

# Housing Market Update

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Salt Lake City Corporation



FINAL REPORT

**Final Report**

November 22, 2016

# Housing Market Update

**Prepared for**

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# Executive Summary

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Housing Market Update

# EXECUTIVE SUMMARY.

## Housing Market Update

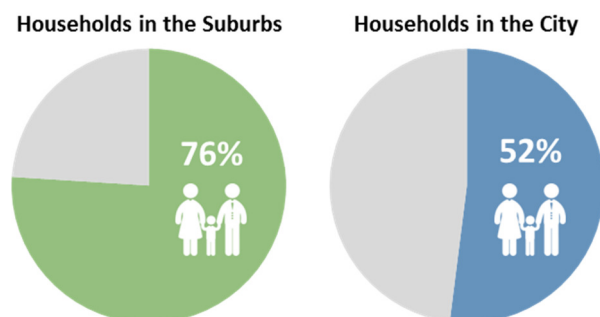
In 2013 BBC Research & Consulting (BBC) conducted housing market study for Salt Lake City Corporation, with a focus on affordable housing needs. This report provides an update to key demographic indicators from that market study and an in-depth analysis of housing affordability in Salt Lake City. This report is organized around the following sections:

- Section I (Community Profile) provides context for the housing analysis. It reviews population growth, changing demographics, in-commuting, and employment.
- Section II (Income Profile) analyzes resident incomes through the lens of housing affordability. The analysis evaluates distribution of households by income group, incomes of renters and owners and the number and proportion of cost burdened households.
- Section III (Housing Profile and Affordability) provides an overview of the housing stock in the city in terms of type, age and cost, both for rental and for-sale housing. This section also discusses key differences between renters and owners and introduces the study's analysis of affordability.
- Section IV (Market Mismatches) compares the cost of rental and for sale housing at various price points with resident demand for housing, using income as a proxy. This modeling effort shows where “gaps” in housing provision exist—that is, where there are more households who need affordable housing than is supplied.

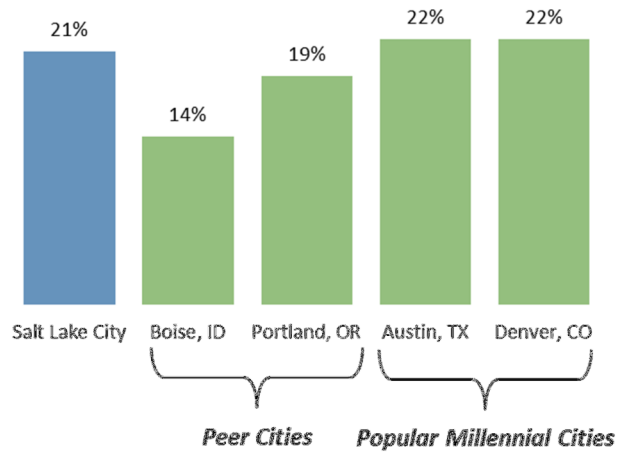
The Executive Summary highlights key findings from the analysis.

### What Were the Primary Demographic Changes Between 2000 and 2014?

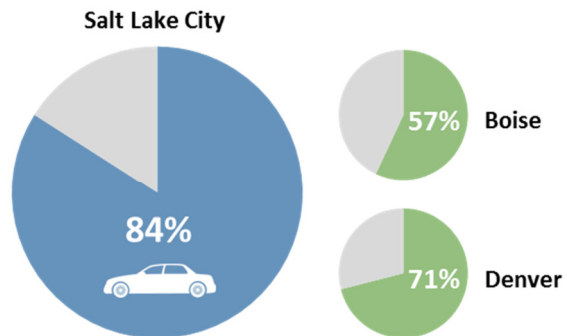
- In 2014, the Salt Lake City population was 191,000, up from 182,000 in 2000. The population growth rate increased between 2010 and 2014 relative to the previous decade. However, the growth rate among minority groups slowed between 2010 and 2014.
- As is typical in large metropolitan areas, households in the suburbs are more likely to be families than households in the city (76% compared to 52%). The proportion of households that are families declined between 2000 and 2010 but held relatively constant between 2010 and 2014—both in the city and the county overall. Trends in the city and county were proportional, meaning the city does not seem to be losing a disproportionate proportion of families to the suburbs.



- The Salt Lake City metro area ranks second among all large metros (those with at least 1,000,000 residents) for the most millennials aged 25-34 as a proportion of the population—second only to Austin, Texas.<sup>1</sup> The city itself has a higher proportion of millennials and stronger millennial growth than the county, even when excluding college students. Twenty-one percent of Salt Lake City’s population is post-college aged millennials (ages 25-34)—higher than peer cities such as Boise (14%) and Portland (19%) and on par with popular millennial cities such as Austin and Denver (both 22%). Homeownership rates among this age group are relatively low at 21%, in line with the tenure choices of Millennials in other cities.



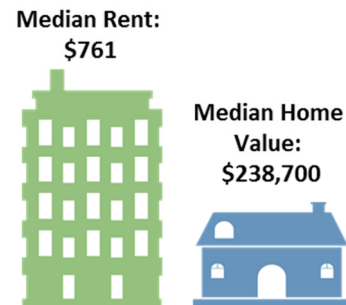
- Salt Lake City has a very high proportion of in-commuters compared to peer cities: 84 percent of Salt Lake City jobs are held by in-commuters (up from 82% in 2011), compared to 57 percent in Boise and 71 percent in Denver. The city’s in-commuting population will continue to grow if job growth exceeds household growth in the city.



- Resident incomes in Salt Lake City increased at about the same rate as the county overall (both 12%) between 2011 and 2014. Owners experienced higher percentage gains in median income than renters (8% compared to 4%). However, income increases were not enough to keep pace with rising home prices and rents.

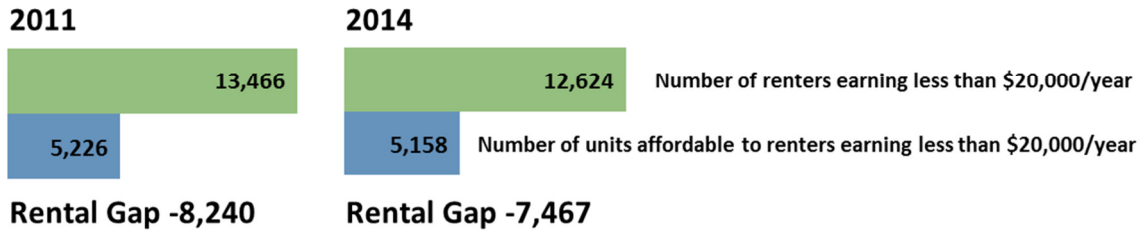
### How Affordable is Salt Lake City Housing?

- Compared to surrounding communities, median rent in Salt Lake City is relatively low (\$761) and median home value (\$238,700) and median sale price (\$255,000) are moderate.
- Both renters and owners lost purchasing power between 2011 and 2014 (continuing the trend from 2000). That is, sale prices increased faster than owner incomes (33% vs. 8%) and rent increased faster than renter incomes (8% vs 4%).



<sup>1</sup> <http://www.headlightdata.com/news---media/millennials-large-metros>.

- Despite the decline in renter purchasing power, the shortage of rentals priced below \$500 narrowed slightly between 2011 and 2014—falling from 8,200 units to 7,500 units. That decrease in need is primarily related to an increase in renter incomes between 2011 and 2014, which resulted in fewer renters earning less than \$20,000 per year.



- The for sale gaps analysis shows the Salt Lake City market to be relatively affordable for renters earning more than \$35,000 per year that may wish to purchase a home. For renters earning less than \$35,000 just 14 percent of homes are affordable, most of which are condos. For renters earning \$50,000 per year 37 percent of homes are affordable and for those earning \$75,000 per year two-thirds of all homes on the market are affordable.
- The average Salt Lake City worker—earning \$48,290 per year—could afford 35 percent of the homes sold in 2014/15. The same worker could afford just 30 percent of the homes in the balance of the county. Affordable homes in the balance of the county are slightly newer and slightly larger than affordable homes in the city but overall

### What types of households are most likely to need affordable housing?

Overall, renters in Salt Lake City have greater need than owners: the rental affordability gap is higher than the owner affordability gap and renters are more likely to be cost-burdened than owners (49% of renters and 22% of owners spend more than 30% of their income on housing).

Among renters, single parent families and minority households may have some of the greatest housing needs as they are more likely than other households to live in poverty; both also have low rates of homeownership.

Renter needs include affordability for first-time homebuyers. Younger residents (including adult millennials) and Salt Lake City workers in many industries face challenges in finding an affordable home to purchase in the city. Only two of the five largest employment industries in Salt Lake City have wages high enough to afford the city’s median home price, thus it may be difficult for households with a worker in those (or other) industries to afford to buy a home on a single income, requiring both adults in the household to work.

## Does Salt Lake City’s housing stock accommodate future housing needs?

With rental vacancy rates at historic lows, the city needs a larger supply of rentals to accommodate demand; and to address the needs of lower income renters it is important that the rental stock priced below \$500 increase (either through market production or subsidy or both).

However, the city should also focus on facilitating the development of ownership stock to accommodate the preferences of in-commuter, millennial and/or minority homebuyers. According to the Envision Utah survey, 78 percent of Utahns want communities that include a full mix of housing types (including small lot detached homes, townhomes, condos and apartments) that match the affordability profile of residents. Furthermore, Utah residents are willing to allow more housing types in more communities in order to achieve that goal.<sup>2</sup>

These preferences are in line with national trends favoring the development of “Missing Middle” housing types which bridge the product gap between large-lot single family homes and large apartment or condo structures. Salt Lake City does have a relatively high proportion of diverse housing stock—about half of Salt Lake City’s stock is single family detached and half is attached housing (apartments, condos, townhomes, etc.). However, most of the city’s attached stock is occupied by renters. An increase in diverse ownership products—in terms of structure type and price-point—could help the city attract and retain workers and residents in the city, as well as increase ownership rates for disadvantaged populations.

### **Salt Lake City’s greatest housing needs are similar to those identified in the last market study:**

- 1) A shortage of 7,500 rental units to meet the affordability needs of the city’s lowest income renters (those earning \$20,000 and less per year). Some of these households may be students who have potential for increased future earnings but many of these households are low income families, persons with disabilities, and lower wage workers.
- 2) Additional residential housing product to entice in-commuters to relocate to the city, encourage current residents—particularly millennials—to remain in the city and provide more homeownership opportunities for minority renters.

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<sup>2</sup> <http://envisionutah.org/projects/your-utah-your-future/item/346-results>



# **SECTION I.**

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## **Community Profile**

# SECTION I.

## Community Profile

This section provides a general overview of Salt Lake City’s demographic and economic environment to set the context for the housing market analysis. Key findings from this section include:

- Salt Lake City is currently home to about 191,000 people living in 75,923 households. The city population comprises 17 percent of the county population and 6 percent of the state.
- Overall, the rate of population growth increased between 2010 and 2014, relative to the rate between 2000 and 2010. However, the growth rate among minority groups slowed between 2010 and 2014.
- Post-college aged millennials (ages 25-34) account for 21 percent of the Salt Lake City population—higher than peer cities such as Boise (14%) and Portland (19%) and on par with popular millennial cities such as Austin and Denver (both 22%).
- In 2014, 10 percent of Salt Lake City residents were seniors. Although the population of Salt Lake City is aging, forecasts suggest that the city is less likely to experience a significant “graying” of the population than other peer cities and the nation as a whole.
- As is typical in large metropolitan areas, households in the suburbs are more likely to be families than households in the city (76% compared to 52%). However, that gap does not appear to be widening over time; in other words, the city does not seem to be losing a disproportionate proportion of families to the suburbs.
- Salt Lake City has a very high proportion of in-commuters compared to peer cities: only 16 percent of Salt Lake City jobs are held by city residents, compared to 43 percent in Boise and 29 percent in Denver.

## Demographic Overview

Salt Lake City is home to 190,873 people—17 percent of the county population and 6 percent of the state population. The following demographic section presents trends and statistics for the residents of Salt Lake City in terms of population growth, household size and composition, age, race and ethnicity, disability and education.

**Population growth.** Between 2000 and 2010, the population of Salt Lake City increased from about 182,000 to about 186,000—a compound annual growth rate (CAGR) of 0.3 percent. Population growth was faster between 2010 and 2014 with a CAGR of 0.6 percent, reaching nearly 191,000 residents. According to the Governor’s Office of Management and Budget, Salt Lake City is projected to have more aggressive growth over the next few years, reaching nearly 211,000 by 2020 (1.2% CAGR from 2010).

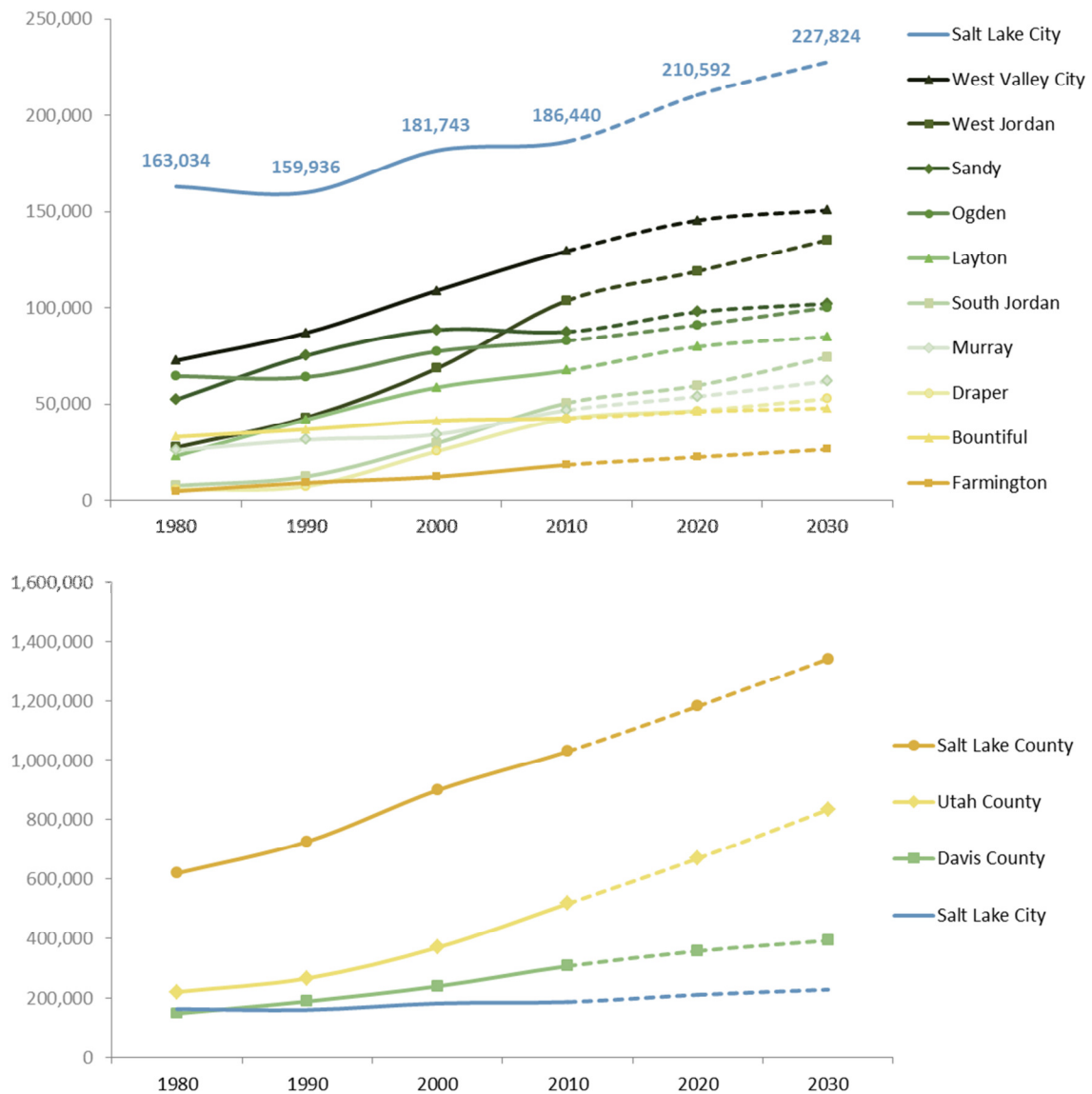
**Figure I-1.**  
**Population, Salt Lake City, Surrounding Counties and State, 2000-2014**

Source:  
 2000 and 2010 Census, 2014 ACS and  
 BBC Research & Consulting.

	2000	2010	2014	CAGR	
				2000-10	2010-14
Utah	2,233,169	2,763,885	2,942,902	2.2%	1.6%
Salt Lake County	898,387	1,029,655	1,091,742	1.4%	1.5%
Utah County	368,536	516,564	540,425	3.4%	1.1%
Davis County	238,994	306,479	317,646	2.5%	0.9%
Salt Lake City	181,743	186,440	190,873	0.3%	0.6%

Salt Lake County as a whole expanded its population by 15 percent between 2000 and 2010 and another 6 percent between 2010 and 2014, largely due to suburban growth. The nearby cities of West Jordan, South Jordan and Draper had growth rates exceeding 50 percent between 2000 and 2010. Figure I-2 displays population trends and forecasts for Salt Lake City, surrounding municipalities and surrounding counties through 2030.

**Figure I-2.**  
**Population Trends in Salt Lake City, Surrounding Communities and Surrounding Counties, 1980 through 2030**



Note: Population projections are conducted by the Governor's Office of Management and Budget and use 2010 Census data as a baseline.  
 Source: Utah Population Estimates Committee of the Governor's Office of Management and Budget Demographic and Economic Analysis and BBC Research & Consulting.

Despite Salt Lake City's growing population, the county is experiencing slightly more out-migration than in-migration – a net migration loss of just under 2,000 residents. The outbound migration flow from the county is primarily due to residents moving to other counties within Utah. The majority of outbound and inbound migration is from Davis and Utah Counties.

**Household trends.** According to the 2014 ACS, the 190,873 residents occupy 75,923 households in Salt Lake City. Of the 75,923 households, 52 percent are families, nearly half of which include children—similar proportions to peer cities (Denver, Boise, Portland and Austin

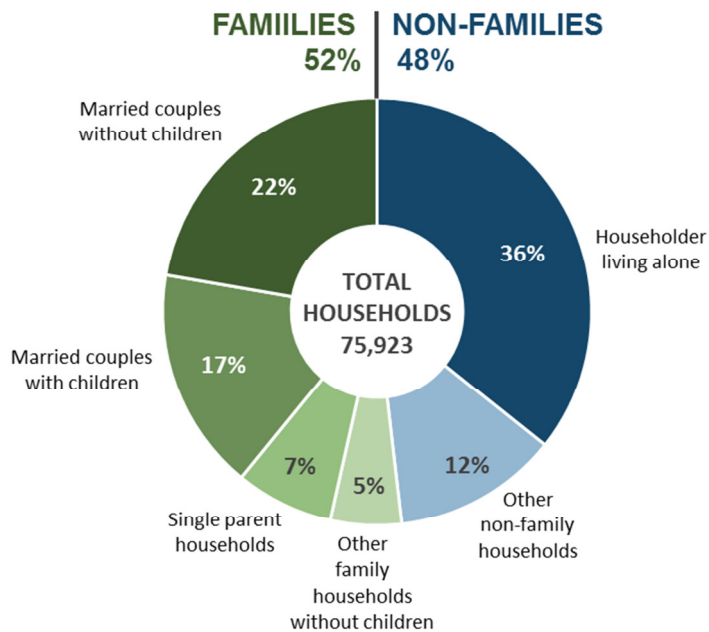
range from 49% families to 59% families about half of which include children). Thirty-six percent of householders in the city live alone; one in five of those living alone are seniors.

