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# Boosting Utah's Homeownership Affordability

Strategies and Solutions for State and Local Governments



# BOOSTING UTAH'S HOMEOWNERSHIP AFFORDABILITY

## STRATEGIES AND SOLUTIONS FOR STATE AND LOCAL GOVERNMENTS

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### About the Utah Foundation

Since 1945, leaders, legislators, and community members have relied upon the **illuminating, independent, and nonpartisan public-policy research** produced by the Utah Foundation to support informed decision-making on topics that matter most. As a 501(c)3 with broad community support and a 60-member board, the Utah Foundation exists to empower **civic engagement as the foundation for enhanced quality of life for Utahns.**

## INTRODUCTION

Utahns face at least two significant hurdles when buying a first home: high prices and relatively high mortgage interest rates. While interest rates may decline over the coming months and years, it is unlikely that prices will decrease. They might even continue to increase. This means that first-time home buyers are unlikely to revisit a level of home affordability enjoyed at various times during this or the last century. This report is focused on potential solutions to facilitate homeownership in the face of these hurdles.

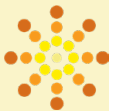
Federal programs, the state government, municipalities, private for-profit organizations, and non-profits might implement possible solutions. The alternatives discussed in this report can be broadly categorized into solutions focused on supply and solutions focused on demand. The first seeks to increase the availability of purchasable homes, while the second focuses on providing support for people looking to purchase homes.

As seen in the Utah Governor's budget proposal for 2025 and the Utah Legislature's actions taken during the 2024 General Session, there is no one solution to overcoming existing homeownership hurdles. Instead, various approaches across the boundaries of supply and demand for housing should be considered and likely implemented simultaneously.

## Homeownership Series

This report is the second in the Utah Foundation's homeownership series. The first report in the series examines homeownership rates over time, investigates what makes homes unaffordable, considers the construction of housing inventory, and acknowledges that homeownership may not necessarily be preferable to renting for every individual or family under various market circumstances. The first report also highlights homeownership's various positive social and economic impacts. This report, the second of the series, evaluates possible solutions. A forthcoming third report will explore the political barriers local governments face as they consider how to improve housing affordability.

## HIGHLIGHTS OF THIS REPORT



- Encouraging construction density can improve homeowner affordability as height limits are increased or smaller lots are embraced in neighborhoods otherwise characterized by single-family homes.
- Factory-built housing can be used to improve affordability as economies of scale reduce construction costs.
- Tax policies can be used to discourage housing speculation and increase the supply of ownable and rentable housing. These might include land-value, flip, and vacancy taxes.
- Shared equity models and downpayment assistance can be used to increase homeowner affordability and allow residents access to the housing ladder.
- “Not in my backyard” or NIMBY attitudes might be related to gaps in insurance product availability, which should inform municipal actions when advocating for certain housing policies.
- Various policy options can encourage condominium construction and help increase homeowner affordability.

## State and local governments have several options for increasing homeownership affordability.

Figure 1: Policy Options Included in this Report for Increasing Homeownership Affordability in Utah

Policy Options	Actors	Implemented or Proposed	Likelihood of Implementation	Governmental Costs	Ownership Impact	Page
<b>Supply</b>						
New Starter Homes	State	Proposed	Moderate	High	Direct	3
Zoning Smaller Homes	City	Implemented	High	Low	Indirect	3
Zoning Smaller Lots	City	Implemented	High	Low	Indirect	3
Reduced Parking Requirements	City	Implemented	Moderate	Low	Indirect	5
Transportation Infrastructure	State	Implemented	High	Medium	Indirect	7
Incentivize Developers	State	Proposed	High	Medium	Direct	7
Factory-Built Housing	State	Implemented	High	Low	Indirect	8
Condominiums/Const. Liability	State	Neither	Moderate	Low	Direct	9
Disincentivize Condo Conversions	City	Neither	Moderate	Low	Direct	10
Owner-Occupancy Requirements	State	Implemented	Low	Low	Direct	11
Short-Term Rental Restrictions	State	Neither	Low	Low	Indirect	12
Flip Taxes	State/City	Neither	Low	Low	Indirect	14
Land Value Taxes	State	Neither	Low	Low	Indirect	15
<b>Demand</b>						
Targeted Ownership Programs	Private/Public	Implemented	High	High	Direct	16
Downpayment Assistance	Private/Public	Implemented	High	Medium	Direct	17
Shared-Equity Programs	Private/Public	Implemented	High	Low	Direct	17
Community Land Trusts	Private/Public	Implemented	High	Medium	Direct	19
Renter to Owner Linkages	Private	Implemented	High	Low	Direct	19
Renters Right to Buy Policies	State	Neither	Moderate	Low	Indirect	20

## INCREASING SUPPLY

Current housing supply, both nationally and in Utah, is proving insufficient to yield affordable home prices. Further, Utah's housing deficit relative to household formation is predicted to increase.<sup>1</sup> Potential solutions may be implemented at the city, county, state, or federal levels and may require coordination among these entities to see real improvements in the current situation. Such solutions might include a focus on increasing the number of lower-cost "starter homes," a shift toward smaller homes and lots through zoning changes, a reduction in parking space requirements, incentives for developers, a streamlined construction process, reducing barriers to factory-built housing, supporting the construction of condominiums, and tax policy.

### New Starter Homes

One approach to improving homeownership affordability is to focus on starter homes. Starter homes represent the first step on the ownership ladder. These can be smaller and less expensive, thus allowing individuals to get a foot in the homeownership door. These individuals could then benefit from real estate appreciation and leverage any equity into more expensive homes rather than simply losing equity-building potential in the rental market.

### Zoning: Smaller Homes and Small Lots

Zoning ordinances impact the housing market in significant ways. Land use, density, and design restrictions can affect the available housing mix, supply, and average cost. Across the Wasatch Front and other Utah areas, residential land zoned for more affordable housing options is limited. Most of Utah's residential land and more than 88% of residential land in Salt Lake County is zoned for single-family houses, which tend to be less affordable than densely allocated housing.<sup>2</sup>

#### Recent State Action: Starter Homes

The Governor's budgetary recommendations for 2025 specifically included \$195 million in housing-related expenditures, with the final objective of increasing the number of "starter homes" in Utah by 35,000 units over the next four years.<sup>3</sup> Of these funds, \$150 million were to be earmarked for "first homes" and \$45 million for "affordable" and "deeply affordable" housing. The 2024 Utah Legislature did not embrace this approach, instead opting for more developer-oriented market approaches. However, municipalities might address the move toward starter homes in the future. One such approach is to revisit local zoning ordinances.

1 Sami Sparber, "America's Housing Shortage Explained in One Chart," 2023, <https://www.axios.com/2023/12/16/housing-market-why-homes-expensive-chart-inventory>. And Utah State Legislature, "A Performance Audit of Utah Housing Policy," p.13, <https://le.utah.gov/interim/2023/pdf/00004797.pdf>.

