

# Moderate Income Housing

An element of Cedar Hills' General Plan

## What does this element do?

The purpose of this moderate-income housing element of the general plan is to ensure that Cedar Hills provides a reasonable opportunity for a variety of housing, including moderate income housing, to meet the needs of those desiring to live in the City. [Utah State Code requires cities to adopt a plan for moderate income housing](#)

According to Utah Code 10-9a-103

"Plan for moderate income housing" means a written document adopted by a city legislative body that includes:

- a. An estimate of the existing supply of moderate income housing located within the city
- b. An estimate of the need for moderate income housing in the city for the next five years as revised biennially;
- c. A survey of total residential land use;
- d. An evaluation of how existing land uses and zones affect opportunities for moderate income housing; and
- e. A description of the city's program to encourage an adequate supply of moderate income housing

## Moderate Income Housing Defined

Moderate income housing is defined as (Utah Annotated Code 10-9a-103-29) "...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." The 2018 Area Median Income (AMI), as provided by HUD office of Community Development (CPD), for Utah County is \$74,700. Cedar Hill's median household income level as provided by the 2012-2016 ACS is \$107,840.

In order to place the definition of the State Code in real terms, it is helpful to understand that affordable housing is generally deemed to be “Affordable” if the cost of monthly housing expenses is ≤30% of gross household income. The following table defines the income levels, lists affordable monthly housing expenses for each income level, and maximum mortgage amount at each income level based upon the 2018 AMI. Maximum Mortgage Amount calculated on 30-year loan, 4.25% interest rate. Some examples of those making 80% or less of the Area Median Income are law enforcement, teachers, and nurses.

**2018 Affordable Housing Calculation**

Income Categories Area Median Income (AMI)	Yearly Income	Max. Monthly Income Spent on Housing	Max. Mortgage Amount
≤30%	≤\$22,410	≤\$560	\$114,000
>30% to ≤ 50%	>\$22,410 to ≤ \$37,349	\$934	\$190,000
>50% to ≤ 80%	>\$37,350 to ≤ \$59,759	\$1,494	\$300,000
>80% to ≤100%	>\$59,760 to ≤ \$74,700	\$1,868	\$378,000

**Cedar Hills Background**

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.” (Utah Code, Section 10-9a-103). In the following analysis, moderate income housing will be divided into three categories: 80%, 50%, and 30% of the median gross income.

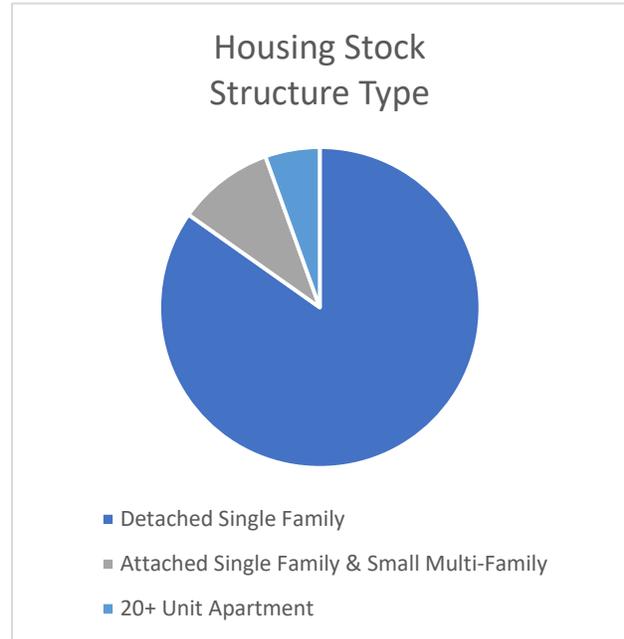
According to the definition, the Utah County moderate income level is recommended to be used in assessing the affordability of housing in Cedar Hills. The average household size for Utah County was 3.6 persons in 2017, rounding to 4.0 for statistical purposes. In 2017 the median gross income for a family of four in Utah County was \$64,321. Therefore, an average household earning less than 80% (\$51,456), 50% (\$32,160), and 30% (\$19,296) of the Utah County median income is considered to be the standard by which Cedar Hills should assess the affordability of housing within the community.

