

SENATE BILL 174

PLANNING STAFF

UNIFIED ECONOMIC OPPORTUNITY COMMISSION MEETING, OCTOBER 2023

Governor Cox:

- “Every mayor within the sound of my voice, every planning commission, every county commissioner, every city council, this should be your number one issue – what are you going to do, over the next year, to increase the supply of housing in your community, period. I want to know that. If you don’t want state government to make you do it, then figure out how to do it.”

UNIFIED ECONOMIC OPPORTUNITY COMMISSION MEETING, OCTOBER 2023

Governor Cox:

- “On every added requirement you put on to housing in your community, that’s more expensive housing and less housing. That’s how this works, all right? I’m really passionate about this, and you’re not going to like me if we don’t do more of this, I assure you.”

UNIFIED ECONOMIC OPPORTUNITY COMMISSION MEETING, OCTOBER 2023

Senator Filmore (sponsored SB 174):

- “But to the degree that local governments do not address this top statewide issue, they ought to expect that the state government will change the delegated authority that is devolved to local governments.”

We will be seeing more top-down state legislative action on land use.

Over the last several years, the Legislature has passed numerous bills to address different aspects of the state's housing problem, including the five highlighted below.

2018	HB 259	Required municipalities to create a moderate-income housing plan
2018	HB 430	Created the Commission on Housing Affordability under the Department of Workforce Services
2019	SB 34	Modified requirements for moderate-income housing plan preparation and reporting
2021	HB 1003	Disallowed cities from regulating design elements on most single-family homes and duplexes
2022	HB 462	Modified moderate-income housing plan requirements and required certain municipalities to establish a vision and plan to develop land in areas surrounding public transit stations
2023	SB 174	Modified penalties for noncompliance with moderate-income housing plan; added a timeline for municipalities to review a subdivision application

Source: Auditor generated from Utah Legislature website.

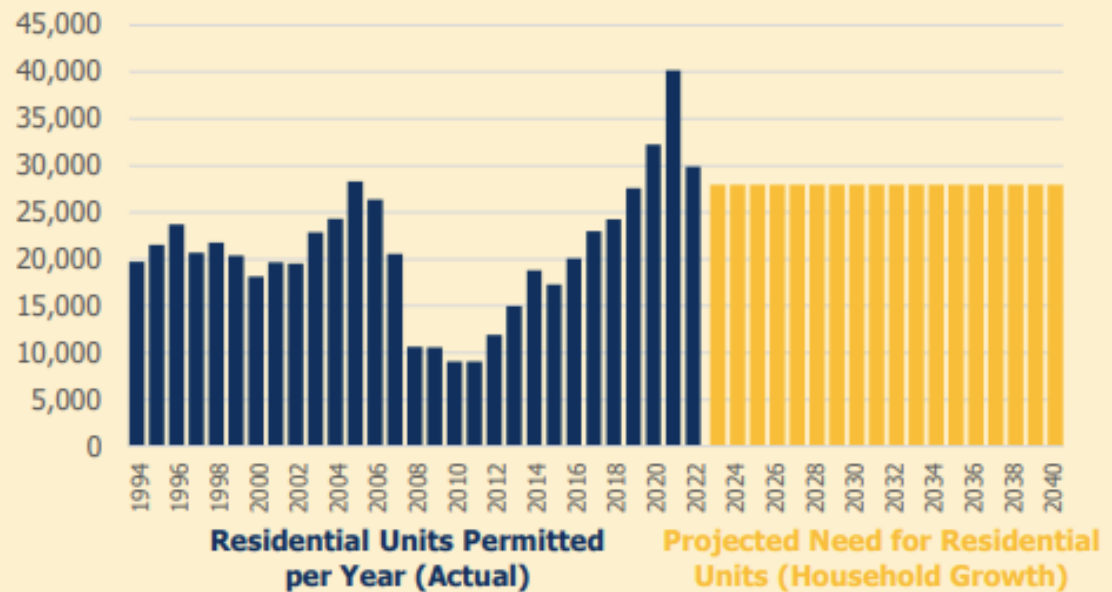
A PERFORMANCE AUDIT OF UTAH HOUSING POLICY: A CASE FOR STATEWIDE STRATEGIC PLANNING AND ACCOUNTABILITY

- On November 14, 2023, the Utah Legislative Audit Subcommittee released its report
- Auditors state that housing shortage continues:
 - Need for 28,000 units of new housing each year in Utah to keep up with forecasted growth,
 - Continued prevalence of single-family homes rather than higher density housing would be “recipe for trouble as Utah continues to grow”.

