

Local Tax Base – Benefits and Burdens of Housing **OR** Maybe Starter/Smaller Homes and Apartments Pay Their Way After All



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YOU

<https://www.sigsonline.com/wp-content/uploads/2023/12/f-down-south-9705546.png>

Remote Sales Taxes after *South Dakota v. Wayfair*

Calendar Year	Total state sales and use tax revenue from remote sellers
2019	\$260,000,000
2020	\$475,000,000
2021	\$630,000,000
2022	\$740,000,000
2023	\$815,000,000

Source: Eric Cropper, State Tax Commission.

Remote sales tax collections will soon break \$1 billion. That averages about \$1,000 per household in **NEW** sales tax revenue. Local governments could flag their local share of this brand-new money to support moderate-income/affordable housing.

Residential Owner and Rental Property Taxes

All primary homes receive a **45% reduction** in assessed value.

Most states give large “**homestead exemptions**” to owners because they are good people while renters are not.

Utah’s property tax structure is **fair** to all people.

Lately, **huge increases** in home values result in residential property taxes becoming disproportionate to nonresidential property taxes.

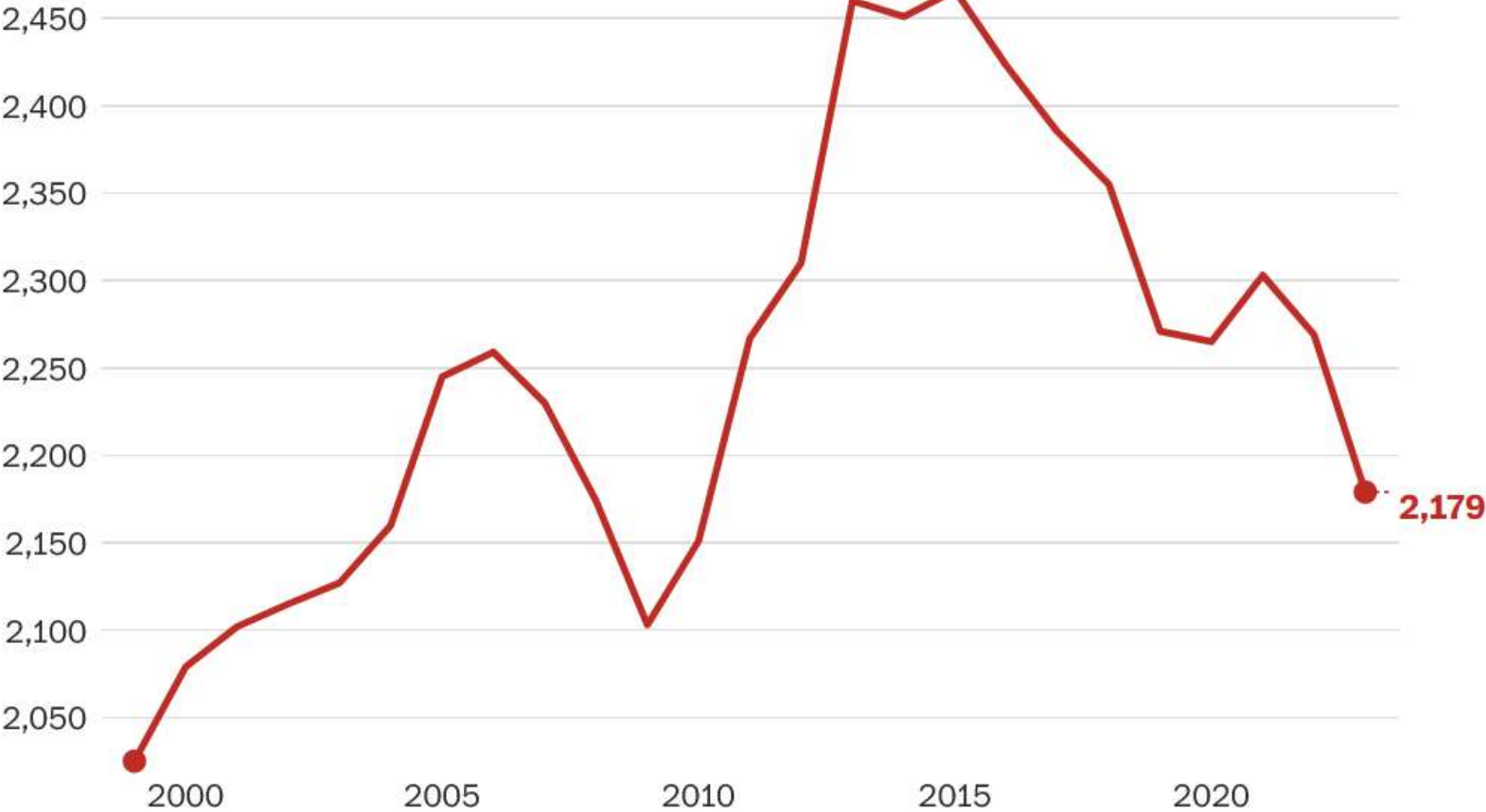
John Ulibarri, Weber County Assessor, has some important insights.

Increasing Density Trends

- Internal Accessory Dwelling Units (iADUs) allowed by right will reduce the need for some new homes and **bring people back** to historic levels in mature neighborhoods.
- Moderate-income housing programs work best when densities are higher but still based on wood-frame, low-rise construction such as with **Middle Housing**.
- According to surveys by the National Association of Realtors, half of urban Americans want to live in **walkable neighborhoods** even if that means trading off detached homes for townhomes, condos or apartments.

New homes are gradually getting smaller

Median square footage of single-family homes under construction



Source: U.S. Census Bureau

<https://www.washingtonpost.com/business/2024/03/10/smaller-new-houses-affordable/>

Density-Related Water & Sewer Costs

Homes Per Square Mile	Total Water & Sewer Costs per House	Total Costs Per Person
26 - 700	\$46,500	\$18,600
701 - 2,000	\$25,334	\$10,134
2,001 - 4,000	\$12,834	\$5,134
4,001 - 6,000	\$9,700	\$3,880
>6,000	\$7,642	\$3,058

Source: Adapted from Arthur C. Nelson et al. HUD (2007). ENR 20-City ave. adjustment to 2024\$.

→ Typical urban Utah density (2-6 units/net acre).

→ Mixed-use, middle housing, and starter home density (6-12 units/net acre).

Dejan Eskic will present research on fiscal impacts of land use patterns. He is a senior research fellow at the Kem C. Gardner Policy Institute at the University of Utah.



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