

2012

Toquerville City: Affordable Housing Plan



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City Council of Toquerville City.

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Toquerville City: Affordable Housing Plan

Executive Summary

The intent of this affordable housing plan is to help to ensure that Toquerville City provides a reasonable opportunity for a variety of housing, including moderate income housing, to meet the needs of current and future residents of Toquerville City.

The population of Toquerville City is expected to increase over the next 10 years. Nearly half of all current Toquerville City households are earning a moderate income or less, which means that demand for affordable home ownership and rental opportunities will likely increase.

At the present time, there is a surplus of housing in Toquerville City that should be sufficient to satisfy the rising population demands for moderate income housing, but nearly one-half of the existing housing stock in the city is more than 30 years old. In order to maintain a healthy housing stock capable of providing safe, decent, and affordable living conditions for residents, active maintenance and improvements to the housing stock is necessary.

The *Housing Estimating Model/Software*, provided by the Utah State Division of Housing and Community Development and Lotus Community Development Institute, indicates that there are currently more moderate income households in Toquerville City than housing units which these households can afford. In addition, the model indicates that households earning less than a moderate income do not have sufficient opportunity to purchase or rent affordable homes within the City of Toquerville.

Although, the City of Toquerville is a low density community on the periphery of a larger conglomerate of cities, the limited provision for multi-family or other high density housing within the City's zoning districts may be limiting affordable housing opportunities for very low and extremely low residents of the community.

The following goals are recommended to maintain adequate affordable housing choice for all those who wish to reside in Toquerville City:

- Increase Opportunities to Purchase Affordable Housing to Provide Housing Choice for Moderate, Very Low and Extremely Low Income Earning Households by promoting use of the USDA Rural Development Loan and Mutual Self Help Programs.
- Increase Affordable Rental Opportunities to Provide Housing Choice for All Income Ranges by identifying areas for future multi-family development and working with the St George Housing Authority.
- Rehabilitate Existing Housing to Increase Rental Properties, Homeownership, and Reinvestment in Toquerville City by promoting federal and state funded home rehabilitation and weatherization programs.

Introduction

In 1996 the Utah Legislature passed House Bill 295 requiring cities and counties to include an affordable housing element as part of the general plan. Housing is considered affordable when moderate income households spend no more than 30% of their gross monthly income on housing expenses.

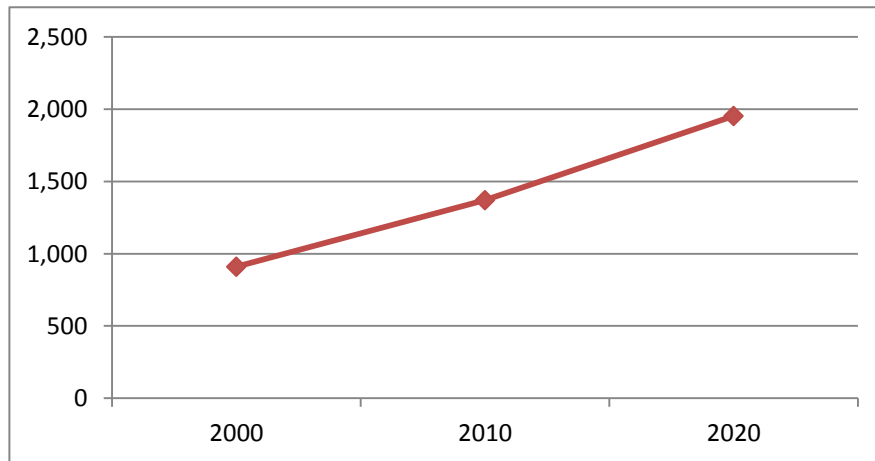
The intent of this affordable housing plan is to ensure that Toquerville City provides a reasonable opportunity for a variety of housing, including moderate income housing, to meet the needs of the population desiring to live in Toquerville City. Moderate income housing should be encouraged to allow persons with moderate incomes to fully participate in, and benefit from all aspects of neighborhood and community life.

