

Ogden Housing Discussion I



Ogden
UTAH™
City Council



Introduction and Overview



Scope of 4-Week Discussion

Five W's

Who?

Where?

What?

Why?

When?

How?



When and Where?



- September 3, 2019
- September 10, 2019
- September 24, 2019
- October 1, 2019

7:00 p.m. - City Council Chambers



Why?

- Economic Realities – National Issue
- Changes in State Law
- Ongoing Discussions at the State
- Questions from Residents
- Invitations to Dialogue with City Partners



What #1?

- Current Ogden City Policies and Practices
- Current Data for Ogden/Utah
- Other Jurisdictions' Policies and Practices
- Summary and Discussion



What #2?

- What is the City's role?
- What are the City's goals?
- What should be done to meet those goals?
- What are the measures of success?

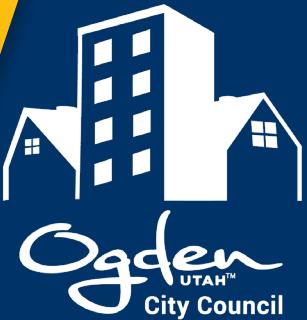


Who?

- *Council Staff*
- *Administrative Staff*
 - *Planning*
 - *Community Development*
 - *Economic Development*
- *Local Experts*



Terms and Definitions



AMI = Area Median Income

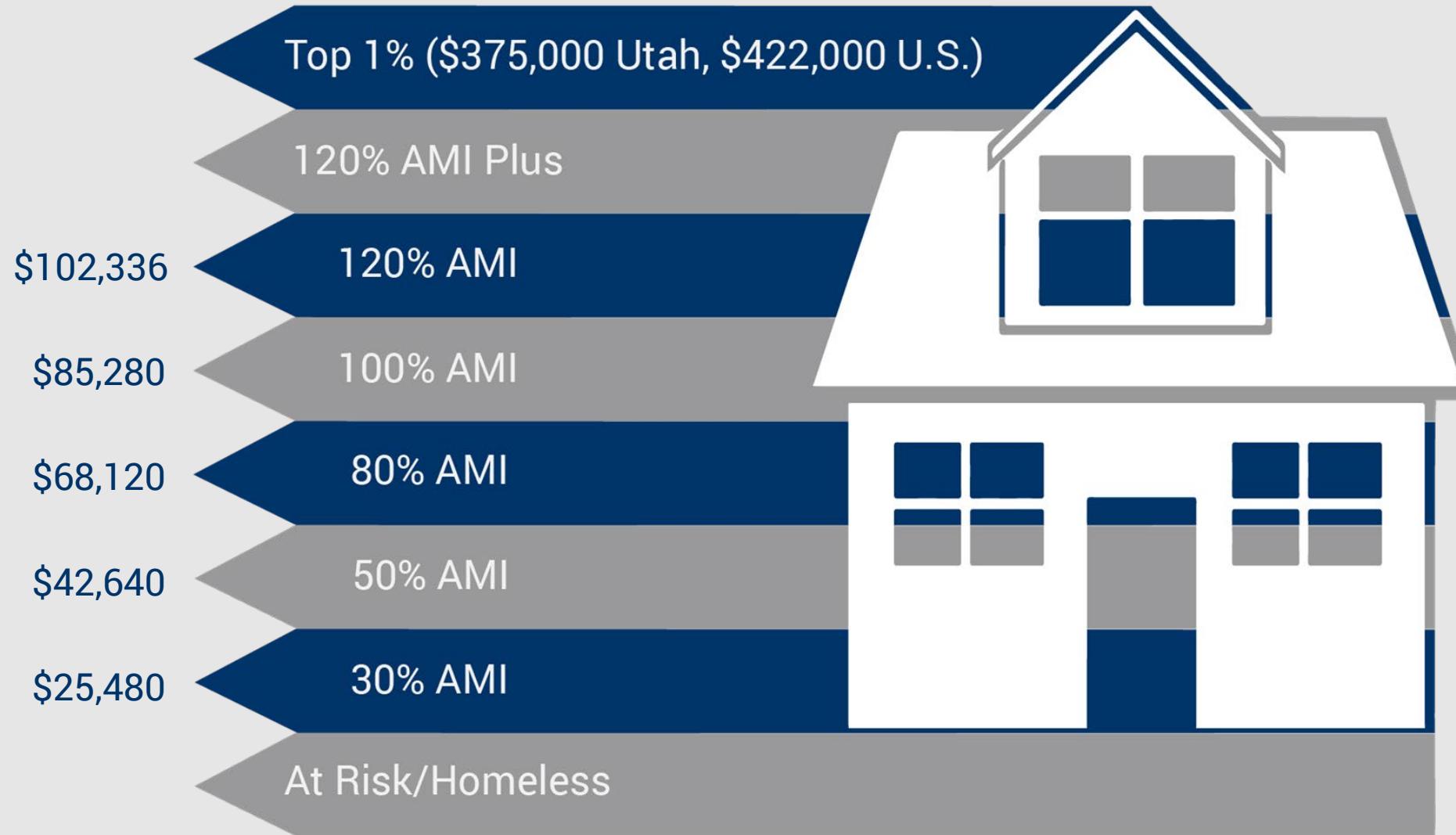
- Ogden-Clearfield Metropolitan Statistical Area Median Family Income:

