the text of the "North District Zone":

This ordinance will take effect upon execution by the Mayor or after fifteen days from transmission to the office of Mayor if neither approved nor disapproved by the Mayor.

(Signatures appear on separate page)

CHAPTER 17.42 – NORTH DISTRICT (ND)

Sections:

Section 17.42.010 – Intent

The intent of this chapter is to provide appropriate guidelines for the development, redevelopment and design of the North District Zone (ND) of ________________________ City. It is the intent through the guidelines contained in this ordinance that areas designated (ND) will experience a resurgence of new structures, residential dwellings, and supporting commercial and retail uses. The intent of this ordinance is also to aid in the creation of a healthy pedestrian environment.

Section 17.42.020 – Purpose

This chapter is provided to achieve the following purposes:

1. Provide for the implementation of the general plan, and the attainment of the goals as contained within the North District general plan amendment
2. Provide a diversity of use options allowing for the integration of a changing and growing market
3. Provide a description of building requirements and restrictions while maintaining flexibility, creativity, and land-use diversity
4. Provide instruction for maintaining and increasing pedestrian health, safety, and welfare through Crime Prevention through Environmental Design (CPTED) and other like guidelines
5. Encourage a variety of local and non-local businesses to locate and develop in a manner which compliments human scale design. Also encourage business and residential development that supports an active community lifestyle
6. Ensure that buildings are consistent with one another creating a unique sense of place, arrival, and historical aptitude in the area
7. Provide for a full range of higher density housing types to be built and maintained including upscale, mid-range and affordable housing
8. Create a pedestrian-friendly environment that allows for a variety of transportation options including walking, biking, skating, driving, and mass transit
9. Provide requirements and restrictions for parking and parking structures
10. Strengthen the city's economic base and provide employment opportunities
11. Explore and find innovative ideas to make the area a destination.

Section 17.42.030 – Definitions

For the purposes of this chapter, the following terms shall have the meaning as defined:

1. Intensive Offices: Offices which meet one or more of the following criteria:
   A. Offices with a substantially large ratio of the number of employees per square foot of floor area;
   B. Offices which have extended hours of business; or
   C. Offices which have an unusually high number of visitors
2. Mixed Use: Means a type of land use which provides for a variety of uses while consisting of greater than thirty (30) percent residential land uses, and not less than fifteen (15) percent secondary use.
3. Public space: Any space larger than 500 square feet which includes a variety of public amenities.
4. Stories: Finished floor to finished floor excluding mezzanine.
5. Accessory use: means a subordinate use or building customarily incident to and located upon the same lot occupied by the main use or building.

Section 17.42.040 – Zone District Designation

North District Zone (ND) hereafter "ND" is a zone of ________________ City with unique design standards and regulations implemented for the creation of an mixed use zone. The ND establishes requirements for the planning and implementation of a pedestrian-oriented environment.

Section 17.42.050 – Minimum Acreage

North District zoning shall only be applied to property consisting of a minimum of five (5) acres of contiguous land unless otherwise approved by the Planning Commission. If a proposed development is associated with an approved ND project plan, the extension of the zone to encompass the extended area must meet:

1. All the requirements of the ND zoning ordinance;
2. Must prove that the extension provides a cohesive and integrated plan into the previously approved ND plan or development;
3. Must follow the design guidelines of the existing approved plan.

Section 17.42.060 – Approval Process

1. Residential uses allowed in the ND are subject to the provisions, design guidelines, and development standards contained in this chapter and all standards, designs, and exceptions as specified in the development agreement associated with each project, along with any accompanying exhibits.
2. An application fee as promulgated in the consolidated fee schedule shall be submitted to _____________________ City at the time of concept plan submission.
3. A development agreement shall be submitted at the time of concept plan submission and must be approved prior to recording of documents or the issuing of building permits. The development agreement may be modified and amended as it pertains to specific design criteria by request of the applicant or the city. Modification of the development agreement is not intended to alter or abrogate approved uses, unit densities, or building safety requirements.
4. Subdivision of property must follow procedures as outlined in Title 15 of __________________ City and platting process promulgated by state law.

