



MEMORANDUM

PLANNING DIVISION
DEPARTMENT of COMMUNITY and NEIGHBORHOODS

To: Planning Commission

From: Ruedigar Matthes, Policy & Program Manager, Department of Community & Neighborhoods

Date: February 15, 2023

Re: Housing SLC Key Findings

This briefing provides a progress update on the Administration's development of a new five-year moderate income housing plan, Housing SLC. The City's current housing plan, Growing SLC, expires at the end of the fiscal year, and a new housing plan is needed to meet state code requirements. State code defines "moderate income housing" as "housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income for households of the same size in the county in which the city is located" (Utah State Code 10-9a-103). State code section 10-9a-401 requires that municipalities include a moderate income housing plan as part of the municipality's general plan, and State Code section 10-9a-403(2)(a)(iii) outlines the elements that must be included in a moderate income housing plan. These are:

- A. Providing a realistic opportunity to meet the need for additional moderate income housing within the next five years;
- B. Selects six or more moderate income housing strategies described in Subsection (2)(b)(iii) for implementation in order to be eligible for priority consideration for funding; and
- C. Includes an implementation plan as provided in Subsection (2)(c), which requires that a municipality identify specific measures and benchmarks for implementing each moderate income housing strategy.

As part of the General Plan, the moderate income housing plan, Housing SLC, establishes the City's foundation for housing policy, programs, and funding priorities for the next five years. It will consider where we are as a city, where we want to be, and establishes the framework for decision making that will get us there.

Housing SLC will be based on current City policies, existing conditions, and input gathered from thousands of people including City residents, leaders, business owners, experts, and community organizations. Since the beginning of the process, Housing SLC has been seen as integrated with Thriving in Place (TIP). Engagement on TIP began in February 2022, and a full report of TIP activities and engagement/data findings can be found at www.thrivinginplaceslc.org/what-we-heard-and-learned. Based on the findings from these efforts, engagement efforts specific to Housing SLC commenced in July 2022. Between July 2022 and November 2022, the Housing SLC project team engaged with over 4,000 individuals across a number of different methods, including: organized pop-up events, tabling at local festivals, administering paper and online surveys, posting to social media, attending housing-specific functions, and hosting focus groups. Additionally, students in the University of Utah's City and Metropolitan Planning Department

attended Community Council meetings and performed additional outreach. In total, over 6,000 individuals participate during the engagement period.

In addition to the public engagement that occurred throughout 2022, the Housing SLC team conducted quantitative analysis based on a suite of available data. The qualitative and quantitative data analyzed throughout the process yielded six key findings, which are:

1. Rental vacancy rates are low and home sale prices are unaffordable to most residents, putting **strain on existing rental housing and causing rents to rise dramatically**. *At the end of 2021, rental vacancy rates were as low as 2.5 percent. While vacancy rates increased to 4.6% (July-September 2022), the low rates have caused upward pressure on rents. Between 2020 and 2022, median rents increased 11 percent annually, leading to an average increase of \$321 per month (\$3,852 annually) in Salt Lake County. With median home sale prices at \$490,000 (2021), 72 percent of Salt Lake City households are unable to afford to purchase a home in the city, resulting in more people renting.*
2. Despite a housing construction boom, housing prices suggest **a shortage of housing supply overall, but especially housing that is deeply affordable** (affordable to renters earning 30% of area median income (AMI) or less), with demand for housing outpacing supply. *Since 2017, 10,135 units have become available to rent in Salt Lake City. However, there are severe shortages of housing affordable to households earning more than 80 percent AMI and households earning less than 30 percent AMI (8,557 units short and 5,507 units short, respectively).*
3. Salt Lake City is majority renter, and **more than half of all renters are cost burdened**, spending more than 30 percent of their income on housing costs. A majority of residents that participated in online and paper surveys expressed concern that there are few rights for and resources available to renters. *Around 52 percent of all households in Salt Lake City rent, and this number is likely to increase over time as more for-rent housing is built in the city. In 2021, nearly 24,000 renter households, over half of all renters, were cost burdened, with estimates that nearly 50 percent of cost-burdened renters have extremely low incomes.*
4. According to a survey of city residents, **affordable housing and behavioral health services** is preferred over additional emergency shelters and homeless resource centers as solutions for homelessness. *Two-thirds of survey respondents selected housing for homeless individuals in their top three homeless services priorities, while only 41 percent (fourth out of six options) selected homeless resource centers and emergency shelters on the same question.*
5. There is a **mismatch between the types of housing the market is producing and the needs of the community**. Resident survey respondents perceive that most new housing is “luxury” while many desire more affordability throughout the city. Additionally, residents want more “missing middle” housing and more family-sized housing. *When asked where they would like to see more affordable housing built, respondents expressed desires to have affordability throughout the city. Additionally, 62 percent of survey respondents selected creating new affordable housing for low-income residents as one of their top three housing priorities and 55 percent selected housing for individuals experiencing homelessness in their top three housing priorities. At each point of engagement (survey, in-person, Reddit AMA, focus groups, etc.) residents expressed concern that “all” new developments were luxury housing, with many wondering where they can find affordable housing and who the new housing is for.*
6. **Wages have not kept pace with cost of living**, especially housing-related costs, and residents are feeling increased stress about everyday expenses. *Between 2005 and 2021, median wages increased by 19 percent and median household income increased by 29 percent. During that same period, median rent increased by 38 percent and median home*

values increased by 83 percent (all values adjusted for inflation). The minimum wage (\$7.25/hour) has not increased since 2009. In survey responses, residents prioritized affordable and healthy food, affordable medical and dental clinics, and affordable childcare in their community at much higher rates than recreational and community amenities, and they selected free transit over road safety and better/more biking and walking paths. Taken together, these responses demonstrate a strong desire for increased affordability for everyday expenses.

These findings are in addition to the key findings that emerged from the TIP engagement process, and which can be found at www.thrivinginplaceslc.org.

This briefing will cover the engagement efforts that have taken place and the key findings that have emerged.