Demographics

Population and Growth

Since 2000 Toquerville City has seen the population increase by 460 people to bring the total population to 1,370 in 2010. According to the Governor’s Office of Planning & Budget (GOPB) the annual growth rate averaged 5.05% between 2000 and 2010, and is projected to continue to grow at a rate of 4.2% between 2010 and 2020. If the projected growth rate is realized, Toquerville City will gain 582 new residents by 2020. The graph below shows the population projections based upon 2012 baseline population projections.

Toquerville City Population Projections



Source: Governor’s Office of Planning & Budget, 2012 Baseline Population Projection

Analysis of Population and Growth

The projected population increase of 582 new residents by 2020 is significant because 189 new households will need a place to live in Toquerville City. By dividing the

estimated population increase by Toquerville City's average household size (3.08) the total number of new households can be calculated ($582/3.08 = 189$).

There are an estimated 57 non-seasonally vacant dwelling units in Toquerville City according to the 2010 US Census. Seasonally vacant housing is housing units that are vacant during a specific season, and are for recreational or occasional use. Although it is likely that many of the future residents will fill some of the vacant units, the vacant housing stock will not be sufficient to accommodate all of the estimated households over the next 10 years. In addition, the existing housing stock will have to be maintained and in some cases, rehabilitated, in order for the units to be safe, decent places to live.

Households that earn a moderate income and less make up 48% of the population. Of the 189 new households that move to Toquerville City over the next 10 years, 91 will need affordable housing options. To meet this need, 9 affordable housing units will be needed on a yearly basis.

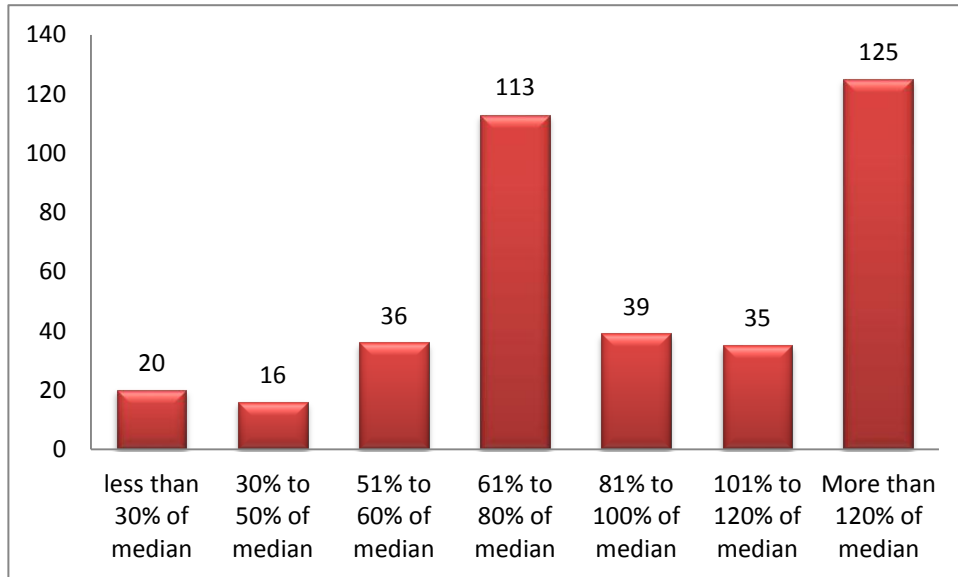
In addition to providing sufficient affordable housing options for purchase, it is important to provide adequate opportunities for low to moderate income households for rent. If current trends continue, 2 of the future households will need an affordable rental each year, and the other 7 will likely purchase their home.

Income

Analyzing the income of Toquerville City's residents is critical to understanding the affordable housing need for the city. Household income is used to determine housing affordability. First, the standards used to identify when housing is affordable will be discussed. Next, the cost for housing in the city will be analyzed by using existing home values, homes for sale, and market rental rates. Finally, housing costs will be compared with household income levels to determine whether or not Toquerville City's housing is affordable to moderate income households.

