

Utah League of Cities and Towns
Legislative Policy Committee Agenda – August 15, 2022, 12:00 p.m. – 1:30 p.m.
Utah Local Governments Trust and Zoom Webcast

1. Welcome, introductions, and adoption of [minutes](#) (ULCT 2nd Vice President, Mayor Michelle Kaufusi)
2. HB 462 implementation & Commission on Housing Affordability updates (ULCT staff and Department of Workforce Services)
3. Fall LPC policy outcomes survey (ULCT staff)
4. Resolution 2022-001 (ULCT staff)
5. Summer interim updates (ULCT staff):
 - a. Land Use Task Force
 - b. Water conservation
 - c. Growth
 - d. Transportation
 - e. Roving city manager
 - f. Billboards
 - g. Vacancies
 - h. Noticing requirements
6. Upcoming events (ULCT staff)
7. Adjourn

To join via Zoom Webcast:

https://us02web.zoom.us/webinar/register/WN_BX6Zj89pTf-tRbYovNMbHw

2022 LPC Meetings:

- ~~September 19, 2022 at noon:~~
- **September 12, 2022 at noon:**
 - Register here - https://ulct.co1.qualtrics.com/jfe/form/SV_43kbuWUN60qbIKa
- **October 17, 2022 at noon**
 - Register here - https://ulct.co1.qualtrics.com/jfe/form/SV_0quQA6HgbjbBecu
- **November 14, 2022 at noon**
 - Register here - https://ulct.co1.qualtrics.com/jfe/form/SV_a9wCa7oP2yJVDjE
- **December 12, 2022 at noon**
 - Register here - https://ulct.co1.qualtrics.com/jfe/form/SV_b2QtWv2FBcBWtpA

Resolution 2022-001

(A) Resolution recognizing the impacts of short-term rental units on local communities and encouraging state policymakers to return regulatory authority to local government leaders.

(B) We, the members of the Utah League of Cities and Towns find:

- 1. Whereas** Utah's five national parks, world class skiing and outdoor recreation, cultural history, and scenic beauty attract millions of visitors to the state each year.
- 2. Whereas** Tourism is a critical component of Utah's economy, but policies should balance the needs of visitors with those of residents.
- 3. Whereas** ULCT contracted with the Kem C. Gardner Policy Institute to study the quantity of short-term rental units operating in Utah. The report, published in June of 2022, found that year-round short-term rental listings in Utah grew by 26.8% to 18,743 in two years (2019 – 2021)¹.
- 4. Whereas** that same report found that short-term rentals are concentrated in select counties but can be found in communities throughout the State. communities have lost total housing units in last two years due to in part to growth of STRs?
- 5. Whereas** municipalities in Utah have observed a correlation between increases in short-term rental units and increases in housing costs. Some academic studies support this observation^{2,3}. Some municipalities have also observed short-term rentals displacing retail shops, galleries, and restaurants thereby reducing the diversity of businesses in those communities.
- 6. Whereas** Resolution 2018-004 was adopted by the ULCT membership in September of 2018. In this resolution, ULCT members addressed Utah's housing shortage and price increases. In years since, the housing gap has decreased from 56,000 to 31,000 residential units. While significant progress has been made to address the housing shortage, it is inhibited by the growing conversion of housing units to commercial properties (short-term rentals).
- 7. Whereas** short-term rentals can have demonstrable impacts on residential neighborhoods, including the tragic incident that occurred this year. Impacts can include excessive noise, parking shortages, trespassing, and more. Lack of full-time residents in a neighborhood who are invested in the community
- 8. Whereas** numerous state laws have made reasonable enforcement of local short-term regulations exceedingly difficult and costly. These include limitations and outright restrictions on code enforcement, business license fees, and using listing website advertisements for enforcement. By extension, it is difficult to enforce land use ordinances and ensure compliance with state and local tax law. The

¹ Dejan Eskic, Short-Term-Rental Inventory, June 2022 Policy Brief, <https://gardner.utah.edu/wp-content/uploads/ShortTermRent-PB-Jun2022.pdf?x71849>

² Hans R.A. Koster, Jos van Ommeren, Nicolas Volkhausen, Short-term rentals and the housing market: Quasi-experimental evidence from Airbnb in Los Angeles, *Journal of Urban Economics*, Volume 124, 2021, 103356, ISSN 0094-1190, <https://www.sciencedirect.com/science/article/pii/S0094119021000383>

³ Li, Hui and Kim, Yijin and Srinivasan, Kannan, Market Shifts in the Sharing Economy: The Impact of Airbnb on Housing Rentals (July 1, 2021). *Management Science*, Available at SSRN: <https://ssrn.com/abstract=3435105> or <http://dx.doi.org/10.2139/ssrn.3435105>

cumulative effect of these policies has created logistical hurdles and a strong chilling effect on local government's oversight of short-term rentals.

