Land Use Strategies to Bring Housing Back within Reach

PREPARED FOR

WORKFORCE SERVICES
HOUSING & COMMUNITY DEVELOPMENT

CONTENTS

History & Process

In the 2022 legislative session, the Utah Legislature, through House Bill 462, appropriated $250,000 to the Utah Department of Workforce Services Housing and Community Development Division (HCD) for a grant to a Utah non-profit organization that engages in efforts to increase housing affordability through local zoning and housing regulation reform. Following this, HCD released a request for proposals and selected Envision Utah to act as a neutral facilitator to study and develop best practices to reform zoning and housing regulations with the ultimate goal of increasing housing attainability and affordability in Utah.

The recommendations that follow in this report are a result of an extensive process that included the following:

- A detailed review of 35 current land use and construction ordinances in counties and municipalities across Utah
- An extensive literature review to uncover research-backed correlations among regulation, housing supply, and housing costs
- A review of national best practices and case studies, including an assessment of regulatory impacts on housing supply and attainability in similar markets
- A land buildout analysis for the Wasatch Front counties
- City-level revenue calculation of residential infill and redevelopment of previously commercial sites
- Interviews with housing, contruction, and land use policy experts
- Three large meetings of stakeholders from the development and local government communities to examine the implications, support for, and potential outcomes of policy change
- A survey of local elected officials and city staff to help determine which state or local policy changes would be acceptable and implementable

REPORT PREPARED BY

Envision Utah How we grow matters.

WITH HELP FROM

RCLCO REAL ESTATE CONSULTING

Introduction

ARI BRUENING
Envision Utah CEO

The game of musical chairs is an apt analogy to a region's housing supply. In musical chairs, there's always one fewer chair than participants, leaving someone without a seat.[1]

If the rules are tweaked, maybe the loser shares a chair with someone else. Or consider what would happen if everyone were to bid money for the right to a chair—wouldn't the price of each chair be far higher than if there were an available chair for everyone? This analogy mirrors the housing market's dynamics when there's a scarcity of housing: some are left without homes, or are forced to share homes with others (maybe grown children sharing with parents), and the price of homes rises for everyone.

If Utah doesn't take aggressive action to address the issue, our younger Utahns will struggle to enjoy the same opportunities as prior generations, affecting not only their quality of life but upward mobility and family sizes. This crisis holds far-reaching implications that impact Utahns across various age groups and walks of life.

The solution is clear: more housing. And the way to stimulate more housing construction is to make it cheaper and easier to build housing. There are numerous factors impacting the ability to build a home, including land, water, capital, material, and labor costs. Land use regulation, or zoning, is only one of these factors, but it is one where we can move the needle as a state.

The goal of the changes to zoning regulations outlined in this report is not just a more affordable unit—while that is an important goal, new construction won't typically be more affordable than older homes (at least without subsidies). Rather, the primary aim is to stimulate the production of more housing. When zoning regulations do not mandate homes that require more land, materials, or time than the market would otherwise demand, building a home becomes less costly, and we will see more home construction. And if we see more construction, our supply/demand imbalance will improve over time, making housing more affordable.

Adjusting zoning, when done right, can promote development patterns that provide opportunities to all Utahns while using our limited resources wisely. Traditional urban expansion now pushes into surrounding valleys and is constrained due to water and infrastructure availability. Today, every square foot of land and every gallon of water is precious. If our children are to enjoy a high quality of life in Utah, it's imperative to be careful stewards of our resources.

This report is offered in the spirit of collaboration, helping to point toward solutions. It is hoped that readers will respond not with defensiveness, nor by seeking to assign blame or responsibility to someone else, but instead with an earnest effort to each do our part.

Background

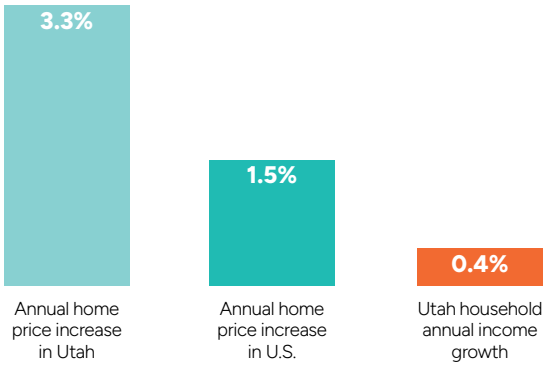
The housing affordability crisis in Utah has reached a critical point, with a staggering 76% of Utahns unable to afford a median-priced home.[1]

Housing costs, both rents and sales prices, have been increasing much faster than wages across the state.[2] If current trends continue, up-and-coming Utahns will not have the same opportunities as prior generations to enter homeownership, have adequate space or financial capacity for a family, and build wealth.

Conditions during the COVID-19 Pandemic may have exacerbated housing affordability issues, but the trend of rising housing costs began as Utah emerged from the Great Recession and has continued due to the disparity between housing demand and supply. Between 2010 and 2020, Utah led the nation in population percentage growth. Demographic factors, primarily the maturation of young Utahns but also strong in-migration, fueled a historic surge in housing demand. Housing starts rebounded from the Great Recession as local governments approved a record number of new housing units, although workforce shortages and high land and material costs impeded additional construction.[3] Some of Utah's urban markets are beginning to face land and water constraints, further contributing to supply woes. Housing demand has generally outpaced development, leading to a shortage of housing units in the state.

Utahns rate housing and cost of living as a top priority, but consider it the worst performing public issue.[4] In the face of housing scarcity, Utahns compete for available housing

Incomes have not kept up with home prices

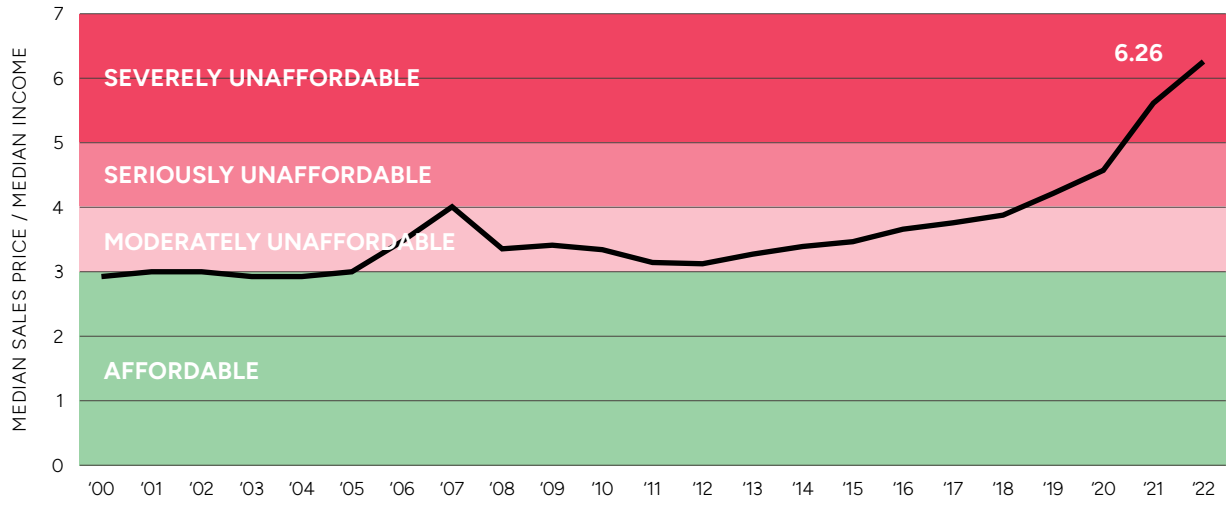


(since 1991, adjusted for inflation)

SOURCE: "Building a Better Beehive," Utah Foundation

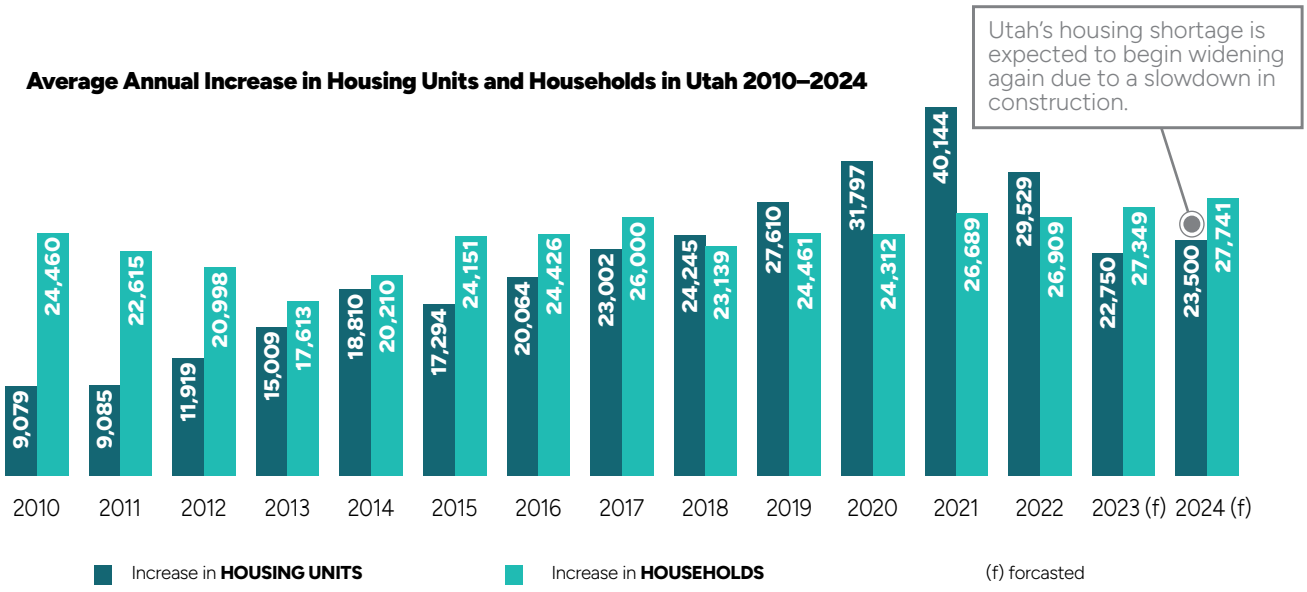
units, driving up prices. As prices rise, households may respond by seeking housing that less adequately meets their needs and preferences or moving to somewhere more affordable, even if that means being further from jobs, family, and friends or even moving out of state. In many cases, housing costs can affect Utahns' decisions whether to have a child.[5] The supply of more-affordable types of housing is squeezed by households who are "filtering down," leaving even fewer homes available for lower income families who may be forced to double up, seek government assistance and subsidized units, enter emergency shelters, or face unsheltered homelessness. Even in a more balanced housing market, there are not naturally affordable homes available for Utahns with the lowest incomes, which is why subsidized housing will always be needed, but when supply is inadequate even greater numbers are priced out.[6]

