

A Performance Audit of

Utah Housing Policy

A Case for Statewide Strategic Planning
and Accountability

Office of the Legislative
Auditor General

Report to the UTAH LEGISLATURE





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November 14, 2023

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report:

“A Performance Audit of Utah Housing Policy” Report #2023-16.

An audit summary is found at the front of the report. The scope and objectives of the audit are included in the audit summary. In addition, each chapter has a corresponding chapter summary found at its beginning.

This audit was requested by the Legislative Audit Subcommittee.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

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PERFORMANCE AUDIT

AUDIT REQUEST

This audit was requested by the Legislative Audit Subcommittee to review state and local policies related to quality, efficient, and effective housing in the state of Utah.

Our efforts were primarily focused on the middle of the market where first-time buyers are hoping to attain home ownership.

BACKGROUND

Utah's significant population growth—combined with slower housing production—has resulted in a shortage of housing units.

Without enough housing to satisfy demand, home prices have increased, making it difficult for buyers to find housing at an affordable price.

Because the lack of housing affordability negatively impacts critical areas of public policy, the need to address this issue is a strategic imperative for policymakers at all levels of Utah government.

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.



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.

Summary continues on back >>



REPORT SUMMARY

1.1 Time Is Running Short to Accelerate Action on Housing Policy

A long-term analysis of city planning data highlights the risk of running out of space for housing, supporting the importance of strategies to deliver more space-efficient housing options.

If cities do not allow for the construction of more units on less land, parts of the Wasatch Front could begin to run out of housing capacity in less than 20 years.

1.2 Utah Should Adopt State-Level Measures and Targets for Housing Needs and Construction

The shortage of housing in Utah, and the economic pain associated with it, are a collective problem. However, the regulatory decisions that most directly impact the pace of housing production are

decentralized and are made at the county and city level. There is currently no state-level forecast of housing needs, or efforts to set statewide housing strategy or measure progress toward a common goal.

2.2 To Encourage Statewide Housing Goals, Utah Could Implement Incentives and Penalties for Noncompliance

While 2020-2022 saw Utah cities issue record numbers of building permits, cities that prefer single-family homes or low-density zoning can use their authority to stifle multifamily or high-density residential projects.

If statewide housing goals are created, housing policy research shows that incentives and penalties are needed to hold local leaders accountable to those goals.

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.

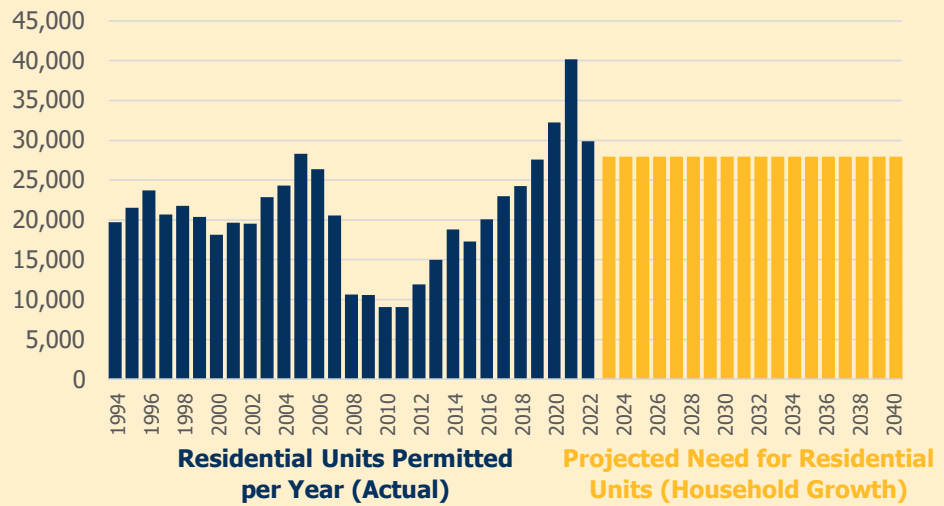


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Introduction

Accelerating Housing Production Is a Strategic Imperative for the State of Utah

Utah’s significant population growth—combined with slower housing production after the Great Recession—has resulted in a shortage of housing units. Without enough housing to satisfy demand, home prices have increased, making it difficult for first-time and lower-income buyers to find housing within an affordable price range.¹ According to state demographers, Utah is expected to continue to experience significant population growth. These factors lead housing analysts to believe that Utah’s shortage of housing units will get worse before it gets better.²

Because the lack of housing affordability negatively impacts critical areas of public policy—including the state’s economy, labor market, and transportation—the need to address this problem is a strategic imperative for policymakers at all levels of Utah government. Rallying together to make the most of today’s opportunities to wisely accelerate housing production can help Utah overcome the effects of chronic housing shortages that are also seen across the country.



Utah’s rapidly growing population, combined with historically low housing production, has resulted in a housing unit shortage.

This report makes the case that the Legislature is well positioned to establish a state-level housing strategy—combined with proper legal incentives—to better guide land use decisions made by local governments. Without an overarching, unifying goal, Utah will miss opportunities to address the housing needs of a growing population.

¹ The Department of Housing and Urban Development deems housing as affordable when the occupant pays no more than 30 percent of gross income for housing costs, including utilities.

² Kem C. Gardner Policy Institute; see Chapter 1 for an expanded discussion of this point. Though deficient housing supply is a driving component of Utah’s housing problems, other significant factors—like mortgage interest rates and the cost of construction materials and labor—also impact housing affordability.



State Policymakers Have Already Acted to Address Housing Affordability

Utah's political leaders have already set housing affordability as a policy priority, stating that the construction of higher density, owner-occupied housing units will enable upward mobility for young families, setting them on the path of home ownership and equity. Leaders have warned that without smart policies to keep up with the growth associated with a strong economy, there is a risk that Utah's future potential for prosperity will be limited.

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.

In addition to the Legislature, other governmental entities are working to address housing affordability issues.

- The governor has said, "We want to make sure that this is a place where our kids and grandkids can live the same types of amazing lives we have." To that end, his office recently issued the Guiding Our Growth survey to citizens, asking for input on the approach the state should take to address our growing population.



- The Commission on Housing Affordability includes members from several public and private entities who provide a diverse set of perspectives and propose policy recommendations for the state.
- The Division of Housing and Community Development reviews moderate-income housing plans prepared by local governments. This function is intended to hold local governments accountable for implementing required housing measures.
- Local governments participate in crafting housing legislation and are on the front lines of implementing new housing initiatives.



Cities that want growth have exhibited the ability to accommodate it.

Conversely, cities that do not want growth can control it by limiting the pace and type of development.

Despite the work of these groups to address housing issues, the information presented in this report shows that Utah could be better positioned to provide affordable home ownership opportunities for individuals and families.

Local Governments Are Essential Partners with the State to Ensure Sufficient Housing

Municipalities and counties are key partners in addressing the housing shortage, because statute grants them broad powers to control the pace and density of housing development. *Utah Code*³ spells out the sweeping authority given to cities and counties concerning housing production, stating:

Utah Code 10-9a-102(2) and 17-27a-102(1)(b):

"To accomplish the purposes of this chapter, a municipality (or county) may enact all ordinances, resolutions, and rules and may enter into other forms of land use controls and development agreements that the municipality (or county) considers necessary or appropriate for the use and development of land."

If a city and its leadership want to accommodate growth, they can use these statutory powers to balance the need for housing with important factors such as traffic, infrastructure, and projected tax revenues. Indeed, some Utah cities are doing just that.

³ See *Utah Code* 10-9a and 17-27a, the Land Use, Development, and Management Acts for municipalities and counties, respectively.



However, if a city’s residents and leaders oppose housing growth, or if they want only single-family detached homes—a recipe for trouble as Utah continues to grow—the city’s elected leaders can use their statutory powers to stifle housing construction, essentially pushing the problem to its neighboring governments.

This audit report summarizes policy ideas from across the country showing how states can collaborate with local governments and provide incentives to motivate desired outcomes.



BACKGROUND

State policymakers have prioritized addressing Utah's rapid growth and accompanying housing demand. However, significant obstacles prevent Utah from achieving its housing goals. The increase in housing demand has not been met with adequate supply. While Utah cities have approved record numbers of residential building permits in recent years, Utah is still experiencing a housing shortage.

FINDING 1.1

Time Is Running Short to Accelerate Action on Housing Policy.

NO RECOMMENDATION

FINDING 1.2

Utah Should Adopt State-Level Measures and Targets for Housing Needs and Construction.

RECOMMENDATION 1.1

The Legislature should require the creation of a state-level strategic plan for housing in Utah. This plan should define success and include goals that specifically address the current housing shortage and forecasted population growth.

RECOMMENDATION 1.2

The Legislature should consider amending the land use, development, and management acts at both the county and city level to clearly emphasize housing production and affordability as primary goals of land use regulations.

RECOMMENDATION 1.3

With information gathered from strategic planning, the Legislature should consider the range of state-level policy options presented in this chapter to create a program to set and manage state-level housing production targets.



CONCLUSION

Other states are beginning to address their own housing shortages. Each state's approach is different, providing a range of state intervention and local control. Utah policymakers should consider the approaches other states have taken to determine whether a combination of these policies would incentivize housing production and improve affordability.





Chapter 1

The Legislature Should Create State-Level Housing Policy Objectives

To address several broad topics related to housing in Utah, we have organized our main research and policy findings across chapters 1 and 2 of this report. In this chapter, we describe how local governments could be planning better for future population growth and how state-level guidance is needed to set meaningful policy targets and strategy. Chapter 2 explores local-focused housing policy options the Legislature may wish to implement.

1.1 Time Is Running Short to Accelerate Action on Housing Policy

A long-term analysis of city planning data highlights the risk of running out of space for housing, supporting the importance of strategies to deliver more space-efficient housing options. Utah’s record population and household growth has outpaced housing production, leaving the state with a shortage of housing units.⁴ Housing experts believe this shortage will get worse in coming years, and our analysis supports this idea. This shortage is the main reason housing is unaffordable for many Utah residents. We believe the Legislature should consider taking action to orient leaders at all levels of government toward a common vision for housing.

If Cities Do Not Allow the Construction of More Efficient Housing Options, Population Growth Could Begin to Exceed Wasatch Front Housing Capacity in Less Than Twenty Years

A real estate market development model based on Wasatch Front cities’ and counties’ current general plans shows that Utah could begin to run out of space for housing in about twenty years. This is because general plans for parts of the Wasatch Front do not allow for enough housing to accommodate projected population-growth.



Models based on cities’ and counties’ general plans, along with demographic projections, show that Utah could begin to run out of space for housing in less than twenty years.

⁴ Because people tend to live together as family members, roommates, etc., demographers use population data to calculate the number of households that form each year. Broadly speaking, each household needs a home, so this is a key metric in any assessment of housing supply and demand.



