

NAPLES CITY GENERAL PLAN

Naples City Housing Element 2010

Utah Workforce Housing Initiative
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September 2010

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SECTION 1

1. INTRODUCTION

1.1 Demographics

1.1.1 Demographic Analysis

Naples City is experiencing growth and this housing plan takes into account the expected growth of the community. The persons/families desiring to live in Naples will bring with them a variety of different incomes and needs. Naples City has experienced a growth rate above 2%, approaching 2.7% over the last several years. According to the Governor's Office of Planning and Budget ("GOPB") the current population of Naples is approximately 1,562. Naples estimates its population to be approaching 2,100 currently. Based on GOPB projections, Naples is likely to increase to 1,698 by 2010 and 2,127 by the year 2020. Due to the current downturn in the economic conditions, the growth rate may slow somewhat, dropping from 3.2 to 2.0% annually. According to GOPB, the average household size in Naples is 3.09, however Naples City estimates the household size to be 3.23.

Table 1 gives a GOPB projection and a city projection for planning purposes. An increase of 136 people over the course of the next two years will necessitate the creation of 30 to 40 additional housing units over that period. Using the Naples projection growth rate of 2.5% an increase of 147 persons would be expected requiring an addition of 46 to 50 new housing units over that period. This plan assumes that 25% of the new growth is households that have incomes below 50% of the area median income. At this growth rate at least eight to twelve of these new units should be affordable for workforce families at this income level, depending upon which projection is used. Critical workforce members in support of Naples new city center development will occupy many of these households. During 2008 there were seventeen new permit authorized dwelling units built in Naples. In order to meet demand, new housing options of various types and price points are needed.

Table 1

Population of Naples City

Year	GOPB Estimate (2% growth rate)	Naples Estimate (2.5% growth rate)
2000	1,306	-----
2004	1,436	-----
2005	1,461	-----
2006	1,499	-----
2007	1,562	1900
2010	1,698	2047
2020	2,127	2619

Source: U.S. Census Bureau, Governor's Office of Planning and Budget and Naples City.

Housing needs change as the population ages, progressing from smaller units to larger units and then to smaller units again over time. Housing needs progress from rental housing to homeownership to larger homeownership then to smaller homes and often back to rental properties and even care facilities as aging continues. A variety of housing options available in each community is necessary in order to meet the changing housing demands and the various incomes of the families that live or desire to live in the community. The age breakout of households in Naples is shown in Table 2.

1.1.2 Demographic Analysis

The population of the Naples City is somewhat youthful; 50% of the population is under the age of 30. (See Table 2) The median age is 29.3. Only 11% of the population is over age 65, but a significant number of residents will be turning 65 over the next 5 years. The population growth has typically been cyclic due to the dependence on oil and gas development throughout Uintah County. The population peaked in 1986 and dropped to a recent low in the early 90’s and has now surpassed its historic high population. Significant population growth has been internal.

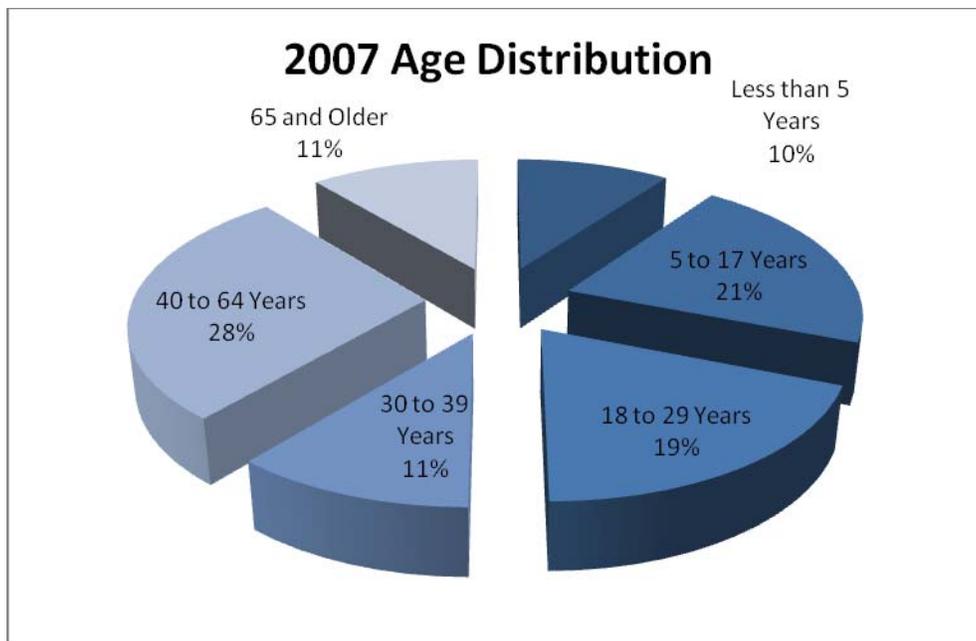
Table 2

Age Distribution 2007

Less than 5 Years	150	10 %
5 to 17 Years	329	21%
18 to 29 Years	303	19%
30 to 39 Years	176	11%
40 to 64 Years	439	28%
65 and Older	166	11%
Total	1,562	100%

Source: U.S. Census Bureau, Governor’s Office of Planning and Budget

Chart 1 depicting age distribution of the residents of Naples City in 2007.



1.1.3 Race and Ethnicity

The most significant shift in ethnicity in Uintah County since 2000 has been the increase in the Hispanic population. The number of Hispanics in Uintah County in 2000 was estimated at 894. By 2006 the Hispanic population had grown to 1,130 (*Table 3*). Hispanic's share of the county's population has increased from 3.5 percent to 4.1 percent. Naples has approximately 2.7% Hispanic persons meaning that there are about 42 persons living in the city currently.

Naples has a growing population of families that have second wage earners essential to their well-being. These lower income households often live in overcrowded housing circumstances. Due to the importance of these families to the economic well being of the area, increased housing options need to be provided that are sensitive to the needs of these households.