Utah Median Multiple Affordability Rating, 2000–2022

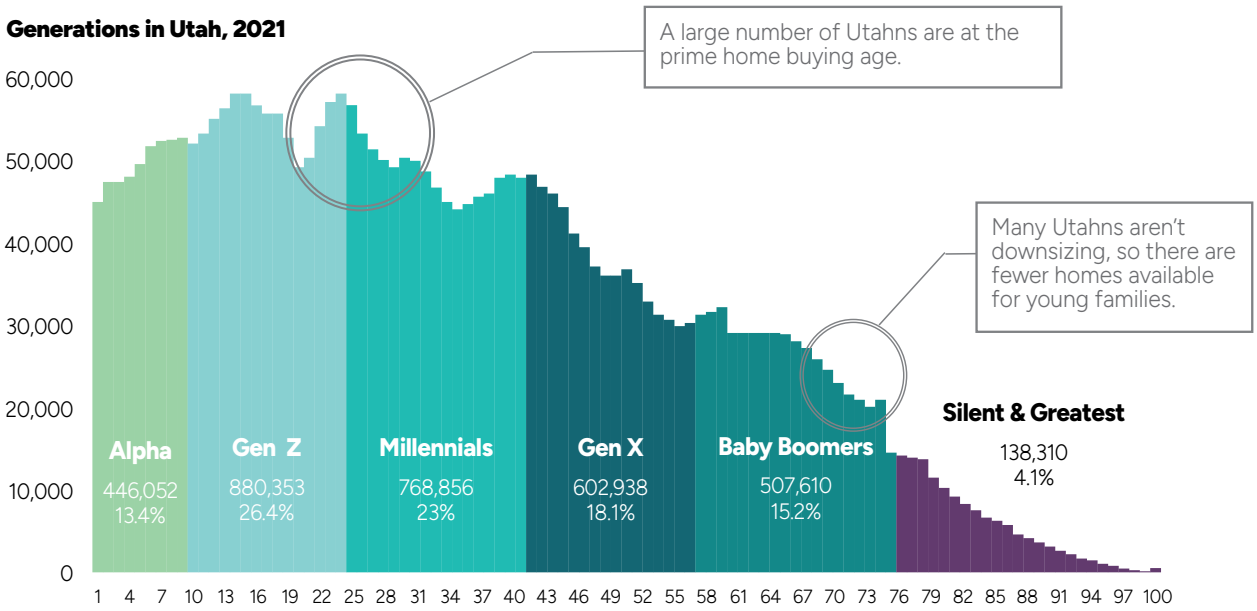


SOURCE: Kem C. Gardner Policy Institute, University of Utah

Average Annual Increase in Housing Units and Households in Utah 2010–2024



SOURCE: Kem C. Gardner Policy Institute, University of Utah



SOURCE: Kem C. Gardner Policy Institute, University of Utah

When there are FEWER homes than there are households who NEED them, some Utahns are left out.

But when we add MORE housing, more people have the chance to AFFORD the home they NEED.

Solutions

While many factors influence Utah housing costs, ranging from land and materials prices and interest rates to labor costs and water availability,[7] the recommendations in this document focus on regulatory changes and do not attempt to tackle other potential solutions.

Utah's booming economy and land and water constraints suggest that housing affordability is not likely to improve in the long term without ambitious solutions. Stakeholders, the public, and academic research point toward the following zoning solutions to ameliorate rising housing costs:

- **Build many more homes on smaller lots.**
- **Develop more of the housing types that facilitate ownership opportunities within shared buildings or lots, like duplexes, townhomes, and accessory dwelling units.**
- **Embrace the construction of smaller homes.**
- **Mix uses by putting housing and destinations—like shopping, parks, or jobs—close together.**

These solutions will decrease the land and building costs per unit, allow more units to be built, avoid pushing housing far from existing job centers, reduce household transportation costs, and provide more entry-level or "starter" homes that allow Utahns to own a home and build equity.

What does national research say?

A review of national literature regarding housing affordability and zoning regulation uncovered the following findings:[8]

- Areas with an undersupply of housing face increased housing costs. New housing helps to ameliorate some of the pressure in the market and has been shown to decrease pricing or moderate rent/price growth in the market overall.

- There is a strong correlation between strict zoning/land use regulation and housing affordability. Areas with higher regulation tend to have lower permitting activity as well as higher prices. The converse is also true, with less regulated markets being more affordable to households.
- New housing supply makes existing units available to a new market of slightly lower means.
- There is a clear relationship between upzoning (increasing allowable densities) and housing supply/permitting activity.
- The most effective strategy for increasing inventory is allowing more density through reduced minimum lot sizes and increased allowable units, floor/area ratios, and maximum height restrictions. Additionally, waiving fees or parking requirements and shortening the approval process are helpful.

Case studies from outside Utah[9]

Minneapolis implemented zoning reforms to facilitate accessory dwelling units, lot splits, and larger buildings near transit, while eliminating parking requirements. Since zoning changes were adopted, 9,000 new units in small apartments (15-30 units) have been permitted. Housing supply has been high in the last four to five years, and rents have grown more slowly than the U.S. average, more slowly than rents in St. Paul, and more slowly than overall inflation.

Houston reduced minimum lot sizes from 5,000 to 3,500 and even 1,400 square feet in central areas in 1998, and expanded the reduction to outer areas in 2013, while allowing opt-outs. The result was a significant increase in building activity—a more than 300 percent increase from 1997 to 2005.

Applying national research to the Wasatch Front[10]

The Wasatch Front is land constrained, has a growing employment base, is an attractive place to live, and has experienced significant employment and household growth in recent years. These are all factors playing into higher relative housing cost growth in markets across the country, suggesting that increased density will be vital for maintaining strong inventory growth and moderating housing cost growth in the future.

Utah's growth can be attributed to an increase in employment opportunities and being an attractive place to live. This results in a need for increased housing options.

How does the public feel?

In the Guiding Our Growth statewide conversation about growth, Utahns answered a survey that asked them to choose between four different approaches to housing. Of the 15,000 urban Utahns who answered, 60% chose the housing approach that allowed the most housing: in centers and transit-oriented developments, in existing neighborhoods, and in new greenfield development. Respondents were also asked to select from among a list the "big ideas" that they were most interested in pursuing. Almost 60% of urban Utahns selected allowing more townhomes, duplexes, and accessory dwelling units, along with allowing more new houses to be built on smaller lots with incentives for the construction of smaller homes. In rural Utah, allowing new houses to be built on smaller lots was the second most popular solution. Younger Utahns and renters, who tend to be underrepresented in local policy discussions, were significantly more likely than others to support a wide variety of housing types.

See "Housing Top 5 Big Ideas from Guiding Our Growth" on the following page.

GUIDING OUR GROWTH
A STATEWIDE CONVERSATION ABOUT UTAH'S FUTURE

Housing — Top 5 Big Ideas from Guiding Our Growth

Urban

60% Allow more strip malls, big box stores, and parking lots to be redeveloped into housing

60% Allow more townhomes, duplexes, and accessory dwelling units (e.g., basement or mother-in-law apartments)

59% Allow more new houses to be built on smaller lots and incentivize the construction of smaller homes

57% Increase the number of housing units with the potential for owner occupancy (single-family house, condos, townhomes)

52% Be more selective about the types of new businesses or development we seek to attract to Utah

Rural

50% Expand sweat equity home-building programs

46% Allow new houses to be built on smaller lots

46% Proactively invest in or establish frameworks for financing new infrastructure (roads, utilities) to support the construction of new housing

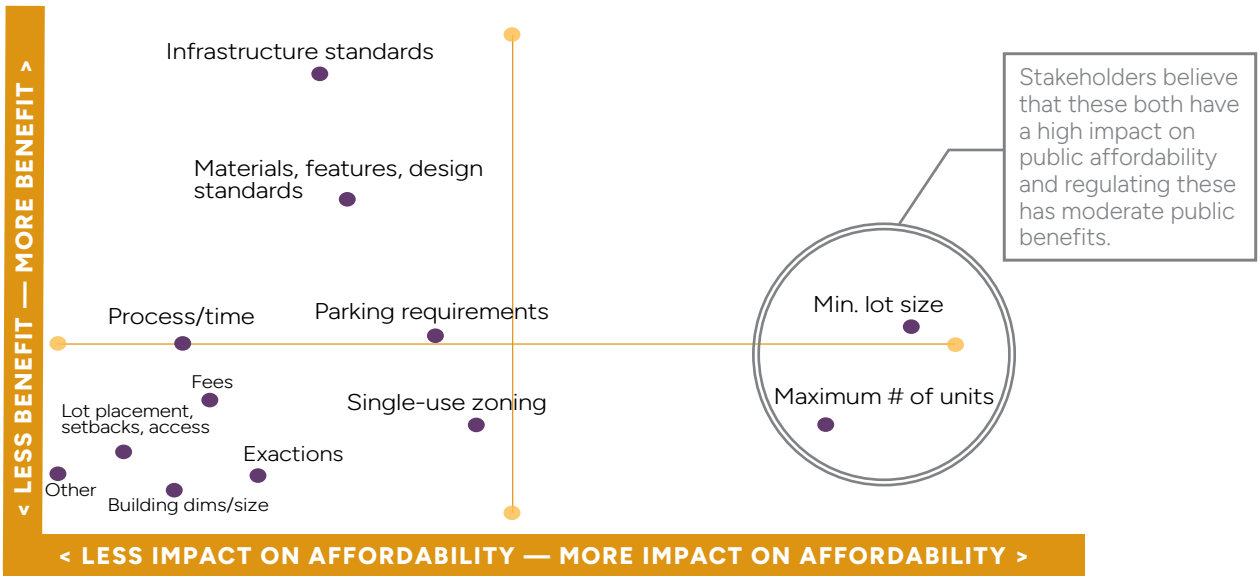
39% Incentivize the construction of townhomes, duplexes, and accessory dwelling units (e.g., basement or mother-in-law apartments)

37% Limit short-term rentals through regulation

What do stakeholders say?