Because the cost of living is relative to the area in which the residents live and to household size, the U.S. Department of Housing and Urban Development (HUD) has created a measure called the Area Median Income (AMI). The AMI is the standard to determine housing affordability. The chart below converts household income levels into AMI, and illustrates the number of Toquerville City households whose total income falls within each income bracket.

Number of Households by Percent of AMI



Source: Census 2010; Housing Estimating Model/Software

Analysis of Income

185 (48%) households in Toquerville City earn a moderate income or less. A moderate income in Toquerville City is 80% of the area median income, or \$45,680 annually. 20 (5%) households in Toquerville City earn just 30% of the area median income, or \$17,130 annually. The households that earn just 30% of the area median income find it very difficult to live within the affordable housing guidelines since they cannot afford average market rental rates. It is vital to the well-being of the community that households of all income levels have housing options.

Housing Stock

Housing Occupancy and Vacancy

According to the U.S. Census, there are 501 housing units in Toquerville City. 444 (89%) of the units were occupied while 57 (11%) were vacant. Of the 444 occupied housing units, 374 (84%) were owner occupied, and 70 (16%) of the units were rented.

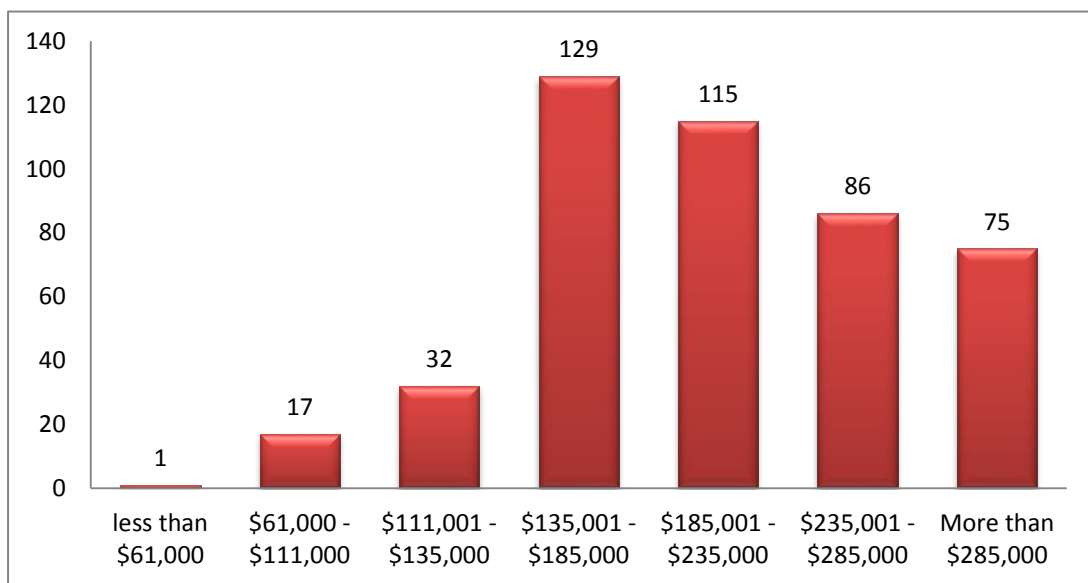
Housing Type

The 2005-2009 American Community Survey estimates that Toquerville City has 474 single-family detached units and 22 mobile home/trailer units. There are currently no multi-family units within the City.

Value of Existing Housing Stock

The current market value of the housing stock is used to determine affordability of home ownership. The chart below shows the current market values of existing homes in Toquerville City according to the Washington County Assessor.

