Ivins City Finance Report

Date: *January 18, 2018*

Purpose: *Updates on Select Items*

There are several items that staff has been looking at that will be included in this report. The items are as follows:

- **ULCT Legislative Policy Committee**

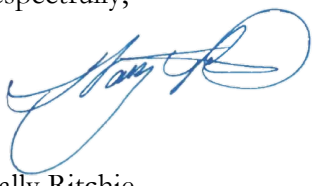
    - I attended the LPC meeting in Salt Lake City this last Monday. Rachel Otto has been hired as the Director of Government Relations. She has previously an attorney for South Jordan and West Jordan Cities. This meeting gave an update on legislative items that are being discussed for the upcoming session. The power point presentation for the LPC meeting is attached to this report. Some key items to watch are:
        - Land Use
            - Conditional Use Permits
            - Discussion on standing for impact fee challenges
            - Plan Review timelines
            - Mandatory Land Use Training
            - Building Inspectors
            - Ombudsman Funding
        - Homelessness, Affordable Housing & Housing Affordability
            - No bill file created yet. Legislature may look to take some control away from local entities and be mandated by the state.
        - Transportation Task Force
            - The Transportation Task Force is looking at 3 areas – Funding, Governance, and Economic Development/Land Use
            - These areas are of interest to the city because the legislature's decision could impact our land use authority and funding mechanisms.

- Tax Reform
    - The legislature will be looking at various tax issues during the session.
        - Eliminate the state portion of sales tax on food – the city portion remains.
        - Sales tax distribution formula discussion
        - Manufacturing exemptions – the state portion will be refunded and the cities retain their portion
        - Property Tax Discussions – eliminate the ad for truth-in-taxation, growth component, residential exemption changes.
- Other Legislative Items
    - General Preemption
        - Legislature may enact legislation concerning small cell towers, towing, and plastic bags that would circumvent local control.
    - Retirement Changes
        - The legislature is looking at some changes to Public Safety Tier II.
    - Joint ULCT-UAC Legislative Guide
    - ULCT has requested elected officials involvement and outreach with the legislature.
    - Local Officials Day – Jan. 24, 2018 at the State Capitol

- **Upcoming Finance / Budget Items**

    - January
        - Budget Process begins
        - Department Director Budget Meeting
    - February
        - FY2018 Budget Amendment
            - Due to the combining of Fire/EMS with Santa Clara, the purchase of a new fire apparatus and various other operating items, a budget amendment for the current fiscal year is in order. A public hearing will be scheduled for February 1, 2018. A draft of the amendment will be sent separately.

Respectfully,



Wally Ritchie
Director of Finance

January 18, 2018

Legislative Policy Committee

January 8, 2018

LPC procedures for 2018

CONSENSUS

- The LPC will support or oppose a bill by a consensus of voting members who are present.
- A consensus is defined as a vote of 60% or more of voting members being present (including remote participation).
- ULCT will have “no position” on a bill that does not have consensus
- ULCT may be neutral on a bill that does not warrant support or opposition but still may have an impact on local government.

QUORUM

- In order to achieve a quorum, the LPC must have at least 30 voting members present for voting, AND
- At least 1 voting member from one of the cities of the first class (Salt Lake, West Valley, West Jordan, Provo, Sandy) OR one of the cities of the second class (Ogden, Orem, Layton, St. George, Millcreek, South Jordan) must be present.
- Electronic participation counts toward the quorum requirement.

VOTING MEMBERSHIP AND PROCEDURE

- Every city and town is entitled to up to 3 voting members with the following exception:
- Board members are entitled to be LPC members and may be the 4th voting members from their city or town
- The LPC may support, oppose, neutral, or take no position on a bill. The LPC generally does not take a position on concepts that are not yet in a bill.