\$78,100

- One-half of households make more than \$78,100 and one-half make less than \$78,100



AMI = Area Median Income



AMI - Area Median Income

HUD Income Guidelines 2019 - Ogden City			
	Family of Four		
	Hourly Rate	Weekly	Yearly
30% Median Income	\$12.25	\$490	\$25,480
50% Median Income	\$20.50	\$820	\$42,640
80% Median Income	\$32.75	\$1,310	\$68,120
100% Median Income	\$41.00	\$1,640	\$85,280
120% Median Income	\$49.20	\$1,968	\$102,336



Affordable Housing vs. Housing Affordability

- Affordable Housing – HUD definition: Housing costs are less than 30% of family income
 - Term used assess housing available to families earning less than the area median income
- Housing Affordability (or Obtainability): Providing access to different housing types for all income levels



Affordability/Housing Gap

- Affordability/Housing Gap: Difference between the home price a household can afford and the current market rate for a typical home for that household size; an insufficient supply for increased demand for all housing, not just affordable housing.

Housing Policy in Utah – Utah League of Cities and Towns



Outcomes

- Inform Decisions Regarding
 - General Housing Policies
 - HUD Consolidated Plan
 - Strategic Plan Projects
 - FY21 City and RDA Budgets



National Trends

20th Century Land Use Patterns

- Pre-WWII Cities
 - Cities were still largely urban with limited surrounding suburban development
 - Mobility was increasing with streetcars and the increasing presence of the automobile
 - Modern zoning ordinances began in the 1920s
 - Development and expansion of federal programs and intervention with the Great Depression
 - Discriminatory lending practices like redlining were institutionalized in the 1930s, preventing minority populations from building wealth through property investment
 - Public policy set the table for post-WWII suburbanization of cities
- Post-WWII Cities
 - Baby boom and mass exodus of white populations from urban centers, spurred by federal housing policies and lending practices along with the creation of the national highway system
 - Widespread embrace of automobile and highways as a means of mobility created massive suburban development
 - Zoning was used as a means to further 'protect' neighborhoods and segregate populations
 - Led to large-scale disinvestment in urban cores
 - Post WWII land use patterns are inefficient, low density, and auto-centric



20th Century Land Use Patterns

Land use patterns, federal and local policies affect housing stock, distribution, and affordability:

- Housing stock can be limited because large lot suburban development takes up more space
- Low density development can create a burden on government to maintain inefficient infrastructure leading to higher taxation (or “zoning for dollars”)
- Suburban land use patterns make public transit system impractical requiring people to depend on cars
 - Harder for low and moderate income residents to afford both housing and transportation
 - Older, younger, and persons with disabilities may be isolated and not able to get to jobs/resources
- Inability to get to/change jobs, purchase property, attend better schools reinforces affordability issues for many



National Housing Trends

2008-2019: Since the Great Recession:

- Home prices have risen significantly
 - Supply has fallen short
 - Demand has increased
 - Rates have stayed relatively low
 - Incomes have risen
 - Unemployment is low
- Trends have been good for:
 - Existing owners
 - Sellers
- Trends have been bad for:
 - New buyers
 - People coming into a hotter market
 - Lower and moderate income individuals/families



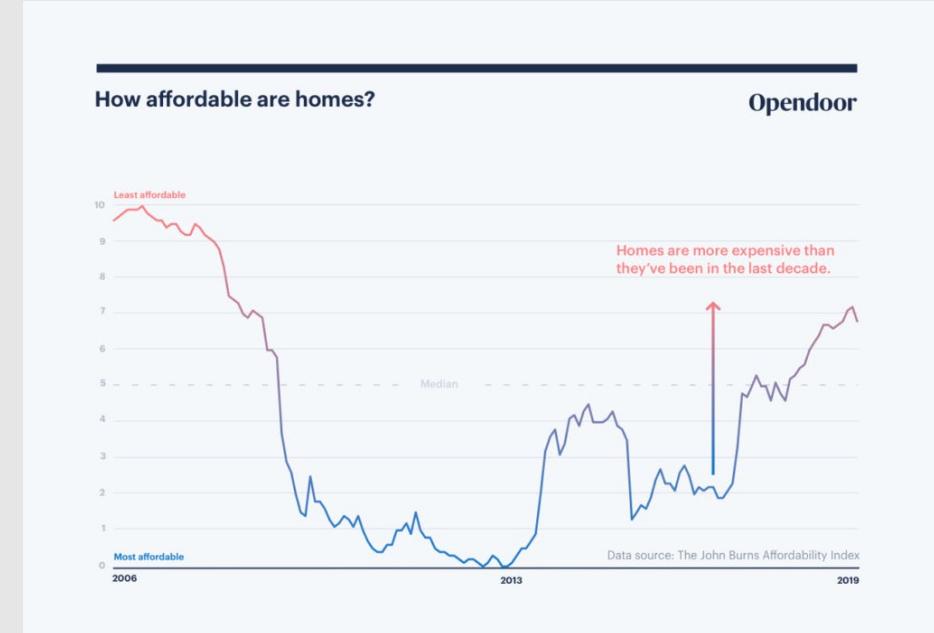
Sources:
opendoor.com – Housing market trends 2019



National Housing Trends

Housing Affordability

- Median home price (in 2018 dollars)
 - 1980 = \$147,000
 - 2000 = \$178,000 (21% increase from 1980)
 - 2018 = \$250,000 (40% increase from 2000)
 - *May 2019 = \$315,000*
- Regional differences are important (2018)
 - West: \$362,400
 - South: \$240,000
 - Northeast: \$232,000
 - Midwest: \$189,400
- Rising rates make borrowing for more expensive housing more difficult as even small rate increases result in larger payment changes