However, the use of the Utah County median income level does not adequately reflect current income levels in Cedar Hills. Therefore, various demographic data must be taken into consideration. Based on 2017 census data, Cedar Hills median household income level was about 38% higher than the Utah County level. At the 80% threshold, the median household income for Cedar Hills is \$70,988, a difference of 38%. Naturally, higher levels of median

household income reflect in higher average home values and prices on the housing market. Additionally, land availability in Cedar Hills is limited. Currently, available land for larger-scale development is on the hillside which presents challenges for any developer wishing to develop land. The cost of developing the land would necessitate that any housing within the development would be unaffordable.

## Housing Supply

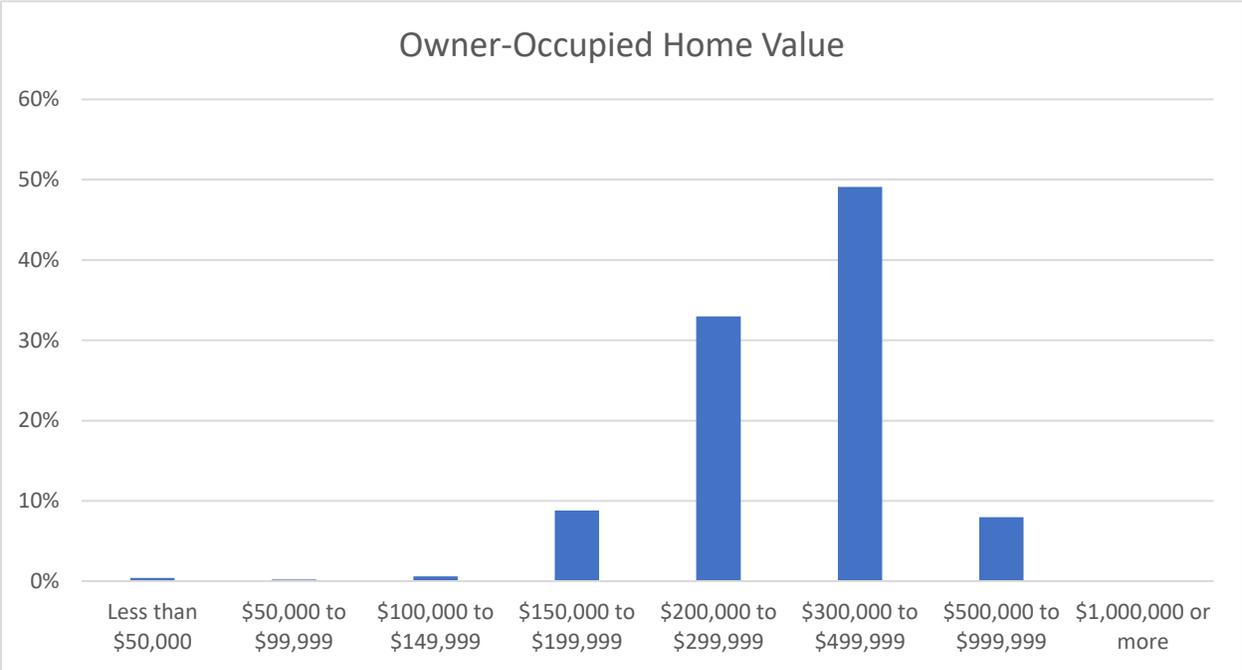
According to the American Community Survey (2012-2016) Cedar Hills had 2,679 housing units at 96.5% occupancy rate. The housing stock is relatively young, with approximately 66.8% of the housing units being constructed 2000 or later, and a full 93% constructed 1980 or later. Single-family dwellings constituted 84.8% of the housing stock with another 9.7% being attached single family dwellings and small multi-family units. Twenty plus unit apartments made up the remaining 5.5% of housing units.



