2013

Ivins City Moderate Income and Affordable Housing Plan



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Executive Summary

The intent of this Moderate Income and Affordable Housing Plan is to ensure that Ivins City provides a reasonable opportunity for a variety of housing, including moderate income housing, to meet the needs of the population desiring to live in Ivins City.

The population of Ivins City is expected to increase over the next 10 years. More than half of all current Ivins City households are earning a moderate income or less and the demand for affordable home ownership and rental opportunities will likely increase.

The *Housing Estimating Model/Software*, provided by the Utah State Division of Housing and Community Development and Lotus Community Development Institute, indicates that moderate income households in Ivins City have sufficient affordable rental and homeownership opportunities. The abundance of affordable housing indicates that the current zoning, land use, and regulations are not inhibitive to affordable housing opportunities for this segment of the population.

Although moderate income earning households have sufficient affordable housing options; households earning less than a moderate income may not have sufficient affordable housing opportunities. Providing housing choice and opportunities to serve all segments of the population is important for the welfare of the entire community

Ivins will continue to encourage reasonable affordable housing options by allowing for a variety of housing types in attractive, functional neighborhoods to meet the needs of all income levels. This can be accomplished by providing sufficient land zoned for sale and rental housing, a variety of lot sizes, a variety of residential building types, reasonable land-use ordinances, and a reasonable level of bureaucracy (time and cost).

The following goals are proposed to maintain adequate affordable housing choice for all those who wish to reside in Ivins City:

Goal 1: Encourage opportunities to purchase affordable housing for low income earning households by promoting use of the USDA Rural Development Loan and Mutual Self Help programs.

Goal 2: Encourage affordable rental opportunities for all income ranges.

Introduction

In 1996 the Utah Legislature passed House Bill 295 requiring cities and counties to include an affordable housing element as part of the general plan. Housing is considered affordable when moderate income households spend no more than 30% of their gross monthly income on housing expenses.

The intent of this Moderate Income and Affordable Housing Plan is to ensure that Ivins City provides a reasonable opportunity for a variety of housing, including moderate

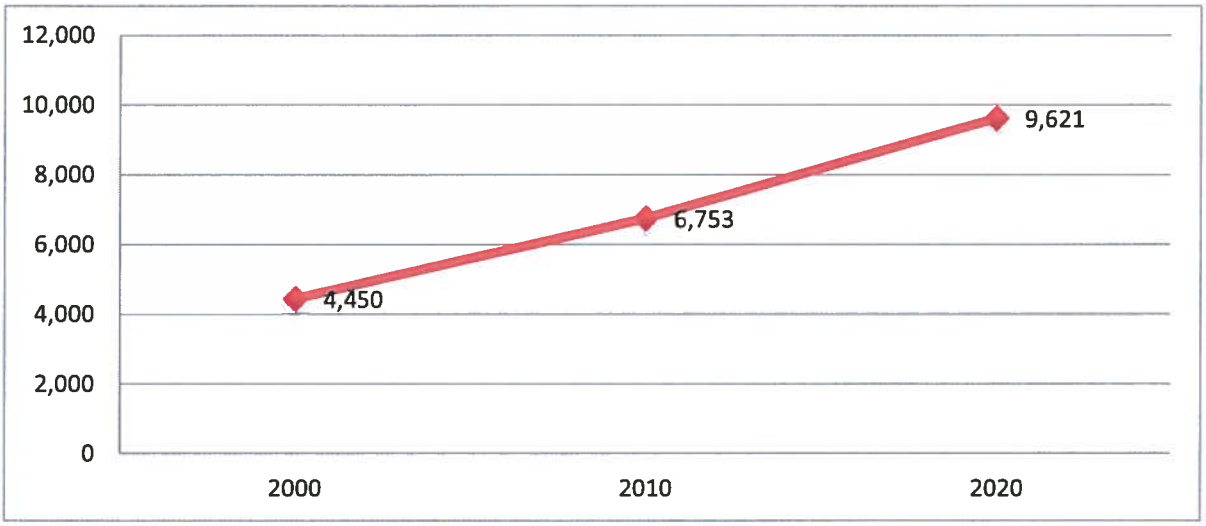
income housing, to meet the needs of the population desiring to live in Ivins City. Moderate income housing should be encouraged to allow persons with moderate incomes to fully participate in, and benefit from all aspects of neighborhood and community life.

