General Plan Chapter 7-6: Exhibit 7A
Hyrum Moderate Income Housing Plan
Updated November 2020

I. Introduction

Housing affordability became a serious issue in Utah in the 1990's. In response, the Utah Legislature passed H.B. 295 in 1996 which required communities to include a plan for moderate income housing as an element in their General Plans. In 2019 the Utah Legislature passed HB 34 which requires communities to make the Moderate-Income Housing Plan be part of the General Plan. The plan for moderate income housing, must provide an assessment of the demand for moderate income housing within a community as well as the supply. If a need exists, the community must determine why the need exists and take steps to ensure a supply of moderate-income housing is provided within the community.

The State of Utah defines moderate income housing as housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income of the metropolitan statistical area (MSA) for households of the same size. In other words, moderate income housing is a function of the particular circumstances and income levels of particular communities rather than a type of housing. The Area Median Income (AMI) is calculated at the county level. Therefore, housing and income information used in this analysis is from the U.S. Census for Cache County. In the 2018 U.S. Census ACS estimate, Cache County is shown to have a median gross household income of $56,840 and an average household size of 3.12.

With the exception of property values (Table 6) and building permits (Table 11), all the statistics used in this document are based upon numbers provided by the 2018 Census for the City of Hyrum City and Cache County and are the most current available as of this writing. The data concerning building permits was provided by Cache County Developmental Services.

II. Existing Needs Analysis

Income

To determine the need for moderate income housing in a particular area, one must first determine the resources available to those in the community to pay for housing. According to ACS 2018 estimate, the median household income for Hyrum City is slightly higher than that for Cache County. In the 2018 U.S. Census estimate, Hyrum City is shown to have a median gross household income of $61,802 while the median household income for the County is $56,840. The State Statutes define moderate income housing as a function of the median gross household income for the MSA or County; therefore, a figure of $56,840 has been used as the baseline figure to calculate “moderate income”. The average household size for Hyrum City is 3.63.

Table 1 shows the breakdown of the moderate-income housing categories of 80%, 50%, and 30% of the median household income as well as the maximum purchase price of a dwelling and maximum monthly rent. According to the United States Department of Housing and Urban Development (HUD), housing costs should not exceed 30% of monthly income. (some formulas allow up to 49.9%) Maximum purchase price of a house is based upon a 30-year mortgage at 3.5% with 10% down, and includes payments for insurance, property taxes, and private mortgage insurance (PMI) equal to 20% of the maximum monthly housing payment. According to **Table 1**, housing available to moderate income households would have a monthly mortgage (including insurance & taxes) or rent payment of $1137 or less. This translates to a house with a maximum purchase price of $205,000.

Table 1 Income Limits and Moderate income housing Payments Based upon a median income of $56,840			
Moderate income housing category	80%	50%	30%
Household income	$45,472	$28,420	$17,052
Maximum purchase price	$205,000	$121,000	$64,000
Maximum monthly housing payment	$1137	$711	$426

Source: US Census Bureau; Census ACS 2018

Table 2 Household Income		
Income	Number	Percent
< $10,000	30	1.3
$10,000 to $14,999	89	4.0
$15,000 to $24,999	140	6.3
$25,000 to $34,999	204	9.2
$35,000 to $49,999	349	15.7
$50,000 to $74,999	558	25.1
$75,000 to $99,999	457	20.5
$100,000 to $149,999	287	12.9
$150,000 to $199,000	110	5.0

TOTAL	2224	100

Source: US Census Bureau, 2018 ACS

Table 2 provides a breakdown of income by household in Hyrum City.

According to this data, it is estimated that 707 households, or nearly 32% of all households in Hyrum City make less than 80% of the median income of $56,840 and are considered moderate income.