Land use and related legislation

Land Use Task Force consensus bills

- Vesting clarification (10-9a-509)
- Clarification to definitions of administrative decision and legislative decision (10-9a-103)
- Improvement completion assurance (10-9a-604.5) and enforcement clarification (10-9a-802)
- Impact fees – clarification of standing and statute of limitations
- Plan review

Non- or yet-to-be consensus bills

- Conditional Use Permit proposal
- Building inspector license enforcement
- Ombudsman funding

Plan Review

- The 14 and 21 day timelines from S.B. 241 will remain in place.
- Third-party plan review is available if the technical nature of the plan is outside the training and expertise of the person who regularly performs plan reviews.
- Bill includes plan review checklist and specific items the city will enforce during construction.

Conditional Use Permits (10-9a-507)

(3) In making a determination on the imposition of any mitigating conditions the land use authority shall, on the record specify:

(a) The reasonably anticipated detrimental effect of the conditional use at the proposed location;

(b) The standard applicable to the condition imposed;

(c) How the imposed condition mitigates the reasonably anticipated detrimental effect of the proposed use.

(4) No municipality may impose any requirement or standard on a Conditional Use that conflicts with a provision of this chapter, other state law, or federal law.

(5) Conditional uses are administrative land use decisions.

Building inspector license enforcement

- HBA wants to add provisions to 58-56-9 giving DOPL grounds to investigate and punish inspectors by denying licenses, issuing reprimands, etc.
- Current proposed language for 58-56-12:

(12) a building inspector negligently disregarding or violating the building codes or construction laws of this state, including requiring items that are not in or required by the building codes or construction laws of this state.

Property Rights Ombudsman funding

- Proposed changes to the allocation of the 1% building permit surcharge requirement – 15A-1-209(5)(a)
- Proposal that a portion of the 1% (perhaps 80%) would help offset the cost of additional contract attorneys for the Ombudsman and supplement the Land Use Academy of Utah (LUAU), while 20% would go to building inspector training.
- We have agreed in principle to more funding for OPR and LUAU, but do not have an agreement on specifics.

The power of ULCT: #leaguearmy

"We must all hang together, or assuredly we shall all hang separately."

- Benjamin Franklin, at the signing of the Declaration of Independence



UNITED WE STAND, DIVIDED WE FALL.

- AESOP

Narrative about “affordable housing” & housing affordability

DIFFERENT THINGS

AFFORDABLE HOUSING

- 30% of adjusted median income
- 50% of adjusted median income
- 80% of adjusted median income

HOUSING AFFORDABILITY (median price)