9. Whereas a ULCT workgroup has met for two years to dissect the issue of short-term rentals. The workgroup adopted the following short-term rental policy principles:

- i. Impact on housing availability: Policies should maximize the availability of long-term housing units, by removing the structural disincentive (competitive disadvantage) for long-term rental uses.
- ii. Tax equity: Policies should level the playing field between legal overnight rentals (allowed/permitted short-term rentals, hotels, bed and breakfasts, etc.) and illegally operating overnight rentals including the collection and remittance to the state and local governments of existing sales and tourism taxes.
- iii. Quality communities (code enforcement):
- iv. Neighborhood preservation/sense of community: Policies should minimize the impacts of illegal short-term rentals on neighboring property owners and the broader community.

10. Whereas community leaders understand their communities and are best situated to balance the needs of residents, visitors, and local businesses.

11. Whereas ULCT members recognize the value short-term rentals provide to the tourism accommodations inventory in their communities. And benefits some homeowners with additional income?

(C) Therefore, we, the members of the Utah League of Cities and Towns resolve:

1. state lawmakers should reduce or remove short-term rental restrictions so that local governments may determine the policies that best fit their respective communities,
2. state lawmakers should reduce or remove state law that incentivizes short-term rentals at the expense of housing availability
3. state and local lawmakers should create a level playing field with other property owners and businesses.
4. local governments commit to working with stakeholders to adopt policies that balance the needs of all residents and businesses in their respective communities.
5. the State Tax Commission should continue to ensure that short-term rental businesses are property paying all appropriate tourism taxes in their jurisdiction.

UEOC 2022-23



March 2022 – Discuss and select new Working Groups.

May 2022 – Finalize Working Group membership and deliverables, determine corresponding Interim Committees

July (August) 2022 – Working Groups present policy ideas for consideration and discussion.

September 2022 – Working Groups present finalized items for UEOC consideration to propose to Interim Committees or Governor's Budget.

November 2022 – Working Groups present on any unresolved or challenging items.

January 2023 – Final status reports and Working Groups are disbanded. UEOC staff will work with legislators on commission priorities.



Water Infrastructure & Environment Priorities

Raise the water capacity of Bear Lake

- Easement of 1,000 acres of floodplain
- Easement in coordination with Idaho
- This plan would limit evaporation levels

Water reuse strategy

- Coordinate water reuse in Northern Utah in order to protect the Great Salt Lake
- Encourage reuse in Southern Utah in order to keep water in Utah
- Ensure that water agencies that oversee reuse have clear rules in place

Water importation

- Build pipelines to import water from outside of Utah
- \$1.7 million 12 month feasibility study

Turf buyback legislation

- Limits area for turf buyback if the area has other non-conforming areas
- Bill file is currently open
- Secondary water metering update
- \$48 million left in grant funding after second round of applications
- Cost to install meters has nearly doubled since estimates were made
- This grant is capped at \$5 million for smaller water suppliers, or \$10 million for larger water suppliers; should we change the cap to ensure we use the remaining ARPA dollars?

Gov't Efficiency & Cooperation Priorities

eGovernance

- Rich Saunders leading effort to innovate and make government more accessible for Utahns

Business Portal

- Leigh Veillette & Jenney Rees taking lead to sync across agencies to create a one-stop shop

Business-Facing Customer Service Training

- Utahns and Utah businesses are valued customers, and we should adequately prepare our employees to handle them as such

Employee Retention & Recruitment

- How can we improve employee retention in an ever-competitive job market?

Administrative Rules Review

- Review administrative rules, size of bureaucracy, and ultimately reduce costs

Government Impediments to Business

- Sen. Vickers leading business survey to find where government is overly burdensome

Government Performance Dashboard

- How do we measure how effectively serve our customers, Utahns?

