



# GRAND COUNTY GENERAL PLAN 2030

*"Adventurous Small Town Spirit"*

## SECTION SIX: HOUSING

### 6.1 Background

The County and City have historically worked together to address housing needs in the Moab area, since the inception of the Moab Area Housing Task Force, which was created in 2009 when the first Moab Area Affordable Housing Plan (MAAHP) was originally conceived. The MAAHP has since been updated in 2017 and most recently in 2023. The MAAHP is updated every 5 years and has two purposes: it takes stock of current housing conditions with a special focus on housing affordability, and most importantly, it identifies a set of shared goals and action steps for the County and City to work toward in order to increase housing affordability. The goals of this update to the MAAHP focus on meeting the projected growth in housing demand for full-time residents, diversifying the housing stock, increasing infill development, increasing the number of long-term deed-restricted units, decreasing the percentage of cost-burdened households with a focus on renters, and increasing the percentage of primary residences.

This chapter is adopted concurrently with the most recent update to the MAAHP (2023) and intends to reflect its intent and goals while further specifying policies and action steps at the County level. The MAAHP is included in the General Plan as an appendix. The overarching goal of this Plan is to create the context where all citizens can have safe, secure, affordable housing that meets their needs.

### 6.2 Existing Conditions

Grand County's housing crisis has intensified significantly since 2017 as a result of the area's increasing popularity as a destination for tourism, second home ownership and for higher-paid remote workers. As a larger percentage of the housing stock is used for overnight rentals, second homes, and homes for non-local workers, the sale price and rental rate of homes has become unattainable for the average local resident or worker employed in Grand County. Jobs in tourism, which currently constitute 57% of employment in the County, tend to be lower paid. 36% of Moab residents, 50% of renters, and 65% of families making under \$50,000 are considered cost-burdened as of 2021, meaning they pay more than 30% of their income for housing<sup>1</sup>. In this scenario, many local workers have turned to vehicle dwelling and illegal camping as a solution to their housing needs. In a survey conducted by the Economic Development Department in 2022, 89% of county employers reported difficulties fully staffing their companies. According to 2022 data, the median home sales price was \$625,000<sup>2</sup>, which means a household must make an annual income of \$166,927 in order to afford a home in Grand County (30% of income spent on housing costs). In 2022, the area median income for a household of four in Grand County was \$70,600<sup>3</sup>

See the MAAHP for an in depth overview of housing data.

### 6.3 Ongoing Efforts to Increase Affordable Housing

The MAAHP provides goals related to Supply and Stability of the housing stock, including a goal to increase deed restricted housing units to 1,500 total by 2030. Currently, between the City and County there are 362 deed restricted units (combined units restricted for income and workforce). National and local trends have shown that the current housing crisis affects households at all income levels, meaning that a truly effective housing strategy cannot merely

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<sup>1</sup> US Census Bureau, 2021

<sup>2</sup> <https://utahrealtors.com/consumers/resources/statistics/>

<sup>3</sup> <https://www.huduser.gov/portal/datasets/il/il2022/2022summary.odn>



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create a safety net for the lowest income residents, but must strive to create a price dampening effect on the entire housing market. Studies have shown that as the market share of affordable or cost-based housing increases, the more closely market prices track attainable housing prices.<sup>4</sup> In essence, in order to have an overall price-dampening effect on the market, housing that is attainable by *locals* needs to comprise a competitive share. To this end,

**The County will strive for 30% of its overall housing market to be long-term deed-restricted for either income, primary residency or local employment by 2035.**

## High Density Housing Overlay (HDHO)

Current efforts to increase the share of deed restricted housing include the County's adoption of the High Density Housing Overlay (HDHO) program in 2019. This density bonus incentive program provided an increase in units per acre, in return for restricting 80% of the units for workforce housing or 'actively employed households'. As of winter 2023 only 59 units out of 300 approved, have been constructed and have either sold or are currently on the market. The remaining HDHO units yet to be built out have either been stalled due to delays related to litigation over the program requirements, the COVID-19 pandemic, as well as more recently, developers changing hands, revising civil plans and issues related to increased costs for construction, due to inflation. The HDHO provided the first substantial increase in density and housing diversity, as a departure from the County's widespread low density zoning districts. It provided the opportunity for the County's first 35 units/acre apartment development, which includes 122 units in total, of which 98 are deed restricted for actively employed households. One of the original intentions of the HDHO was to provide local professionals, often families, with the chance to purchase a home without having to compete on the housing market against outside investors, including those seeking to purchase a vacation home. The program does not prohibit developers from holding onto the units and renting them out. With today's high mortgage interest rates, the normal purchasing power of the professional working class, who may normally be able to afford to purchase a modest house in the Moab area has been drastically reduced. Therefore, at this time it appears many of the HDHO units will fall into the rental category, with developers holding onto units, instead of opting to put them on the market for sale. County Planning staff is tracking the HDHO program closely, and will continue to monitor the program for successes and shortcomings, in order to inform future density bonus incentive programs.