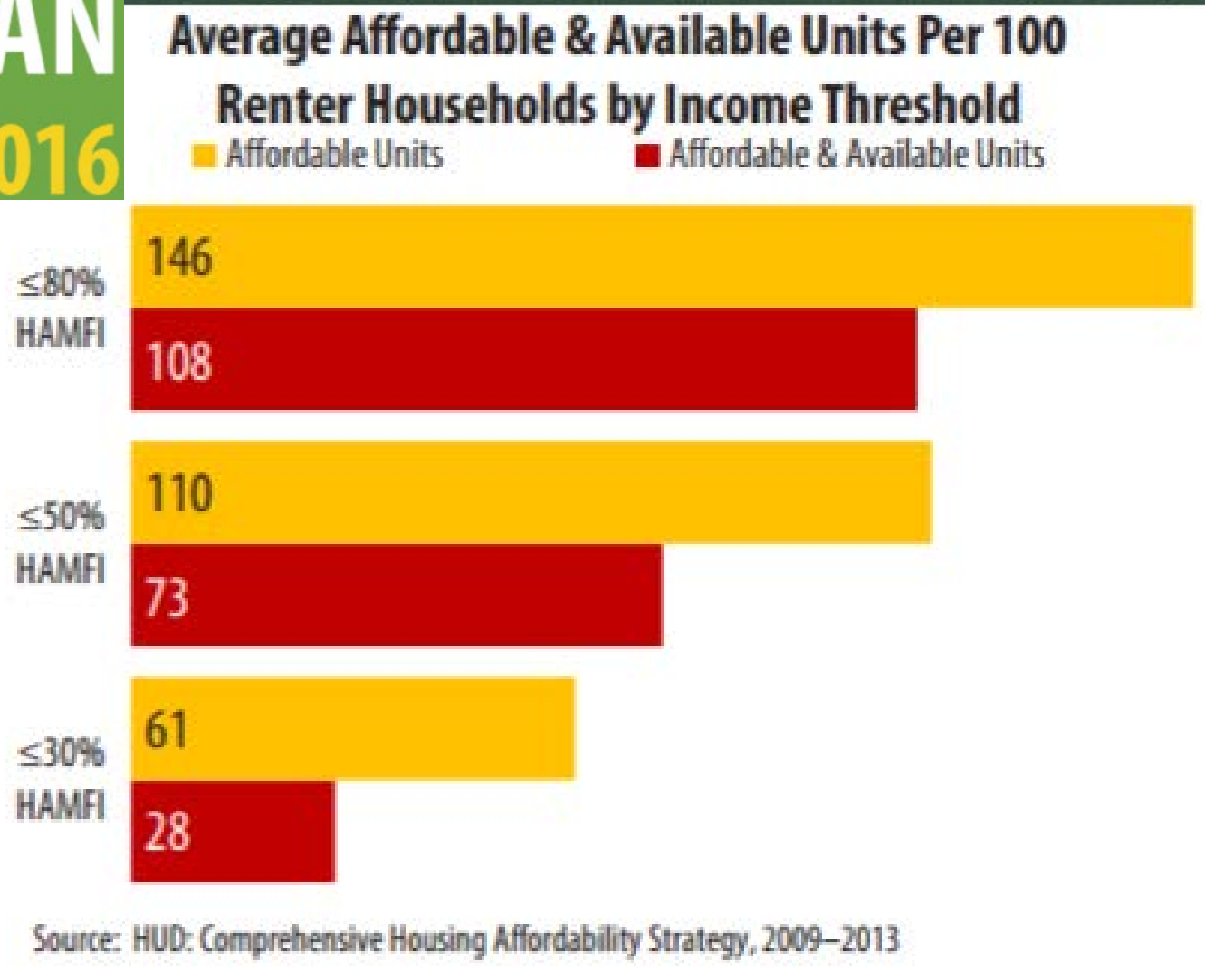
- Salt Lake Co. 2015: $272,900
- Salt Lake Co. 2016: $295,000

- Argument from developers: 3 fold reason for increasing housing costs
  - Land costs
  - Labor/material costs
  - Local government regulation/zoning
- Gardner Institute, Ivory Homes