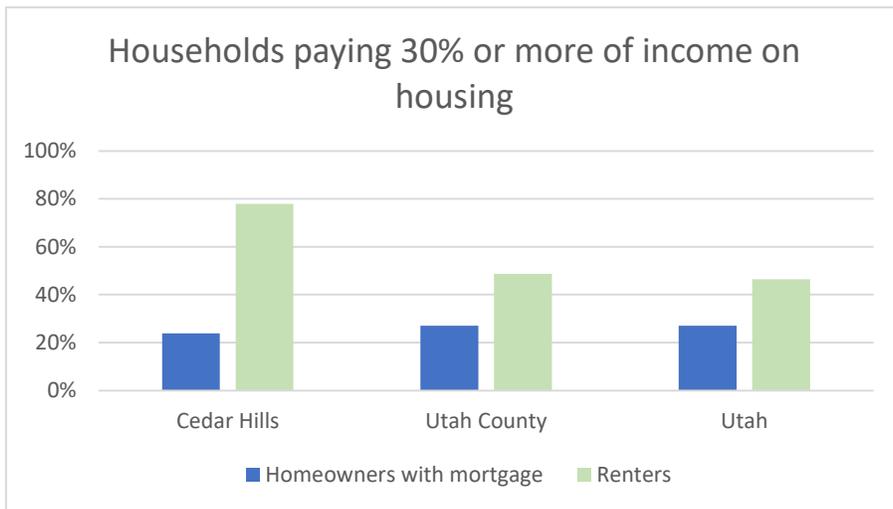
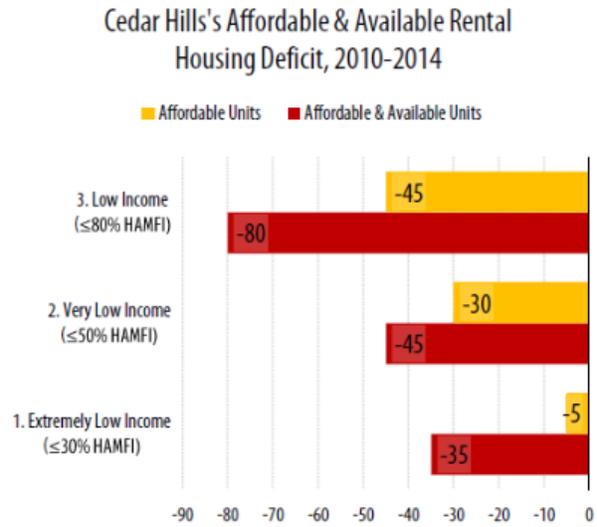
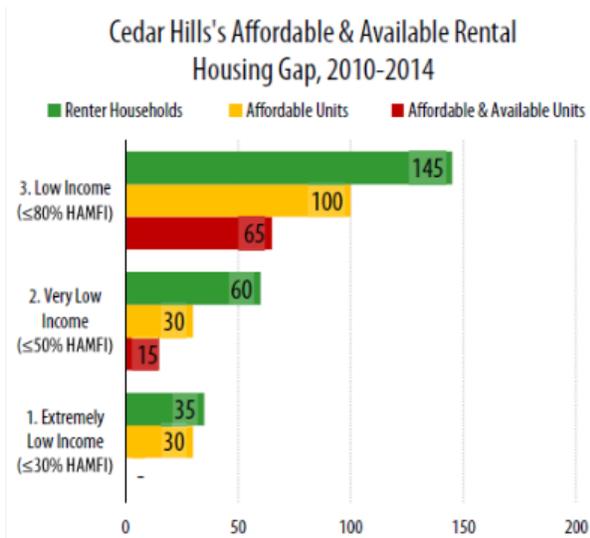
**93%**  
of homes built in or  
after 1980

The newer homes in Cedar Hills follow the national trend of an increasing number of square feet per person. More established cities see a greater percentage of older, smaller, and more affordable homes, but Cedar Hills' relatively recent growth in a "bedroom community" area has resulted in larger, costlier homes for larger-than-average families. Cedar Hills is relatively distant from major employment centers and institutions of higher learning and transit routes when compared to other cities in the county, dampening the demand for higher-density housing.