2 Utah Foundation, "Is the Middle Missing? A Guide to Expanding Options for Utah Homebuyers and Renters," 2022, <https://www.utahfoundation.org/wp-content/uploads/rr796.pdf>.

3 Utah State Governor's Office, "Gov. Cox and Lt. Gov. Henderson Announce \$150 Million 'Utah First Homes' Starter Home Program in Budget Announcement," 2023, <https://governor.utah.gov/2023/12/05/gov-cox-and-lt-gov-henderson-announce-150-million-utah-first-homes-starter-home-program-in-budget-announcement/#:~:text=At%20a%20glance%3A,%2468.8%20million%20in%20strengthening%20families.>



Fitting smaller housing units in tighter areas tackles housing affordability from two angles. Smaller units will be more affordable, and there will be more housing units in any given area. Zoning can encourage such developments by enabling or requiring smaller single-family lots, triplexes, duplexes, or cottage court developments. Some cities across the country have enabled density by allowing accessory dwelling units, internal duplexes (often basement apartments), or second single-family residences alongside existing homes on every city lot.<sup>4</sup> For instance, Minneapolis allows up to three dwelling units on existing single-family lots.<sup>5</sup> Recently, Salt Lake City followed a similar approach.<sup>6</sup>

Often, there is pushback against higher levels of density based on concerns that they will change the nature of an existing neighborhood. To alleviate some of these worries, cities could maintain a set of approved architectural standards. Also, municipalities could streamline the permitting for multi-family homes that resemble single-family homes. These and similar policies could increase density while maintaining the character of neighborhoods.

Higher levels of density also often require taller buildings. Utah cities could, therefore, adopt the zoning policy paths that Salt Lake City and others have embraced.<sup>7</sup> In late 2023, Salt Lake City approved an extra one to three

4 The City of Portland, “Residential Infill Opportunities: Development Options While Retaining an Existing House,” 2023, <https://www.portland.gov/bds/zoning-land-use/residential-infill-options/retaining-existing-house>. And Doug Trumm, “Portland Passes Sweeping Zoning Reform,” 2020, <https://www.theurbanist.org/2020/08/12/portland-passes-sweeping-zoning-reform/>.

5 One Final Effort, “A Detailed Look at the Outcomes of Minneapolis’ Housing Reforms,” 2023, <https://onefinaleffort.com/blog/a-detailed-look-at-minneapolis-housing-supply-reforms>.

6 Salt Lake City Council, Affordable Housing Incentives, <https://slc-council-affordable-housing-incentives-slcgov.hub.arcgis.com/>.

7 Owen Minott, “Comprehensive Zoning Reform in Minneapolis, MN,” 2023, <https://bipartisanpolicy.org/blog/comprehensive-zoning-reform-in-minneapolis-mn/>. And Portland Bureau of Planning and Sustainability, 2023, <https://www.portland.gov/bps/planning/rip>.

stories (in some areas) to provide more small-scale, multi-family housing with up to four units and additional units in neighborhoods that already allow multi-family housing.<sup>8</sup> Salt Lake City has also recently increased height minimums and maximums along its periphery, which could also encourage neighborhood walkability and home affordability with added housing density.<sup>9</sup> Other municipalities along and beyond the Wasatch Front may consider similar policy implementation to address housing affordability.

That said, there are valid concerns that the above could fundamentally change neighborhood character, increase the demands placed upon public utility infrastructure, reduce parking availability, and inappropriately blur the lines between commercial and residential areas. Policymakers must carefully and publicly address these issues before implementation can take place.

### Reduced Parking Requirements

Parking is a significant cost in terms of both finance and land use. Limiting or reducing the area dedicated to parking infrastructure allows for more and cheaper housing units. However, to account for reduced parking, developments and municipalities should improve public transportation and create more walkable neighborhoods while increasing affordable housing options. With a greater municipal focus on walkability, housing options would not require the same amount of parking as found in standard 20th-century suburban planning.

Many housing experts recommend one parking spot per unit (or less), noting that more than one space per unit can stifle development through increased costs and likely decrease housing affordability by reducing housing density. For example, two or more parking spaces per unit in a fourplex development may not even be possible on typical residential lots, thus encouraging less housing density. Even if these two spots did fit, the cost of these spaces would likely reduce housing affordability explicitly in dollar terms and perhaps also displace additional housing units on the same property.

### Recent State Action: Facilitating Density, Home Size, and Occupancy

Utah's 2024 legislative session was highly focused on issues related to housing affordability. Senate Bill 268, The First Home Investment Zone (FHIZ) Act, encourages affordable and owner-occupied housing, facilitates mixed-use development, and generally improves land use efficiency. The bill encourages municipalities to designate between 10 and 100 acres with a minimum density of 30 residential units per acre across extant developable space within the zones. At least 25% of these residences must be deed-restricted as "owner-occupied" for at least 25 years, and 12% of homes must be affordable at 80% of the county median sale price.<sup>10</sup>

<sup>8</sup> Salt Lake City Council, Affordable Housing Incentives, <https://slc-council-affordable-housing-incentives-slcgov-hub.arcgis.com/>.

<sup>9</sup> Salt Lake City Council, "Downtown Building Height and Street Activation Updates," 2022, <https://storymaps.arcgis.com/stories/2afa66ba9d684dacb480edec55f86dd>. And Salt Lake City Council, "Downtown Building Heights and Street Activation Updates," 2023, <https://www.slc.gov/council/completed-projects/downtown-building-heights/>.

<sup>10</sup> State of Utah, 2024, <https://le.utah.gov/~2024/bills/static/SB0268.html>.



Daybreak Utah Lake Village Lake Front Homes. Photo Dean on Flickr. CC BY-NC-ND 2.0.

One policy option is to consider small housing units as “half units” when enforcing parking requirements. For example, a home smaller than 800 or 1,000 square feet might require only one parking space in an area currently requiring two off-street parking spaces per unit. This improves affordability as parking garages are expensive, and more surface parking space means less buildable space for additional units. A 2018 analysis found that constructing a typical surface parking stall can cost between \$5,000 and \$10,000 (including the land’s value). A parking space in a garage can cost between \$25,000 and \$50,000.<sup>11</sup> Moreover, higher parking requirements allow fewer units – indirectly increasing the cost of each unit through reduced economies of scale.

It is also possible that many projects need less parking than cities require. The Institute of Transportation Engineers researches parking requirements. Its data focuses on “peak parking demand,” which municipalities often view as a minimum parking requirement.<sup>12</sup> The result is a general oversupply of parking for the majority of any given day. Moreover, research highlights that properly designed city centers require less parking than the Institute of Transportation Engineers recommends.<sup>13</sup>

Of course, each neighborhood has an individual character and extant housing density. Given this, a wholesale reduction in parking requirements across a large metropolitan area may yield suboptimal results for parts of that area. Therefore, detailed parking research is likely necessary at neighborhood levels to prevent the costs of any policy change from adversely impacting current or future residents.