Statute requires local governments to create general plans to set long-term goals for, among other things, the number of housing units they want to allow.⁵ The Wasatch Front Regional Council (WFRC)—as part of its transportation planning responsibility—uses an aggregated version of that general plan data from each local government within its jurisdiction to model residential demand and simulate real estate development.⁶ This work is done with the engagement of the cities and counties in the area.

The WFRC real estate model is designed to distribute forecasted, annual county-level population, household, and employment growth.⁷ Importantly, the WFRC model’s baseline scenario assumes that cities will allow more housing and other development in city and town centers that cities have helped identify as part of the Wasatch Choice regional vision process.⁸

To show how critical these city and town centers are for future housing capacity, we requested that WFRC run a ‘no-centers’ scenario with their model, removing the centers from the analysis for cities that have not yet included them in their general plan. In other words, because some cities have not formally committed to—and are not bound by—the center-based planning work, we wanted to see what may happen if the cities never adopt the centers as envisioned.

As Figure 1.1 shows, the resulting ‘no-centers’ model indicates that if local governments in Salt Lake and Davis counties do not allow for more housing in their general plans, they could begin to run out of space for housing before 2050. We believe this paints a picture of a system in need of unifying targets and strategy.

⁵ See *Utah Code* 10-9a-403 and 17-27a-401. Although city general plans are only advisory (see *Utah Code* 10-9a-405), they represent the most concrete efforts to show “the long-term goals and the proposed extent, general distribution, and location of land for housing for residents of various income levels” (see *Utah Code* 10-9a-403(2)(a)(i)(A) and (2)(a)(iii)). In contrast, cities’ zoning maps reflect land types and uses currently in effect. Zoning changes often are checked against the general plan to verify that the proposed change is in harmony with long-term goals.

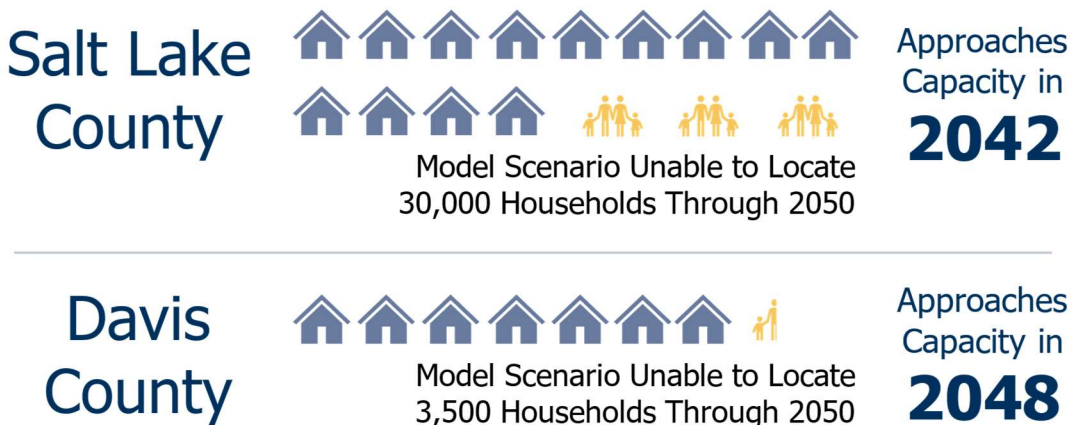
⁶ The Wasatch Front Regional Council is an Association of Governments (AOG) and also serves as a Metropolitan Planning Organization (MPO). The Council focuses its transportation analysis and planning efforts on Weber, Davis, and Salt Lake Counties.

⁷ The Kem C. Gardner Policy Institute generates these growth forecasts as discussed later in this chapter.

⁸ To explore these potential city and town centers, see the interactive Wasatch Choice map at: <https://wasatchchoice.org/vision-map/>



Figure 1.1: A Growth Model Using Current General Plans Shows Salt Lake and Davis Counties Approaching Full Capacity in the 2040s. If cities allow more space-efficient housing on less land in city and town centers, the model shows that these two counties can absorb population growth through 2050. While this is far from a perfect vision of the future, we believe these results should spur discussions about policy action that is more ambitious, coordinated, and strategic.



Source: Wasatch Front Regional Council; see Appendix A for the full text of the WFRC analysis.

As Figure 1.1 shows, current housing plans in Salt Lake and Davis counties do not have enough room to accommodate official household growth projections. The good news, however, is that if cities in these counties commit to strategies like wisely planned city and town centers, where more housing units are built on less land, both counties should be able to provide enough housing capacity to meet forecasted growth through 2050. This potential for meaningful change is key to the recommendations later in this chapter.

Notably absent from Figure 1.1 are other Wasatch Front counties and high-growth areas like Utah, Weber, and Washington counties. These areas have undergone similar modeling and were found to have enough capacity for household growth through 2050.⁹ However, additional details about these growth models can provide useful context for both state and local land use policy.

Cities can plan better to accommodate forecasted growth. The Legislature can help by setting targets and strategy.

⁹ Weber County was included in the WFRC modeling analysis reflected in Figure 1.1.



Lagging Housing Production

The models attempt to “find a home” for all new households through 2050, assuming housing will be built as long as additional residential capacity exists. In reality, we know that home production in Utah is already lagging behind household growth. Even if we have capacity, growth is still outpacing production.



Single-Family Homes



Much of the housing capacity in current general plans comes from low-density, single-family detached homes expanding into undeveloped areas. This threatens open spaces and agricultural land and can create new infrastructure and transportation challenges.

General Plans

Cities can and will change their general plans as Utah continues to grow. We believe that fact represents opportunities for better planning and increased housing density.



Long-Term Planning



Population growth is projected to continue beyond 2050, further emphasizing the need for more ambitious long-term planning.

Taken together, these factors paint a picture of a system in need of unifying targets and strategy. Our audit team, along with housing policy experts, believes that the state Legislature is best positioned to provide such targets and strategies. We discuss this policy option more fully later in the chapter.

It is encouraging that many local governments already seem to recognize the need to increase housing density in strategic ways. The WFRC cities’ stated intent to develop higher density city and town centers, while not yet fully implemented in local land use policies, is a clear sign that conversations are already taking place to meet the challenge of population growth by building more housing units on less land.



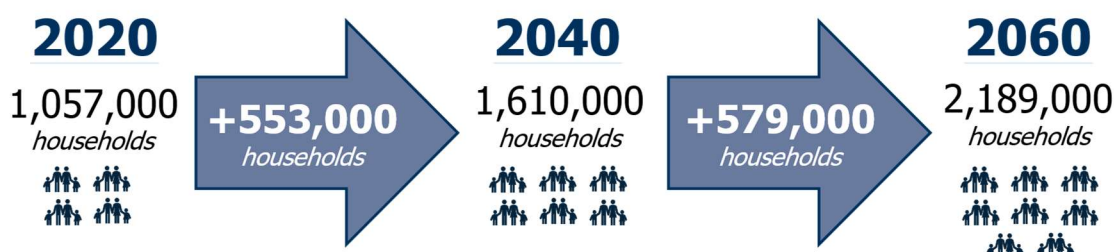
The Legislature may wish to create policy requiring more ambitious, coordinated action at the city and county level to ensure that land use policies are serving the long-range goals of the state.



Housing Construction Must Accelerate Significantly to Keep Pace with Household Growth Forecasts

Looking to the future, state demographers at the Kem C. Gardner Policy Institute (GPI)¹⁰ predict that Utah will continue to see significant household growth through the coming decades, as shown in Figure 1.2.

Figure 1.2: State Demographers at GPI Project That More Than a Million New Households Will Be Formed in Utah by 2060. From 2020 to 2040 alone, more than 550,000 new Utah households are expected. Ideally, each household would have a place to live.



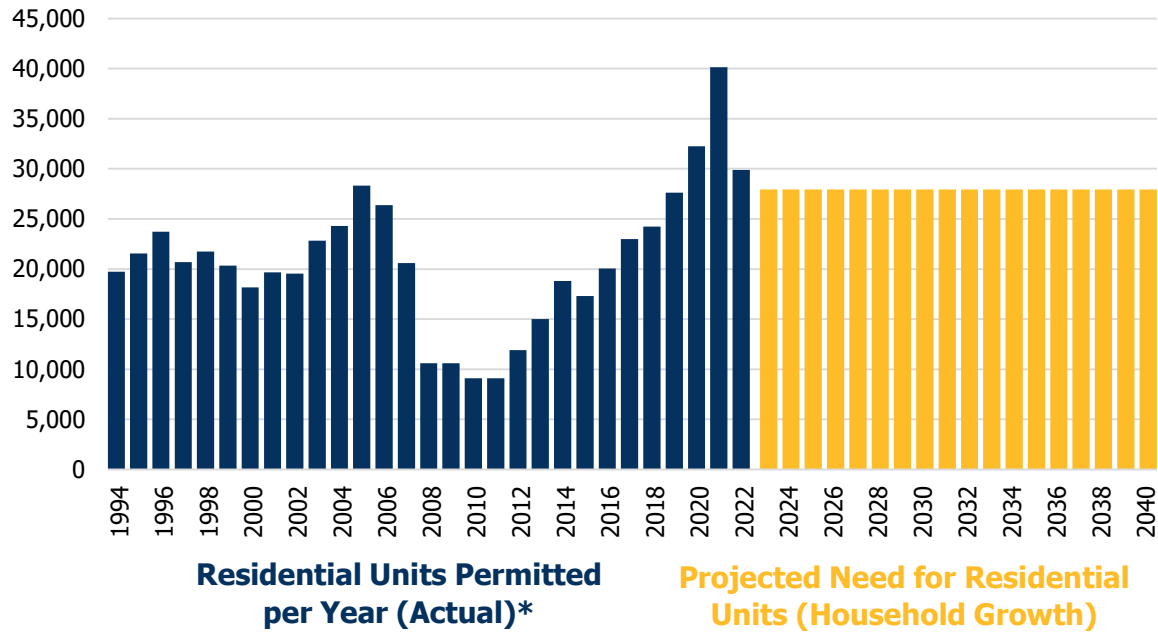
Source: Kem C. Gardner Policy Institute, 2020–2060 Projections (rounded).

Comparing the significant growth forecast in Figure 1.2 against the historical pace of housing construction gives a sense of the scale of construction needed to keep up with Utah’s growing population. Figure 1.3 plots GPI data about historical residential building permits next to GPI data about future household projections. The comparison demonstrates that to keep pace with growth, Utah will need more new housing units per year than what has been built in any prior year since 1994 (except for 2005 and the period from 2020 to 2022).

¹⁰ The Kem C. Gardner Policy Institute is designated in statute as the official source for Utah demography analysis and forecasts. GPI also produces authoritative analyses and forecasting of housing supply and demand in Utah.



Figure 1.3: Going Forward, Utah Needs to Build 27,900 Housing Units per Year to Keep Up with Forecasted Population Growth. More housing units per year are needed than have been built in any prior year since 1994 (except for 2005 and the period from 2020 to 2022).



Source: Auditor analysis of GPI’s Ivory-Boyer construction database, household shortage calculations, and household growth projections.