The Native American population in Uintah County remains the largest minority race with a population of 2,405, which represents 8.7 percent of the county's population. However, less than 200 Native Americans live in the Ashley Valley. Tables 2 and 3 provide race, ethnicity and age distribution for Naples in 2000. The recent increase in population growth has been driven by higher rates of net in-migration. In 2005 migration rates in Uintah County shifted sharply from net out-migration to net in-migration. The level of net in-migration in the county is the highest since the 1979-1983 time period.

The recent population growth in the Ashley Valley is reflected in school enrollments. Since 2005 enrollment in the Uintah County School District has increased by 9.5 percent, which reversed historically stagnant or declining enrollment. The current enrollment in the Uintah School District is 6,064. Demographic estimates and projections can be tenuous in high growth areas, as they are impacted by rapid job growth, high rates of in-migration, "doubling-up" or overcrowding of households and workers living in motels and hotels. All of these characteristics lend toward an undercount of the actual population. It is likely that the official population estimates for Uintah County are 5 to 10 percent lower due to the characteristics of the demographic and economic growth currently experienced by Uintah County and Ashley Valley.*

**Economic Baseline Study of Naples and Ashley Valley*

BUREAU OF ECONOMIC AND BUSINESS RESEARCH 8

Table 3

Ethnic Status (2000 Census)

	Population (One race)	Percent of Total
White	1,287	96.7
African American	0	0
Native American	4	0.3
Hispanic	37 (42 in 2008)	2.7
Asian	0	0
Pacific Islander	0	0
All other races	3	0.3
Total	1331	100%

2000 US Census

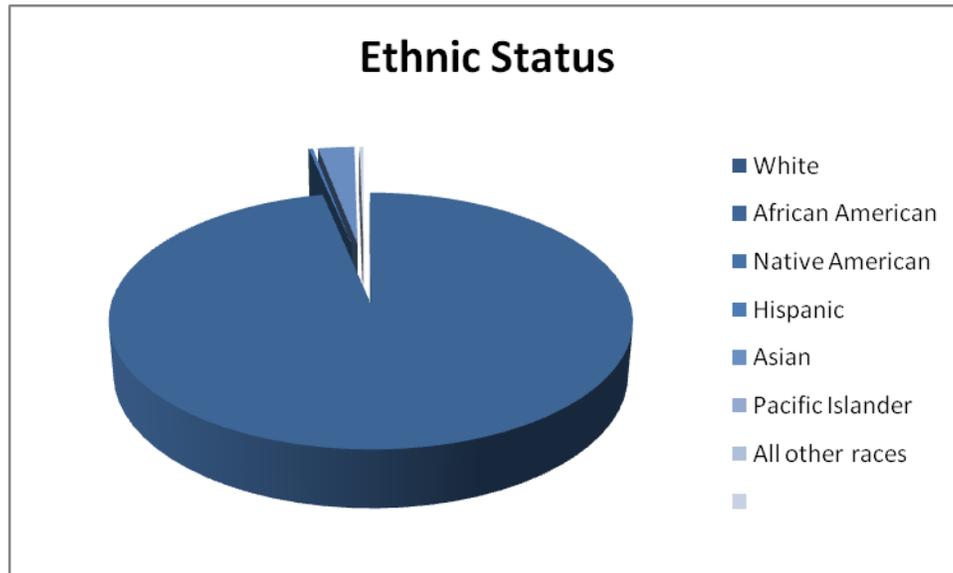


Chart 2 showing ethnic distribution of residents of Naples City.

1.2 Naples Income Distribution

Based on a recent local survey (Spring 2008), (+/-5% margin of error), performed in connection with the preparation of this plan (See Appendix 2) it was identified that: (1) 28% of all households have 1 employed person, (2) 29% of all households have 2 employed persons, and (3) the remainder actually have 3 or more employed wage earners including teenagers 18 and older. Other findings of the survey included:

- 31% of the current residents have household incomes of less than \$20,000 per year.
- 20% of the current residents have household incomes of less than \$40,000 per year but more than \$20,000.
- 36% of the current residents have household income less than \$80,000 but more than \$40,000 per year.
- 20% of the current residents have household income more than \$80,000 per year.

SECTION 2

2. HOUSING AFFORDABILITY ANALYSIS

2.1 Housing Baseline Statistics

Currently, Naples has approximately 520 housing units. Some new building occurring at this time: There were 17 new residential building permits issued during 2008. Naples City has about 20 vacant housing units at the present. There are just 52 rental units in the area, equivalent to just 10% of all units.

Table 4
Dwelling Units

Vacant Units	20
Owner Occupied Units	448
Rental Occupied Units	52
Total Housing Units	520

Source: Bureau of Economic and Business Research, University of Utah

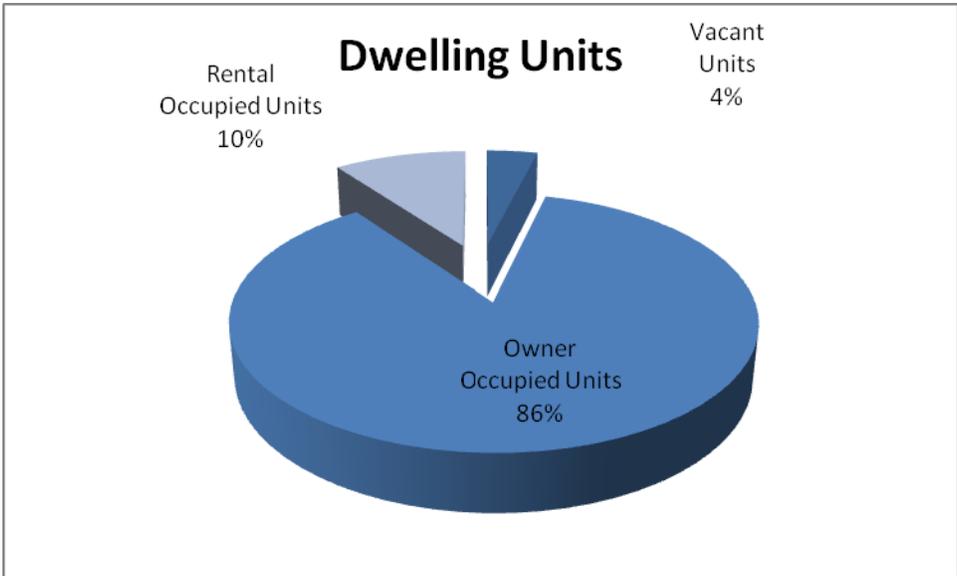


Chart 3 shows the distribution of dwelling units in Naples City

Based on the data of last four years, Naples has seen an average of thirty-one new housing units constructed annually. In 2007, there was a significant spike in the number of housing units built, especially single family units. A very limited number of rental units have been built and even fewer

multi-family units for sale. Manufactured housing has steadily dropped off. No new manufactured units were brought in to Naples in 2008.