<sup>11</sup> Strong Towns, “The Many Costs of Too Much Parking,” 2018, <https://www.strongtowns.org/journal/2018/11/20/the-many-costs-of-too-much-parking>.

<sup>12</sup> Donald Shoup, “The Trouble with Minimum Parking Requirements,” 1999, <https://www.sciencedirect.com/science/article/abs/pii/S0965856499000075>. And Institute of Transportation Engineers, <https://www.ite.org/technical-resources/topics/trip-and-parking-generation/parking-occupancy-data-collection/>.

<sup>13</sup> Reid Ewing, Guang Tian, Torrey Lyons, and Kathryn Terzano, “Trip and Parking Generation at Transit-oriented Developments: Five US case studies,” 2017, <https://www.sciencedirect.com/science/article/pii/S0169204616302687>.



## Recent State Action: Infrastructure

The Governor's 2025 proposed budget included \$75 million for infrastructure improvement to ensure that roads, water, and sewer remain sufficient to serve the additional housing funded by various programs as well as to bolster the supply incentives to generate housing outside of that which is funded directly by potential state programs. For example, the recently passed House Bill 13 allows developers of approved housing developments to create "infrastructure financing districts" that can then bond to pay for infrastructure improvements, such as roads, without the debt necessarily being paid off before the home sale.<sup>14</sup>

## Transportation Infrastructure

Further, enhancing transportation infrastructure (bike lanes, bus lanes, streetcars, or additional Trax lines) may reduce the need for costly parking options and indirectly encourage housing affordability. It may also minimize opposition to housing density by illustrating that housing density with multi-modal infrastructure can result in more vibrant communities. Given this, Utah took action during the 2022 legislative session with House Bill 462 to reduce parking requirements in areas where residents are more likely to use public transportation.<sup>15</sup>

Naturally, such infrastructure enhancements have explicit financial costs and implicit costs related to their construction and the impact of such activities on surrounding transportation efficiency and businesses. Careful calculations should be undertaken to ensure that such improvements will eventually benefit local populations more than the expenditures and inconveniences.

## Developers: Incentives and Streamlining

While private developers are responsible for nearly all new housing, governments can encourage them through financial incentives and reduced regulations. Financial incentives include loans with low interest rates or beneficial repayment terms, waived impact fees, overt public/private partnerships undertaken on municipally owned land, or tax credits/refunds.

Reduced regulations may include a streamlined permitting process, maintaining a library of pre-approved plans, or offering variances to other restrictive regulations such as height, density, parking, or form. These incentives can be used to encourage private developers to build in a way that is beneficial to the city – in this case to create more affordable housing for residents or to concentrate development in ways deemed strategically important. This may include a focus on future or present transit station development.

Of course, the costs of these options relate to a loss of municipal control over various historically important elements of the development process and more overt financial costs in terms of tax revenue. Policymakers must answer whether the incurred costs are worth achieving the desired level of home affordability.

<sup>14</sup> Utah State Legislature, 2024, <https://le.utah.gov/~2024/bills/static/HB0013.html>.

<sup>15</sup> Utah State Legislature, 2022, <https://le.utah.gov/~2022/bills/static/HB0462.html>.

## Recent State Action: Incentives

The Governor’s 2025 proposed budget included \$5 million to support a Starter Home Innovation Fund that encourages creative design, permitting, and construction solutions to yield scalable solutions to Utah’s current housing shortage. While not adopted, the Utah Legislature passed House Bill 572, which created a new Utah Homes Investment Program using \$300 million to offer low-interest loans to developers. Potential projects must be owner-occupied housing with at least 60% of units defined as “attainable.”<sup>16</sup>

While governments can waive regulations to incentivize developers in various ways, two recent examples are perhaps significant. Salt Lake City’s late 2023 zoning changes included a streamlined planning process, thus reducing the time required to approve a project.<sup>17</sup> More recently, HB476 clarified state code and required cities to accept and complete residential development applications to create more certainty for home builders and municipalities.<sup>18</sup>

## Factory-Built Housing

Given the current housing affordability crisis, Utah may benefit from factory-built housing. Factory-built homes are not “mobile homes,” as some may first imagine. Instead, they are generally produced in a factory environment and composed of panels or modules that are later delivered for final assembly, maintaining the aesthetics of single-family homes. This housing can, therefore, be less expensive to construct than that built on-site, potentially translating into more affordable housing.

To facilitate factory-built housing, governments can mandate more hospitable zoning to purchase and construct ownable medium- and high-density housing produced in a factory environment. Variable zoning and building codes across municipalities limit the economies of scale achieved by factory-built housing and increase prices. While some zoning and code issues are less likely to change (such as those pertaining to topography, for instance), relaxing such regulations could help increase the available housing options in various areas.

Governments can also encourage factory-built housing by facilitating the financing of factory-built projects and the final purchases. Historically, financing factory-built housing in America has faced barriers. Institutions have been reluctant to lend on projects in which materials and labor are not delivered and constructed on-site.<sup>19</sup> Lenders may also doubt the viability of the collateral off-site and the value of the factory-built home itself over time.<sup>20</sup> These more complex logistical realities can be countered with potential federal and state subsidies to, or municipal risk-sharing with, financial institutions to encourage factory-built lending, federal or state-facilitated lender education, and the organically heightened reputability of factory-built construction companies as the concept becomes more mainstream over time.

16 Utah State Legislature, 2024, <https://le.utah.gov/~2024/bills/static/HB0572.html>.

17 Salt Lake City, “Salt Lake City Council Approves Affordable Housing Incentives, Fleet Block Rezone,” 2023, <https://www.slc.gov/council/press-releases/salt-lake-city-council-approves-affordable-housing-incentives-fleet-block-rezone/>.

18 Utah State Legislature, 2024, <https://le.utah.gov/~2024/bills/static/HB0476.html>.

19 Christopher Herbert, Alexander Hermann, Daniel Mccue, and Chadwick Reed, “A Review of Barriers to Greater Use of Manufactured Housing for Entry-Level Homeownership,” 2024, [https://www.jchs.harvard.edu/sites/default/files/research/files/harvard\\_jchs\\_barriers\\_manufactured\\_housing\\_2024.pdf](https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_barriers_manufactured_housing_2024.pdf).

20 Ibid.

## Recent State Action: Factory-Built Homes and Beyond

The Governor's proposed 2025 budget emphasized that factory-built homes in the 21st century are not the mobile homes of 50 or 60 years ago and represent a viable path toward housing availability and affordability. Using the Rural Economic Development Tax Increment Finance to attract a manufacturer of factory-built homes to the state could represent a feasible strategy to make starter homes available more quickly.<sup>21</sup>

Utah's SB168 sets a statewide building code, particularly for modular homes.<sup>22</sup> It allows cities or counties to create Home Ownership Promotion Zones, enabling cities to capture tax increment funding for up to 15 years to finance developments. It also allows them to "upzone" or increase density for smaller, single-family lots. This requires at least 60% of the zone's units to be affordable and owner-occupied for at least five years. Cities can use the tool for areas up to 10 acres and zoned for fewer than six housing units per acre. If a Home Ownership Promotion Zone is created, it will automatically re-zone the lots to be at least six housing units per acre.