Market Value of Existing Properties



Source: Washington County Assessor, 2010

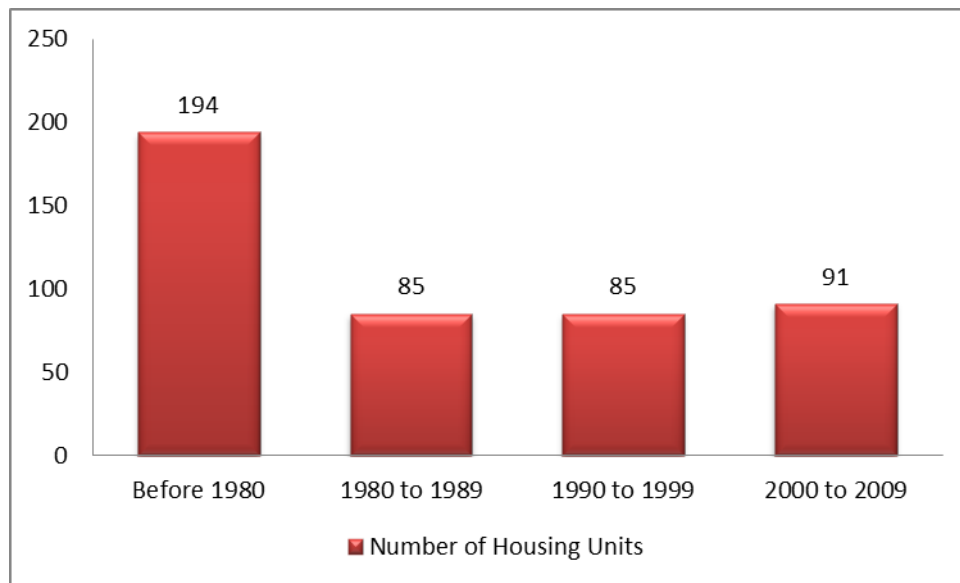
Toquerville City Real Estate

Property research conducted on www.realtor.com indicates that there are currently 19 total properties for sale in Toquerville City as of October 11, 2012. The median asking price is \$209,900. 18 of the 19 units listed have 3 or more bedrooms. Of the 19 units listed, 8 (42%) are listed below \$185,000, which is affordable for a moderate income household; 5 (26%) of the units are below \$111,000, which is affordable for very low income households; and none of the houses are affordable to extremely low income households.

Age of Housing Stock

Forty three percent of the housing units in Toquerville are more than 30 years old. Due to the age of the housing stock, rehabilitation efforts are likely necessary. The following chart shows the age of existing housing stock.

Age of Housing Stock



Source: U.S. Census, 2005-2009 ACS 5-year estimates

Condition of Housing Stock

A substantial percentage of housing (43%) is more than 30 years old. Homes older than 30 years generally require more rehabilitation than newer homes. Currently, the vast majority of homes are in moderately good condition. According to a housing condition survey conducted by the Five County Association of Governments in 2009, only 1 home (0.3%) is in severely deteriorated condition and none in dilapidated condition. Severely deteriorated homes are those that are beyond acceptable limits, and need several major repairs; while dilapidated homes are uninhabitable, and need to be completely replaced.

In order to maintain an affordable housing stock the deteriorating units must be identified and rehabilitated before they become severely deteriorated or dilapidated, and home replacement becomes necessary. Rehabilitating the deteriorating housing stock, earlier rather than later, is a cost effective measure to maintain the housing stock, prevent dilapidation and increase affordability.

Housing Affordability

The Utah State Division of Housing and Community Development and Lotus Community Development Institute created the *Guidebook for the Development of Community-Based Housing* to assist communities to better understand how they can be a partner in actively promoting and developing additional housing opportunities. One of the initiatives which this consortium promotes is their *Housing Estimating Model/Software for Tracking Attainable Housing Needs*. The software is designed to help evaluate housing affordability, demand, and potential market opportunities for attainable lifecycle housing and other affordable housing.

The *Housing Estimating Model/Software* was used to determine moderate income housing needs for Toquerville City. The *Housing Estimating Model/Software* uses many data inputs including: income, mortgage and shelter costs, jobs per worker, workers per household, housing costs, and rent rates to name a few. Based on the information provided, the housing estimating model illustrates gaps in housing affordability if any exist.

According to current State and Federal definitions, housing is considered affordable when a household spends no more than 30% of their annual income on housing expenses, including mortgage or rent and utilities. In Washington County, Utah, the 2012 area median income (AMI) was \$57,000 annually or \$4,758 monthly. Mortgage or rent and utilities should not exceed \$1,573 per month for a median income earning household in Toquerville City.