International Cooperation

- Miles Hansen led effort to create Strategic Framework for International Cooperation

Working Group on Growth & Transportation

Working Group Co-Chair Rep. Mike Schultz & Ben Hart



**Unified Economic
Opportunity Commission**

Growth & Transportation Priorities

Working Group Leadership

Rep. Mike Schultz, Co-Chair

Sen. Kirk Cullimore, Co-Chair

Carlos Braceras, Co-Chair

Regional Growth Alignment Subgroup

Andrew Gruber & Laura Hanson – Co-Leads

- Evaluate current programs surrounding Growth & Transportation, seeking to find possible goal-consequence misalignments and make recommendations to greater align those programs with state goals.

Infrastructure Investment Visioning Subgroup

Ty McCutcheon – Lead

- Possible State Infrastructure Bank expansion

Transportation Funding Subgroup

Leif Elder – Lead

- Acknowledgment of current funding
- Look into the future of transportation and transit funding

Value Capture

Subcommittee on Housing Affordability

Subcommittee Co-Chairs Sen. Lincoln Fillmore & Rep. Steve Waldrip



**Unified Economic
Opportunity Commission**

Current Housing Stats

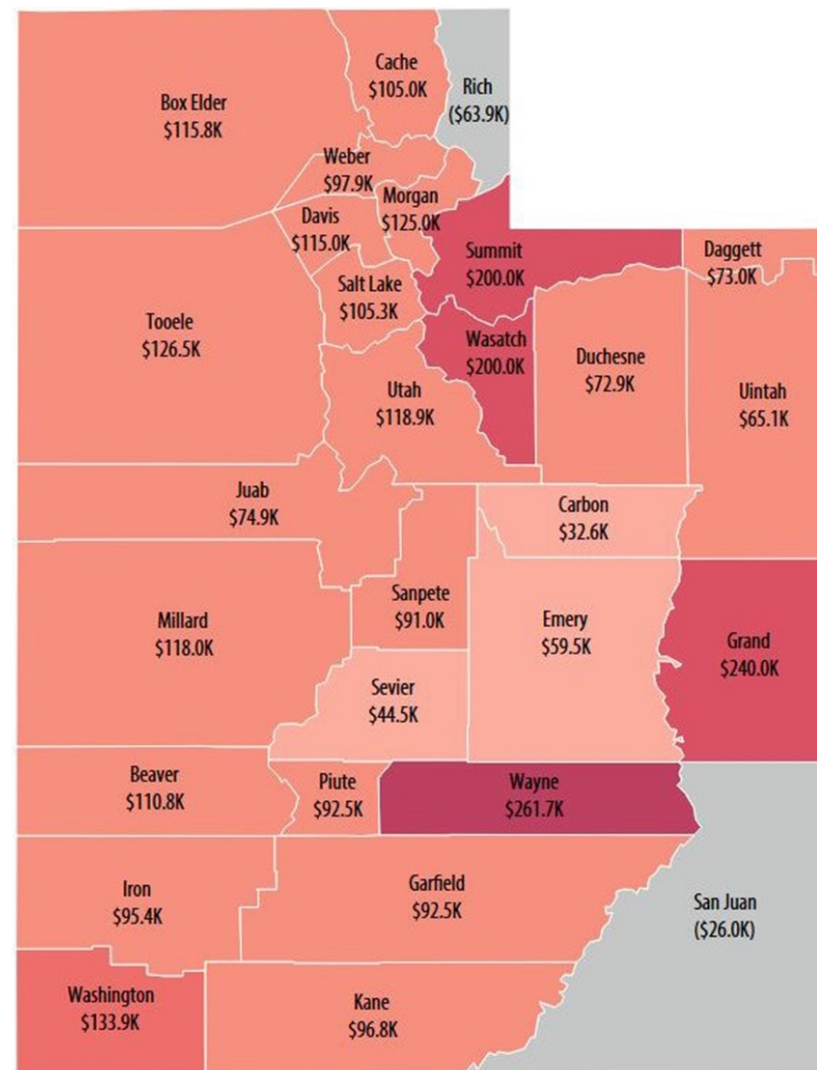
April 2021 to 2022

Absolute Change in Median Sales Price

Top Five:

