

# HOUSING AFFORDABILITY: THE PROBLEMS

## Questionnaire Reference Sheet

### A. Severe Housing Shortage

1. **Insufficient New Construction:** The pace of building new homes has not kept up with population growth and the formation of new households.
2. **Shrinking Household Size:** The average number of people per household is decreasing, meaning more housing units are needed for the same number of people.
3. **Focus on Single-Family Homes:** New construction often prioritizes traditional, large-lot single-family homes, neglecting other, denser housing types.
4. **Shortage of Rental Homes for Low-Income Households:** Many low income households are severely cost-burdened, spending much of their income on housing, which can lead to sacrificing necessities like healthy food and healthcare, and experiencing unstable housing situations like evictions
5. **Rapid Population and Job Growth:** Utah, including Salt Lake County, has experienced significant population and job growth, putting immense pressure on the housing market. This growth has outpaced new home construction, leading to low vacancy rates and increased prices.
6. **Short Term Rentals:** The prevalence of short-term rentals (like Airbnb or VRBOs) reduces the availability of long-term housing units for residents, exacerbating the housing shortage.

### B. Soaring Housing Costs

1. **High Demand vs. Low Supply:** Intense buyer competition for a limited number of available homes drives up sales prices.
2. **Rising Land Values:** The cost of land is a primary driver in the overall price of a home, making it difficult to build affordable housing.
3. **Limited "Luxury" Housing Driving Up Costs for All:** Many new developments are branded as "luxury", and there is a perception that developers are focusing only on these higher-end units, rather than truly affordable options. This can contribute to a shortage of affordable housing across the board.

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4. **Home Size Increasing:** Home cost increases with home size, home sizes have been increasing from prior decades.

#### **C. The Widening Gap Between Income and Housing Costs**

1. **Stagnant Wages:** Wages for many have not grown at the same rate as housing prices, leading to a significant affordability gap.
2. **Impact of Renting on Wealth Building:** When a large portion of income goes to housing, it limits the ability of individuals and families, especially younger generations, to save, invest, and build long-term wealth.
3. **Disproportionate Housing Costs Negatively Impact Quality of Life:** High housing costs relative to income diminish overall quality of life, as less money is available for healthcare, food, transportation, and recreation.

#### **D. Limited Housing Stock Variety**

1. **Limited Options Between Large SF Homes and Apartments:** The housing market is dominated by two extremes, large single-family homes on one end and large apartment complexes on the other, with few options in between.
2. **Obstacles to Middle Housing:** The development of "middle housing" (e.g., duplexes, townhomes, cottage courts) isn't happening.
3. **Appearance and Neighborhood Integration:** A key challenge is designing and integrating denser housing options into established single-family neighborhoods in a way that is visually appealing and maintains neighborhood character.
4. **Housing for Seniors:** Seniors are often required to leave their neighborhood and/or community when they can no longer care for their family home, as there are limited existing housing options oriented towards this demographic in most neighborhoods.
5. **Lack of Affordable Options for First Time Homebuyers:** Without established equity first time homebuyers often lack the capital to break into the housing market.
6. **Housing Diversity for a Wide Range of Demographics:** Different demographics have different needs and desires. Housing and lifestyle opportunities for a broad range of demographic groups should be available.

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7. **Minimal Construction of Smaller Homes:** Smaller homes by their nature require smaller lots and result in a lower cost product for the end buyer.

#### **E. Declining Homeownership Rates**

1. **Creates Barriers to Financial Independence:** High costs are making it difficult for younger generations to become financially independent and enter the homeownership market.
2. **Low Condominium Construction (Lack of For Sale Units):** Condominium construction is at historic lows, both nationally and in Utah, with new construction largely focused on renter-occupied rather than owner-occupied condos. This limits a potentially more affordable homeownership option. Condominium developers face the obstacles of pre-sale requirements, holding costs, and higher costs for condo customization and parking options.

