

**MURRAY CITY MUNICIPAL COUNCIL
COMMITTEE OF THE WHOLE**

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, February 17, 2009, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jeff Dredge	Council Chairman
Robert D. Robertson	Council Member
Jim Brass	Council Member
Patricia W. Griffiths	Council Member
Krista Dunn	Council Member

Others in Attendance:

Daniel Snarr	Mayor
Frank Nakamura	City Attorney
Michael D. Wagstaff	Council Executive Director
Janet M. Lopez	Council Administrative Secretary
Jan Wells	Mayor's Chief of Staff
Tim Tingey	Community & Economic Dev. Dir.
Heidi Aggeler	BBC Research & Consulting
Doug Hill	Public Services Director
Pat Wilson	Finance Director
Erin McShay	Valley Journals
Chad Wilkinson	Community & Economic Dev.

Chairman Dredge called the meeting to order at 5:30 p.m. and welcomed those in attendance.

Approval of Minutes

Mr. Robertson moved adoption of the minutes from the Committee of the Whole meeting held on Tuesday, February 3, 2009, as amended. Ms. Dunn seconded the motion. The motion carried 5-0.

Housing Needs Assessment Discussion **Tim Tingey**

Mr. Tingey announced that the Community Development Block Grant (CDBG) application process binders are ready for distribution and in the Council office. Mr. Tingey pointed out that the staff went through the interview and presentation process and first few pages contain recommendations with the reasoning behind those recommendations.

Heidi Aggeler with BBC Research & Consulting in Denver Colorado was introduced by Mr. Tingey. The housing market analysis began in December and is now near the end with refinement of recommendations to be completed. He stated his excitement regarding this presentation and complimented the staff of BBC and Murray City. Once the report is finalized, Mr. Tingey will report back to the Council and provide recommendations based on the study and future programs that may be initiated.

Ms. Aggeler stated that her firm had committed to complete this study in two months and it is almost finished for a very quick turn around. She distributed hard copies of her presentation. The scope of work consisted of the following:

- Demographic, economic and housing profiles - To discover who lives in Murray, what type of housing is needed and what type of housing would be appropriate for the future, as economics, demographics, and employment grows and changes.
- Housing market analysis - This is a comparison of supply and demand, using household income, supply at different price points, and determines how those two indicators match up.
- Stakeholder discussions, two meetings - These meetings included nonprofit developers, social service providers, and private sector developers. The needs in Murray and developers experience working in Murray was discussed.
- Residents survey - On January 1, 2009, the resident survey began, and the response has been phenomenal.
- Findings/report/presentation - In progress.

Ms. Aggeler presented the demographic information gathered. The population, as projected by the Governor's office, was about 46,000. Murray makes up less than 5% of Salt Lake County. The growth rate between 2000 and 2007 was double that of the State of Utah and Salt Lake County, due to an annexation and internal growth. The annual growth rate was 4.9%.

Page three of the report demonstrates the findings of household composition in Murray. Most households in Murray City are married couples, 60% do not have children and 28% do contain children. The graphic features new data from the U.S. Census Bureau, as of 2007, and breaks the household composition into family households and non family households. Non family households are generally non related folks, such as, seniors, people with a care-giver, or single persons. Family households include married couples, male householders and female householders. Fewer people have children than one might think and this is very typical of most communities.

Page four gives additional demographic information. The senior population represents 12% of the overall population, and children amount to 23%. Murray has more seniors than the state overall and Murray has fewer children. The growth in the Baby Boomer population has been very strong.

Ms. Aggeler commented that the information on page five shows the percentage of residents with disabilities, which is almost 14%, most of these residents are seniors. About 10% of Murray residents live below the poverty level, which is roughly \$22,000 for a family of four. This is a national standard. Poverty in the City is highest for young adults and children. Almost 40% of the single female households live in poverty.

Median family income for 2007 in Murray was about \$60,000. Median household income was approximately \$51,000. The reason this number is lower is that it contains single earners who tend to live on one income, and families, many times, live on two incomes. One in five households earned less than \$25,000. The highest proportion of households earned between \$50,000 and \$75,000. A fair amount earn more than \$75,000 per year.

The next graphic compares Murray's median household income with surrounding communities. Sandy had the highest, followed by Cottonwood Heights and Holladay. The lowest was South Salt Lake, Salt Lake City and Millcreek.