Section 17.42.070 – Approval Criteria North District Zone (ND)

The intent of the North District Zone (ND) is to raise the standard for development. The approval criteria for the ND follow three steps.

ND Concept Plan

The concept plan requires planning commission approval. If approved, the concept plan submission grants zoning designation, establishes roads and rights of ways and the gross residential density of the project.

ND Preliminary Plan

The ND preliminary plan is administered by _____________________ City staff. The review will check for compliance with the approved concept plan, general plan and the ND ordinance and development agreement.

ND Final Plan

The final plan submission to ______________________ City staff is for approval of the development. This submission shall provide final details as outlined in the ordinance and development agreement and is the final preparation before building permit application.

A. North District Zone (ND) Concept Plan Submission

The establishment of a development in the North District Zone (ND) may be approved only if the planning commission finds that a ND will:

1. Not conflict with any applicable policy of the general plan.
2. Meet the intent and purpose of this ordinance.
3. Encourage and promote the use of multiple modes of transportation.
4. Provide a healthy and welcoming walking environment for pedestrians.
5. Meet all other requirements as contained in the ND ordinance and of the ______________________ City general plan.
6. A mixed use plan must be submitted demonstrating a minimum gross commercial density of 15 percent and a minimum residential density of 30 percent. Commercial uses may include office and retail as specified within this section.
7. Submission of a plan set demonstrating the following
   a. Clear indication of proposed area for zone change.
   b. Ownership and current use of all abutting property.
   c. A concept plan designating the area.
   d. A development agreement with ______________________ City.
   e. Proposed total density for the entire requested zone area.
   f. A street dedication plan.
   g. An illustrative plan demonstrating the vision for the proposed development area
   h. A narrative establishing guiding principles for all submissions to ______________________ City.
   i. Basic utility provisions.

B. North District Zone (ND) Preliminary Plan Submission

After achieving the concept plan approval for a project, additional plan submissions are required. The purpose of the preliminary plan submission is to provide information for the larger elements of the plan. These elements shall be provided across phase boundaries to create continuity in the development. These required submissions shall be administered and approved by the ______________________ City planning staff for compliance to the approved concept plan and the building and site requirements of this ordinance as well as all other portions of this ordinance. A phasing plan shall be submitted, if the planning staff deems it necessary to understand the impact of the development on adjacent infrastructure.

1. A preliminary project plan shall be presented to the city staff for acceptance and approval after all restriction and requirements of the General Plan for proper development have been reviewed and applied.
2. The phasing plan shows the sequence for the proposed development. Additional submissions to planning staff are required. The preliminary project plan submission shall include:

a. Pedestrian oriented facilities and street plan
b. Renderings of building elevations
c. Character sketches of streets, buildings and plazas
d. Master parking plan
e. Master utility plan
f. Massing study
g. Street landscape planting plan
g. Lighting plan
i. Master way finding plan/sign plan or approach
j. A master amenities and public art plan showing locations for public art on the project
k. General paving materials plan
l. Project design guidelines
m. Other documents as required by the planning department in order to provide clarity in approving an application

C. North District Zone (ND) Final Plan Submission

Final Plan submission shall be provided by phase only as specified in the ND Preliminary Plan submission to include specific items for each phase the ND Final Plan Submission. The final plan shall define specifically the density requested for the phase and shall be provided to determine compliance with the intent of the adopted and submitted plan design guidelines during the concept plan approval phase.

1. The additional detail by phase will be required as follows:
2. Specific maintenance plan
3. The phase public art plan
4. Specific parking plan
5. Specific utility plan
6. Building elevations, sections and materials
7. Amenities
8. Samples for paving materials as specified in design guidelines
9. Landscaping master plan
10. Sign plan consistent with way-finding building or business identification
11. Conditions, covenants and restrictions (CC&R's)

