

RESOLUTION NO. 23-43

A RESOLUTION OF TREMONTON CITY APPROVING THE ANNUAL REVIEW OF TREMONTON CITY'S MODERATE-INCOME HOUSING PLAN AND IMPLEMENTATION AND PREPARING A REPORT SETTING FORTH THE FINDINGS OF SAID REVIEW IN COMPLIANCE WITH UTAH CODE 10-9A-408

WHEREAS, Utah Code Annotated 10-9a-401 (3) (b) iii requires that the City's General Plan contains a Moderate Income Housing element; and

WHEREAS, Landmark Design, Zions Bank Public Finance, City staff, and the Planning Commission have prepared a Moderate Income Housing Plan that meets the requirements of the Utah Code; and

WHEREAS, on November 1, 2022, the City Council approved Resolution No. 22-61 adopting the *Tremonton City & Tremonton City Redevelopment Agency 2022 Moderate Income Housing Plan* as an element of the Tremonton City's General Plan; and

WHEREAS, Utah Code Annotated 10-9a-408 (1) requires that the City annually report on progress towards implementing its Moderate Income Housing Strategies contained in the *Tremonton City & Tremonton City Redevelopment Agency 2022 Moderate Income Housing Plan*; and

WHEREAS, more specifically as an administrative act, City staff is required to annually submit to the Housing and Community Development Division of the Department of Workforce Services (hereafter "Division") a progress report on or before August 1; and

WHEREAS, beginning in 2024, Utah Code requires Tremonton City to pay a fee to the Olene Walker Housing Loan Fund of \$250 per day and, in 2025, a fee of \$500 per day in a consecutive year if it fails to submit a report before August 1; and

WHEREAS, in preparing the required annual report, City staff has identified that some of the City's selected implementation Strategies are beyond the City's ability to implement independently, require the City to find capable and willing partners; and

WHEREAS, finding willing and capable partners is a barrier to implementing some of the City's selected moderate-income housing strategies; and

WHEREAS, regardless of the identified barriers, Utah Code requires that the Division decide if Tremonton City complies with Utah Code and the City's Moderate Income Housing Plan; and

WHEREAS, if the Division, after reviewing Tremonton's annual report, determines that the report does not comply with Utah Code or the City's Moderate Income Housing Plan, the Division shall send a notice of noncompliance to the City Council along with a period to cure the noncompliance; and

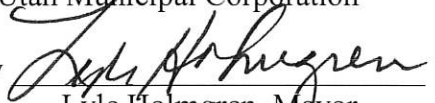
WHEREAS, beginning in 2024, Utah Code requires Tremonton City to pay a fee to the Olene Walker Housing Loan Fund of \$250 per day and in 2025, a fee of \$500 per day in a consecutive year, beginning the day after the day by which the cure was required to occur as described in the notice of noncompliance sent to the City Council; and

WHEREAS, to ensure that the City may avoid paying fees to the Olene Walker Housing Fund, it may be necessary for the City to consider amending its Moderate Income Housing Plan in the upcoming months to select another Strategy for the City to make progress toward implementation and remain in compliance with Utah Code.

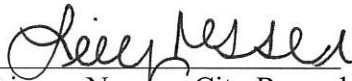
NOW THEREFORE BE IT RESOLVED that the Tremonton City Council affirms that it has hereby reviewed the *Tremonton City & Tremonton City Redevelopment Agency 2022 Moderate Income Housing Plan* as attached in Exhibit "A."

Adopted and passed by the Tremonton City Council this 18th day of July 2023.

TREMONTON CITY
A Utah Municipal Corporation

By 
Lyle Holmgren, Mayor

ATTEST:


Linsey Nessen, City Recorder



2023 Moderate Income Housing Report

General Information:

1. Preparer's Contact Information
2. Preparer's Name: *Shawn Warnke*
3. Preparer's Job Title: *City Manager*
4. Preparer's Email: *swarnke@tremontoncity.com*
5. Preparer's Phone: *435-257-9504*
6. Type of Jurisdiction: *Municipality*
7. Has the jurisdiction amended the Moderate-Income Housing Element since the last notice of compliance was issued? *No*

Strategy B Reporting:

Please document progress made on the moderate-income housing strategies since the jurisdiction received their compliance notice. A community must report on at least the minimum strategy requirements to comply in the subsequent report.