Factory-built housing is also often stigmatized in the United States.<sup>23</sup> Such housing options might evoke NIMBY ire with mental images of poor-quality homes that aesthetically stand out as such. However, factory-built housing that meets specific aesthetic and safety standards can overcome this barrier.<sup>24</sup> As time passes, such structures might even be approved without review if a developer uses previously approved, publicly available plans encouraged by municipalities.

## Condominiums

Condominium construction is at historic lows both nationally and in Utah.<sup>25</sup> New construction is focused on rentable instead of ownable housing for several reasons. Literature suggests that federal income tax laws encourage multifamily rental property development (such as apartments) over for-sale units (such as condominiums or townhomes) due to the time and logistics required to take advantage of beneficial tax rules.<sup>26</sup>

Perhaps more importantly, regardless of tax implications, the abundant time required to sell each unit of a large condominium complex can incentivize selling them to single large investors who make them available as rental properties.<sup>27</sup> Finally, mortgage lenders are less likely to lend on condominiums due to risks related at least partially to the potential

21 State of Utah, "Fiscal Year 2025 Budget Recommendations," 2024, <https://gopb.utah.gov/wp-content/uploads/2023/12/Gov.-Cox-FY25-Budget-Recommendations.pdf>.

22 Utah State Legislature, 2024, <https://le.utah.gov/~2024/bills/static/SB0168.html>.

23 Livia Gershon, "The Stigma of Prefab Homes," 2015, <https://daily.jstor.org/stigma-prefab-homes/>.

24 Shelton, Ben, "Rescuing the Housing Market with Manufactured Housing," 2022, <https://libertas.org/free-market/rescuing-the-housing-market-with-manufactured-housing/>. And The Modular Building Institute, "Seizing the Modular Construction Opportunity," 2024, <https://www.modular.org/2024/02/15/seizing-the-modular-construction-opportunity-csa-group-report/>.

25 Michael Neal and Laurie Goodman, "The Housing Market Needs More Condos. Why Are So Few Being Built?" January 31, 2022, <https://www.urban.org/urban-wire/housing-market-needs-more-condos-why-are-so-few-being-built>.

26 1031 Specialists, "The Art of Deferring Taxes: Understanding 1031 Exchanges for Apartment Properties," 2023, <https://www.1031specialists.com/blog-posts/the-art-of-deferring-taxes-understanding-1031-exchanges-for-apartment-properties>. And Equity Advantage, "FAQs About 2031 Exchanges," 2023, <https://www.1031exchange.com/faq/#:~:text=From%20the%20time%20of%20closing,midnight%20on%20the%2045th%20day>.

27 Michael Neal and Laurie Goodman, "The Housing Market Needs more Condos. Why Are So Few Being Built," 2022, <https://www.urban.org/urban-wire/housing-market-needs-more-condos-why-are-so-few-being-built>.

mismanagement of complexes, thus further discouraging their construction.<sup>28</sup> Each of these issues may be resistant to state or local policy remedies.

Policy solutions focused on increasing the supply of condominiums might help facilitate the development of ownable multifamily units over their rental counterparts. This could include developer incentives, lending facilitated by state or local entities, or legislatively reducing construction liability. Of course, this means that such a law would at least somewhat pass liability along from builders to consumers.

**Liability.** The construction of condominiums is discouraged by architects, engineers, and contractors' insurance costs and liability limits. Their liability is long-term (six years for all construction in Utah), and condominium or townhome residents and HOAs are more likely than single owners to sue builders at any time, given the sharing of legal costs across residents. Therefore, building apartments to be owned by a single entity or building single-family homes is characterized by less risk.<sup>29</sup>

In response, many states have a shorter statute of limitations for construction liability to encourage ownable construction.<sup>30</sup> Washington State has mandated binding arbitration between builders and owners and enforced a "right to cure" law to allow builders to resolve issues before arbitration or litigation. It has also created an insurance program to compensate residents/owners for such problems while raising the burden of proof for any issues. Further, state law prevents HOA leadership from entering into litigation against a builder without the residents' permission.<sup>31</sup> Utah can consider similar policies to reduce contractor liability, thus making condominium development more manageable and affordable. However, these policies have a drawback: They reduce consumer protections.

**Other Condominium Policies.** Cities, counties, and the state might also consider penalties for developers permitted to construct ownable units who convert these buildings into apartments. At least one large downtown Salt Lake City project has been converted in this way, to the dismay of potential buyers.<sup>32</sup> Simultaneously, noting that the permitting and platting of condominiums is a more complex process than that for apartment construction, streamlining this process may also be productive.

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28 Jodi Horne, "Lenders Identify Risks and Opportunities for Condo Lending," 2024, [https://www.fanniemae.com/research-and-insights/perspectives/lenders-identify-risks-and-opportunities-condo-lending#:~:text=On%20the%20top%20risk%20areas,%25%20to%202023%20\(47%25\)](https://www.fanniemae.com/research-and-insights/perspectives/lenders-identify-risks-and-opportunities-condo-lending#:~:text=On%20the%20top%20risk%20areas,%25%20to%202023%20(47%25)).

29 Anjali Kolachalam, "How Condominium Defect Liability (CDL) Legislation can Drive Underproduction," 2023, [https://upforgrowth.org/news\\_insights/how-condominium-defect-liability-cdl-legislation-can-drive-housing-underproduction/](https://upforgrowth.org/news_insights/how-condominium-defect-liability-cdl-legislation-can-drive-housing-underproduction/).

30 Robert Rafii, "Construction Defect Laws by State," 2022, <https://www.findlaw.com/realestate/construction-defects/construction-defect-laws-by-state.html>. And Peter LiFari, "The Decline of Condominium Construction in Colorado: Addressing Litigation Reform to Alleviate the Housing Affordability Crisis," 2023, <https://commonsenseinstituteco.org/condominium-construction/#:~:text=In%202022%2C%20there%20were%2030,raise%20insurance%20rates%20for%20developers>.

31 Master Homebuilders Association, "Condominium Liability Reform," 2018, <https://www.mbaks.com/docs/default-source/documents/advocacy/issue-briefs/condo-liability-reform-brief.pdf>.

32 Taylor Anderson, "Downtown Housing Boom Continues as Developers Break Ground at the Border of Pioneer Park," 2020, <https://buildingsaltlake.com/downtown-housing-boom-continues-as-developers-break-ground-at-the-border-of-pioneer-park-in-the-depot/>. And Taylor Anerdon, "Why Aren't We Seeing More Condos Being Built in Salt Lake City? It's Complicated," 2021, <https://buildingsaltlake.com/why-arent-we-seeing-more-new-condos-being-built-in-salt-lake-city-its-complicated/>.