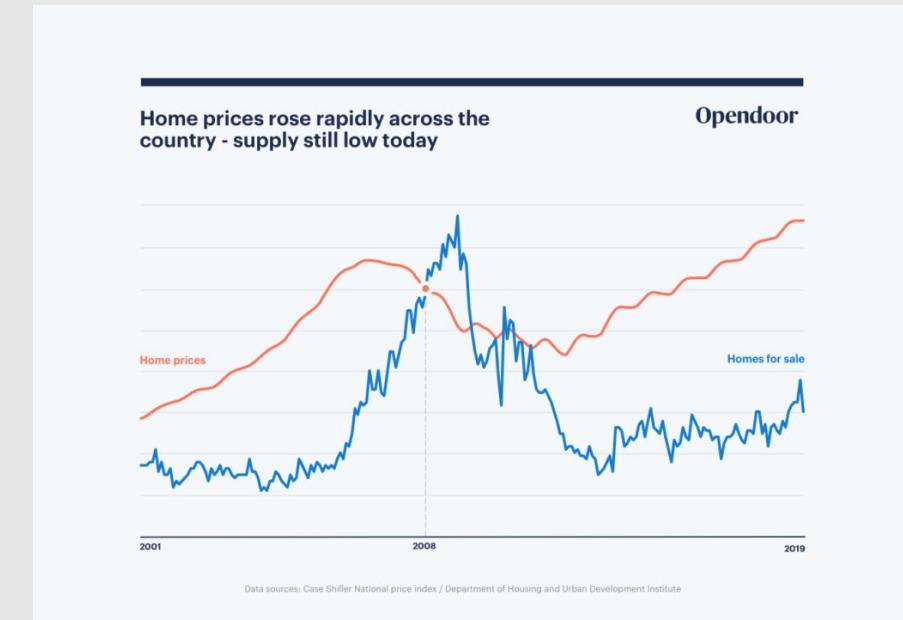


Sources:
opendoor.com – Housing market trends 2019;
daveramsey.com – 2019 Home Prices: What You Need to Know; realtor.com, May 2019 Data

National Housing Trends

Housing Supply and Demand

- Both supply and demand are affecting housing prices
 - Higher costs and low rates make people stay in existing homes longer, remodel
 - Refinancing were up 116% from 2018
 - Supply limited due to:
 - Construction costs
 - Labor shortage
 - Land availability
 - Slow approval process
 - More buyers are looking as younger generations enter the market
 - Millennials were 44% of home purchase applicants in 2018 (ages 23 to 38)
 - Wages are increasing allowing people to afford more
- Prices are leveling off – but not falling
 - Days on market (DOM) is low but may be lengthening
 - High demand/low supply are keeping prices from falling



Sources:
opendoor.com – Housing market trends 2019;
CNN.com, August 9, 2019; forbes.com, July 18, 2019

Utah Trends



Utah Housing Trends

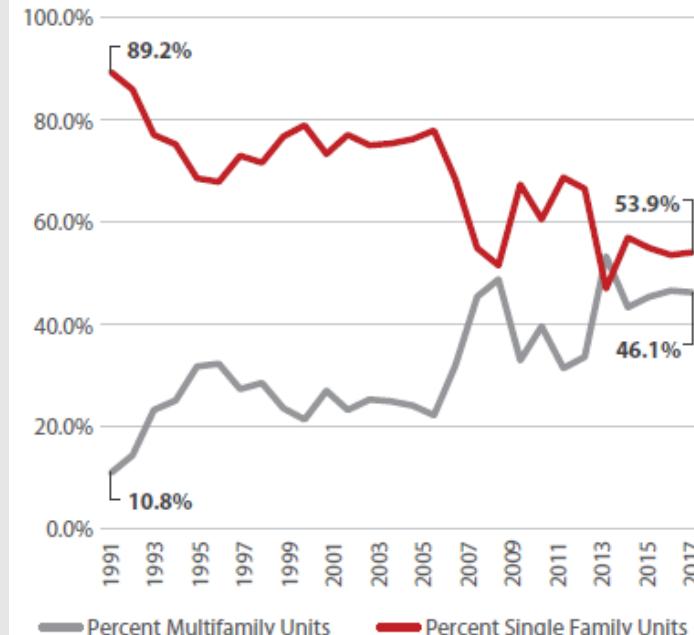
2008-2019: Since the Great Recession:

- Building permits issued since 2008 have grown, but slowly
 - 2018 had the highest number in 12 years
 - Slowest growth since the 1940s
 - Has contributed to the supply shortage
- Trending toward a mixture of housing
 - Pre-2008 – 70-75% were single-family
 - 2018 – 54% were single-family
 - Prices of single-family homes have forced more people to pursue multi-family
 - 2014 – Permits for MFD surpassed SFD

Sources:

Kem C. Gardner Policy Institute – The Year in Charts, Utah's Housing Market 2018

Chart 2: Single-Family and Multifamily Permits as Percent of Total Building Permits Issued in Utah



Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute.