1. Select the first moderate-income housing strategy from UCA that the municipality has included in its moderate-income housing element: (select one of the strategies from the drop-down menu).

Strategy B: Demonstrate investment in the rehabilitation or expansion of infrastructure that facilitates the construction of moderate-income housing.

2. Describe each action taken by the jurisdiction during the previous 12 months to implement this moderate-income housing strategy.

During the 2023 calendar year, Tremonton City has been working with three potential developers on partnering to extend the infrastructure necessary for the development of moderate-income housing units. The potential developers include Brodie Calder, Perry Homes, and Paul Johnson.

Brodie Calder has purchased approximately 30 acres within Tremonton City's declared annexation policy but is currently outside of the City limits. Brodie Calder's property needs culinary water, secondary water, sewer lines, and a sewer lift station. Brodie has been preparing cost estimates associated with extending the infrastructure. During the process, Brodie and the City discussed possibly using moderate-income house funds to extend the infrastructure in return for Brodie developing homes that meet the requirements for moderate-income housing. The City anticipates Brodie's timeline for development is within one to two years, market depending.

Perry Homes has under option 50 acres on the City's east side, just south of Main Street.

A portion of this property has access to sewer, but most of the property does not. The City has discussed using moderate-income housing funds to extend the sewer lines south to the Tremonton City Wastewater Treatment Plant. Additionally, stormwater outfall lines are needed and would be located within the same alignment as the sewer lines. Most of the 50 acres are outside the City limits and would need to be annexed. The City anticipates the timeline for development is within two to three years.

Lastly, the City has been engaged in conceptual discussions with Paul Johnson, who is working with the property owners to develop property on the west side of the City and on the other side of Interstate 84. This area of the City has a future land use of higher density which may be more conducive for moderate-income housing. In exchange for the developer developing low to moderate-income housing, the City would partner on extending the infrastructure under the Interstate. The infrastructure needed under the Interstate includes culinary water and sanitary sewer, including a sewer lift station. This development prospect is the least solidified of the two others mentioned.

The current Tremonton City Moderate Income Housing Plan identifies the following implementation timelines for Strategy B.

- Identify strategic undeveloped areas of land to extend sewer and other utilities in order to facilitate the creation of residential neighborhoods. **(Anticipated completion: end-2023 also see Appendix E)**
- Utilize RDA funds to construct utility extensions to planned areas. **(Anticipated completion: end-2024)**
- Create and adopt a new ordinance requiring new developments utilizing the utility extensions to construct 10-percent of units as moderate-income housing. **(Anticipated completion: mid-2024)**
- Tremonton City shall evaluate the implementation measures for this strategy and shall make adjustments as needed and permitted by Utah Code 10-9a-403(2)(c)(ii)(B). **(Annually between July 1st and October 1st).**

At present the City is meeting the timeline stated in its Moderate Income Housing Plan.

3. Describe each land use regulation or land use decision made by the jurisdiction during the previous 12-months to implement this strategy.

There has been no land use decision made associated with Strategy B. The most likely land use decision that may come is an application from Brodie Calder regarding the annexation of 30 acres on the City's south side. If the City partners with Brodie and uses moderate-income housing funds, the City will formalize the City's obligation to participate in the extension of infrastructure and Brodie's obligation to construct moderate-income housing within a pre-annexation agreement. Additionally, land use decisions associated with this development would include zoning property with the approval of the annexation. Brodie is scheduled to visit with the Tremonton City Council about his proposed development on August 1, 2023.

4. Describe how any land use regulations or land use decisions support the jurisdiction's efforts to implement the strategy.

There has not been a land use decision associated with this Strategy. A plausible land use decision for this Strategy may be amending the Tremonton City Moderate Income Housing Plan and selecting a different Strategy so the City can make more progress towards implementation.