In order for a person making 80% of Area Median Income to purchase an affordable home (one whose costs are less than 30% of income), they would pay less than \$1,494 per month on home expenses or a roughly \$210k mortgage. This describes about 10% of the current housing stock.



Rental housing shows a large gap between the renter households and affordable and available rental units according the U.S. Dept of Housing & Urban Development’s 2017 Comprehensive Housing Affordability Strategy (see figure below). An affordable unit is one which a household at the defined income threshold can rent without paying more than 30% of its gross income on housing and utility costs. A unit is affordable and available only if that unit is both affordable and vacant or is currently occupied by a household at or below the defined income threshold.



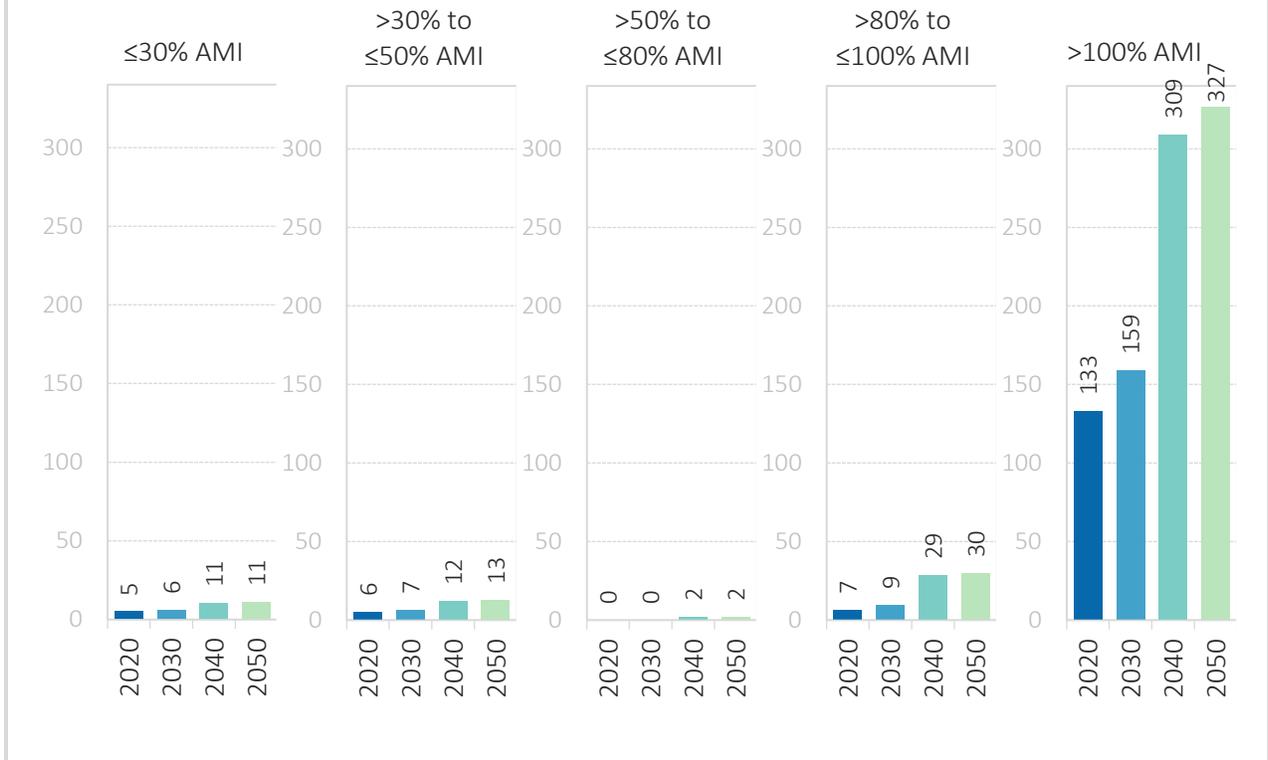
Renters seem disproportionately burdened by housing costs in Cedar Hills according to rental rates from the 2012-2016 American Community Survey.