Approximately 7 percent of all Salt Lake City households are single parent households—2 percent are single fathers (1,512 households) and 5 percent are single mothers (4,104 households). Single parent households account for about 31 percent of all families with children in the city, compared to 23 percent in the balance of the county (Salt Lake County excluding Salt Lake City).

Figure I-3 displays household composition for Salt Lake City.

**Figure I-3.**  
**Household Composition,**  
**Salt Lake City, 2014**

Sources:  
2014 American Community Survey and  
BBC Research & Consulting.



Compared to surrounding suburban communities, Salt Lake City has a much lower proportion of families—in the balance of the county 76 percent of households are families. While that type of difference is typical for a large metropolitan area, an important question for central cities is whether they are losing families to the suburbs. Between 2010 and 2014, family households as a percent of all households remained relatively constant in both the city (53% in 2010 and 52% in 2014) and the suburbs (76% in both 2010 and 2014). Families with children accounted for about one-quarter of all households in the city in both 2010 and 2014, compared to 39 percent in the suburbs for both years. Based on these trends, it does not appear that the city is losing existing families to the county.

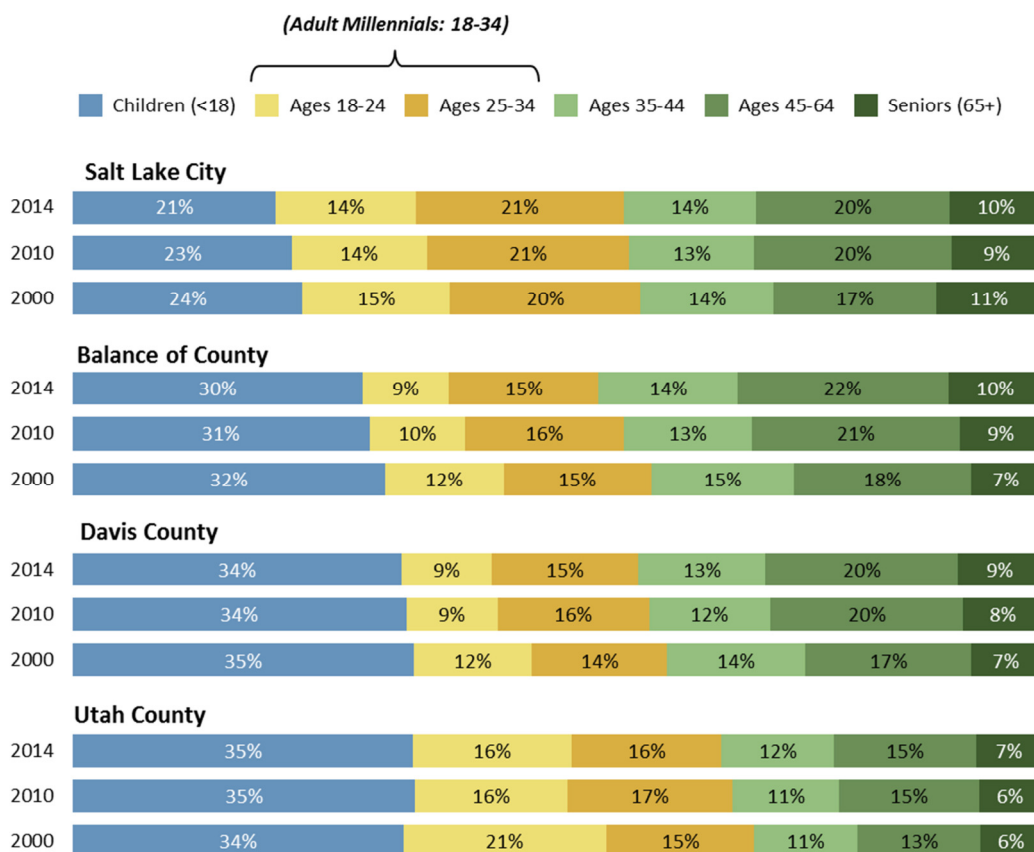
**Household size.** Utah has the highest average household size in the nation and is the only state where average household size is greater than three. Average household size in Salt Lake City is 2.45, lower than the state (3.16) and county (3.01) but higher than peer cities such as Denver (2.30). Twenty-three percent of Salt Lake City households have four or more occupants compared to 34 percent of households in the balance of the county.

**Age.** Over one-third of the city’s population are adult millennials—aged 18 to 34. Middle aged and older adults (between 35 and 64) account for another third of the city population. Twenty-one percent of residents are children and 10 percent are seniors. Compared to the balance of the county, the city has a smaller representation of children and a higher representation of adult millennials.

Between 2000 and 2014, the median age of Salt Lake City increased only slightly, from 30 to 31. Increases in median age were more pronounced in the county (29 to 32), the state (27 to 30) and the nation (35 to 38). As the Baby Boomers age, increases in median age are expected and a rising senior population is forecasted. That aging trend is evident in Salt Lake City, but to a lesser extent than in the nation as a whole.

Figure I-4 compares Salt Lake City’s residents by age in 2000, 2010 and 2014. The balance of the county’s and surrounding counties’ age profile is also included for comparison.

**Figure I-4.**  
**Age Profile, Salt Lake City, Balance of Salt Lake County and Surrounding Counties, 2000, 2010, and 2014**



Source: 2010 Census, 2014 ACS and BBC Research & Consulting.

Millennials and seniors are two populations of focus for housing planners, as many believe these two groups will drive changes in housing demand over the coming decades.

- Millennials are aging into adulthood and their housing preferences are widely debated but most predictions expect millennials to seek out urban communities that offer alternative forms of transportation such as walking, biking and transit. They tend to form households later than previous generations and, so far, have lower homeownership rates than previous generations.<sup>1</sup>
- As baby boomers age into senior status, their housing preferences may also change in ways that could have substantial market impacts. Some will choose to downsize, often moving to attached housing in more urban areas or locations in close proximity to health or other amenities. Most seniors are likely to age in place but may need accessibility accommodations/modifications to their home. They may also require in-home services and/or better access to transit and health services.

As shown in the previous figure, Salt Lake City has a much higher proportion of adult millennials (35%) than the balance of the county (24%).<sup>2</sup> Post-college aged millennials (25-34) account for 21 percent of the city population—higher than peer cities such as Boise (14%) and Portland (19%) and on par with popular millennial cities such as Austin and Denver (both 22%). Indeed a recent study by Headlight Data showed that the Salt Lake City metro area as a whole ranked second among all large metros (those with at least 1,000,000 residents) for the most millennials as a proportion of the population—second only to Austin, Texas.<sup>3</sup> The same report indicated that the Salt Lake City metro area had one of the greatest decreases in millennials aged 25 to 34 between 2009 and 2014, dropping from 19 percent to 17 percent of the total population. This was not true of the city, however: the proportion of millennials increased very slightly (.5 percentage points) over the same period.

In contrast, the senior population in Salt Lake City is lower than surrounding areas and lower than the nation as a whole. Between 2000 and 2014, the proportion of the city's population 45 and older increased from 28 percent to 30 percent. However, the senior subset of that population (those aged 65 and older) actually decreased as a proportion of the total population—from 11 percent to 10 percent. Aging was more pronounced in the balance of county where the proportion of residents 45 and older increased from 26 percent to 31 percent and the proportion of seniors increased from 7 percent to 10 percent.

The following two maps present age characteristics by geography for Salt Lake City residents: Figure I-5 displays the proportion of Census tract residents that are adult millennials (ages 18-34) and Figure I-6 displays the proportions that are seniors.

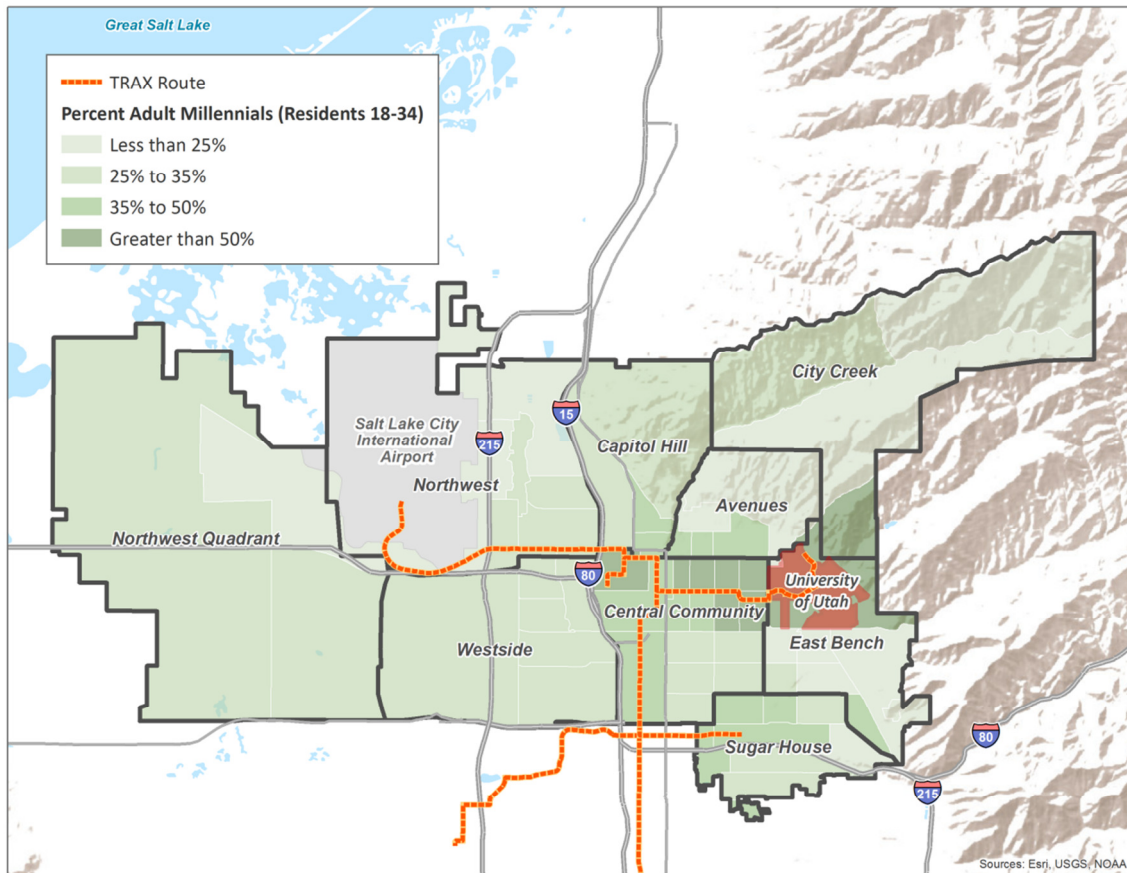
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<sup>1</sup> In Salt Lake City, 21 percent of millennials aged 25 to 34 are homeowners, similar to peer cities' millennials of the same age (26% in Denver, 20% in Austin and 22% in Portland).

<sup>2</sup> The Millennial generation includes persons ranging in age from about 15 to about 34. Adult Millennials are those aged 18 to 34 and post-college aged Millennials are aged 25 to 34.

<sup>3</sup> <http://www.headlightdata.com/news---media/millennials-large-metros>

**Figure I-5.**  
**Percent of Census Tract Residents that are Adult Millennials, Salt Lake City 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.  
 Source: 2010-2014 ACS Census and BBC Research & Consulting.

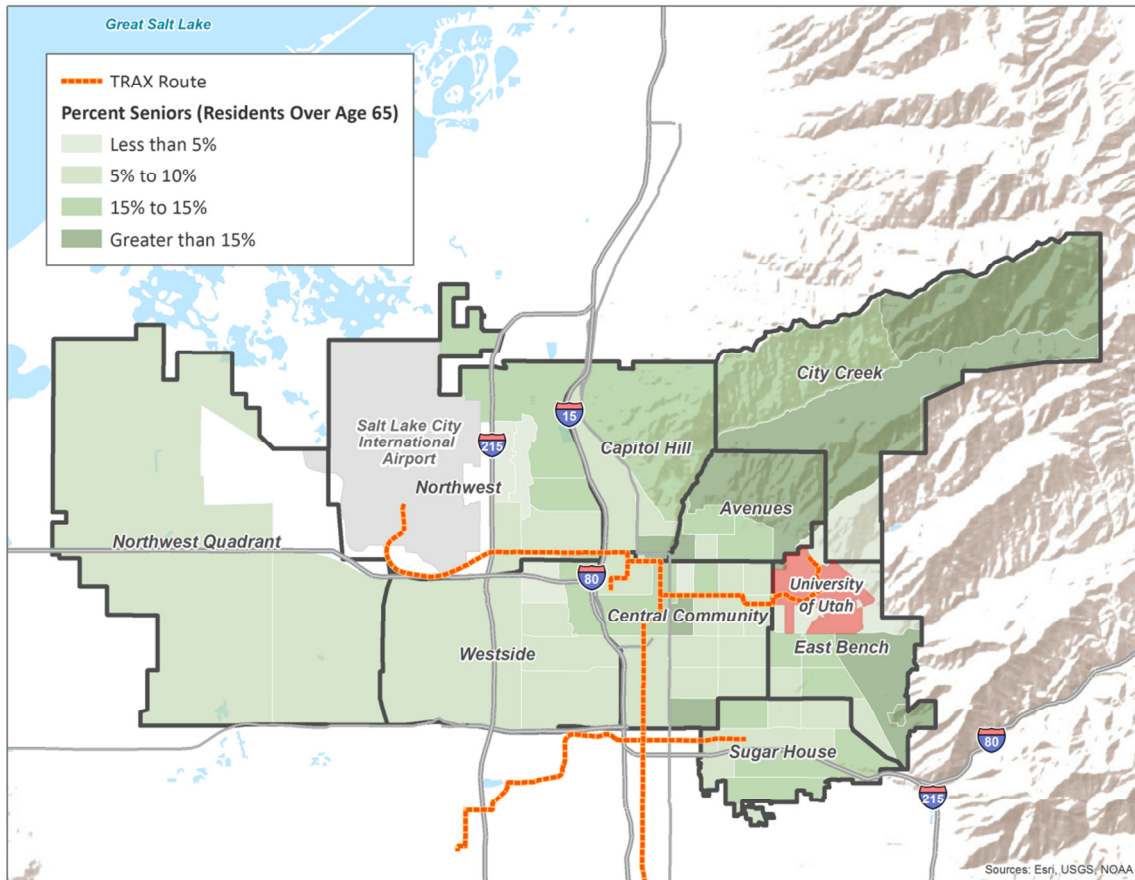
Millennials are most likely to live downtown, in Central Community and near the university. Portions of Sugar House also have a relatively high representation of millennials. Seniors are more likely to live on the eastern side of the city, particularly in the City Creek Canyon, Avenues and portions of the East Bench planning areas. These are also areas with relatively high housing values and, as much, may be cost prohibitive for young families.

According to the Governor’s Office of Management and Budget population forecasts, by 2020, one in 10 residents living in Salt Lake County will be 65 or older.<sup>4</sup> Relative to out-of-state peer communities, such as Denver, and the nation as a whole, forecasted growth in the Salt Lake senior population is low. As such, Salt Lake is less likely to experience a significant “graying” of the population. Even so, Salt Lake County’s population forecasts suggest there will be a decrease in the proportion of the population under 40 and an increase in the proportion 40 or older—particularly those aged 60 or older—between now and 2020. Such a shift can have significant impact on housing preferences and service demands.

<sup>4</sup> Projections by age were not available at the city level.



**Figure I-6.**  
**Percent of Census Tract Residents that are Seniors, Salt Lake City 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.  
 Source: 2010-2014 ACS Census and BBC Research & Consulting.

**Race and ethnicity.** Sixty-five percent of Salt Lake City residents are non-Hispanic white; 35 percent belong to a minority group. About one in five (21%) are Hispanic, 6 percent are Asian and 2 percent are African American. The county and the state are somewhat less diverse with population distributions that are 28 and 21 percent minority respectively. Figure I-7 on the next page displays the population by race/ethnicity for Salt Lake City in 2000, 2010 and 2014.

**Figure I-7.**  
**Race and Ethnicity, Salt Lake City, 2000, 2010 and 2014**

	2000		2010		2014		Growth 2000 to 2010		Growth 2010 to 2014	
	Number	Percent	Number	Percent	Number	Percent	Total	CAGR	Total	CAGR
<b>Total Population</b>	<b>181,743</b>	<b>100%</b>	<b>186,440</b>	<b>100%</b>	<b>190,873</b>	<b>100%</b>	<b>3%</b>	<b>0.3%</b>	<b>2%</b>	<b>0.6%</b>
<b>Race and Ethnicity Combined</b>										
All minority groups	53,366	29%	64,115	34%	66,008	35%	20%	1.9%	3%	0.7%
Non-Hispanic white	128,377	71%	122,325	66%	124,865	65%	-5%	-0.5%	2%	0.5%
<b>Race Detail</b>										
Black or African American	3,433	2%	5,088	3%	3,363	2%	48%	4.0%	-34%	-9.8%
American Indian and Alaska Native	2,442	1%	2,316	1%	3,077	2%	-5%	-0.5%	33%	7.4%
Asian	6,579	4%	8,247	4%	10,684	6%	25%	2.3%	30%	6.7%
Native Hawaiian/Pacific Islander	3,437	2%	3,776	2%	4,296	2%	10%	0.9%	14%	3.3%
White	143,933	79%	140,080	75%	137,726	72%	-3%	-0.3%	-2%	-0.4%
Some other race	15,482	9%	20,036	11%	25,575	13%	29%	2.6%	28%	6.3%
Two or more races	6,437	4%	6,897	4%	6,152	3%	7%	0.7%	-11%	-2.8%
<b>Ethnicity Detail</b>										
Hispanic	34,254	19%	41,637	22%	39,686	21%	22%	2.0%	-5%	-1.2%
Non-Hispanic	147,489	81%	144,803	78%	151,187	79%	-2%	-0.2%	4%	1.1%

Note: Census data on race and ethnic identification vary with how people choose to identify themselves. The U.S. Census Bureau treats race and ethnicity separately: the Bureau does not classify Hispanic/Latino as a race, but rather as an identification of origin and ethnicity. In 2000, 15,556 Hispanic respondents racially identified as white and 15,188 Hispanic respondents racially identified as Some other race. In 2014, 12,861 Hispanic respondents racially identified as white and 25,030 Hispanic respondents racially identified as Some other race.

Source: 2000 Census, 2010 Census, 2014 ACS and BBC Research & Consulting.