A diverse group of stakeholders, including over 25 individuals from public-sector backgrounds and 6–10 from the private sector, convened in three meetings to explore challenges and potential solutions. Participants rated a variety of zoning regulations in terms of the public benefit they deliver as well as the impact on affordability. Minimum lot sizes and maximum numbers of units were selected as having the most affordability impact with the least public benefit, followed by single-use zoning and parking requirements.

Stakeholder Results: Impact on Affordability & Benefit of Regulation



Rural solutions

Prices in rural Utah tend to be lower than in more urban markets; however, incomes are also comparatively lower and have struggled to keep up with price increases. Pandemic-era price increases in many rural and semi-rural counties were higher than those seen in urban counties, up to 49% in Sevier County.[11] While market dynamics in rural communities may be somewhat unique, the same supply and demand imbalances tend to be at play, and the same solutions apply or can be adapted to improve housing attainability.

According to interviews with rural stakeholders, single-family lots in rural areas are often required to be relatively large (e.g., at least 1 acre). decreasing minimum lot size requirements can improve affordability. One important consideration, however, is that septic systems require a certain amount of space to function effectively. Cities and counties should determine when the added costs of establishing a centralized sewer system can be offset by cost reductions associated with more compact transportation, power, and other utility networks.

The use of offsite construction, such as modular or manufactured homes, is a particularly promising solution in remote markets where labor availability is severely limited. Rural stakeholders have reported labor-related construction delays of months to over a year.

Gateway and outdoor amenity communities (like towns nearest to national park entrances) face added housing demand stresses, including the surge in nightly rentals, the growing popularity of remote work, and the proliferation of second home ownership. Additionally, land and water supply is severely limited in many of these communities. Adding housing supply may help attainability somewhat, but many service employees (including firefighters, teachers, restaurant servers, etc.) will likely depend on subsidized or employer-provided housing or face excessively long commutes. Additional creative solutions are essential in addressing the challenges faced by gateway and outdoor amenity communities.

This townhome community in Nephi expands supply and boosts affordability. Image provided by The Evans Team at Summit Reality.

In many rural regions, there are disparities in supply and demand. One key solution is shifting from very spacious lots to moderately sized ones, as shown in this community of single-family homes in San Juan County.

Attached housing can be designed in ways that maintain local community character and blend with local scenery.

Barriers & Findings

Implementing the solutions listed in this document will require a significant change to Utah communities' zoning ordinances.

A detailed review of current land use and construction ordinances in 14 counties and 21 cities across Utah reveals that the solutions referenced in the last section are not permitted on the vast majority of private land throughout the state. Instead, local zoning ordinances often make it illegal to build anything other than single-family homes on large lots in residential zones segregated from city and employment centers. Other product types are often built in planned community or planned unit development zones under site-specific development agreements, leading to an increasing variety of housing types within these zones or developments. These kinds of zones often work well for larger developers and can lead to well-planned development, but approval is subject to the discretion of a council or commission, which adds significant uncertainty, deters many small-scale landowners and builders, and often results in a negotiated reduction in units.

The ordinances analyzed encompass a diverse array of city and town profiles across all seven associations of governments (AOGs), including at least two municipalities and two counties from each AOG. Of the cities reviewed, 11 were in census-designated urban areas with a population of 10,000 or greater and 10 were in rural areas. Communities analyzed displayed varying rates of owner occupancy (39% to 89%), growth rates (-6% to 60%), and densities (0.09 to 3.97 gross households per acre).[12]

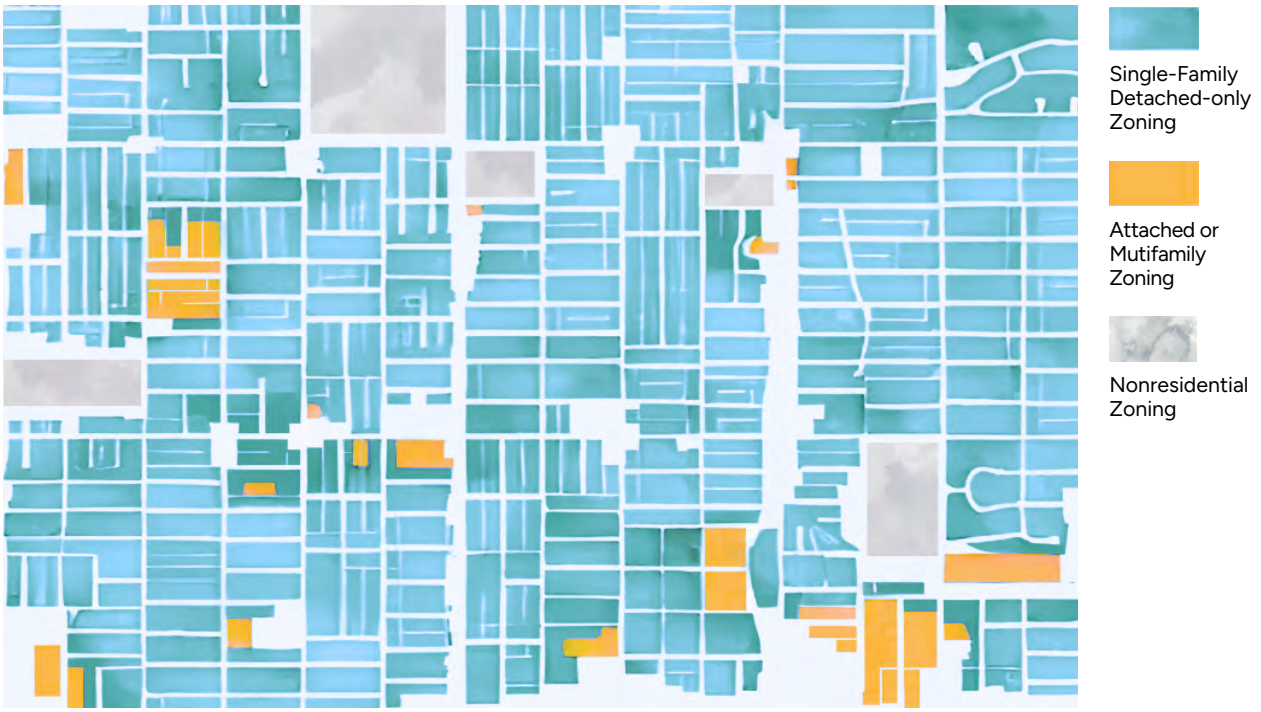
Specific findings from analyzing ordinances from 35 cities and counties:

- Of the 35 local governments, only nine allow lots less than 7,000 square feet in any single-family zone, and only four allow them on more than an estimated 10% of the land within their boundaries. Only two of those four are in urban areas, and none are suburban.
- In urban and suburban jurisdictions, typical minimum lot size is 10,000-12,000 square feet, with typical required setbacks of 25 feet in front, 10 feet on the side, and 20 feet in the rear, which means that more than 5,000 square feet of land must be set aside for private open space. In greenfield areas, there tends to

be more allowance for smaller lots through planned unit development or planned community zoning, but most greenfield areas are still zoned for large lots.

- Multi-unit housing, including duplexes or townhomes, is illegal in nearly half of all residential zones. Multifamily is permitted by-right in only 22% of the zones surveyed. Zones that allow a range of multi-unit housing are often very small. Only 16 of 35 governments allow more than one unit on an estimated 10%+ of residential land, and only 12 of 35 governments allow any type of multiple units on 25% or more of residential land. Many planned community zones allow some amount of multi-unit housing.
- Mixed-use zones account for less than 4% of zones, and only 7 of 35 governments have any mixed-use zones. Only four governments (two urban cities, one rural city, and one county) allow this on close to 10% of the land in their jurisdictions, and none allow it on more than 10%.
- Less than half (15 of 35) of local governments surveyed allow any type of housing in any commercial zones. Only eight of these are cities.
- In some instances, local government ordinances do not comply with state law. For example, some cities require minimum home sizes as high as 2,400 square feet, while state law generally forbids minimum sizes larger than 1,000 square feet. Some local governments may lack the capacity to repeatedly update ordinances to comply with new state legislation.
- The most common off-street parking requirement is two spaces per unit, with a range of one to two and a half. Parking requirements are typically regulated by the unit type or the number of bedrooms in each unit. Some cities require one or all of the parking spaces to be covered or enclosed. Attached housing types are sometimes required to provide additional off-street parking for guests, while single-family detached units developed by-right generally are not.

Single-Family Detached Units vs Attached/Multfamily Units



This map illustrates the prevalence of single-family detached-only zoning in most communities. The orange shading demonstrates pockets of the community which allow multiple units, such as twin homes, duplexes, townhomes, and multifamily housing.

Progress

Utah has already taken a number of actions in recent years that seek to address housing affordability.

Many of these strategies are fairly new and haven't had time to be fully implemented. Here is a list of some of the recent legislative changes:

- Generally prohibiting minimum home sizes larger than 1,000 square feet;
- Requiring that internal accessory dwelling units be permitted in most single-family zones;
- Requiring more specificity and reporting in moderate income housing plans;
- Limiting residential street width requirements;
- Requiring adoption of station area plans near fixed-guideway transit;
- Imposing maximum time limits for plan reviews and engineering reviews;
- Limiting aesthetic design standards for one and two-family homes;
- Standardizing and streamlining the subdivision review process; and
- Limiting the bonds a local government may require.

For several years, housing permit numbers in Utah were very high—even leading the country in terms of percentage growth—which allowed some reduction in the shortage of housing units. In addition, permits for townhomes reached record numbers, and average new single-family lot sizes

This condominium project in Richfield bolsters supply and reduces per-unit land and construction costs while maintaining the potential for ownership.

along the Wasatch Front fell somewhat, from over 13,000 square feet in 2016 to around 10,000 square feet in 2022. According to interviews with builders and experts, however, this smaller average single-family lot size is still significantly higher than what the market would produce without minimum lot size restrictions. The recent rise of interest rates, tightening of bank lending, and builder hesitancy to invest have reduced the rate of new construction beginning in the middle of 2022.[13]

Along the Wasatch Front, cities and counties have adopted the Wasatch Choice vision, which calls for housing types and locations that meet the needs of all residents, along with city and town centers, which are walkable areas where activity is focused, with places to live, work, and play. Other city and regional plans also call for housing choices.