Section 17.42.080 – North District Zone (ND) Land Use Regulations

Table 1 identifies the uses allowed in the North District Zone

RESIDENTIAL USES		
USE	**APPROVAL REQUIRED**	**CONDITION**
Live/Work	P	
Child care facilities	P	
Residential facilities for elderly persons	P	
Residential facilities for persons with a disability	P	
Multi-Family Units, including:		
a. Two family dwellings	P	
b. Apartments	P	
c. Condominiums	P	
d. High rise residential	P	
Storage Facilities if associated with residential uses	C	Per associated design guidelines contained in this ordinance
Surface parking lots associated with residential uses	C	Per associated design guidelines contained in this ordinance
Home occupation per ________________ City requirements	C	Refer to ___________________ City home occupation section
Single family residential	C	As per specific design criteria
Retirement center	C	Per associated design guidelines contained in this ordinance

NONRESIDENTIAL USES		
USE	**APPROVAL REQUIRED**	**CONDITION**
Commercial Uses		
General retail stores and shops without drive-up window	P	
Restaurant without drive-up window	P	
Art galleries	P	
Café without drive-up widow	P	
Convenience store beneath residential or office	P	
Financial, insurance and real estate services without drive-up window	P	
Intensive office	P	
General office	P	
Fitness center	P	

Mixed use development in accordance with general plan	P	
Auditoriums and assembly halls	C	Structured parking required
Hotels	C	Structured parking required
Personal service establishments	C	
Reception center	C	Structured parking required
Movie Theater	C	Structured parking required
Private Club, not including sexually oriented business	C	
Financial institution with drive through window	C	Drive through must be integrated into building plan making the drive through appear as part of the walk in institution and not a stand alone drive through.
Day Care	C	

CIVIC AND INSTITUTIONAL USES		
USE	**APPROVAL REQUIRED**	**CONDITION**
Public use	P	
Parks and trails	P	
Open space/urban plaza	P	
Public art galleries and spaces	P	
Religious buildings	C	Per specific design criteria
School	C	Per specific design criteria
Recreational facility	C	Per specific design criteria
OTHER USES		
Accessory use	P	

Table 1: North District Zone (ND) Use Table

Table Notes: P = Permitted uses; C = Conditional uses; X = Prohibited uses
A conditional use shall not be allowed without approval from the ____________________ City Planning Commission with evidence showing that such uses are compatible with the existing and potential uses of the (ND) and that all measures have been taken to mitigate negative impacts that may be associated with the proposed use.

Section 17.42.090 – Prohibited Uses

1. Uses not specifically identified in the table of permitted uses (Table 1).
2. Retail stores exceeding 35,000 sq/ft building footprint
3. Salvage facilities
4. Storage not related to residential development within the project

Section 17.42.100 – Development Approval Procedures

Applications for development approvals for property located in a (ND) shall be submitted, processed and considered in accordance with the requirements and procedures set forth in the associated development agreement, (ND) ordinance and subdivision ordinance of the city, as applicable, including, but not limited to, submission and approval of concept, preliminary and final plats, site plans, and any additional procedural requirements set forth in this chapter, and consistent with an approved (ND)project Plan. Any amendments to approved plans, specification and plats shall be obtained by following the procedure required for original approval.

Section 17.42.110 – Development Requirements and Standards

The project plan, as required herein, and all site, plat, and building approvals shall comply with the site and building development standards for the (ND).

The purpose of this section is to promote the purposes of this chapter and to ensure all uses are located and conducted so as to not adversely impact adjacent uses. All proposed uses and activities shall only be approved if such uses and activities comply with the following standards, in addition to all other applicable requirements of this chapter.

Section 17.42.120 – Building and Site Requirements

1. ***Building Setbacks***

   Balconies and porches, may be licensed by the city at a minimum of 20 ft above sidewalk level within the public right-of- way, but are not allowed to overhang streets or automobile parking areas.
2. ***Driveways***
   - A. One entry driveway for parking structures are permitted for each building, or every 300 feet of building or as otherwise outlined in the development agreement.
   - B. One alley entrance is permitted per 300 feet of building face, or as otherwise outlined in the development agreement.
3. ***Incentives to Development***