* See Appendix B for an analysis of residential units permitted from 1994-2022.

The magnitude of housing development required to erase the current housing deficit and keep pace with projected growth is clear in Figure 1.3. Although governmental entities do not directly build housing, setting the right mix of public policy could create more favorable conditions to create housing at the level needed to keep pace with population growth. To be clear, attempting to build out of a housing shortage is a difficult task, and there are very few success stories to draw lessons from. Nevertheless, because the supply shortage is the root of the problem, increasing the supply of housing is an essential strategy. Every additional unit provides a home for an additional family. We believe policymakers at both the state and local level can take significant steps to create a better environment for housing development.

Record Population Growth Will Likely Continue to Outpace Housing Construction

To keep pace with growth, Utah will need more new housing units per year than what has been built in almost any prior year since 1994. According to Census 2020 data, Utah’s population grew about 18 percent between 2010 and 2020. This was the highest growth rate in the nation at the time and was well above the national average of 7 percent.



Because people tend to live together as family members, roommates, etc., demographers use population data to calculate the number of *households* that form each year. Broadly speaking, each household needs a home, so this is a key metric in any assessment of housing supply and demand. Housing analysts at

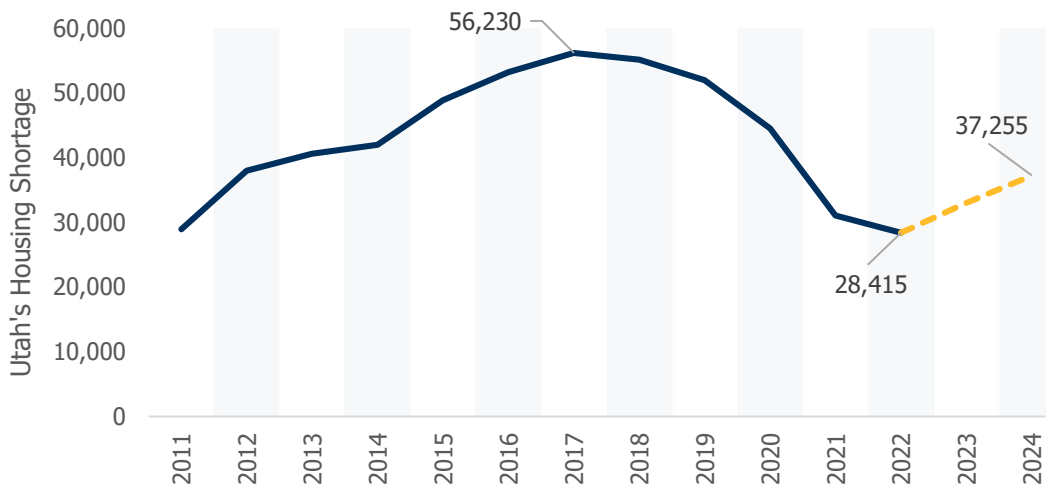


Utah's shortage of housing units has ranged from approximately 28,000 to 56,000.

GPI have compared data on Utah households against the rate of residential construction since 2010 and found that home construction has not kept pace with growth. The shortage of housing units has ranged from approximately 28,000 to 56,000.

Figure 1.4 shows these GPI estimates of Utah's housing shortage over time. For example, by 2017, there was a shortage of 56,230 housing units relative to the increase in the number of households since 2010. With record housing construction, the shortage fell to 28,415 in 2021 but, concerningly, GPI is forecasting that the shortage will begin to climb again through 2024. Significantly, at no point since 2011 has Utah had enough housing.

Figure 1.4: Utah Lacks Enough Homes to Keep Pace with the Growing Number of Households. GPI analysts predict that the housing shortage will increase in future years.



Source: Kem C. Gardner Policy Institute.*

*The housing shortage is calculated by comparing annual residential construction permits against household formation. When household formation is greater than unit construction, an annual housing deficit results and is carried into the next year's analysis where the process is repeated.

Even though construction outpaced household formation from 2018 to 2022, reducing Utah's overall housing shortage during that period (see Figure 1.4), GPI estimates that Utah currently lacks around 28,000 units relative to new households in the state since 2010.



1.2 Utah Should Adopt State-Level Measures and Targets for Housing Needs and Construction

The shortage of housing in Utah, and the economic pain associated with it, are a collective problem. However, the regulatory decisions that most directly impact the pace of housing production are decentralized and are made at the county and city level. There is currently no state-level forecast of housing needs, or efforts to set statewide housing strategy or measure progress toward a common goal.¹¹

Aside from the immediate pain felt by individuals and families who cannot afford to buy a home, unaffordable housing can negatively impact the larger economy. One study shows that constraints on housing lowered aggregate economic growth across neighboring cities because workers were less able to access job centers.¹² Unaffordable housing near job centers can also lead to an increase in traffic demand and congestion as people find homes elsewhere and then must commute longer times and distances to work. Housing policy analysts and academic researchers have also identified a strong connection between high rent prices and homelessness.¹³ After three years of population decline, a 2023 poll in California found that nearly half of respondents were considering leaving the state, primarily due to the high cost of living driven by high housing costs.

Multiple housing experts point to state government as the best-positioned level of power to craft broad housing policy.¹⁴ A state-level housing strategy—along with proper incentives, and penalties (see Chapter 2)—could better organize decentralized local government decisions toward meaningful targets for housing production. It could also provide important political cover for local leaders who can face intense



A state-level housing strategy could better organize decentralized local government decisions toward meaningful targets for housing production.

¹¹ The Division of Housing and Community Development is currently working with the Kem C. Gardner Policy Institute to develop five-year projections of future needs for moderate and affordable rental housing.

¹² Chang-Tai Hsieh and Enrico Moretti, “Housing Constraints and Spatial Misallocation,” *American Economic Journal: Macroeconomics* 11, no. 2 (April 2019): 1–39.

¹³ Alex Horowitz, Chase Hatchett, and Adam Staveski, *How Housing Costs Drive Levels of Homelessness* (Philadelphia: Pew Charitable Trusts, 2023).

¹⁴ Jenny Schuetz, *How Can State Governments Support Healthier Housing Markets?* (Washington, DC: The Brookings Institution, 2021); Shazia Manji, Truman Braslaw, Chae Kim, Elizabeth Kneebone, Carolina Reid, and Yonah Freemark, *Incentivizing Housing Production: State Laws from across the County to Encourage or Require Municipal Action* (Berkeley, CA: Turner Center for Housing Innovation, 2023).



pressure from constituents who do not want smaller, more affordable housing in their cities.¹⁵ This problem is not unique to Utah and must be overcome to solve the state's housing shortage.

Given the scale of the problem, and the various stakeholders in the public and private sectors, creating a broad strategic plan could be the best first step. A strategic plan can gather smart ideas, set ambitious targets, and find relevant performance benchmarks to correct Utah's housing shortage. We see success with such an approach in Utah's Coordinated Action Plan for Water, produced by multiple key stakeholders in 2022. We also see states like Oregon, Montana, and others engaging in aggressive state-level strategic planning to combat housing problems and preserve overall prosperity.¹⁶ With a strategic housing plan in place, the Legislature could then create the necessary statutory framework to help ensure that the plan is implemented.

RECOMMENDATION 1.1

The Legislature should require the creation of a state-level strategic plan for housing in Utah. This plan should define success and include goals that specifically address the current housing shortage and forecasted population growth.

Other States Have Adopted a More Statewide Approach to Address Housing Needs

Other states are employing a spectrum of state-level involvement to address housing problems. In Utah, state-level regulation in housing is quite low compared with that of the states we reviewed. The Legislature could adopt parts of other states' plans to create a regulatory system that meets the unique needs of Utah and its residents.

The policy concepts we present here are relatively new, which limits our ability to measure their effectiveness. There is a significant lag between enacting housing policy and determining whether the policy is effective. It takes time for state departments, local governments, and builders to determine how to

¹⁵ This attitude is commonly referred to as having a "not in my backyard" or NIMBY mindset.

¹⁶ Oregon's Goal 10 initiative helped lay the strategy groundwork for legislation that followed. In Montana, the governor organized stakeholders to strategize and craft legislation. In Connecticut, a zoning atlas was created by academics and regional planners to provide better data on land use regulations across the entire state. Utah is currently in the process of joining this effort to create its own zoning atlas.



implement the policy, additional time for implementation, and more time for the market to respond to the changes.

Nevertheless, we believe that relevant ideas put in practice elsewhere may be beneficial to Utah policymakers.

California Takes an Intense State-Level Approach to Housing Policy.



California has faced housing affordability problems for much longer than Utah has. As a result, the state has been attempting to legislate solutions for years. With California’s problems worsening, a significant revamp of state housing policy was completed in 2017 and continued statutory amendments have occurred since that time. Compared with other states, California is more prescriptive and complex in its housing production goals.

 **The approach of distributing statewide housing goals to regional governments mirrors the way real estate markets function and requires a collective approach to solve a collective problem.**

In simple terms, California’s Department of Housing and Community Development (DHCD) sets specific goals for housing production. The goals are then distributed to regional councils, which assign goals to individual cities. In turn, the cities must then produce rigorous housing plans according to state guidelines.¹⁷ After a city submits a plan, DHCD reviews the plan and ensures compliance with state statute and the allocated housing targets. If the city meets all the criteria, then its housing plan is certified. It is not uncommon for DHCD and cities to go through three to four rounds of review and revision.

According to DHCD, most cities are fully compliant with state requirements. However, if a city refuses to comply with state requirements, there are multiple penalties that could be applied, including:

¹⁷ Requirements for the plans include (1) estimating the specific housing potential of land parcels, (2) committing to rezone the city to achieve housing targets, and (3) implementing housing production strategies.



- Significant financial penalties up to \$600,000 a month
- Decertification of housing element, leading to ministerial review requirements for all developments

Despite the lengthy planning processes, this program has resulted in a substantial shift in rezoning. Since 2017, cities in California have rezoned for significantly higher densities compared to previous years. In 2021, it is estimated that rezoning allowed for 500,000 additional units of housing. Compared with rezoning that took place in 2014, which resulted in 50,000 additional units, California's 2021 rezonings are significant. Time will tell whether these changes in land use regulation will result in more housing units and whether these new units will improve affordability.



Oregon has implemented state-level housing policy that is less intense than California's approach.

In 2019, Oregon began the process to create a statewide housing planning program to assess housing needs. This would become the basis for the Oregon Housing Needs Analysis (OHNA), enacted in 2023. Because OHNA regulations have not been fully developed, it is difficult to determine the effect that Oregon's approach will have on the state's housing supply and prices.



Oregon's program is designed to compare a city's progress to that of other cities.

The state's role is to create housing goals in terms of housing units. As in California, OHNA's targets for housing production are meant to be ambitious and motivate changes to policy.

OHNA is designed to compare a city's progress on housing production to that of other cities in the same region and peer cities of a similar population. Corrective actions are taken only when a city is falling behind its peer cities or is refusing to implement agreed-upon policy changes. Whether penalties are imposed after corrective action is taken depends on if the city is acting in good faith with stated housing production strategies. If a city willfully neglects its responsibility, the state governing body issues an enforcement order to compel compliance with stated plans.