Utah Housing Trends

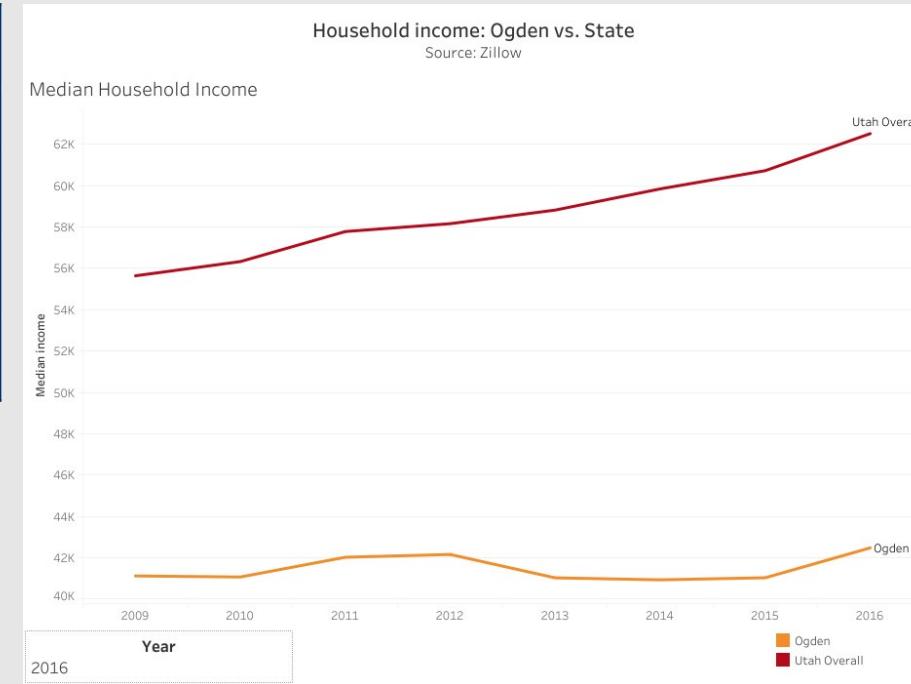
Housing Affordability

Median Home Price (All homes)

	<u>Aug. 2010</u>	<u>Aug. 2019</u>	<u>Increase</u>
State of Utah	\$209,000	\$344,000	64%
Weber County	\$173,000	\$282,000	63%
Ogden City	\$136,000	\$231,000	70%

Income disparity between Ogden and Utah, 2009-2016

- Ogden's median HH income up \$1,000 (\$42,482)
- Utah's median HH income up \$7,000 (62,518)



Sources:

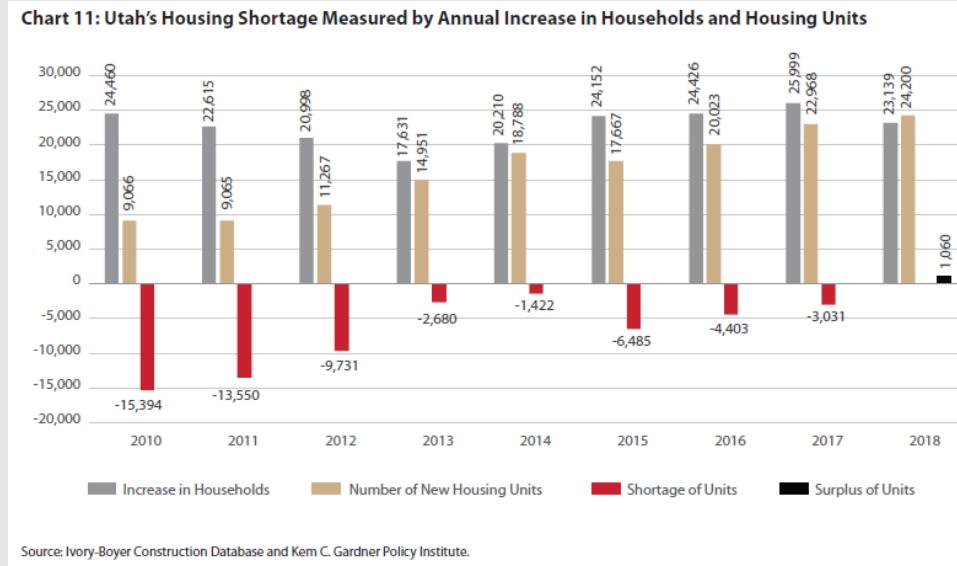
Zillow.com; Standard-Examiner, January 17, 2018