On page eight, Ms. Aggeler explained that the chart takes the median family income and puts it into an area median income (AMI). These are proportions used for Housing and Human Development (HUD) grant programs. As Mr. Tingey begins to think about Community Development Block Grant (CDBG) programs, he must use the terms of this graphic. This graphic shows that about 30% of Murray population earns less than 50% of the AMI. These are people earning less than \$33,000. It is important to note that Murray is very well educated relative to surrounding communities. About 30% of residents have earned a Bachelor's Degree or higher. This directly relates to higher levels of income.

The latest unemployment rate is very low at 2.8%, according the Ms. Aggeler. The unemployment rate in Utah in general is quite low. Workers in Murray are employed in educations services, health care, and social services, followed by retail trade, professional and managerial professions. This will relate to housing affordability, which will be addressed later in the presentation.

The next graphic shows employment projections for top industries in Salt Lake County from 2007 to 2060. This information is generally gathered on a regional level, however, it does show that health and social services are growing fairly rapidly, and because Murray does have much of the industry, it will bode well for the City in the future. Key industries are projected to be state and local government, retail trade, manufacturing, and finance and insurance.

To talk a bit about housing, Ms. Aggeler directed the group to turn to page 11. Murray's median home price in 2007, as estimated by the American Community Survey, was about \$210,000 and median rent \$771 per month. This is one of the highest median home values in the area next to Holladay, Cottonwood Heights, and Sandy. The median rent was average when compared to surrounding communities.

BBC considers an indicator called *cost burden*, which means that people are paying more than 30% of their gross household income for housing. This cost burden may mean people have trouble staying in their homes, may get evicted because rent is not affordable, or must do without other necessities. The company found that 36% of households pay more than 30% of income for mortgages, and 30% of renters are cost burdened.

Considering rental prices compared with rental income, Ms. Aggeler pointed out the supply and demand analysis concluded that 600 renters cannot find affordable rents in Murray. Page 13 graphically demonstrates that mismatch in the rental market. These are very low rents because the households are very low income. Ms. Aggeler observed that Murray has a modest rental problem, as these are the lowest actual numbers in the rental gap that she has ever experienced in the communities she has studied. The chart shows that those renters who can only afford \$300 a month for rent and utilities have a rental shortage of 569 units. These might be seniors, single parents, or someone working in retail. Every community has a difficult time providing affordable rentals to its lowest income renters.

Page 14 shows the home ownership housing market. If current renters wanted to move into home ownership in Murray or for homeowners wanting to downsize or up size, BBC looks at the options available. Ms. Aggeler explained that renters desiring to buy must earn \$50,000 before more than half of the condominiums or town homes for sale are affordable. They must earn \$75,000 before more than half of the detached single family homes are affordable.

Ms. Aggeler reported that what BBC did was to look at the Multiple Listing Service (MLS) units available for sale in February. The company determined, by income range, how many units were available on the market relative to the proportion of renters, using maximum affordable home price including all the expenses involved. Considering both attached units and detached units, it is very hard to buy in Murray if one is not making at least \$75,000. It is very difficult to buy a condo or town home if making less than \$50,000. Murray does have a home ownership problem for families or first time home buyers. It is harder to buy in Murray than in other communities.

On page 15 there is a breakdown of what renters desiring to buy a property could find for their money. There are two categories, those earning \$50,000 and \$75,000. Town homes or condos would have two bedrooms; one and a half to two bathrooms; between 1,000 and 1,300 square feet; and were mostly built in the 1970s. Due to the age, these homes could have some home improvement issues. Considering single family detached homes, there are very few on the market for less than \$50,000 income. In general, one would find three to three and a half bedrooms; one and a half to two bathrooms; square footage from 1,300 to 1,800; and the age was older, built in the 1960s.

Ms. Aggeler described the future for Murray City. The population growth will slow

significantly, adding just 32,000 residents between 2007 and 2060, or an average of 604 residents per year. Murray is a landlocked community and probably will not go up as much as a more urban area. This data was obtained from the governor's office. It is anticipated that the City will need to serve a larger number of disabled elderly residents as its population plateaus and ages.

The employment outlook in Murray is quite positive. As the overall population of the nation grows older, additional full-time health care and service workers will be needed to deal with increased demand, and Murray has that core industry.

As employment information is compared with the housing outlook, the picture could be challenging. Most workers will need to have two incomes to afford to buy a home. The illustration on page 17 shows the employment sectors with the highest growth in Murray, the annual equivalent salary, and the amount of affordable rent plus utilities. The study determined if households could afford to rent in Murray, and if they could afford to buy in Murray. Then BBC has figured the proportion of units available.