Montana's approach sets broad policies and allows local governments to manage compliance.

Instead of empowering an executive agency like California and Oregon, Montana has recently taken a more policy-centered approach by passing multiple bills that, broadly speaking, seek to make it easier to build housing. Some of the bills forced certain cities to allow apartments, accessory dwelling units, and duplex housing in more areas.

The Montana legislature also passed a spending package that includes slightly more than \$100 million for a housing infrastructure fund, about \$50 million for a mortgage assistance program, and \$50 million in affordable housing loans. This legislation passed with the support of the Montana League of Cities and Towns.

Montana's new statute also establishes the importance of affordable housing as a key purpose of planning in these terms:

Montana Senate Bill 382 Section 2 (2)(a)

"Coordinated and planned growth will encourage and support sufficient housing units for the state's growing population that are attainable for citizens of all income levels."

Utah's statute, by contrast, contains no reference to affordability among the several purposes stated for land use, development, and management acts at both the county and city level.¹⁸ Making affordable housing a purpose for the regulatory power of local governments could provide cities with both a mandate and political cover to approve more affordable (i.e., smaller and denser) development when existing residents seek to block it. Chapter 2 expands the discussion of local-level policy options.

¹⁸ See *Utah Code* 10-9a-102 and 17-27a-102.



RECOMMENDATION 1.2

The Legislature should consider amending the land use, development, and management acts at both the county and city level to clearly emphasize housing production and affordability as primary goals of land use regulations.

Utah Can Choose Variations of These Policy Options to Create a More Tailored State-Level Approach

The approaches of California, Oregon, and Montana represent a sliding scale of intensity in terms of state involvement in land use and housing development. The Legislature should review options from other states and other comparable options. A primary consideration for any pro-housing solution is the need to ensure that the state can continue to grow and prosper. The Legislature should not rule out ambitious options; instead, it should look to craft a solution that is best suited for Utah's circumstances and preferences.

When evaluating these options, the Legislature should expect to invest more resources into the executive agencies tasked with carrying out any new functions.¹⁹

RECOMMENDATION 1.3

With information gathered from strategic planning, the Legislature should consider the range of state-level policy options presented in this chapter to create a program to set and manage state-level housing production targets.

¹⁹ If executive agency action is needed in response to legislation in Utah, the Division of Housing and Community Development within the Department of Workforce Services would be the most likely agency for that. The division currently staffs the Commission on Housing Affordability and monitors compliance with moderate-income housing plan laws.





BACKGROUND

Utah has made significant legislative efforts to encourage affordable housing, but other states have taken more aggressive policy action to address housing underproduction. Although these policies are still evolving—and their impact is not yet well understood—we believe Utah policymakers may wish to consider these examples as an expanded list of what is possible. This chapter details policy options adopted in other states that pertain to local government authority and process (whereas Chapter 1 recommendations focus on state-level policy).

FINDING 2.1

The Legislature Could Change Local Land Use Regulations to Overcome Regulatory Limits on Population Growth.

RECOMMENDATION 2.1

The Legislature should consider whether to expand the moderate-income housing plan requirements to include forecasting benchmarks for household growth.

RECOMMENDATION 2.2

The Legislature should consider options to increase zoning density on a wide scale within the state.

FINDING 2.2

To Encourage Statewide Housing Goals, Utah Could Implement Incentives and Penalties for Noncompliance.

RECOMMENDATION 2.3

The Legislature should consider policy options to craft additional penalties and incentives associated with housing planning and targets to better ensure local government compliance.



CONCLUSION

Across the country, states are passing varied policies to increase the supply of affordable housing. We believe that the Legislature should review policies on zoning reform as well as incentives and penalties from other states and consider implementing similar programs in Utah.





Chapter 2

Facing Similar Housing Markets, Other States Have Created Policy Focused on Local Governments

Utah Has Recently Passed Policy to Increase Housing Affordability, but Other States Have Gone Further

Although Utah has made significant legislative efforts to encourage affordable housing, other states have taken more aggressive policy action, focusing on increasing housing production. Although these policies are still evolving—and their impact is not yet well understood—we believe Utah policymakers may wish to consider them as an expanded list of what is possible in this space.



The Legislature may want to consider housing production policies in other states as an expanded list of what is possible in this regulatory space.

This chapter details policy options adopted in other states that pertain to local government authority and process.²⁰ Because data about the effectiveness of these policies is limited, we rely heavily on scholarly work and policy research, as cited throughout our analysis. The sections in this chapter focus on specific policy examples in the following categories:

- Local land use regulations
- Penalties and incentives

Broadly speaking, scholars have found that pro-housing policy often develops over multiple years through an iterative approach.²¹ For example, the California legislature has modified its Regional Housing Needs Allocation (RHNA) or “housing element” law more than twenty times since 2017. These policy iterations tend to happen as lawmakers find opportunities to refocus intent and counteract noncompliance.

²⁰ The recommendations in Chapter 1 focus on state-level policy, while this chapter addresses the local level.

²¹ Shazia Manji, Truman Braslaw, Chae Kim, Elizabeth Kneebone, Carolina Reid, and Yonah Freemark, *Incentivizing Housing Production: State Laws from across the County to Encourage or Require Municipal Action* (Berkeley, CA: Turner Center for Housing Innovation, 2023).



Typically, housing policy involves multiple strategies and develops over time through an iterative approach.

Scholars also show that housing policy tends to enact multiple strategies at once, as opposed to narrowly focusing on small, targeted concepts.²² For example, Oregon’s and Montana’s recent housing legislation implemented provisions related to state-level housing strategy, city land use powers, city housing review and approval processes, incentives for compliance, and penalties for noncompliance. This broad approach is necessary because housing production involves many complex, interrelated systems.

2.1 The Legislature Could Change Local Land Use Regulations to Overcome Regulatory Limits on Population Growth

As described in Chapter 1, Utah faces an acute need for more housing. We believe the related findings in this chapter further support the need for the Legislature to consider adjustments to local land use duties and authority to create more opportunities for housing construction.

City and County Land Use Regulations Heavily Impact How Utah Will Grow

Because statute gives cities and counties almost total control over land use within their jurisdictions, local regulations collectively dictate how Utah can grow.²³ Although there are important reasons statute gives local governments this power, studies and policy research have shown that restrictive land use regulations can limit housing production, causing:

- Housing shortages (and related price increases)
- Stifled economic growth by constraining the labor market
- Expansion of urban sprawl as residents and workers seek affordable places to live²⁴

²² Ibid., 9.

²³ See *Utah Code* 10-9a-102(2); 10-9a-505(1); 17-27a-102(1)(b); 17-27a-505(1).

²⁴ Joseph Gyourko and Raven Molloy, “Regulation and Housing Supply” (NBER Working Paper Series 20536, Cambridge, MA: National Bureau of Economic Research, 2014); Edward L. Glaeser, Joseph Gyourko, and Raven E. Saks, “Why Have Housing Prices Gone Up?” *American Economic Review* 95, no. 2 (May 2005): 329–33; Maxwell Austensen, Janelle Jack, Charles McNally, Jaden Powell, and Hayley Raetz, *The Case Against Restrictive Land Use and Zoning* (NYU Furman Center, 2022).



In simple terms, local governments are required by statute to create long-term plans to account for present and future needs, as well as growth and development.²⁵ Under current statute, these plans are advisory only.²⁶ Local governments are also empowered to create zoning districts to regulate and restrict the type, size, and density of development that can occur on a plot of land.²⁷ This includes whether the land can be used for agricultural, industrial, commercial, or residential purposes. Residential zones establish minimum lot size, density (how many homes per acre), and whether single-family or multifamily homes can be built.



Statute gives cities and counties control over zoning. Currently, most of the land in Utah's major cities is zoned for single-family detached homes, which may lead to certain areas running out of space.

Pressure from citizens, along with other factors, has led local legislative bodies to favor single-family homes on relatively large lots.²⁸ Most of the land in Utah's largest cities is currently designated for single-family detached homes, which means certain areas could begin to run out of space for housing before 2050.²⁹

The Legislature Could Tie Existing Land Use Requirements to Projected Population Growth

In recent years, the Legislature has expanded certain city and county planning requirements to include a moderate-income housing plan. Although this plan requires goals and strategies to meet moderate-income housing needs, it is not tied to population projections as seen in states with more aggressive housing policies, like Oregon and California.

In those states, population growth targets are used to gauge whether certain planning and zoning decisions will reasonably accommodate projected population growth. For example, local governments in California are required to submit plans detailing the specific locations where they will rezone land to accommodate a specific growth number forecasted by the state. If locations fail to plan or zone for their portion of the growth forecast, penalties are prescribed,

²⁵ *Utah Code* 10-9a-401(1), 17-27a-401(1).

²⁶ *Utah Code* 10-9a-405, 17-27a-405(1). Counties may adopt an ordinance mandating compliance with the general plan.

²⁷ *Utah Code* 10-9a-505, 17-27a-505.

²⁸ Single-family home lots are typically larger relative to more space-efficient, "missing middle" housing types like townhouses, duplexes, fourplexes, stacked triplex, cottage court units, etc.

²⁹ See Finding 1.1 in Chapter 1 of this report.



such as withholding of certain state funding or the limited loss of specific land use authority.

In light of our findings from Chapter 1 about Utah’s outlook for growth and housing capacity, we believe the Legislature may want to consider similar options to benchmark moderate-income housing plans to Utah’s official projections for household growth. Doing so could allow local governments the flexibility to accommodate their portion of Utah’s population growth as they see fit.

RECOMMENDATION 2.1

The Legislature should consider whether to expand the moderate-income housing plan requirements to include forecasting benchmarks for household growth.

To Spur Housing Production, States and Cities Have Employed Upzoning

Zoning for single-family homes influences not only the capacity for growth, but also the affordability of housing. Land costs factor heavily into the overall cost of a home. As land prices increase, a house on a smaller lot will be less expensive than the same house on a bigger lot. Denser housing, like townhomes or condos, allows developers to disperse land costs over more homes, lowering the overall cost of the home. This can also spur development by making projects less capital intensive per unit. Figure 2.1 highlights this principle.

Figure 2.1: Denser Housing Allows Developers to Disperse Land Costs. By dispersing the land cost, the overall cost of each home is lowered.



Source: Auditor generated.

Therefore, not only will denser zoning allow Utah to better keep pace with population growth, it can also serve to reduce the cost of housing.



We found multiple examples of states and cities attempting to remove zoning constraints on housing production. Most of these efforts employ some degree of “upzoning,” requiring local jurisdictions to allow more homes to be built on less land. A few of these zoning reform bills are highlighted below.

Oregon upzoned medium and large cities. Medium-sized cities must allow duplexes in residential zones. Large cities must allow for duplexes, triplexes, fourplexes, cottage clusters, and townhomes.