Housing and Population

The 2018 ACS estimate lists the population of Hyrum City as 8065, a 5.9% increase from the 2010 census. Total housing for the city increased proportionately and was listed in the census at 2333 total housing units. The total occupancy for the city is 2224 occupied units or 95.3% of total housing. Of the 2224 units occupied, 1719 (77.3%) are owner-occupied and 505 (22.7%) are renter-occupied. A total of 398 of these rental units meet at least the 80% income level. (205-80%, 133-50%, & 60-30%)

Table 3 Age of Housing Stock		
Year Built	Number	Percent
2010 to 2018	165	7.1
2000 to 2009	425	18.2
1990 to 1999	452	19.4
1980 to 1989	148	6.4
1970 to 1979	612	26.2
1960 to 1969	152	6.5
1940 to 1959	119	5.1
1939 or earlier	260	11.1
TOTAL	2333	100

Source: US Census Bureau, 2018 ACS

The housing stock in Hyrum City is overwhelmingly comprised of detached, single-family dwellings. In fact, 73.3% of all dwellings in the city fit this description. The other 26.7% of dwellings are divided between attached single family units (6.7%), multi-family units (14.6%) and mobile homes (5.4%).

Table 4 Housing Building Permits Issued 2016-2018		
Year	Units	Valuation

2016	86	$9,037,473
2017	133	$18,983,695
2018	140	$32,316,490
TOTAL		$60,337,658
AVERAGE		$168,071

Source: City of Hyrum City, 2018

As is shown by **Table 3**, nearly 45% of the total housing stock in Hyrum City has been built since 1990.

Recent Building

During the period of 2016 to 2018, building permits were issued for 359 new residential units in Hyrum. That works out to an average of about 120 new units per year or about 10 units per month. The total valuation of these permits issued over a three-year period is $60,337,658 which averages to be $168,071 per housing unit (see Table 4). This average falls below the threshold maximum purchase price of $205,000 for units considered to be moderate income housing in Cache County. This would suggest that 50% of the new houses being built in Hyrum could met the criteria for moderate income housing during that period. The 2018 Census median house value in Cache County is $218,400 so using that required figure as a baseline for our plan it could be determined that at least 32% of housing would be considered affordable as required. There are still challenges to providing housing for those on the lower end of moderate-income households.

III. Future Needs Analysis

A study sponsored by Fannie Mae, the Olene Walker Housing Trust Fund, the Utah Housing Corporation, and Envision Utah estimated that 40% of all households in Utah are low to moderate income and therefore ". . . about 40% of new residential units should qualify as affordable."

The above analysis indicates the city is currently fulfilling its obligation for affordability as defined by H.B. 295. About 32% of existing households in Hyrum City fall below the moderate-income threshold. Following the required County median housing value of $ 218,400, it would still indicate that at least 32% will meet the affordable housing level. Also, possibly 50% of all housing built in Hyrum City, as per County Building Department values in the last three years, was valued at less than $205,000 and is considered affordable. This will become more difficult to meet as official statistics are available reflecting the most recent accelerated home values. Income does not appear to be keeping pace with home values.

Hyrum City, like the rest of Cache County should expect continued growth over the next ten years. Population increased at an average rate of 2% per year between the 2000 and 2010 Census reports. According to the 2018 Census, the population of Hyrum City is quite young. The median age for the city is 26.1 years and 49% of the population is below 24 years of age. In addition, 6.7% of the population is over 65. Both of these numbers are significant because it is the young and old that comprise the bulk of the demand for non-traditional and moderate-income housing types.

Continued population growth, particularly in the young and old age categories, and a continued downward trend in household size, will require different housing choices than those traditionally offered in Hyrum City. First time renters and homebuyers typically require smaller houses and yards to fit their more limited budgets. Similarly, empty nesters and older homeowners simply no longer need a large house and yard to accommodate a family, nor do they want the responsibility, expense, and time commitment required to maintain larger properties. These population needs could be a challenge to meet in the future.

