2019

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.

Affordable housing, as defined by the state, is housing costs which are no more than 30% of gross monthly income. A high-level view of the current situation would should a monthly family median income, as adjusted by the Department of Housing and Urban Development (HUD), of $5,625 for the area. The median monthly housing costs are $2,265, or 40% of median income. Clearly, Ivins continues to face affordable housing challenges. Whether looking at home ownership or rental options, the City's housing options continue to push the boundaries of affordability.

The challenge is further complicated by changes in the composition of the community, which makes the data difficult to compare. For example, since last updating this plan Rocky Vista University (RVU) completed construction and an influx of students seemingly have changed the number of households who fall in the lowest income bracket and therefore driving down the median income. While the school completed housing at approximately the same time to help offset the housing demands, there's not a good baseline to compare policy performance against.

While affordable housing challenges persist, the City is hopeful and encouraged that affordability issues are being mitigated and improved with ongoing developments. Ivins will continue to encourage 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:

Strategy 1: Rezone for densities necessary to assure the production of moderate-income housing.

Encourage the strategic rezoning of parcels within those areas of the City that compatible development of moderate-income housing products can be easily and affordably constructed.

Strategy 2: Allow for higher density or moderate-income residential development in commercial and mixed-use zones, commercial centers or employment centers.

Encourage the development of higher density residential development for workforce housing in those areas of the City that provides employment opportunities for low to moderate income workers.

Strategy 3: Implement zoning incentives for low to moderate-income units in new developments.

Provide creative zoning incentives to developers of new developments to facilitate the construction of low to moderate income residential units within their projects.

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. It's important to understand what is meant by "Moderate Income" and also "Affordable". Moderate income, for the purposes of this plan, comes from Utah's definition in Title 10, Chapter 9a, Part 1 of the Utah Code:

> *"'Moderate income housing' means housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income for households of the same size in the county in which the city is located."*

As for the definition of "Affordable Housing", the U.S. Federal Government defines affordable housing as any housing whose gross monthly costs, including utilities, are equal to no more than 30 percent of a household's gross monthly income.

This report utilizes data from a variety of sources including HUD, Census.gov, the State of Utah, and other sources. The data often has conflicting reporting dates which means that some data is newer or older than other pieces. For example, the most recent median household income available from the Census's American Community Survey (ACS) is 2017, while HUD produces a HUD Adjusted Median Family Income (HAMFI) for fiscal year 2019. Furthermore, the real estate market research reflects the market as of September 2019. To simplify this report, any mention of median income will refer to the HAMFI fiscal year 2019 median income which is $67,500. The moderate-income threshold, then, will be 80% of that number which is $54,000.

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.