#### **F. Zoning and Land Use Regulations**

1. **Restrictive Zoning Codes:** Many municipal zoning ordinances are outdated and make it difficult to build anything other than single-family homes in large parts of a city. Existing codes are often especially restrictive regarding density.
2. **Lack of Alternative Zoning Models and flexibility:** Other solutions being considered include implementing overlay zones or form-based codes to provide more flexibility and encourage desired development types like ADUs.
3. **Time Required for Processing Applications and Permits:** Approval processes for Cities can be burdensome taking extended amounts of time, which ultimately results in a housing development becoming more expensive to the end purchaser.
4. **Parking Requirements:** Mandating a specific number of off-street parking spaces per unit adds significant expense to a housing project. Surface parking lots consume large amounts of land that could otherwise be used for more housing units or green space. Parking requirements can dictate the layout and design of a building, often leading to less pedestrian-friendly and aesthetically pleasing developments.
5. **High Permit/Impact Fees:** These fees are built into housing costs. A reduction or waiver of fees incurred at the city stage could incentivize desired housing projects.

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### **G. Neighborhood and Community Opposition**

1. **Community Disconnect Between Perception vs. Reality:** There is often a significant disconnect between what the public says it wants (more housing options) and what elected officials believe their constituents will accept, with community opposition being perceived as the biggest obstacle.
2. **Appearance is Key (Aesthetic Concerns from Residents):** Opposition is often rooted in aesthetic concerns; residents want new development to look and feel like the existing neighborhood and are particularly resistant to apartments.
3. **Fear of Change:** Opposition stems from concerns about increased traffic, strained public services, and changes to the established character of a neighborhood.
4. **Lack of Tools to Enforce Owner Occupancy:** Owner occupied units are often preferred by existing residents.

### **H. Rising Construction and Land Costs**

1. **Land Cost:** The high cost of land is a critical factor that makes it difficult to produce homes that are priced "under market."
2. **Building Material Price Volatility:** Fluctuations in the cost of essential building materials can make projects more expensive and financially risky.
3. **Labor Shortages:** A lack of skilled construction workers drives up labor costs and can delay project timelines.
4. **Gap Between Construction Costs and Affordable Rents:** Rent levels restricted to affordable levels (60-80% AMI) are too low to cover market-rate development costs.

### **I. Financing, Funding, and Insurance (Developers and/or buyers)**

1. **Difficult Financing:** Lenders can be hesitant to provide mortgages for units in certain condominium projects, making it harder for builders and/or buyers to secure a loan.
2. **Rising Insurance Premiums:** Increasing insurance costs for all housing types and particularly for condominiums are passed on to owners through higher monthly fees, reducing affordability.

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3. **High Interest Rates:** Pose a challenge for potential homebuyers, as they increase the monthly mortgage payments and the income needed to afford a home.
4. **Lack of Housing Assistance:** While federal housing assistance programs exist for very low-income households, they lack sufficient funding to cover all those who qualify and don't account for low- or moderate-income households.
5. **Competition from Cash Buyers:** Individuals needing a mortgage are often outbid by all-cash buyers, who can close transactions more quickly and with fewer contingencies.
6. **Developer ROI Through Rental Income and Property Appreciation is too Low:** Without additional subsidies profit margins are too small to attract equity investors.
7. **Debt Capacity for New Projects:** Affordable Rental Housing often Results in Lower Available Debt Capacity for New Projects. This often means gap financing is required.
8. **Higher Per Unit Development Costs for Smaller Housing Projects:** Often smaller or infill projects (fourplexes, triplexes, ADU's, etc.) are difficult to finance because per unit transaction costs are disproportionately high and these projects don't benefit from economies of scale.

#### **J. Aging Housing Stock**

1. **High Concentration of Older Homes:** In Sandy, the vast majority of homes were built between 1970 - 2000.
2. **Deferred Maintenance and Repair Costs for Older Homes:** Older homes may require significant investments in updates and repairs (e.g., new roofs, plumbing, electrical systems), adding to the total cost of ownership.
3. **Energy Inefficiency:** Older homes are often less energy-efficient, leading to higher utility bills for residents.
4. **Aging Subsidized Senior Housing Stock:** Utah faces the potential loss of a significant portion of its federally subsidized rental units for low-income seniors in the coming years due to expiring subsidies, which could further worsen affordable housing options for this demographic.

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#### K. Transportation

1. **Public Transportation Access:** Housing in areas with poor transit access can create challenges for low-income residents, who rely on public transportation to reach jobs, schools, and essential services. Without reliable transit, these developments limit opportunity and reduce overall affordability.