

Utah Affordable Housing

*Wasatch County*

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### Abstract

The residents of Wasatch County are facing increasing difficulties in finding affordable housing due to rising costs, which have left many unable to secure homes and dissatisfied with government actions. The Wasatch County Affordable Housing Survey highlights potential challenges associated with sampling, nonsampling, and nonresponse errors, which are critical to consider for accurate data interpretation. Sampling errors may arise from the underrepresentation of demographic groups, such as younger individuals or lower-income households, leading to skewed results. Nonsampling errors, including unclear survey questions and respondent misunderstandings, could further affect data accuracy. While a high response rate indicates a well-targeted sample frame, exclusion of specific demographics might introduce bias, impacting the reliability of findings. Recognizing these limitations allows for a more transparent and credible analysis of the housing situation in Wasatch County, especially when addressing the needs of underrepresented groups.

This case study will explore secondary research and investigate solutions to these housing challenges, focusing on key publics such as local government and residents. Public relations practitioners could implement strategies like a more representative sampling approach, increasing response rates through targeted follow-ups and incentives, and pre-testing survey instruments to reduce nonsampling errors. These measures would strengthen the data foundation, ensuring a comprehensive analysis of the community's housing needs and informing effective public policy decisions to improve affordable housing access in Wasatch County.

### Utah Affordable Housing *Wasatch County*

The residents of Wasatch County are increasingly struggling to find affordable housing due to rising costs, leading to widespread dissatisfaction with local government efforts. This case study explores the underlying factors contributing to the housing crisis and seeks to identify potential solutions through collaboration with key stakeholders, including local government and residents.

By leveraging the RACE (Research, Action Planning, Communication, and Evaluation) model, the study aims to develop a strategic approach to address the housing challenges in Wasatch County.

## Background

### Secondary Research

**The External Environment.** The main problem with affordable housing is the gap between the income levels and housing costs. In the Wasatch County the rise of property values and rents has far outpaced wage growth, creating a significant affordability crisis. According to Utah foundation, many places have used their units has Airbnb or VRBOs, creating an inflation on the prices and creating a short storage on getting a place to live, since many people from outside Utah sees houses here an inversion to rent them. To address this “some Utah municipalities have already restricted short-term rental supply,” the Utah Foundation reports. This issue is made worse for low-income households by the scarcity and competition of reasonably priced housing. Alessandro Rigolon, a professor from University of Utah said that the “the bigger part is that we simply don’t have enough money to build publicly funded affordable housing.” (“Is Community Pushback Preventing Utah from Building More Affordable Housing?” 2024) Moreover, people can become frustrated when projects promise to bring more available housing for sale to a community, but instead result in rents that are out of reach. That's the problem.

Another external problem that has affected affordable housing in Utah is the COVID-19 Pandemic, resulting in fluctuations in the cost of new building, rentals, and home prices. We currently have housing scarcity as a result of rising mortgage rates and home prices combined with a decline in building permits. Many Utahns are unable to afford the current home options or find a property to buy.

We are facing higher interest than ever before due to high demand and limited supply.

**The industry.** Utah has become a favorite place for Californians and other western states due to their comparison of house prices creating a bigger demand in Utah, making limited supply in a short period of time. A [Kem C. Gardner Policy Institute report](#) on the state of Utah's housing market forecasted a shortage of about 37,000 homes this year as the number of people moving here outpaces building. (State of the State's Housing Market, 2022-2024, page 3)

**Market Share and Competition.** The Utah housing market has experienced significant fluctuations in recent years due to economic policy responses to the COVID-19 pandemic. Here's a breakdown of the key factors influencing market share and competition within Utah's affordable housing sector:

**1) Impact of Federal Reserve Policies (2021-2022): (The State of Utah's Housing Market, 2022-2024, page 5)**

- The Federal Reserve reduced interest rates to historic lows during the pandemic to prevent economic depression, leading to a surge in housing demand and inflation by 2022.
- To counter inflation, the Federal Reserve raised interest rates rapidly, causing mortgage rates to double within a year. This sharp increase led to a contraction in the housing market, significantly impacting housing affordability and competition.

## 2) Effects on Residential Construction:

- The stricter economic policies made it much harder for residential construction in 2022. As a result, there were far fewer building permits issued for all types of housing: single-family home permits fell by 32%, apartment permits by 27%, and permits for condos, townhomes, and twin homes dropped by 9.5%.
- The declining trend continued into 2023, with residential permits in Utah falling by 37.2% between January and June, one of the steepest declines nationally.

## 3) Shift from Low-Density to High-Density Housing:

- From 2021 onward, there has been a record level of high-density housing development in Utah, with permits issued for 15,000 condominium units and 24,500 apartment units in the past two years.
- In 2022, 60% of all residential permits were for apartments, condominiums, townhomes, and twin homes, marking the highest proportion of high-density housing permits on record.

Utah's current housing market is shifting towards high-density options like apartments and condos because of economic pressures. Rising interest rates and overall market conditions are pushing developers to build more multi-family units, increasing competition and highlighting the growing need for more affordable housing options in Utah

**Stakeholders.** In the Case Study there are three main Stakeholders that need to work together to address the issue and find a resolution for this problem. We have Housing Developers, Renters/Potential First-time Home Buyers, and Local Government/City Councils/Mayors.

### **1- Housing Developers**

In Wasatch County, home developers are essential to the supply of affordable homes. They are in charge of the design, funding, and construction of residential developments. They also frequently negotiate legal requirements and competitive market conditions. Profit and market demand drive developers, but they also must contend with issues like tight zoning regulations, land, and growing construction prices. In the case of affordable housing, they probably have to collaborate closely with local authorities to get licenses, financial incentives, or subsidies.