The purpose of this plan is to ensure that housing is affordable for all income levels, not just those earning a median income or higher. The same affordability standards apply to households that earn less than the area median income. For example, a moderate income household in Toquerville City earns 80% of the area median income — that is \$45,680 annually or \$3,807 monthly. Mortgage or rent and utilities should not exceed \$1,258 per month for a moderate income household. The table below summarizes the maximum monthly affordable housing costs for several income levels in Toquerville City.

Maximum Housing Allocation (30% of Gross Income)

Income Level	Yearly Gross Income	Monthly Mortgage or Rent with Utilities	Maximum Home Purchase
30% of AMI (extremely low)	\$17,130	\$472	\$61,000
50% of AMI (very low)	\$28,550	\$786	\$111,000
80% of AMI (moderate)	\$45,680	\$1,258	\$185,000
100% of AMI (median)	\$57,100	\$1,573	\$235,000

Source: U.S. Department of Housing and Urban Development, 2012

In order to meet state and federal definitions of affordable housing affordability, housing should be affordable for households earning 80 percent of the area median income

(moderate income). \$1,258 is the maximum monthly payment for a mortgage or rent and utilities for a moderate income earning household that is still considered affordable.

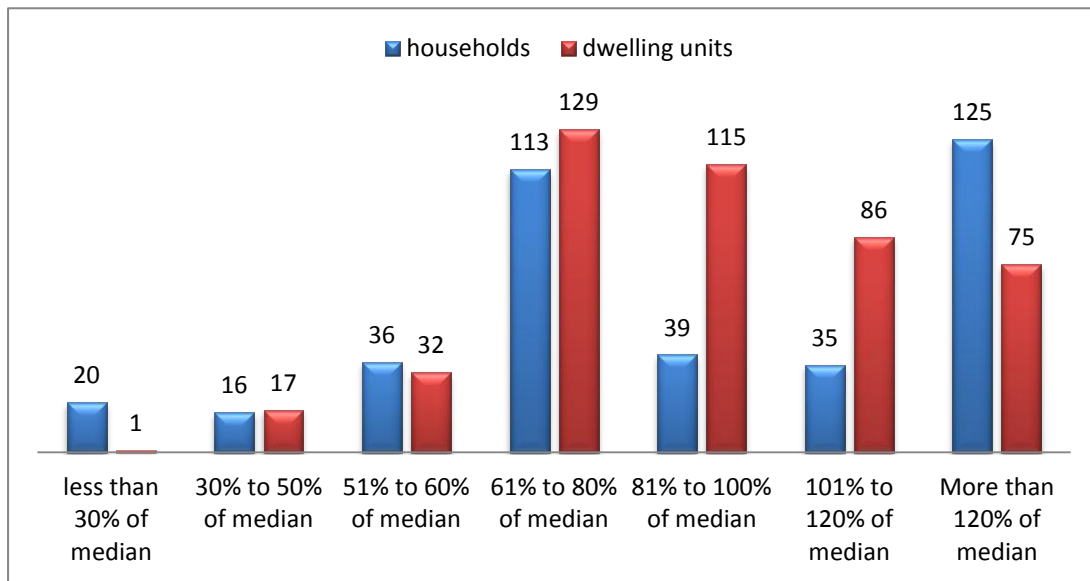
Affordability of home ownership and rental affordability are inherently different. Rental rates do not correlate directly with the market value of homes. Therefore, each will be analyzed individually.

Affordability of Home Ownership

A monthly payment of \$1,258 would support a mortgage of approximately \$185,000 based on a 30-year fixed rate loan at 4.8% interest. Homes valued at or below \$185,000 are considered affordable for moderate income earning households in Toquerville City.

In order to determine whether or not current housing stock is affordable for very low (50% AMI) and extremely low (30% AMI) income earning households a comparison will be used. The chart below compares the total number of households for each income bracket to the total number of dwelling units that are affordable for that income bracket.

