



July 3, 2024

Provo City Planning Commission and City Council
445 W Center St, Suite 400, Provo, Utah, 84601

To Whom It May Concern:

We appreciate the opportunity to engage with Provo City regarding the proposed ordinance aimed at increasing housing ownership within the DT1 zone. The proactive steps taken by Provo to address housing concerns reflect a commendable commitment to improving community stability and investment. However, we find this proposed ordinance to be problematic and believe that it will result in unintended consequences that will deter redevelopment and decrease the housing stock in Provo without making a meaningful impact on homeownership.

The National Association of Cities and the American Planning Association recently released a joint policy handbook entitled the *"Housing Supply Accelerator Playbook"* (QR code below) highlighting actions municipalities should take to resolve housing-related issues in their communities. In the playbook, the associations explicitly state the need for municipalities to refrain from imposing density caps in multi-family zones. We concur with the playbook's recommendation and believe that Provo's unique demographics would exasperate some of the consequences that may arise.

Provo's unique demographic challenge is highlighted by its status as having the highest student population in the state, with 43.3% of its 101,147 residents enrolled in undergraduate and graduate programs. This large student population significantly contributes to the high demand for rental housing. By mandating for-sale products in the most dense zones throughout the city, we predict that Provo may see a significant decrease in willingness on the part of developers to make the capital and time investment in Provo's future. This lack of willingness to develop within the DT1, DT2, and ITOD zones could lead to a slowdown in new housing developments and cause negative impacts on the local economy, contrary to the intention of the ordinance.

Furthermore, a density cap could undermine efforts to expand transit-oriented communities, which rely on higher density to support efficient public transportation systems and reduce reliance on cars. Limiting density may also restrict the diversity of housing types, such as multifamily or mixed-use developments, which are essential for meeting the diverse needs of residents,

particularly those requiring affordable housing options. The most significant point of contention with the ordinance, however, results from the failure of the proposed ordinance to provide the ownership incentives it seeks to provide. Instead of incentivizing ownership products, this draft will make it much more difficult to develop anything at all, with no additional benefit.

Due to these potential drawbacks, we recommend exploring incentive-based solutions. Implementing incentive-based zoning could offer bonuses such as increased height limits or reduced square footage requirements for developments that include a certain percentage of for-sale housing units. Providing impact fee reductions or expedited approval processes for for-sale products could encourage developers to include ownership units in their projects without the need for restrictive density limits. For example, reducing impact fees or granting additional building stories for developments that provide over a certain percentage of for-sale units can make these projects more financially attractive. These strategies not only support the creation of ownership units but also ensure a balanced approach to urban development that aligns with Provo's long-term vision.

On the following pages, you will find resources, statistics, concerns, and alternate solutions as you consider your options in addressing this challenge. Our coalition—comprising the Utah Central Association of Realtors® (UCAR), Utah Rental Housing Association (URHA), Utah Association of Realtors® (UAR), and Utah Valley Home Builders Association (UVHBA)—is eager and willing to work collaboratively with Provo City to assist in finding viable ways to encourage homeownership opportunities. We are committed to engaging in productive discussions and offering our expertise to help shape policies that support sustainable growth and address the housing needs of all Provo residents. We believe that through collaboration, we can develop innovative solutions that benefit the community, attract investment, and ensure the availability of diverse and affordable housing options.

Thank you for considering our perspective. We look forward to the opportunity to continue this important dialogue and contribute to the development of effective housing solutions for Provo.

Best regards,

Peter Christensen

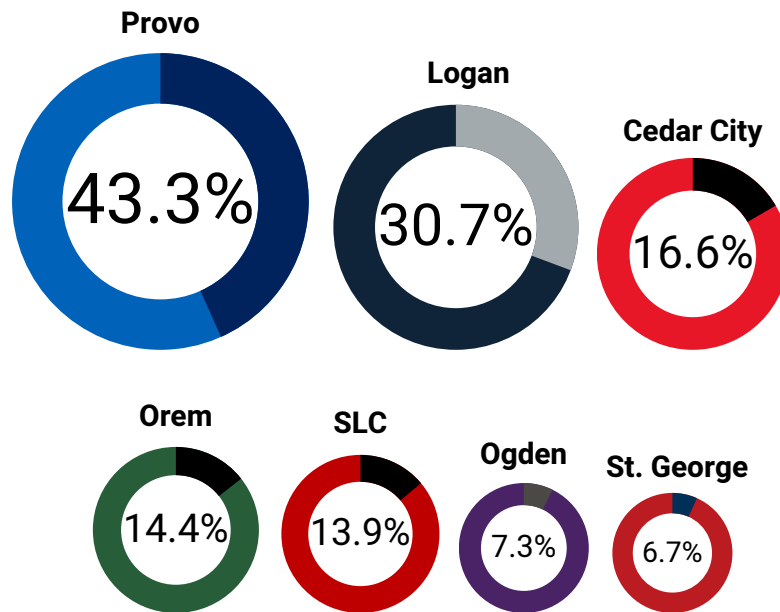
Peter Christensen
CEO, Utah Central Association of Realtors®

Resources For Decision Makers

Housing Supply Accelerator Playbook



College Student Percent of City Population

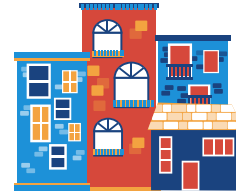


U.S. Census Bureau. "Selected Social Characteristics in the United States." American Community Survey, ACS 5-Year Estimates Subject Tables, Table DP02, 2022

Potential Consequences of the Ordinance

Limited Housing Diversity

The ordinance may discourage the development of varied housing types, such as multifamily or mixed-use developments, which are essential for meeting the diverse needs of residents, particularly those requiring affordable housing options.