In summary, Ms. Aggeler stated that those people working in construction; educational services; health care and social assistance; manufacturing; and professional, scientific and technical services could afford the median rent in Murray. When considering the ability to buy those sectors previously mentioned could purchase attached units in Murray, however, only those employed in the professional, scientific and technical services could afford detached homes.

From information gained in the focus group meetings with developers, Murray was the only community in which developers stated that it is not bad to develop in Murray City, commented Ms. Aggeler. They confirmed that the City works with them, systems are transparent, there are no hidden costs, and the process is effective. She stressed that Murray is the only community she has ever worked with that the developers have given this kind of feedback. She commended the staff and stated how complimentary this is. She noted that Murray is very progressive, ahead of the curve with the transit oriented development, and has a vision that other communities do not have. However, housing affordability is an issue. Many of the non profit organizations would love to build in Murray and house people here. Murray has a wonderful reputation and school district, is very progressive with much to offer, relative to surrounding communities. This is the only piece of the picture that is not so positive.

In thinking about recommendations for the City, Ms. Aggeler mentioned some of the things she has discussed with Mr. Tingey and Mr. Wilkinson. One idea is a land banking program. CDBG and tax increment financing (TIF) funds can be used to acquire land or lay infrastructure in support of affordable housing communities. She feels it could be very effective in Murray to acquire land, hold it, put out a request for proposal (RFP) and have non profit and private sector providers bid on that RFP to build. She stressed the importance of mixed income communities, so that all affordable housing is not concentrated in one development. The City would have renters, starter homes and affluent homeowners in close proximity.

Mr. Dredge asked if any data was gathered regarding distribution of current affordable housing. He has noticed some pockets of that in the City, however, he feels it is not well distributed.

Ms. Aggeler responded that her firm does have geographic information system (GIS) capabilities and can map that, however, the data needed is the underlying information by address. That is not available for Murray. It can be purchased in some areas, nevertheless, enough landlord surveys were not returned for her to be able to do that for Murray.

Mr. Tingey added that Salt Lake County has information from the last census broken down by income, therefore, it is possible to see where the low to moderate income areas are located in the City. That is household income not affordable units.

Ms. Aggeler said that it is harder to map affordable units.

Mr. Dredge commented that older homes ownership can turn over and there is a likelihood of younger people coming in to refurbish the homes and neighborhoods.

Mr. Robertson confirmed that his neighborhood is filled with young families moving into starter homes while finishing their education, and when they move on, the next generation does the same thing.

Mr. Dredge stated that in rental properties, such as apartment complexes, that rehabilitation process does not seem to occur and the properties deteriorate. He asked how that is balanced in the planning process for overall dispersion.

Ms. Aggeler responded that if the City were able to acquire land, it would want to definitely put in mixed income community housing, so that the affordable type of housing is not concentrated in one region. For existing units, the City should make sure that opportunities are created for young families to put equity into starter homes and build up neighborhoods. It is important to make sure buyers can get into homes. Now it is getting a little hard to buy in Murray. Not many affordable homes are on the market currently. It would be desirable to provide down payment assistance and possibly assistance for rehabilitation. Every community does have pockets of rentals, and it cannot be avoided. She advised the City to watch the rental properties, because many of them are aging and there are large apartment complexes housing many renters. The City may have to put pressure on the landlords to take care of those complexes, because that really can delapidate a neighborhood and become an issue.

Ms. Griffiths commented that she has noticed absent out-of-state landlords who may purchase several homes in a neighborhood, consequently, the area deteriorates quickly. She receives complaints in her district about that issue.

Ms. Aggeler mentioned that she, Mr. Tingey and Mr. Wilkinson met with the head of the apartment association who informed them of a rather new program called good renter/good landlord. Ogden was a model city and it seems to be working rather well. That is something Murray should look into. Code enforcement is key in addressing problems. With the current economy, the City may see absent owners decline.

Ms. Dunn asked how Murray compares to other communities in terms of the availability of affordable housing. She wondered if Murray has its fair share to offer for young families to stay in the area.

This was not a part of the housing study, Ms. Aggeler stated, however she has done a fair share analysis in Las Vegas and that is something considered in regional studies. In Vegas, the proportion of low income households housed in North Las Vegas were compared to the low income housing overall. The attempt was to discover where North Las Vegas may be over represented in low income housing relative to a community like Henderson, which may be under represented in low income housing. Likewise, in Utah her company would go a little deeper to compare all the affordable housing and what proportion is located in Murray, relative to Salt Lake, Cottonwood Heights, and other communities. This is a fair share analysis and requires quite a bit of data.

