

2019 Proposed Ordinance Revisions to Mitigation of Residential Housing Loss



Housing and
Neighborhood
Development
Division of
Community and
Neighborhoods

Summary of Proposal:

The Housing and Neighborhood Development Division of Salt Lake City is proposing revisions to City Code 18.97, Mitigation of Residential Housing Loss. The intention of the revisions is: 1) clarify the language to focus on the net loss of housing, from residential to non-residential use that would result in a net loss of dwelling units, and 2) simplify replacement parameters or fee assessment processes. The City is seeking to effectively mitigate future loss of housing which can cause displacement of residents and increase pressure on the housing market.

Proposed Ordinance Revisions:

Salt Lake City has a policy to mitigate the loss of affordable housing stock due to new development. The current interpretation of §18.97.030 of the Salt Lake City Code has produced no funds for the City Housing Trust Fund over the last two years to mitigate the housing loss due to demolition of existing housing. A proposed interpretation of §18.97.030(B) would require a fee calculated by subtracting the FAIR MARKET VALUE (the value of the housing unit(s) planned to be demolished) from the REPLACEMENT COST (the cost of building new units of similar square footage and meeting all existing building, fire and other applicable laws, excluding land values).

For example: On January 13, 2016, a calculation of the fee to charge for demolition of the residence at 122 East Williams Avenue, SLC, would be as follows: the Fair Market Value, \$50,400.00, subtracted from the Replacement cost, \$121,436.70, would result in the fee, \$71,036.70.

So, under the proposed interpretation a mitigation fee of \$71,036.70 would be charged for the demolition of a residence valued at \$50,400.00. The proposed interpretation above would result in a fee that would be economically prohibitive of demolition; and housing with multiple units should be charged a comparable fee for demolition. Demolishing dilapidated housing is in the City's best interests. Salt Lake City should be exempt from paying itself a fee for the demolition of residential housing that it owns.

To clarify and simplify the ordinance Housing and Neighborhood Development Division recommends the following:

Revise language and process to focus on the change of use from residential to a non-residential use.

Remove the term "affordable," because it is not defined in current language.

Housing Loss Mitigation Plan will be submitted to the city's civil enforcement manager, rather than the directors of Planning or Community and Neighborhoods.

Expand exemptions to include:

- Is not a net loss of residential dwelling units; or
- Is not a permitted or conditional use in the zoning district as listed in 21A.33 Land Use Tables; or
- Is replaced by other uses through an adaptive reuse process.

Expand options for replacement housing by including placement in areas of the city with an equivalent or higher Opportunity Index score.

Replace the fee options with:

- 1) Required Facts Of Natural Deterioration / Increase Fair Market Value of Units To Be Demolished.
- 2) Flat Fee Mitigation Payment: A sum not in the excess of three thousand three hundred twenty two dollars twenty cents (\$3,322.20) per dwelling unit to be demolished. Such flat fee shall be adjusted for inflation as of January 1 of each calendar year following the initial adoption hereof, based on the consumer price index for the previous twelve (12) months, or three percent (3%), whichever result is less.

Process: The purpose of the open house is to obtain public comment on the purpose statements and help Housing and Neighborhood Development staff identify the issues with the purpose statements. The Planning Commission will then hold a briefing where staff will review the process and the proposed changes and provide Housing and Neighborhood Development staff with direction. The Planning Commission will hold a public hearing at a later date where they will take public comment on the proposed changes and make a recommendation to the City Council. The City Council is the decision making body for any proposed changes to the purposed statements.

If you have any questions or comments, please contact Tony Milner, at 801-535-6168 or tony.milner@slcgov.com. Written comments can be submitted via email or mailed to:

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Please provide your comments by March 5, 2019.