Between 2000 and 2010 all of Salt Lake City’s population growth was attributable to growth in the minority population. During that time the non-Hispanic white population in the city decreased by 5 percent while the minority population increased by 20 percent. Similar patterns were evident in surrounding areas and peer cities.<sup>5</sup>

However, between 2010 and 2014, growth in the Salt Lake City minority population slowed (0.7% CAGR between 2010 and 2014 compared to 1.9% CAGR between 2000 and 2010) and growth in the non-Hispanic white population increased (0.5% CAGR between 2010 and 2014 compared to slight numerical decline between 2000 and 2010).

Figure I-8 provides a graphical representation of the racial/ethnic distribution of Salt Lake City in 2000, 2010 and 2014. Despite the difference in growth rates between minorities and non-Hispanic whites, changes in the overall distribution of the population were relatively small. The minority population, as a proportion of total population, increased from 29 percent in 2000 to 34 percent in 2010 and 35 percent in 2014. The Hispanic share of the population increased from 19 percent in 2000 to 22 percent in 2010 but dropped back to 21 percent in 2014.

Assuming constant growth rates for minorities and non-Hispanic whites, the city could be minority majority in the future, although this would not occur until at least 2042 (based on the growth rates between 2000 and 2010).

**Figure I-8.**  
**Racial and Ethnic Composition, Salt Lake City, 2000, 2010, and 2014**

Source:  
2000 Census, 2010 Census, 2014 ACS and BBC Research & Consulting.

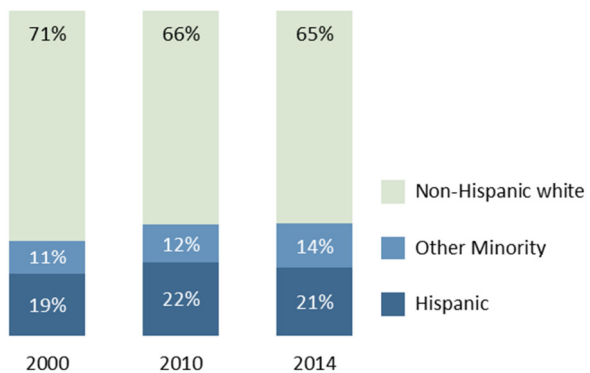


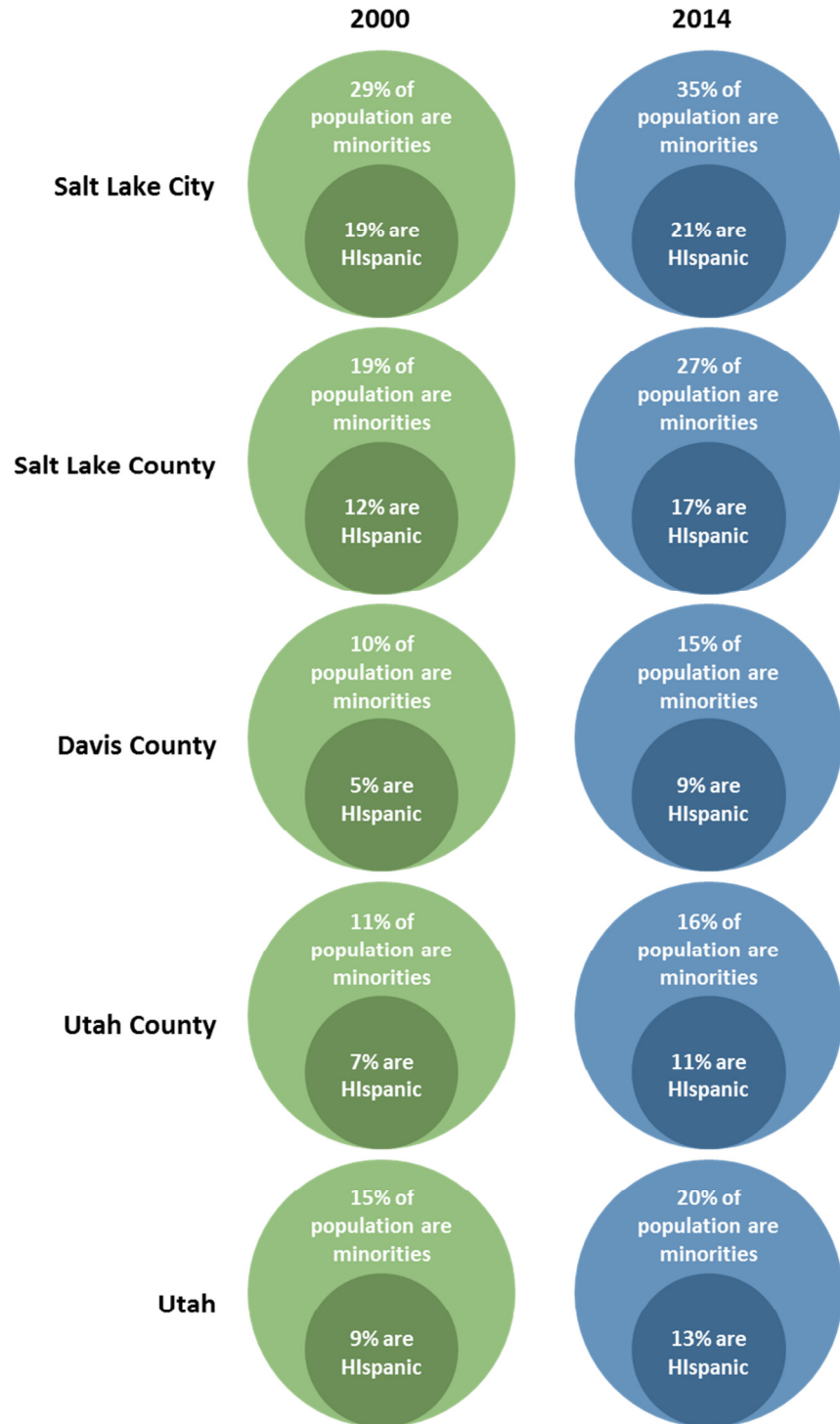
Figure I-9 shows the percentage of minorities out of the total population and the percentage of the largest racial/ethnic group in Salt Lake City, surrounding counties and the state in 2000 and 2014. Across all geographies, the percentage of minorities and the percentage of Hispanic residents have increased over the last fifteen years. Salt Lake City also has the largest percentage of minorities and Hispanic residents.

<sup>5</sup> [http://www.brookings.edu/~media/research/files/papers/2011/5/04%20census%20ethnicity%20frey/0504\\_census\\_ethnicity\\_frey.pdf](http://www.brookings.edu/~media/research/files/papers/2011/5/04%20census%20ethnicity%20frey/0504_census_ethnicity_frey.pdf).

**Figure I-9.  
Racial and Ethnic  
Composition, Salt  
Lake City,  
Surrounding  
Counties and State,  
2000 and 2014**

Note:  
Percentages calculated from  
total population.

Source:  
2000 Census, 2014 ACS and BBC  
Research & Consulting.



**Racial/ethnic segregation.** In addition to the proportion of residents who are minorities, it is important to consider the geographic distribution of minority groups throughout the city. Research increasingly shows the importance of neighborhood on economic and social outcomes, particularly for children in low income households.

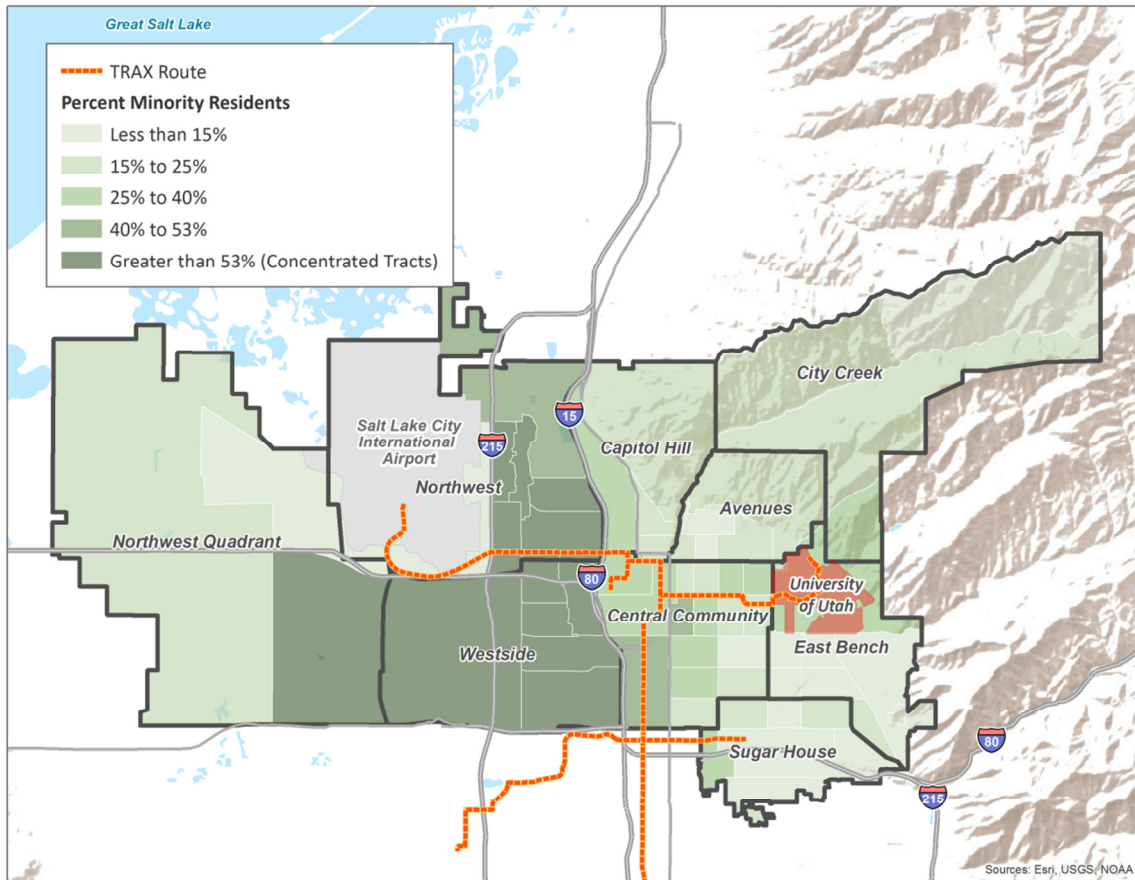
In some cases, minority concentrations are a reflection of preferences—e.g., minorities may choose to live near family and friends of the same race/ethnicities or where they have access to grocery stores or restaurants that cater to them. In other cases, minority populations are intentionally steered away or discouraged from living in certain areas. Housing prices can also heavily influence where minorities live, to the extent that there are economic disparities among persons of different races and ethnicities.

The maps on the following pages show geographically where residents of different races and ethnicities may be concentrated within Salt Lake City. These racial and ethnic concentration maps use HUD’s definition of concentrations:

- A Census tract in which the percentage of households in a particular racial or ethnic minority group is at least 20 percentage points higher than the city overall;
- The total percentage of minority persons is at least 20 percentage points higher than the total percentage of all minorities in the housing market areas as a whole; or
- If a metropolitan area, the total percentage of minority persons exceeds 50 percent.

Figures I-10 and I-11 display the Hispanic population proportion and total minority population proportion in Salt Lake City by Census tract. Minorities are concentrated in most Census tracts West of I-15. Hispanics, in particular, are concentrated in the Westside planning area and in portions of the Northwest planning area.

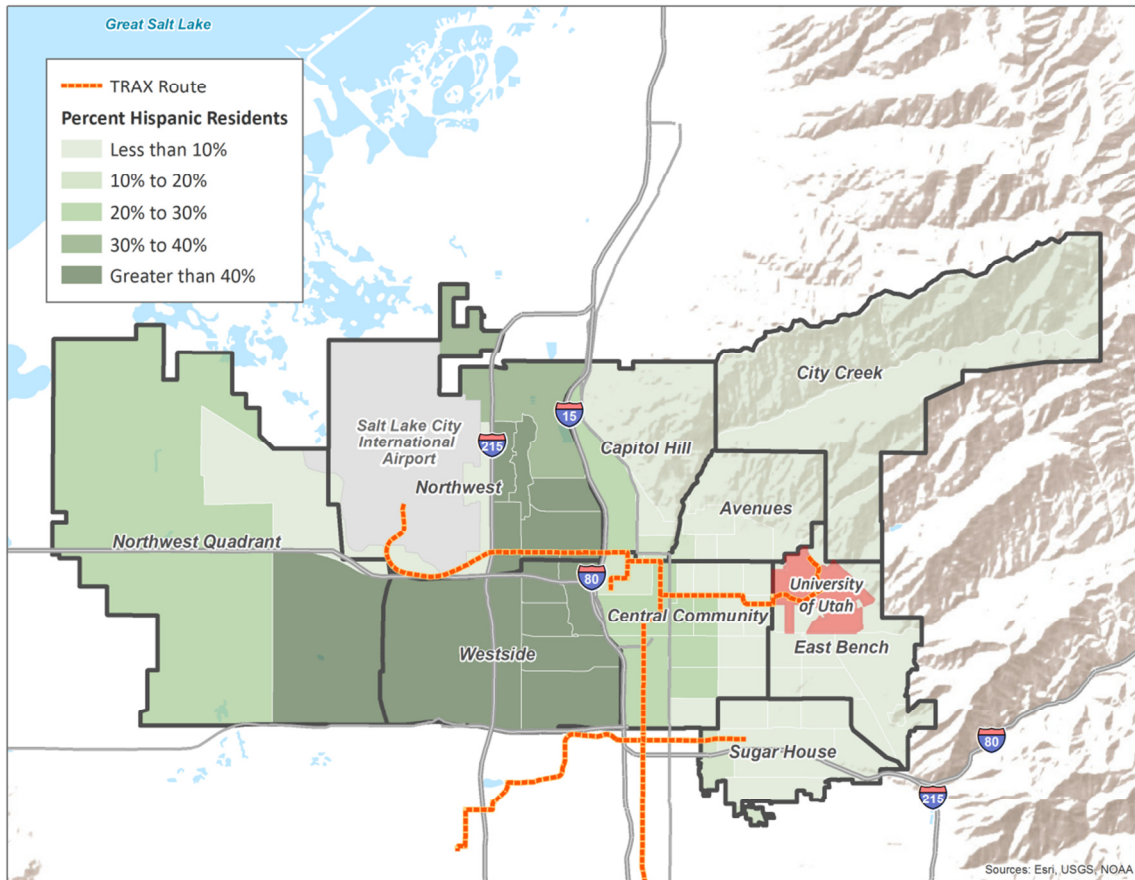
**Figure I-10.**  
**Percent of Census Tract Population that is Minority, Salt Lake City 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.

Sources: 2010-2014 ACS and BBC Research & Consulting.

**Figure I-11.**  
**Percent of Census Tract Population that is Hispanic, Salt Lake City 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.  
 Sources: 2010-2014 ACS and BBC Research & Consulting.

**Disability.** In 2014, about 18,540 Salt Lake City residents—10 percent of the total population—had at least one type of disability. Among residents aged 65 and older, 38 percent had a disability. Figure I-12 displays disability incidence rates by age group for Salt Lake City.

**Figure I-12.**  
**Disability by Age Cohort,**  
**Salt Lake City, 2014**

Note:

Total resident amount differs from other population totals because the Census data on population varies depending on the variable (e.g., could include or exclude people living in group quarters).

Sources:

2014 American Community Survey and BBC Research & Consulting.

	Number of Residents	Number with a Disability	Percent of Residents
<b>Total Residents</b>	<b>189,945</b>	<b>18,540</b>	<b>10%</b>
<b>Residents 5 years and younger</b>	<b>11,913</b>	<b>0</b>	<b>0%</b>
<b>Residents 5 to 17 years</b>	<b>27,927</b>	<b>1,225</b>	<b>4%</b>
Hearing		46	0%
Vision		256	1%
Cognitive		866	3%
Ambulatory		46	0%
Self-care		123	0%
<b>Population 18 to 64 years</b>	<b>132,406</b>	<b>10,530</b>	<b>8%</b>
Hearing		1,839	1%
Vision		1,345	1%
Cognitive		5,476	4%
Ambulatory		4,161	3%
Self-care		1,191	1%
Independent living		3,645	3%
<b>Population 65 years and over</b>	<b>17,699</b>	<b>6,785</b>	<b>38%</b>
Hearing		3,358	19%
Vision		1,425	8%
Cognitive		1,180	7%
Ambulatory		4,111	23%
Self-care		1,033	6%
Independent living		2,706	15%

**Education.** Salt Lake City residents are relatively well educated: approximately 42 percent of city residents 25 or older have at least a bachelor’s degree, compared to 32 percent in the county and 31 percent in the state overall. However, the city also has a slightly higher proportion of residents that did not complete high school (13%) than the state (9%) or county (10%).

Compared to a peer city, such as Denver, the educational attainment of Salt Lake City is pretty typical. In Denver, 15 percent of residents 25 and older had less than a high school degree and 44 percent had a bachelor’s degree or higher. Boise had fewer residents with less than a high school degree (6%) and a bachelor’s degree or higher (39%).

Figure I-13 shows educational attainment for the Salt Lake City population 25 years and older and surrounding counties.



**Figure I-13.**  
**Educational Attainment,**  
**Salt Lake City, Balance of Salt**  
**Lake County and Surrounding**  
**Counties, 2014**

Sources:  
 2014 ACS and BBC Research & Consulting.

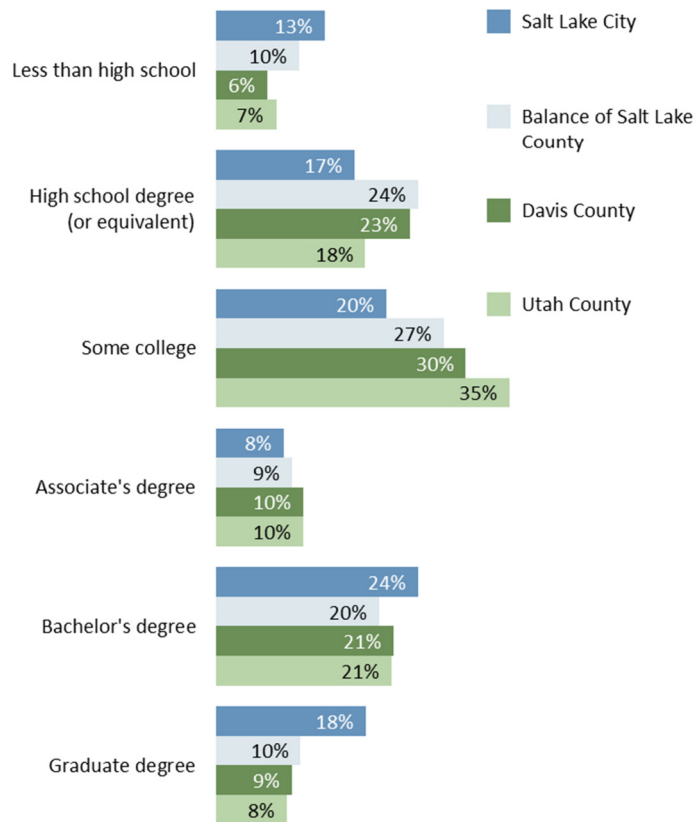


Figure I-14 shows educational attainment by gender, foreign born residents, poverty rate and median earnings for Salt Lake City, surrounding counties and the state. In Salt Lake City, educational attainment among male and female residents is almost identical. At the county and state level, educational attainment differs by gender with male residents obtaining higher levels of education than female residents. Foreign born residents have relatively low educational attainment in all geographies, with large percentages having less than a high school education.