Number of Households in Relation to Affordable Dwelling Units



Source: Washington County Assessor; Housing Estimating Model/Software

Analysis of Housing Affordability – Home Ownership

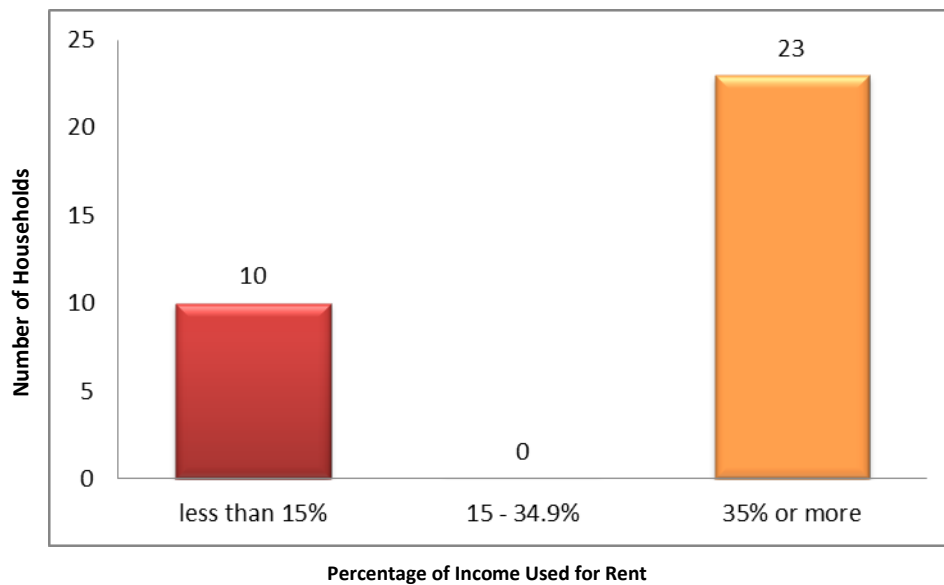
Forty eight percent of all households in Toquerville City are moderate income households or below. That is a significant portion of the population. Toquerville City has affordable housing options for purchase. Currently, 43% of homes for sale are affordable to moderate income households; 26% are affordable to households earning just 50% of the AMI; and none are affordable to those earning just 30% of the AMI.

According to the Washington County Assessor, 39% of the housing stock is affordable for moderate income earning households, which is slightly lower than the percentage of moderate income households (48%). For those earning a very low or extremely low income, purchasing affordable housing is more limited. Only 4% of the housing stock is affordable to those earning a very low income (50% of AMI) and less than 1% of homes are affordable to extremely low income (30% of AMI) households.

Affordability of Rent

According to the 2005-2009 American Community Survey, there are 59 households that rent in Toquerville City. The median cost to rent a two bedroom apartment is \$786. Households earning a very low income (50% of AMI) are able to afford the rental rates in Toquerville City. However, those households earning an extremely low income (30% of AMI) and less cannot. According to an analysis performed using *Housing Estimating Model/Software* there is a \$314 affordability gap for renting households that earn 30% of the AMI.

Affordability of Rent



Source: 2010 ACS

The chart indicates the number of households that are renting a unit that they cannot afford (highlighted in orange). Estimates exclude units where gross rent as a percentage of household income cannot be computed. This pattern is indicative that rental options for the extremely low and very low income populations are limited.

Analysis of Housing Affordability – Rent

Although the model estimates that the majority of city can afford rent, a significant portion of the population are paying rental prices which they cannot afford. According to 2010 ACS data, 70% of renters in Toquerville are paying over 35% of their income on rent. Many of these renters are low-income earners, indicating that the demand is likely

higher than the supply of low-income housing. Although the price to purchase a home has generally decreased in recent years, HUD figures indicate that rental rates in Washington County continue to increase, affecting the ability of low income households to afford housing.

Special Needs Housing

It is important for Toquerville City to address housing for those with special needs. People with special needs may include the elderly or disabled that live on a fixed income, the homeless, or those otherwise in need of specialized or supportive housing.