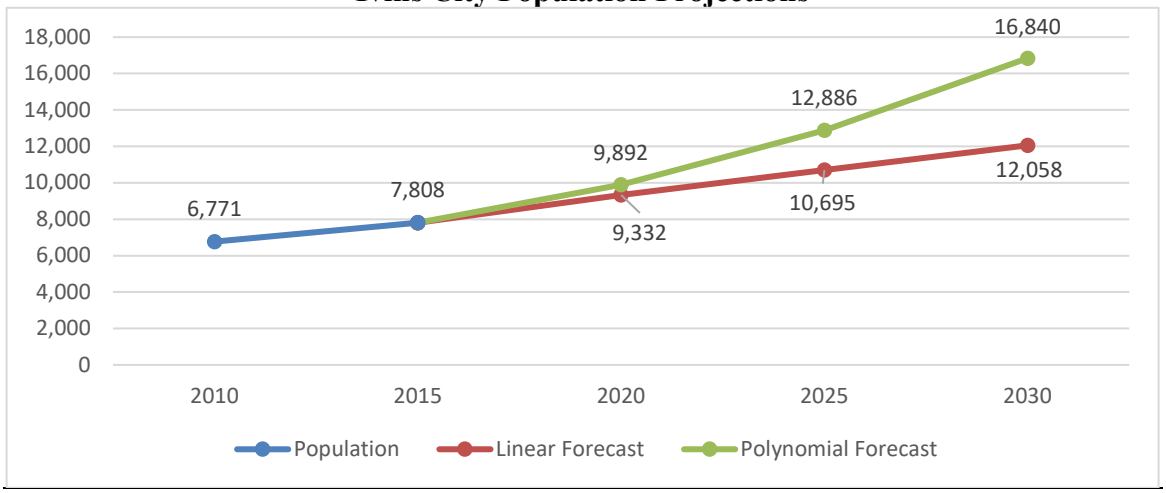
Demographics

Population and Growth

Between 2010 and 2018, Ivins City saw the population increase by 2,142 people to bring the total estimated population to 8,913. This resulted in an average annual increase of 3.5%. Notably, the last 3 years have seen faster growth at a rate of about 4.5%. The City

has projected population growth in the chart below under two scenarios: the red line indicates population growth using a linear projection, which is more consistent with historical growth rates, and the green line reflects a polynomial forecast which factors in growth at a growing rate as has been observed over the last 3 years. The City views the polynomial forecast as a "high case" scenario and the red line as a "most likely" scenario.

Ivins City Population Projections



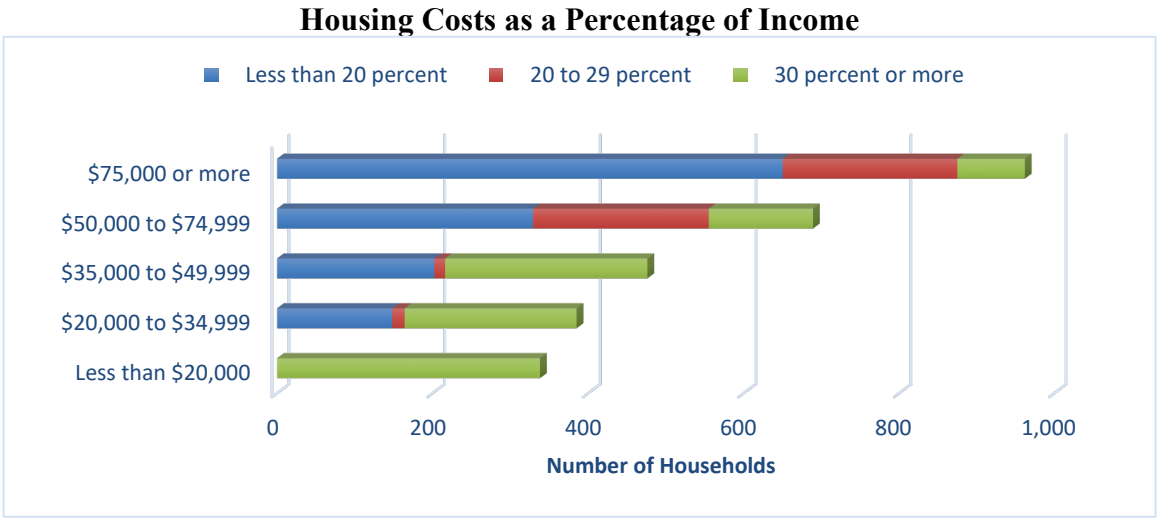
Source: Census.gov, Population Estimates by City 2010-2018 & Internal Projections

Analysis of Population and Growth

The population is projected to increase by 6,202 new residents between 2018 and 2030 to 12,058. Which is significant because 2,314 new houses will be needed based on the ACS's average household size of 2.68.

Income

Analyzing the income of Ivins City's residents is critical to understanding the affordable housing needs of the city. Household income is used to determine housing affordability. The chart below shows the number of households in each income bracket. Within each bar it also breaks down the housing costs as a percentage of income for each income range. Not surprisingly, as incomes decrease, the percentage of income spent on housing increases.



Source: 2013-2017 American Community Survey

Analysis of Income

As mentioned above, the State's measure for affordable housing is 30% or less of income. The 2012 American Community Survey showed that 38.9% of all households in Ivins spent at least 30% of their income on housing, compared to 2017's numbers which show a slight decrease to 36.5%. It appears to be partly driven by more households falling into higher income brackets with 15% fewer households in the $20-34,999 bracket and 8% more people in the top income bracket ($75,000+).