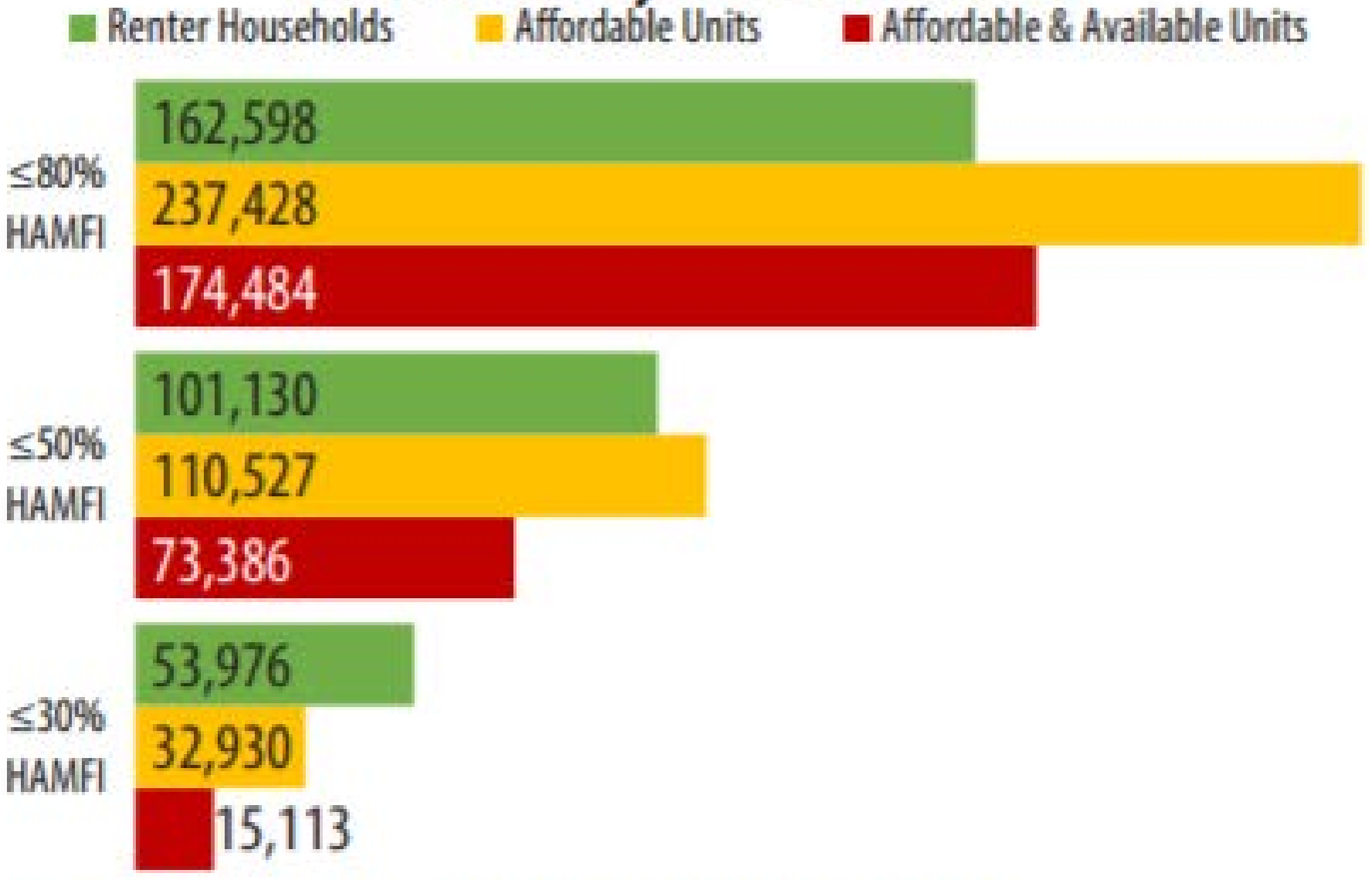
STATE OF UTAH

AFFORDABLE HOUSING ASSESSMENT AND PLAN

2016