A PERFORMANCE AUDIT OF UTAH HOUSING POLICY: A CASE FOR STATEWIDE STRATEGIC PLANNING AND ACCOUNTABILITY

Going Forward, Utah Needs to Build 27,900 Housing Units per Year to Keep Up with Forecasted Growth

Our team analyzed both historic building permit data and household population forecasts. We found that Utah needs near record levels of housing construction over the next 20 years to avoid a worsening housing shortage.



UTAH HOUSING POLICY

KEY FINDINGS

- ✓ **1.1** Time is running short to accelerate action on housing policy.
- ✓ **1.2** Utah should adopt state-level measures and targets for housing needs and construction.
- ✓ **2.1** The Legislature could change local land use regulations to overcome regulatory limits on population growth.
- ✓ **2.2** To encourage statewide housing goals, Utah could implement incentives and penalties for noncompliance.
- ✓ **3.2** Concerns about city compliance with specific requirements and timeliness were largely unfounded.

OTHER FINDINGS OF INTEREST

According to the auditors:

- Although Utah cities issued a record number of building permits from 2020 to 2022, “cities that prefer single-family homes or low-density zoning can use their authority to stifle multifamily or high-density residential projects.”
- Cities differ in their attitudes and approaches when it comes to housing, and “some cities have used their broad land use authority to circumvent new laws.”

OTHER FINDINGS OF INTEREST

According to the auditors:

- “Although we were unable to substantiate accusations that cities had placed unfair roadblocks in the path of development, this finding does not necessarily mean that all cities are acting appropriately in terms of requirements and timeliness”
- “Some cities may use some of these tactics to slow down development; however, after reviewing all complaints that were specific enough to allow follow-up, we were unable to find evidence of cities acting in bad faith regarding requirements and timeliness.”



RECOMMENDATIONS

- ✓ 1.1 The Legislature should require the creation of a state-level strategic plan for housing in Utah, including goals to address the current housing shortage and forecasted population growth.
- ✓ 1.3 The Legislature should consider the range of state-level policy options presented in this report to create a program to set and manage state-level housing production targets.
- ✓ 2.2 The Legislature should consider options to increase zoning density on a wide scale within the state.
- ✓ 2.3 The Legislature should consider policy options to craft additional penalties and incentives associated with housing targets to better ensure local government compliance.
- ✓ 3.1 As part of any statewide housing strategic planning, the Legislature should consider metrics to better track both actual and potential housing production.

UTAH LEAGUE OF CITIES AND TOWN RESPONSE (CAMERON DIEHL)

- Cautions that many of the actions taken recently by the legislature have not had time yet to see whether they are effective and actual number of new homes built depends on a lot of other factors besides those covered in audit.
- Cautions that any “targets” included in the strategic plan should “recognize what government controls and what government does not control. Cities plan for housing, but the private sector builds housing.” Noted one of the largest impediments of housing are infrastructure, including water, sewer and roads, calling for state investment in those areas.

UTAH LEAGUE OF CITIES AND TOWN RESPONSE (CAMERON DIEHL)

- Cautioned about the recommendation to expand moderate-income housing plan requirements to include household growth forecasts, noting “other states that have set benchmarks do not yet have results of whether those policies have improved housing affordability.”
- Cautioned about benchmarks that are “outside of government control,” noting that some cities have zoned for unlimited density near transit areas but the market has only produced wood-framed, podium-style apartment buildings due to cost, and those styles are more profitable and easier to finance than building larger steel-framed buildings. It also noted some cities have zoned for increased density, but homebuilders only built to a fraction of the entitled density.