   ______________________ City may provide incentives or concessions for increasing the quality of materials and quality planning. The incentives may include the vacating of streets, rights of ways, alleys, as permitted by state law, infrastructure implementation, increased densities etc. The incentives or concessions granted shall be specified in the development agreement and are subject to the following criteria:
   - A. A set of adopted design guidelines is required for each approved development
   - B. Building materials shall be permitted as per design guidelines
   - C. The appropriate use of materials, colors, and other features indicative and consistent with a downtown appearance and the historical context of the area

D. Building fenestration should follow site-specific design guidelines, and should encourage and enhance the pedestrian environment. Ground-level facades that front toward public ways should have a minimum of forty (40) percent fenestration, with not more than ten (10) percent of the forty percent obscure glazing or translucent panels.
E. All building sides shall receive equal design consideration, particularly where exposed to pedestrian and/or vehicular traffic and adjacent properties.
F. The roof design should consist of Energy Star® roof-compliant, high-reflectance and high emissivity roofing for a minimum of seventy-five (75) percent of roof surface, or installation of a vegetated roof for at least fifty (50) percent of the roof area is the preferred designs.

4. ***Landscaping Requirements***

A. All parking lots shall have a perimeter landscaping buffer, except where prohibited by site constrains as approved by staff
B. Except for private single family-yards, where appropriate as determined by city staff, landscaping should include low-maintenance, non-turf ground covers
C. Deciduous trees should be planted around parking lots to buffer all blocks and pedestrian walkways. Each street and walkway should have the tree types throughout its length as specified on the street tree plan. Street trees shall be an approved species from the city street tree list
D. Efforts should be made to landscape with native and/or drought tolerant species. Xeriscaping is to be encouraged where appropriate
E. Crime Prevention Through Environmental Design standards shall be considered
F. Center median and parking strips should be landscaped with low-maintenance non-turf ground covers, where appropriate, as approved by city staff.

5. ***Building Orientation***

A. Entrances of all structures should front onto public streets. Additional entrances that may front onto a pedestrian way and pedestrian-oriented plaza may be allowed. Structures on corner lots may provide an entrance on each street frontage. Access from parking areas may be via lighted, mid-block passageways to the street. Secondary entries may be placed at the rear of street-facing buildings.

6. ***Building Height***

A. Buildings within the ND are subject to the following height limitations, except as approved by the planning commission.
B. Commercial buildings shall be a minimum of 3 stories and no more than 20 stories in height to sustain a human-scaled environment and effective street wall in the area
C. Residential buildings shall be a minimum of 3 stories and no more than 20 stories in height to sustain a human scaled environment and effective street wall in the area
D. Mixed use buildings shall be a minimum of 3 stories and no more than 20 stories in height to sustain a human-scaled environment and effective street wall in the area.

Section 17.42.130 – Street and Pedestrian Facilities Design

1. **Pedestrian Access and Facilities Plan**: A pedestrian access and facilities plan shall be provided as part of the ND preliminary plan identifying pedestrian facilities, including sidewalks, public restrooms, connections to possible trail systems and public spaces. The design and location of all pedestrian facilities shall recognize the type and scale of surrounding land uses as well as desired pedestrian connections. All streets within the ND area shall provide sidewalks and streetscape treatments that include street trees, coordinated and consistent street lighting and street furniture. The pedestrian access and facilities plan shall incorporate traffic calming and pedestrian features to create a pedestrian-friendly mixed-use area.
2. **Streets:** All accesses within the ND related to sidewalks, streets and trails shall provide appropriate linkages and connections necessary to provide convenient vehicular and pedestrian access and amenities.
3. **Street Layout:** A continuation of the existing grid system is required to maintain a necessary traffic flow and system of options for vehicular and pedestrian traffic. Alteration of this grid must be reviewed and approved by ______________________ City public works director.
4. **Block Size:** It is encouraged to explore a variety of block layout patterns and sizes to create a unique and interesting pedestrian environment maintaining consideration of vehicular travel through these areas. No block length is to exceed 330 feet, thus making travel with a variety of modes easier and more convenient for pedestrians.
5. **Street Width:** Appropriate street widths shall be determined during concept approval by the Public Works Director. Appropriate use of sidewalk bulb-outs and street medians in high traffic areas to allow for safer pedestrian crossing is encouraged.
6. **Traffic Calming:** Traffic calming measures shall be provided to reduce traffic speeds and enhance the pedestrian environment. These measures may include, but are not limited to: traffic circles, bulb-outs, street pavement treatments, narrow street widths, angled or perpendicular parking baking into the public right of way, etc. Round-a-bouts are not permitted on local streets within the development.