If we assume that the city will continue to grow for the next ten years at a pace higher than that which occurred between 2000 and 2010, it is reasonable to expect an increase of population of another 2000 people, which would mean about 600 additional households. Currently, about 32% of the households in Hyrum City are considered moderate income, meaning that about 192 of the new dwellings over the coming ten years or 19 dwelling units per year to meet the estimated affordability criteria. Neighborhood Solutions plans to build 24 affordable housing units each year for the next seven years. With 398 of the current 505 rental units meeting some level of moderate-income housing requirements, it would appear that rental properties should be on track to meet five year projections also.

IV. Survey of Total Residential Housing

Zone R-1:

Relatively small areas of Hyrum are currently zoned R-1. Areas that are designated R-1 are subdivisions that have been created with smaller lots. A minimum lot size requirement of 12,000 square feet has been reduced to 9900 square feet. No minimum house size is designated, and modular housing is permitted in this zone. Multi-family housing is permitted as a PUD in this zone.

Zone R-2:

Most of Hyrum is currently zoned R-2, which is single-family housing. A minimum lot size requirement of 12,000 square feet has been reduced to 9900 square feet. Although there are restrictions regarding the minimum lot size, variations in lot size are possible through the creation of PUDs. This zoning allows for many types of houses in any one block. No minimum house size is designated, and modular housing is permitted in this zone. Several multi-family PUD's have been approved in the last few years.

R-2A:
This zone allows for smaller multi-family developments throughout town. It allows four multi-family units per block with 660 feet minimum spacing from one multi-family development to another.

Zone R-5:
This zone has been used for a small area of land bordering the Hyrum Reservoir. Minimum lot size is one acre. Manufactured housing is permitted.

Zone R-A:
This zone is considered the agriculture area of Hyrum. It is located mostly on the north side of town. Minimum lot size is 12,000 square feet. This zone does not allow major subdivisions or multi-family developments but does allow a dwelling to have an accessory apartment.

Zone C-1 & C-2:
These zones allow a mix of single-family dwellings, multi-family housing, and commercial developments. Planned Unit Developments and accessory apartments are allowed.

V. How Zoning Impacts Moderate Income Housing

Density is controlled by the minimum lot size in residential zones. Smaller lots (therefore higher density) are allowed through the creation of PUDs.

1. Minimum Lot Size:
   Although smaller lots tend to make for less expensive homes, it has been shown through the 2012 General Plan Update process and previous surveys that the residents of Hyrum do not want small lot sizes throughout the whole city. The rural atmosphere of the city is one of Hyrum's most cherished attributes that the residents wish to maintain. Alternative lot sizes are possible through the creation of PUDs in Hyrum City. The desire for smaller lot sizes is growing due to economic conditions, changes in individual's needs and priorities, and environmental concerns. Housing in Hyrum has typically been less expensive than many other cities within Cache Valley.

2. Planned Unit Developments:
   The City General Plan and Zoning Code allow for the creation of Planned Unit Developments (PUDs). PUDs can utilize smaller lots than standard subdivisions, which can help reduce the overall price of a home. We are also seeing a trend for larger or unique upscale architectural design for homes on smaller lots. The need for senior housing is increasing at a fast pace. We support the continuation of allowing PUDs, although with the continued guidance and approval of the Planning Commission and City Council.

VI. Program to Encourage Adequate Supply of Moderate-Income Housing

Recognizing that Hyrum City government has a responsibility to encourage affordable housing availability for families with moderate incomes, the Planning Commission and City Council will take the following actions:

1. Consider zoning changes for densities necessary to assure the economic viability of inclusionary developments either through mandatory set asides, density bonuses or easing of restrictions on currently unbuildable lots.
2. Review infrastructure expansion costs that are passed through to homeowners, consider alternate ways of funding so as to minimize individual homeowner burden.
3. Consider the development of accessory apartments and multi-family housing by minimizing some zoning restrictions.
4. Consider waiving construction related and/or impact fees for moderate income housing which meets Council approved criteria.