## Alternative Dwelling Overlay:

The Alternative Dwelling Overlay was approved in late 2022 and is a pilot program for permitting Alternative Dwelling Communities/Long-Term Camp Parks as a Special Purpose Overlay District. The ADO District provides a sanitary, regulated, and environmentally responsible living situation for the local workforce who choose to live in their RV's, Trailers, or other types of Alternative Dwellings throughout the Moab Valley. The ADO District standards ensure that Alternative Dwelling developments are designed in a manner that addresses the impacts and the increased service needs they generate while also providing much needed designated workforce housing, which in turn, supports local businesses and the local economy.

## Future Land Use Plan:

The County is currently undertaking an update to the Land Use element of the General Plan, including a major revision to the Future Land Use Map, which will designate areas in the County where increased density may be appropriate. These areas will be targeted for density bonus incentives, to both provide a more diverse housing stock as well as

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<sup>4</sup> See Klien, M., Huber, P., Gutheil-Knopp-Kirchwald, G., & Kössl, G. (2023). (rep.). *"The Price-Dampening Effect of Non-profit Housing"*. Vienna, Austria: WIFO Research Briefs.



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additional deed restricted units for either primary residency, workforce or income. The Land Use Chapter will propose goals, policies and action steps to overhaul the land use patterns in the County to create better housing options for locals.

## Affordable Housing Fund:

One of the strategies already underway that satisfies the "Fiscal Support" goal in the MAAHP is the County Affordable Workforce Housing Fund, which started with seed money from the Rural County Grant awarded by the Governor's Office of Economic Opportunity in 2023. The MAAHP sets a goal for the City and County to:

**By 2026, Moab City and Grand County will allocate an ongoing amount of money into their affordable housing funds.**

The County's Affordable Workforce Housing Fund is intended to support County-wide affordable workforce housing by subsidizing various aspects of development costs. This may include an impact fee offset program, to reduce the cost burden of expensive water and sewer impact fees or public improvements the County may require for new development. This type of financial assistance is critical to the overall feasibility of developing workforce or affordable housing units, where oftentimes costly impact fees or required improvements cause an increase in the sales price or rental rates, making housing more expensive for the end user, or rendering affordable housing developments infeasible all together. In some instances impact fees are cost prohibitive for certain types of housing such as multifamily, where each individual dwelling unit can incur up to \$10,000 of impact fees, which adds up when a project includes 5, 10 or 20 dwelling units. This is the case for the County's new Alternative Dwelling Overlay (ADO) program, which allows development of tiny home communities or small camp parks with full hookup sites or shared bathhouses. The ADO program is targeted towards creating safe, sanitary and affordable housing options for local workforce, including seasonal workers, who may temporarily live in a trailer, van, RV or tiny house. Many local mom and pop 'would-be' developers have been approved for the ADO, but are struggling to make their development 'pencil' with the costly impact fees that are charged per dwelling site and required improvements for roads or access.

Another subsidy that the Affordable Workforce Housing Fund may provide is financial support for the construction of Accessory Dwelling Units (ADU), which provide affordable rental options for local workforce. ADUs are allowed on all properties in any zoning district in Grand County, yet many property owners don't build them due to high costs of construction labor and materials. The Moab area is very isolated; the distance to the nearest city that supplies construction materials and non-local labor is 113 miles away in Colorado, which drives the cost of construction up. The County can incentivize the construction of ADUs by providing financial assistance to property owners to offset the cost of construction.

Many comparable communities throughout the intermountain west are experiencing spikes in the housing market due to the influx of homes being purchased to serve as second residences, or vacation homes. To mitigate the impact that second home buyers have on the local housing stock, voluntary deed restrictions can be used to restrict housing units to local workforce or primary residents. The MAAHP includes an Action Step under the Stability Goals to:

**Investigate incentivized, voluntary deed restriction programs for the Moab area that can be tailored for its unique housing situation and market.**



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This is a popular tool because it does not require residents to qualify for housing based on their income, it only requires proof of primary residence being in Grand County or alternatively, proof of employment in Grand County. To support this effort, funding may be directed to incentivize current home owners to voluntarily deed restrict their property in perpetuity for ownership and occupancy by primary residents or locally employed residents of Grand County.

## Rental Housing

As home ownership remains out of reach for most local residents, rentals are an essential part of the housing continuum, especially for lower income residents. The current low supply and high demand of rental units has caused rental rates to be ever increasing and creates conditions where tenants are forced to agree to precarious agreements with month-to-month or oral leases, low quality or illegal living conditions, or badly insulated housing which requires them to spend additional money on heating and cooling (energy poverty). In order to address the challenges with the current rental market, the MAAHP calls for the City and County to:

### **Investigate implementing a 'good landlord' program to improve and preserve long-term rental units.**

A "good landlord" program would incentivize landlords to maintain their potential rental units as affordable, stable housing for locals rather than short-term rentals or vacant units. In order to participate in the program, landlords would agree to a set of criteria such as minimum lease length, renting to households who are actively employed in the County, setting rents at or below 30% of Area Median Income, and to maintain the rental unit according to certain standards (energy efficiency, for example). In exchange, the landlord could receive any number of incentives. This program could be administered via an online database connecting landlords and tenants who have been previously vetted to participate in the program, creating a basis for increased trust on the part of both parties and a venue for landlords to advertise their properties to potential tenants.