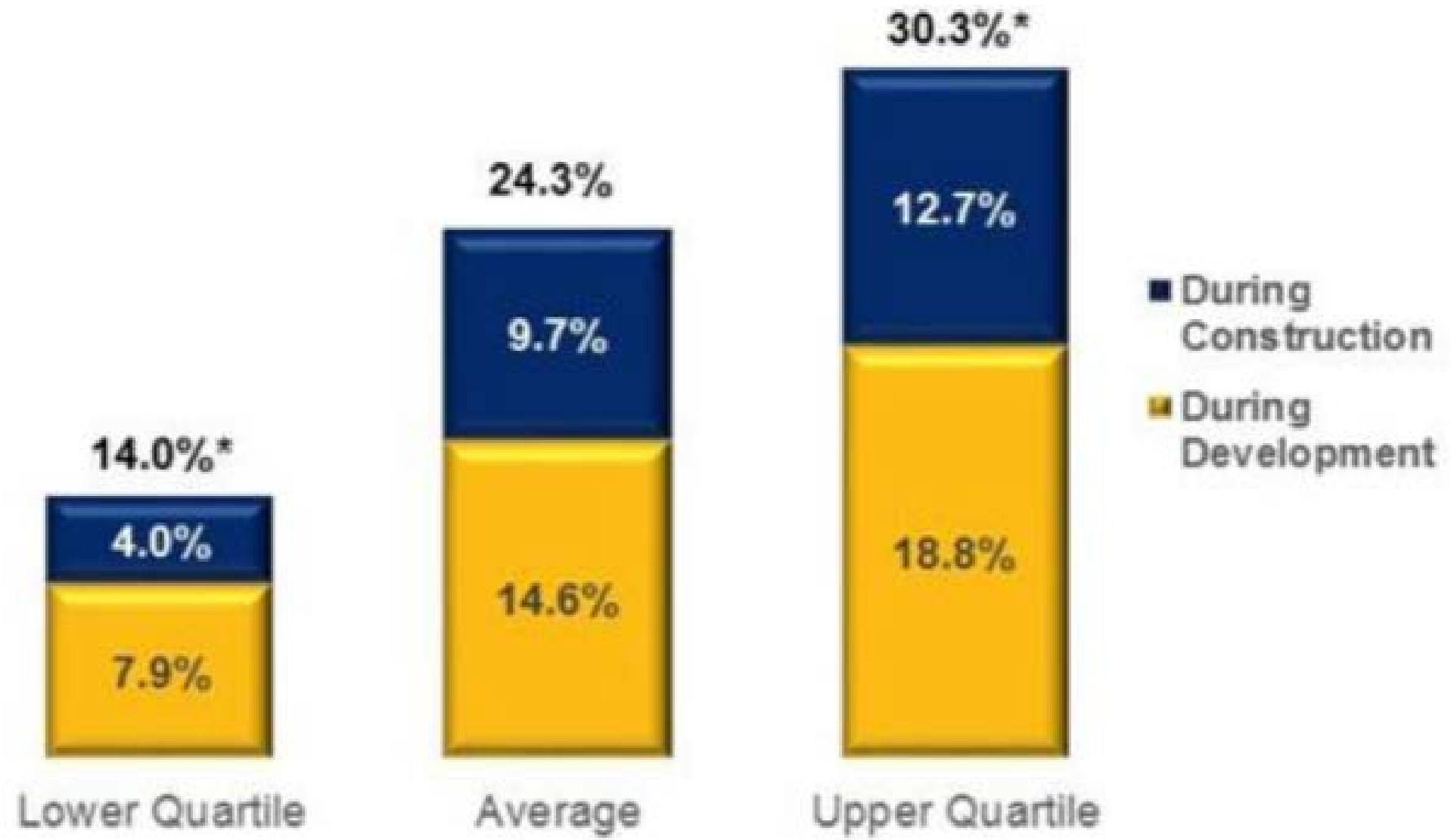
Average Gap in Affordable & Available Rental Units in Utah by Income Threshold