Ms. Aggeler did talk with the Salt Lake County Housing Authority regarding Section 8 vouchers, which is a housing assistance program through the federal government. Renters can choose where they want to live. She found that Murray has a fair share of folks on this program relative to all the vouchers in the valley. The rental gap in Murray is modest, indicating that there is a good balance. The homes on the market for sale are limited in affordability. However, it is largely out of the City's control, especially because there is not a lot of land available. The important thing is to use the land banks, CDBG and TIF programs wisely to create as many opportunities as possible.

Ms. Dunn commented that Murray is a community where people like to stay and it gets the small town feel from that. If that is not considered, Murray will just become another city.

Mr. Dredge added that he has seen a lot of turnover in District 2 and what seems to have brought in many young singles, or married couples with one to two children, are the Brodsky developments. Condominiums and town homes are becoming the starter homes in Murray.

The final report will have a section dedicated to the resident survey, stated Ms. Aggeler. People were asked if it was necessary to make a tradeoff on desires, would they prefer to live in their desired location in a town home or condo, or would they prefer to live in a single family detached home in a less desirable neighborhood. The data received was very good, and a large number of residents returned the surveys. Location was absolutely key. People want to stay in Murray due to schools, shopping, to be near family, and would be willing to live in a town home

to be in a preferred location. The only exception was people would rather have a single family detached residence than to rent. If the ownership opportunities are available people prefer to stay in Murray.

As America becomes more dense, because people do not want to overuse resources, and in affluent communities like Murray, the only option may be to live in a town home or condo. When children reach junior high school, people will have to decide if they want to move out to single family homes or stay in dense communities. Americans seem to be willing to make that tradeoff to live in the community of choice.

Mr. Dredge asked if people stay in the dense living situations until school is finished and income grows so that they have the financial ability to purchase single family homes.

Ms. Aggeler agreed that this is still the case. However, in mountain locations, one sees the extreme situations where single family homes are very unaffordable and people may live in a town home their entire life to be in the community of choice. Sometimes it depends on the competition in the market and the available supply of housing. Another demographic to fuel the town home market is the empty nester with a desire to be free of yard maintenance.

Mr. Tingey expressed that the Community Development Department will bring forward some recommendations on possible programs to begin to take incremental steps toward enhancing the City's housing, improve quality and allow for opportunities for young people who want to move back into Murray.

Mr. Dredge asked about the possibility of offering low interest loans or down payment assistance for some of the areas City officials would like to see turn over. He mentioned Box Elder and Hanauer streets with smaller homes.

Ms. Aggeler stated that the land banking is important because there is so little land left in Murray. The down payment assistance programs only work if there is available supply. She explained that in some communities the money was not used, because there was nothing to buy in the specified neighborhood. These programs work on a parallel track and they do come in peaks and valleys. Perhaps there is a great piece of land and the City wants to partner with an employer to help provide housing for employees. This is an example of one way to structure land banking. She feels it is important to aggressively work both projects.

Mr. Tingey noted that there are some creative ways to consider acquisition. It may not be buying a piece of land. The City could look at public entities that own desirable excess land, negotiate, and rezone to have land available for possible buyers.

Ms. Aggeler pointed out that her firm has a catalog of best practice communities and a chapter is dedicated to land banking. There are details from programs that work well. Santa Fe is

one example, using public utility land. The land was no longer used so the city purchased that land and sold to a non profit developer. The non profit developer acted as a master contractor and private sector developers completed the construction dedicating a portion of homes to be affordable. As those homes were sold, the city was repaid for the land. California communities have a lot of land banking, as well. These ideas can help staff develop some recommendations.

Ms. Aggeler congratulated the City on being such a well-received community.

Mr. Tingey confirmed that his department is excited with the findings and will return to the Council with the final report and recommendations.

Staff Report

Mike Wagstaff

Mr. Wagstaff announced that the Heritage Center will hold its Volunteer of the Month luncheon on March 6, 2009, at 12:00 noon. A Council Member is requested to attend that meeting and present a letter of recognition. Let him know if you are able to attend.

Mid year budget meeting will be held on March 10, 2009. The exact time will be announced soon, probably about 2:00 or 3:00 in the afternoon, prior to the regular Council meeting that evening. Please set aside that time.

There being no further business Mr. Dredge adjourned the meeting at 6:12 p.m.

Janet M. Lopez
Administrative Secretary