5. Describe any barriers encountered by the jurisdiction in the previous year in implementing this strategy.

The City has realized that Strategy B requires a willing developer with technical expertise, financial ability, and willingness to partner with the City in creating moderate-income housing. Since implementing this Strategy is beyond the City's ability to implement it independently, the City may consider amending its moderate-income housing plan in the upcoming months to select another Strategy.

Strategy B Market Response:

Please describe how the market has responded to the implementation of the strategy outlined in the section above. Fill in the blanks for the market response metrics relevant to the strategy. If the metric is not applicable to the strategy, type n/a. Describe the changes observed and any other market responses in the long answer question at the end.

1. Number and type of new units permitted:
 - *To date, there have been no units created under Strategy B*
2. Number and type of affordable units added:
 - *To date, there have been no units created under Strategy B*
3. Number and type of affordable units rehabbed:
 - *Not applicable to Strategy B*
4. Number and type of units converted from other uses:
 - *Not applicable to Strategy B*
5. Change in local rent amounts:
 - *Not applicable to Strategy B*
6. Change in the number of people displaced:
 - *Not applicable to Strategy B*
7. Change in the number of households experiencing housing cost burden:
 - *To date, there have been no units created under Strategy B*
8. Change in the share of household income spent on housing:
 - *To date, there have been no units created under Strategy B*

9. The number of rezones associated with MIH strategies:
 - *To date, there have been no units created under Strategy B*
10. Provide a narrative describing the market responses the jurisdiction has observed during the implementation of strategies. This description should include other market responses that are not among the above metrics.
 - *Tremonton City has experienced a significant decrease in development activity attributed primarily to conditions within the market, such as higher interest rates. Since January of 2023, no new development has been constructed for housing. Consequently, there have been no opportunities for the City to partner with developers on the rehabilitation or expansion of infrastructure that facilitates the construction of moderate-income housing.*

Strategy E Reporting:

Please document progress made on the moderate-income housing strategies since the jurisdiction received their compliance notice. A community must report on at least the minimum strategy requirements to comply in the subsequent report.

1. Select the first moderate-income housing strategy from UCA that the municipality has included in its moderate-income housing element: (select one of the strategies from the drop-down menu).

Strategy E: Create or allow for, and reduce regulations related to, internal or detached accessory dwelling units in residential zones.

2. Describe each action taken by the jurisdiction during the previous 12 months to implement this moderate-income housing strategy.

The City has engaged Landmark Design, a land use consultant, to draft an Accessory Dwelling Unit ordinance. Since engaging Landmark Design, they have created a draft and several iterations of the draft ordinance based on the Planning Commission and City staff's comments. The draft Accessory Dwelling Unit ordinance is a regular agenda item on the Planning Commission's agenda.

The current Tremonton City Moderate Income Housing Plan identifies the following implementation timelines for Strategy E.

- Draft and adopt a new ordinance for Accessory Dwelling Units, both internal and detached. **(Anticipated completion: end-2023)**
- Reduce regulations by designating ADUs as conditional use to be approved by the Zoning Administrator. **(Anticipated completion: end-2023)**
- Tremonton City shall evaluate the implementation measures for this strategy and shall make adjustments as needed and permitted by Utah Code 10-9a-403(2)(c)(ii)(B). **(Annually between July 1st and October 1st).**

At present, the City is meeting the timeline stated in its Moderate Income Housing Plan.

3. Describe each land use regulation or land use decision made by the jurisdiction during the previous 12-months to implement this strategy.

A land use decision has not yet been made; however, a draft Accessory Dwelling Unit Ordinance has been on the Planning Commission agenda multiple times over the past few months. City staff believes it is on pace to meet its implementation timeline of a new Accessory Dwelling Unit Ordinance by the end of 2023.

4. Describe how any land use regulations or land use decisions support the jurisdiction's efforts to implement the strategy.