### **2- , Renters/Potential First-time Home Buyers**

Renters and potential first-time home buyers in Wasatch County are often looking for affordable options that suit their budget. This group typically includes young professionals, families, and individuals who are priced out of the traditional single-family home market due to rising property values and high mortgage rates. They face challenges like limited affordable inventory, competition from other buyers, and high rental rates. These groups are seeking accessible entry points into the housing market, whether through renting or purchasing their first home, and are greatly affected by any fluctuations in market conditions or interest rates.

### **3- Local Government/City Councils/Mayors**

Local governments, city councils, and mayors in Wasatch County are key players in shaping the affordable housing landscape. They are responsible for setting zoning regulations, approving development permits, and providing incentives for affordable housing projects. Their role includes balancing community needs with economic growth, managing public concerns about density, and ensuring the availability of essential services. Local officials often work to address the affordable housing crisis through policies that support development while maintaining the quality of life in their communities. They strive to attract developers to invest in

affordable housing while addressing the concerns of existing residents about the impact of new developments.

**Internal Environment of the Organization.** The Wasatch County is a place where many Single families' lives and where the majority of their community is White, which most of them agree to be a safety place to live. Wasatch County needs to be more diverse, and this is where the Case Study lacks information with the minority. According to the Policy Institute, Wasatch County has growth between 2010 and 2020 of 47.9% and is the 12<sup>th</sup> largest county in the State of Utah. (Kem C. Gardner Policy Institute, 2022). Wasatch County needs to create an environment that innovates and produces affordable housing for the new community that has incorporated over the years and the government must create more public places for the Community there too as well.

**The Product, Service or Issue.** Based on the search of price range on the Wasatch County, prices vary between 280K just for the land and mansions for 21.0 M. Overall prices ranges between 405K for townhouses and 700-900K for Single Houses. The biggest reason why prices are higher in this County is because the Interest rate has decrease over 2024. Based on Bakrate the current interest rates in Utah are 6.58% for a 30-year fixed mortgage and 5.82% for a 15-year fixed mortgage. <https://www.bankrate.com/mortgages/>

**Promotions.** There are a few promotions and programs available to help people buy their homes in Utah. Utah has a program called "Utah First-Time Home Buyer" in which you only need 20% from the total amount has a down payment, you can also get a low interest rate and no private mortgage insurance (PMI). However, you have to have a few qualifications first, like have a credit score of 620 or higher, you can participate in the UHC's approved list and have a monthly household income at or below \$8.900 in most of the state. (Mortgage Reports)

Other Real States like Symphony Homes Offers three current promotions:

<https://symphonyhomes.com/>

- Beginning payment rates as low as 4.75%\* with a 2/1 buydown on select quick move-in homes.
- Get an extra \$20K to put towards your rate buydown, closing costs, or upgrades when you go under contract to build a new home by July 31, 2024
- Get a \$35K lender incentive in addition to the \$20K when you go under contract to build a new home by July 31, 2024, in our Riverton and Pleasant Grove communities. Get a \$10K lender incentive in addition to the \$20K when you go under contract to purchase a home in our Lehi Terrace community by July 31, 2024.

**Resources.** The U.S Department of Housing and Urban Development has measures implemented to combat the issue. “Utah's affordable housing planning law provided Wasatch County with an opportunity to educate its residents about affordable housing and to re- assess its zoning laws. A small state demonstration grant allowed the county to hire a consultant and analyze its current housing stock. Wasatch included both incorporated and unincorporated areas in its planning process, something many other Utah counties did not do.” (State Legislation Promotes Affordable Housing in Utah's High-Cost Rural Areas).

### SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> <li>• Lot of land</li> <li>• Developers</li> </ul>	<p>Weaknesses</p> <ul style="list-style-type: none"> <li>• Far from the city</li> <li>• Road needs to improve</li> <li>• Communication</li> <li>• Public spaces</li> </ul>
<p>Opportunities</p> <ul style="list-style-type: none"> <li>• Offers incentives for first-time homeowners</li> <li>• fee-in-lieu" supports the production of</li> </ul>	<p>Threats</p> <ul style="list-style-type: none"> <li>• High demand</li> <li>• Not enough supplies</li> </ul>



affordable housing in another location.	<ul style="list-style-type: none"><li>• Houses are expensive</li></ul>
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### **Situation Analysis**

Based on the case Study, inflation has impacted the current economy, and the community feels affected by this. Most of them have Single homes properties since the abundance of land in that part of Utah. However, these Single Homes are expensive although they have decreased their prices due to the interest rate. Many citizens from Wasatch County agree that they would like more Townhomes or Duplex.

This could help create more homes for more people in that area for an affordable price. This could be a good option to help them. According to the State resource from State Legislation Promotes Affordable Housing in Utah's High-Cost Rural Areas, “Utah has a number of financial and technical assistance resources to help communities address affordable housing needs. One of the largest is the \$42 million Olene Walker Trust Fund, made up of state and federal funds that assist in the construction, rehabilitation, and purchase of affordable multifamily and single-family housing throughout the state.”

### **Core Problem**

The main problem with Wasatch County is that the community has growth faster than before and because is outside the city, people, the Government wasn't prepared for this increase, even though there is a lot of land, they need to work on the infrastructure and build not only homes but public places for their community to create employment places. If this issue isn't addressed, what will be the value of these huge houses? Beyond creating vacation homes, the municipality intends to create homes for working class people for all those hotels in that area.

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