Table 5

Housing Type (Based on permit authorized residential construction 2005 through 2008)

Year	Single Family	Duplex/Twins	Condo	Apartments (3 or more Units)	Manufactured/Mobile Homes	Total Units
2005	8	2	0	16	5	31
2006	19	0	0	0	3	22
2007	47	0	5	0	2	54
2008 (Nov.)	17	0	0	0	0	17

Source: Bureau of Economic and Business Research, University of Utah

Despite the current recession, incomes are increasing, unemployment is rising only slightly (remaining below 4%), the economy of the area should remain relatively stable at current levels for the next several years. This assumes only limited fluctuations in oil and gas prices, some new federal exploration leases and a healthy retail and service sector. (*Economic Baseline Study of Naples and Ashley Valley, BUREAU OF ECONOMIC AND BUSINESS RESEARCH*)

The income of households in the area drives the affordability of housing. Based on the types of housing that is available and the housing values, the income of the residents of Naples is somewhat higher than the county average. It was also demonstrated in the community survey completed as part of this study. There appear to be fewer service and retail workers as well as other lower-income persons living in Naples, due to the cost of housing and the youthful age of residents. The legal definition of moderate income in the Utah State code (Section 10-9a-401, 403) is 80% of the area median income as reflected in Table 6. Incomes at or below 50% and 30% of the area median are also listed and are referenced in this plan for working households. Many lower income elderly and disabled households are in this income category.

Table 6

Uintah County Income limits for 2008

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
30% of Median	10350	11850	13300	14800	16000	17150	18350	19550
50% of Median	17250	19700	22200	24650	26600	28600	30550	32550
80% of Median	27600	31550	35500	39450	42600	45750	48900	52050

HUD 2008 Income Limits, www.HUD.Gov

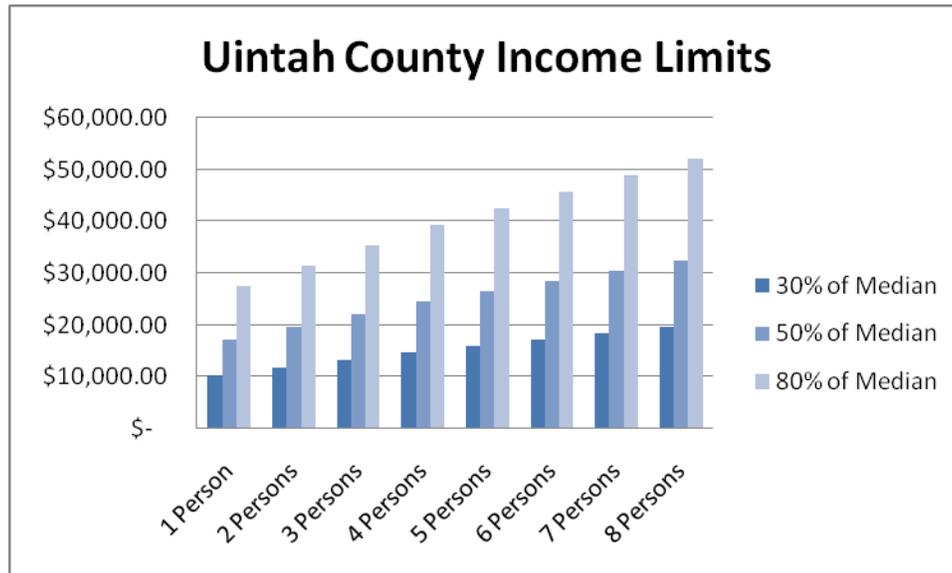


Chart 4 shows Income Limits for Uintah County in 30%, 50%, and 80% increments.

Affordability means that housing costs, either rent or mortgage payments (including principal, interest, taxes and insurance costs (PITI)), cannot exceed 30% of income on a graduated scale based on family size.

Table 7

Housing Affordability for Income Classifications based on Household Size

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
30% of Median	259/mo.	296/mo.	333/mo.	370/mo.	400/mo.	429/mo.	459/mo.	489/mo.
50% of Median	431/mo	493/mo.	555/mo.	616/mo.	665/mo.	715/mo.	764/mo.	814/mo.
80% of Median	690/mo.	789/mo.	888/mo.	986/mo.	1065/mo.	1144/mo.	1223/mo.	1301/mo.

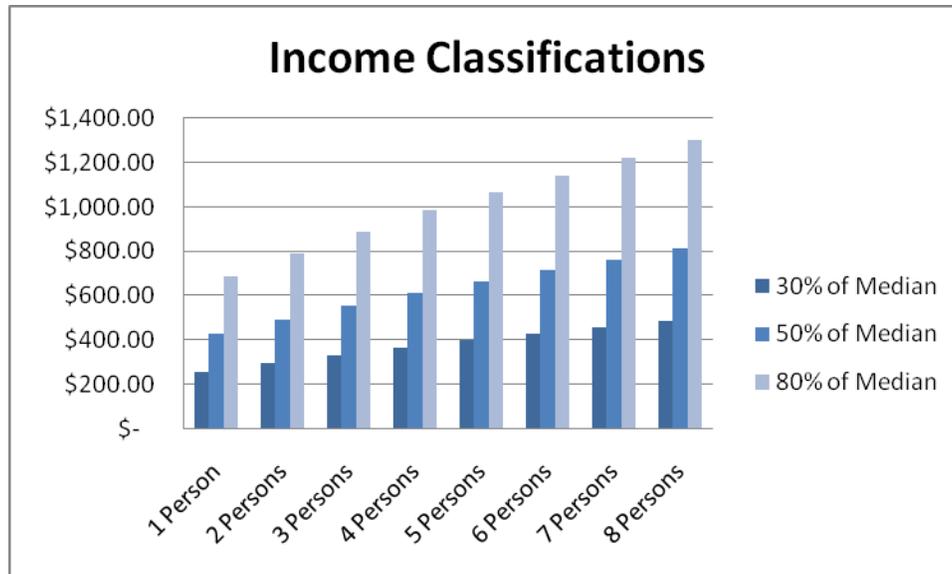


Chart 5 depicts income classifications based on household size.