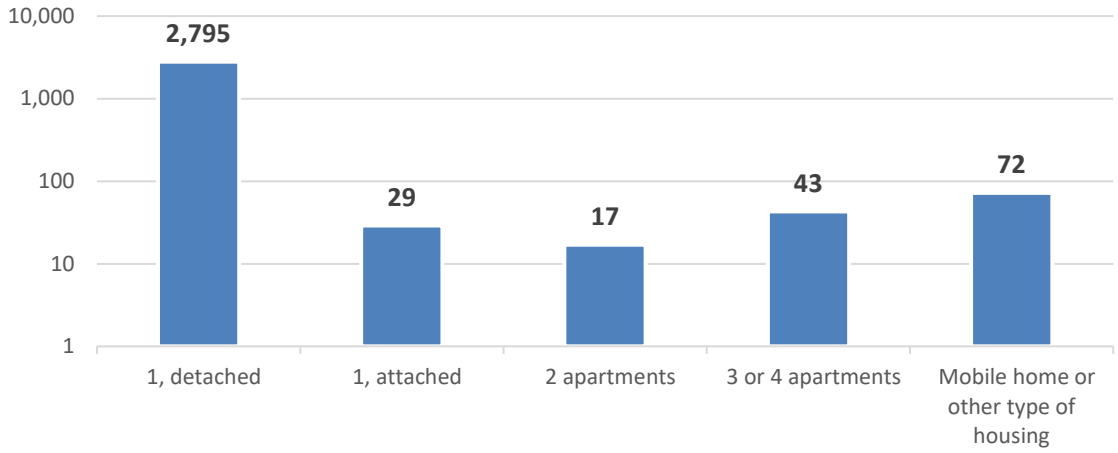
A note to this trend is a 64% increase in households that fall in the lowest bracket of less than $20,000. This is likely due to the construction of Rocky Vista University and an influx of students that wouldn't have been in Ivins in 2012.

Housing Stock

Structure Mix

The 2017 American Community Survey estimates total structures to be 2,956. Those are primarily made up of single, detached units (94.6%). All other structures make up 5% of the housing stock, with mobile homes being the second most abundant at 72 structures.

Structures by Construction Type

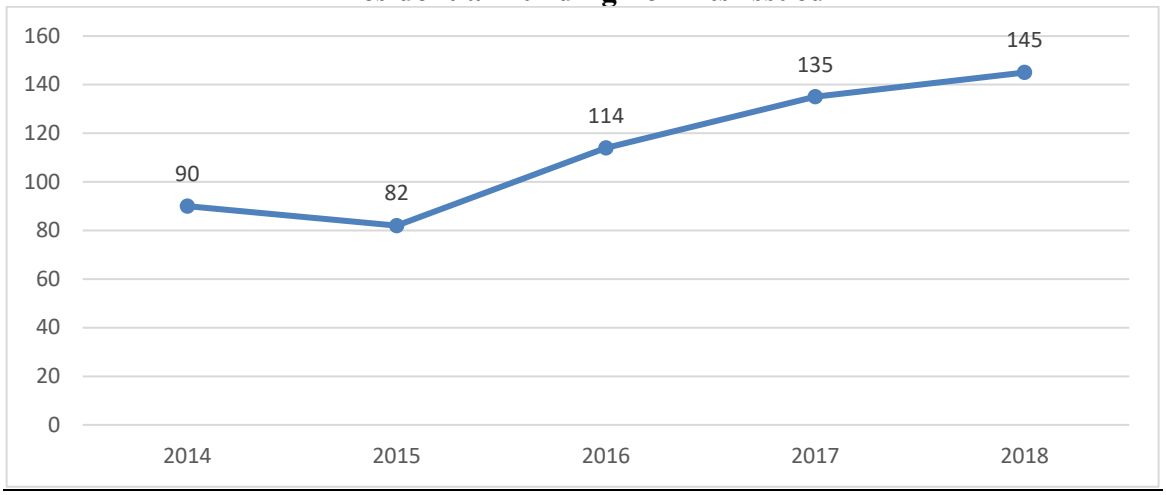


Source: 2013-2017 American Community Survey

Age of Housing Stock

The age of Ivins' homes is relatively new with only 160 units constructed prior to 1980, and nearly half built since 2000. In the years 1980 – 1999, the City averaged ~71.35 homes per year. In fiscal year 2019 the City's Building department reported 145 new home permits being issued, a 7.4% increase from the previous year. The chart below shows the growth in permits issued since 2014.