**Figure I-14.**  
**Educational Attainment by Demographic Profile, Salt Lake City, Surrounding Counties and State, 2014**

	Salt Lake City		Salt Lake County		Davis County		Utah County		Utah	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Male, 25 years and over</b>	<b>62,335</b>		<b>323,598</b>		<b>88,591</b>		<b>130,518</b>		<b>815,629</b>	
Less than high school	8,602	14%	37,214	12%	4,341	5%	8,614	7%	77,485	10%
High School degree	10,846	17%	71,839	22%	17,009	19%	20,100	15%	182,701	22%
Some college or Associate's degree	16,955	27%	107,758	33%	31,716	36%	47,248	36%	284,655	35%
Bachelor's degree	14,524	23%	65,043	20%	22,148	25%	34,065	26%	168,020	21%
Graduate degree	11,470	18%	41,421	13%	13,200	15%	20,491	16%	103,585	13%
<b>Female, 25 years and over</b>	<b>59,383</b>		<b>327,201</b>		<b>92,034</b>		<b>132,249</b>		<b>827,099</b>	
Less than high school	7,839	13%	33,375	10%	4,049	4%	8,332	6%	70,303	9%
High School degree	10,095	17%	76,892	24%	21,628	24%	24,466	19%	199,331	24%
Some college or Associate's degree	16,212	27%	120,083	37%	39,299	43%	56,999	43%	325,050	39%
Bachelor's degree	14,905	25%	66,749	20%	21,168	23%	33,459	25%	168,728	20%
Graduate degree	10,333	17%	30,757	9%	5,890	6%	8,993	7%	63,687	8%
<b>Foreign Born</b>	<b>25,618</b>		<b>106,718</b>		<b>12,595</b>		<b>29,391</b>		<b>191,504</b>	
Less than high school	10,068	39%	35,781	34%	2,213	18%	7,374	25%	61,502	32%
High School degree	4,881	19%	25,234	24%	3,500	28%	6,070	21%	45,205	24%
Some college or Associate's degree	3,701	14%	21,355	20%	3,493	28%	8,334	28%	42,190	22%
Bachelor's degree	3,361	13%	14,823	14%	2,438	19%	4,988	17%	27,002	14%
Graduate degree	3,607	14%	9,525	9%	951	8%	2,625	9%	15,605	8%
<b>Poverty Rate, 25 years and over</b>										
Less than high school	--	34%	--	25%	--	18%	--	24%	--	24%
High School degree	--	21%	--	12%	--	10%	--	11%	--	11%
Some college or Associate's degree	--	17%	--	9%	--	6%	--	9%	--	9%
Bachelor's degree or higher	--	7%	--	4%	--	3%	--	5%	--	5%
<b>Median Earnings</b>	<b>\$31,675</b>		<b>\$35,349</b>		<b>\$40,709</b>		<b>\$35,316</b>		<b>\$35,208</b>	
Less than high school	\$19,724	--	\$21,950	--	\$23,560	--	\$21,304	--	\$21,669	--
High School degree	\$22,610	--	\$28,940	--	\$30,186	--	\$27,743	--	\$29,114	--
Some college or Associate's degree	\$27,164	--	\$33,099	--	\$34,982	--	\$30,350	--	\$31,990	--
Bachelor's degree	\$39,202	--	\$44,781	--	\$51,417	--	\$42,660	--	\$44,412	--
Graduate degree	\$59,406	--	\$63,021	--	\$73,782	--	\$71,023	--	\$64,877	--

Source: 2014 ACS and BBC Research & Consulting.

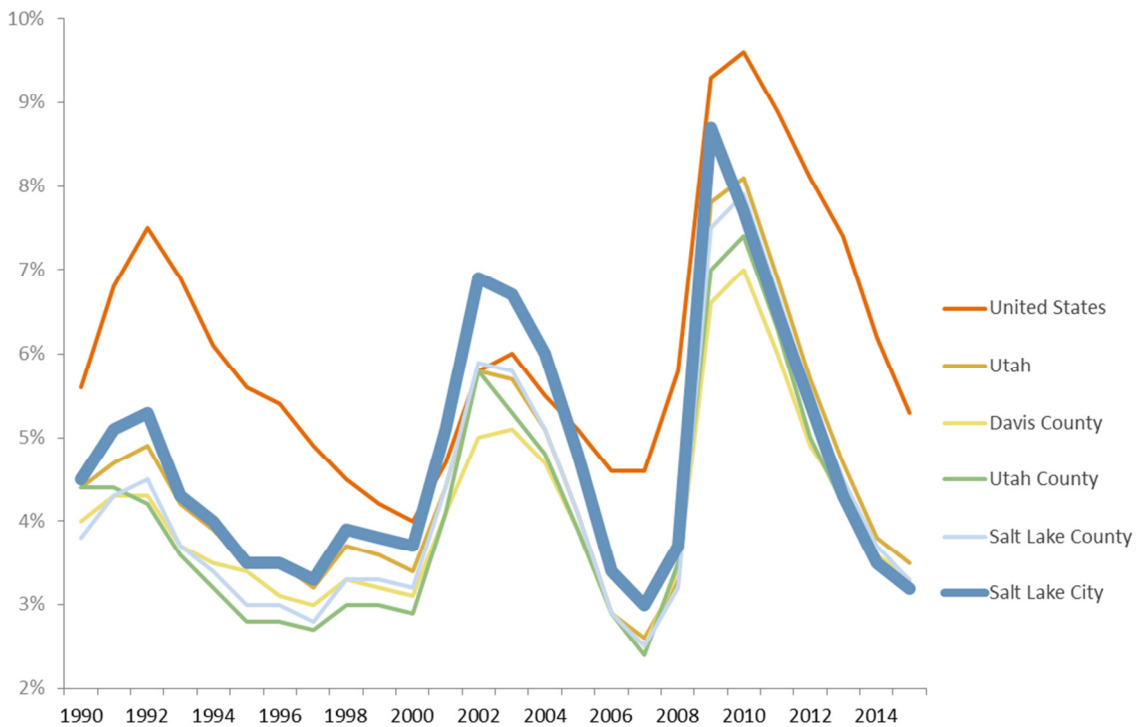
## Economic Indicators

As a complement to the demographic profile, this section discusses the economic indicators for Salt Lake City residents and workers focusing on the following topics: labor force and unemployment, employment and earnings by industry, and commuting patterns.

**Labor force and unemployment.** Among Salt Lake City residents aged 16 and older, 71 percent, about 110,000 residents, participate in the labor force. This means that these residents were currently employed (either part-time or full-time) or were actively looking for a job.

As displayed by Figure I-14, the city has historically exhibited similar trends in unemployment as the county and state. Typically, a city's unemployment rate is slightly higher than a metro area or state due to higher proportions of low income residents—yet since 2010 unemployment in the city has held below county and state rates. As of January 2016, Salt Lake City's unemployment rate was 3.1 percent and Salt Lake County's unemployment rate was 3.3 percent.

**Figure I-14.**  
**Unemployment Rates, Salt Lake City, Surrounding Counties, State and the U.S., 1990 through 2015**



Source: Bureau of Labor Statistics and BBC Research & Consulting.

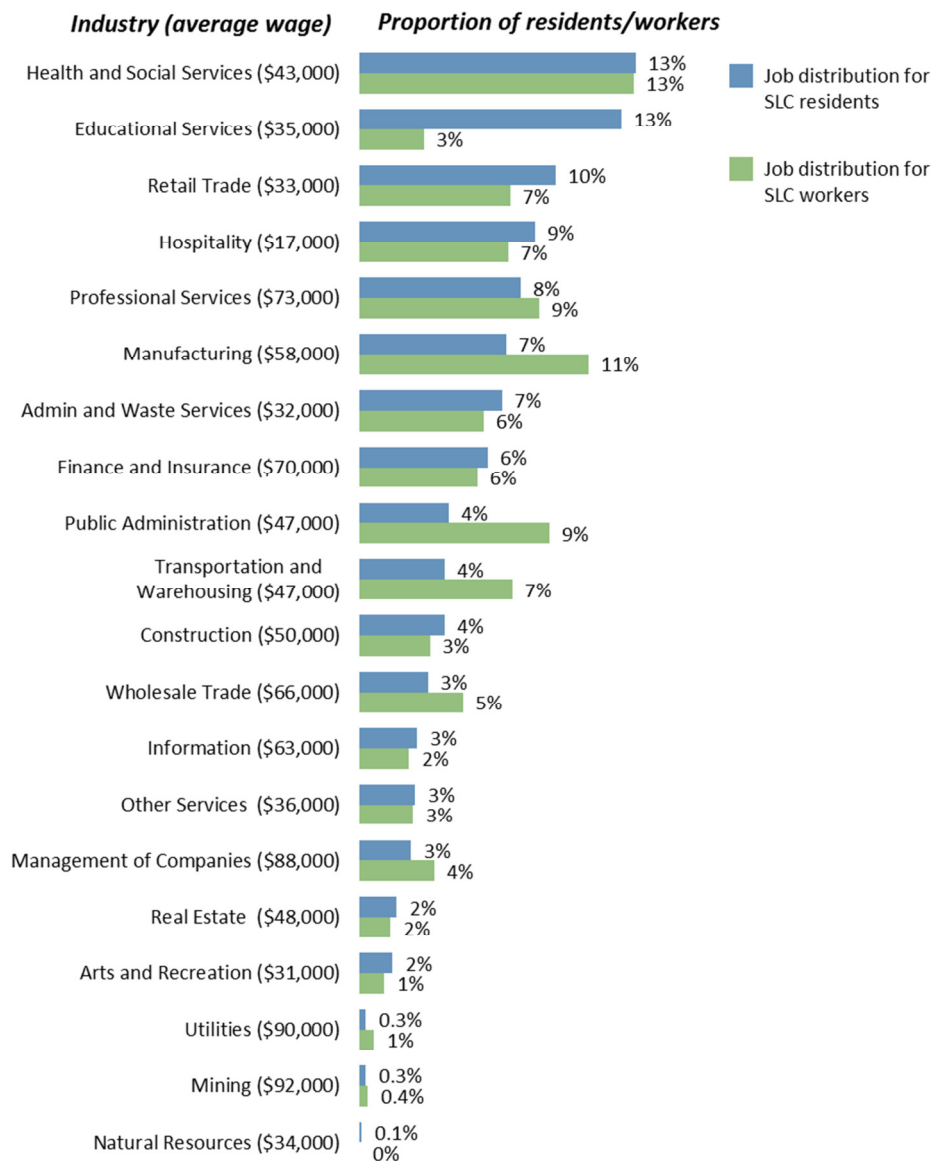
**Commuting.** Salt Lake City is a job center for the region as a whole, hosting many more jobs than working residents. According to the US Census Bureau's Longitudinal Employer-Household Dynamics, there are 33,968 workers that both live and work in Salt Lake City. Another 173,548 people work in Salt Lake City but live outside the city. In addition, 44,274 people live in the city but commute to jobs outside the city. The top commuting destinations for Salt Lake City

residents working outside the city are Millcreek (10%), West Valley City (7%), South Salt Lake City (4%) and Sandy (4%).

That means just 16 percent of Salt Lake City jobs are held by city residents, compared to 43 percent in Boise and 29 percent in Denver. About 43 percent of Salt Lake City’s working residents have jobs in the city, compared to 47 percent in Denver and 67 percent in Boise.

**Employment and earnings by industry.** Figure I-15 displays employment by industry for people working in the city and for people living in the city. The figure also displays the average 2014 wage for each industry.

**Figure I-15.**  
**Employment and Earnings by Industry, Salt Lake City, 2014**



Note: People who live and work the city are included in both distributions. Average annual wages are estimated for the county as a whole..

Source: US Census Bureau’s Longitudinal Employer-Household Dynamics, Bureau of Labor Statistics Quarterly Census of Employment and Wages (BLS QCEW) and BBC Research & Consulting.

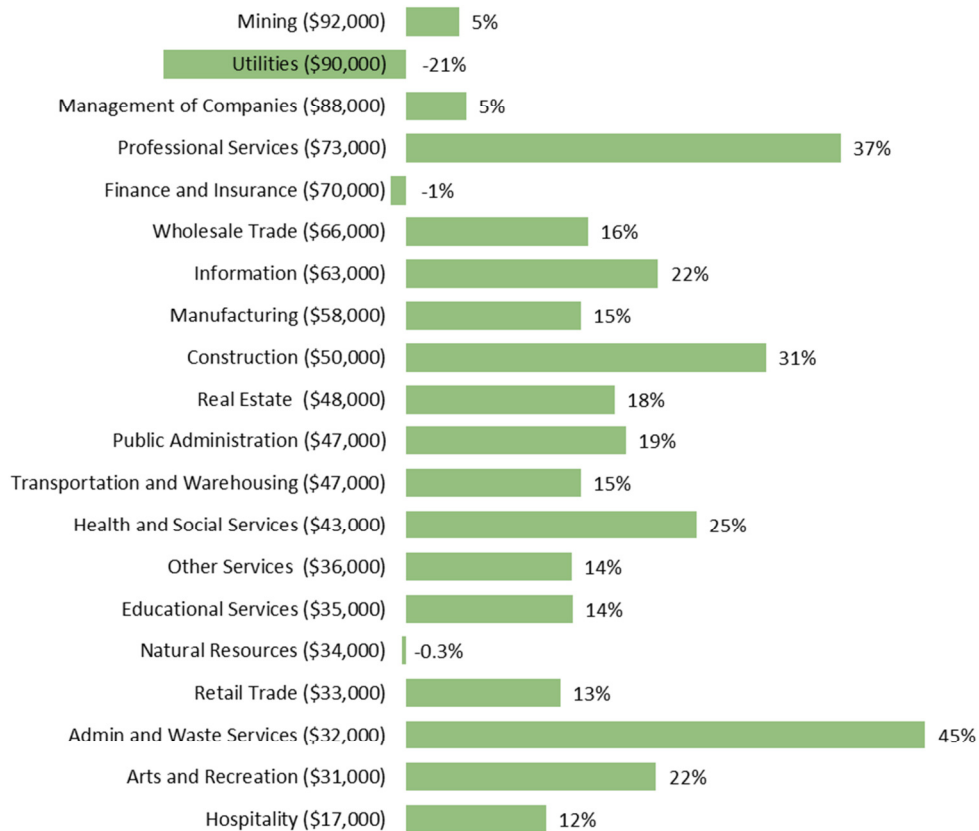
Health and Social Services supports the largest proportion of both residents (13%) and workers (14%). For residents, the next largest sectors are Education, Retail and Hospitality—all relatively low paying industries. For workers, the next largest sectors are Manufacturing, Public Administration and Education. Both Manufacturing and Public Administration have higher-than-average annual wages.

The state, Salt Lake County, and the city are all major employers in Salt Lake City. The top ten largest employers in Salt Lake City are:

1. State of Utah
2. Intermountain Health Care
3. UofU
4. Smith's Food and Drug Center
5. Salt Lake County
6. USPS
7. L3 Communications Group
8. SLC School District
9. Delta
10. Salt Lake City

**Projections by industry.** The Utah Governor's Office of Planning and Budget provides employment projections by industry at the county level. Figure I-16 shows the projected growth of each industry between 2010 and 2020 for Salt Lake County. The industries are listed in order of highest to lowest average 2014 wage.

**Figure I-16.**  
**Employment Projections by Industry, Salt Lake County, 2010 to 2020**



Note: Average annual wages reflect 2011 estimates.

Sources: Governor's Office of Management and Budget Demographic and Economic Analysis, BLS QCEW and BBC Research & Consulting.

The utilities industry and the finance and insurance industry are both projected to shrink between 2010 and 2020. The utilities industry, which includes electric power, natural gas, steam supply, water supply and sewage removal, has relatively high wages but employed only a small proportion of the workforce in 2010 (less than 1%). The industries with the highest projected growth are Administrative and Waste Services, Professional Services and Construction. Both Professional Services and Construction have relatively high average wages.

## **SECTION II.**

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### **Income Profile**

## SECTION II.

# Income Profile

The community income profile analyzes resident incomes through the lens of housing affordability. The analysis evaluates distribution of households by income group, incomes of renters and owners and the number and proportion of cost burdened households. Key findings from this section include:

- Median household income in Salt Lake City was \$46,711 in 2014—somewhat lower than surrounding suburbs, which is typical for a central city. The countywide median was \$62,672 in 2014.
- Resident incomes in Salt Lake City increased at about the same rate as the county (both 12%) between 2011 and 2014. Owners experienced higher percentage gains in median income than renters (8% compared to 4%). However, income increases were not enough to keep pace with rising home prices and rents.
- The city has relatively few middle and upper income households and a high proportion of low income households. Forty percent of city households earn less than \$35,000 per year. This is partly related to the presence of the University of Utah in Salt Lake City.
- Nearly half (49%) of renters and 22 percent of owners in Salt Lake City are cost burdened—spending 30% or more of their income on housing.

### Income and Poverty

In 2014, the median household income for Salt Lake City was \$46,711, compared to \$62,672 for the county as a whole. As is often the case for urban centers, Salt Lake City's median income was lower than many surrounding, suburban communities. Figure II-1 shows the median income for Salt Lake City along with surrounding municipalities, Salt Lake County and the State of Utah.



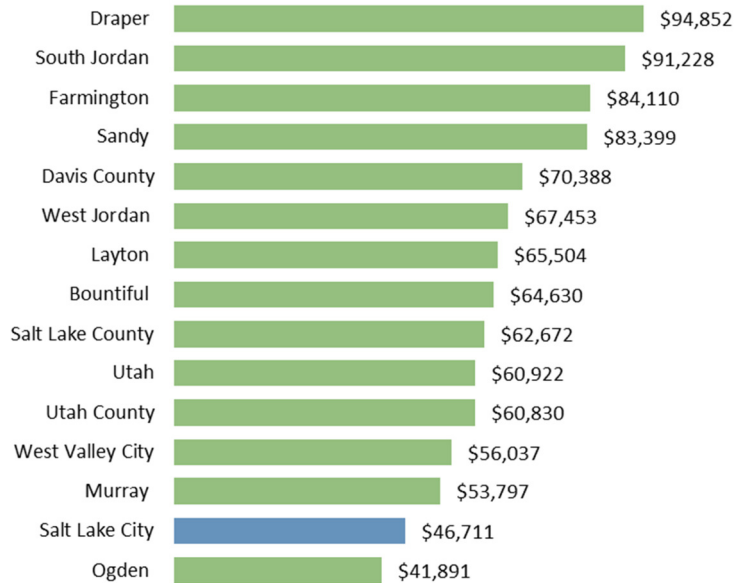
**Figure II-1.  
Median Income, Salt Lake City  
Surrounding Communities,  
Surrounding Counties and  
State, 2014**

Note:

Data presented for Salt Lake City, Salt Lake County and Utah reflect 2014 5-year estimates; data for all other jurisdictions reflect 2014 1-year estimates.