Source: HUD: Comprehensive Housing Affordability Strategy, 2009–2013



Figure 1. Regulatory Costs as a Share of Home Price

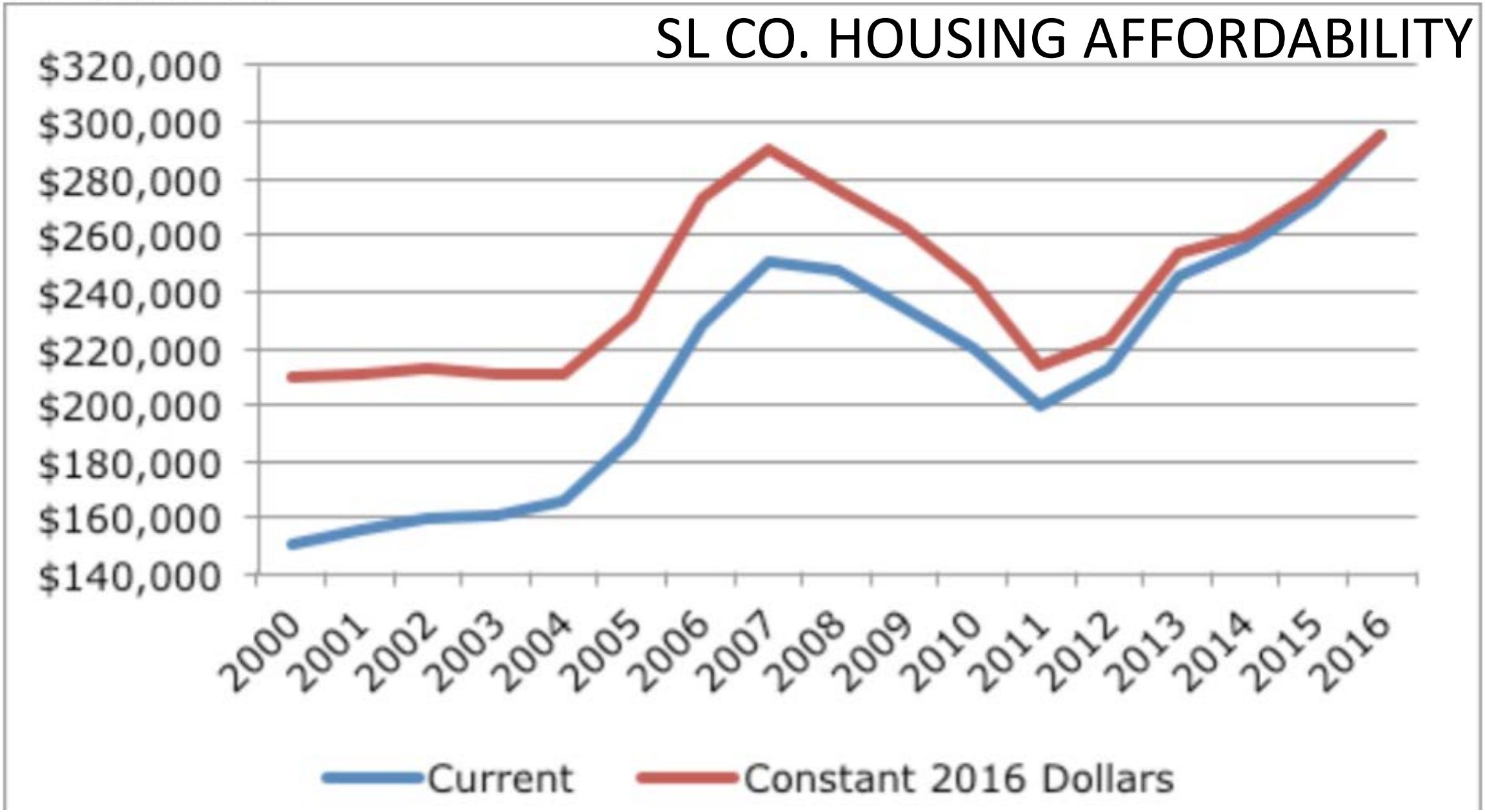


* For quartiles, construction and development costs do not sum to the total.
Source: NAHB/Wells Fargo HMI survey, assumptions described in the Appendix.

2016 NAHB study: "no attempt is made to estimate benefits (from government regulation) here."

SL CO. HOUSING AFFORDABILITY

Current and Constant Median Sales Prices of Existing Single-Family Homes in Salt Lake County



Research on Housing Gap and local gov't fees: Jan 2018

- 2007-17 change in local gov't development fees
  - Hook up
  - Impact
  - Inspection
  - Permitting
  - Plan review
- Single family only (townhome, rambler, 2 story)
- Individual parcels by square footage of building
- "Housing Gap" = 21,000 new units; 25,000 new households
- 20 cities; check w/Karson Eilers

Kem C. Gardner POLICY INSTITUTE
THE UNIVERSITY OF UTAH

Looking at costs of production, including materials and labor
Not looking at post-production costs (interest rates, realtor fees, mortgages) or land costs

Colorado and California

CO: ballot measure that would restrict housing development across 10 Front Range counties

Berkeley's zoning code, it took the developer two years and as many lawsuits to get approval. He plans to start building next year. The odyssey has become a case study in how California dug itself into a vast housing shortage — a downside, in part, of a thriving economy — and why the State Legislature is taking power from local governments to solve it.