WASATCH CHOICE VISION

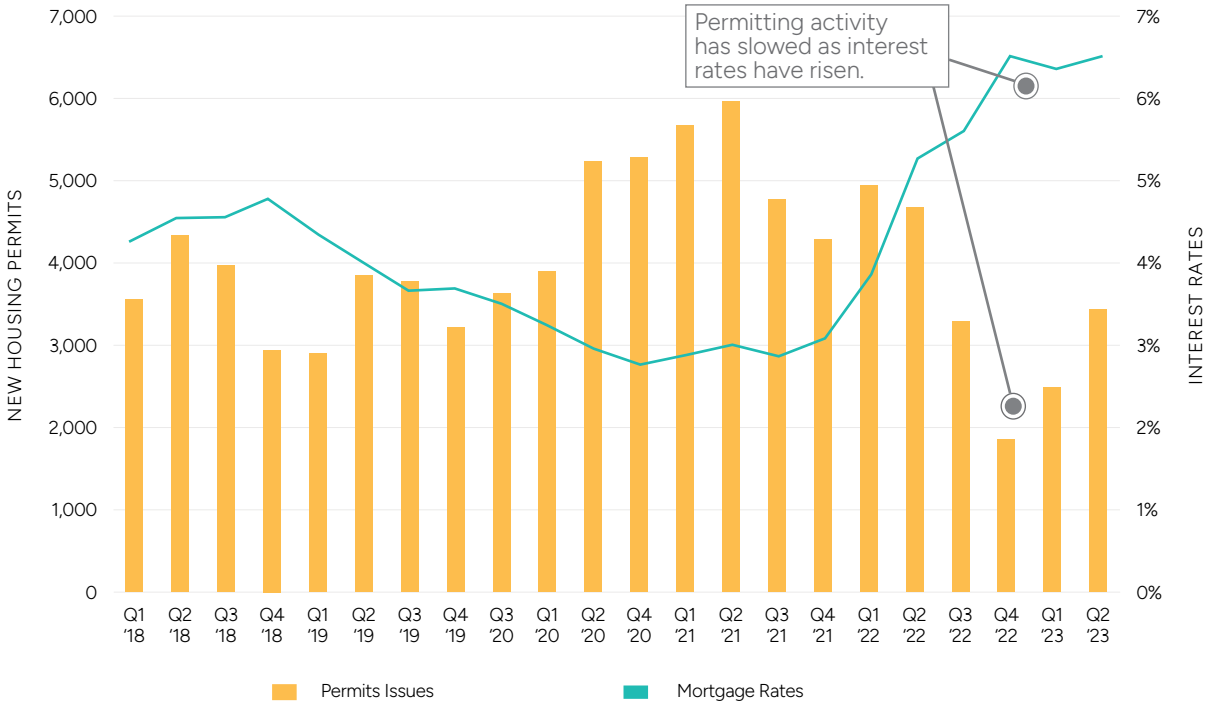
Transportation Choices
Provide people with real choices in how they get around - by driving, transit, biking and walking - so people can easily reach their destinations.

Housing Options
Support housing types and locations that meet the needs of all residents.

Parks & Public Spaces
Ensure ample and convenient parks, public spaces, and open land for gathering and recreating.

City & Town Centers
Create and enhance city and town centers as the hearts of our communities – walkable areas where activity is focused, with places to live, work and play.

Housing Permits Issued and Interest Rates per Quarter, 2018–2023



SOURCE: Kem C. Gardner Policy Institute, University of Utah, and Federal Reserve Bank of St. Louis

State & Regional Recommendations

The following recommendations include actions that could be taken by the state or regional associations of governments to foster more attainable housing.

1. Educate the public about the need for more housing.

Local government regulations tend to reflect public preferences, or at least the expressed preferences of the portion of the public who weighs in at city council meetings. A public campaign that connects local zoning regulation to high housing prices could be impactful. A meaningful statewide campaign would likely cost around $300,000 per year for at least two years.

2. Develop materials for training local government officials about what they can do to promote housing affordability and how to address concerns.

Many local government officials feel embattled on this issue, with state mandates and perceived political pressure from the development community. Similarly, local governments and their constituents worry about a variety of issues related to increased density of development. For example, reduced off-street parking can lead to more on-street parking, which creates challenges for snow plowing. Reduced setbacks can also make utility access more difficult.

Best practices can be learned, however, from other communities that have dealt with these issues. A set of materials, potentially including videos, infographics, and presentations, could be a way to engage these officials in a constructive dialogue about what they can do to help affordability and provide access to best practices that will ameliorate opposition to reforms. The local government recommendations in this report provide a good starting point. Additional materials could potentially be created by appropriate parties utilizing the land use training funds overseen by the Office of the Property Rights Ombudsman. In some cases, these resources could be designed to aid cities that are not

yet in compliance with state code, assisting them in the process of aligning their ordinances with state law. Additional data could be helpful regarding fiscal and infrastructure impacts and other issues.

3. Assist communities with transportation infrastructure to soften community opposition to more housing.

In rapidly growing "edge" cities, opposition to development, particularly denser development, is often motivated by increasing traffic congestion because infrastructure struggles to keep up with growth. Similarly, cities that seek to add housing to create or enhance mixed-use centers can run into infrastructure challenges. Ensuring that transportation plans more successfully keep up with projected growth and provide transportation choices should reduce public opposition to additional housing, while also accelerating the attractiveness of growing bedroom communities to jobs, which will also help reduce traffic issues. Consistent increased funding can help accomplish this goal, through both state funding for multimodal transportation (roads, transit, and walking/biking) and state funding for the new State Infrastructure Bank.

4. Analyze and address non-zoning barriers to condominium development (e.g., strict financing requirements) to promote ownership opportunities.

Most high-density development tends to occur in the form of apartment rental units, whereas condominiums, which have the potential for owner occupancy, are far less common. Strict federal financing requirements, defect litigation, and potentially other issues limit the market viability of condominiums. A more in-depth state analysis of the barriers to condominium development, or conversion of apartments to condos, could lead to identification of policy actions to stimulate development.

5. Consider state-level financial assistance for structured parking in centers and transit-oriented developments.

Parking is one of the primary barriers to accommodating more housing with walkable designs in town centers and near transit stations. Placing parking in a structure allows a more efficient use of land and better pedestrian design, but structured parking can be expensive and often doesn't pencil in Utah's real estate marketplace. Cities have some tools to help with financing structured parking, including tax increment financing and HTRZs, but state-level financial assistance could be a game changer for catalyzing walkable centers. State assistance should be conditioned on mixed-use design that includes housing, as well as walkability requirements (e.g., require that it be possible to travel from one use to another, such as from housing to shopping, on a local road). Requirements for affordable, income-restricted units could also be considered.

6. Standardize plan review and inspection for offsite construction.

Off-site construction of housing modules and components has the potential to reduce construction costs by 27 to 65%[14] while reducing construction

Offsite construction and modular homes have the potential to reduce construction costs and timelines. They can be particularly beneficial in rural areas where labor is in short supply.

timelines, ensuring quality, and side-stepping local construction labor shortages, which are particularly acute in rural Utah. If the components constructed off-site need to be inspected locally, however, many of these benefits are attenuated. Most other states have created regulatory systems to remove barriers to offsite modular construction, with several of Utah's neighboring states using state plan review and third party inspection.[15] It is recommended that Utah's state code standardize a system for plan reviews and inspections that appropriately divides responsibility among state agencies, third party reviewers and inspectors, and local governments. Stakeholders in Utah generally seem to agree that components constructed off-site should be inspected at the site of construction, while foundations, utility connections, grading, and other site-specific elements should be reviewed and inspected locally. ICC/MBI Standard 1200-2021: Standard for Planning, Design, Fabrication, and Assembly in Off-Site Construction and ICC/MBI Standard 1205-2021: Standard for Inspection and Regulatory Compliance in Off-Site Construction provide a starting point. Salt Lake City was the first city in the nation to adopt the new ICC/MBI standards for off-site inspections by a state-licensed building inspector. State leaders should explore opportunities to catalyze other innovative construction techniques as they emerge.

7. Conduct a more in-depth analysis of available land and water to understand where growth can and should go and whether planning is adequate.

Davis and Salt Lake counties combined have fewer than 40,000 acres left[16] to accommodate the almost 400,000 households that are projected by 2060. Where will these units go? Is there water available? Is adequate transportation infrastructure planned? Do current regulations and zoning facilitate efficient land and water use? A robust analysis can answer these questions and point to steps that need to be taken to accommodate the needed housing. This analysis would likely cost approximately $250,000.

Preliminary Analysis of Wasatch Front Land Capacity

RCLCO completed a residential buildout analysis under a business-as-usual and two additional scenarios, demonstrating the impact of changing housing regulation on how much demand can be accommodated in areas close to existing activity centers, which have a finite amount of remaining land.[17]

Based on remaining gross developable acres in each Wasatch Front county, RCLCO calculated the total housing units through 2060 that the land can accommodate, using a weighted average density in each scenario and assuming permitting activity continues at the same rate, varying by county based on recent activity. RCLCO also assumed redevelopment would occur in these counties in line with recent trends. Total units through 2060 were then compared to projected household growth to determine the unmet or surplus housing demand in each county.

Salt Lake and Davis counties both build out their remaining acreage, regardless of scenario, though increased density notably impacts total units and unmet demand. Utah and Weber counties can accommodate the unmet demand in Salt Lake and Davis counties in most scenarios, but the scenario with the lowest density requires additional spillover into adjacent counties, such as Box Elder and Tooele.

A more detailed analysis of land and water capacity and potential growth scenarios is warranted, but this preliminary study suggests that, without additional changes to zoning, current growth projections will not be accommodated in the core Wasatch Front counties. This will have implications for infrastructure planning, water use, loss of agricultural land and water, and quality of life.

Residential Land Analysis Findings, 2023 - 2060

Scenario 1 reflects a business-as-usual approach, with densities and infill rates based on trends from the last several years. Both Salt Lake and Davis counties reach full build-out of their remaining acreage and accommodate only two-thirds of their projected growth. Utah and Weber counties can accommodate some of the unmet demand, but at least 20,000 housing units would likely spill over into adjacent counties such as Box Elder County and Tooele County, in addition to growth that is already projected in these areas.