1. Wayne \$261,700
2. Grand \$240,000
3. Wasatch \$200,000
4. Summit \$200,000
5. Washington \$133,900

Source: Utah Association of Realtors

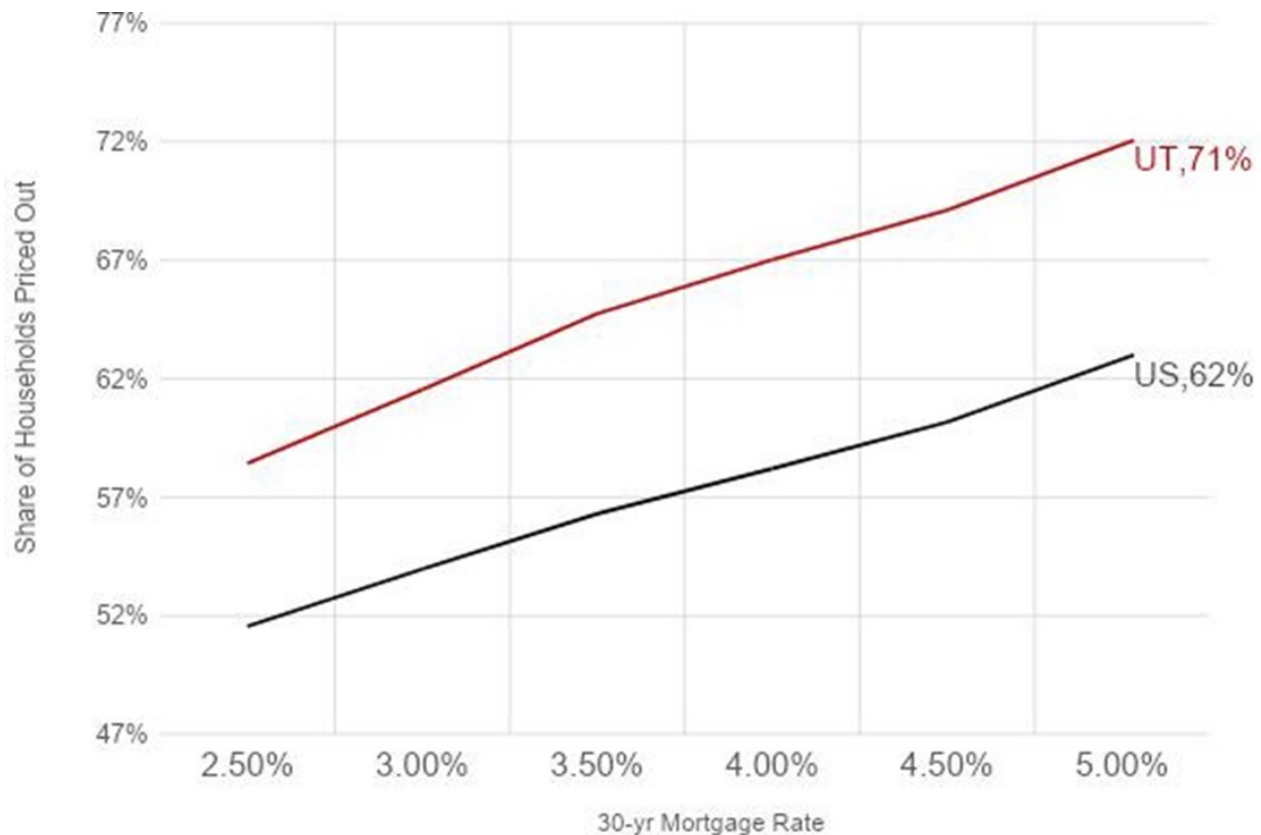


Current Housing Stats

% of Households Priced Out of the 2021 Q4 Median-Priced Home Based on Interest Rates

Note: Assumes 30% debt-to-income, PMI, annual property tax, and 30-yr rate.

Source: Calculations based on U.S. Census Bureau 2019 1-year ACS Survey Income Data (adjusted to 2020), NAR 2021 Q4 Median Sales Price data.