Sources:

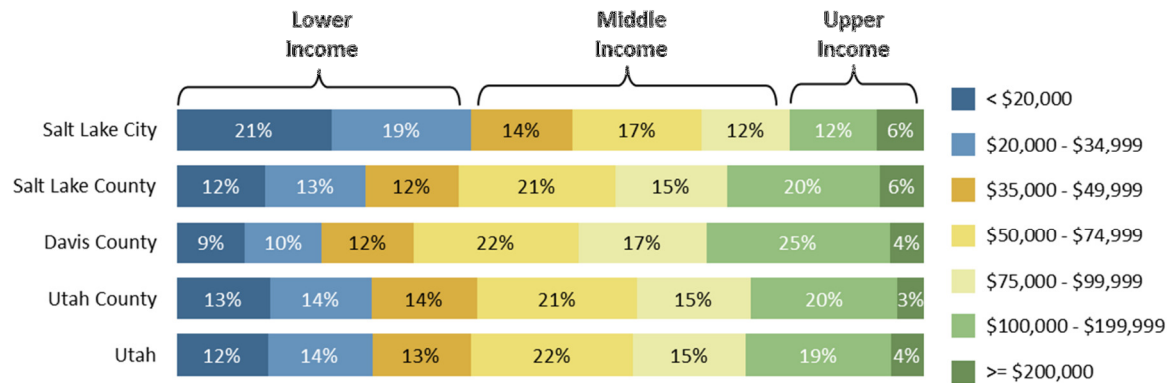
2014 ACS 1-year and 5-year estimates and BBC Research & Consulting.



Income growth for the city between 2011 and 2014 was similar to the county overall—median income for both the city and the county increased by 12 percent over the period.

**Income balance and economic segregation.** The city has fewer middle and upper income households compared to the county and state and a higher proportion of low income households. Forty percent of households in the city earn less than \$35,000 per year, compared to 25 percent for the county and 26 percent for the state. Figure II-2 displays the distribution of household incomes for Salt Lake City, Salt Lake County and the State of Utah.

**Figure II-2.  
Income Distribution, Salt Lake City, Surrounding Counties and State, 2014**



Sources: 2014 ACS and BBC Research & Consulting.

Although the proportion of low income residents is high, income mobility is also high. According to a recent study comparing upward mobility across metropolitan areas, the Salt Lake City MSA has one of the highest rates of income mobility of any major metro: more than one in ten children that were raised in the bottom fifth rise to the top fifth. On average, a child who grows

up in the Salt Lake City metro area with parents who earn \$16,000 or less per year (bottom 10th percentile) will end up in the 43rd percentile of earnings (\$52,000).<sup>1</sup>

Residents of the Salt Lake City metro area may be a bit of an anomaly by this measure since they form families and have children at relatively early ages, often while they are completing college. This would suggest that low income children whose parents who are enrolled in educational and job training programs may have a better chance at upward mobility.

For low income residents looking for housing options or rental subsidies, fair market rents (FMR) can help determine affordability or subsidy amounts. HUD sets the FMRs annually depending on supply and demand constraints and current housing market conditions. FMRs are a primary parameter in rental housing voucher programs.<sup>2</sup> Figure II-3 shows the FMRs by bedroom type for Salt Lake County.

**Figure II-3.**  
**Fair Market Rents by Bedroom Type, Salt Lake County, 2016**

Source:  
HUD 2016 FMR datasets and BBC Research & Consulting.

Final FY 2016 FMRs By Unit Bedrooms	
Efficiency	\$603
One-Bedroom	\$757
Two-Bedroom	\$938
Three-Bedroom	\$1,351
Four-Bedroom	\$1,575

Figure II-4 maps income balance by Census tract in Salt Lake City. Income balance is a measure of the share of households in the tract that are lower income (less than \$35,000), middle income (\$35,000-\$100,000) and high income (over \$100,000). Similar thresholds were used in a recent Pew study on income segregation and are consistent with the way that Americans self-identify as members of socio-economic classes.

We used statistical methods to determine an income balance rating for each tract: if all income categories were within one standard deviation of the city-wide average, the tract was considered "mixed income;" when the proportion of a particular income group exceeded one standard deviation above the mean that group was considered to be overrepresented.

In other words, "mixed income" tracts generally reflect the income balance of the city whereas other tracts have a specific income group that is disproportionately represented and may be economically segregated.

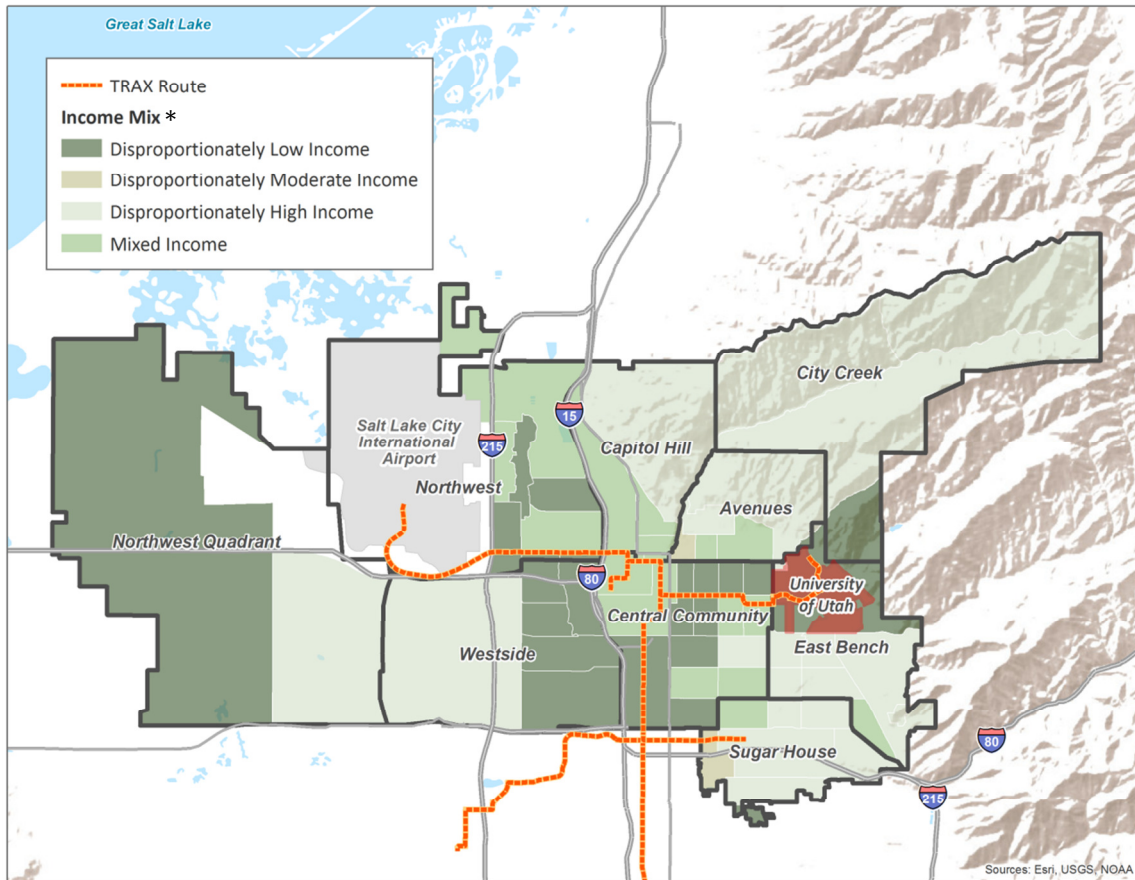
As displayed in Figure II-4, mixed income Census tracts are common downtown and in portions of the Capitol Hill planning area. Some neighborhoods within the Avenues, Central Community and Sugar House planning areas are also well-balanced. The disproportionately low income areas around the University of Utah are related to the student population.

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<sup>1</sup><http://www.equality-of-opportunity.org/>.

<sup>2</sup><https://www.huduser.gov/periodicals/ushmc/winter98/summary-2.html> .

**Figure II-4.**  
**Income Balance by Census Tract, Salt Lake City 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.

\*Household Incomes defined as: Low – Less than 35k, Moderate – 35k to 99k and High – Over 100K

Sources: 2010-2014 ACS and BBC Research & Consulting.

**Income by AMI.** HUD Area Median Income (AMI) is used by HUD’s state and local policy makers to qualify households for housing programs. AMI is the same for all counties located within the Salt Lake City MSA: \$72,200 in 2015 for a four-person household. As displayed in Figure II-5, about one-quarter of Salt Lake City households earn less than 30 percent of the area median income. Another 15 percent earn less than half the area median income.

**Figure II-5.  
Income Distribution by  
HAMFI, Salt Lake City,  
2014**

Sources:  
2014 ACS, HUD and BBC Research &  
Consulting.

	Income Limit	Number of Households	Percent of Households
<b>HUD Area Median Income (AMI)</b>	<b>\$72,200</b>		
0-30% of AMI	\$24,250	19,635	26%
31-50% of AMI	\$36,100	11,051	15%
51-80% of AMI	\$57,750	13,608	18%
81-100% of AMI	\$72,200	7,588	10%
101-120% of AMI	\$86,640	5,661	7%
More than 120% of AMI	\$86,640+	18,380	24%

**Poverty.** The poverty rate for Salt Lake City was 21 percent in 2014, down slightly from 22 percent in 2010 but still substantially higher than the county and the state (both at 12%).<sup>3</sup> Because of the presence of the University of Utah—the limited incomes of students can inflate true poverty numbers—family poverty may be a better measure of true poverty in the city. Fifteen percent of Salt Lake City families lived in poverty in 2014, somewhat higher than peer cities such as Boise (9%) and Denver (12%). Ogden had a relatively high rate of family poverty (18%) but most suburban communities outside Salt Lake City had low rates of family poverty.

Figure II-6 displays individual poverty by age and family poverty by household type for the city. Poverty is highest for children (30% of all children in the city are living in poverty), especially those living in single parent households (34% of single parent households are living in poverty).

**Figure II-6.  
Poverty, Salt Lake City, 2014**

Source:  
2011 ACS and BBC Research & Consulting.

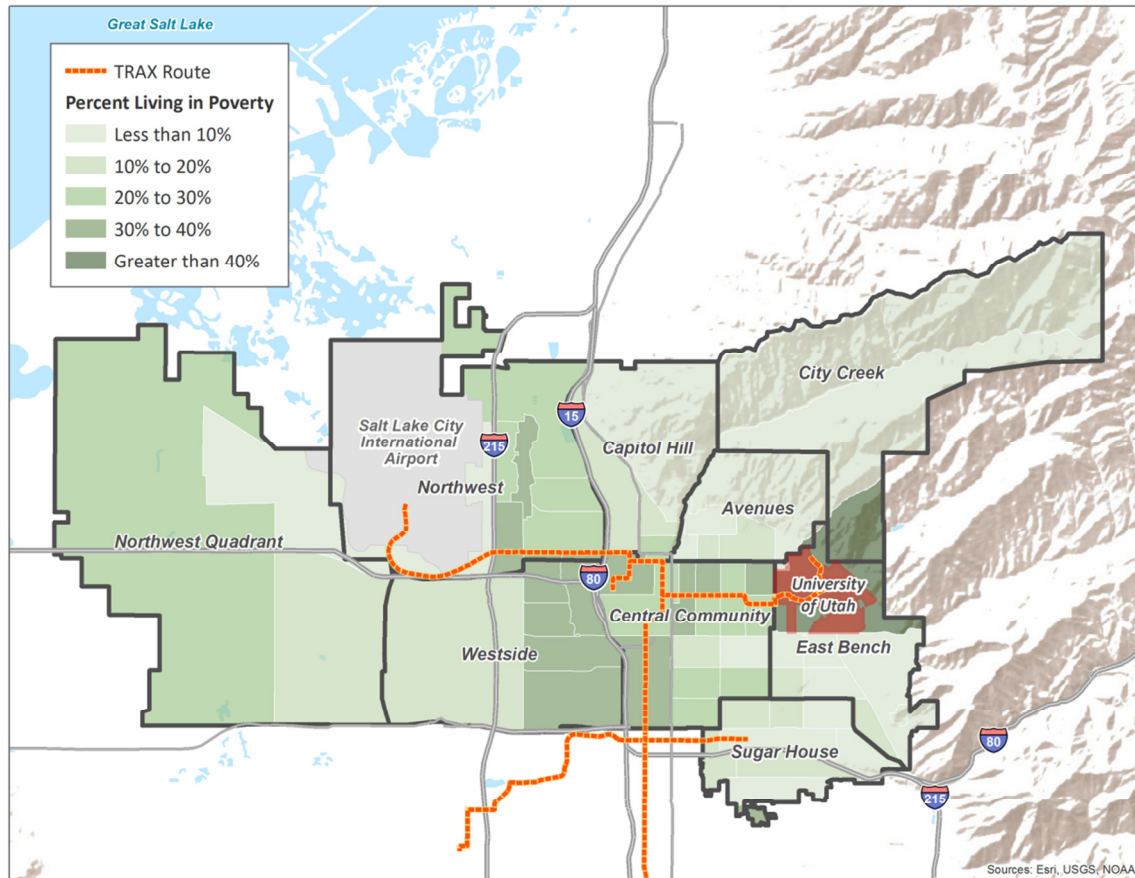
	Number Living in Poverty	Percent Living in Poverty
<b>Individuals</b>		
All people	40,248	21%
Children (under 18 years)	11,763	30%
Adults (18 years and over)	28,485	19%
18 to 64 years	26,699	21%
65 years and over	1,786	10%
<b>Families</b>		
All Families	5,707	15%
with children	4,579	23%
Married couple families	2,848	10%
with children	2,003	15%
All single parent households	2,577	39%
Single father households	239	13%
Single mother households	2,337	49%

Figure II-7 maps poverty rates in Salt Lake City by Census tract. The darkest green shading indicates a poverty rate exceeding 40 percent; research has shown that a 40 percent poverty threshold is the point at which an area becomes socially and economically dysfunctional.

<sup>3</sup> Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. For example, in 2014, the federal poverty threshold for individuals was \$12,071 and the threshold for a family of four (with two children) was \$24,008.

Individual poverty is high in the Westside planning area and portions of the Northwest and Central Community planning areas. The high poverty areas west of I-15 are highly correlated with Hispanic concentrations displayed in Section I of this report (Figure I-11). High poverty around the University of Utah reflects the low incomes of students. Most areas of high poverty do seem to be well-served by the TRAX light rail line, except the southwestern portions of the Westside planning area.

**Figure II-7.**  
**Poverty Rate by Census Tract, Salt Lake City, 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.

Source: 2010-2014 ACS and BBC Research & Consulting.

## Income by Tenure

In 1999, the median income for renters was \$24,887 compared to \$52,525 for owners. Between 1999 and 2014, the gap between renter and owner incomes widened as owner incomes increased by 37 percent while renter incomes only increased by 22 percent. In 2014, the median household income for Salt Lake City renters was \$30,360 and that of owners was \$71,903.

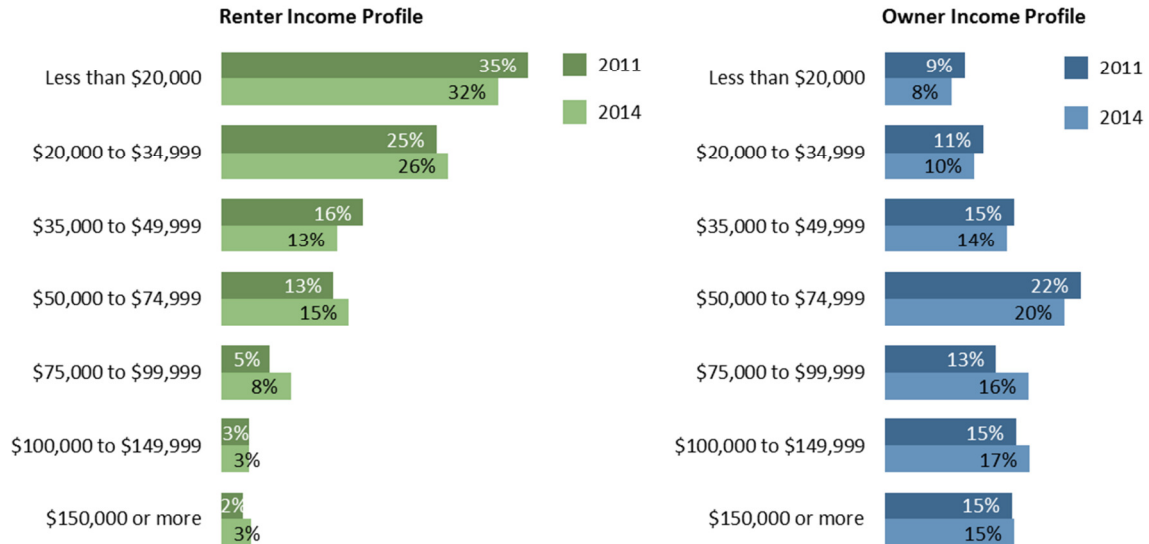
**Figure II-8.  
Median Income by Tenure,  
Salt Lake City, 1999-2014**

Source:  
1999 Census, 2011 ACS, 2014 ACS and  
BBC Research & Consulting.

	Median Income			Percent Change		
	1999	2011	2014	1999- 2011	2011- 2014	1999- 2014
Owners	\$52,525	\$66,297	\$71,903	26%	8%	37%
Renters	\$24,887	\$29,133	\$30,360	17%	4%	22%

Figure II-9 displays the income distribution of renters and owners in both 2011 and 2014. The proportion of renters earning less than \$20,000 decreased between 2011 and 2014—some of those appear to have shifted into the next income bracket earning \$20,000 to \$35,000. Among owners, all cohorts earning more than \$75,000 increased as a proportion of the owner population and all cohorts earning less than \$75,000 decreased.

**Figure II-9.  
Household Income Distribution by Tenure, Salt Lake City, 2011 and 2014**



Source: 2011 ACS, 2014 ACS and BBC Research & Consulting.

Figure II-10 displays the 2014 income distribution of renters and owners using the HUD AMI (\$72,200), which applies to the entire Salt Lake City MSA.

More than one-third of all renters earn 30 percent or less of AMI and nearly 60 percent of renters earn 50 percent or less of AMI. Only 11 percent of owners earn 30 percent or less of HAMFI and 19 percent earn 50 percent or less of AMI.

**Figure II-10.  
Household  
Income by AMI  
and Tenure, Salt  
Lake City, 2014**

Source:  
2014 ACS and BBC  
Research & Consulting.