2.2 Determination of Affordability

Housing that is affordable to vital workforce members will be critical in the Uintah County area and in Naples City. Using 30% of the income of persons making 80% of the area median for a four-person household, the amount of income available for housing for rent or mortgage (PITI) payments would be \$986/month. This translates to a 30 year fixed interest loan on a home at about \$160,000 in value at 5.5% interest plus taxes and insurance. Typical rents in 2008 in the Ashley Valley area were close to \$1,100 per month for a modest two-bedroom apartment, significantly above what a four person, 80% of AMI family can afford. This translates to a gap of 11% for renters in the Naples area, when rental housing can be found. *There is very little vacant rental housing in Naples.* Rents have moderated somewhat during 2009 but very few affordable units have been produced.

2.2.1 Housing Affordability at 100% of AMI

Housing that is affordable to the vital workforce members (public employees, school teachers and other education workers, service and retail workers) is critical to each community. Using 100% of the area median income (**no longer “affordable” under the definition listed above**) as a typical benchmark for a significant portion of the workforce, the income for a three-person household would be \$44,375. **Using 30% of that income for housing purposes, said income could support rent at \$1109/mo., or a mortgage payment (including PITI) of about \$1170 per month for a mortgage of \$185,000.** There are some properties at this level found in Naples and some new homes scheduled to be priced at this level. A small number of the homes at this level are older homes. Additionally, there is a small number of slightly higher density housing types including town-homes, condominiums or twin homes. Several older homes are in need of rehabilitation. Due to the national economic situation, the targeted sales price of new homes is decreasing, albeit slowly in the Naples area. Where new homes have been built to sell closer to \$250,000 or more over the last few years, homes are now essentially targeted closer to

\$200,000.00, with greater densities that enable greater developer financial flexibility and borrowing capacity for buyers in today's market place. Even at this rent level, rental properties are not available, or when they *are* available, these properties have very low vacancy rates, currently at less than 4%. Many potential for-sale products are being rented at this time for a variety of reasons discussed later in this plan.

2.2.2 Housing Affordability at 80% of AMI

The current average household size is 3.09 and the average family size in Naples (based on the new survey) is 2.95 (2.92 according to GOPB). **When rounded to a three-person household, this equates to an 80% of AMI income of \$35,500 per year or \$2,958 per month. This means that housing costs must be \$888 per month or less at 30%. Rents in the Naples area are currently higher than this level, reaching closer to \$1100/mo. for a two-bedroom apartment and closer to \$1,300/mo. for a three bedroom single-family house. This type of income would allow a monthly payment in support of a mortgage of about \$140,000 based on 5% interest rate on a 30 year fixed term including taxes and insurance.** In the current Naples market there are a limited number of condominiums, twin homes or older, smaller homes at this price point. Many of the existing homes at this level need substantial rehabilitation which would not be economically feasible due to the need to keep the combined first and potential rehabilitation mortgages at a total of \$888/month.

2.2.3 Housing Affordability at the Poverty Level of 30% of AMI

The disadvantaged population living at or below 30% of AMI includes elderly citizens on fixed incomes, disabled persons living on SSDI, some single-female heads of households, the homeless, the underemployed and the increasing number of unemployed households in the community (4.7%). **These persons/households need housing that is available at \$333 per month (30% of income) or less and there are an extremely small number of "subsidized" apartments available at these rent levels in the entirety of Ashley Valley.** All of these apartments have received limited amounts of below market subsidies through public lending programs. A majority of this housing is set aside for elderly persons and is all found in Vernal City. Specifically, they include Ashley Valley Shadows, Golden Age Manor and Spring Meadow Estates along with Beehive Housing in Measer (16 units) and Vernal (42 units). There is only one other Low-income Housing Tax Credit (LIHTC) project in all of Ashley Valley and a few Crown Homes (rent to purchase), also financed with tax credits. There are only a total of 73 Low Income Housing Tax Credit (See Section 6 of this plan) units in all of Ashley Valley.

Vacant Housing in Naples City is very limited. There are only about 20 units vacant currently, which is only 4 percent of the housing stock. This is likely just normal turnover of units. Vacancy does not translate to a resource to build into housing planning. Predominately, most Naples residents are homeowners. (Original survey, See appendix 2.) At least 86% of Naples residents are homeowners compared with the Uintah County average of 61% and the Utah State average of 71.5%. The number of renters is just 52, or 10%, which also means that 4% of the population is living in overcrowded conditions or living in some other arrangement. The number of households needing to rent have increased in Ashley Valley recently necessitating the need for more affordable rental properties.

Of the nearly 2,300 rental units in all of Ashley Valley, only about 300 are affordable based on the previously stated definition. Consequently, most low- or very low-income families are living in high priced market rate units often of sub-standard condition with overcrowding occurring.

2.2.4 Special Needs Housing

Naples City already meets the need for Special Needs Housing. The current number of persons living in the area with these special needs is listed in Table 8 for Uintah County. According to the 2000 US Census, there were 137 unclassified persons with disabilities. With disabilities come special housing needs. There are other disadvantaged persons with special housing needs living in Naples currently.

Table 8 breaks out the population for Uintah County and then gives the approximate proportion living in Naples (where available) shown in parentheses.

Table 8

Disability and Disadvantaged Populations in Ashley Valley and Naples City

	Ashley Valley	Naples City
Persons living with physical disabilities:	1,922	109
Persons living with mental disabilities	1,145	28
Persons over the age of 65		166
Single Female head of households (with children)	118	15 (Approx)
Persons with incomes below poverty levels	3,215	228 (12% of pop.)
Homeless Persons (annual count)	81 (Regionally (10 Chronically homeless)	-
Victims of domestic abuse (including children)	211	24
Youth Aging out of foster care	4 (Regional annual average)	----
Persons released from Incarceration (Approximation)	57 (Regional annual average)	----

There are approximately fifteen single female heads of households with children in Naples currently.