### 5 Year Moderate Income Housing Need

By extrapolating from the Utah Affordable Housing Forecast Tool's estimates below, Cedar Hills will need about 20 additional dwellings with monthly payments less than \$1,494 by 2023.

20	additional moderate-income dwellings by 2023
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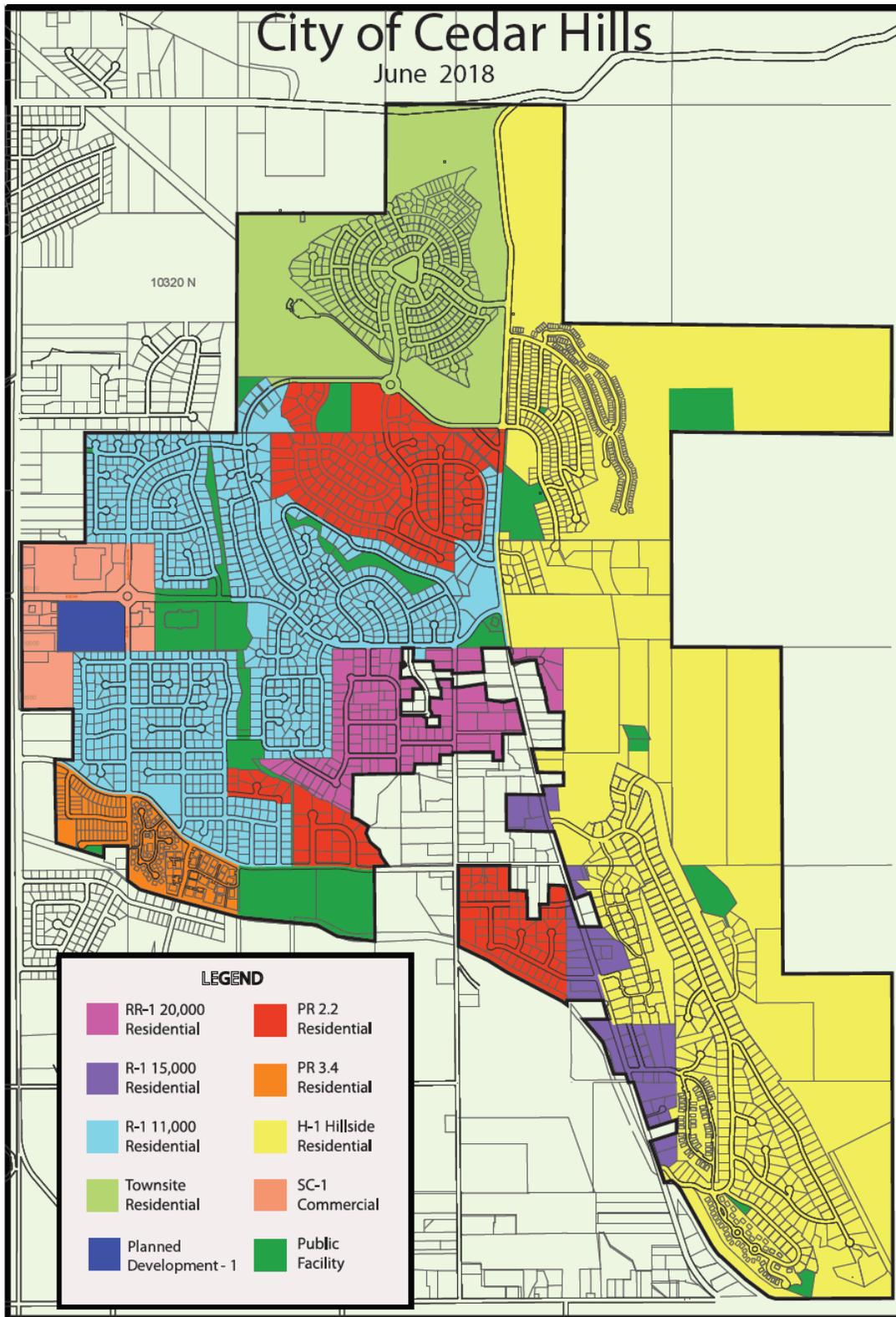
## New Housing Unit Demand by Household Income Level