If Oregon’s policy were implemented in Utah, there would be 39 large cities and 28 medium cities.³⁰



Minneapolis passed an ordinance that allowed duplexes and triplexes in lower density districts previously zoned only for single-family or two-family dwellings.

Due to environmental concerns, a county judge ordered a halt on upzoning in Minneapolis. This ruling has not prevented upzoning forever; rather it requires the city to prove no significant environmental impacts before moving forward.



Pennsylvania requires all jurisdictions to zone for different types of housing, including multi-family. This ‘fair share’ policy aims at building affordable units through market mechanisms. If a jurisdiction does not provide its fair share, developers can sue municipalities to “overcome exclusive zoning.”

Aggressive Upzoning in New Zealand Has Spurred New Housing

Because upzoning efforts in the United State have been relatively recent, we were unable to see whether they have been effective. However, in 2016, Auckland, New Zealand, made an aggressive effort to upzone and consolidate land use authority and research has been done on the impacts of those changes. Our typical practice is to compare Utah to other states; however, this was not possible

³⁰ Oregon statute considers medium-sized cities to be non-Portland Metro cities with a population of 10,000-25,000. Large cities are non-Portland Metro cities with a population higher than 25,000 and Portland Metro cities with a population over 1,000.



due to a lack of comparable data. We therefore looked to relevant research in New Zealand as it pertains to Utah’s housing situation.

In 2016, Auckland upzoned nearly three-quarters of its residential area to allow for multifamily housing. Since then, legislation has been passed by the New Zealand government to allow for medium density in all large cities.



Research shows that the Auckland upzoning resulted in an additional 26,903 dwellings permitted during the study period.³¹ Much of this growth is in attached (multi-family) units. From 2016 to 2021, there was a tenfold increase in attached dwellings permitted in Auckland.³² Because multiple factors can impact the cost and relative affordability of housing, additional research is underway to study the impact of these New Zealand policies on housing prices.

Utah’s recently passed First-Time Homebuyer Assistance program caps qualifying properties at \$450,000 to encourage builders to construct affordable homes. Program administrators report that many applicants have purchased townhomes or condos because, in today’s market, those are the units that first-time buyers can afford. Although this example is not directly related to the New Zealand housing policies mentioned above, it suggests that upzoning can clear the way for housing units that are more affordable simply because they are smaller and use less land.

Given the concerns regarding population growth described in Chapter 1, we recommend that the Legislature consider upzoning options to increase zoning density on a wide scale. This approach would create a uniform growth mandate across all selected jurisdictions.

RECOMMENDATION 2.2

The Legislature should consider options to increase zoning density on a wide scale within the state.

³¹ Greenaway-McGrevy R, Phillips P (2022), *The Impact of Upzoning on Housing Construction in Auckland*, Cowles Foundation for Research in Economics, Yale University.

³² *Ibid.*, 6.



2.2 To Encourage Statewide Housing Goals, Utah Could Implement Incentives and Penalties for Noncompliance

Even if the Legislature enacts state goals and policies as recommended in



If statewide housing goals are implemented, incentives and penalties will hold local leaders accountable to those goals.

Chapter 1, local governments have broad control over development within their boundaries. Cities that prefer single-family homes or low-density zoning can use their authority to stifle multifamily or high-density residential projects. If statewide housing goals are created, housing policy research shows that incentives and penalties are needed to hold local leaders accountable to those goals.³³

Incentives Can Encourage Desired Outcomes

Incentives encourage and support cities that take pro-housing actions. Most incentive programs are tied to some sort of funding; however, others give builders special privileges for affordable housing projects. Examples of incentive programs in other states are listed below.

California gives a density bonus to developers if they include a certain percentage of units that are affordable to low- to very low-income residents. Recent amendments require jurisdictions to adopt the density bonus law.



California has an Infill Infrastructure Grant program that funds infrastructure for mixed-use and residential infill projects. Projects must demonstrate readiness, affordability, proximity to transit, and more.



Massachusetts' Chapter 40R provides incentives for jurisdictions that adopt a "smart growth" overlay district. Jurisdictions receive between \$10,000 and \$600,000 immediately and \$3,000 per unit when a permit is issued.

When considering policy options, it is important to implement both penalties and incentives. Incentives, like infrastructure grants, can empower cities that want to build more housing but lack the necessary resources. Incentives also

³³Madeline Baron and Lorelei Juntunen, "Oregon Housing Needs Analysis Implementation Project—Task 10 Best Practice Review" (ECONorthwest, 2022).



support cities and counties that are already considered “pro-housing.” However, for cities and counties that are opposed to new development, incentives will not be enticing. For these cities and counties, clear statewide goals and penalties may be more motivating.

Penalties Can Support Compliance

Utah Code requires certain cities and counties to create a moderate-income housing report and submit it annually for review by the Housing and Community Development Division with the Department of Workforce Services. Those that fail to do so, or fail to implement the plan, are ineligible for state Transportation Investment Funds and must pay a penalty to the Olene Walker Housing Fund beginning in 2024.

Other states, having experienced challenges with compliance, have implemented more severe penalties. These penalties include fines, loss of land use control, and developer overrides.³⁴ A few examples are summarized below.



California has various penalties associated with RHNA. For example, jurisdictions that submit a housing element late are required to provide an update after four years, not eight. Additionally, jurisdictions that are noncompliant with their housing elements are also noncompliant with their general plans. Jurisdictions that have noncompliant general plans can no longer make permitting decisions.

Massachusetts’s Chapter 40B allows developers to petition for a development override in jurisdictions that have fallen behind in affordable housing production. Developers can petition the local zoning board of appeals if the project contains a certain number of affordable units, typically 20 to 25 percent.



A jurisdiction in Massachusetts can avoid these overrides if it meets one of three requirements: 10 percent of its housing stock is subsidized, it has an active housing production plan, or if it has dedicated deed restricted housing in 5 percent of the total area zoned for residential, commercial, or industrial use.

³⁴ Commonly referred to as the “builder’s remedy,” this is where developers get special development rights and can override city land use authority for projects in which a portion of units are set aside for lower income individuals.



Illinois requires jurisdictions in which less than 10 percent of the housing stock is affordable to create housing plans. If the goals in the housing plans are not met, developers can appeal a permit denial seeking a development override.

New Hampshire requires a jurisdiction's land use code to provide reasonable and realistic opportunities for workforce housing. In jurisdictions that do not provide these opportunities, courts can approve construction on workforce housing projects that have previously been denied.



In New Hampshire statute, workforce housing is defined as for-sale housing affordable up to 100 percent of the U.S. Department of Housing and Urban Development's calculation of "average median income" (AMI); for-rent housing is affordable up to 60 percent AMI.

In Chapter 3, we discuss some Utah cities that appear to be attempting to circumvent legislative intent. To encourage the addition of much-needed housing, we recommend that the Legislature consider a combination of penalties and incentives like the examples laid out in this section.

RECOMMENDATION 2.3

The Legislature should consider policy options to craft additional penalties and incentives associated with housing planning and targets to better ensure local government compliance.





BACKGROUND

As described in Chapter 1, housing affordability is a statewide issue, yet land use control is concentrated in cities and counties. Thus, cities and counties play a vital role in alleviating the housing affordability crisis.

FINDING 3.1

Some Cities Have Used Their Broad Land Use Authority to Circumvent New Laws.

NO RECOMMENDATION

FINDING 3.2

Concerns About City Compliance with Specific Requirements and Timeliness Were Largely Unfounded.

NO RECOMMENDATION

FINDING 3.3

Data About Entitled Units Does Not Give an Accurate Sense of Near-Term Housing.

RECOMMENDATION 3.1

As part of any statewide housing strategic planning, the Legislature should consider metrics to better track both actual and potential housing production.



CONCLUSION

We identified cities that are using their broad land use authority to circumvent new housing laws. However, after meeting with various developers, cities, and counties, we found no widespread problems with statutory compliance regarding specific developer concerns. Also, while the number of entitled units is an important measure showing local government actions to approve housing units, we believe policymakers should better understand the limitations inherent in the data.





Chapter 3

Cities Differ in Their Attitudes and Approaches Toward Housing

It is difficult to make comprehensive statements about Utah cities and counties because of the different approaches they take toward land use management. Nevertheless, we believe that the limited city ordinances and processes we reviewed as part of this audit can be informative for policymakers.

Some Utah cities exercise their land use authority to circumvent the intent of new pro-housing laws while remaining technically within the bounds of the law. Such examples suggest that policymakers will have to fine-tune housing policies multiple times over several years. In addition, our limited review of specific complaints against cities found no widespread problems with statutory noncompliance

We believe that relevant metrics, as an essential component of a strategic plan (as recommended in Chapter 1), will give the Legislature better insight into the efforts of individual cities and counties and the state as a whole. With that in mind, this chapter also discusses some limitations of using data about entitled units to measure a city's land use activity.

3.1 Some Cities Have Used Their Broad Land Use Authority to Circumvent New Laws

Our audit process identified examples where we believe cities used their broad authority over land use and development to circumvent policy changes from the Legislature. These examples illustrate why housing policy is often refined over multiple years, as discussed in Chapter 2. The laws mentioned here were broadly intended to ease the process of housing construction, thus increasing the housing supply at a faster rate with lower costs. By sidestepping these policies, cities are voiding the intended purpose. This avoidance of legislative intent is not uncommon in states that have had to repeatedly return to housing legislation to close loopholes.



Some cities across Utah used their broad authority over land use to circumvent recent policy changes. By sidestepping these policies, cities are voiding the intended pro-housing results.

The first examples are related to House Bill (H.B.) 1003, which was passed in special session in 2021 and prohibited certain design requirements for single-family and twin homes.



Soon after the bill’s passage, the city of Springdale passed an ordinance to reduce the maximum allowable size and height for certain residential units.³⁵ Property owners can now build larger, taller homes only if they “voluntarily” comply with the design standards that were outlawed by H.B. 1003. We also found that some cities had not updated their ordinances to comply with the design requirement prohibitions of H.B. 1003. One city explained that its design standards, while still in their city ordinances, are not being enforced. We believe that this city should repeal its noncompliant city code.

The Legislature also passed H.B. 82 in 2021 and S.B. 174 in 2023 to permit internal accessory dwelling units (IADUs, also known as “mother-in-law apartments”) to be built in any area zoned primarily for residential use.³⁶ In response, the City of Lehi cited concerns about infrastructure capacity and passed a temporary ordinance—the day before the law went into effect—to prohibit IADU construction in its planned community zones.³⁷ We believe that such a sweeping ordinance, albeit temporary, should have been founded on better analysis, and we question a political subdivision’s approach to counteract the state legislature’s intent in this way.



A cat-and-mouse pattern of policymaking is not uncommon in housing.