Scenario 2 introduces a reduction in minimum lot sizes, occupancy restrictions, and setbacks. Under this scenario, Salt Lake and Davis counties still completely build out their remaining acreage but accommodate three-quarters of their projected growth. Utah and Weber counties have enough land, however, to accommodate the excess units.

Scenario 3 represents the most transformative option, characterized by substantial zoning and regulatory changes. In this scenario, Salt Lake County accommodates an additional 42,000 homes, marking a 23% increase over Scenario 1. Davis County accommodates 27% more new households and meets nearly all forecasted housing demand. There is still excess housing demand that can't be accommodated in these two counties, but it can easily be accommodated in Utah and Weber counties.

	Salt Lake County	Utah County**	Davis County	Weber County	Adjacent Counties
	26,500 remaining acres; 278,600 new units needed through 2060	92,600 remaining acres in path of growth - total 185,800 acres; 269,000 new units needed through 2060	11,200 remaining acres; 112,200 new units needed through 2060	25,600 remaining acres; 73,500 new units needed through 2060	(Tooele, Box Elder, and more remote parts of Utah County)
Scenario 1: Business as Usual	**179,700 total housing units**, representing all available acres	**347,900 housing units*** representing all available acres (accommodates 78,900 units unmet demand from SL Co)	**85,200 total housing units**, representing all available acres	**100,500 housing units*** representing all available acres (accommodates all 27,000 units unmet demand from Davis Co, with some land remaining to accommodate demand beyond 2060)	**20,000 housing units** to meet unmet demand
Scenario 2: Reduce Min Lot sizes, Occupancy, Setbacks	**200,000 total housing units**, representing all available acres	**347,500 housing units*** (accommodates all 78,500 units unmet demand from SL Co with land remaining to accommodate demand beyond 2060)	**96,400 total housing units**, representing all available acres	**89,300 housing units*** (accommodates all 15,800 units unmet demand from Davis Co, with land remaining to accommodate demand beyond 2060)	**Zero required spillover units** to meet unmet demand
Scenario 3: Reduce SFD-Only Zoning + Scenario 2	**221,700 total housing units**, representing all available acres	**325,900 housing units*** (accommodates all 56,900 units unmet demand from SL Co, with substantial land remaining to accommodate demand beyond 2060)	**108,300 total housing units**, representing all available acres	**77,400 housing units*** (accommodates all 3,900 units unmet demand from Davis Co, with substantial land remaining to accommodate demand beyond 2060)	**Zero required spillover units** to meet unmet demand

*Assuming same permitting and redevelopment trends, as recent years.

**While Utah County has a large amount of remaining land, RCLCO included only the land served by utility and transportation infrastructure that would support residential development.

Note that the redevelopment housing units did not account for any demolition of existing units.

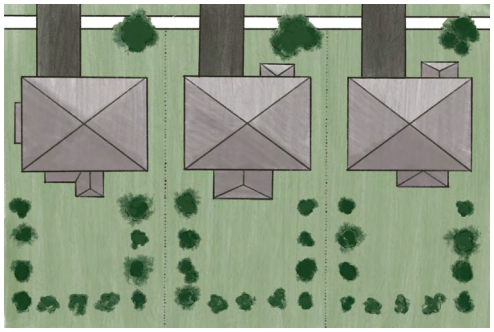
Local Government Recommendations

The following recommendations are steps that local governments could take to foster more affordable housing.

1. Allow smaller lots.

In many places in Utah and elsewhere in the country, homes are being constructed on lots that are 5,000 square feet or even smaller, creating an inventory of entry-level or "starter" homes. These products also appeal to Utahns who are not interested in spending a large portion of their time maintaining a yard. Small-lot homes can be arranged in creative ways, such as the "cottage court," in which homes are arranged around a shared courtyard or common area that's visible from the street. The courtyard replaces the function of a rear yard.

Why does this matter? Homes on smaller lots will generally be more affordable because each home carries less land cost. In addition, it is possible to build more units on the same amount of land, making a greater dent in Utah's housing shortage and allowing more people to live closer to jobs and destinations. Experts in Utah's planning and development industries identified minimum lot sizes as having a greater impact on affordability than anything else, and national research concurs. Without smaller lots, it is practically impossible to build a "starter home" that allows someone



Three 2,500 sq ft homes on 10,000 sq ft lots.
Est price: $796K+

Six 2,500 sq ft homes on 5,000 sq ft lots.
Est price: $626K+

These smaller lots allow twice the number of homes on the same amount of land—with 22% lower prices per home.

Sample Pricing Analysis of Various Lot Size Reductions — Salt Lake County, 2023

Home Type	Home Size	Avg. Construction $/ SF	Home Price	Lot Size (Feet)	Land Price	Builder Profit	Total Home Price	Lot Size Reduction	Total Price Reduction
SFD	2,500	$165	$412,500	10,000	$311,754	10%	$796,679		
SFD	2,500	$165	$412,500	7,500	$233,815	10%	$710,947	**-25%**	**-11%**
SFD	2,500	$165	$412,500	5,000	$155,877	10%	$625,215	**-50%**	**-22%**
SFD	2,500	$165	$412,500	3,500	$109,114	10%	$575,775	**-65%**	**-28%**
SFD	2,500	$165	$412,500	2,500	$77,938	10%	$539,482	**-75%**	**-32%**
Townhomes	2,000	$180	$360,000	2,500	$77,938	10%	$481,732		
Townhomes	2,000	$180	$360,000	2,000	$62,351	10%	$464,586	**-20%**	**-4%**
Townhomes	2,000	$180	$360,000	1,500	$46,763	10%	$447,439	**-40%**	**-7%**
Townhomes	2,000	$180	$360,000	1,000	$31,175	10%	$430,293	**-60%**	**-11%**

to enter the equity ladder and build family wealth. Large setback requirements can also result in inefficient use of land, reduce the number of units that are feasible, and increase the land costs for the home.

Impact of lot sizes on affordability. Shifting from a 10,000 square foot lot to a 3,500 square foot lot can reduce the overall home price by around $137,000, or 28%.[18]

What are some other benefits? Smaller lots use less water per capita, decrease infrastructure maintenance costs due to fewer feet of infrastructure per unit, reduce the loss of agriculture and open space, and improve access by shortening travel distances and better enabling walking, biking, and short drives. They can also help recreate the type of vibrant neighborhoods found in Utah's pioneer settlements.

How does the public feel about this? In the Guiding Our Growth 2023 survey, 58% of urban Utahns said they were interested in allowing more new houses to be built on smaller lots. It was also the second most popular housing strategy selected by rural Utahns.

Where is this appropriate? Smaller lots can be appropriate in almost any area, whether greenfield, infill, or redevelopment. Planned communities or PUDs can

Homes on smaller lots can still offer residents access to open space. In fact, small lots can conserve open space and allow more residents to live near recreation amenities.

This 5,000 sq. ft lot in Southern Utah can still accommodate a single-family home and landscaping.

Smaller Lot Zoning Recommendations

These recommendations offer a starting point for cities crafting their own small lot zoning requirements:

Unit Type	Max lot Coverage	Min. Lot Size	Min. Width	Min. Depth	Min. Front Setback	Side Setback*	Rear Setback
Small Lot, Rear Loaded	None-rely on setbacks	2,500 - 5,000 sq ft (or rely on width & depth reqs)	30 ft	80 ft	10 ft	3 ft	5 ft
Small Lot, Front Loaded	None-rely on setbacks	3,600- 5,000 sq ft (or rely on width & depth reqs)	40 ft	90 ft	10 ft	3 ft	10 ft
Cottage Court, Individual Lots**	75%	1742.40 - 2,100 sq ft 29,368 sq ft	30 ft	70 ft	5 ft***	3 ft	4 ft

*Setbacks from any road, including street-side setbacks for corner lots, should be a minimum of 10 ft.

** Cottage court homes front a common courtyard or green space rather than the street.

***Setback from shared courtyard or green space. Cottage court setbacks from the road should be 15 ft.

be one way to approve smaller lots. In addition, local governments should widely allow smaller lots by right. A mixture of lot sizes within one neighborhood can be beneficial to increase upward mobility and prevent demographic "bubbles" that lead to future school closures. It is especially appropriate to cluster small lots around neighborhood centers such as schools, parks, churches, civic buildings, shopping, and jobs to maximize access.

Parking requirements. Lower parking requirements reduce housing costs, and small-lot homes may on average have fewer parking needs than large-lot homes. On the other hand, smaller yard frontages lead to less space for on-street parking, particularly if homes are not alley-loaded. To avoid public concerns about excessive on-street parking, it may be best to ensure that the home's anticipated typical parking needs can be accommodated on-site or on the street in front of the home. It is recommended that small lot housing be required to provide no more than two total off-street parking spaces. These spaces could be accommodated in a garage or on a driveway, so long as parked vehicles don't obstruct the sidewalk. One additional space could be required for any accessory dwelling unit. Experience from at least one large development suggests that a garage needs to be at least 24 feet in width or depth in order for residents to typically park vehicles in it.

How does this apply in rural Utah? Rural towns and counties often require larger lots than urban cities, but smaller lots are a promising affordability strategy in rural areas. While many communities require large lots in an effort to maintain a rural feel, building a more compact town surrounded by farmland or open space may feel more rural than California-style suburban development. Smaller lots will also ensure that new development uses less land and water that could be retained in farming, ranching, and open space.

2. Allow more than one housing unit per lot and per building.

Including multiple units within the same structure could involve a townhome, duplex, triplex, or four-plex, and can be designed in a way that looks like a single-family home. Accessory dwelling units, whether

This home in South Jordan includes multiple units and is designed in a way that looks like a single-family home.