Disabled persons and other persons with special needs can be included in the category of persons living with incomes less than 30% of AMI. Persons with physical and/or mental disabilities are particularly

vulnerable, often with very low incomes. Many of these individuals are living with fixed disability incomes and are not able to work.

In Uintah County in 2008, there have been nineteen foreclosures on owner occupied homes and 244 families with sub-prime mortgage loans. It is unknown how many homes are at risk of foreclosure at this time. Naples has seen some increase in foreclosures recently. In one subdivision there are known to be six foreclosures at this time.

2.3 Special Housing Needs: Credit Issues

One of the most critical issues affecting the housing crisis in Naples City are credit issues including both abuse of credit by lower income households and the debt-to-income ratios being experienced by suddenly wealthy households, especially youth. Persons with significant debt often have higher income, energy related employment and are making payments, but cannot qualify for a housing purchase due to the amount of debt they have. They are not able to meet the debt-to-income ratios mortgage lenders require to make mortgage loans. These individuals then simply rent properties originally intended to be sold. This is occurring despite the fact that incomes are up in the area and unemployment is down due to the energy-based growth.

SECTION 3

3. HOUSING FULFILLMENT STATEMENT

Naples City currently has approximately 550 housing units. Only about 9% of these units (52) are renter occupied, and of these, many of the occupants are expending more than 30% of income for that housing.

3.1 Housing Fulfillment Projection Model Information

A new housing needs projection has been made as part of this plan using the “Utah Workforce Housing Initiative” Housing Estimating Model. Results are included in Appendix 5.

3.2 Housing Fulfillment Modeling

The projection model included with this plan identifies the current housing supply and housing affordability gaps and has analyzed the various workforce classifications (teachers, public employees, construction, other retail, etc.) present in the area economy. Also, short- and long-term housing needs are projected. Naples has significant housing resources for those households with incomes above 80% of AMI. In fact, there is a limited housing price discrepancy between 60% and 80% of the AMI. However, the real housing price gaps are present at prices affordable for those below 60% of AMI and especially those below 50% of AMI. Table 9 does not show the actual physical deficiency but does show a significant mismatch of housing costs and the ability to pay rental or mortgage payments.

Table 9

5 and 10 Year Housing Needs Projection (Orange numbers are deficits)

	30% AMI	50% AMI	60% AMI	80% AMI	Median	120% AMI	+ 120% AMI
2008	(74)	(40)	(6)	22	116	85	(87)
2012	(81)	(44)	(6)	25	128	93	(96)
2017	(90)	(49)	(7)	27	141	103	(106)

Utah Workforce Housing Estimating Software, 2009

SECTION 4

4. REGULATORY REVIEW AND RECOMMENDATIONS

Table 10

Regulatory Barriers Analysis

Barriers Questionnaire	No	Yes
#1. Active and Adopted Moderate Income Housing Plan? If the answer is no go to question #4 Response: Current plan was created in 1999 and adopted in 2000 and has not been updated since. This is new effort to rewrite and adopt in 2010.		X
#2. Has your community updated your moderate income housing plan with the last two years?	X	
#3. Does your housing plan provide estimates of the projected housing needs for a 5-year period or longer? Response: This new housing plan will identify these needs with locations and deal with density limitations where present. The city will be evaluating various locations for single and multi-family developments.		X (expired in 2005)
#4 Do your housing needs projections specify the type and density of housing needed as well as recommended locations based on zoning? Response: It is suggested that additional density be allowed in the R-3 zone where affordability is provided.	X	
#5. Prepared a comparison of zoning ordinances and development and subdivision regulations. Response: The ordinance requires 750 sq.ft. unit size in all zones.		X (See new plan)
#6. Do your current ordinances set minimum building size stipulations? Response: The ordinance requires 750 sq.ft. unit size in all zones.		X
#7. Are impact fees calculated based on actual capital investment directly related to the type of project proposed especially moderate-income housing projects? Response: Impact fees are calculated for police/fire, parks, etc. but there is no flexibility created in the ordinance to allow for waivers or exceptions based on affordability.		X
#8. Do you provide waivers of impact fees and/or other fees for projects that provide moderate-income housing consistent with this plan? Response: The impact fees are very specific and have limited flexibility.	X	
#9. Rehabilitation Projects – does the application of building codes make allowances to encourage different levels of rehabilitation to be performed on a voluntary basis? Response: The city currently allows various levels of rehabilitation to be accomplished based on their own allowed rehabilitation policies).		X
#10. Is manufactured housing allowed in residential zones and is subject to the same standards as other housing types? Response: Manufactured housing is available in all residential zones.		X
#11. Has a review been conducted in the past two years of the regulatory barriers currently existing? Response: Naples has not prepared an evaluation since 2000 but is conducting one currently.	X	
#12. Do you provide allowances for the modification of infrastructure standards or new technologies to decrease these costs for moderate-income housing projects? Response: The city will only consider these alternatives in PUD's and through the conditional use options.	X	

#13. Has the city adopted an expedited application and approval process for moderate-income housing projects?	X	
Response: Currently no real barrier exists for subdivision approval timing.		
#14. Have you adopted a time limit for the review and approval of moderate-income housing? Is there a penalty attached?	X	
Response: There are unrelated time restrictions currently and these do not appear to be a barrier currently.		
#15. Have modified parking requirements been adopted for affordable housing projects?	X	
Response: They will be considered based on housing type and cost.		
#16. Have special public hearing requirements been adopted to educate the public and to expedite the approval process for affordable housing developments.	X	
Response: However, hearings are not a barrier under current statutes.		

4.1 Regulatory Barriers

Currently the Naples City ordinances do not create significant barriers to the creation of workforce housing with one major exception. One significant barrier exists related to multi-family project approval. In residential zones, it is required that for every multi-family project to be constructed, three to five units of single family housing must be built. This requirement would make the construction of any subsidized or truly affordable units challenging, but possible.