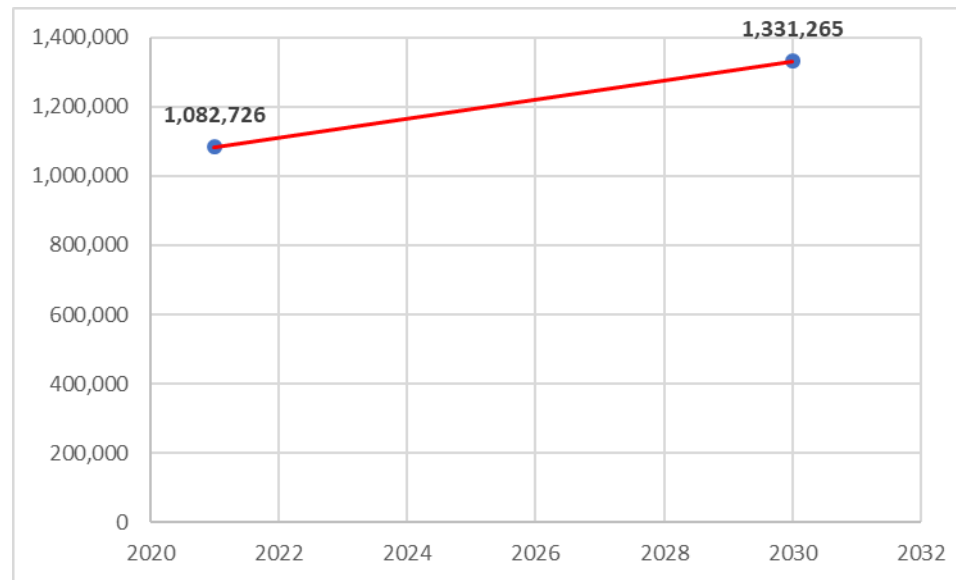


Current Housing Stats

Future Housing Demand

Approximately 250,000 Units Needed
by 2030

Source: Kem C. Gardner Policy Institute



Current Housing Stats

Where are rents rising the most?

#3 In the Nation (Large Metro Areas) - **Salt Lake City**

- Percentage change in median rent (2019 – 2022): +24.6%
- Total change in median rent (2019 – 2022): +\$291
- Median rent (2022): \$1,475
- Median rent (2019): \$1,184

Small Metros*

#7 In the Nation **Logan**
+26.7%

Midsized Metros*

#10 In the Nation **Ogden-
Clearfield** +23%

#13 In the Nation **Provo-
Orem** +21.8%

* % change in median rent 2019-2022

Source: <https://www.stessa.com/blog/cities-where-rents-have-risen-most/>

Rural Subgroup

- **Matthew Loo, Chair**
- Christina Oliver
- Jeffrey Jones
- David Damschen
- Travis Kyhl*

Increase funding support for current successful statewide rural housing programs. Programs under consideration:

- Single Family Housing Rehabilitation
- Utah Housing Corporation CROWN Program
- USDA Self Help

For the purposes of the CHA, Rural means a county of the third, fourth, fifth, or sixth class; or a municipality in a county of the second class with a population of 10,000 or less.

**Non-CHA member*

≤80% AMI (Low Income) Subgroup

- **Beth Holbrook, Chair**
- Wayne Niederhauser
- Janice Kimball
- Andrew Johnston
- Michael Akerlow
- Michael Gallegos
- David Damschen

Areas of Consideration:

- Funding request for Olene Walker Housing Fund-\$15M
In perpetuity annual requested budget. Goal to fund more projects that have multiple affordable housing development types.
- Increase cap on Olene Walker Fund projects-current cap is \$1M; increase cap to \$1.75M per project to allow for greater development opportunities that provide affordable housing.
- \$15M-in perpetuity-Homeless (Unhoused) annual fund request to create/remodel homes for those 30% AMI or less.

81% - 120% AMI (Attainable) Subgroup

- **Christopher Gamvroulas, Co-Chair**
- **Tom Macdonald, Co-Chair**
- Michael Gallegos
- Nate McDonald
- Kyle Palmer
- Michael Ostermiller
- Danny Walz
- David Damschen
- Ginger Chinn

Areas of Consideration:

- Strategies that allow a variety of housing types to be built.
- Remove development barriers.
- Funding opportunities.
- Enhancing disincentives to not implementing the Moderate Income Housing Plan strategies.
- Short Term Rentals.