	Income Limit	Renters		Owners	
		Number	Percent	Number	Percent
<b>HUD Area Median Income (AMI)</b>	<b>\$72,200</b>				
0-30% of AMI	\$24,250	15,744	38%	3,892	11%
31-50% of AMI	\$36,100	8,421	20%	2,630	8%
51-80% of AMI	\$57,750	6,917	17%	6,691	19%
81-100% of AMI	\$72,200	3,479	8%	4,109	12%
101-120% of AMI	\$86,640	2,205	5%	3,456	10%
More than 120% of AMI	\$86,640+	4,466	11%	13,914	40%

## Cost Burden

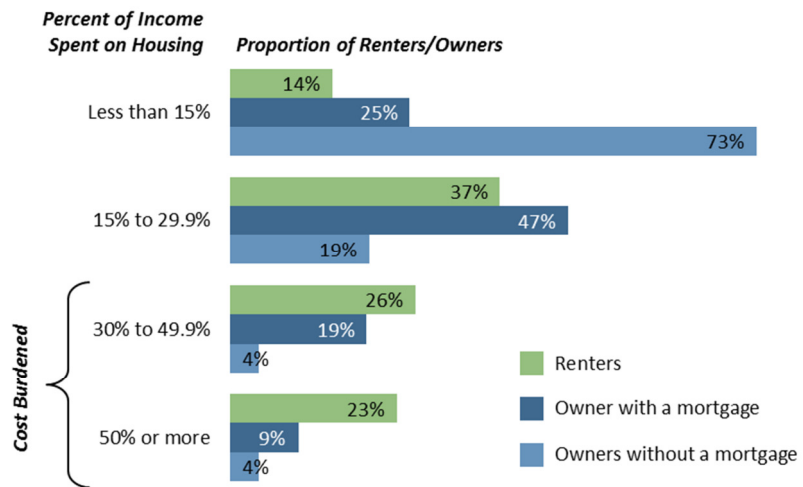
In addition to income, it is important to consider residents’ housing expenses relative to their income. Residents spending 30 percent or more of their income on housing are said to be “cost burdened” and residents spending 50 percent or more of their income on housing are said to be “severely cost burdened.”

Nearly half (49%) of all renters (18,672 households) in Salt Lake City are cost burdened. Twenty-three percent of renters are severely cost burdened. Owners are far less likely to be cost-burdened: in Salt Lake City 22 percent of owners (7,599 households) are cost burdened and 8 percent are severely cost burdened. Figure II-11 displays housing costs as a percentage of monthly income for Salt Lake City households.

**Figure II-11.  
Cost Burden by Tenure,  
Salt Lake City, 2014**

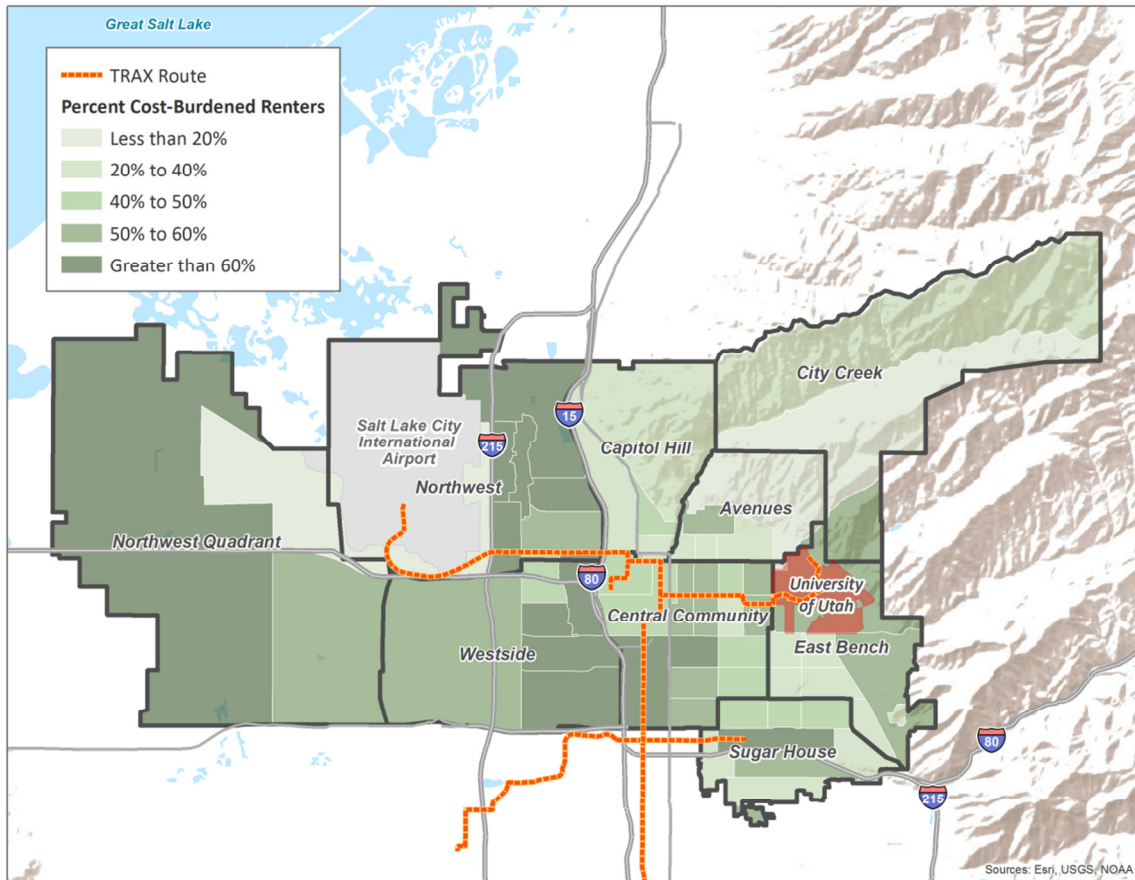
Note:  
Cost-burdened households spend 30  
percent or more of their monthly  
income on housing expenses.

Source:  
2014 ACS and BBC Research &  
Consulting.



Figures II-12 and II-13 display the proportion of renters and owners that are cost burdened by Census tract in Salt Lake City. The Westside planning area contains a high proportion of cost burdened renters and cost burdened owners. The Northwest planning area also contains a high proportion of renters that are cost burdened.

**Figure II-12.**  
**Proportion of Census Tract Renter Household that are Cost-Burdened, Salt Lake City, 2014**

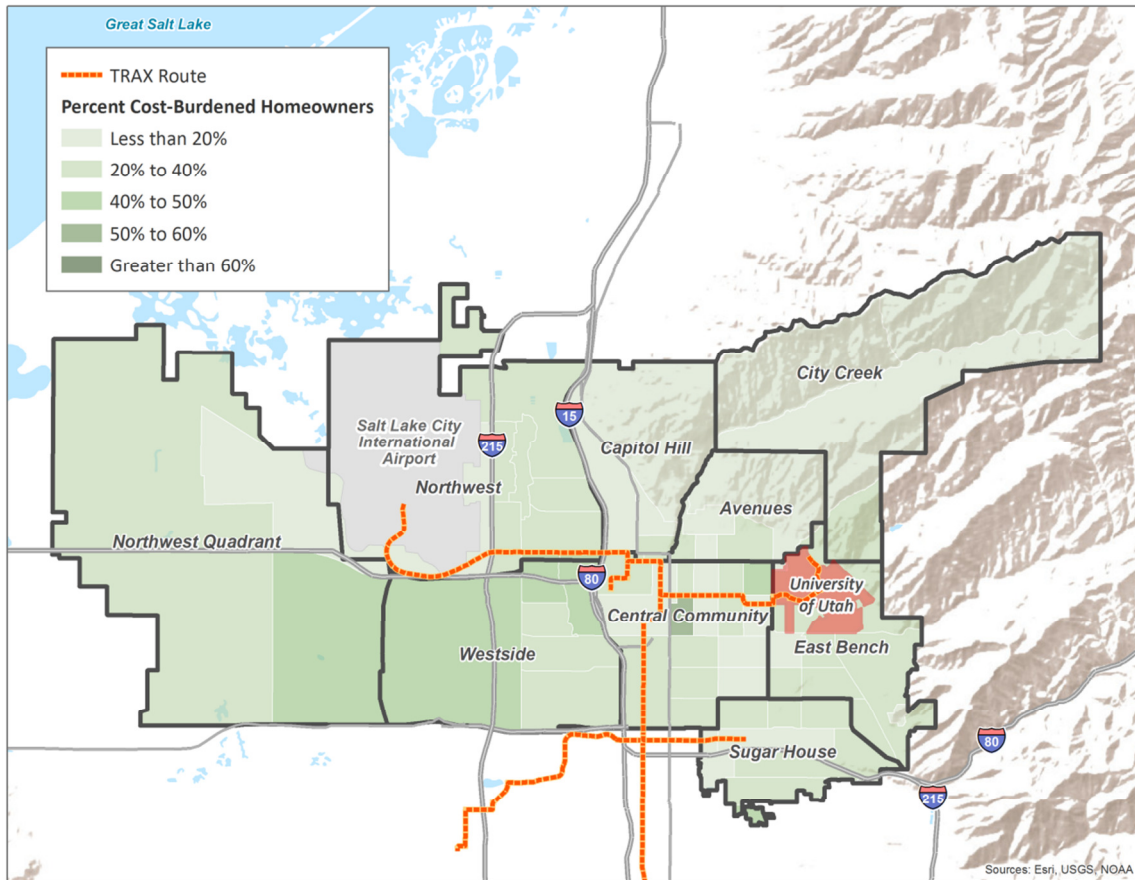


Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.

Source: 2010-2014 ACS and BBC Research & Consulting.



**Figure II-13.**  
**Proportion of Census Tract Owner Household that are Cost-Burdened, Salt Lake City, 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.

Source: 2010-2014 ACS and BBC Research & Consulting.

## **SECTION III.**

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### **Housing Profile and Affordability**

## SECTION III.

# Housing Profile and Affordability

This section provides an overview of Salt Lake City’s housing stock, renter and owner profiles, and market trends in both the ownership and rental markets. Affordability is also discussed but market mismatches are addressed in Section IV. Key findings from this section include:

- About half of Salt Lake City’s housing stock is single family detached and half is attached housing (apartments, condos, townhomes, etc). The city’s housing stock tends to be older and smaller than the housing stock in the balance of the county.
- Salt Lake City is home to more renters (54%) than owners (46%). Renters tend to be younger, have lower levels of educational attainment and earn lower incomes than owners. Renters are also more likely to be racial/ethnic minorities.
- Compared to surrounding communities, median rent is relatively low (\$761) and median home value (\$238,700) and median sale price (\$255,000) are moderate.
- Both renters and owners lost purchasing power between 2011 and 2014 (continuing the trend from 2000). That is, sale prices increased faster than owner incomes and rent increased faster than renter incomes.
  - Median sale price for homes increased 33 percent but owner incomes increased by only 8 percent.
  - Median rent increased 8 percent but renter incomes increased only 4 percent. Vacancy rates around 2 percent reflect a particularly tight rental market.

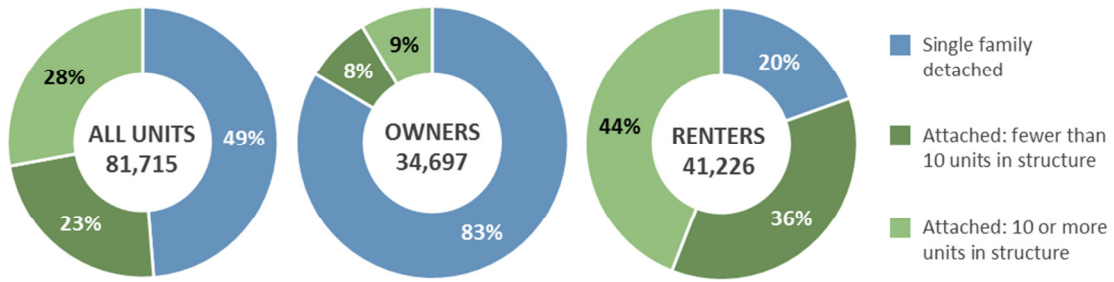
### Existing Housing Stock

According to the 2014 ACS there are 81,715 housing units (occupied and vacant) in Salt Lake City, up from 80,724 in 2010—a 1.2 percent increase. The city’s housing stock accounts for 22 percent of the housing units in Salt Lake County. Just fewer than half (46%) of households in the city are owner-occupied; 54 percent are renter occupied.

**Housing type.** Overall, about half of Salt Lake City’s housing stock is single family detached and half is attached housing (apartments, condos, townhomes, etc). In Salt Lake County as a whole, about two-thirds of the housing stock is single family detached and one-third is attached.

The vast majority of Salt Lake City owners (83%) live in single family detached houses and the vast majority of renters (80%) live in attached units. Figure III-1 displays housing type by tenure for Salt Lake City.

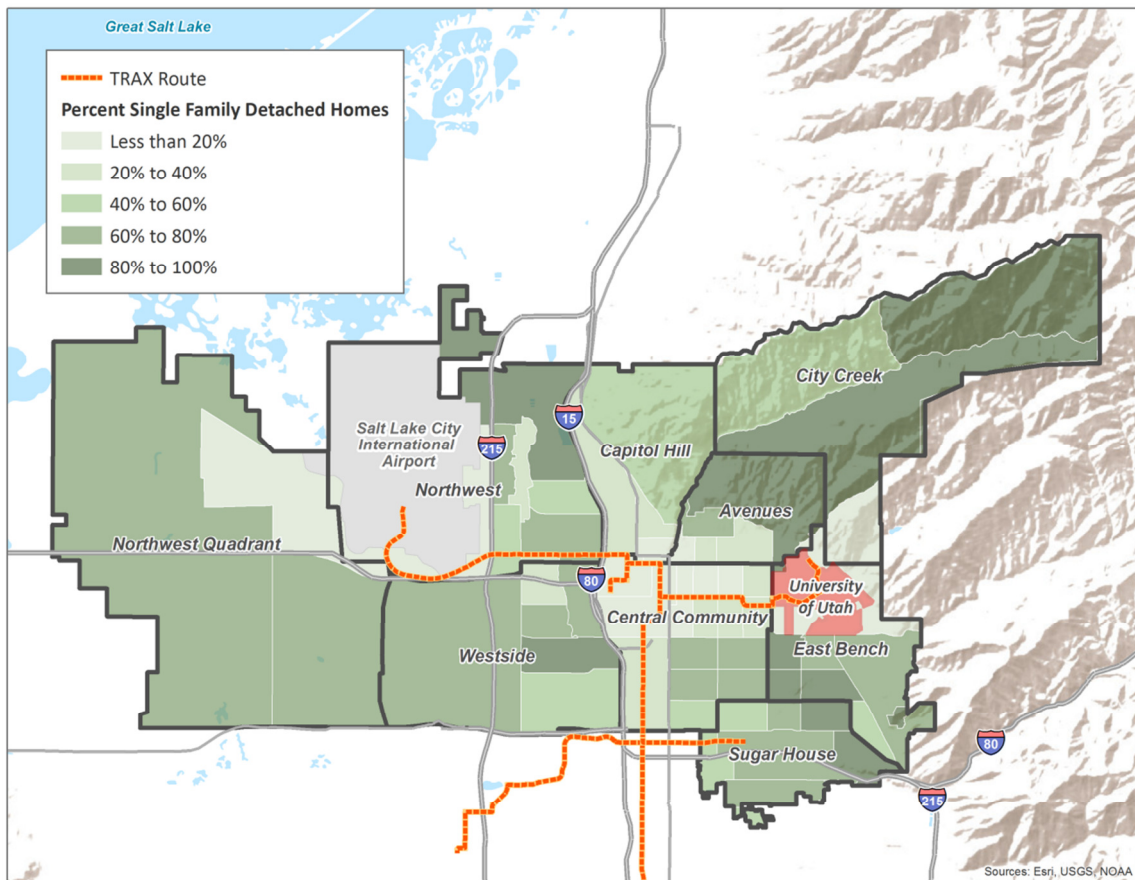
**Figure III-1.  
Housing Type by Tenure, Salt Lake City, 2014**



Source: 2014 ACS and BBC Research & Consulting.

Figure III-2 displays the proportion of homes that are detached single family homes by Census tract. Not surprisingly, the city center and university area have a low proportion of detached homes and the outer portions of the city have a higher proportion of detached homes.

**Figure III-2.  
Percent of Census Tract Households that are Single Family Detached, Salt Lake City, 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.

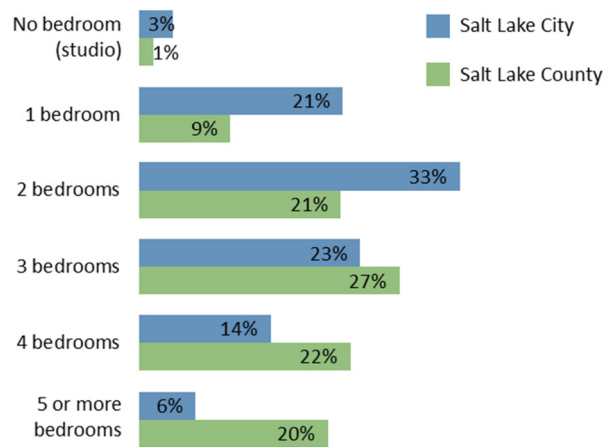
Source: 2010-2014 ACS and BBC Research & Consulting.

The diversity of structure types prevalent in the city’s housing stock is consistent with the housing and community preferences Utahns expressed in the Envision Utah survey. Seventy-eight percent of Utahns want communities that include a full mix of housing types (including small lot detached homes, townhomes, condos and apartments). The survey also shows that in order to achieve that goal, Utah residents are willing to allow more housing types in more communities.<sup>1</sup>

**Household size and bedrooms.** One-third of housing units in Salt Lake City have two bedrooms; 24 percent have fewer than two bedrooms and 42 percent have three or more bedrooms. As shown in Figure III-3, the county has a much higher proportion of larger units—68 percent of the county’s housing stock has three or more bedrooms.

**Figure III-3.**  
**Number of Bedrooms, Salt Lake City, 2014**

Source:  
2014 ACS and BBC Research & Consulting.



On average, owner-occupied households in Salt Lake City are larger (2.62 people) than renter occupied households (2.31 people). Owner occupied units also tend to have more bedrooms than renter occupied units. Over two-thirds of owner occupied homes have three or more bedrooms, compared to just 20 percent of renter occupied homes.

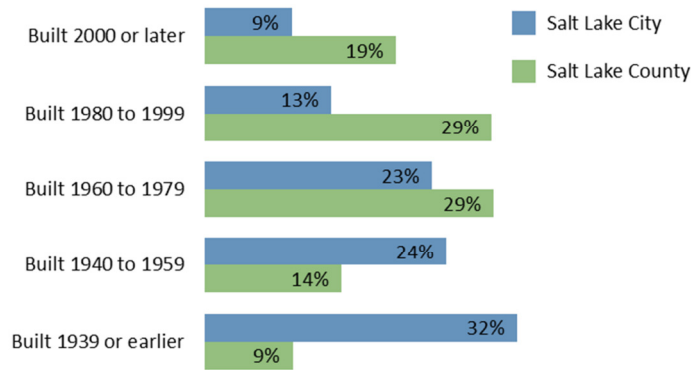
**Age of housing stock.** About 9 percent of Salt Lake City’s housing stock was built in the past 15 years (since 2000); another 13 percent was built between 1980 and 2000. Nearly half (47%) was built between 1940 and 1980 and nearly one-third was built before 1940. Figure III-4 displays the city’s housing stock by age; data for the county are included for comparison.

When examined by tenure, the city’s owner occupied units are older than renter occupied units. For example, two-thirds of owner occupied units were built before 1960 compared to less than half (46%) of renter occupied units.

<sup>1</sup> <http://envisionutah.org/projects/your-utah-your-future/item/346-results>

**Figure III-4.  
Age of Housing Stock, Salt Lake City, 2014**

Source:  
2014 ACS and BBC Research & Consulting..