Section 17.42.140 – Off-Street Parking Areas

1. Unless otherwise approved by the city as part of the concept approval, surface parking lots are prohibited immediately adjacent to any main thoroughfare streets.
2. In order to encourage pedestrian activity, the location of all off-street parking areas will be evaluated based upon the visual and pedestrian impacts that surface parking areas may create.
3. On-street parking shall be provided adjacent to all buildings, and a share of such parking may be used to satisfy parking requirements. Angled parking may be approved by staff based upon the overall design of the street and after an evaluation of vehicular travel through the area has been conducted.
4. All residential parking, with the exception to single-family units will be located in a parking structure which shall be shared with surrounding businesses.
5. All street-level parking structures will adhere to architectural design and material requirements as specified in the adopted design guidelines and be built in a fashion which masks the use of the parking structure.

Section 17.42.150 – General Parking Standards

1. Parking areas shall be located at the side and rear of buildings, when possible. Shared parking shall be implemented with adjacent uses. New parking lots shall include provisions for cross easement and reciprocal access drives with existing or future adjacent parking lots. Where parking lots are visible from main streets, buffers to screen parking consistent with a pedestrian-oriented environment are required.
2. Minimum commercial parking requirement is one parking stall for every one thousand sq/ft of building space.
3. Minimum residential parking standards of one parking stall per dwelling unit is required.
4. Motorcycle parking may be substituted for up to 5 spaces or 5 percent of required auto parking, whichever is less. For every 4 motorcycle parking spaces are equal to one automobile space.
5. Bicycle parking is to be incorporated into the overall design of the project 6. Landscaping and buffer strips are required in front of all surface parking stalls at least four feet wide and no wider than six feet in width. This area can be included in the overall landscape requirements of area development.

Section 17.42.160 – Public Space Design Standards

1. Open and/or public spaces within the North District zone shall meet the following requirements:
2. Public spaces shall not be smaller than 500 square feet
3. Public spaces will include lighting fixtures around the perimeter making for easy and safe travel in the evening and night
4. There are to be no fewer than two entrance/exits to the public space allowing for pedestrian, or when applicable, vehicle traffic to move easily in and out of the area
5. Public spaces will include public art described in detail in the public art section of this chapter or as described in the design guidelines
6. Public spaces should be centered and focused around areas of large windowed retail, commercial, business, and high density-housing to provide a diversity of shopping, dinning and leisure activities.
7. Public spaces should be interconnected to a series of public spaces creating a network of active pedestrian environments
8. All public spaces will incorporate landscaping in accordance with the adopted design guidelines. Said landscaping will be maintained by the developer unless otherwise specified and approved by ______________________ City

Section 17.42.170 – Ownership of Public Space

Unless otherwise approved and accepted by the City Council and subject to the provisions set forth in this document, the underlying fee ownership of the open and or public space land shall remain in single ownership and may be owned and maintained by one of the following entities: homeowners' association, land trust, governmental entity, or private individual. Property subject to a conservation easement, or other acceptable method of protection and preservation, shall not be subdivided. All maintenance associated with the upkeep of a privately owned public space is to be arranged by the property owner and is subject to the standards as outlined in this document.