4.2 Current Zoning Requirements

4.2.1 Residential zones

The Naples City land use development ordinance creates six residential zones. The residential zones vary density allowances from about 3 units per acre in the RA-2 up to about 13 units per acre in the R-3 zone with 35 ft. height restrictions. The RA-1 zone allows about 6 units per acre. Multiple unit rental properties can be a maximum of four units with limited flexibility. There are no specialized allowances for projects providing moderate-income housing.

Density analysis: densities up to 11.5 units per acre are currently allowed even under conditional use processes.

Landscaping Requirements: Landscaping requirements should be flexible when some innovative designs are proposed such as clustering housing units with natural or xeriscaping allowance for open space areas.

4.2.2 Planned Commercial C-1 and Commercial C Zones

It is suggested that the C-1 commercial zone should allow greater flexibility for residential development with conditional uses. Currently in the C-1 zone some residential is allowed in mixed use concepts. Residential could also be allowed in the C-1 zone especially in mixed use developments where housing is developed in upper floors of multi-story buildings in a live/work environment or for retail workers associated with downtown businesses. The C-1 zone will be focused in the new 200 acre Naples City

Downtown Master Plan. Housing needs to be accommodated in this area especially senior housing near planned medical services businesses. Workforce housing for retail business employees should also be allowed.

4.2.3 Regional Housing Planning Coordination

This plan strongly recommends that Naples should participate in regional solutions to affordable housing needs with Vernal and Uintah County. Naples should encourage and participate in regional planning efforts to address existing and future housing issues. An example of the need for coordination is the regional homeless coordinating committee. This plan suggests stronger homeless planning efforts should be undertaken. Not every community needs a domestic abuse shelter or a homeless shelter, or an assisted living center for the elderly but they are needed somewhere in close proximity for potential users. Through regional cooperation, solutions and locations can be found for specialized housing needed by those persons in each community.

Naples City should participate in discussions with Vernal and the Uintah School District, Three Corners Mental Health, Active Reentry (Price), Uintah County Health Department and the Utah Department of Human Services offices and the Utah Department of Community and Culture (housing and homeless programs, etc.).

SECTION 5

5. IMPLEMENTATION STRATEGY

5.1 Gaps Analysis

Naples City has established the following housing gaps, listed by priority, to help address the need for workforce housing:

1. Lower cost, subsidized, rental property for persons with special needs.
 - A. Elderly housing for persons on fixed incomes
 1. 16 units in the next 4 years based on the aging of the population to be located near new downtown master planned area in the eastern part of the city.
 - B. Accessible rental housing for persons with disabilities including physical and mental disabilities and with incomes below 50% of AMI separate or as part of all other rental housing that is approved.
 1. At least 5% of all multi-family units built annually must be accessible in accordance with federal law
 - C. Participate in regional discussions about housing for the homeless (including youth aging out of foster care and persons coming out of incarceration)
2. Rehabilitation of deteriorated housing for lower income homeowners, especially focusing on older homes with elderly fixed income homeowners.
 - A. Prepare a marketing plan to help identify lower income owners desiring assistance in improving their housing quality.
 - B. Perform a housing quality analysis of housing conditions to help identify housing units in need of rehabilitation.
3. Workforce Housing for families at 80% or less of AMI, focusing on single family homes to purchase
 - A. The city should also act to identify locations for “self-help” housing developments and crown-homes in consultation with the Uintah Basin Association of Governments and the Uintah Basin Assistance Council.
4. Prepare an updated housing plan in 2012, two years from the preparation and adoption of this plan.
 - A. Submit plan and reports to the State of Utah and to the Uintah Basin Association of Governments.

5.2 Redevelopment

Naples City will work toward developing or vitalizing areas of the city that are important, that currently are underutilized, or that have deteriorated or which have unsightly/antiquated housing or commercial development.

1. Naples City Downtown Master Planned Area
2. Review other areas of the city in need of demolitions and redevelopment

5.3 Preferred Locations for Priority Housing

Naples City prefers to develop higher density rental housing that is near downtown sites first. Naples City will create and establish zoning in these places to promote housing where desired. Naples City will evaluate different funding sources (CDBG, loans, foundations, general fund, see section 6 of this plan for more information) to assist in acquiring important parcels, where appropriate, based on these priorities.

5.3.1 Locations near envisioned downtown master plan development

The new city center north of the Naples City hall is a prime location for the development of some higher density housing; beginning with housing for the elderly and then branching out with other kinds of compatible housing, especially rental housing for lower income workforce families in support of retail and motel businesses to be located at these locations as well as other businesses in the area.

5.3.2 Single family, homeownership development sites

Locations supporting lower cost homeownership will be identified. Housing that will be facilitated with city involvement will focus on housing for lower income homebuyers in the 50% to 80% of AMI range. This housing would include UHC Crown homes, Rural Development Self-Help Homeownership homes and other subsidized homeownership programs. Other moderate-income single family housing for purchase includes town-homes and condominiums including potential conversions.

1. Single family in in-fill sites and in foreclosed property locations.
2. Identify new targeted neighborhoods with deteriorated housing by conducting a survey of housing quality.

5.3.3 Infill Analysis of existing undeveloped lots and vacant or dilapidated housing

Location analysis of possible appropriate sites for development including vacant lots will be conducted by the city. An analysis will be performed by Naples City to determine a priority of foreclosed properties and other dilapidated housing that will be prioritized for acquisition/rehabilitation in conjunction with the Uintah Basin Association of Governments and other developers as appropriate based on property size and location.

SECTION 6

6. FINANCIAL RESOURCES EVALUATION

CRA and EDA Funding: In the future, Naples City will likely evaluate the creation of Community Redevelopment Areas (CRA) or Economic Development Areas (EDA). These designations will generate 20% of the expected tax increment for moderate-income housing. Naples City should plan to begin generating the housing related increment in year one of the expected budget period. A specific plan will be implemented for the expenditure of the revenues with established housing priorities.

Community Impact Board Funding (CIB): Naples City has accessed the Community Impact Fund for important capital investments projects according to its adopted Capital Investment Plan (CIP). Although not a common practice, housing related infrastructure both on-site and off-site improvements are eligible CIB costs and can be accessed through this means to decrease the costs in targeted affordable and/or workforce housing development. Only projects that are owned by public entities (Non-profit) are eligible. The capital investment priority list will need to include housing infrastructure related costs as priorities in advance planning applications.