There are an estimated 219 people who are aged 65 and over living in Toquerville City. This is an increase of 95 (77% increase) people since 2000. The senior population now constitutes 16% of the total population; up from 13.6% in 2000. This increase in the number of older adults can be attributed in part to a localized reflection of the national trend of an aging population.

Many of the elderly who own their homes are living on fixed incomes, and their housing affordability is affected by property values, maintenance, and utility costs. Some options available to assist low income senior citizens are property tax deferred payment programs, tax and mortgage foreclosure prevention services, home rehabilitation and weatherization programs, and utility assistance programs.

Many elderly citizens can no longer remain in their own homes for a variety of reasons. As these citizens move out of their homes, demand for senior rental housing opportunities will increase.

Analysis of Special Needs Housing

Although there is a significant population of seniors there is currently no housing in Toquerville designated for this segment of the population. It is likely that the population of the City is small enough that the demand for this type of housing is small. Toquerville is in close proximity to Hurricane and other larger communities that provide specialized housing to meet this. Nonetheless, similar to multi-family housing needs, as Toquerville grows the need for specialized housing will likely follow.

Zoning Regulatory Environment

In order to evaluate the potential for moderate income housing in the community, it is important to understand the regulatory environment for residential housing. Zoning regulations govern the use and lot size for new developments. These regulations have a direct impact upon the opportunity to provide affordable housing within the community.

Survey of Residential Zoning

Currently, the City of Toquerville includes two residential zones:

- R-1-12: Single Family Residential: 12,000 square foot minimum lot size.
- R-1-20: Single Family Residential: 20,000 square foot minimum lot size.

The majority of the developed portion of Toquerville is demarcated by these zones. Both zones are “intended to provide sites for low-density single-family residential uses, together with such public facilities as may appropriately be located in the same district,” as specified in the Land Management Code. In addition to single unit dwellings, each zone permits elderly residential facilities and facilities for persons with a disability. “Single family and multi-family dwellings located above commercial space” is listed as a conditional use within these zones.

The remainder of Toquerville City is zoned “agriculture” or “multiple use,” with small pockets of “commercial.” Within the agriculture district, one residential unit is allowed per acre. The “multiple use” district covers the largest portion of the City’s landmass. The Land Management Code Specifies that it “is established in areas of mountain, hillside, canyon, desert, and other open and generally undeveloped lands where human habitation should be limited in order to protect the indigenous natural beauty of those areas and protect open space resources.” The minimum lot area for this zone is 20 acres. Within this zone, single family dwellings, “elderly residential facilities,” and residential facilities for persons with a disability” are permitted. Similar to single family zones, “single family and multi-family dwellings located above commercial space” is listed as a conditional use.

Currently, the Land Management Code includes a “Multiple Family” zone, with a purpose to “permit well designed apartments, town homes, twin homes and condominiums at medium to high density that are appropriately buffered and compatible with surrounding land uses.” However, at this point in time, there is no area in the city zoned “Multiple Family.” Multiple family dwellings are not included as a permitted or a conditional use within the City of Toquerville, aside from multi-family dwellings located above commercial space, as noted above.

Evaluation of Zoning Code’s Effect upon Affordable Housing

Although there is a slight deficiency in affordable housing for moderate income households, the available supply of affordable housing options for those earning 80% AMI indicates that the zoning environment is not creating a significant barrier for moderate income households. Currently, the smallest lot size allowed to develop is 12,000 sq. ft. Multi-family dwellings located above commercial space are allowed conditionally throughout much of the city and the Toquerville Land Management Code provides for a Multi-family zone. Changes to the Zoning Map of Toquerville is developer driven. At this point, there are approximately 18 units which are affordable to very low income households, compared to 36 very low income households. This deficiency in affordable housing for this income bracket suggests that there may be demand to develop a few smaller, more affordable units.

Because Toquerville is located on the periphery of a larger conglomerate of cities with few jobs and very limited commercial development and/or other services, actively

pursuing high density development throughout the city may isolate individuals from jobs, goods and services. Nonetheless, for the limited number of very low income individuals who choose to live in Toquerville, the city should allow more flexibility for affordable housing development. As the City develops, allowing for additional affordable housing throughout the city will be necessary and should necessarily be Developer, Owner driven.