Demographics

Population and Growth

Since 2000 Ivins City has seen the population increase by 2,303 people to bring the total population to 6,753 in 2010. According to the Governor's Office of Planning & Budget (GOPB) the annual growth rate has averaged 5.18% since 20000, and is projected to continue to grow at rate of 4.9% until 2020. If the projected growth rate is realized, Ivins City will gain 2,868 new residents by 2020. The graph below shows the population projection for 2020 based upon 2012 baseline population projections.

Ivins City Population Projections



Source: Governor's Office of Planning & Budget, 2012 Baseline Population Projection

Analysis of Population and Growth

The projected population increase of 2,868 new residents between 2010 and 2020 is significant because approximately 1,074 new households will need a place to live in Ivins City. By dividing the estimated population increase by Ivins City's average household size (2.67) the total number of new households can be calculated (2,868/2.67 = 1,074).

There are an estimated 453 non-seasonally vacant dwelling units in Ivins City according to the 2010 US Census. Seasonally vacant housing is housing units that are vacant during a specific season, and are for recreational or occasional use. Although it is likely that many of the future residents will fill some of the vacant units, the vacant housing stock will not be sufficient to accommodate all of the estimated new households over the next 10 years.

Households that earn a moderate income, or less, currently make up 52% of the Ivins population. At this rate, of the 1,074 new households projected to move to Ivins City over the next 10 years, 559 will need affordable housing options. To meet this need on a yearly basis, 56 affordable housing units will be needed.

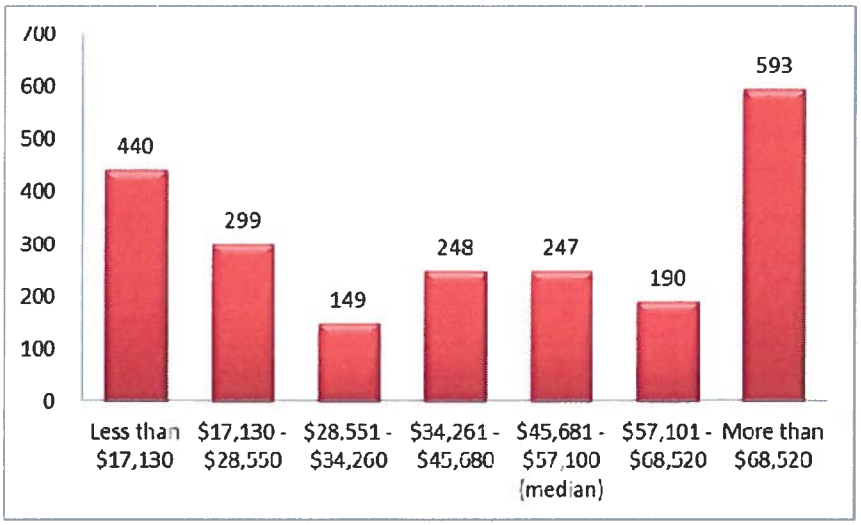
According to the Housing Estimating Software, Ivins City currently has a surplus of affordable housing units for households that purchase a home. However, it is important to provide adequate opportunities for low to moderate income households to rent as well. If current trends continue, each year 10 of the future households will need an affordable rental, and the other 46 will likely purchase their home.

Income

Analyzing the income of Ivins City's residents is critical to understanding the affordable housing need for the city. Household income is used to determine housing affordability. First, the standards used to identify when housing is affordable will be discussed. Next, the cost for housing in the city will be analyzed by using existing home values, homes for sale, and market rental rates. Finally, housing costs will be compared with household income levels to determine the affordability of Ivins City's housing to moderate income households.

Because the cost of living is relative to the area in which the residents live and to household size, the U.S. Department of Housing and Urban Development (HUD) has created a measure called the Area Median Income (AMI). The AMI is the standard to determine housing affordability. The chart below converts household income levels into AMI, and illustrates the number of Ivins City households whose total income falls within each income bracket.