While the land use decision has not been completed, the Planning Commission is progressing on a draft Accessory Dwelling Unit Ordinance. After completing a draft, the Planning Commission will conduct a public hearing and solicit input from the public on the draft ordinance. Thereafter the draft ordinance will be forwarded to the City Council for their review, consideration, and land use decision.

5. Describe any barriers encountered by the jurisdiction in the previous year in implementing this strategy.

The primary emphasis of the draft Accessory Dwelling Unit Ordinance is aimed at existing houses and existing lots accommodating accessory dwelling units. In many cases, it may be difficult for existing homes and lots to be reconfigured to accommodate accessory dwelling units. For this reason, the Planning Commission and City staff wonder how many existing homeowners will try to retrofit Accessory Dwelling Units into existing houses (internal dwelling units) or existing lots (detached dwelling units). The Planning Commission and City staff believe that a better approach may be to find a mechanism to incentivize developers to construct an Accessory Dwelling Unit with the initial construction of a new home. The City is earnestly trying to find a way to implement Accessory Dwelling Units meaningfully.

Strategy E Market Response:

Please describe how the market has responded to the implementation of the strategy outlined in the section above. Fill in the blanks for the market response metrics relevant to the strategy. If the metric is not applicable to the strategy, type n/a. Describe the changes observed and any other market responses in the long answer question at the end.

1. Number and type of new units permitted:
 - *To date, no units have been created under Strategy E Accessory Dwelling Unit Ordinance.*
2. Number and type of affordable units added:
 - *To date, no units have been created under Strategy E Accessory Dwelling Unit Ordinance.*

3. Number and type of affordable units rehabbed:
 - *Not applicable to Strategy E*
4. Number and type of units converted from other uses:
 - *Not applicable to Strategy E*
5. Change in local rent amounts:
 - *To date, there have been no units created under Strategy E Accessory Dwelling Unit Ordinance*
6. Change in the number of people displaced:
 - *To date, there have been no units created under Strategy E Accessory Dwelling Unit Ordinance*
7. Change in the number of households experiencing housing cost burden:
 - *To date, there have been no units created under Strategy E Accessory Dwelling Unit Ordinance*
8. Change in the share of household income spent on housing:
 - *To date, there have been no units created under Strategy E Accessory Dwelling Unit Ordinance*
9. The number of rezones associated with MIH strategies:
 - *To date, there have been no units created under Strategy E Accessory Dwelling Unit Ordinance*
10. Provide a narrative describing the market responses the jurisdiction has observed during the implementation of strategies. This description should include other market responses that are not among the above metrics.
 - *The City is currently working towards reducing regulations related to, internal or detached accessory dwelling units in residential zones. Once the detached accessory unit ordinance is in place, the City wants to see the market response for constructing detached units on existing lots. The City anticipates that the initial construction costs for detached accessory units may be a barrier for existing homeowners to create an accessory unit.*

Additionally, the City anticipates that there is no economic reason for regional homebuilders to construct an accessory unit with the initial construction of the home. The City anticipates that there may need to be an incentive offered, such as eliminating impact fees, connection fees, infrastructure costs (such as separate sewer and water laterals), building permit fees, cost for garbage cans, etc., to see this strategy be successful.

Strategy N Reporting:

Please document progress made on the moderate-income housing strategies since the jurisdiction

received their compliance notice. A community must report on at least the minimum strategy requirements to comply in the subsequent report.

1. Select the first moderate income housing strategy from UCA that the municipality has included in its moderate-income housing element: (select one of the strategies from the drop-down menu).

Strategy N: Implement a mortgage assistance program for employees of the county/municipality, an employer that provides contracted services for the county/to the municipality, or any other public employer that operates within the county/municipality.

2. Describe each action taken by the jurisdiction during the previous 12 months to implement this moderate-income housing strategy.

City staff is currently trying to secure an established partner to administer the mortgage assistance program on behalf of the City. City staff has contacted the Bear River Association of Government, Tremonton City's Housing Authority. It has been determined that they may not be the best staffed to administer a mortgage assistance program on the City's behalf.