"The housing crisis was caused by the unwillingness of local governments to approve new-home building, and now they're being held accountable," said Brian Hanlon, executive director of California Yimby, a housing lobbying group that is backed by the tech industry and helped plan the lawsuits.

Mary Trew, a retired graphic designer who fought the project, drew the same conclusion with a different spin: "Municipalities are losing their authority."

Back to Brian Hanlon of California YIMBY. Working with Sen. Nancy Skinner, D-Oakland, a fortified, 2017 version of the Housing Accountability Act (SB 167) passed into law, along with 14 other housing bills signed by Gov. Jerry Brown in September.

> In addition to raising the legal burden of proof for cities to deny new housing projects, the bill makes the suits more expensive to defend by requiring cities that lose to pay the other side's lawyers' fees.

Market conditions or other factors outside of local government land use authority

- Building materials
- Financing tools (public and private)
- Labor costs
- Land values
- Market demand (i.e. “luxury apartments”)
- Mental health of residents
- Partners
  - Non-profits, private sector
- Property owner
- Realtor fees, other costs (real estate commissions = $325 million in SL Co. in 2016)
- Substance abuse and recovery of residents

Partial list of how local gov't can address the market failure of "affordable housing"

Current

- Housing authorities/subsidized housing
- Moderate income housing plans
- Zoning
- Deed restrictions
- RDA/CDA/EDA 10% set aside
- Housing preservation
- Accessory dwelling units
- Tax credits/incentives
- Density credits (note: density does NOT always mean affordable)
- Fee/timeline/parking/regs flexibility

Potential

- Inclusionary zoning req'ts
- Rent control
- Minimum lot flexibility (tiny homes)
- Property tax abatement
- Procurement exceptions for Design Build
- Different standard of review or presumption of approval (Rep. Wilde)
- State assessment for homelessness (Rep. Eliason)

Homelessness and “affordable housing”

Lawmakers may impose fees on Utah cities that lack affordable housing

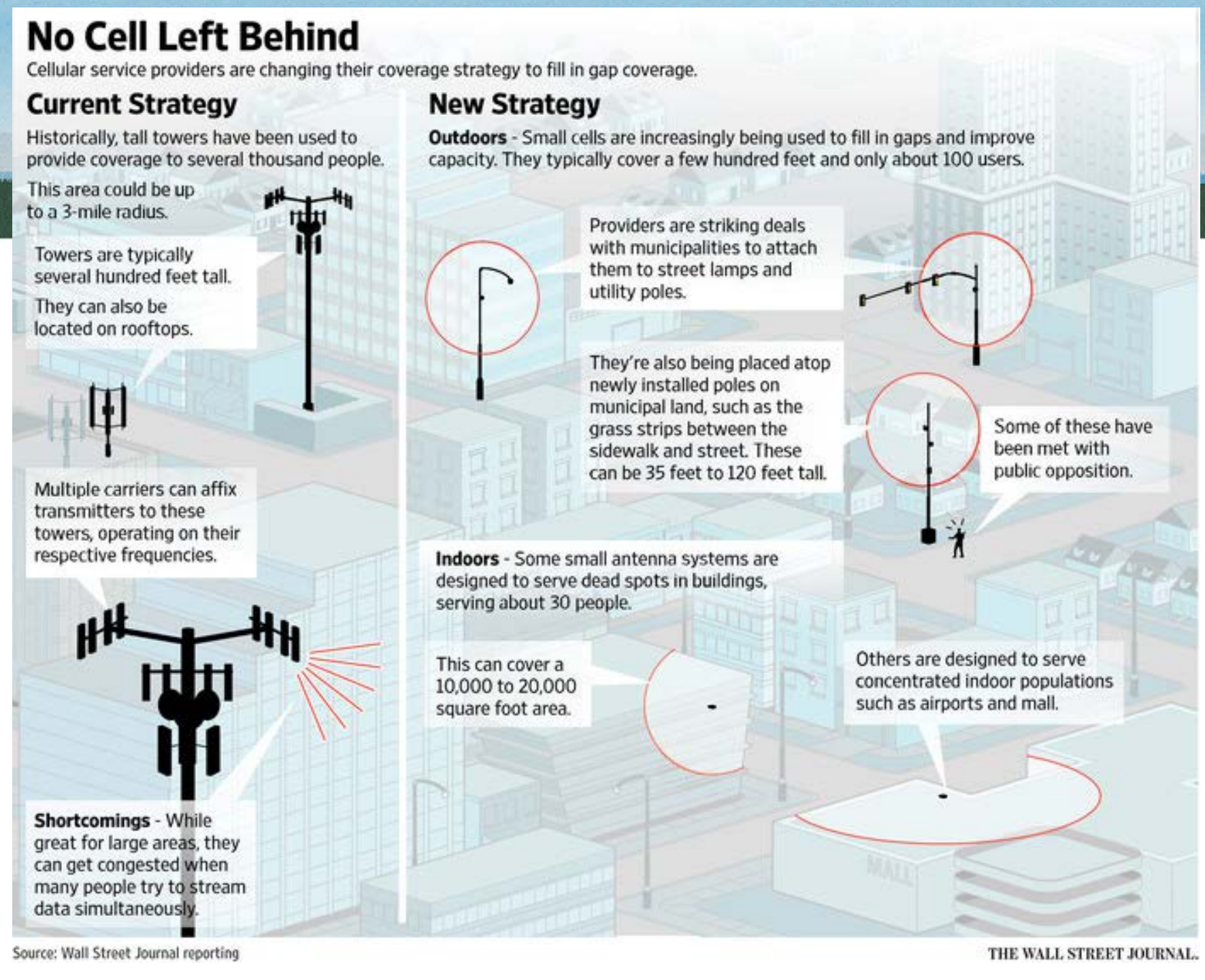
Bill would encourage cities to build housing for extremely low-income residents, help fund homeless shelters.