## Owner-Occupancy

Governments can also use regulatory authority to promote homeownership. This could include requirements in condominium complexes for certain owner-occupancy minimums and allowing for the subdivision of land for ownable units surrounding single-family homes.

For example, municipalities may consider regulating the total percentage of rentable units in condominiums or planned unit developments below the current FHA driven 50% maximum accepted by most complexes.<sup>33</sup> This would likely increase housing accessibility for purchasers and discourage speculation. In parallel, municipalities may also financially incentivize condominium development generally in order to facilitate ownership in environments where tax, regulatory, or other financial sector realities encourage apartment construction.

The above could be combined with municipal facilitation of site-built or factory-built accessory dwelling units on existing collectively owned or possibly even subdivided land. This could be a relatively simple matter of contract law that could quickly encourage the growth of ownable housing supply by allowing landowners to easily, almost informally, subdivide lots currently accommodating only single-family homes. What's more, communities could deed-restrict such properties as a condition of permitting construction to ensure that they are, either indefinitely or for some specified period, owner-occupied and affordable to a particular standard.

In fact, any of these owner-occupancy models could require ownership deed-restrictions. For example, Park City has implemented owner-occupancy restrictions for affordable and ownable housing that received public funds.<sup>34</sup> Expanding this sort of policy could also increase the share of ownable homes across Utah.

The development of more ownable housing rather than rental properties could also improve the affordability of rents, as the increase in ownable supply could pull renters out of the apartment market. However, this gain might be partially offset by the fact that more ownable housing being built could mean fewer rental units being constructed.

### Recent State Action: Redevelopment Agencies and Ownership

Utah's recently passed HB465 allows redevelopment agencies to use RDA funds for owner-occupied, income-targeted housing — not rentals — for those earning up to 120% of the area median income. It also encourages the Point of the Mountain State Land Authority, which is the body overseeing development at the former Utah State Prison site in Draper, to use its land use authority to “increase the supply of housing in the state.”<sup>35</sup>

33 National Association of Realtors, “FHA Condominium Rule Assessment,” 2019, <https://www.nar.realtor/condominiums/fha-condominium-rule-assessment>.

34 Park City, “Owning a Deed-restricted Property,” 2023, <https://www.parkcity.org/departments/find-affordable-housing/selection-process/deed-restrictions#:~:text=Deed%20Restrictions%20for%20affordability%20include,that%20amount%20when%20they%20sell.>

35 Utah State Legislature, 2024, <https://le.utah.gov/~2024/bills/static/HB0465.html>.

## Ownership and Affordability via Tax Policy and Fees

It is perhaps intuitive to oppose the imposition of new taxes. There is a widely acknowledged public distrust of government when it is tasked to spend tax revenues wisely and for the public good. That said, our modern economy is full of examples of entities and programs funded with tax dollars working for and achieving societal good. This could include something as fundamental as the Food and Drug Administration or as mundane as traffic laws and vehicle emission standards. In fact, as the father of free-market economics, even Adam Smith saw the benefit of government intervention when provisioning for public goods such as roads and bridges. These are things that markets are not particularly good at providing. It seems logical that the definition of what one might define as a “public good” should expand since the 18th century. This definition has been expanded to include health care, retirement savings, and education to various extents. It is not a substantial leap to consider housing as (at least partially) a publicly provisioned good worthy of attention when creating governmentally driven incentives and disincentives. The forthcoming section of this report addresses these policy opportunities that are likely best implemented not individually but in concert with other policies discussed in this section and the broader report.

**Vacancies.** When real estate values are quickly increasing or expected to increase, investors may purchase properties to capture those equity gains without concern about occupancy and cash flow. While the vacancy percentage of total housing units is falling, the number of vacant housing units in Utah has risen.<sup>36</sup> There are currently roughly 110,000 vacant units in Utah – over 9% of all housing units – which includes homes on the market to be sold or rented, vacation homes, or other investment properties.<sup>37</sup> Given such situations, some cities have proposed taxing some of these properties at higher rates.<sup>38</sup> In addition to these residences not qualifying for Utah’s 45% primary residence property tax exemption, codifying a prohibition or more specific tax structure to discourage vacancy could positively impact Utah’s housing inventory and cost very little to implement. Tax revenues may also help fund affordable housing in the state. That said, such a policy would result in investment losses to those who speculated on such properties and would be an imposition on their property rights as owners.

**Short-Term Rental Restrictions.** The growth of short-term rental housing in real estate markets can also negatively affect homeownership. Over 18,000 short-term rental units exist statewide, constituting roughly half of Utah’s estimated housing shortage.<sup>39</sup>

36 Dejan Eskic, “A Note on Utah’s Vacant Housing Stock,” 2019, <https://gardner.utah.edu/blog/blog-a-note-on-utahs-vacant-housing-stock/>.

37 Lending Tree, 2022, <https://www.lendingtree.com/home/mortgage/vacancy-rates-study/>.

38 New York City Comptroller, “Raising Revenues: Options for the City of New York to Secure New Sources of Funding for Services,” 2023, <https://comptroller.nyc.gov/wp-content/uploads/documents/Raising-Revenues.pdf>.

39 Jennifer Leaver, “The Good, the Bad, and the Ugly, Addressing Utah’s Short Term Rental Market Growth,” 2022, <https://gardner.utah.edu/blog/blog-the-good-the-bad-and-the-ugly-addressing-utahs-short-term-rental-market-growth/>. And Stephanie DeGraw, “St. George Popularity Soars for Airbnb rentals,” 2023, <https://www.stgeorgeutah.com/news/archive/2023/01/05/sdw-st-george-earns-top-spot-for-air-bnb-rentals/>. And State of Utah, “A Performance audit of Utah Housing Policy,” 2023, <https://le.utah.gov/interim/2023/pdf/00004797.pdf>.



To address this, some Utah municipalities have already restricted short-term rental supply. However, enforcement is often relaxed or effectively non-existent.<sup>40</sup> This is due to state-mandated enforcement rules that tie municipal hands. It is, in fact, illegal for municipalities to use only the online listing of a property as evidence of a violation. Municipalities can only take action on complaint-based evidence, which tends to be tedious and less efficient.<sup>41</sup> A possible result is that some counties in Utah currently have over 20% of their housing stock as short-term rentals, effectively removing them from the purchasable housing pool and impacting various cities quite directly.<sup>42</sup>

40 Sophie Fischer, "Policy Brief: Short-term Rentals Compose 19% of Grand's Housing," 2022, <https://www.moabtimes.com/articles/policy-brief-short-term-rentals-compose-19-of-grands-housing/>. And Sarah Myers, "Are Short-term rentals pricing out homebuyers?," 2022, <https://www.utahbusiness.com/housing-affordability-crisis-and-short-term-rentals/>.