Number of Households by Percent of AMI



Source: Census 2010; Housing Estimating Model/Software

Analysis of Income

1,136 (52%) households in Ivins City earn a moderate income or less. A moderate income in Ivins City is 80% of the area median income, or $45,680 annually. 440 (20%) households in Ivins City earn less than 30% of the area median income, or $17,130 annually. The households that earn just 30% of the area median income find it very difficult to live within the affordable housing guidelines since they cannot afford average market rental rates. It is vital to the well-being of the community that households of all income levels have housing options.

Housing Stock

Housing Occupancy and Vacancy

The American Community Survey collects information mostly by mail and from only approximately 2% of the households nationwide. These factors make it less than ideal for use in a community like ours, so we use this information sparingly. Also, the significant "second home" makeup of our community makes it more difficult to calculate true vacancy rates. According to the Assessor's office, approximately 17% of the residences in Ivins are classified as secondary residences.

According to the 2010 American Community Survey there are 2,917 housing units in Ivins City. 2,464 (85%) of the units were occupied while 453 (15%) were vacant. Of the 2,464 occupied housing units, 2,010 (82%) were owner occupied, and 454 (18%) of the units were rented.

Single-Family Housing

The 2010 American Community Survey estimates that Ivins City has 2,787 single-family detached units and 75 mobile home/trailer units.

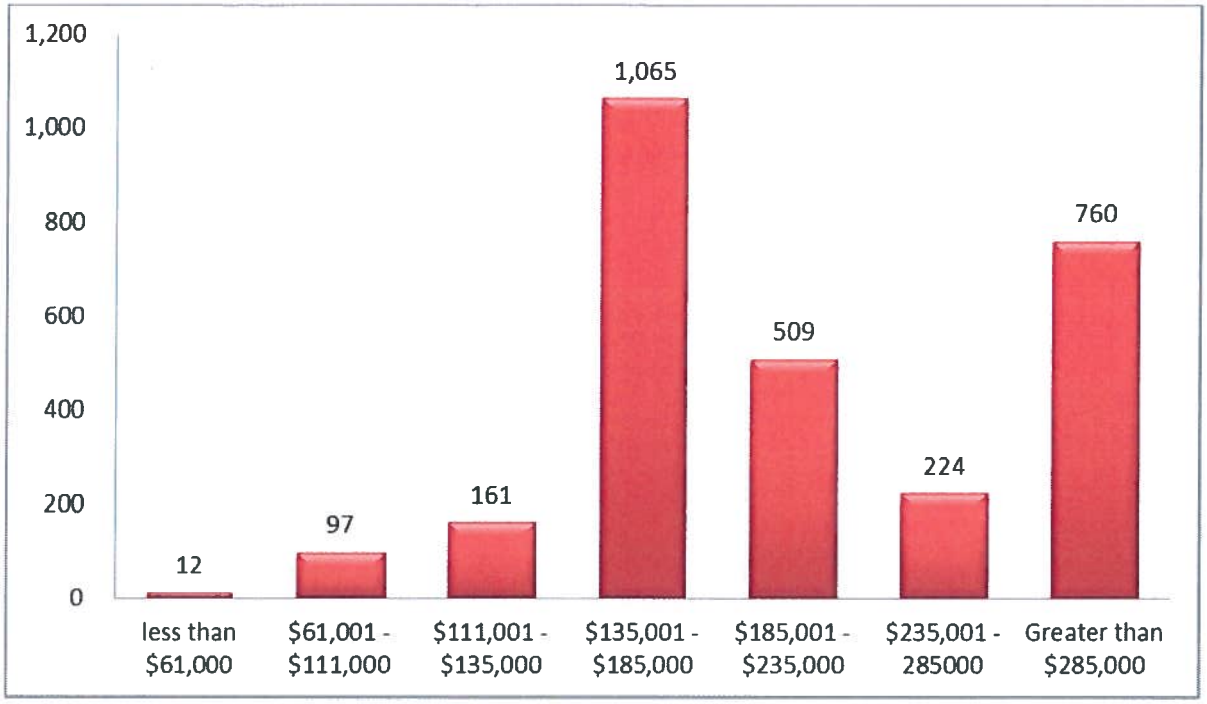
Multi-family Housing

The 2010 American Community Survey estimates that Ivins City has 55 townhome, apartment and condominium units. Currently, there are very few multi-family housing complexes within the City of Ivins.