The City has been working with Neighborhood Nonprofit Housing Corporation (NNHC) to administer the program. Josh Runhaar, Executive Director for NNHC, expressed some willingness to partner with Tremonton City to administer the program. Below is an email from Josh on March 7, 2023, outlining how the program will work.

We have been working on an equity position soft second program with Logan City and Visionary homes (we hit pause on it when the market went quiet) and also for our own corporate usage. The general outline is a down payment assistance program with an equity stake. It gets people into their first home and lets them build equity, though a portion of it would be returned to the program. In general, it would work like this:

- Home sale for \$400,000
- Equity stake from assistance fund of \$50,000 (12.5%) – Seller takes a loan for \$350,000
- No payments and no interest on the \$50,000
- When homeowner sells or refinances the home, repayment is made in a prorated amount:
 - Home sells for \$500,000
 - Equity stake is repaid: $\$50,000 + (12.5\% \text{ of } \$500\text{k} - \$400\text{k}) = \$62,500$
 - If value drops the equity stake may have a downward adjuster – we are still looking into that

The growing equity amount lets us re-extend funding in a way that keeps up with cost inflation of housing. We may need to take a small portion of the returned equity as admin, maybe 10% of the increased equity (so 10% of the 12.5% in the example above). As it is we would be floating the program unless the city was willing to fund some level of admin per loan provided. Not sure what the funding amount would be, and perhaps we can find additional resources to match the city funds with to expand the pot of funding, we will have to dig around a bit I think.

Once we set the income limits and participant types, NNHC can manage the program. We can provide information to use with HR or hiring promotional material to help people understand the options with the program.

We have the basic concept together, but not the details of documents yet. We have been trying to wrap up a few other big projects, but hope to have something actionable for our own needs in the next couple of weeks.

Josh Runhaar, AICP
EXECUTIVE DIRECTOR



195 W Golf Course Road, Logan, UT 84321
(435)753-1112

City staff has contacted Josh several times to follow up and see if progress could be made towards implementation. City staff is sensing that while Neighborhood Nonprofit Housing Corporation may have the expertise to administer the program, they may not have the capacity to undertake it. In subsequent emails with Josh, the general response is that they desire to help but do not have the time to help.

The current Tremonton City Moderate Income Housing Plan identifies the following implementation timelines for Strategy N.

- Partner with Bear River Association of Governments Housing Authority or create and establish a local housing authority tasked with administering a mortgage assistance program for public employees of the City or School District residing in Tremonton. **(Anticipated completion: end of 2023)**
- Charge the housing authority with the tasks of administering developer fee-in-lieu payments and offering moderate-income housing assistance such as loans to first-time home buyers, giving priority to public employees. **(Anticipated completion: on-going)**
- Charge the City's RDA with constructing or supporting the construction of moderate-income, deed restricted housing units specifically reserved for purchase by public employees as part of a prioritization by waitlist/lottery process. **(Anticipated completion: on-going)**
- Tremonton City shall evaluate the implementation measures for this strategy and shall make adjustments as needed and permitted by Utah Code Utah Code 10-9a-403(2)(c)(ii)(B). **(Annually between July 1st and October 1st).**

Currently, the City is meeting the timeline stated in its Moderate Income Housing Plan.

3. Describe each land use regulation or land use decision made by the jurisdiction during the previous 12-months to implement this strategy.

A land use decision has not yet been made. City staff will contact Neighborhood Nonprofit

Housing Corporation (NNHC) to clarify the NNHC capacity to create a mortgage assistance program and administer this program on the City's behalf.

4. Describe how any land use regulations or land use decisions support the jurisdiction's efforts to implement the strategy.

A land use decision has not been associated with the mortgage assistance program. A plausible land use decision for this Strategy may be amending the Tremonton City Moderate Income Housing Plan and selecting a different Strategy so the City can make more progress towards implementation.

5. Describe any barriers encountered by the jurisdiction in the previous year in implementing this strategy.

Like Strategy B, the City realizes that Strategy N may be difficult for the City to undertake this Strategy independently and will need to find a willing and able partner with the technical expertise and staffing ability to create and administer the program. The City may re-evaluate if it wants to continue pursuing this as one of its required moderate-income housing Strategies. The City may consider amending its moderate-income housing plan in the upcoming months to select a Strategy to accomplish independently.