General concept

- Operation Rio Grande: $67 million of state investment
- State would assess a fee on cities and counties to raise revenue for the operation and maintenance of homeless resource centers
  - Amount of the fee still undefined
  - Collection agency still undefined
- State would calculate how much each city/county would be assessed
  - 2017 bill: population based
  - 2018 concept: formula considers amount of “affordable housing” in each city/county (30% AMI, 50% AMI, 80%)
- Cities that house a homeless resource center would not pay the fee

Key questions

- Should the state impose a fee/tax on local governments for homelessness?
  - The state pre-empted local gov't for HRCs but now expects local gov't to pay for the HRC O&M?
- Should local gov'ts w/o a homeless resource center contribute to the O&M?
  - Impact on private donations?
- Should local gov'ts w/o a homeless resource center help mitigate the impacts?
  - Is that already happening? ULCT research on impacts from Operations Rio Grande/Diversion
- Which homeless resource centers would qualify?
  - 2017 bill: overnight shelter of 200+ beds; what about others (VOA, Lantern House, etc.)?
  - How much revenue is necessary?
- If there is a fee, what should the formula be?
  - Population based? Based on housing stock within a community? ("affordable housing")
- If there is a fee, who collects, manages, and expends it and how long does it last?





Legislation already passed in 12 states

- California = lone industry setback (veto)

Some in the industry are pursuing a federal FCC preemption of local control of the right-of-way

In conclusion

- Tax reform
  - Property tax, truth in taxation
  - Sales tax distribution formula
- Transportation Task Force
  - Incentives v. “disincentives”; UTA governance, TIF eligibility, utility fees
- Homelessness/affordable housing
- JRI, public safety, law/code enforcement
- Housing affordability
- Land use law changes
  - Training, definitions, process, penalties
- Small cell placement

- Election year for House and ½ of Senate
- Budget pressure from Our Schools Now
- Other statewide initiatives (SB 54, marijuana, Medicaid, redistricting)
- Population growth & a strong economy
- #leaguearmy
- Remember HB 164 last year… we will raise taxes to maintain services and it will be the “Rep. so-and-so tax”