41 The Utah State Legislature, 2021, [https://le.utah.gov/xcode/Title17/Chapter50/17-50-S338.html?v=C17-50-S338\\_2017050920170509](https://le.utah.gov/xcode/Title17/Chapter50/17-50-S338.html?v=C17-50-S338_2017050920170509).

42 Jennifer Leaver, "The Good, the Bad, and the Ugly, Addressing Utah's Short Term Rental Market Growth," 2022, <https://gardner.utah.edu/blog/blog-the-good-the-bad-and-the-ugly-addressing-utahs-short-term-rental-market-growth/>. And Stephanie DeGraw, "St. George Popularity Soars for Airbnb rentals," 2023, <https://www.stgeorgeutah.com/news/archive/2023/01/05/sdw-st-george-earns-top-spot-for-air-bnb-rentals/>. And Lee Sands, "Are Airbnb and VRBO to Blame for Utah's Housing Crisis?," 2022, <https://libertas.org/op-eds/are-airbnb-and-vrbo-to-blame-for-utahs-housing-crisis/>. And Sophie Fischer, "Policy Brief: Short-term Rentals Compose 19% of Grand's Housing," 2022, <https://www.moabtimes.com/articles/policy-brief-short-term-rentals-compose-19-of-grands-housing/>.

Of course, many of these short-term rental units are permitted, usually in resort or recreational areas. Given this, they may not even be affordable if sold. Many of these short-term rentals are also shared living spaces that would not otherwise be on the market. Moreover, if not used for short-term rentals, these homes are not guaranteed to be part of the ownable housing stock. Many could end up vacant vacation or second homes. Still, while they would possibly have a limited effect on home affordability, they could at least be rented out long-term and possibly reduce upward pressure on city rents.

In terms of policy, the state could either allow municipal enforcement of existing restrictions on short-term rentals, discourage the construction of new short-term rental developments in various municipalities across the state, or mandate other new short-term rental restrictions where deemed necessary. Guided zoning changes, deed restrictions on new construction, and a dedicated enforcement body could likely accomplish these goals and at least somewhat augment Utah's ownable housing supply rather effectively. In areas where short-term rentals are permitted and are a core part of the local economy, taxes or licensure fee revenues could also be used as purchase support for interested buyers who are priced out of the housing market.

**Flip-Tax Policy.** A state-implemented short- to intermediate-term “flip tax” on all housing purchases may discourage housing speculation. The collected funds could then be used to encourage other measures in support of housing affordability in the state. While municipally imposed flip taxes or fees seem uncommon, if not non-existent, there is a long history of building-imposed flip taxes.<sup>43</sup> Of course, the cost of such a policy would be friction in the housing market. It would also perhaps unfairly punish those who may financially need to sell property soon after purchasing.



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43 Council of New York Cooperatives and Condominiums, 2002, [https://www.cnyc.com/code/newsletters/2002autumn/aut02\\_008fliptaxes.html](https://www.cnyc.com/code/newsletters/2002autumn/aut02_008fliptaxes.html).



**Land Value Taxes.** Land value taxes are imposed upon the value of land without regard to any structures or improvements. They have long been theoretically embraced as “the perfect tax” as they do not hurt economic activity and are designed to encourage development.<sup>44</sup>

The theory behind land value taxes is that developers are incentivized to develop land because of the increased cost of owning it. This is also because development will not raise their property taxes and because the additional revenue they earn through development will help them offset the cost of the taxes on the land. To the degree that this incentivized development is housing or housing developments, it could lower the cost of housing. Otherwise, unused pieces of land increase rents and housing costs.

Land value taxes are also often seen to distort the free market the least.<sup>45</sup> That said, there is also the possibility of a non-targeted land value tax shifting the tax burden in relative terms from owners of large buildings (presumably on relatively small and low-value lots) to owners of smaller buildings or even single-family homes on moderately sized or small lots.

## NIMBYISM

When a new development is proposed, opposition will often arise against it. In many cases, the opposition does not necessarily oppose development itself – just that it is happening near them. This type of opposition is often categorized as “not in my backyard” or “NIMBYism.” While there are historically racial and class-based origins to some NIMBYism, some actions are also likely based on economic rationality.

The NIMBY mindset is at least partially based on an insurance market void.<sup>46</sup> Homes represent the most valuable asset most individuals will ever own. While home value insurance policies exist, homeowners cannot easily buy insurance products to insulate themselves from sluggish value increases. Moreover, the structure of a community is a factor that strongly influences a household’s decision to relocate there. Understandably, significant potential changes that threaten the desired character may be undesirable, and neighborhood residents might organize in opposition.

Since zoning restrictions and land use laws help preserve a community’s character, residents are understandably wary of any alterations that might alter their perceived quality of life. One prominent threat is housing density. Vocal opposition to any zoning change that might increase density, narrow a road, add a sidewalk, change landscaping requirements, or result in almost any change to the status quo is often expected. In short, NIMBY residents are not necessarily “bad” but tend to be risk-averse. Regardless of the motivation, opposition inhibits progress relating to housing affordability. That said, better understanding NIMBY motivations likely increases the likelihood of effectively addressing their concerns.

44 Akhil Saxena, “The Perfect Tax: Land Value Taxation and the Housing Crisis,” 2021, <https://brownpoliticalreview.org/2021/12/the-perfect-tax-land-value-taxation-and-the-housing-crisis/>.

45 Jonathan Anomaly, “Public Goods and Government Action,” 2013, <https://journals.sagepub.com/doi/epub/10.1177/1470594X13505414>.

46 Daniel Hertz, “Homevoters v. The Growth Machine,” 2015, <https://cityobservatory.org/homevoters-v-the-growth-machine/>.

## HOMEBUYER ASSISTANCE – DEMAND-BASED SOLUTIONS

Increasing the housing supply is a crucial part of the solution to Utah’s current housing crisis. However, policy supporting the purchase of housing for specific populations may also be part of the solution. Reduced-price housing, downpayment assistance, shared equity models, and other purchase assistance options directly approach the housing affordability problem. Further, programs can nudge renters’ experiences toward homeownership using programs that support equity building or include right-of-refusal requirements.

### Reduced-Price, Income-Targeted Programs

Numerous Utah programs often target specific populations of interest and offer targeted assistance to ensure that preferred and necessary groups can afford housing, benefiting the municipality and community at large. One prime example for home ownership is the Utah Workforce Housing Priority program.

**Utah Workforce Housing Priority.** In 2018, Ivory Homes initiated its Utah Workforce Housing Priority program. This program was designed to increase housing accessibility for select populations within the state. The company partners with municipalities to reduce home prices using public funds.