Value of Existing Housing Stock

The current market value of the housing stock is used to determine affordability of home ownership. The chart below shows the current market values of existing homes in Ivins City according to the Washington County Assessor.

Market Value of Existing Properties



Source: Washington County Assessor, 2010

Ivins City Real Estate

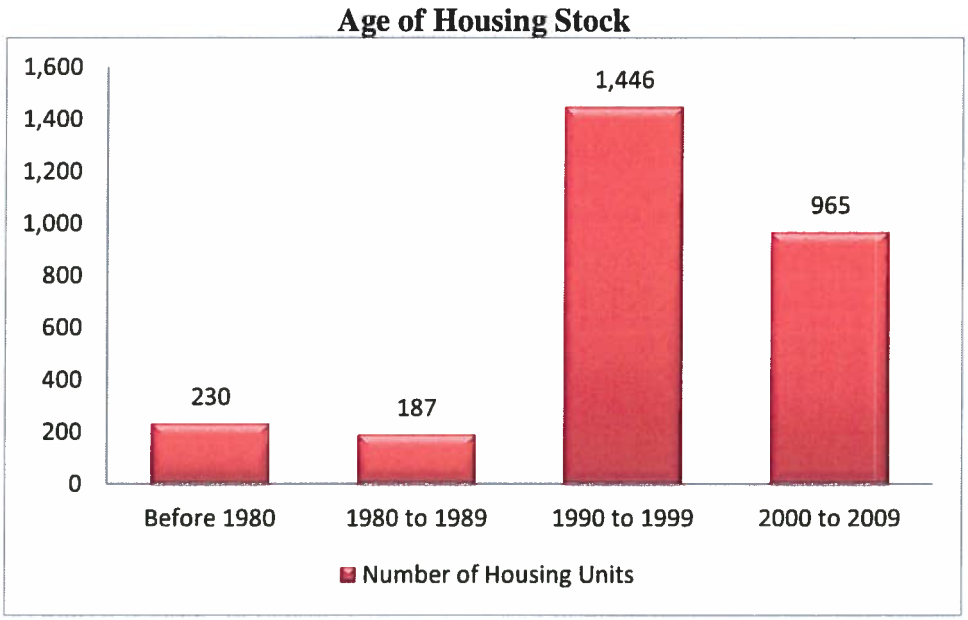
Property research conducted on www.realtor.com indicates that there are 83 total properties for sale in Ivins City as of October 2012. The median asking price is $214,900.

Of the 83 homes, 29% (24) of the homes for sale are listed below $185,000, which is an affordable home to moderate income households; 9.6% (8) of the houses are below $95,000, which is affordable for very low income households; and 1.2% (1) of the houses is affordable to extremely low income households.

The Multiple Listing Service shows 67 homes for sale in Ivins in January. The median asking price was $325,000. Twenty-five percent of the homes were asking $192,300 or less. The price of homes for sale will likely vary significantly from period to period based on the size, age, and amenity level of homes for sale at any given moment.

Age of Housing Stock

Because construction has increased dramatically over the last 30 years, the majority of the housing stock is less than 30 years old. Only 8% of the housing units in the City are more than 30 years old. Although the housing stock is relatively new, maintenance and rehabilitation of the existing housing stock will increase reinvestment within Ivins City. The following chart shows the age of existing housing stock.



Source: U.S. Census, 2005-2009 ACS 5-year estimates

Condition of Housing Stock

A moderate amount of housing (8%) is more than 30 years old. Homes older than 30 years generally require more rehabilitation than newer homes. According to a housing condition survey conducted by the Five County Association of Governments in 2009, 6 homes (0.24%) are either severely deteriorated or dilapidated, which is a slightly lower percentage than other cities in Washington County. Severely deteriorated homes are those that are beyond acceptable limits, and need several major repairs; while dilapidated homes are uninhabitable, and need to be completely replaced.