Although there is currently no housing designated for the elderly the zoning code is not inhibiting this type of development from occurring as it is permitted in areas throughout the majority of the city.

Gaps and Needs in Affordable Housing

In order to identify appropriate goals, objectives, and strategies; gaps and needs must be identified. A gap is a term used to describe a missing component while a need describes what is required to fill the gap. For example, in the game of musical chairs there are never enough seats for everyone — that is the gap. To fill the gap more chairs are needed. This section identifies the present and future housing gaps and needs in Toquerville City.

Gaps

Gap 1 — Many of the moderate, very low, and extremely low income earning households do not have sufficient opportunity to purchase affordable housing.

Need — Approximately 23 households in Toquerville City that earn less than \$20,000 per year need the ability to purchase housing they cannot afford under traditional lending standards.

Gap 2 — Many of the very low and extremely low income earning households do not have sufficient opportunity to rent affordable housing.

Need — Approximately 23 households in Toquerville City are renting housing that they cannot afford. Additional affordable rental units are needed.

Gap 3 — Many homes are older than 30 years old.

Need — 194 homes are older than 30 years and require ongoing maintenance.

Goals, Objectives, Strategies

Goal 1: Increase Opportunities to Purchase Affordable Housing to Provide Housing Choice for Moderate, Very Low and Extremely Low Income Earning Households

Objective — Encourage the provision of additional housing options for moderate (80% AMI) very low income (50% AMI) and extremely low income (30% AMI) households.

Strategy 1 — Promote programs such as the USDA Rural Development Direct Loan or Guarantee Loan Program or the Mutual Self Help Program that assist low-income households to purchase a home. The Direct Loan Program lowers the interest rate, and effectively increases the purchasing power of the home owner. The Mutual Self Help Program allows individuals to build “sweat equity” toward the payment of their new home.

Goal 2: Increase Affordable Rental Opportunities to Provide Housing Choice for Very Low and Extremely Low Income Earning Households

Objective — Actively encourage the provision of affordable rental units for very low income (50% AMI) and extremely low income (30% AMI) households.

Strategy 1 — Support and work with the St. George City Housing Authority's, efforts to address affordable housing needs in Washington County.

Strategy 2 — Promote and facilitate adaptive reuse development by identifying and inventorying acceptable sites for developers and realtors.

Strategy 3 — Work with and encourage developers to include multi-family, high density residential in development strategies

Strategy 4 — Determine if a small area of the city could be zoned as “multiple family” near planned commercial development.

Goal 3: Rehabilitate and Weatherize Existing Housing to Increase Rental Properties, Homeownership, and Reinvestment in Toquerville City

Objective 1 — Encourage maintaining the existing housing stock by rehabilitating severely deteriorated and dilapidated homes.

Strategy — Promote the use of the Single Family Rehabilitation and Reconstruction Program and the USDA Rural Development Housing Program to extremely low to moderate income households. These programs offer low-interest loans and grants for maintaining and rehabilitating housing.

Objective 2 — Weatherize existing housing in order to increase housing affordability by reducing monthly energy costs.

Strategy — Help locate moderate to extremely low income families that need weatherization assistance. Assist these households to contact the Five County Association of Governments Weatherization Program. The Weatherization program lowers monthly utility bills by making housing more energy efficient.

Benchmarks

The goals, objectives, and strategies should be evaluated on an annual basis to determine if the goals have been met. If the strategies are not achieving the listed goals, the strategies should be amended.

Priorities and Timelines

The following table summarizes the affordable housing goals. It lists how many of each type of unit is needed, how the goal can be attained, and when the goal will be needed.

Type	# Units Needed	How Attained	When needed
Affordable housing for purchase	80-100	Promote USDA Rural Development loan programs	2020
Affordable housing for rent	30-40	Housing Authority, Adaptive Reuse	2020
Existing Housing Stock	N/A	Promote federal and state funded rehabilitation and weatherization programs	Now

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