With each of the company’s more extensive projects, some of the most affordable lots and homes are set aside for the program. These homes are restricted for purchase by households earning up to 80% of the area’s median income. More specifically, only teachers, nurses, veterans, public employees, construction and trade workers, first responders, and first-time home buyers are eligible. Added assistance includes help with credit, closing costs, and the purchase of appliances.<sup>47</sup>

As of this writing, 562 families have purchased homes via the benefits provided by this program, with projects initiated in West Haven, Magna, Grantsville, Stansbury, West Jordan, and Heber.<sup>48</sup> Since 2021, the City of South Jordan has been partnering with the program to supplement Ivory’s offerings with \$100,000 per home from city redevelopment funds to ensure affordable housing for the city’s public employees, police officers, and teachers.<sup>49</sup> The properties sold in each of these cities are deed-restricted to limit the profit owners can earn upon resale; they may also only be sold to buyers who fit the initially defined demographic characteristics determining eligibility for the home.

47 Ivory Homes, 2023, <https://ivoryhomes.com/workforcehousing>.

48 Ibid.

49 Mariden Williams, “South Jordan City and Ivory Homes Partnership yields City’s First Subsidized Workforce Housing Development,” 2021, <https://www.southjordanjournal.com/2021/04/28/354534/south-jordan-city-and-ivory-homes-partnership-yields-city-s-first-subsidized-workforce-housing-development>. And South Jordan City, “South Jordan Supports New Affordable Housing for Frontline Workers in Partnership with Ivory Homes,” 2021, <https://www.sjc.utah.gov/DocumentCenter/View/1179/South-Jordan-Supports-New-Affordable-Housing-for-Frontline-Workers-in-Partnership-with-Ivory-Homes-PDF>.

## Downpayment Assistance

Downpayment assistance programs are a straightforward policy for state and municipal ownership support programs. In fact, it is the only ownership-specific strategy in Utah's Moderate Income Housing Plans requirement for municipalities. Within this context, "moderate income" is defined as "households with a gross household income equal to or less than 80% of the median gross income for households of the same size in the county in which the city is located." Existing legislation also emphasizes that municipalities should ensure ongoing affordability with regularly analyzed and updated plans.<sup>50</sup>

**The Community Development Corporation of Utah.** The Community Development Corporation of Utah offers homeownership solutions through a very diverse set of activities.<sup>51</sup> This includes downpayment and closing-cost assistance for low-to-moderate income households. It is for primary residences only and awarded via a competitive application process.<sup>52</sup> To date, in addition to other activities, the program has provided more than \$10 million in downpayment assistance to nearly 2500 families and issued \$1.2 million in mortgages allowing 39 households to gain access to the homeownership ladder.<sup>53</sup>

**Olene Walker Housing Fund.** The Olene Walker Housing Loan Fund provides support (including downpayment assistance) for affordable housing options that meet the desires and needs of many Utahns. The scope of its work is across very low-income to moderate-income persons, as defined by the Department of Housing and Urban Development. The fund also offers targeted single-family programs to primarily low-income homeowners in rural areas and provides funding for low-income individuals with disabilities.<sup>54</sup> The Fund currently has a portfolio value of nearly \$200 million having funded over 26,000 units over the life of the organization. The fund is also estimated to have created over 6,600 jobs.<sup>55</sup>

## Shared Equity Models

Shared equity systems are designed to increase home affordability. They do so by offering homebuyer assistance – homeowner education, a subsidized interest rate, downpayment assistance, and facilitating an emergency repair fund. In exchange, the parties providing homebuyer assistance receive an equity share of the property when it is sold in the future. This helps participants gain a footing on the home equity ladder while also providing a return for investors. Utah has several models of shared equity assistance.<sup>56</sup>

50 Utah Workforce Services Housing and Community Development, 2024, <https://jobs.utah.gov/housing/affordable/moderate/index.html>.

51 Community Development Corporation of Utah, 2023, <https://www.cdcutah.org/housing-services/homebuyer-services>.

52 Community Development Corporation of Utah, 2023, <https://www.cdcutah.org/housing-services/downpayment-assistance>.

53 The Community Development Corporation of Utah, 2023, <https://cdcutah.org/our-impact/facts-figures>.

54 Utah Department of Workforce Services, 2024, <https://jobs.utah.gov/housing/affordable/owhlf/index.html>.

55 Olene Walker Housing Fund, 2023, <https://jobs.utah.gov/housing/affordable/owhlf/index.html>.

56 The State of Utah, "The Rocky Mountain Homes Fund," 2023, <https://www.utah.gov/pmn/files/623047.pdf>.

## Recent State (In)Action: Downpayment Assistance

Beyond the administrative element of the Governor's proposed 2025 budget was, first and foremost, an emphasis on first-time home buyers. In this sphere, \$50 million was to have been allocated for downpayment assistance, interest rate buy-downs, and closing costs for prospective first-time home buyers. However, the Utah Legislature did not enact this recommended part of the Governor's budget. Nonetheless, there are various downpayment assistance programs in locations around the state, including those discussed in this report. These public and public/private programs are relatively easy to implement though they would undoubtedly be bolstered and expanded by the addition of state funding.

**Weber County Downpayment Assistance Program.** As of 2021, Ogden City, Roy City, and Ogden School District employees may receive substantial downpayment assistance from a public/private partnership between Ogden City and Landed, a California-based firm.<sup>57</sup> The partnership's objective is to provide teachers and other public employees with an equity-sharing model through which Landed can provide up to half of the downpayment required to purchase a home (capped at \$120,000) in exchange for a 25% equity share of any value increase and a 25% share of any loss that could take place.<sup>58</sup>

**Rocky Mountain Home Fund.** A group of investors drives this organization. Their money is pooled and offered to eligible home buyers (generally public employees) to eliminate the need for a downpayment. Interest rates are also below the current market at roughly 3%. In short, investors offer a cash outlay and accept a relatively low (and riskier) rate of return to share equity growth with the home purchaser.

Buyers then can either stay in the program over time or exit it. Buyers can exit by cashing out the Fund's investors directly or with a market-rate mortgage. In either case, investors gain a return, and potential residents receive assistance to find their place on the housing ladder when they might otherwise find themselves only renting.

It is telling, however, that the Rocky Mountain Home Fund has found difficulty finding homes in Utah that program participants can afford, even with the low interest rate and downpayment assistance. Given that, the organization has adapted and found itself in the construction and commercial repurposing business to generate housing supply.<sup>59</sup>

## Recent State (In)Action: Equity – Shared and Sweat

The Governor's proposed 2025 budget also allocated \$5 million for community land trust expansion and another \$15 million to support rural and urban sweat equity programs. Neither of these was supported by the legislature during the 2024 General Session, though each approach is implemented via public/private partnerships in various parts of the state. As the Governor proposed, these could be expanded with state government support.

57 Landed, 2023, <https://www.landed.com/>.

58 Leia Larsen, "New Programs Coming to Ogden to make Homes More Affordable for Teachers, government Workers," 2021, <https://www.sltrib.com/news/politics/2021/02/23/new-program-coming-ogden/>.