Utah Housing Trends

Housing Supply and Demand

- From 1970 to 2010, new housing units outnumbered new households by 12%
- From 2010 to 2017, new households outnumbered new housing units by 40,000
- 2018 had the first surplus since 2010
- Shortage led to nearly 11% of the population “doubling up”
- Surplus may lead to a cooling of the price increases, moving back to average rates of increase



Sources:

Kem C. Gardner Policy Institute – The Year in Charts,
Utah's Housing Market 2018; KSL.com, April 24, 2019

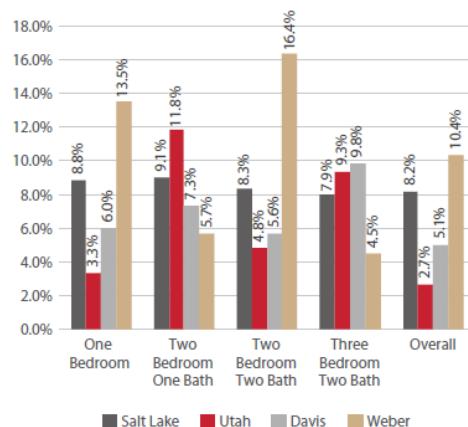


Utah Housing Trends

Rental Rates

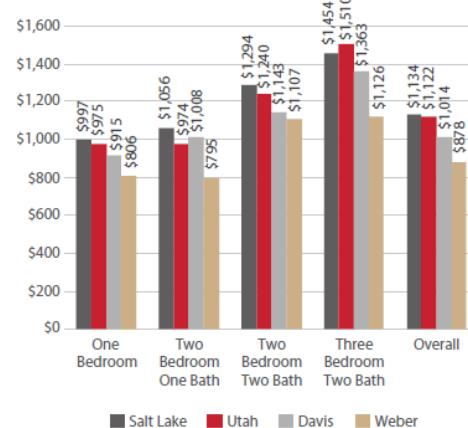
- Low vacancy rates persist
 - Below 5% since 2014
 - Factors include:
 - Housing shortage
 - Shift toward renting vs. buying
 - Changing demographics
 - High cost of homeownership
- 1 in 5 renters pay more than 50% of their income for housing
 - Highest risk of homelessness
- More people renting as homes become less affordable
- Home prices and rents have outpaced income in Ogden

Chart 22: Percent Increase in Rental Rates in Wasatch Front Counties, 2018



Source: 2018 Greater Salt Lake Area Multifamily Market Report, CBRE.

Chart 23: Rental Rates by Type of Unit in Wasatch Front Counties, 2018



Sources:

Kem C. Gardner Policy Institute – The Year in Charts, Utah's Housing Market 2018

Demographic Trends

Utah Population

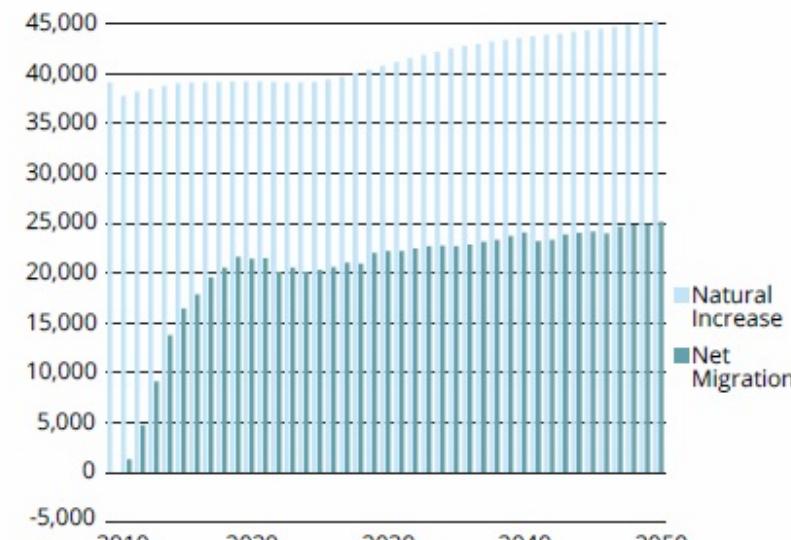
	2018	2040	2060
State of Utah	3.2 M	4.46 M	5.55 M
Weber County	256,000	330,000	379,000
Ogden City	89,746	102,059	106,934