The projected five-year housing demand has been calculated using the Utah Affordable Housing Forecast Tool UAHFT 2.1 developed by the Utah Division of Housing and Community Development. The model uses the population projections by the Governor’s Office of Planning and Budget, 2010 Census Data, the American Community Survey 2012 (ACS) economic data, Housing and Income data provided by the Department of Housing and Urban Development Office of Community Planning and Development (CDP), and the available housing inventory.

### Survey of Residential Zoning & Impact on Housing Opportunities

The R-1100, R-15,000, R-20,000, H-1, and PR 2.2 zones, which make up the 92% of land area for residential housing zones, require a minimum of 1,200 square feet of living space on .25 acre or greater lots. According to Zillow.com, the average price per square foot for a home in comparable cities is about \$205. For a 1,200 sq ft home, a buyer would expect to pay about \$246,000. This is not affordable for those making 80% or less of the AMI. Changing requirements for living space, however, would do little to lower costs of building a new home as the sale price of the lot does not necessarily decrease in direct proportion to a reduction in lot size and there are few lots left to sell. The PD 1, PR 3.4 and TR-1 zones, comprising about 8% of land area for residential housing zones, allow more flexibility in both lot size and square footage.



Cedar Hills has few opportunities to build higher-density housing within its city limits as most land is either already built upon, has submitted plans for

development, or is unsuitable for development (hillside). Except for nine acres on the west side of town which will add to the little commercial development Cedar Hills currently has, most additional moderate-income housing would have to be through razing or repurposing existing homes, of which only 7% were built before 1980 (ACS 5-year estimates, 2012-2016).

Cedar Hills allows Accessory Dwelling Units and Assisted Living Facilities in all residential zones and has two senior living centers.

### Program to Encourage Moderate Income Housing

According to a 2015 survey conducted by Cedar Hills, 7% of the 449 respondents had ADUs. If this factor were applied to the total number of single family homes, Cedar Hills could currently have about 160 ADUs. City Staff have long suspected that the total number of ADUs is far greater than those known by the city or reported to the Census Bureau (48 in total) due to the difficulty and expense of registering a legal ADU. If these ADUs exist, they would go a long way toward filling the 80-household gap in affordable and available rental units calculated by the U.S. Dept. of Housing & Urban Development in 2017.

Cedar Hills updated their zoning ordinances in 2018 to ease the requirements for creating ADUs and is considering an amnesty period for those who currently rent illegal ADUs. The city recognizes that ADUs are an important way to provide moderate income housing and defray costs for homeowners.

### Special Needs

Cedar Hills has a growing number of elderly citizens that desire to stay in the community. Some are finding as they age, their current homes in which they raised their families no longer met their needs. Some desire smaller homes, with little to no yard work, possibly single level living or facilities that provide various social activities or various levels of assistance. Cedar Hills will continue to allow Assisted Living Facilities in all residential zones and recognizes ADUs are a source of supplemental income for those who no longer use their entire square footage.

# EXAMPLE

## Housing Goals, Objectives, and Policies

**Goal 1:** Provide reasonable opportunities for moderate income housing to meet the needs of those desiring to live in the City.

**Objective:** Continue to allow accessory apartments as options for those at every low-moderate income level.

### Policies

1. Simplify the process and costs for creating and registering accessory apartments.
2. Provide an amnesty period for those currently renting unregistered accessory apartments.