Residential Building Permits Issued

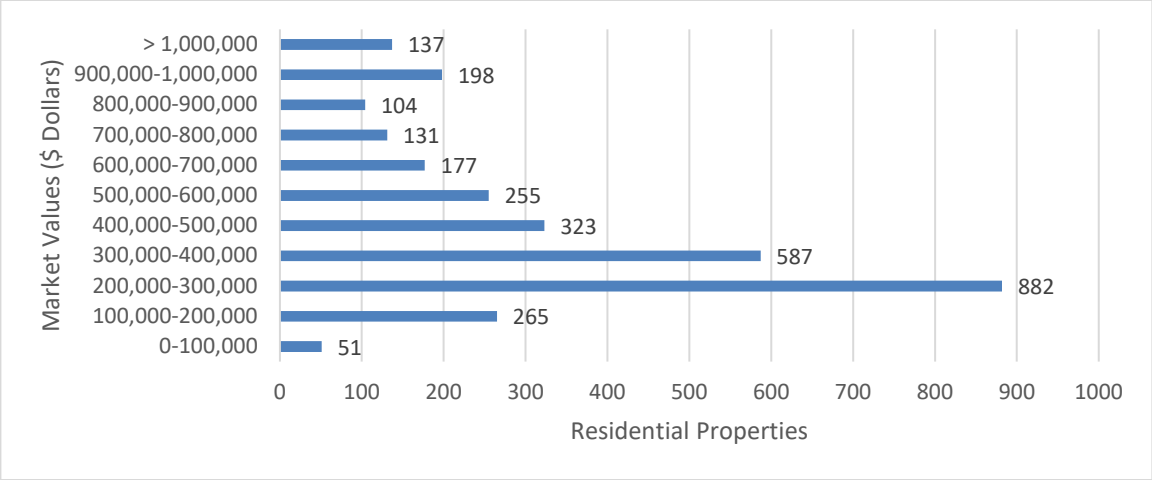


Source: Ivins City Building Department

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 2019 market values of existing homes in Ivins City according to the Washington County Assessor.

Market Value of Existing Properties



Source: Washington County Assessor, 2019

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 September 2019. The median asking price is $419,900 and ranges in value from $90,000 to $3.3 million.

Of the 83 homes, 13 of the homes for sale are listed below $328,274, which is considered an affordable home (30% of monthly gross income) for moderate income earners[1]. The chart below shows the available homes at each income threshold.

	Income Threshold	30% Affordable Threshold	Affordable Monthly Payment	Affordable Home Price	Available Listings
Median Income (HAMFI):	$67,500	$20,250	$1,688	$305,387	13
Moderate Income (80%):	$54,000	$16,200	$1,350	$238,274	6
Low Income (50%):	$33,750	$10,125	$844	$137,752	1
Very Low Income (30%):	$20,250	$6,075	$506	$70,737	0

Condition of Housing Stock

Approximately 16% of housing in Ivins 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.

[1] Factoring in utilities of $150 per month, a 3.5% interest rate, mortgage insurance of .5% and going away after 80% equity in original purchase price, and property taxes of .527%.

Housing Affordability

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 2019 HUD Adjusted Family Median Income (HAMFI) was $67,500 annually or $5,625 monthly. This would make the 30% affordable housing threshold $1,688 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 table below summarizes the maximum monthly affordable housing costs for several income levels in Ivins City.

Maximum Housing Allocation (30% of Gross Income)

	Income Threshold	30% Affordable Threshold	Affordable Monthly Payment
Median Income (HAMFI):	$67,500	$20,250	$1,688
Moderate Income (80%):	$54,000	$16,200	$1,350
Low Income (50%):	$33,750	$10,125	$844
Very Low Income (30%):	$20,250	$6,075	$506

Source: U.S. Department of Housing and Urban Development, 2019

In order to meet state and federal definitions of affordable housing, housing should be affordable for households earning 80 percent of the area median income (moderate income). $1,350 is the maximum monthly payment for a mortgage or rent and utilities for a moderate income earning household was still considered affordable in 2019.