We believe that the policy-making authority of the Legislature should not be circumvented as it was in the examples above. More importantly, any future policy creation should consider the broad powers highlighted in these examples and be prepared to limit pertinent powers and institute penalties when

there is evidence of circumvention. This cat-and-mouse pattern of policymaking also occurs in other states that are seeking state-level solutions for housing affordability. For example, California has followed this pattern of policymaking with the Regional Housing Needs Allocation (RHNA) or “housing element” law. Over the past five years, many updates have been made to correct issues or loopholes identified in different housing elements. For real change to be made, policymakers should be prepared to annually adjust and tighten housing requirements.



Policymakers should prepare to act as evidence of circumvention arises.

³⁵ In two key residential zones, the city reduced the size of residential units from 5,000 to 3,000 square feet. The allowable height was reduced by 5 feet.

³⁶ See *Utah Code* 10-9a-530.

³⁷ The ordinance was passed under *Utah Code* 10-9a-504(1), which allows a municipality’s legislative body to pass a temporary land use ordinance if there is a compelling, countervailing public interest.



3.2 Concerns About City Compliance with Specific Requirements and Timeliness Were Largely Unfounded

During our audit, interested parties raised concerns about whether certain cities have imposed unreasonable development requirements or reviewed building permits in a timely manner. These concerns warrant examination, because the cost of a home can increase when unreasonably slow city processes add interest costs on construction loans or when a city requires unnecessary materials or design elements.

Although we were unable to substantiate accusations that cities had placed unfair roadblocks in the path of development, this finding does not necessarily



We reviewed various complaints about cities and counties and found them to be largely immaterial.

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.

After narrowing the list of complaints to those we could vet, we met with developers, cities, and other relevant parties to better understand the details. We found the concerns to be largely immaterial. For example:

- A developer complained that a city's site plan review was not done according to statute, was redundant, and took far too long. We found that the city's process should have been faster but that the developer was not correct in his understanding of the law or the city's process.
- Concerns were shared about a city changing exterior window design requirements between phases on a townhome development. The city acknowledged that it had missed these window requirements during the first phase of review. However, the city maintained that its mistake did not exempt subsequent phases from the ordinance in question.
- We reviewed complaints that a city's water requirements for a new residential development were unreasonable. Given the nuance and unknown variables at play, we do not believe the city's requirements were unreasonable.
- We also examined the review process for building permits in six large cities following complaints of delays. We found a handful of examples



where the permit review was delayed by a day or two, but the overwhelming majority of permits were reviewed within the time limits in statute.

3.3 Data About Entitled Units Does Not Give an Accurate Sense of Near-Term Housing

Throughout the audit, we saw reports to legislators and the Commission on Housing Affordability about “entitled units” as a key metric of what cities are doing to combat the housing shortage.³⁸ While the number of entitled units is an important measure showing local government actions to approve housing units, we believe policymakers should better understand the limitations inherent in the data.

First, many entitled units may not actually be built for years. For example, we spoke with Eagle Mountain officials who told us that the city has nearly 10,000 units that have been entitled for more than twenty years. Such delays can happen as developers work to plan the project, overcome obstacles, and obtain financing. In some cases, the entitled units are a long way from the infrastructure needed to build in the near term. Saratoga Springs officials explained that the city has around 19,000 entitled units, but that some areas of the city, encompassing several thousand of those units, are likely years away from having the infrastructure needed to develop homes on that land. Understanding this, policymakers can use entitlement numbers to lead conversations about areas of the state where strategic infrastructure investments could unlock potential housing units.

Second, the number of entitled units does not give information about the density of future development. As our analysis in Chapter 1 shows, proceeding with current plans—which include many single-family detached homes—could lead to a point where Wasatch Front counties begin to run out of space for new housing. It is not prudent to build exclusively single-family homes to the capacity of Utah’s scarce land for housing. To plan for and accommodate growth, better information is needed about total capacity, and unit density is the key element in the housing equation.



Information about entitled units is not the best way to measure a city’s action on housing development.

³⁸ In this usage, a housing unit is considered to be entitled when the property owner has a legal right, whether through zoning or a development agreement, to build the unit.



Finally, the Utah League of Cities and Towns has reported more than 160,000 entitled units from a sample of cities. While this number indicates concrete efforts made by cities to allow potential housing, even if every unit were built within the next twenty to thirty years, the amount of housing would still fall short of actual need, based on the population projections described in Chapter 1.



There are better ways to track housing units that are on a more realistic path to completion.

Instead of looking at entitled units as the main metric of development, some cities track units that are more likely to develop in the near future. We worked extensively with Saratoga Springs to review its list of *improved lots*. These are lots for which infrastructure improvements already exist and for which a building permit is the only—and very likely—step remaining until construction. Several of the empty lots we visited to vet this data now have completed homes up for sale.

As part of the strategic planning concept recommended in Chapter 1, we recommend that the Legislature consider metrics to better track both actual and potential housing production throughout the state. The Kem C. Gardner Policy Institute already tracks the number of residential units permitted in the state, and this information has been an invaluable resource for this audit. The Legislature should consider requiring cities to produce data about improved lots or lots in other stages of active development to better gauge both potential and near-term housing production.

RECOMMENDATION 3.1

As part of any statewide housing strategic planning, the Legislature should consider metrics to better track both actual and potential housing production.





Complete List of Audit Recommendations





Complete List of Audit Recommendations

This report made the following seven recommendations. The numbering convention assigned to each recommendation consists of its chapter followed by a period and recommendation number within that chapter.

Recommendation 1.1

We recommend that the Legislature consider requiring the creation of a state-level strategic plan for housing in Utah. This plan should define success and include goals that specifically address the current housing shortage and forecasted population growth.

Recommendation 1.2

We recommend that the Legislature consider amending the land use, development, and management acts at both the county and city level to clearly emphasize housing production and affordability as primary goals of land use regulations.

Recommendation 1.3

We recommend that with information gathered from strategic planning, the Legislature consider the range of state-level policy options presented in this chapter to create a program to set and manage state-level housing production targets.

Recommendation 2.1

We recommend that the Legislature consider whether to expand the moderate-income housing plan requirements to include forecasting benchmarks for household growth.

Recommendation 2.2

We recommend that the Legislature consider options to increase zoning density on a wide scale within the state.

Recommendation 2.3

We recommend that the Legislature consider policy options to craft additional penalties and incentives associated with housing planning and targets to better ensure local government compliance.

Recommendation 3.1

We recommend that as part of any statewide housing strategic planning, the Legislature consider metrics to better track both actual and potential housing production.





Appendices



A. Wasatch Front Regional Council – Explanation of Real Estate Market Development Model Analysis



In WFRC and MAG's Real Estate Market Model (REMM), geographically-specific development capacity ceilings are used as constraints as REMM simulates both future greenfield development and potential future redevelopment of properties with existing structures. The development capacity ceiling for individual parcels within the WFRC area is assumed to be *the greater of either*:

1. the allowable density specified for that geographic area in each city's recent general plans, or
2. a 'centers-based override' assumption, for parcels that are within one of the four types of urban centers – whose boundaries and scales were developed collaboratively as part of the Wasatch Choice Regional Vision – that the containing city has indicated are likely to be reflected in future updates to their general plan.

In REMM, future growth in each Wasatch Front county is modeled separately in order to meet the year-by-year county-level growth projections¹ forecasted by the University of Utah Gardner Policy Institute's (GPI) Demographics group, in support of the Utah Population Committee (as established in [Utah statute](#)). If the 'centers-based override' capacity additions (criterion #2 above) are removed from REMM's assumptions for allowable future capacity ceilings to create a 'no-centers scenario', the current version of the model is unable to develop enough housing units in some counties to meet the future housing unit demand as forecasted by GPI. When this *capacity insufficiency* happens in a future year that REMM is modeling, it adversely impacts the results for that year and all subsequent years being modeled in the scenario. So, reaching the capacity threshold for a future year essentially means that REMM can't perform future year distributions from that year forward for the scenario. *The year that the capacity insufficiency is reported by the model should not be taken as an absolute milestone, but rather a relative indicator.* As REMM is grounded in existing market conditions and trends, it is not able to foresee and apply all potential changes to the regional real estate market as this threshold is approached.

The table below shows the amount of unplaced households, by county, under the conditions of the 'no-centers' scenario. Currently, in the 'no-centers' scenario, Salt Lake County reaches a capacity insufficiency first when the urban centers assumptions are removed, and is not able to develop enough housing to meet growth, starting around year 2043 of the model. Davis County reaches a capacity insufficiency beginning in the year 2048 of the model. In regional planning discussions, it is perhaps more a commonly held belief that Davis County will run out of

¹ GPI's population and employment projections are updated every four years, at the midpoint of the four year cycle used by Utah's transportation agencies for long range planning. The next projections update is expected in Spring/Summer 2025.

development capacity before Salt Lake County. One possible reason our scenario result does not reflect this may be that the development capacities – in the general plan information collected from Davis County cities in 2020 and used in REMM – already reflects some of the higher capacities of the "centers-based override" layer that is turned off in the analysis of the 'no-centers' scenario.

REMM Year	Unplaced Households		
	Salt Lake County	Davis County	Weber County
2041	0	0	0
2042	-100	0	0
2043	-1000	0	0
2044	-2700	0	0
2045	-4300	0	0
2046	-7700	0	0
2047	-12300	0	0
2048	-17900	-1000	0
2049	-24200	-2300	0
2050	-30900	-3500	0

In the case of both Salt Lake and Davis counties, the REMM model continues to redevelop existing parcels and add new housing units past the year that it reaches the capacity insufficiency threshold for the affected county. However, the deficit in the model grows larger each year after this constraint is hit, through 2050, the current horizon year of the modeling period used to support the Regional Transportation Planning period.

It is important to note that REMM's primary purpose is as a future growth *distribution* model that allocates GPI's forecasted county-level household and job growth to the much smaller traffic analysis zones used by the regional travel demand model. Although using REMM to explore scenarios like this one is possible and potentially insightful, ***the resulting capacity insufficiency results we are sharing should not be considered/presented as a projection per se.*** Rather, the results are best communicated as a relative indicator of potential market conditions that may need further understanding and attention.

**B. Analysis of Residential Units
Permitted from 1994-2022**



Listed here are the 30 Utah jurisdictions with the highest number of residential building permits from 2018-2022. The data is sorted from largest to smallest in the Total column.

Figure B.1: The 30 Utah Jurisdictions with the Highest Number of Residential Building Permits from 2018-2022. Of note, the top 10 cities accounted for 66,693 units permitted from 2018-2022. This was 43.3 percent of the state total of 154,132 permits during this period.