Age of homes can be an important indicator of housing condition: older houses tend to have more condition problems and are more likely to contain materials such as lead based paint. Approximately 32 percent of the housing units in Salt Lake City were built before 1940, when the risk of lead-based paint is highest.<sup>2</sup> In areas where revitalization of older housing stock is active, many old houses may be in excellent condition; however, in general, condition issues are still most likely to arise in older structures.

**Overcrowding and substandard conditions.** Other key factors to examine in evaluating housing condition are overcrowding and substandard units. Overcrowding in housing can threaten public health, strain public infrastructure, and points to an increasing need of affordable housing. This study uses HUD’s definition of having more than one person per room to identify overcrowded units.<sup>3</sup> Approximately 4 percent of the city’s households—or about 3,265 households—are overcrowded. Two percent of owner-occupied housing units (533 units) were overcrowded and 7 percent of renter-occupied units (2,702 units) were overcrowded.

The 2014 ACS reported that 304 housing units (vacant and occupied) in the city lacked complete plumbing facilities and 683 housing units (vacant and occupied) lacked complete kitchens. Together, assuming no overlap, these 987 severely substandard units represent 1.3 percent of the city’s total housing units.

### Profile of Renters and Owners

Salt Lake City is home to more renters (54%) than owners (46%). Renters tend to be younger, have lower levels of educational attainment and earn lower incomes than owners. Renters are also more likely to be non-family households and single-person households. Renters are also more likely to be racial/ethnic minorities. Figure III-5 summarizes characteristics of renters and owners in Salt Lake City. The figure displays the number and distribution of renter and owner

<sup>2</sup> Lead-based paint was banned from residential use in 1978. Housing built before 1978 is considered to have some risk, but housing built prior to 1940 is considered to have the highest risk. After 1940, paint manufacturers voluntarily began to reduce the amount of lead they added to their paint. As a result, painted surfaces in homes built before 1940 are likely to have higher levels of lead than homes built between 1940 and 1978.

<sup>3</sup> The HUD American Housing Survey defines a room as an enclosed space used for living purposes, such as a bedroom, living or dining room, kitchen, recreation room, or another finished room suitable for year-round use. Excluded are bathrooms, laundry rooms, utility rooms, pantries, and unfinished areas.

households by demographic characteristic and also provides the homeownership rate by age group, household type, education level and race/ethnicity.

**Figure III-5.  
Profile of Renters and Owners, Salt Lake City, 2014**

	Renters		Owners		Ownership Rate
	Number	Percent	Number	Percent	
<b>Total households</b>	41,232	100%	34,691	100%	46%
<b>Median Income</b>	\$30,360		\$71,903		
<b>Age of householder</b>					
Young Millennials (15-24)	5,990	15%	361	1%	6%
Post-college millennials (25-34)	15,920	39%	4,191	12%	21%
Ages 35-44	6,398	16%	7,241	21%	53%
Ages 45-64	8,209	20%	14,386	41%	64%
Seniors (65 and older)	4,715	11%	8,512	25%	64%
<b>Household Type</b>					
Non-family households	24,720	60%	11,844	34%	32%
Householder living alone	17,330	42%	9,747	28%	36%
Families	16,512	40%	22,847	66%	58%
Married couples without children	5,518	13%	11,400	33%	67%
Married couples with children	4,622	11%	8,128	23%	64%
Single parent hh	4,051	10%	1,565	5%	28%
Other family household (no children)	2,321	6%	1,754	5%	43%
<b>Householder Educational Attainment</b>					
Less than high school graduate	6,854	17%	2,288	7%	25%
High school graduate (or equivalent)	7,027	17%	3,872	11%	36%
Some college or associate's degree	12,896	31%	9,964	29%	44%
Bachelor's degree or higher	14,455	35%	18,567	54%	56%
<b>Race/Ethnicity of householder</b>					
Non-Hispanic white	28,396	69%	29,603	85%	51%
Hispanic	7,094	17%	3,414	10%	32%
Other minority	5,742	14%	1,674	5%	23%

Source: 2014 ACS and BBC Research & Consulting.

Some of the key differences between Salt Lake City renters and owners are summarized below:

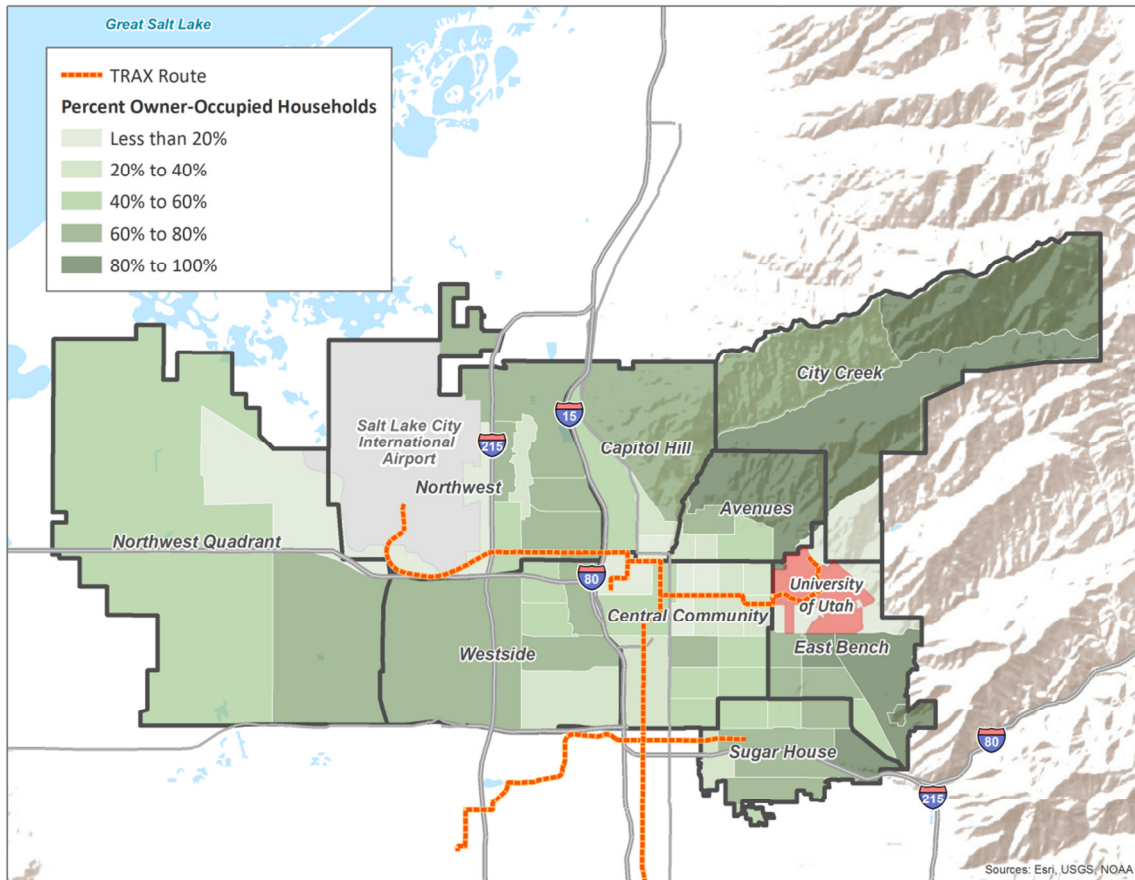
- Median income for renters in Salt Lake City (\$30,360) is less than half the median income of owners (\$71,903). In 1999, the median income for renters was \$24,887 compared to \$52,525 for owners. Between 1999 and 2014, the gap between renter and owner incomes widened as owner incomes increased by 37 percent while renter incomes only increased by 22 percent.
- Over half of all renters in the city are millennials (aged 15-34); over one-third are post-college aged millennials (25-34). About one in five post-college millennials owns a home, compared to nearly two-thirds of residents over the age of 45.

- About 60 percent of renters are in non-family households, compared to 34 percent of owners. About 21 percent of renter households have children (10% are married with children and 11% are single parents) as do 28 percent of owner households (23% are married with children and just 5% are single parents). Married couples with children are much more likely to own a home (64% own a home) than single parents (28% own a home).
- Over half of homeowners have a bachelor's degree or higher and only 7 percent failed to complete high school. Among renters, 17 percent have less than a high school degree and 35 percent have a bachelor's degree or higher.
- Renters are much more likely than owners to belong to a racial or ethnic minority group: 31 percent of renters are either Hispanic or some other minority compared to 15 percent of homeowners. Overall, 51 percent of non-Hispanic white residents own their homes, compared to 32 percent of Hispanic residents and 23 percent of other minority residents.

Figure III-6 maps the homeownership rate for each Census tract in the city. The Central Community planning area is predominately renter occupied as is the area immediately surrounding the University. City Creek Canyon has a very high proportion of owners, as does the northern half of the Avenues planning area. The northwest corner of the city, along with the east side of the Sugar House and East Bench planning areas, also has a high rate of homeownership. For the most part, Census tracts adjacent to the TRAX light rail line are majority renter.



**Figure III-6.**  
**Percent of Census Tract Households that are Owner Occupied, Salt Lake City, 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.

Source: 2010-2014 5-year ACS and BBC Research & Consulting.

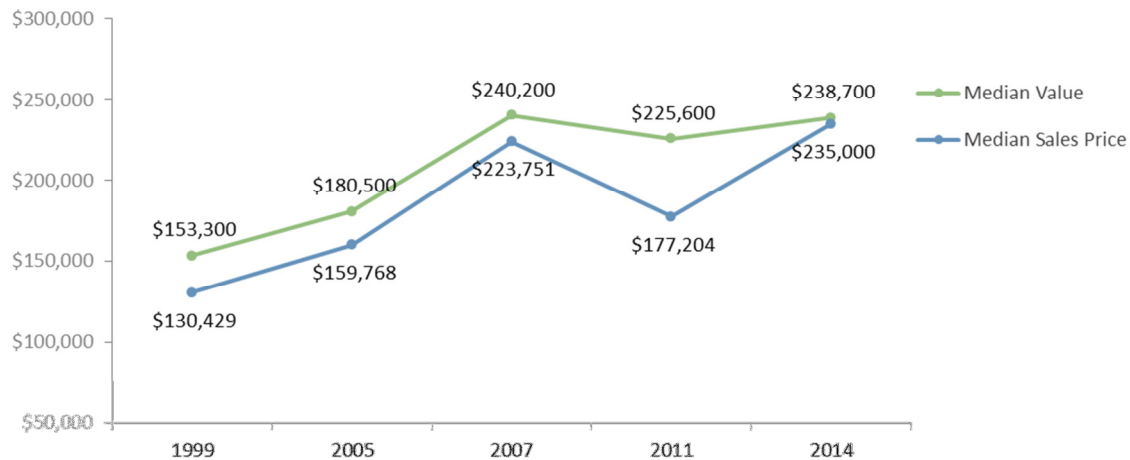
## Housing Cost and Affordability

This section of the report discusses housing costs in Salt Lake City through the lens of affordability. The for-sale, or ownership market, is discussed first, followed by the rental market.

**Ownership market.** Similar to most housing markets across the country, Salt Lake City experienced substantial increases in home values between 2000 and 2007 followed by a drop in values and sales activity as the housing bubble burst. However, the impact in Salt Lake City (6% decline in home values between 2007 and 2011) was not as severe as in the U.S. as a whole (11% decline in values).

Since early 2012, home prices and home value in Salt Lake City have been on the rise. By the end of 2014 the median sale price (\$235,000) exceeded the 2007 peak median sale price of \$223,751. Figure III-7 displays the median home value and the median sales price for Salt Lake City in select years between 1999 and 2014.

**Figure III-7.**  
**Median Home Value and Median Sales Price Trends, Salt Lake City, 1999 through 2014**



Source: 2000 Census; 2005, 2007, 2011 and 2014 ACS, Salt Lake Board of Realtors and BBC Research & Consulting.

**Home value.** According to the 2014 ACS, the median value of owner-occupied homes in Salt Lake City was \$238,700, very similar to the median value for the county as a whole (\$241,500). Figure III-8 displays the distribution of Salt Lake City homes by value. Approximately 22 percent of homes are valued at less than \$150,000 and another 13 percent are valued between \$150,000 and \$200,000. Nearly half of the city's homes are valued between \$200,000 and \$500,000 and 13 percent are valued above \$500,000.

**Figure III-8.  
Home Value Distribution,  
Salt Lake City, 2014**

Source:  
2011 American Community Survey and  
BBC Research & Consulting.

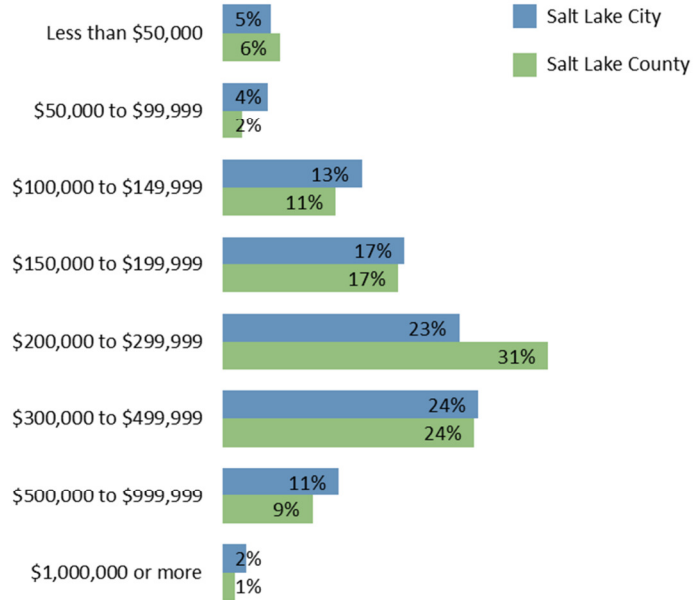
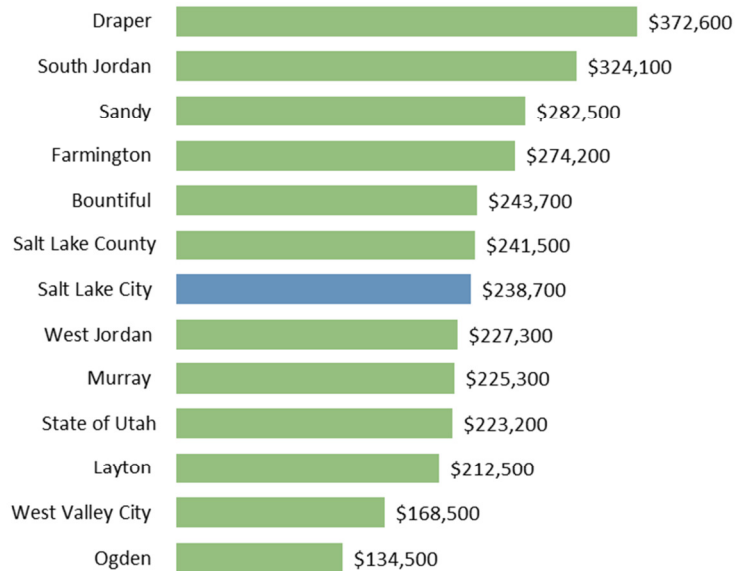


Figure III-9 compares the median home value in Salt Lake City to that of surrounding communities, Salt Lake County and the State of Utah. Salt Lake City home values are in the middle portion of the range defined by surrounding communities.

**Figure III-9.  
Median Home Value, Salt  
Lake City and Surrounding  
Communities, 2014**

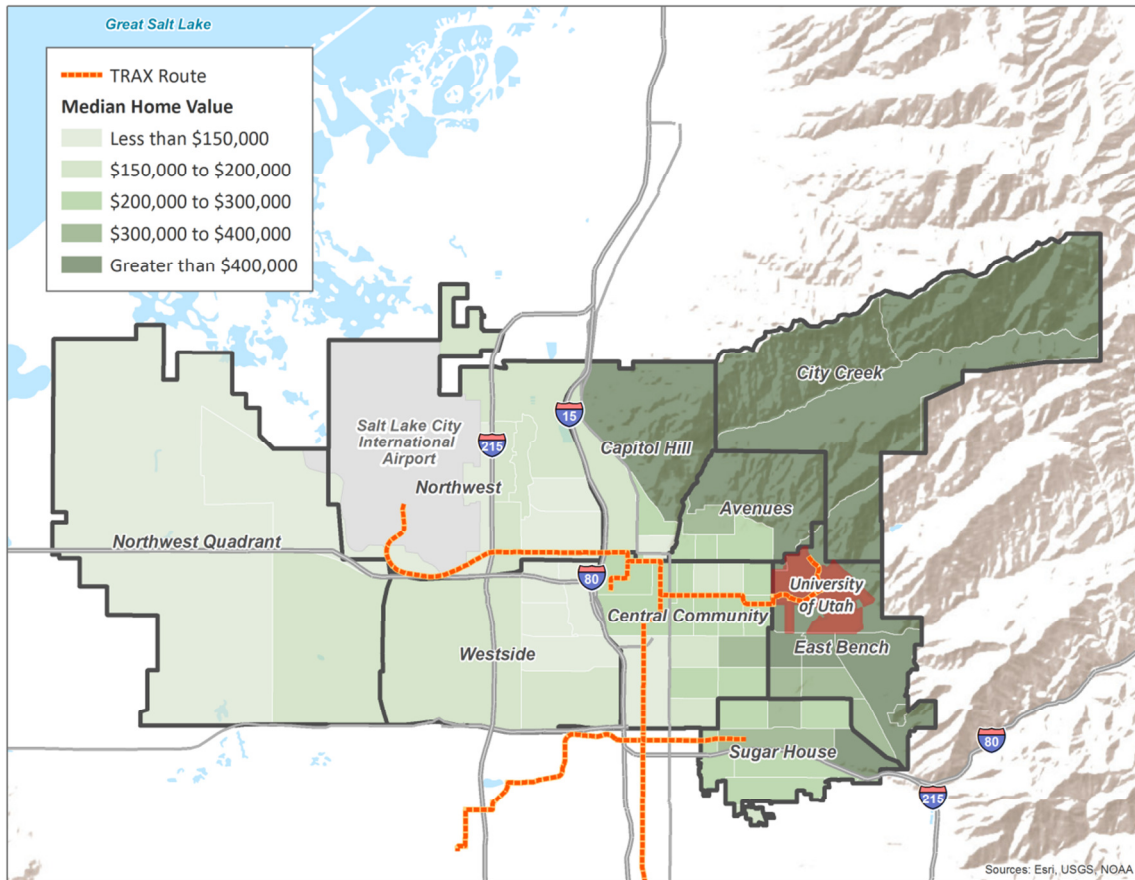
Note:  
Data presented for Salt Lake City, Salt  
Lake County and Utah reflect 2014 5-  
year estimates; data for all other  
jurisdictions reflect 2014 1-year  
estimates.

Sources:  
2014 ACS 1-year and 5-year estimates  
and BBC Research & Consulting.



Within the geographic boundaries of Salt Lake City, home values are highest in the north and east portions of the city and lowest west of I-15. Figure III-10 displays the median home value by Census tract for Salt Lake City.