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

The City analyzed the affordability of homes in Ivins by first calculating the thresholds of affordability for median, moderate, low, and very low income thresholds. Then, research was conducted of listings on www.realtor.com. The City found 83 listings for homes in the City. Of those homes, 7.23% were available to moderate income households, 1.20% were available to low income households, and none were available to very low income households.

	Income Threshold	30% Affordable Threshold	Affordable Monthly Payment	Affordable Home Price	Available Listings	% of Listed Homes
Median Income (HAMFI):	$67,500	$20,250	$1,688	$305,387	13	15.66%
Moderate Income (80%):	$54,000	$16,200	$1,350	$238,274	6	7.23%
Low Income (50%):	$33,750	$10,125	$844	$137,752	1	1.20%
Very Low Income (30%):	$20,250	$6,075	$506	$70,737	0	0.00%

This analysis shows a lack of available, affordable homes across the range of incomes. The median listing price for the area would result in an estimated payment of $2,265 per month, including utilities[2]. That principle amount would be approximately 40% of the gross monthly income of the median household. As mentioned above, however, the American Community Survey also showed improvement in this area between 2012 and 2017.

Affordability of Rent

According to the 2017 American Community Survey, there are an estimated 581 households that rent in Ivins City. The median housing cost for renter-occupied housing is $1,148. This is a relatively modest, less than a 1.0% annualized increase from the 2015 survey. However, as a percentage of income affordable housing continues to exceed the 30% threshold. Over 64.9% of households are paying gross rents in excess of 30% of gross monthly income.

Both rent and the price to purchase a home have been increasing. This has impacted the availability of affordable housing in Ivins. The current vacancy rate of rentals is less than 1 percent for Ivins and most of the County. Median rent rates are not affordable for those earning 50% or less of the area median income. This pattern is indicative that rental options for the extremely low and very low income populations are limited.

Special Needs Housing

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

There are an estimated 1,963 people who are aged 65 and over living in Ivins City. The senior population now constitutes 24.8% of the total population; up from 12.3% in 2000 and 19.8% in 2010. 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.

[2] Factoring in utilities of $150 per month, a 3.5% interest rate, mortgage insurance of .5% and going away after 80% equity in original purchase price, and property taxes of .527%.

Analysis of Special Needs Housing

There is one housing facility in Ivins designated for seniors or people with disabilities. A 108-bed nursing home was 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-43, RE-37, 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 43,000 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-M-TH, R-2-6, R-2-10): provide to allow high density and multiple family uses, including duplexes, townhouses, and apartments.

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, R-M-TH, R-2-10 and R-2-6 districts. Multiple family dwellings and/or condos are only permitted within the R-M and R-M-TH districts and are listed as a conditional use. The R-M-TH zone required the multi-family buildings to meet townhome style developments. Single family dwellings are permitted within all residential zones. 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

Multi-family dwellings of 3 or more units are listed as a conditional use within multiple residential (R-M and R-M-TH) 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 Twin Home and Town Tome 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. Recently, a 7 acre and 5 acre piece of property were rezoned to R-M-TH by the City Council and developers are proceeding with the application for multi-family developments that are expected to help the current lack of affordable rental units.

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 moderate and 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 low to moderate 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.

Strategy 1: Rezone for densities necessary to assure the production of moderate-income housing.

Encourage the strategic rezoning of parcels within those areas of the City that compatible development of moderate income housing products can be easily and affordably constructed.

Strategy 2: Allow for higher density or moderate income residential development in commercial and mixed use zones, commercial centers or employment centers.

Encourage the development of higher density residential development for workforce housing in those areas of the City that provide employment opportunities for low to moderate income workers.

Strategy 3: Implement zoning incentives for low to moderate income units in new developments.

Provide creative zoning incentives to developers of new developments to facilitate the construction of low to moderate income residential units within their projects.

Benchmarks

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

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