Strategy N Market Response:

Please describe how the market has responded to the implementation of the strategy outlined in the section above. Fill in the blanks for the market response metrics relevant to the strategy. If the metric is not applicable to the strategy, type n/a. Describe the changes observed and any other market responses in the long answer question at the end.

1. Number and type of new units permitted:
 - *Not applicable to Strategy N*
2. Number and type of affordable units added:
 - *Not applicable to Strategy N*
3. Number and type of affordable units rehabbed:
 - *Not applicable to Strategy N*
4. Number and type of units converted from other uses:
 - *Not applicable to Strategy N*
5. Change in local rent amounts:
 - *This Strategy has not been implemented*
6. Change in the number of people displaced:
 - *Not applicable to Strategy N*
7. Change in the number of households experiencing housing cost burden:

- *This Strategy has not been implemented*
8. Change in the share of household income spent on housing:
 - *This Strategy has not been implemented*
 9. The number of rezones associated with MIH strategies:
 - *Not applicable to Strategy N*
 10. Provide a narrative describing the market responses the jurisdiction has observed during the implementation of strategies. This description should include other market responses that are not among the above metrics.
 - *Tremonton City has experienced a significant decrease in development activity and new home starts. The City anticipates that this slowdown is attributed to the market condition associated with higher interest rates. Fewer housing units are coming onto the market, and the City understands that existing homes have been slower to sell. It seems as though some potential buyers may be waiting for market conditions to change.*

A mortgage assistance program may provide potential buyers with the gap financing they need to make homeownership affordable, especially in light of higher interest rates. The City understands that the State of Utah has implemented a mortgage assistance program for first-time homeowners buying new houses. As the City tries to establish its mortgage assistance program, the City would welcome knowing if the State of Utah has provided mortgage assistance in Tremonton.

Accessory Dwelling Units:

Please describe the number of Accessory Dwelling units in your jurisdiction to the best of your ability.

1. How does the jurisdiction track Accessory Dwelling Units? (select one)
 - ✓ Count of building permits
 - Count of rental licenses or permits.
 - Other
2. Total number of Accessory Dwelling Units in the jurisdiction:
 - The total number of known Accessory Dwelling Units is 11, all of which are internal dwelling units
3. Total number of building permits to construct an ADU in the jurisdiction granted in the previous year:
 - 1 internal accessory dwelling units
4. Total number of business licenses or permits to rent an ADU in the jurisdiction granted in the previous year:
 - Not applicable as the City does not currently issue business licenses or permits to rent
5. Total number of other types of permits or licenses issued for an ADU in the jurisdiction granted the previous year: (if applicable, please provide the count and type of permit or license issued. If not applicable, please type n/a.)

- Not applicable as the City does not currently issue business licenses or permits to rent

Feedback and Recommendations:

In order to improve the moderate income housing efforts of the State and jurisdiction, we would love to hear from you.

1. What types of support would be helpful to your community as you implement the moderate income housing strategies? (Select all that apply)

- Housing supply data
- Housing needs data
- ✓ Planning technical assistance
- ✓ Model ordinances
- Case studies for strategies
- ✓ Staff resources
- ✓ Reporting technical assistance
- Guidebooks for planning and reporting
- Other

2. Describe any recommendations on how the State can support the jurisdiction in implementing the moderate-income housing strategies?

The State could support the City by enabling the use of additional revenue streams to fund expenses with implementing the moderate-income housing strategies as well as paying for City staff time associated with implementation. Implementing moderate-income housing is time intensive and requires City staff time; funding to pay for implementation is a necessary resource needed by the City to be able to engage and focus on creating moderate-income housing. Much like a portion of Community Block Grant Funds (CDBG) can be used for a land use planner's wages, a portion of restricted revenue streams for moderate-income housing should be able to use to fund a planner to administer and implement the City's Moderate Income Housing Strategy.