More than One Unit Zoning Recommendations

Efforts to allow more than one unit per lot may have limited success if not paired with appropriate building height, setback, and lot coverage requirements. These recommendations offer a starting point for cities crafting their zoning requirements:

Unit Type	Max lot Coverage	Min. Lot Size	Min. Width	Min. Depth	Min. Front Setback	Side Setback	Rear Setback
Townhome, Rear-Loaded	90%	2,750 sq ft	25 ft*	80 ft	10 ft	0 ft	4 ft
Duplex, Triplex, or Four-Plex	75%	4,500–7,800 sq ft	45–60 ft	100–130 ft	15 ft	5 ft	4–10 ft
Courtyard Building (6–7 units)	75%	9,350–11,700 sq ft	85–90 ft	110–130 ft	15 ft	5 ft	4–10 ft
Cottage Court Shared Lot (6–8 units)	75%	16,500–18,750 sq ft	110–125 ft	150 ft	15 ft	5 ft	4–10 ft

* Some "microtownhouses" have been built with 12 ft lot widths.

internal (e.g., a basement apartment) or external (e.g., a small unit in the backyard) can also add another unit on the same lot. In some cases, a very small apartment complex on the scale of a large single-family home could also be appropriate.

Why does this matter? Including more units within the same lot or building footprint reduces land and sometimes building costs per unit. This helps alleviate Utah's housing shortage and promotes proximity to employment centers and amenities. Additionally, these units offer homeowners the potential to generate rental income through accessory dwelling units or second units in duplexes. Experts in Utah's planning and development industries identified maximum unit numbers as having the second-highest impact on affordability among a list of zoning regulations. These units can be excellent "starter homes" that allow someone to enter the equity ladder and build family wealth.

How does the public feel about this? In the Guiding Our Growth 2023 survey, 59% of urban Utahns said they were interested in allowing more townhomes, duplexes, and accessory dwelling units. It was also a top-five housing strategy for rural Utahns.

This neighborhood in South Jordan includes townhomes, duplexes, and single-family homes. Cottage courts provide semi-private open space for residents.

These Washington County townhomes provide affordable housing options that also minimize outdoor watering and use less land than homes with only one unit per building.

Where is this appropriate? These housing types are appropriate for a wide range of communities, spanning greenfield, infill, and redevelopment areas. Rather than confining attached units solely to multifamily zones, a more effective approach is to permit them in single-family zones, provided that lot sizes and building footprints align closely with those of single-family homes. This approach recognizes the benefits of diverse housing options in bolstering upward mobility and avoiding demographic imbalances that might trigger future school closures. Strategically clustering these units around neighborhood hubs such as schools, parks, churches, civic structures, shopping areas, and job centers enhances accessibility. Because single-family-only zoning is so pervasive, even modest expansions of areas allowing multiple units can have a notable impact on housing supply.

What are some other benefits? These types of units use less water per capita, decrease infrastructure maintenance costs, reduce the loss of agriculture and open space, and improve access by shortening travel distances and better enabling walking, biking, and short drives.

Accessory dwelling units. Local governments are encouraged—indeed, required under state law—to allow internal accessory dwelling units. Some cities, however, are still finding ways to impose barriers such as separate utility metering, business license, or onerous parking location requirements. Cities should carefully evaluate such barriers to determine whether they are actually necessary.

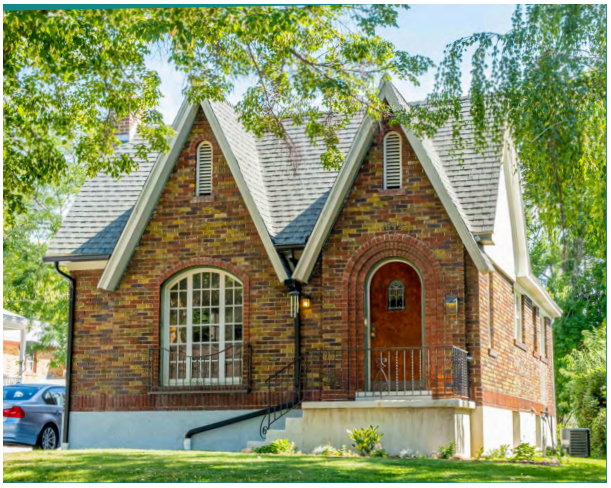
Parking requirements. Lower parking requirements reduce housing costs, and attached or accessory units on average have fewer parking needs than detached homes. Two off-street parking spaces per unit, at most, should be sufficient, particularly where on-street parking is available or where transit exists nearby. Parking may, instead, be required at 0.75 to 1 space per bedroom; an additional 0.25 spaces of guest parking per unit may be needed in some instances.[19] These spaces could be accommodated in a garage or on a driveway, so long as parked vehicles don't obstruct the sidewalk. One additional space could be required for any accessory dwelling unit. Parking utilization studies can help local governments refine parking regulations based on observed trends. On-street parking should be able to accommodate any excess parking needs without unduly crowding streets or forcing people to park in front of neighbors' homes.

These townhomes in Southern Utah have a private alley that provides access to parking in back of the home.

How does this apply in rural Utah? Allowing more units will also help with affordability in rural Utah. Attached housing products can be particularly appropriate on and near main streets and town centers, where they can add vitality and promote the success of main street or town center businesses. Attached housing products will also ensure that new development uses less land and water that could be retained in agriculture to maintain a rural feel.

3. Facilitate smaller homes.

While the average Utah household size has declined from 3.6 to 3.1 people (14%) since 1970,[20] the average new single-family home size in the Wasatch Front has increased from 2,002 to 3,240 square feet (61%) over the same time period.[21] The market is not currently producing very many small single-family homes under 2,000 square



Historic neighborhoods are often composed of smaller homes that were built before modern zoning regulations.

feet, significantly limiting opportunities for starter homes. There may be many reasons for this, including large lot size and parking requirements as well as a housing shortage that allows builders to choose to focus primarily on those units with the highest profit margin.

What can local governments do? Minimum home sizes above 1,000 square feet are generally forbidden under state law. Homes below 1,000 square feet may be appropriate to accommodate smaller households. Strategies to reduce minimum land requirements and allow more units on each lot can also help smaller units to become more feasible. Closing the gap between supply and demand is perhaps the most important thing that can be done to make smaller, less luxurious housing more attractive to build. Financial, procedural, or regulatory incentives (e.g., density bonuses) can also be used to help encourage smaller unit sizes. Cities and counties may even consider setting a maximum unit size in some places.

Where is this appropriate? Smaller homes can be appropriate in almost any area, whether greenfield, infill, or redevelopment. A mixture of home sizes within one neighborhood can be beneficial to increase upward mobility and prevent demographic "bubbles" that lead to future school closures.

4. Promote mixed-use development.

Mixed-use development places housing and other uses–e.g., retail or office–in the same area or even in the same building rather than separating them. While zoning has long been used to keep incompatible uses away from each other, it can also be used to encourage the collocation of complementary uses. Mixed-use centers come in a variety of scales, ranging from a place with mid-rise buildings like downtown Ogden to a school, park, or church at the center of a compact neighborhood. Larger centers are great places for the most intense housing, including large-scale apartment and condominium buildings. Large multi-family has been an unsung hero of our housing supply in the last 10 years, adding thousands of units on relatively little land and helping housing supply to better keep pace with demand.

Why does this matter? Stakeholders identified mixed-use development as one of the top strategies for promoting affordability and identified single-use zoning as one of the top barriers to affordability. Office and retail centers are places that can accommodate substantial density to make a real dent in Utah's housing shortage. Moreover, placing housing near jobs, shopping, and public transportation can significantly reduce household transportation expenses, which typically form the second largest piece of a household budget after housing. On average, Utahns spend 23 percent of their incomes on transportation.[22] Those who live in mixed-use areas can save significantly on transportation, and locating them throughout the state can also make destinations more accessible for everyone.

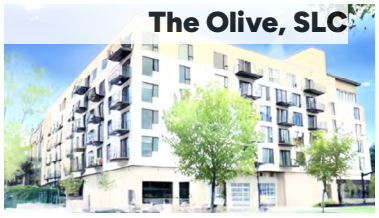
Impact on tax revenue. A mixed-use area will typically generate more tax revenue than will a retail-only or office-only area. Particularly where retail

High density housing can be mixed among buzzing town centers near jobs, retail, and parks as pictured in this image of downtown Ogden.

Mixed-use centers can occur at a variety of scales, such as this town center in Holladay.

is underperforming, adding housing can improve performance and catalyze increased tax revenue. Even replacing retail or office with housing can in some cases increase tax revenue, particularly where the housing can occur at an increased density as compared to the existing development. An analysis of five different case studies of redevelopment of Utah office or retail to housing (apartments or townhomes) found that four of the five resulted in significantly increased tax revenue.

Case Studies: Tax Revenue Impacts of Office- or Retail-to-Housing Redevelopments

	Previously used as:	Currently used as:
 The Olive, SLC	22,000 SF of Office Sales Tax to City: $0 Property Tax to City: $9,765 **Total Revenue to City: $9,765**	120 Apartments Sales Tax to City: $6,071 Property Tax to City: $82,769 **Total Revenue to City:$88,840**
 Block 44, SLC	6,650 SF of Restaurant Sales Tax to City: $8,794 Property Tax to City: $4,974 **Total Revenue to City: $13,768**	214 Apartments Sales Tax to City: $11,949 Property Tax to City: $150,011 **Total Revenue to City:$161,959**
 Moda Highland Park, SLC	18,869 SF of Retail Sales Tax to City: $5,996 Property Tax to City: $3,165 **Total Revenue to City: $9,161**	40 Rental Townhomes Sales Tax to City: $2,725 Property Tax to City: $31,091 **Total Revenue to City:$33,816**
 Mill Creek Towns, SLC	2,500 SF of Retail Sales Tax to City: $0 Property Tax to City: $1,421 **Total Revenue to City: $1,421**	10 Rental Townhomes Sales Tax to City: $581 Property Tax to City: $4,059 **Total Revenue to City:$4,640**
 High Line Square, Provo	75,00 SF of Warehouse, Restaurant, Concert Venue Sales Tax to City: $23,244 Property Tax to City: $989 **Total Revenue to City: $24,232**	78 Apartments Sales Tax to City: $3,369 Property Tax to City: $11,205 **Total Revenue to City:$14,574**

Note: RCLCO only measured revenue impacts to the local city at a high level. The sales tax revenue was calculated using the local 1.0% rate subject to point-of-sale legislation, and the property tax revenue was calculated using only the city-level property tax rate.
Source: RCLCO

How does the public feel about this? In the Guiding Our Growth 2023 survey, 78% of urban Utahns selected a transportation approach that includes investments in walking, biking, and public transportation in town centers. Of the urban respondents, 65% said they were interested in allowing more apartments, condos, and townhomes near transit stations and downtowns, and 60% said they were interested in allowing more strip malls, big box stores, and parking lots to be redeveloped into housing.