Section 17.42.180 – Maintenance of Open/Public Space

1. **Costs:** Unless otherwise agreed upon by the city, the cost and responsibility of maintaining public space land shall be borne by the owner of the underlying fee of the public space land. The city may determine the implementation of a special service district to maintain the public space areas within the North District Zone (ND).
2. **Plan:** The developer shall submit with the preliminary plan application a maintenance plan providing for the method of permanent maintenance of the public space land within the proposed ND project area. The Maintenance Plan shall provide the following:
   A. The plan shall define ownership
   B. The plan shall establish necessary regular and periodic operation and maintenance responsibilities for the various kinds of public space
   C. The plan shall estimate staffing needs, insurance requirements, and associated costs, and define the means for funding the maintenance of the open-space land and operation of any common facilities on an on-going basis. Such funding plan shall include the means for funding long-term capital improvements as well as regular yearly operating and maintenance costs
   D. At the city's discretion, the applicant may be required to escrow sufficient funds for the maintenance and operation costs of common facilities
3. **Approval:** The maintenance plan must be approved by city staff prior to or concurrent with any final plan approval. The maintenance plan shall be recorded against the property and shall include provisions for the city's corrective action rights as set forth herein. Any changes or amendments to the Maintenance Plan shall be approved by city staff.
4. **Failure to Maintain:** In the event that the organization established to maintain the public space land and the common facilities, or any successor organization thereto, fails to maintain all or any portion thereof in reasonable order and condition, ____________________ City may assume responsibility, as a right, but not an obligation, for maintenance, in which case any escrow funds may be forfeited and any permits may be revoked or suspended.
5. **Corrective Action:** The city may enter the premises and take corrective action, including extended maintenance. The cost of such corrective action may be charged to the property owner and may include administrative costs and penalties. Such costs shall become a lien on said properties. Notice of such lien shall be filed by the city as outlined by Utah State statute. The Maintenance plan and all other documents creating or establishing any association or conservation organization for the property, shall reference the City's corrective action authority set forth herein and shall be recorded against the property.

Section 17.42.190 – Public Art

Purpose: Art in any public area creates a gathering spot for people. It can create an inviting and interesting atmosphere where people can meet, converse, and relax. It is also an opportunity to incorporate historical aspects of the area into the development. Major gathering spots in the project are encouraged to use architecture, sculpture, children's art, fountains, sidewalk and street design, wall art, educational plaques and writings to create an enjoyable, colorful, and interesting public space.

A. Public art may be incorporated into buildings, plazas, water features, stairs, signs, benched, receptacles, walkways, fences, etc.
B. Public art is encouraged to reflect the history and natural beauty of the area.
C. All public benches within the project shall include public art and not advertising. Varying building colors can be considered a subtle form of public art.
D. Artistic features should contribute to the spaces atmosphere and not distract from other important aspects of the area like the architecture, street features or other like elements.
E. In the event of a large scale art piece like a sculpture, the surrounding buildings, streets and decorations should compliment the sculpture in a similar fashion.
F. All public art shall be approved by city staff.
G. Public art shall not create a view obstruction or public health hazard.
H. If the public art is deemed hazardous by city staff, same shall require removal or change of placement.
I. Ownership and maintenance of public art, where applicable, is to be determined and agreed upon when the placement of the art is approved.

Section 17.42.200 – Trash Management

A. A trash disposal program establishing standards to direct pick-up hours and where trash is located is required with preliminary plan and shall be approved by city staff.
B. Trash receptacles shall be located in areas where minimal public access is allowed.
C. All trash cans and dumpsters shall be in a covered carrier to reduce smells, prevent rodents and discourage persons from foraging in the receptacles.
D. Dumpsters shall be out of sight from public plazas and walking spaces or any spot that could create a conflict between the pedestrian and a garbage truck.
E. Garbage cans in public areas should be stationary and include an artistic consistency with the area.
F. Dumpsters' pickup and management should be monitored by the corresponding building.

Section 17.42.210 – Sound Requirements

It is required to implement an sound code requirement for land uses that contribute frequent sounds over a certain decibel. These requirements should obligate developers or property owners to construct their buildings to a higher soundproofing standard, thus preserving a quieter neighborhood consistent with North District Zone.

DATED this __________ day of __________, 2007.

BY THE CITY COUNCIL:

____

Council Chair

ATTEST:

____

City Recorder

City Council Vote as Recorded:

Transmitted to the Mayor's office on this _____ day of ____________ , 2007.

____

City Recorder

MAYOR'S ACTION: ________________________

DATED this __________ day of __________, 2007.

____

Mayor

ATTEST:

____

City Recorder

APPENDIX IV: BIBLIOGRAPHY

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