Housing Affordability

The Utah State Division of Housing and Community Development and Lotus Community Development Institute created the *Guidebook for the Development of Community-Based Housing* to assist communities to better understand how they can be a partner in actively promoting and developing additional housing opportunities. One of the initiatives which this consortium promotes is their *Housing Estimating Model/Software for Tracking Attainable Housing Needs*. The software is designed to help evaluate housing affordability, demand, and potential market opportunities for attainable lifecycle housing and other affordable housing.

The *Housing Estimating Model/Software* was used to determine moderate income housing needs for Ivins City. The *Housing Estimating Model/Software* uses many data inputs including: income, mortgage and shelter costs, jobs per worker, workers per household, housing costs, and rent rates to name a few. Based on the information

provided, the housing estimating model illustrates gaps in housing affordability if any exist.

According to current State and Federal definitions, housing is considered affordable when a household spends no more than 30% of their annual income on housing expenses, including mortgage or rent and utilities. In Washington County, Utah, the 2012 area median income (AMI) was $57,100 annually or $4,758 monthly. Mortgage or rent and utilities should not exceed $1,428 per month for a median income earning household in Ivins City.

The purpose of this plan is to ensure that housing is affordable for all income levels, not just those earning a median income or higher. The same affordability standards apply to households that earn less than the area median income. For example, a moderate income household in Ivins City earns 80% of the area median income — that is $45,680 annually or $3,807 monthly. Mortgage or rent and utilities should not exceed $1,142 per month for a moderate income household. The table below summarizes the maximum monthly affordable housing costs for several income levels in Ivins City.

Maximum Housing Allocation (30% of Gross Income)

Income Level	Yearly Gross Income	Monthly Mortgage or Rent with Utilities	Maximum Home Purchase
30% of AMI (extremely low)	$17,130	$428	$61,000
50% of AMI (very low)	$28,550	$714	$111,000
80% of AMI (moderate)	$45,680	$1,142	$185,000
100% of AMI (median)	$57,100	$1,428	$235,000

Source: U.S. Department of Housing and Urban Development, 2012

In order to meet state and federal definitions of affordable housing affordability, housing should be affordable for households earning 80 percent of the area median income (moderate income). $1,142 is the maximum monthly payment for a mortgage or rent and utilities for a moderate income earning household that is still considered affordable.

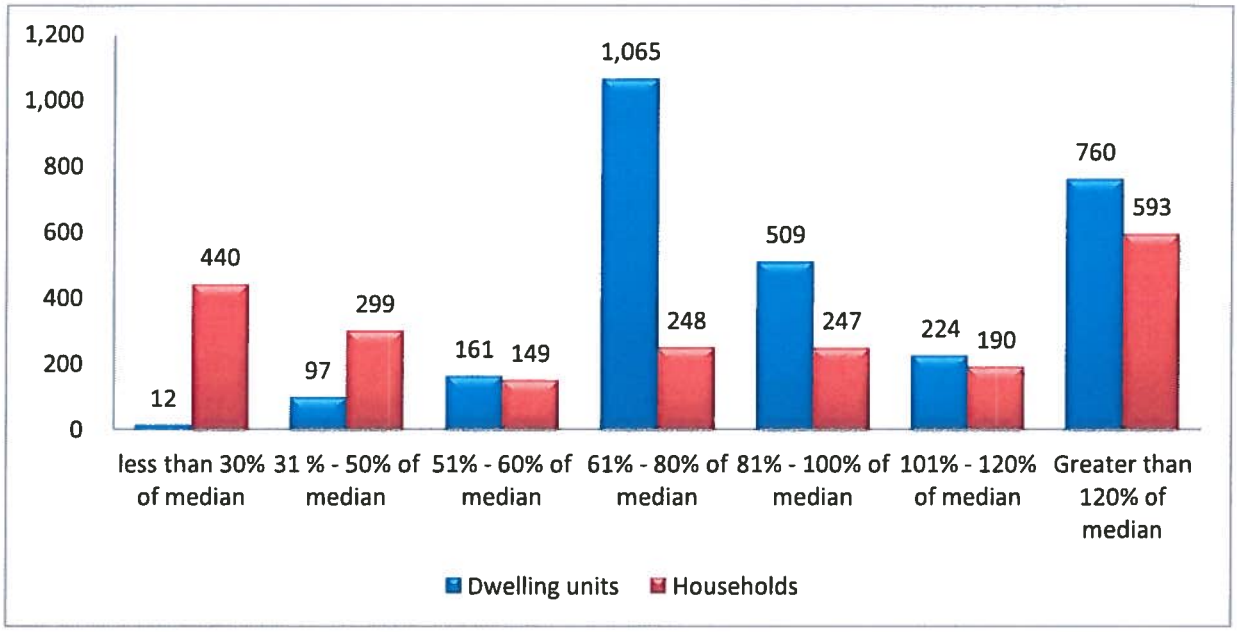
Affordability of home ownership and rental affordability are inherently different. Rental rates do not correlate directly with the market value of homes. Therefore, each will be analyzed individually.

