



LaVerkin City 2009 Moderate Income Housing

As required by State Code as an element of the city's General Plan, a Moderate Income Housing study for LaVerkin City was completed in 2004. The requirement and purpose of the Moderate Income Housing Plan was to outline existing housing conditions, project housing needs over the next five years, and provide an implementation program to meet those needs. The creation of this plan was initiated by the 1996 passage of HB 295. This code required that every municipality and county adopt a plan for moderate income housing within the community.

Current State Code 10-9a-408 requires that

(1) The legislative body of each city shall biennially:

(a) review the moderate income housing plan element of its general plan and its implementation; and

(b) prepare a report setting forth the findings of the review.

(2) Each report under Subsection (1) shall include a description of:

(a) efforts made by the city to reduce, mitigate, or eliminate local regulatory barriers to moderate income housing;

(b) actions taken by the city to encourage preservation of existing moderate income housing and development of new moderate income housing;

(c) progress made within the city to provide moderate income housing, as measured by permits issued for new units of moderate income housing; and

(d) efforts made by the city to coordinate moderate income housing plans and actions with neighboring municipalities.

(3) The legislative body of each city shall send a copy of the report under Subsection (1) to the Department of Community and Culture and the Association of Governments in which the city is located.

From the Utah State Code 10-9A-103(25) "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.

Figuring the need for this type of housing includes considering all housing, whether for sale or rent, available for an individual with a median income that is 80% or less, of the area income.

Current figures from the Dixie Area Workforce Housing Affordability Committee (DAWHAC) establish the median yearly income in Washington County as \$51,500.00. To meet the moderate income level, an individual would need to make a yearly income of \$41,200.00 or about \$19.80 per hour.

Affordability is often discussed in three levels of income - 80% for moderate, 50% for low, and 30% for poverty level. 50% income using the DAWHAC figure would be \$25,750 per year, or about \$12.38 per hour. The 30% figure is \$15,450 or \$7.43 per hour.

LaVerkin City figures will not be available until the 2010 census is complete. Comparisons in this review will be made to the available Washington County information unless stated differently.

According to federal standards, housing is considered affordable if it consumes no more than 30% of a household's income. Using the figures above, monthly cost for affordable housing should not exceed:

- 80% - \$1030 per month
- 50% - \$643.75 per month
- 30% - \$386.25 per month

A September 2008 survey of landlords conducted by city staff, covering a total of 50 units (see table below) shows the average cost of rent in LaVerkin to be around \$840.00. The lowest rent charged was for 1-bedroom, 1-bath at \$500.00 with 34 rental units under \$800.00 ranging from 1-4 bedrooms and 1-2 baths. The highest rent was for a 3-bedroom 2-bath unit for \$1,995.00 with 9 units over \$1,000.00 per month. Factors affecting the rental price could be amenities tied to the residence including parking arrangements, patios, utilities paid either by the landlord or tenant, furnished/unfurnished, appliances available, square footage, fenced yards, air conditioning and whether the unit was an apartment or a home.

Affordable Housing 2008 Landlord Survey

Price Range	# of Bedrooms	# of Bathrooms	# of Units
\$500.00	1 bd	1 ba	1
\$550.00	2 bd	1 ba	1
\$585.00	2 bd	1 ba	2
\$625.00	2 bd	1 ba	1
\$645.00	3 bd	1 ba	2
\$650.00	2 bd	1 ba	4
\$650.00	3 bd	1 ba	1
\$695.00	2 bd	2 ba	2
\$700.00	3 bd	1 ba	1
\$700.00	3 bd	2 ba	3

\$700.00	4 bd	1 ba	1
\$725.00	1 bd	1 ba	1
\$745.00	3 bd	2 ba	2
\$750.00	2 bd	2 ba	3
\$750.00	3 bd	2 ba	1
\$775.00	3 bd	1 ba	1
\$775.00	3 bd	2 ba	1
\$800.00	2 bd	2 ba	3
\$800.00	3 bd	2 ba	3
\$825.00	3 bd	2 ba	1
\$850.00	2 bd	2 ba	1
\$850.00	3 bd	1 ba	1
\$850.00	3 bd	2 ba	1
\$900.00	3 bd	1 ba	1
\$950.00	3 bd	2 ba	2
\$950.00	4 bd	2.5 ba	1
\$1,000.00	4 bd	2.5 ba	1
\$1,050.00	3 bd	2 ba	1
\$1,100.00	3 bd	2 ba	1
\$1,200.00	3 bd	2.5 ba	1
\$1,200.00	4 bd	2 ba	3
\$1,200.00	4 bd	2.5 ba	1
\$1,995.00	3 bd	2 ba	1
Average cost			Total units
\$842.20			50

Date: 09/09/2008

There are certainly other units within the city for rent not included in the survey. The units discussed here are those where city utilities are carried in the tenant's names, or where a landlord agreement is in place. Those homes where utilities remain in the name of the owner would not be reflected in this review, as the city is unaware whether a home is rented or owner occupied unless the account name on utilities is changed.