59 Utah Foundation talks with Steve Waldrip, Utah Governor's Office, Senior Advisor for Housing Strategy and Innovation in February 2024.



**Community Land Trusts.** Community land trusts also fall within the shared-equity ownership model.<sup>60</sup> They utilize private and public monies to purchase land owned in perpetuity. Community residents can buy their homes in these areas but not the land upon which these homes rest. Residents lease this land long-term at well below market rates and in a renewable context. This is the element of the system that increases home affordability. Governance is then undertaken by a board of local community members, members of the general public, and residents of the trust.<sup>61</sup>

The Utah Community Land Trust operates more generally by acquiring land and maintaining ownership in perpetuity, with moderate-income homeowners entering into ninety-nine-year renewable ground leases. Contractually, the homeowners agree only to sell the homes at deed-restricted prices to enable another moderate-income homebuyer to make the purchase. Consequently, homeowners can build wealth from the investment, and the Trust can permanently preserve the public/private investment in affordable homes, thereby helping future homeowners. When a homeowner decides to sell, a formula determines the home's resale value, thus permitting the seller to realize 1.5% per year, totaling up to 25% of the home's appreciated value.<sup>62</sup>

### Direct Renter to Ownership Linkages

As an element of multifaceted housing policy, municipalities might also consider more direct renter-to-ownership options for their residents. These can be organizationally based or legally mandated.

**Perpetual Housing Fund.** The Perpetual Housing Fund is a non-profit entity sharing equity with residents. Projects are funded by tax credits, and residents are not on property titles but maintain a 75% contractual stake. According to the Perpetual Housing Fund, residents enter and exit the program and benefit from their share of organizational profits, mortgage paydowns, value appreciation, and annual cash flow.<sup>63</sup> This is possible as residents enjoy affordable payments but gain equity to secure a spot on the housing ladder.

60 Grounded Solutions Network, "Community Land Trusts," 2023, <https://groundedsolutions.org/strengthening-neighborhoods/community-land-trusts>.

61 Moab Area Community Land Trust, 2023, <https://www.moabclt.org/>.

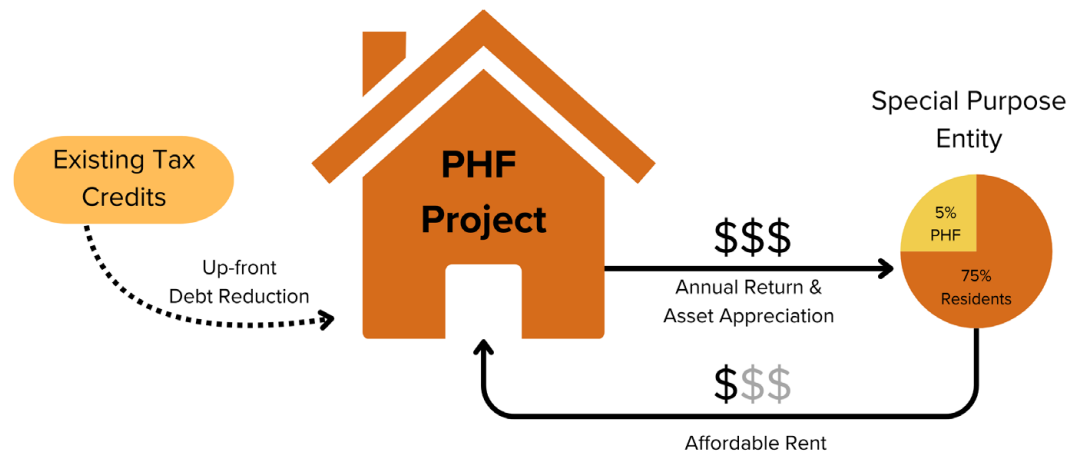
62 Utah Community Land Trust, 2023, <https://www.utahclt.org/>.

63 Perpetual Housing Fund, 2023, <https://www.perpetualhousing.org/>.

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## The Perpetual Housing Fund offers an equity stake in housing occupied by non-owners.

Figure 2: The Perpetual Housing Fund's Cycle of Wealth Creation



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The potential 15-year impact is projected at 5,800 new affordable housing units, 14,200 impacted household groups, and the creation of \$200 million in household wealth for low- and moderate-income families.

**Renters' Right to Buy Policies.** To encourage owner occupancy, states or municipalities can legally mandate that home sellers offer existing tenants the first opportunity to buy their homes (and a specific timeframe to secure financing) before the unit hits the broader market. It may also be logical to deed restrict these properties (particularly if purchased with the assistance of public funds) to ensure that they remain owner-occupied, are not re-sold within a particular timeframe, and possibly limit the profit that any future seller of the property can earn.

A broader application of this renters' right to buy has been applied in "tenant and community opportunity to purchase" policies. Various cities and states have either implemented or at least considered this approach. While the actual operation of such a system varies, the policy allows residents to collectively exercise a right of first refusal to purchase an entire building and form what amounts to a cooperative with shared ownership of common areas. Even the land under duplexes and homes with accessory dwelling units has been split to provide ownership opportunities to residents when the property is placed for sale.

## CONCLUSION

This report details various potential ways to address the housing crisis in Utah. Of course, each solution is characterized by varying degrees of costliness, effectiveness, and political palatability.

A single solution or sector will prove insufficient to solve Utah's ongoing housing issues. A coordinated effort of solutions – varying in scale, scope, and focus – will help make home ownership again accessible to more Utahns.

## State and local governments have several options for increasing homeownership affordability.

Appendix A: Examples of Policy Options Included in this Report for Increasing Homeownership Affordability in Utah

Policy Options	Example
<b>Supply</b>	
New Starter Homes	2025 Utah State Budget
Zoning Smaller Homes	SLC, 2023
Zoning Smaller Lots	SLC, 2023
Reduced Parking Requirements	Utah State Legislature HB462 in 2022
Transportation Infrastructure	Utah State Legislature HB13
Incentivize Developers	Utah State Legislature, HB572 and HB476 in 2024
Factory-Built Housing	Utah State Legislature, SB168 in 2024
Condominiums/Const. Liability	Washington's Right to Cure law
Disincentivize Condo Conversions	None
Owner-Occupancy Requirements	Utah State Legislature HB465
Short-Term Rental Restrictions	Paris, New York, Amsterdam, and Berlin
Flip Taxes	NYC (paid to buildings not municipalities)
Land Value Taxes	Pennsylvania
<b>Demand</b>	
Targeted Ownership Programs	Utah Workforce Housing Priority Program
Downpayment Assistance	C.D.C. Utah, Olene Walker Housing Fund
Shared Equity Programs	Rocky Mountain Home Fund
Community Land Trusts	Utah C.L.T./ Moab Area C.L.T.
Renter to Owner Linkages	Perpetual Housing Fund
Renters Right to Buy Policies	CO and MD, proposed in FL, MA, and CT



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