- Utah is expected to be:
 - Older
 - More Diverse
 - More Urban
- Most growth will be natural increase vs. net in-migration
- Will remain one of the fastest growing states

Sources:

Kem C. Gardner Policy Institute – Population Projections; Utah Foundation – A Snapshot of 2050

Figure 3: GOMB Projections for Natural Increase and Net Migration, 2010-2050



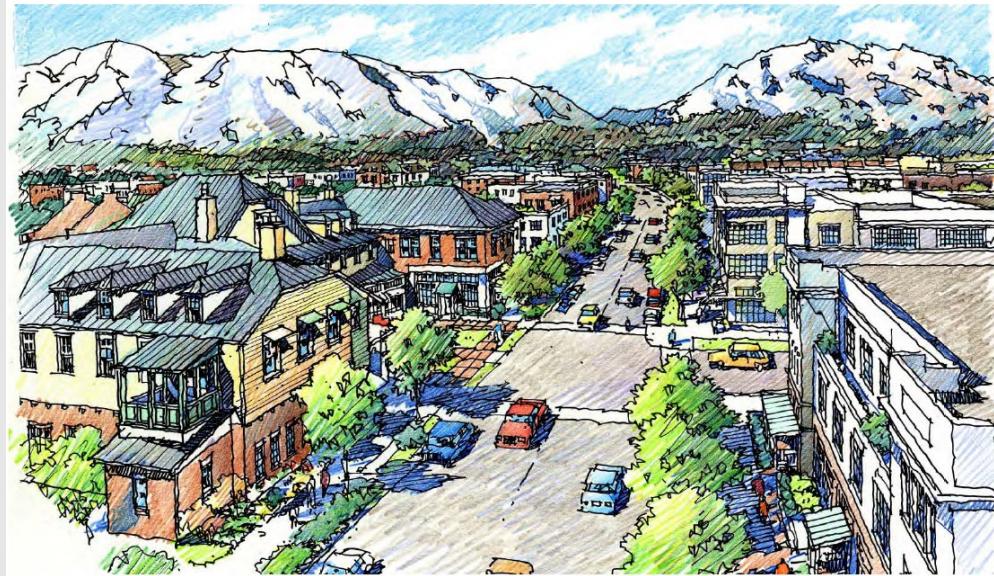
Source: GOMB.



Utah Housing Trends

Future Trends

- Four Wasatch Front counties and Washington County will account for 80% of the future growth
- Land constraints will force development into valleys off of the Wasatch Front
- Trending toward smaller lots and multi-family units
 - Land/housing costs
 - Shifting preferences
- Housing costs will still rise faster than the nation
- Shifting land use patterns with higher density residential and mixed use commercial development
- Changing perception of multi-family residential as housing projects are mixed and overall affordability strains buyers



Sources:
Utahbusiness.com, February 22, 2018; Envision Utah;
Ogden Bend Redevelopment Master Plan



What the City Can/Cannot Control



City Options Regarding Housing

Expand/Modify Existing Programs

- Quality Neighborhoods
- Down-payment Assistance
- HELP Loans
- Home Sweet Ogden
- Unit Reduction



City Options Regarding Housing

City Ordinances, Policies and Land Use

- Zoning and Land Use Code
- Building Code
- Permit and Review Processes
- Impact Fees
- Density Requirements



City Options Regarding Housing

Budget and Funding

- Housing Assistance Programs
- City-owned Housing Resources
- Tax Increment Financing (TIF)
- General Obligation Bond, Property Taxes, BDO Lease Revenue, RDA Funds, etc.



City Options Regarding Housing

Coordinated Efforts and Education

- Efforts in Partnership with:
 - Real Estate and Finance Groups
 - Ogden Diversity Commission
 - Weber County
 - Local Employers
 - Ogden CAN
 - Nonprofits
- Housing Education Program



External Factors & Limitations

- Limited Resources
- Utah Law
- Job and Housing Markets
- Economy and Inflation
- State and Local Growth
- Market Demands
- Housing in Neighboring Communities



Questions?