6.1 Other Federal and State Funding

Community Development Block Grant Funding (CDBG): Naples City has successfully competed for and utilized CDBG funding for the rehabilitation of housing and for the acquisition of real property on which to site workforce housing. This trend could continue annually with Naples City as outlined in its housing plan.

Department of Housing and Urban Development (HUD) 202/811 program funding: In addition to the CDBG and HOME program funds, additional specific HUD funds are available on a competitive “Super Notice of Funding Availability” (NOFA) basis. Section 202 funds are available for housing projects targeted toward low-income senior citizens. Section 811 funds are provided for accessible housing for disabled persons. Both programs provide grants and low interest loans to maximize affordability. Ashley Valley has some very limited housing funded by the 202 program. In fact, Ashley Valley Shadow Apartments received funding from this program. It is expected that in the next 5 years an application for Section 202 funding will be submitted for additional senior housing to address the need to house aging persons on fixed incomes.

Rural Development (USDA): RD provides low interest loans and a limited amount of grant funds for both housing and infrastructure support projects. Naples City will evaluate the use of these funds on a case-by-case basis mostly for infrastructure support loans.

Uintah Basin Revitalization Funding: In partnership with Uintah County, Naples City will explore potential housing investment opportunities in Naples City and in unincorporated areas to help implement both the county and city housing plans.

Low Income Housing Tax Credit Program (LIHTC): The primary federal subsidy that will make a profound difference in implementing Naples City’s workforce housing initiative is the tax credit program administered by the Utah Housing Corporation (UHC). Project funding is provided from this fund; private syndicators provide the funds and in turn receive tax benefits for their investments. The funds are not calculated in the debt service to projects but rather act as direct equity. Applications are

received once per year by UHC. The competition for funds is arduous but it is suggested that Naples City through development partners plan to apply for tax credits for specific projects annually in 2009 and in each of the following three years to catch up to identified needs and to assess the market for needs hereafter to determine future feasibility patterns. Naples City should support all efforts to include rural communities including itself to be part of the qualified 130% basis boost process making additional funding available to cover actual increased costs to build projects.

Federal Home Loan Bank: Located in San Francisco, the Federal Home Loan bank is a potential funding partner for rental workforce housing projects, especially to drive further affordability through project subsidies. It is expected that funding applications will be made as appropriate to annual FHLB criteria for rental housing projects in Naples City over the planning horizon of 5 years.

Olene Walker Housing Loan Fund (OWHLF): Funds from both the Utah State Legislature and the HOME Program funds from the federal Department of Housing and Urban Development are administered by the staff of the OWHLF. These funds, especially when matched with LIHTC funding, can truly create housing available to low-income residents in Naples. The OWHLF has four application cycles in which funds can be obtained. These funds are primarily low interest loans that can be deferred or can be repaid in a variety of different ways. These funds are not available for large long-term debt. However, the funds are often the key gap-financing tool to make projects affordable for targeting incomes below 40% of AMI. There will be applications for OWHLF projects in Naples or in Ashley Valley as appropriate to viable project applications over the next 5 years for typical project costs including predevelopment, acquisition, construction financing and limited gap financing of long term debt. It should be noted that program guidelines are re-established on an annual basis and must therefore be tracked closely for impacts on priority projects in this housing plan.

Private Activity Bond Program: This program is administered by the State of Utah Division of Housing and Community Development and has some funding available for housing. PAB funds have not typically been used for affordability projects due primarily to underwriting requirement differences. However, in certain instances when rents can target the 80% of AMI level or for home purchase properties, PAB funding could be an alternative for Naples City.

Private Funding Partnerships: The primary source of private funding for workforce housing includes funds from local financial institutions under the Community Reinvestment Act (CRA), with the exception of credit unions that are not mandated to do so under these federal guidelines. Institutions set forth their own plans annually – there is no prescribed funding level mandated but rather institutions conduct needs analysis and establish internal goals/objectives. These plans include lending, investments, and services within their service footprint. Typical activities include affordable housing, small business lending and financial educational services for consumers. The Utah Community Reinvestment Corporation (UCRC) is the primary agency through which these funds flow. Funds can be obtained directly from banks in addition to UCRC through project application processes.

There are different kinds of financial institutions available to communities for housing related funding.

- Limited purpose banks: These banks are not physically found in most communities and are investment banks only. They do not offer checking or savings accounts but do have significant amounts of CRA funding to loan to projects with obvious benefits for communities.
- Community banks are also available for partnerships and often provide CRA funds for projects of high community priority. Creating partnerships with all local banks with offices in the community is important.
- Regional and National Banks can also be partners in developing housing projects.

Most banks are interested in loaning funds for real property acquisition, predevelopment costs (Market studies, architectural and engineering designs, etc) and construction financing.

Credit Unions: Credit unions with offices in the community should also be invited to participate in helping to fund housing projects. While not subject to the federal CRA requirements they are willing to participate with loan funds to help communities create housing opportunities. Mountain America Credit Union is well established in Naples and could be contacted, as project financing is needed.

Foundations: Foundations are primarily located along the Wasatch Front area and have specific application requirements and must be consulted directly. Other regional and national foundations should be explored. The Utah Non-profits Association makes a foundations guidebook available that can be consulted for criteria applicable to local activities.

6.2 Community involvement

Significant public involvement has been obtained during the research and development of this plan. Input meetings have been held with business leaders, realtors, appraisers, title companies and other stakeholders. Input has also been obtained from Utah State University, Uintah School District, Utah Workforce Services, the Uintah Basin Association of Governments, Naples and Naples City officials and Uintah County officials and the special service districts in the area. Many businesses in the area reported difficulty in finding employees, due in part to the cost of living in the area, particularly housing costs. A public hearing held in Naples would be beneficial to educate and evaluate the feelings of residents about the need for workforce housing. It will be the goal of this plan to fully engage the community in solving the housing problems of the area. The residents of Naples should fully understand what the city plans to do to help address the housing issues in the area based on the findings and directions of this plan. Educational newspaper articles will need to be promoted, radio interviews conducted, and public meetings scheduled and held. Coordination with the general plan is implied in this plan and its continued consistency is required.