Affordability of Home Ownership

A monthly payment of $1,142 would support a mortgage of approximately $185,000 based on a 30-year fixed rate loan at 4.8% interest. Homes valued at or below $185,000 are considered affordable for moderate income earning households in Ivins City.

In order to determine whether or not current housing stock is affordable for very low (50% AMI) and extremely low (30% AMI) income earning households a comparison will be used. The chart below compares the total number of households for each income bracket to the total number of dwelling units that are affordable for that income bracket.

Number of Households in Relation to Affordable Dwelling Units



Source: Washington County Assessor; Housing Estimating Model/Software

Analysis of Housing Affordability – Home Ownership

Fifty-two percent of all households in Ivins City are moderate income households or below, a significant portion of the population. At the time of this writing, Ivins City has sufficient affordable housing to purchase for those earning moderate income (80% of median). According to the Washington County Assessor, 47% of the housing stock is affordable for moderate income earning households. 29% of homes for sale are affordable to moderate income households; 10% are affordable to households earning just 50% of the AMI; and 1% are affordable to those earning just 30% of the AMI.

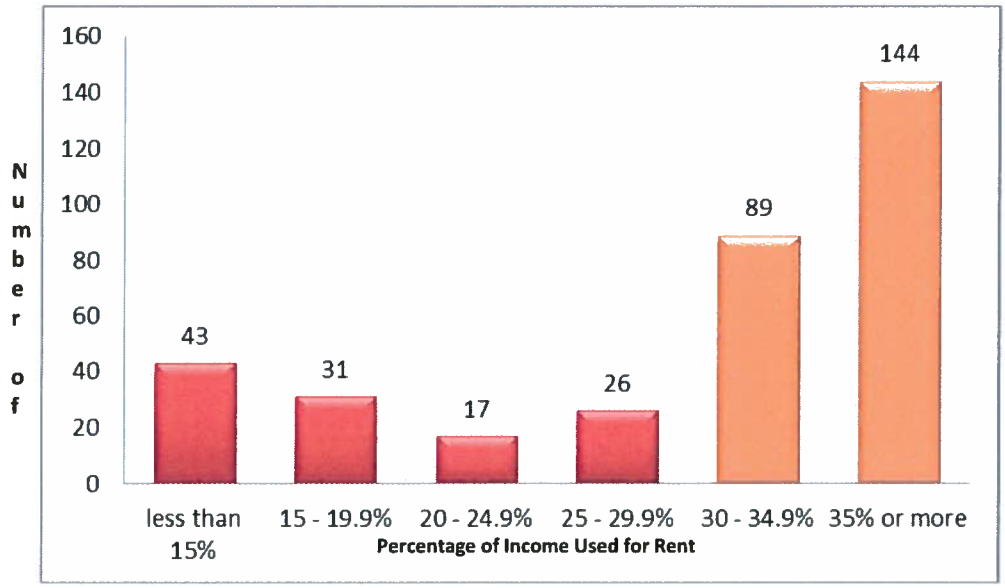
Affordability of Rent

Although the price to purchase a home has generally decreased in recent years, rental rates continue to increase, affecting the ability of low income households to afford housing. According to the 2010 American Community Survey, there are an estimated 454 households that rent in Ivins City. The median cost to rent a two bedroom apartment is $786. Households earning a moderate income (80% of AMI) are able to afford median rental rates in Ivins City; however, those households earning 50% of AMI and less cannot. According to an analysis performed using *Housing Estimating Model/Software* there is a $358 affordability gap for renting households that earn 30% of the AMI and a $72 gap for renting households that earn 50% of AMI.

Although the price to purchase a home has generally decreased in recent years, HUD figures indicate that rental rates in Washington County continue to increase, affecting the

ability of low income households to afford housing. Median rent rates are not affordable for those earning 50% or less of the area median income. There are few rental housing options in Ivins for households at or below 50% of area median income. This finding is consistent with the chart below, which shows the percentage of income that Ivins City households spend on rent.

Affordability of Rent



Source: 2010 ACS

The chart indicates that many households are renting a unit they cannot afford (highlighted in orange). This pattern is indicative that rental options for the extremely low and very low income populations are limited.

Analysis of Housing Affordability – Rent

Rental options for the low and very low income households are limited in Ivins City. 233 (67% households are renting housing that they cannot afford. It is clear that although there are properties for low-income renters, the demand is apparently higher than the supply of low-income housing.

Special Needs Housing