When the affordable housing study was completed in 2004, LaVerkin had a great deal of moderate income housing. Some of the housing would have been considered sub-standard, but the city did not restrict construction of affordable housing types. Late in 2004, LaVerkin experienced a building boom. Affordable property prices were discovered in the city by builders looking outside the St. George area - where land costs hovered just under \$100,000 for ¼ to ½ acre lots. Within a few months, parcels in LaVerkin that would have sold for \$30-40,000 carried prices between \$75-100,000. This construction spurt lasted well into 2006. During this time, construction valuation grew from about \$70,000 to well over \$120,000. Construction valuation is generally figured to be one-half to two-thirds of the market value.

As housing prices peaked in 2007, the request for new construction permits hit bottom, especially toward the end of the year. As national economic conditions worsened and financial institutions lost backing for loans, not only was housing money difficult to come by, but people reined back on spending.

During the course of 2008, automobile gas prices sky-rocketed. One property management agency stated that it was difficult to fill occupancy in LaVerkin because people were looking to live closer to St. George – closer to jobs and shopping.

As housing has become more expensive, wages have not kept up with the costs. Many housing subsidies only available in the past to the 80% or lower income are now spread to those with 100% or even 120% income households. These households receive little or no public assistance. Often the households include at least one full-time worker combined with other household incomes which are too high for assistance but too low to meet housing costs. Discussion for “work force” housing has arisen from this condition.

DAWHAC works to fill the gap for those in this condition, by supporting efforts for individuals to build or purchase homes where income is between 60-110% of the Affordable Median Income (AMI), with home area of 1,100 to 1600 sq. ft. in a price range or \$175,000 to \$219,000.

Suggestions from DAWHAC to keep housing affordable include: 1) Adopt building and design guidelines that promote workforce housing; 2) Revise General Plans to include workforce housing density bonus provisions, PUDs, and mixed use developments to allow for flexibility; 3) Revise existing municipal codes to reduce the need for variance requests and easily allow mixed uses, small lots, small lot districts, and zero lot line developments; 4) Utilize home-buying programs and partnerships with nonprofit and other appropriate agencies to provide housing; and 5) County-wide and/or municipal efforts to identify and promote sites appropriate for workforce housing.

LaVerkin has made many changes in the general look of the city in the last few years. Although some of the changes have removed substandard affordable housing from the city, other changes have paved the way to encourage a better standard of affordable housing supply. The improvements have required enforcement of current ordinances, but changes to the ordinances themselves have made conditions more supportive of moderate income housing.

Efforts made by the city to reduce, mitigate, or eliminate local regulatory barriers to moderate income housing:

In 2008, Ordinances were passed to clarify uses in the residential zones. The R-3-6 zone was updated to create a more desirable arrangement for multiple housing developments. The current R-3-6 zone area is almost built out, but there is a proposed development in the Interstate Rock property where R-3-6 is expected to be a strong component in the zoning.

Also in 2008, the one-lot subdivision ordinance was updated to make the process to divide one lot from a larger lot easier. Such action reduces the cost of the land, which is a great barrier to moderate income housing.

Since the 2004 affordable housing plan was written, a subdivision called Centurion Park was allowed in a commercial zone. The lots are generally between 5-6,000 sq. ft. and the development added 31 nice homes into the moderate income market in LaVerkin. At the time, there were many requests to turn the very limited commercial property in LaVerkin into housing developments. Although Centurion Park is a nice development and added greatly to the number of affordable units in the city, there was a need to keep sales tax generating property open to that revenue source. Ordinances were written to take the allowance for housing out of the commercial zones. In its place, an ordinance was written to create mixed use residential – including condos – within commercial projects by development agreement.

City officials could also see that the agricultural way of life LaVerkin had always enjoyed was changing because large tracts of land were being divided into smaller parcels. In 2004 an R-1-14 zone was created to help preserve that agricultural feeling. As housing prices soared it became apparent that the large zoning lots were a barrier to affordable housing. City Code governing this zone was amended to allow 10,000 sq. ft. parcels with development agreements - thus spreading smaller lots among the larger parcels - in an attempt to allow “lay of the land” development, and to include affordable properties within the larger parcel zone.

About half of the city’s zoned area is R-1-8. As the Interstate Rock proposal completes, it is expected that more of this zoning will be incorporated into that development.

Most of the zoning on the east side of town is R-1-10. Though the typical housing in this zone is for one-family units, two-family dwellings are allowed on 16,000 sq. ft. This allowance was conditional in the past, but code was amended to include this as a permitted use in 2008.

The city has two mobile home subdivisions, where residents own the property and the mobile homes on the lots. This zoning allows another layer to affordable housing in the city.

The River Wood Subdivision was created as a high-end development. It is located in the Northwest area of the city. This is the mouth to Confluence Park near the LaVerkin Creek. Color Country Homes, an affordable housing developer, approached the city through the developer requesting an amendment to their development agreement to allow moderate income housing on several lots at the southeast boundary of the subdivision. Adjacent development is made up of several back-to-back duplexes and the request made perfect sense as transition housing. The amendments were approved in 2008. Color Country, as of this writing, has been granted five permits in River Wood and is looking to expand that number to sixteen as they receive applications from buyers participating in the Color Country program.