Where is this appropriate? Mixed-use centers are most appropriate in places with access to regional transportation via car, public transportation, bike, and/or foot. Many existing retail or job centers can be retrofitted to become mixed-use by adding housing. Along the Wasatch Front, the Wasatch Choice vision has identified appropriate areas for the larger mixed-use centers

Regional visions in other communities, including in Utah County and Cache County, also call for mixed-use centers.

What are some other benefits? Mixed-use centers can provide more options for clean, efficient, and convenient travel, increase availability of housing options close to destinations, enhance public health and air quality, improve fiscal sustainability within local governments, revitalize neighborhoods, and cultivate local identity.

What are some ways local governments can promote mixed use areas?

- Allow multifamily housing of an appropriate scale in commercial and office zones.
- Allow strip malls, big box stores, and parking lots to be redeveloped into mixed-use areas that include housing, or even in some cases to be replaced by housing.
- Right-size parking requirements, allow shared parking, and seek ways to help finance structured parking (e.g., tax increment financing or HTRZs). Where structured parking isn't currently feasible, arrange surface parking in ways that allow the area to evolve and add structured parking and additional density in the future. Avoid placing parking between the building and the street.
- Consider adopting a form-based code. Form-based codes primarily regulate the form of development rather than focusing on permitted uses. This ensures that the scale and form of development will be uniform while providing market flexibility to determine appropriate uses. For more information about crafting and implementing a form-based code, check out the Wasatch Choice 2050 Form Based Code Template or formbasedcodes.org.
- Seek to design mixed-use areas to make it possible for people to travel from one use to another (e.g., from housing to retail) using a local street, without the need to travel on a high-speed or wide road, so that walking or cycling is safe and convenient.

How does this apply in rural Utah? Rural main streets and town centers are great places for mixed-use development. Adding housing to a main street can revitalize local businesses.

Find more guidance for creating holistic centers at different scales in "Creating Communities: A Guide to Walkable Centers."

5. Reduce development delays and costs.

Efforts to proactively reduce potential development delays and costs not only expedite the housing construction process but also empower smaller builders to engage in small-scale developments. Simplified and transparent codes can reduce local government review costs and facilitate efficient transactions between builders and cities, ultimately contributing to making housing more attainable for a broader range of residents. SB 174, enacted during the 2023 general legislative session, standardizes and modifies how subdivisions are approved and should simplify and shorten the process.

Why does this matter? Minimizing development delays and costs directly impacts the speed at which housing units become available. Delays can drive up costs, which can inhibit development and limit the overall housing supply. When costs are lower, developers may be able to offer more affordable housing options, increasing the diversity of available homes.

Where is this appropriate? Reducing development delays and costs is beneficial in all residentially zoned areas. However, it is particularly relevant in areas facing rapid population growth and increased housing demand, where timely construction can help address shortages.

What are some ways local governments can reduce development delays and costs?

- **Simplify codes.** Because codes are often complex and vary widely between jurisdictions, it can be difficult for a builder or developer to navigate a particular local jurisdiction's requirements. Often, applicants simply submit a plan and rely on reviewers to flag inconsistencies with local codes. This places a burden on the local government and leads to delays through repeated reviews. A simple code that's easy to navigate can alleviate these issues.
- **Consider pattern-based zoning to expedite approvals.** Pattern-based zoning involves pre-approved building designs that enjoy expedited permitting. This eliminates the need for extensive design reviews and reduces approval timelines. Pre-approved designs could include the following:
    1. External ADUs: Offering pre-approved designs for ADUs simplifies the process for homeowners adding secondary units. Other communities have found success with this approach, particularly as residents shoulder design and development responsibilities.
    2. Multifamily units: Local authorities can pre-approve multifamily designs, such as duplexes or triplexes resembling single-family homes, in single-family zones. This maintains community character with pre-approved designs and streamlines administrative processes for more efficient development.
- **Expedite permitting or reduce fees for affordable housing.** Reducing permitting costs and delays for affordable housing can make it more attractive to build. Affordability may be determined based on how the sales prices or rental rates compare to local incomes or can apply to certain types of housing, such as ADUs.
- **Permit more multi-family, attached, and small single-family housing by-right** rather than as a conditional use, and without the need for lengthy planned community and development agreement negotiations.

How does this apply to rural Utah? Efforts to reduce development delays and costs are equally important in rural areas. Simplified approval processes and cost-effective construction can encourage housing development and contribute to housing availability in rural communities.

6. Facilitate the use of offsite construction techniques.

Offsite construction, including manufactured housing and modular housing, can help to overcome labor and material constraints, especially in more remote areas and rural markets. One analysis found that manufactured housing can reduce construction costs by 27 to 65%.[23]

Offsite construction can also reduce project timelines, and, because units and components are made in a controlled environment, can also increase quality and energy efficiency.

This modular home was created offsite and then assembled on the owner's property. Image provided by New World Home.

Modern offsite construction techniques can result in homes that look and feel like homes that were built with traditional methods. Image provided by New World Home.

What are some ways local governments can facilitate offsite construction?

i. Allow manufactured housing by-right on owner occupied lots if it meets other zoning requirements and standardized conditions (foundation, relevant snow load, etc.).

ii. Adopt standards for offsite construction, inspection, and compliance. If each home constructed off-site needs to be inspected locally, many of the benefits are attenuated. Until the state adopts a uniform standard, cities and counties may adopt ICC/MBI Standard 1200-2021: Standard for Planning, Design, Fabrication, and Assembly in Off-Site Construction and ICC/MBI Standard 1205-2021: Standard for Inspection and Regulatory Compliance in Off-Site Construction. Salt Lake City was the first city in the nation to adopt the new standards for off-site inspections by a state-licensed building inspector. If standards are adopted at the state level, this action is not needed at the local level.

iii. Allow small units. Offsite construction may offer some of the most significant cost savings for small units less than 1,000 square feet.

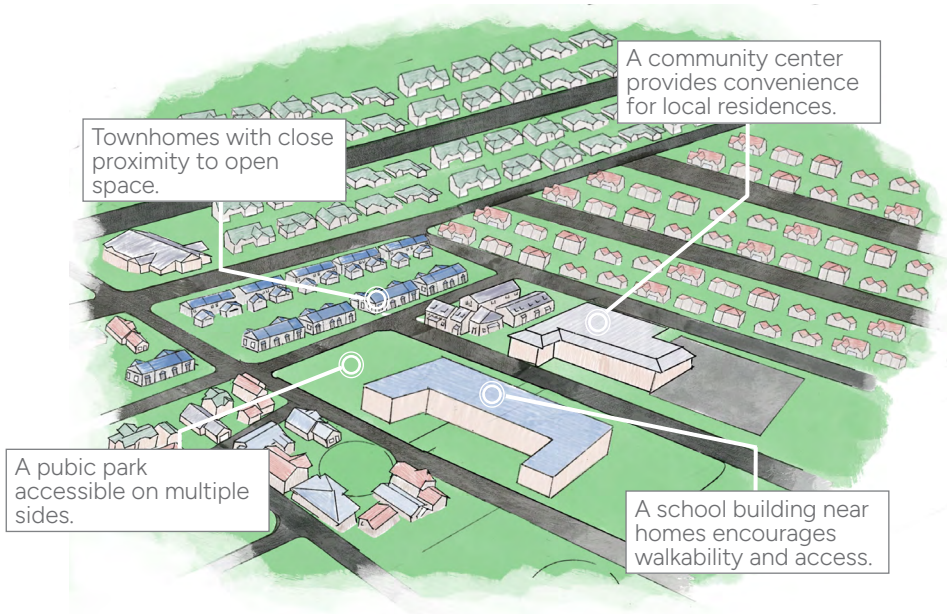
Summary of Local Government Recommendations

1. Allow smaller lots
2. Allow more than one housing unit per lot and per building
3. Facilitate smaller homes
4. Promote mixed-use development
5. Reduce development delays and costs
6. Facilitate the use of offsite construction techniques

Best Practices

1. **Maximizing the ability to get around**. Planning the highest densities near destinations, such as parks, schools, churches, shopping, jobs, and civic uses, can reduce driving and traffic, particularly where these destinations are accessible on all sides. A connected street network will also disperse traffic and promote walking and biking, as will a connected trail network.

2. **Open space**. Where there is decreased private open space in yards, it is critical to provide usable public open space within walking distance of most residents. Public access to parks and open space may be provided by cities, counties, or developers. Care should be taken to ensure that private lots do not inhibit public open space and park access.



Arranging a neighborhood so that townhomes, duplexes, and homes with small lots are arranged around a centering point, like a school and a park, can improve walkability and access.

3. **Affordable housing**. Local governments should consider offering incentives, such as density bonuses, for housing that is affordable to certain incomes with deed restrictions.
4. **On-street parking and snow plowing**. Communities are sometimes hesitant to rely on on-street parking over concerns about snow plowing. Many Utah communities have found ways to facilitate snow plowing with on-street parking. One approach is to prohibit parking on one side of the street after a snowstorm (e.g., residents can park on the side of the street with even addresses on even days, and vice versa). Depending on climate, street design, and travel speeds it may be possible to plow the travel lanes while cars are parked on the shoulder. Residents of some Utah communities must contend with being "plowed in" but often do so without any issues.

On-street parking can create a buffer between pedestrians and vehicle traffic, and can also slow traffic.

The roads surrounding this park provide access from any side of the park.

This park is bordered by homes and buildings on multiple sides. This gives only a few homeowners great access to the park—if they have fences with gates—while other community members have much less park access.

Common Questions

Q: Why should we continue allowing more townhomes, small lots, or other more "affordable" products, when we find that what is built is still very expensive?

A: New construction will almost always be more expensive than older housing. Smaller products that use less land will typically be cheaper to produce, and building more homes with fewer resources (land, materials, & labor) will create the largest affordability benefits by closing the gap between supply and demand. While those new units may not be highly affordable, they will help make other existing units more affordable because there will be fewer people competing for the same units.

Q: What about the thousands of units that cities have already approved but aren't being built?