It is important for Ivins City to address housing for those with special needs. People with special needs may include the elderly or disabled that live on a fixed income, the homeless, or those otherwise in need of specialized or supportive housing.

There are an estimated 1,335 people who are aged 65 and over living in Ivins City. This is an increase of 787 people (144% increase) since 2000. The senior population now constitutes 19.8% of the total population; up from 12.3% in 2000. This increase in the number of older adults can be attributed in part to a localized reflection of the national trend of an aging population and the attraction Ivins has for retirees.

Many of the elderly who own their homes are living on fixed incomes, and their housing affordability is affected by property values, maintenance, and utility costs. Some options that may be available to senior citizens on the county, state, or federal level could include property tax deferred payment programs, tax and mortgage foreclosure prevention services, home rehabilitation and weatherization programs, and utility assistance programs.

Many elderly citizens can no longer remain in their own homes for a variety of reasons. As these citizens move out of their homes, demand for senior rental housing opportunities will increase.

Analysis of Special Needs Housing

There is currently no housing in Ivins designated for seniors or people with disabilities. A 108-bed nursing home is currently being built to house Washington County veterans. Ivins is in close proximity to St. George and other larger communities that provide specialized housing to meet some of the demand for specialized housing. As Ivins grows the need for additional specialized housing facilities will likely follow. Allowing and encouraging this type of development will increase housing choice for those with special needs to live in the community.

Zoning Regulatory Environment

In order to evaluate the potential for moderate income housing in the community, it is important to understand the regulatory environment for residential housing. Zoning regulations govern the use and lot size for new developments. These regulations have a direct impact upon the opportunity to provide affordable housing within the community.

Survey of Residential Zoning

The City of Ivins includes various residential zoning districts, which permit single family dwelling and various densities. Title 16 of the City's Zoning code classifies residential zoning districts into six categories:

1. Agricultural (A-20): primarily for agricultural use, allows low density residential uses, limited to one unit per 20 acres.
2. Residential Agriculture (RA-5, RA-1): allows low density residential uses, restricted to 1 unit per 5 acres and 1 unit per acre.
3. Residential Estates Districts (RE-75, RE-43, RE-25, RE-20, RE-17.5, RE-15, RE-12.5): intended to preserve and protect low to medium density single family dwelling ranging from lot sizes of 12,500 sq. ft. to 75,000 sq. ft.
4. Single-Family Residential (R-1-10, R-1-7.5, R-1-5): provided for medium to high density single family residential dwellings from lot sizes of 1 unit per 5,000 sq. ft. to 10,000 sq. ft.
5. Multiple Residential (R-M, R-2-6): provide to allow high density and multiple family uses, including duplexes, townhouses, and apartments.