LaVerkin also has at least two “Habitat For Humanity” homes and is always happy to work with homeowner builders.

There are no restrictions on where modular homes may locate according to city code. However, there are some developers who have placed their own CCRs in their subdivisions.

For individuals who don’t qualify for home loans for whatever reason, renting is sometimes the only alternative. There are no zoning restrictions in the city excluding homes for rent. Landlord properties are not restricted for occupancy by city code and the city allows utility service in a tenant name through an agreement with the landlord. The agreement makes “tenant transition” easy for the landlord - hopefully supporting lower cost rentals.

Actions taken by the city to encourage preservation of existing moderate income housing and development of new moderate income housing;

LaVerkin, in the past, has taken a hit for being a “low standard of living” community. Substandard housing in trailer/RV parks and the lack of enforcement to require that housing to meet basic health, safety and welfare conditions had created several blighted areas within the city limits. These have been known as areas of high criminal activity. Officials, working with the park owners, inspected the trailer/RV parks with the desire to bring them up to current safety standards. Unless the park owners were willing to improve the conditions of the parks, preservation of these areas was not desirable and was seen as a barrier for improved housing conditions in the city. Of the four parks inspected, only one owner was willing to correct the problems; the other three sold their properties and moved residents to other locations.

All of the trailer/RV parks were located in commercial zones within the city and the loss of housing units will probably not be replaced without mixed use commercial developments and development agreements under current code. The city is hopeful though, that as blight is removed, efforts for a better standard of moderate income housing will be encouraged - possibly to a point where developers will even desire to establish in LaVerkin.

Progress made within the city to provide moderate income housing, as measured by permits issued for new units of moderate income housing:

As mentioned in the opening of this report, the end of 2004 was a boom for the city of LaVerkin, which continued through 2005 and 2006. Developers found that a building lot in LaVerkin could be had for around \$30,000 while the same size plot of ground in the St. George area could run as high as \$100,000. Land started to sell so fast that city staff had a hard time keeping up with the permits and development requests. Even property on the topside between the LaVerkin cliffs and Virgin city limits became extremely valuable.

As of September of 2004, the city had enjoyed an average permit year, with about 50 total permits. By December the city had granted 104 total permits for the year. All but nine of those permits granted from September to December were for new residential construction.

2005 saw the same growth numbers with a total of 133 total permits with very few of them for construction other than new residential.

Once local property owners got the idea that there was money to be made by selling land, the \$30,000 lot became as expensive as those St. George area lots and the buying/selling slowed down. In the first months of 2006, permits were approved with the same vigor as the previous year until they stopped almost as suddenly as they started in April. By that time there had been 27 total permits approved, again with very few requests for other construction than new residential.

The remainder of 2006 showed a good mix of permit requests – the end of year total equaled the old average with 78 total permits. New residential construction permits were in subdivisions where land could have been previously purchased at the low end price and, though some of the construction was done by individuals, many of the homes were built by developers.

Permit numbers in 2007 continued like the end of 2006, with only 67 total permits. These permits were a mix of applications and new residential construction permits appeared to be developer-generated for the most part.

The economic crunch was very evident during 2008 where the year's total permit applications stood at a dismal 36 permits. Unlike the immediate years previous, 2008 permits reflected very few new construction projects.

The city does nothing to impede the construction of new residences and works wherever possible with the construction industry to increase the number of affordable units. The main deterrent to housing is the price of land, which is generally controlled by the private sector. The current national and international economic conditions have tightened the availability of loans, which were obtainable in the years discussed in this report. Again, this is something that the city has little control over.

Efforts made by the city to coordinate moderate income housing plans and actions with neighboring municipalities:

Neighboring municipalities have had similar development activity in the same period of time as discussed herein. None of them has seen a need to coordinate any plans or efforts, as yet. As the national slow down continues, there is a wait-and-see attitude in the air. Coordination efforts could be made if development affected common boundaries of the communities. As the Interstate Rock development moves forward, there will likely be a desire to coordinate those boundary activities with Toquerville.

LaVerkin, generally, has been open to most types of construction and housing, sometimes to its detriment. Zoning has been typically one-dwelling oriented, but there is some movement to allow for mixed zoning. In the past, multi-dwelling areas have been concentrated and have become pockets for law enforcement problems. Recent changes in LUDMA, including the ability given to cities to create “small areas of zoning”, allows similar development to spread out rather than “pocket”. Historic LaVerkin can be expected to stay about the same as it has been laid out, but with new development proposals opening up areas outside the historic city, mixed zoning and density could become a norm.

There are moderate income housing programs utilized in larger, metropolitan areas where cities purchase land, and individuals build and own the homes constructed on the land. These and similar city-generated projects will most likely not be an avenue for LaVerkin. Budget restraints will always be a barrier for a small city, like LaVerkin with limited resources, to be involved with development in any other role than an overseer of projects by developers.