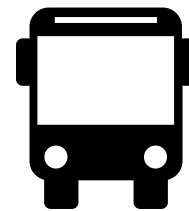
Reduced Developer Interest

Developers may be less inclined to invest in projects with stringent density caps, potentially leading to a slowdown in new housing developments and economic activity in the downtown area.



Challenges for Transit-Oriented Development

Limiting density may undermine efforts to develop transit-oriented communities, which rely on higher density to support public transportation systems and reduce reliance on cars.



Difficulty Meeting Future Housing Needs

As the population grows, the city may find it challenging to meet future housing needs within the confines of the density cap, necessitating frequent amendments to zoning laws and potentially leading to inconsistent urban planning.



Reduced Housing Supply

Implementing a density cap of 50 units per acre could limit the total number of new housing units, exacerbating existing housing shortages and making it difficult to meet the demand for new homes.



Increased Housing Costs

With fewer units being built, the cost of land and construction will be distributed among fewer units, likely leading to higher prices for both rental and ownership housing, reducing affordability.



Inovative and Impactful Alternate Solutions

Incentive-Based Zoning

Rather than imposing a maximum density cap, the city could implement incentive-based zoning. By providing these incentives, developers are encouraged to incorporate ownership units into their projects without the need for restrictive density limits. Below are four alternate solutions, including three mock ordinance text amendments, which may be far more impactful than maximum density restrictions:

1. Minimum/Average Square Foot Adjustment

14.21A.090 Minimum and Average Residential Unit Size.

The proposed amendment to the right would allow developers who meet a certain percentage of for-sale product to receive a reduction in the minimum/average unit size requirement imposed by Provo. Currently, this zone requires a minimum of 500 square feet with an average of 800 square feet.

(1) Except as provided in Subsection (2) of this Section, each development that includes a residential use shall provide a minimum unit size of no less than five hundred (500) square feet and a minimum average unit size of no less than eight hundred (800) square feet. This requirement shall not apply to institutional housing units (i.e., elderly housing, assisted living facilities, etc.).

(2) Mixed-use developments with ground floor commercial fronting Center Street or developments with x% of for-sale product shall provide a minimum residential unit size of no less than five hundred (500) square feet and a minimum average unit size of no less than six hundred (600) square feet.

2. Height incentive

14.21A.070 Building Height.

Increased height allowances are a great way to incentivize specific housing types. In Salt Lake City's recent Affordable Housing Incentives, for example, developments that allowed for a certain percentage of affordable housing units were granted additional height in the form of between one and three additional stories, depending on zoning. This could be an excellent way to provide Provo developers a similar opportunity to be given greater flexibility for projects as well as provide Provo with more for-sale product.

Except as otherwise provided in Section 14.21A.080, Provo City Code, building height, measured from the top of the street curb, shall be determined by the following standards:

(1) Total Maximum Building Height:

100 feet

(2) Minimum Number of Building Stories:

2 stories

(3)-(6)...

(7) Section 14.34.090, Provo City Code, Height Limitations and Exceptions, shall be adhered to within the DT1 zone.

(8) One additional story shall be permitted if between 20% - 49% of a development is offered as for-sale housing.

(9) Two additional stories shall be permitted if greater than 50% of a development is offered as for-sale housing.

(10) The maximum height per story of additional building height shall not exceed 12 feet.

3. Impact fee incentive

This proposed addition to the DT1 code would provide an attractive incentive for developers to provide some sort of for-sale housing product in exchange for a reduction in impact fees for the development. These savings could equate to tens of thousands of dollars, or more, which could provide the necessary financial motivation to invest in these types of housing.

4. Expedited Approval Process

Beyond code-based text amendments, Provo could change internal building department policy to allow for faster approval processes for for-sale products in DT1 developments. This could include a variety of tactics including:

- fast-tracking review timelines
- no required planning commission approval
- priority review of city departments

14.21A.220 Impact Fee Reduction

A residential or mixed-use development in this zone shall have impact fees reduced or waived on the residential portion of the development by certain percentages should they provide for-sale housing in the development. The percentages are outlined below:

- (1) No reduction of impact fees if less than 20% of the development is offered as for-sale housing.
- (2) 20% reduction of impact fees if between 20% and 35% of the development is offered as for-sale housing.
- (3) 35% reduction of impact fees if between 35% and 50% of the development is offered as for-sale housing.
- (4) 50% reduction of impact fees if greater than 50% of the development is offered as for-sale housing.



Coalition Member Contacts

UCAR

Peter Christensen peter@ucaor.com
Matthew Clewett matt@slrealors.com

URHA

Paul Smith paul@urha.org
Gavin Gilbert gavin@urha.com

UAR

Alissa Dailey alissa@utahrealors.com
Augusta Scott augusta@utahrealors.com

UVHBA

Steve Caldwell steve@uvhba.com
Eileen Miller eileen@uvhba.com