Because of the low profit margins associated with building and maintaining affordable rental units, it is often difficult for for-profit housing developers to build and/or maintain these units without seeking subsidies. An alternative and effective means of providing affordable rentals involves government provision of land for housing development, often on a 100-year lease, to a nonprofit or limited-income housing provider, who can develop the property for housing, and either sell units at a more affordable price or manage the property as a rental property<sup>5</sup>.

In order to create the conditions for an increase of affordable ownership and rental housing opportunities, the MAAHP suggests that the City and County:

### **Seek out opportunities to develop housing or mixed use development on City, County or State owned parcels (cultivate public-private partnerships).**

## Housing Authority of Southern Utah (HASU)

An effective example of a limited profit housing developer operating in the County currently, is HASU, which oversees various affordable housing development programs such as the Mutual Self Help (MSH) program and CROWN Rent to Own housing. HASU has developed three affordable housing complexes in Moab using Low Income Housing Tax Credits, totaling 108 units of townhomes and apartments: Cinema Court Apartments, Wingate Village Townhomes, and MAPS Senior Living Center. Additionally, a \$300,000 grant was awarded in the spring of 2022 which has been put towards a

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<sup>5</sup> van Deursen, H. (2023). (working paper). *The People's Housing: Woningcorporaties and the Dutch Social Housing System*. Cambridge, MA: Joint Center for Housing Studies.



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new 32-unit affordable housing apartment complex that HASU is developing at Arroyo Crossing, also using LIHTC funds. As of January 2023, 160 homes have been constructed through HASU's Mutual Self Help program. HASU also administers section 8 vouchers, which helps very low-income households in the County to secure housing which would otherwise be out of reach.

## Community Rebuilds:

Another limited-profit housing developer which utilizes the Mutual Self Help (MSH) program is Community Rebuilds (CR). CR constructs modest, affordable single-family homes with an emphasis on healthy, sustainable and high-performance building techniques. CR began building homes in 2010, and by the end of 2023 had constructed 72 total affordable homes. Since 2017, CR has implemented primary residency deed restrictions on newly constructed homes. The average monthly heat/cooling and electric bill for a CR home is \$15 and the average mortgage payment is \$750, demonstrating the long-term affordability of these houses once they are constructed. In 2024, CR plans to construct its first two-story homes.

## Moab Area Community Land Trust (MACLT):

MACLT is a nonprofit entity that manages the Arroyo Crossing subdivision, under a land trust model, in which the trust maintains ownership of the land, reducing the cost of construction for homeowners and developers. Both HASU and CR have constructed and continue to plan to construct homes at Arroyo Crossing, some of which are built by the future owners via the Mutual Self Help program. All homes at Arroyo Crossing are deed-restricted. Residents must be actively employed in Grand or San Juan Counties and earn less than 120% of AMI (area median income). The development offers a mix of housing types and neighborhood commercial uses. Moab Area Community Land Trust facilitates entitlements, lease arrangements, and the management of:

- Arroyo Crossing Subdivision in Spanish Valley;
- Single-family homes utilizing self-help models;
- Apartments and townhomes as long-term rental options;
- Working with the US Department of Agriculture (USDA) on funding; and
- Educational outreach for prospective homeowners and the greater community.

To build on the success of HASU, MACLT and Arroyo Crossing, being the most effective models to date, for producing affordable housing in Grand County, the MAAHP calls for the City and County to:

**Continue to support and increase the capacity of limited profit developers and nonprofit housing organizations, such as the local housing authority and community land trust, to acquire and develop properties for affordable housing**

## **6.4 Tracking Progress**

In order to ensure that we are making progress towards the goals and action steps stated in the MAAHP, and ultimately create a more diverse and affordable housing stock, the County and City will work towards:

**The creation of a public-facing data tracking system for the City and County to track their progress in achieving their housing goals and to maintain an ongoing snapshot of the state of the local housing market.**

The County's Housing Dashboard will be housed on the Planning and Zoning Department web page and



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will maintain up to date information on the number of deed restricted units, the percentage of cost-burdened households at each income level, average sale prices of homes, the availability of rentals, the breakdown of the housing stock into long-term rentals, short-term rentals, owned primary homes, owned second homes, and vacant properties, among other data. The Housing Dashboard will also serve as a 'one-stop-shop' for County residents to access resources for affordable housing, such as the 'good landlord' database, help with voluntary deed restrictions, and the Moab Area Housing Portal, which provides verification of active local employment status in order to be eligible for HDHO or MACLT housing.