6. Mobile Home District (M-H): recognizes existing mobile home areas of the city. This district will only be applied to existing areas and will not allow the establishing of new mobile home areas.

The majority of the area within Ivins City is zoned for single family residential units, with several pockets zoned multiple residential and one small mobile home area. Two family dwelling units are permitted within the R-M and R-2-6 districts. Multiple family dwellings and/or condos are only permitted within the R-M districts and are listed as a conditional use. Single family dwellings are permitted within all residential zones with the exception of R-2-6. Casitas are permitted within most residential zones when associated with the construction of the primary dwelling unit and conditional when proposed at any time after and are restricted to the occupancy of family members or nonpaying guests. Nursing homes are a conditional use within the R-M zone only and prohibited in all other zones. "Residences for persons with a disability" is a conditional use within all residential zones and "Residential facility for elderly persons" is permitted in all residential zones.

Evaluation of Zoning Code's Effect upon Affordable Housing

The available supply of affordable housing options for those earning 80% AMI indicates that the zoning environment is not creating a barrier for moderate income households to purchase homes within the City of Ivins. The allowance of small lots of 5,000-10,000 square feet, areas in which duplexes are permitted, and a mobile home district are likely providing sufficient opportunity for developments that are affordable to moderate income households. Multi-family dwellings of 3 or more units are listed as a conditional use within multiple residential (R-M) zones and prohibited in all other areas of the city. It is noteworthy that lot averaging and the identified single family residential zones of R-1-7.5 and R-1-5 are recent changes, as are the R-M and R-2-6 Multi-Family zones. Consequently, evaluation of the zoning code's effect upon affordable housing for households earning less than 50% AMI and those paying more than 30% of their income for housing, lack meaningful indicators. It is anticipated, however, that over time those enhanced zones should produce the desired effect of allowing development that provides a reasonable opportunity for affordable housing at all income levels.

Gaps and Needs in Affordable Housing

This section identifies the gaps and needs in affordable housing for Ivins City. A gap is a term used to describe a missing component while a need describes what is required to fill the gap.

Gaps

Gap 1 – Many of the very low and extremely low income earning households do not have sufficient opportunity to purchase affordable housing.

Need – Households in Ivins City that earn less than $20,000 per year need the ability to purchase housing they cannot afford under traditional lending standards.

Gap 2 – Many of the very low and extremely low income earning households do not have sufficient opportunity to rent affordable housing.

Need – Households in Ivins City are renting housing that they cannot afford. Additional affordable single family and multifamily rental units are needed.

Goals, Objectives, Strategies

Very low and extremely low income earning households typically do not have the opportunity to rent or purchase affordable housing in the private market. This is expected, due to the general inability of the private market to produce such housing without federal assistance. Ivins has been, and will continue to be responsive to developers and organizations that can find additional resources to make such housing opportunities available.

Goal 1: Encourage Opportunities to Purchase Affordable Housing

Objective — Encourage the provision of additional housing options such as affordable single family or multi-family housing for very low income (50% AMI) and extremely low income (30% AMI) households.

Strategy 1 — Welcome developers and other housing providers who embrace programs such as the USDA Rural Development Direct Loan or Guarantee Loan and the Mutual Self Help Program that assist low-income households to purchase a home. The direct loan program lowers the interest rate, and effectively increases the purchasing power of the home owner. The Mutual Self-help Program allows individuals to build "sweat equity" toward the purchase of their new home.

Goal 2: Encourage Affordable Rental Opportunities

Objective — Encourage the provision of affordable rental units for very low income (50% AMI) and extremely low income (30% AMI) households.

Strategy 1 —Welcome, educate and encourage Developers to provide housing projects with affordable and subsidized units for rent.

Strategy 2 — Continue to encourage area non-profits to address affordable housing needs in the region.

Benchmarks

The goals, objectives, and strategies should be evaluated periodically and revised as needed.

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