Appendix 1

Implementation Strategy

Herein is the strategy concerning the housing element of its general plan.

Naples City has established the following housing gaps and housing related needs in a comprehensive way; needs are listed by priority to help address the immediate and on- going development of workforce housing.

Priority #1

Objective: Development of a multi-family rental property for elderly persons with lower cost, subsidized rents for persons on fixed incomes. The project should have at least 16 units depending upon the completion of a market study. At least 5% of the units will be accessible for elderly persons with disabilities.

Location: Naples City.

Staff Assignment: City Manager, City planner, consultant, development partners

Completion Milestone: By 2012, Naples City will create a development partnership with a third party to help conceive the development plan and identify a parcel of property on which to site the project. Project to be constructed and occupied by 2012.

Related Project development steps: Purchase the parcel of property (once located), by 2012. Create a working relationship with the Uintah Basin Assistance Council by 2012. Issue an RFP for architectural design services and select an architect. Prepare an initial project design concept and develop a proforma for the project by 2012. Obtain an Olene Walker or bank Predevelopment Loan (\$20,000); application submitted: by 2012. Prepare market study to determine feasibility by 2012. Submit applications to various lenders by 2012. Begin construction by 2012.

Priority #2

Objective: Increase the number of housing units that are rehabilitated that are deteriorated and occupied by lower income homeowner's especially elderly fixed income persons or families. Increase the number of units per year to four.

Staff Assignment: City Manager, City planner, consultant and other staff as assigned.

Completion Milestone: Conduct a housing quality analysis of homes in Naples and determine the homes that are deteriorated and occupied by elderly and low income homeowners. Complete the analysis by 2012.

Related Project development: Work with the Uintah Basin Association of Governments to identify funding and staff time to increase housing rehabilitation in Naples City. Create methods to increase the number of units rehabilitated by 2012.

Priority #3

Objective: Prepare a new updated housing plan for Naples City by 2012.

Staff Assignment: City Manager, City planner, consultant and other staff as assigned.

Completion Milestone: Based on the accomplishments of the previous two years, prepare a draft of the new plan with implementation strategies by 2012. Consider the plan with the Planning and Zoning Commission and the City Council. Adopt the new plan in 2012 and send it in to the state and to the Uintah Basin Association of Governments.

Related Project development: Begin assessing other housing-based needs and continue to educate the public about the need and benefits of housing diversification in Naples City.

Priority #4

Objective: Workforce Housing for families at 80% or less of AMI, focusing on single family homes to purchase. These homes would be built by their owners as a “self-help” housing development in consultation with the Uintah Basin Association of Governments and the Uintah Basin Assistance Council. Increase the number of “self-help” homes by six.

Staff Assignment: Mayor and elected officials, City Manager, consultant and other staff as assigned.

Completion Milestone: By the year 2014, six “self-help” homes to be constructed.

Related Project development: Determine what role Naples City can play in creating and implementing “self-help” housing solutions on a larger scale, and set future goals.

Appendix 2

HOUSING SURVEY 2008

A detailed evaluation of current age status survey was conducting in Ashley Valley in February and March of 2008 during the study period. The results of the study were aggregated by resident addresses. The responses from Naples residents are listed in the following information.

Naples City: HOUSING SURVEY Tabulation April 2008

Survey taken February through March 2008
(Random survey with a +/-5% Margin of Error)

Survey Size: 1300 Surveys distributed in Ashley Valley based on a random selection process. A random number of addresses were selected and then evaluated based on addresses in Vernal City, Naples City and unincorporated county areas. The survey instrument noted the location of the respondent.

Response: There were 42 surveys returned from Naples City households representing 134 persons. There are 113 families identified in Naples City or 37% of all families surveyed. The total population was 1502 which means that 9% of the population was included in this survey.

Demographics: Elderly persons made up only 8% of the persons surveyed 18 families (43%) have children less than 18 years of age.

There are a small number of minority families living in Naples City currently making up 2% (3) of the population.

There are 43% of households with children under the age of 18.

Employment: There were 13 persons who are currently unemployed (9% of respondents) and 5 of these persons are disabled (4%) and not able to be employed.

Family Size: 3.04 Average Family size (based on actual family sizes listed in responses not simple division of number of people divided by number of responses)

Living Arrangements: 88% of Naples families (37) are single families living with only immediate family members

16% of the population in Naples is single persons living alone and only two persons are living as roommates.

Income: 31% of the current residents have household incomes of less than \$20,000 per year.

20% of the current residents have household incomes of less than \$40,000 per year but more than \$20,000.

36% of the current residents have household income less than \$80,000 but more than \$40,000 per year.

20% of the current residents have household income more than \$80,000 per year.

Housing:

Renters

- Only 5% of the households who responded are renters and the rest are homeowners. There is limited rental housing available.
- 50% of renters are paying more than 30% of income for rent.
- Rent has increased over the last two years for 50% of all renters.

Homeowners

- 93% of households own or are purchasing a home at the time of this survey (the remainder did not respond).
- 41% of all homeowner households have purchased a new or existing home since the year 2000.
- Only 7% stated that their mortgage payment is more than 30% of their income.
- The majority (47%) of the homes owned by the respondents were valued at between 200,000 and \$150,000.
- There were 34% of the homes valued at more than \$225,000 up to \$350,000.

Conclusions:

- A very significant 31% of Naples respondents report incomes of less than \$20,000 limiting their housing choices.
- Only 5% of the current residents are renters and there is a decided public aversion to the development of more rental housing, especially multi-story rental housing.
- There needs to be more rental housing available that will meet the needs of those lower income families, especially for service workers as the economy of the city diversifies.
- Naples needs to have service sector housing as more retail business is attracted to the community.
- The population has a significant number of younger families (43%) with children and a smaller elderly population in the area.
- Some larger housing units are needed that are affordable as families increase in size.
- The aging of the population will require some increased housing options for seniors because a majority of residents are middle aged.
- The market needs more ownership opportunities available for homes valued at less than \$200,000 because that is price point that people have been purchasing wherever possible.