A: There are many reasons entitled units may not currently be under construction. In some cases, lack of infrastructure can be a barrier. Financing might not be available in other instances. Sometimes an investor may be waiting for better market conditions before selling the land to a builder. Sometimes a builder may be worried about current and near-future market conditions and not be willing to invest at the moment. Sometimes what has been approved isn't affordable or attractive in the current marketplace. Regardless, the more units that are approved, the higher the odds that enough supply will be built to meet demand.

Q: Why are builders constructing houses that are too large to be starter homes, even though there's no requirement that they do so?

A: There are many possible reasons that a builder might construct a larger home. In a shortage situation, a builder has the option to construct the product that obtains the highest margin. As builders seek to reduce costs, buyers are likely more willing to compromise on lot size and finishes than on square footage. And in the face of large minimum lot sizes and off-street parking requirements, it may be very difficult for a builder to construct a smaller home in a way that works in the marketplace. Approving more units, particularly units with lesser zoning requirements, should alleviate this situation over time. Local governments could also consider offering incentives, such as density bonuses, for smaller homes.

Q: Why don't we just stop growing?

A: Much of the demand for new housing in Utah is home-grown—our own kids. In addition, it's not clear how we could stop growth without making Utah an undesirable place, since it's our high quality of life and strong economy that attract people and keep our kids here. Stopping building housing will just drive prices up without stopping growth until Utah gets so expensive that it's no longer a desirable place to live. As a case study, between 1960 and 1980, Los Angeles effectively downzoned the city in an attempt to stop growth, reducing the city's population capacity by 60%. The city still grew by almost one million people since 1980, but the growth spread out farther than it otherwise would have, and now only 2.2% of homes in the metro area are affordable to the median-income household, resulting in the highest number of overcrowded homes in the US.[24]

Q: Won't higher densities increase traffic congestion in my community?

A: Communities that include more small lots, duplexes, townhomes, and similar housing types do not tend to experience high traffic congestion. While higher densities can have some localized traffic impact, density correlates with reduced vehicle miles traveled, particularly when combined with connected street networks and mixed uses, thereby reducing region-wide driving. Density also shortens travel distances, which increases mobility and access, along with the ability to walk or bike. Planning the highest densities near destinations, such as parks, schools, churches, shopping, jobs, and civic uses, can reduce driving and traffic.

Q: Won't attached housing products lead to more renting, which means more transience and less personal investment in the community?

A: Single-family homes on small lots, cottage courts, and attached products like duplexes and townhomes have the same potential for owner occupancy as single-family homes on larger lots. Indeed, these products may be the only way many Utahns are able to attain homeownership. It's possible that these product types are more likely to become rentals, but even single-family homes on larger lots are increasingly being rented.

Q: How do we get the local community on board?

A: There are a number of resources for working with the local community, including the Public Engagement Guidebook and the Growth Messaging Guide. Remember that those who typically speak at council meetings tend not to represent the entire community, and that younger people and renters, who are often underrepresented in public processes, are on average much more open to allowing a wider variety of housing options. Similarly, those who would like to live in the community but can't afford to do so are not represented at all.

Q: Doesn't density increase infrastructure needs?

A: Density can increase infrastructure needs per acre, but the infrastructure needed per person is smaller, so there can be a localized infrastructure impact but a regional reduction in infrastructure costs. Research suggests that higher density development is more likely to generate the revenue needed to operate and maintain the associated infrastructure.[25] Of course, infrastructure needs are very site-specific, particularly in infill locations.

Q: If we take steps that reduce costs to the builder, will the savings get passed on to the buyer, or will the builder just make a higher profit?

A: The best way to improve affordability is to facilitate construction of more units so that supply and demand are more balanced. When this balance exists, a builder has less market power to set prices. Reducing costs through steps like upzoning has been shown to stimulate more construction and should help to achieve this goal.

Endnotes

1 "Housing Affordability," Eskic, Dejan, Kem C. Gardner Policy Institute.

2 "Building a Better Beehive," The Utah Foundation.

3 "Housing Affordability," Esckic, Dejan, Kem C,Gardner Policy Institute

4 Envision Utah and Heart+Mind Strategies 2021 Values and Growth Attitudes summary, available at EnvisionUtah.org/tools.

5 Utah Women and Fertility: Trends and Changes from 1970–2021, Utah Women & Leadership Project

6 Even in a market with plenty of supply, it is not possible for a landlord to cover operations and maintenance costs in a way that is affordable to the lowest incomes. See Jenny Schuetz, "Fixer Upper," Brookings Institution Press 2022, pp. 62-63.

7 In interviews with stakeholders and experts, they estimated that land use and construction regulations accounted for less than a fifth of the current housing affordability crisis.

8 Appendix A Literature Review, RCLCO Real Estate Consulting. Visit full report

9 Appendix A Literature Review, RCLCO Real Estate Consulting. Visit full report

10 Appendix A Literature Review, RCLCO Real Estate Consulting. Visit full report

11 "State of the State's Housing Market," October 2021, Kem C Gardner Policy Institute (Eskic & Wood)

12 Center for Neighborhood Technology, H+T Affordability Index (htaindex.cnt.org) "gross household density."

13 Kem C. Gardner Policy Institute, Ivory-Boyer Construction Database.

14 Christopher Herbert, Chadwick Reed, and James Shen, "Comparison of the Costs of Manufactured and Site-Built Housing," Joint Center for Housing Studies of Harvard University, 2023.

15 Most states have implemented some form of third-party review and inspection of off-site components. https://www.icc-nta.org/off-site-construction/jurisdictions-map/

16 Rio Tinto owns additional land in Salt Lake County that could at some point become available for urban development.

17 Note that zoning changes may have varying effects on densities compared to RCLCO's assumptions. See Appendix A for more information on methodology.

18 It is possible that land costs could eventually increase based on higher density expectations.

19 Orem City Parking Study

20 Shifting Foundations: A Contemporary History of Utah Households," Mallory Bateman, Kem C Gardner Policy Institute

21 LIR Parcel data from Weber, Davis, Salt Lake, and Utah County

22 Center for Neighborhood Technology, H+T Affordability Index (htaindex.cnt.org)

23 Christopher Herbert, Chadwick Reed, and James Shen, "Comparison of the Costs of Manufactured and Site-Built Housing," Joint Center for Housing Studies of Harvard University, 2023.

24 Greg Morrow, "The Homeowner Revolution: Democracy, Land Use and the Los Angeles Slow-Growth Movement, 1965-1992," University of California–Los Angeles dissertation.

25 Smart Growth America, "Building Better Budgets: A National Examination of the Fiscal Benefits of Smart Growth Development."

26 Analysis of Strategies for Housing Affordability, RCLCO Real Estate Consulting. Visit full report

Appendix A: RCLCO Real Estate Analysis

Summary[26]

EXISTING STUDIES GENERALLY SHOW THAT REGULATIONS HAVE IMPACT ON HOUSING SUPPLY AND PRICING

RCLCO conducted a comprehensive literature review to evaluate various regulatory changes and policies across the U.S. and their effects on housing supply and price. In general, there is a clear relationship between upzoning and housing supply/permitting activity.

The studies generally show that the most effective strategies for increasing inventory are allowing more density through reduced minimum lot sizes, increased allowable units, and increased FAR and maximum height restrictions. While allowing more uses in single-family only zones (like townhomes) is an important change, areas typically see more success coupling that with the other changes listed above. Additionally, waiving fees or parking requirements can boost development, particularly for ADUs, split lots, and multifamily buildings. Finally, policies that shorten the entitlement process, like by-right allowances, are also associated with increased supply and permitting.

While less strong of a link, many studies show that increased housing supply tends to reduce nearby rents and/or moderate rent/price growth over time, though there are some contradictory studies. It isn't possible to do a true "control" version in this type of research as each city has its own unique economic and land use factors. See pages 1926 of the full RCLCO report for more details on the literature review.

To understand what a control might look like, RCLCO analyzed cities highlighted in the literature compared to others within their region, which should have faced similar economic conditions and other local factors. The cities that increased housing supply the most had lower price/rent increases than others within the same region and the region/state overall.

RCLCO analyzed multifamily inventory and effective rent growth since 2000 across multiple major MSAs in order to better understand the relationship of supply and price. In general, the places that have added the most inventory have experienced more moderate rent growth whereas places that have struggled to keep up with demand have seen more significant rent growth. This trend is exacerbated by factors like land constraints and large employment bases, with land-constrained areas experiencing higher rent growth due to their inability to increase supply. See page 7 of the RCLCO report for more information.

LAND BUILDOUT ANALYSES HIGHLIGHT IMPORTANCE OF ENABLING EFFICIENT, MARKET-DRIVEN BUILDOUT OF REMAINING LAND IN WASATCH FRONT

RCLCO evaluated the marginal impact of increasing the density of future development and redevelopment across the Wasatch Front across three scenarios, though it is important to note that specific zoning changes will likely have various effects on densities not fully captured by RCLCO's analysis.

In the "business as usual" scenario—with no significant density or permitting changes—RCLCO estimates that

in order to keep up with household growth through 2060, roughly 20,000 housing units will need to spill over from the Wasatch Front into adjacent counties like Tooele, Box Elder, and "unserved" areas of Utah County.

In both scenarios with zoning and regulatory changes, RCLCO estimates that Utah and Weber Counties can support enough additional housing units to accommodate expected household growth, even without increased permitting or redevelopment. That being said, higher density development becomes even more important when evaluating growth in Utah beyond 2060. See pages 8–9 and 12–15 of the RCLCO report for more details.

RCLCO also evaluated how pricing is impacted by increasing density and reducing minimum lot sizes. When decreasing lot sizes by 10%, the associated new home price decreases by 1.8% to 4.3%, given that the cost of the land per unit is reduced. See page 10 of the RCLCO report.

CITY-LEVEL REVENUE BENEFIT OF RESIDENTIAL INFILL AND REDEVELOPMENT OF OLD COMMERCIAL SITES

RCLCO conducted a high-level fiscal analysis to evaluate whether residential redevelopment of old commercial sites is likely more fiscally beneficial to local jurisdictions than retaining commercial land. The analysis specifically focused on property and sales tax, including the impact of point-of-sale legislation, and used actual built projects compared to their site's past use.

In addition to providing much-needed homes to the area, new townhome and multifamily residential developments typically produce higher property taxes and sales taxes for communities than the prior commercial use. See pages 11, 16–18, and Exhibit I-1 in the RCLCO report for more details.

Visit the Full Report provided by RCLCO.