	Jurisdiction	Residential Building Permits Issued (in units)					Total
		2018	2019	2020	2021	2022	
1.	Salt Lake City	877	3,894	2,282	4,131	2,679	13,863
2.	Lehi	1,444	1,587	1,080	2,198	2,249	8,558
3.	St. George	1,357	1,511	1,847	1,620	1,493	7,828
4.	South Jordan	1,092	1,044	1,272	1,796	924	6,128
5.	Herriman	2,053	1,532	967	858	696	6,106
6.	Eagle Mountain	854	1,113	1,339	1,674	1,069	6,049
7.	Saratoga Springs	653	730	1,536	1,763	1,159	5,841
8.	American Fork	377	539	769	2,323	637	4,645
9.	Washington	553	1,164	929	960	735	4,341
10.	West Valley City	211	398	1,212	330	1,183	3,334
11.	Draper	898	606	779	226	719	3,228
12.	West Jordan	601	643	650	1,034	165	3,093
13.	West Haven	228	571	728	1,075	465	3,067
14.	Cedar City	419	291	596	845	864	3,015
15.	Hurricane	439	388	695	680	682	2,884
16.	Layton	499	354	796	544	601	2,794
17.	Spanish Fork	460	286	440	661	836	2,683
18.	Murray	240	228	238	1,000	795	2,501
19.	Syracuse	365	311	394	873	526	2,469
20.	Provo	388	337	675	674	371	2,445
21.	Orem	563	864	182	301	388	2,298
22.	Logan	211	480	814	181	373	2,059
23.	Vineyard	718	359	467	344	73	1,961
24.	Clearfield	196	109	347	960	321	1,933
25.	Payson	238	395	311	279	626	1,849
26.	Tooele	236	391	332	552	262	1,773
27.	Bluffdale	564	65	583	440	65	1,717
28.	Santaquin	214	231	430	571	254	1,700
29.	Salt Lake County	60	157	390	320	771	1,698
30.	Midvale	521	427	286	221	236	1,691

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

This table lists the 30 Wasatch Front jurisdictions (i.e., those from either Weber, Davis, Salt Lake, or Utah counties) with the lowest number of residential building permits issued from 2018-2022.

Figure B.2: The 30 Utah Jurisdictions with the Lowest Number of Residential Building Permits from 2018-2022.

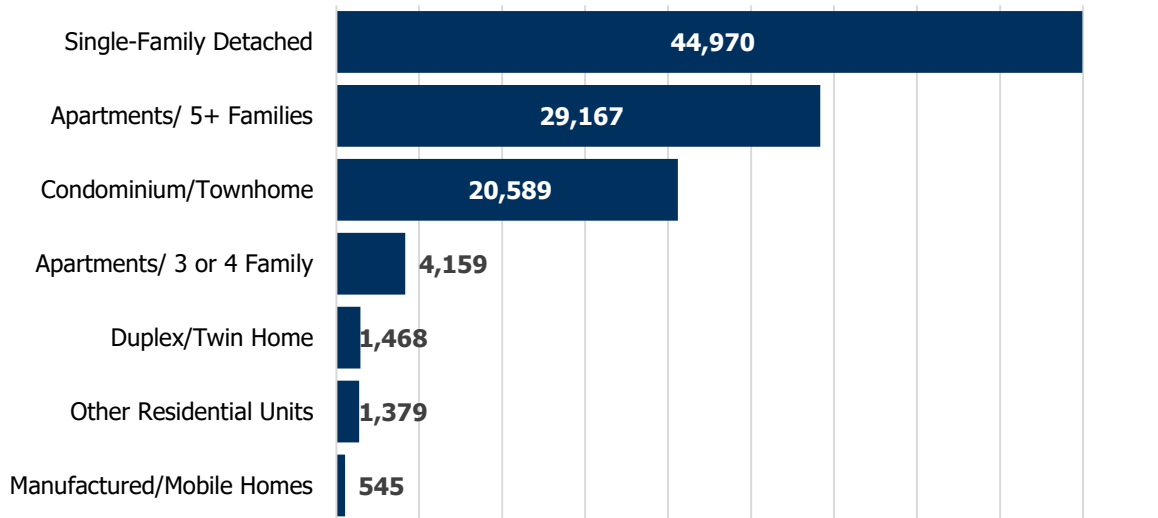
	Jurisdiction	2018	2019	2020	2021	2022	Total
1.	Alta	0	0	0	0	0	0
2.	Woodland Hills	0	0	0	0	0	0
3.	Goshen	0	0	3	2	7	12
4.	Uintah	13	3	1	1	0	18
5.	Davis County	5	9	6	0	0	20
6.	Harrisville	12	0	1	3	9	25
7.	Holladay	7	4	1	4	22	38
8.	Fruit Heights	13	7	21	4	9	54
9.	Riverdale	10	11	28	18	2	69
10.	Sunset	15	1	42	0	13	71
11.	Washington Terrace	14	2	39	14	5	74
12.	Huntsville	9	8	9	41	12	79
13.	Cedar Hills	6	7	20	51	4	88
14.	Elk Ridge	21	12	22	35	3	93
15.	West Bountiful	35	47	20	22	9	133
16.	Centerville	14	13	38	40	61	166
17.	Alpine	31	13	22	67	45	178
18.	Utah County	33	25	44	54	41	197
19.	Pleasant View	36	21	63	87	65	272
20.	Woods Cross	47	98	97	39	32	313
21.	Farr West	55	108	78	64	33	338
22.	Bountiful	103	67	50	56	106	382
23.	South Weber	112	133	81	53	19	398
24.	Cottonwood Heights	90	62	38	117	144	451
25.	Lindon	85	136	98	115	77	511
26.	South Ogden	174	51	54	182	55	516
27.	Roy	123	116	114	61	112	526
28.	Plain City	163	81	94	105	105	548
29.	Clinton	118	109	121	152	83	583
30.	Riverton	137	119	150	59	126	591

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

The data on building permit approval shows exceptionally high levels of residential construction from 2020-2022. As the next chart shows, 44 percent of the total 102,277 permits approved during this period were for single-family detached homes with another 29 percent approved for apartment projects with 5 or more units. On the surface, seeing such high numbers of residential units being built is good news when the priority is to provide enough housing for all households in the state. However, in light of the concerns about limited land and huge forecasted future growth, building so

many single-family homes could be seen as a concerning trend. Especially since research from the Gardner Policy Institute is beginning to show that buyers earning less than 80 percent of the area median income are still struggling to find affordable housing.

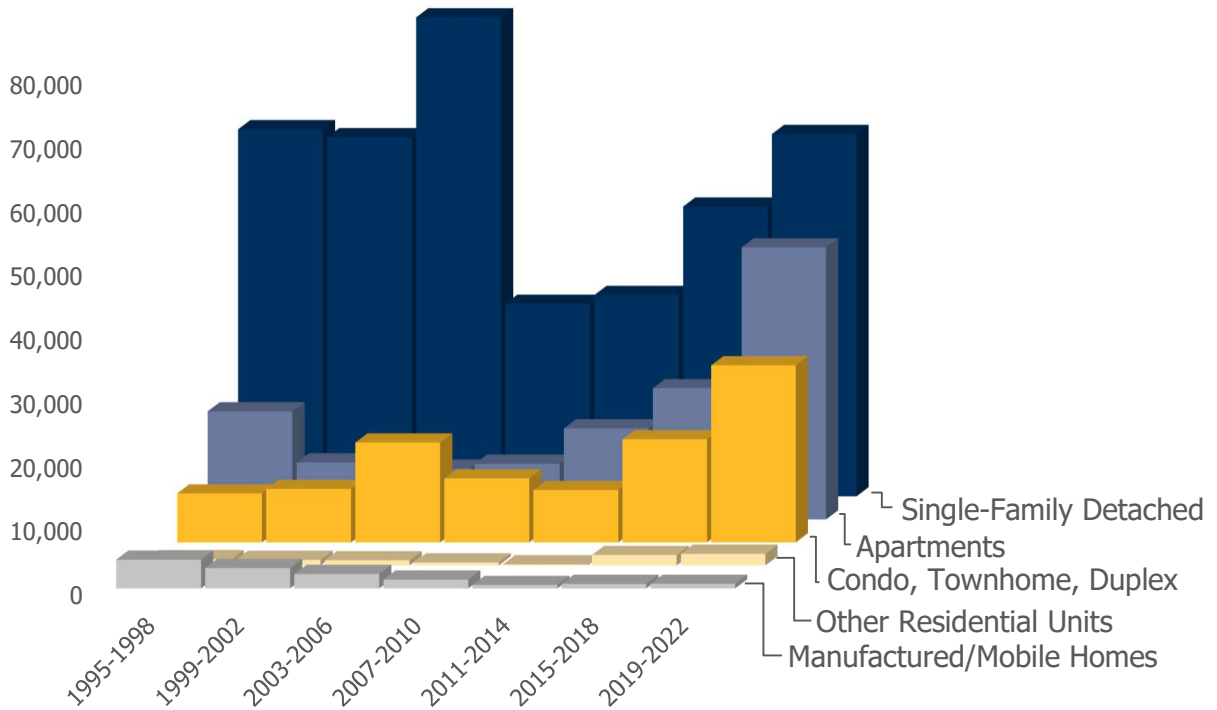
Figure B.3: The Majority of Residential Permits Approved from 2020-2022 Were for Single-Family Detached Homes and Apartment Projects with Five or More Units.



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

The next chart shows the same breakdown of residential construction type back to the mid-1990s. In all periods shown here, single-family detached homes dominate among new residential construction. As our report makes clear, building more housing units on less land seems to be a critical strategy; these numbers can give a sense of how that approach may differ from the past.

Figure B.4: In All Periods Shown Here, Single-Family Detached Homes Dominate Among New Residential Construction.



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



Agency Response



A. Audit Response - Utah League of Cities and Towns



November 6, 2023

Kade Minchey, CIA, CFE
Auditor General
Office of the Legislative Auditor General
W315 State Capitol Complex
Salt Lake City, UT 84114



Re: Response to the Performance Audit of Utah Housing Policy ("Audit") Report No. 2023-16

Dear Mr. Minchey:

The Utah League of Cities and Towns (the "League") appreciates your team's work and collaboration exploring how Utah policymakers can plan for population growth and housing affordability. Our response below addresses the Audit's recommendations and findings.

The League hopes that the legislative response to the Audit builds on the 24 significant bills in the last five years that the Legislature has passed and local governments are implementing to improve how we plan for growth.¹ Per the Audit on pages 15-16, "there is a significant lag between enacting housing policy and determining whether the policy is effective. It takes time... to determine how to implement the policy, additional time for implementation, and more time for the market to respond to the changes."

Between 2019 and 2022, Utah's local governments permitted more housing units than any other four-year period in state history on record, including a record number of townhomes and apartments. As a result, Utah's housing shortage decreased from 56,230 in 2017 to 28,415 in 2022.² Utah's local governments have also zoned for and entitled more than 190,000 housing units³ for which building permits have not been requested. Unfortunately, significant economic headwinds in 2022 and 2023—which neither state nor local governments can influence—including interest rates, materials and labor shortages, and inflation, are reducing the ability of developers to produce more housing units.

Specific Responses to Audit Recommendations

Recommendation 1.1: *The Legislature should require the creation of a state-level strategic plan for housing in Utah. This plan should define success and include goals that specifically address the current housing shortage and forecasted population growth.*

Response: The League believes that a strategic plan that addresses affordable home ownership, housing affordability, infrastructure needs, economic development, and population growth—in collaboration with the state, local governments, the private sector, and residents—would be worthwhile. The League believes that the primary target should be more affordable home ownership opportunities for Utahns. The League also wants to ensure financially sustainable infrastructure and the quality of life for current and future residents.

¹ Charting Utah's Growth Legislation, September 2023 (see attached)

² Kem C. Gardner Policy Institute, "State of the State's Housing Market 2022-2024" ([The State of Utah's Housing Market, 2022-2024](#))

³ ULCT 2023 Internal Housing and Land Use Survey

Recommendation 1.2: *The Legislature should consider amending the land use, development, and management acts at both the county and city level to clearly emphasize housing production and affordability as primary goals of land use regulations.*

Response: The Land Use, Development, and Management Acts (LUDMA and CLUDMA) define the purpose of land use regulations in 10-9a-102 and 17-27a-102 and the current purpose list is silent on housing. We agree that housing should be added to the list.

Recommendation 1.3: *With information gathered from strategic planning, the Legislature should consider the range of state-level policy options presented in this chapter to create a program to set and manage state-level housing production targets.*

Response: The League cautions that any “targets” should recognize what government controls and what government does not control. Cities plan for housing, but the private sector builds the housing. The Audit explains on page 27 that other states have not had time to determine the efficacy of state targets.

One of the largest impediments to housing production in greenfield areas and redevelopment is infrastructure, including water, sewer, and roads. The League supports state investment in infrastructure that could unlock housing units, particularly for affordable home ownership.

Recommendation 2.1: *The Legislature should consider whether to expand the moderate-income housing plan requirements to include forecasting benchmarks for household growth.*

Response: The League is hesitant about this recommendation in light of the experiences in other states (see recommendation 1.3). The other states that have set benchmarks do not yet have results of whether those policies have improved housing affordability or affordable home ownership.

The League is also concerned about benchmarks that are outside of governmental control to achieve based on examples that cities have reported to us. For example, multiple Utah cities have zoned for unlimited density near transit stops but the market has only produced wood-framed podium-style apartment buildings due to the cost of building larger steel-framed buildings. The wood-framed buildings are more profitable for developers to build and easier for developers to finance, but they do not maximize the planning and zoning opportunities available on that limited available land near transit.

Additionally, other cities have reported that they eliminated lot lines and zoned for increased density, but the homebuilders only built to a fraction of the entitled density. Finally, one city indicated that a homebuilder with more than 2,000 entitled housing units had reduced their anticipated housing production by about 50% due to economic conditions in 2023.

Recommendation 2.2: *The Legislature should consider options to increase zoning density on a wide scale within the state.*

Response: Utah’s cities and towns have enacted zoning regulations to increase residential density in many places across Utah. The League is concerned about potential one size fits all state action that mandates certain outcomes without consideration of infrastructure, geography, geology, or planning. The League has supported legislation that has contributed to increased residential zoning in the right places.

For example, the League endorsed, and cities are implementing, HB 462 from 2022, which requires certain cities to proactively create Station Area Plans (SAPs) by 2025. Those cities with Frontrunner, TRAX, or bus rapid transit stops (more than 100 in the Utah Transit Authority district) must plan for housing affordability, transportation connectivity, environmental sustainability, and economic opportunity.

Vineyard and Farmington recently certified their station area plans, which collectively could result in at least 10,500 housing units within a half mile of their Frontrunner stations.

Additionally, Utah has ranked in the top five states for housing permits per capita over the last five years. Utah also has the 15th smallest median residential lot size in the country.⁴ In other words, Utah's residential areas have more density today than many places in the country.

Density does not always equate to more affordability or more affordable home ownership. For example, cities have reported examples to the League of where they have zoned for smaller lots, but the market has produced large housing units on those small lots that are not affordable. Additionally, cities have also reported that some townhomes and small lot developments are turning into for-rent products and investor-owned inventory.

Recommendation 2.3: *The Legislature should consider policy options to craft additional penalties and incentives associated with housing planning and targets to better ensure local government compliance.*

Response: Utah has significant legislation in the “incentives and penalties” space, including some that have not yet gone into effect. In recent years, Utah enacted legislation that requires local governments to plan for moderate-income housing (MIHP) and submit annual reports to the Department of Workforce Services (DWS) to demonstrate how local governments are implementing the plans. If local governments are not in compliance, then they are ineligible for Transportation Investment Fund and Transit Transportation Investment Fund dollars, which consist of hundreds of millions of state dollars annually. During the 2023 interim, the Commission on Housing Affordability recommended aligning additional state funds to local government compliance with MIHP. For the first time, in 2024, a city that is non-compliant with MIHP will have to pay nearly \$100,000 for the year to the Olene Walker Housing Fund.

Last year, 97.5% of cities were in compliance with MIHP. Even so, the League has been frustrated with annual changes to the MIHP statute and processes, which complicates the ability of local governments to know exactly how to comply. That said, the League has been working with DWS on this point.

Finally, the League is concerned about additional penalties related to policies which do not ultimately facilitate outcomes of enhanced affordable home ownership opportunities.

Recommendation 3.1: *As part of any statewide housing strategic planning, the Legislature should consider metrics to better track both actual and potential housing production.*

Response: The League supports consistent and clear data about housing production in Utah. The State of Utah has not regularly collected data about the housing units that local governments have planned but the private sector has not yet built. Local governments plan for housing through the entitlement process which empowers a property owner to build up to a defined density.

The League has gathered data from 66 cities across Utah on the number of entitled units. The data shows more than 190,000 entitled units for which building permits have not yet been requested. This data demonstrates to us that local governments are planning and zoning for housing units, even when there may be public pushback. The League also acknowledges the point on page 38 of the Audit that the 190,000 entitled units are in various stages of the development process and welcomes additional metrics and data analysis about the obstacles preventing the development of those housing units.

⁴ 2022 Angi Median Residential Lot Size Index ([Lot Size Index by US States \(angi.com\)](https://www.angi.com/resources/lot-size-index-by-us-states/))

Additionally, the metrics should include other uses of residential units that impact the availability of housing for homeowners including the scope of short-term rentals and investor ownership. For example, the Kem C. Gardner Policy Institute studied the scope of short-term rentals in Utah in 2021 and found more than 19,000 short-term rentals.⁵ In some areas, the expansion of short-term rentals has outpaced the production of new housing units for residents.

Specific Responses to Audit Findings

Finding 1.1: *Time is Running Short to Accelerate Action on Housing Policy.*

Response: The League believes that the acceleration has been underway as the Legislature has enacted at least 24 significant bills to improve land use planning and try to facilitate housing affordability and affordable home ownership. The League has supported nearly all those bills.

For example, the Legislature enacted SB 174 and HB 406 in 2023—which the League endorsed—that modified how local governments administer subdivision applications. The bills define the subdivision approval process, eliminate public hearings for final review, and codify time frames for the review of improvement plans. This new subdivision process should improve the timeliness of review and approval of residential subdivisions which should reduce the carrying costs for home builders. These bills do not fully take effect until 2024. The “acceleration” should recognize that many critical bills are still being implemented and have yet to fully bear fruit.

Additionally, the Audit states that government does not build housing and market forces drive housing production. To that end, there are many market forces that state and local governments cannot influence, including interest rates, inflation, labor shortage, materials costs, land costs, infrastructure challenges, preferences of buyers/renters, and return on investment.

The League wants to improve opportunities for affordable home ownership, ensure infrastructure that is fiscally sustainable, and enable the quality of life of current and future residents.

Finding 1.2: *Utah Should Adopt State-Level Measures and Targets for Housing Needs and Construction.*

Response: See response to Recommendation 1.3

Finding 2.1: *The Legislature Could Change Local Land Use Regulations to Overcome Potential Regulatory Limits on Population Growth.*

Response: The League believes that most cities are using their land use authority responsibly to strategically plan for housing, infrastructure, open space, and educational and economic opportunities. As referenced in recommendation 3.1 above, League data shows that 66 cities have zoned for and entitled more than 190,000 housing units. With an average of 3.08 Utahns per household, those entitled units, when built, could accommodate approximately 585,200 new Utahns. As referenced in recommendation 2.3, the vast majority of cities have complied with MIHP demonstrating that cities generally are using their authority responsibly.

Finding 2.2: *To Encourage Statewide Housing Goals, Utah Could Implement Incentives and Penalties for Noncompliance.*

⁵ Kem C. Gardner Policy Institute, 2022 Short-term Rental Inventory ([Short-Term-Rental Inventory \(utah.edu\)](https://www.kemc.edu/short-term-rental-inventory))

See response to recommendation 2.3 above.

Finding 3.1: *Some Cities Have Used Their Broad Land Use Authority to Circumvent New Laws.*

Response: We recognize that there are some local governments that have not complied with land use laws, but they are the exceptions. The League has not opposed consequences (state funding alignment, Property Rights Ombudsman dispute resolution process, litigation, MIHP non-compliance fee) in place for those communities if they willfully have not followed the law.

Finding 3.2: *Concerns about City Compliance with Specific Requirements and Timeliness Were Largely Unfounded.*

Response: The League appreciates this finding which indicates that city leaders are generally collaborative and work in good faith to respect property rights and plan for growth.

Finding 3.3: *Data about Entitled Units Does Not Give an Accurate Sense of Near-Term Housing.*

Response: See response to recommendation 3.1 above.

Conclusion

We appreciate your collaboration with the League and your analysis on this issue.

Sincerely,



Cameron Diehl
ULCT Executive Director
cdiehl@ulct.org



B. Audit Response - Department of Workforce Services





State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

**Department of
Workforce Services**

CASEY R. CAMERON
Executive Director

GREG PARAS
Deputy Director

NATE MCDONALD
Deputy Director

KEVIN BURT
Deputy Director

November 6, 2023

**Department of Workforce Services Response to A Performance Audit of Utah
Housing Policy**

On behalf of the Department of Workforce Services/Housing and Community Development Division, we would like to thank the Office of the Legislative Auditor General for including us in this audit endeavor. The department provides staff support to the Commission on Housing Affordability. In this role of support and in collaboration with the commission chairs, we can assure the audit’s findings and recommendations are presented to the full commission as next steps are identified.

We agree with the audit’s premise that a statewide strategic plan tailored to our unique statewide needs should be a priority. In upcoming months, the department, in partnership with the Kem C. Gardner Policy Institute, will be releasing a database that provides population growth and housing deficit projections for municipalities with a population of at least 5,000. This data paired with infrastructure, natural resource and land availability data will provide the foundation for a statewide and local strategic plan.

Through the Housing and Community Development Division, DWS administers the federal and statewide housing programs primarily through the Olene Walker Housing Loan Fund. The department stands ready to work with the legislature and the Governor’s Office to implement any new applicable housing policies, including the development of a statewide and local strategic plan.

We look forward to continuing the conversation with other key stakeholders and the Commission on Housing Affordability.

Christina Oliver, Division Director
Housing and Community Development
Department of Workforce Services



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