**Figure III-10.**  
**Median Home Value by Census Tract, Salt Lake City, 2014**



Note: The Census tract containing the Westside planning area extends outside the city limits and captures portions of north West Valley City.  
 Source: 2010-2014 5-year ACS and BBC Research & Consulting.

**Home sales.** In Q1-Q3 of 2015, about 3,600 homes were sold in Salt Lake City for a median sale price of \$255,000. Seventy-seven percent of sales were single family detached homes, a proportion slightly below the 83 percent of owner-occupied homes in the city that are single family detached.

Between 2005 and 2015, housing prices increased faster in the city (57%) than in the county as a whole (43%). Prices for detached homes increased faster than attached homes (condos, townhomes and twins) in both the city and the county.

Figure III-11 displays the median sold price for Salt Lake City and Salt Lake County by housing type and year (2005, 2012, 2014 and 2015).

**Figure III-11.**  
**Median Sold Price for Homes in Salt Lake City and Salt Lake County, 2005 to 2015**

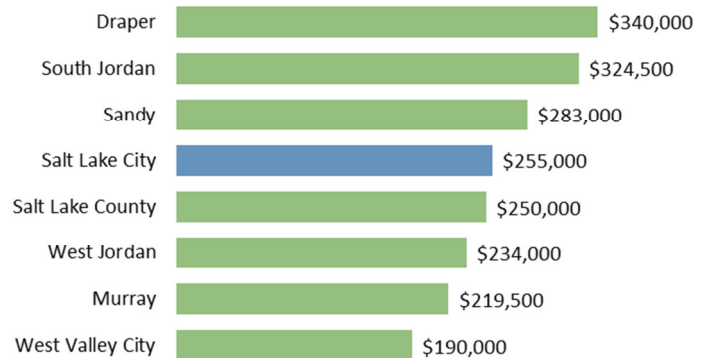
	2005	2012	2014	2015	Percent Change 2005-2015
<b>Salt Lake City</b>					
All Homes	\$162,500	\$185,000	\$235,000	\$255,000	57%
Single Family Detached	\$172,500	\$196,893	\$255,000	\$277,000	61%
Attached*	\$129,950	\$145,000	\$174,950	\$174,950	35%
<b>Salt Lake County</b>					
All Homes	\$175,000	\$195,000	\$235,000	\$250,000	43%
Single Family Detached	\$187,500	\$212,000	\$255,500	\$275,000	47%
Attached*	\$132,900	\$144,050	\$174,900	\$185,000	39%

Note: Attached includes condos, townhomes and twins. Data from 2015 includes only the first three quarters of the year.

Source: Multiple List Service (MLS) and BBC Research & Consulting.

Figure III-12 compares the 2015 median sale price for homes sold in Salt Lake City to surrounding communities. Similar to Salt Lake City home values (Figure III-9), the median sales price of Salt Lake City homes is in the middle portion of the range defined by surrounding communities.

**Figure III-12.**  
**Median Sold Price, Salt Lake City and Surrounding Communities, 2015**



Note:

Data from 2015 includes only the first three quarters of the year.

Source:

Multiple List Service (MLS) and BBC Research & Consulting.

**Ownership affordability.** As discussed in the Income Profile (Section II of this report), owners experienced higher percentage gains in median income than renters between 2011 and 2014. However, income increases were not enough to keep pace with rising housing costs, even after accounting for lower interest rates in 2014.

In 2011, the median sale price of \$177,204 demanded a buyer income of \$45,262 assuming a 30 year fixed rate mortgage with a 4.25 percent interest rate and assuming about 30 percent of monthly housing costs are for taxes, utilities, etc. In 2014, the median sale price was \$235,000 and required an income of \$57,890 under the same mortgage assumptions but with a lower interest rate (3.95%).

The increase in income required to afford the change in median sale price was 28 percent. The actual increase in median owner income was 8 percent.

**Rental market.** According to market reports, apartment vacancy rates in the Greater Salt Lake Area were at a fourteen year low in early 2015—indicating a very tight rental market.<sup>4</sup> The 2014 ACS reports median rent (including utilities) in Salt Lake City to be \$819 per month, up from \$761 in 2011 and \$564 in 2000. The increase in rent between 2011 and 2014 in the city (8%) was on par with median rent in the county overall, which increased by 9 percent over the same period (from \$859 to \$939 per month).

**Vacancy rates.** The ACS reports a 2014 rental vacancy rate of 4 percent for the City of Salt Lake. Market reports for the county overall suggest an even lower vacancy rate of 2.7 percent (as of September 2015)—the lowest vacancy rate in fourteen years. In 2011, the area’s vacancy rate for apartments was 5.2 percent. Vacancy rates are lowest for studios (vacancy rate of less than 2.0%) and three bedroom two bath units (2.0% vacant) indicating substantial demand for both the smallest and largest units on the market.<sup>5</sup>

**Distribution of rents.** As shown in Figure III-13, most Salt Lake City renters (57%) pay between \$500 and \$1,000 for their units. Five percent pay less than \$300 and 9 percent pay more than \$1,500 per month. The rent distribution of the county is shifted toward higher rents relative to the city.

**Figure III-13.**  
**Gross Rent Distribution, Salt Lake City, 2014**

Source:  
2014 and BBC Research & Consulting.

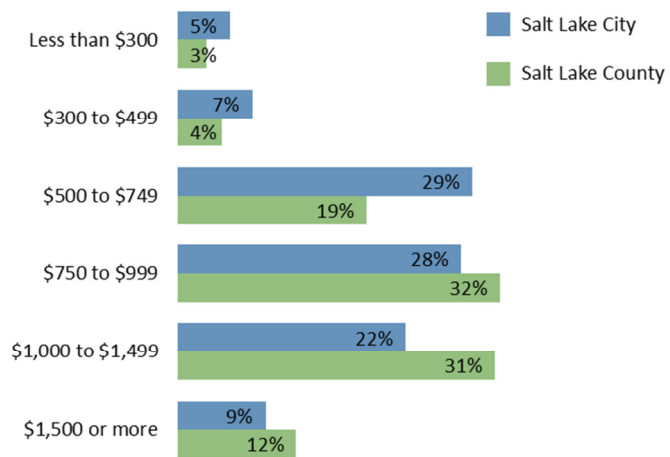


Figure III-14 compares the median rent in Salt Lake City to that of surrounding communities, Salt Lake County and the State of Utah. As indicated by the figure, the median rent in Salt Lake City is relatively affordable compared to surrounding communities.

<sup>4</sup> Apartment Market Report, Greater Salt Lake Area. September 2015. A Cushman & Wakefield Commerce Research Publication. Available online at <http://www.comre.com/research>

<sup>5</sup> Ibid.

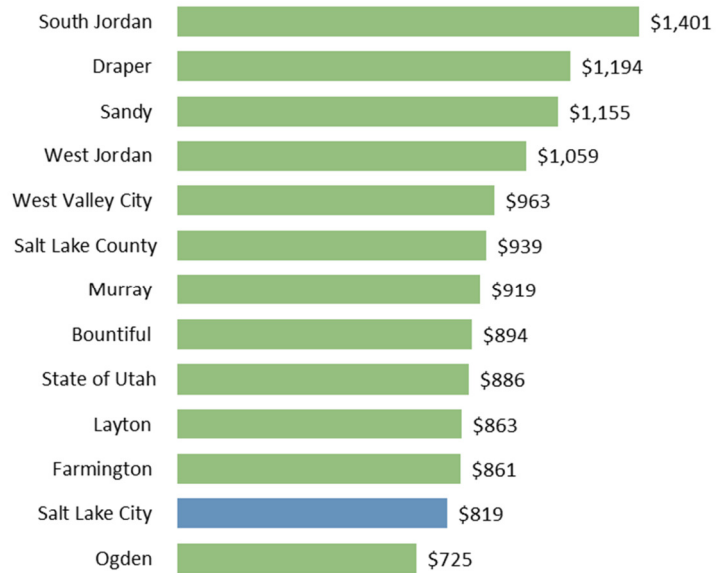
**Figure III-14.  
Median Rent, Salt Lake City and  
Surrounding Communities, 2014**

Note:

Data presented for Salt Lake City, Salt Lake County and Utah reflect 2014 5-year estimates; data for all other jurisdictions reflect 2014 1-year estimates.

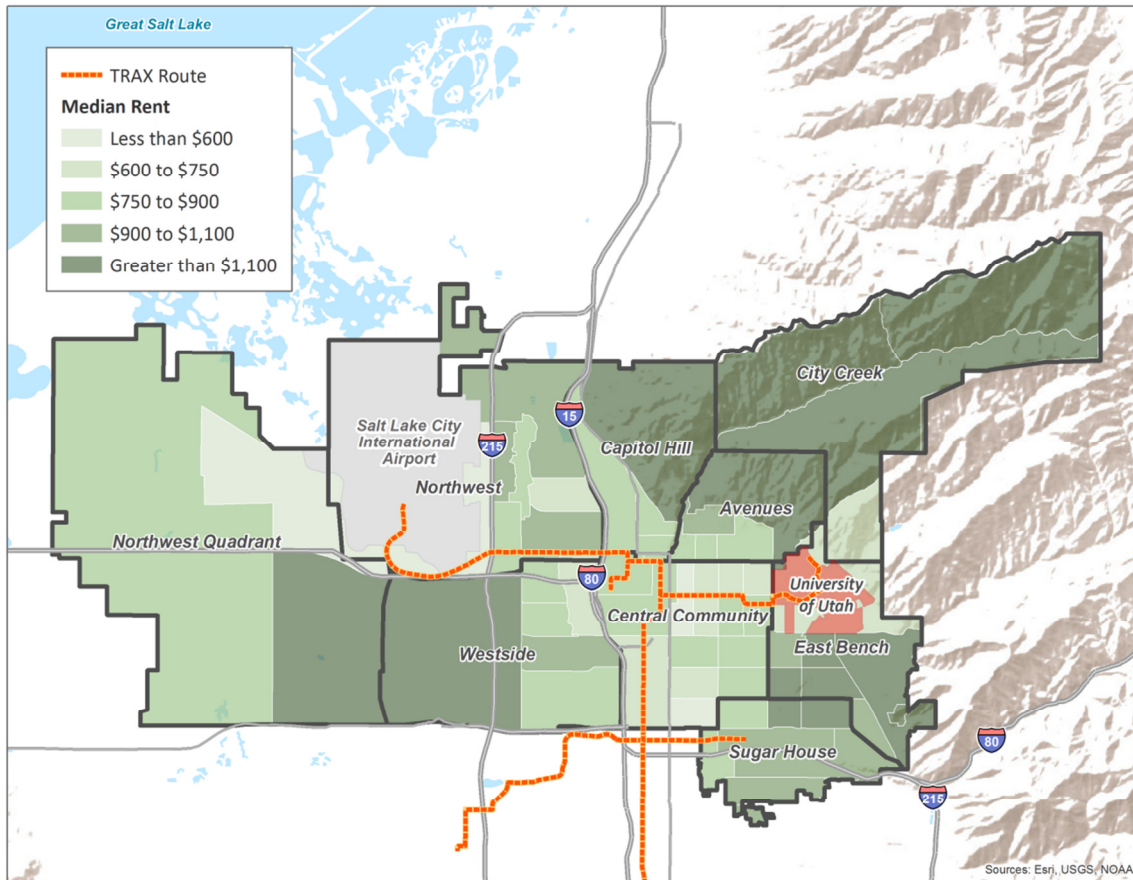
Sources:

2014 ACS 1-year and 5-year estimates and BBC Research & Consulting.



Within the city, rents are highest in the northeast portion of the city and some portions of the East Bench planning area. However, portions of the Westside planning area and the Northwest Quadrant also have relatively high median rent. Figure III-15 displays the median rent (including utilities) by Census tract for Salt Lake City.

**Figure III-15.**  
**Median Gross Rent by Census Tract, Salt Lake City, 2014**



Source: 2010-2014 ACS and BBC Research & Consulting.

**Market rates.** The ACS data on median rent and rental distribution is a comprehensive analysis of what all renters currently pay for rent. However, those data might not reflect what is available on the market for a household looking to rent. A survey of apartment complexes in the Greater Salt Lake area shows that average rents county-wide were \$907 in 2015, up from \$754 in 2011 (20% increase). Average rent by unit size ranged from \$638 for a studio to \$1,132 for a three-bedroom, two-bath unit. Average rent was highest for apartment communities with 100 to 250 units at \$960. Average rent for larger complexes (with more than 250 units) was \$896 and average rent for smaller complexes (fewer than 100 units) was \$823.<sup>6</sup>

BBC also tracked Salt Lake City rental listings on KSL.com between mid-October and mid-December of 2015. Over that period, 484 rentals were listed with an average rent of \$1,059 per month. Nearly one-quarter of the rentals listed were single family homes (23%); another 13 percent were listed as townhomes or condos. Those rental types commanded the highest

<sup>6</sup> Apartment Market Report, Greater Salt Lake Area. September 2015. A Cushman & Wakefield Commerce Research Publication. Available online at <http://www.comre.com/research>



average rents: \$1,611 for single family homes and \$1,236 for townhomes/condos. Average rents for apartments and other multifamily units listed on KSL.com was \$899.

Permit data indicate that the inventory of apartment units in Salt Lake County overall is increasing. Nearly 2,800 permits were issued in 2014—up from 1,700 each of the previous two years. As of June 2015, 922 additional permits had been issued for new apartment construction.

**Renter affordability.** Between 2011 and 2014 renters in Salt Lake City lost purchasing power as rents increased faster than incomes. Median rent increased by 8 percent in Salt Lake City from \$761 in 2011 to \$819 in 2014. In order to afford the increase in rent, renters' annual incomes would have needed to increase by \$2,320 between 2011 and 2014; however actual increase in renter median income was only \$1,227. Renter affordability gaps by income level are discussed in detail in Section IV, Market Mismatches.

**Assisted rental housing.** According to the U.S. Department of Housing and Urban Development (HUD) there are 3,026 publicly supported housing units in Salt Lake City. About half of those are supported through the housing choice voucher program. Voucher holders are most likely to live in the south central or eastern portions of the city.

Low Income Housing Tax Credit (LIHTC) developments, which are not included in the above estimates also provide income restricted rental options for Salt Lake City residents. There are about 50 LIHTC developments in the city and most are located in the Central Community or downtown planning areas.

## **SECTION IV.**

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### **Market Mismatches and Gaps**

## SECTION IV.

# Market Mismatches and Gaps

To examine how well Salt Lake City’s current housing market meets the needs of its residents—and to determine how likely it is to accommodate demand of future residents and workers—BBC conducted a modeling effort called a “gaps analysis.” The analysis compares the supply of housing at various price points to the number of households who can afford such housing. If there are more housing units than households, the market is “over-supplying” housing at that price range. Conversely, if there are too few units, the market is “under-supplying” housing.

This section uses the results of the gaps analysis to answer the following questions:

1. How easy is it for renters to find units in their affordability range?
2. How easy is it for renters who want to be homeowners to buy in Salt Lake City?
3. Can current owners afford to buy in the city if they want to buy up or downsize?
4. What can workers afford?

### Rental Gaps

Affordability for renters has two components: mismatches in the rental market and ownership opportunities for renters wanting to buy. The gaps analysis conducted for renters in Salt Lake City addresses both rental affordability and ownership opportunities.

**Mismatch in rental market.** Figure IV-1 compares the number of renter households in Salt Lake City in 2014, their income levels, the maximum monthly rent they could afford without being cost-burdened, and the number of units in the market that were affordable to them. The “Rental Gap” column shows the difference between the number of renter households and the number of rental units affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units.

**Figure IV-1.  
Mismatch in Rental Market, Salt Lake City, 2014**

Income Range	Maximum Affordable Rent, Including Utilities	Renters		Rental Units		Rental Gap
		Number	Percent	Number	Percent	
Less than \$5,000	\$125	3,082	8%	364	1%	(2,719)
\$5,000 to \$9,999	\$250	3,259	8%	1,188	3%	(2,071)
\$10,000 to \$14,999	\$375	2,714	7%	1,250	3%	(1,464)
\$15,000 to \$19,999	\$500	3,569	9%	2,356	6%	(1,213)
\$20,000 to \$24,999	\$625	3,023	8%	4,713	11%	1,691
\$25,000 to \$34,999	\$875	7,288	18%	13,785	33%	6,497
\$35,000 to \$49,999	\$1,250	5,261	13%	10,811	26%	5,551
\$50,000 to \$74,999	\$1,875	5,809	15%	5,843	14%	34
\$75,000 or more	\$1875+	5,788	15%	1,327	3%	(4,461)
<b>Total/Low Income Gap</b>		<b>39,792</b>	<b>100%</b>	<b>41,637</b>	<b>100%</b>	<b>(7,467)</b>

Source: 2014 American Community Survey and BBC Research & Consulting.

The gaps analysis in Figure IV-1 shows that:

- Sixteen percent of renters in Salt Lake City earn less than \$10,000 per year. These renters need units that cost less than \$250 per month to avoid being cost burdened. Just 4 percent of rental units in the city rent for less than \$250 per month.
  - Over 3,000 renters earn less than \$5,000 per year. There are only 364 rental units priced at their affordability range (less than \$125 per month). This leaves a “gap,” or shortage, of 2,700 units for these extremely low income households.
  - Another 3,300 households earn between \$5,000 and \$10,000 per year. These households have 1,200 affordable units to choose from, leaving a shortage of 2,100 rental units.
- Rental unit shortages also exist for renters earning between \$10,000 and \$15,000 per year (2,800 renters v. 1,250 units = gap of 1,500 units) and those earning between \$15,000 and \$20,000 per year (3,600 renters and 2,400 units = gap of 1,200 units).
- Altogether, the city has a shortage of rental units priced affordably for renters earning less than \$20,000 per year of 7,467 units (down from a gap of 8,240 units in 2011). Some of these renters are students.<sup>1</sup> These households are also working residents earning low wages, residents who are unemployed and residents who are disabled and cannot work—in other words, those residents who are truly living in poverty.<sup>2</sup>

<sup>1</sup> Data limitations make it difficult to separate out renters who are students and may receive assistance paying rent from parents, student loans and/or other non-income sources. These students affect the rental market in a number of ways but their true economic need for affordable units is unknown.

<sup>2</sup> It is important to note that these renters are not homeless. Those renters who cannot find affordability priced rentals are living in units that cost more than they can afford. These households are “cost burdened.”

In sum, the private rental market in Salt Lake City largely serves renters earning between \$20,000 and \$50,000 per year—70 percent of rental units are priced within that group’s affordability range.

The market fails to adequately serve the 32 percent of renters earning less than \$20,000 per year—only 12 percent of units are priced within that group’s affordability range, even when accounting for the impact of housing choice vouchers. There are 12,624 renters earning less than \$20,000 and 5,158 units affordable to them, leaving a gap of 7,467.

Despite some losses in rental affordability (discussed in Section II), the rental gap narrowed slightly between 2011 and 2014—falling from 8,240 units to 7,467 units. That decrease in need is primarily related to the increase in renter incomes between 2011 and 2014, which resulted in fewer renters earning less than \$20,000 per year.

**Figure IV-2.  
Rental Gap Comparison,  
Salt Lake City, 2011 and  
2014**

Source:  
BBC Research & Consulting.

	2011	2014
Number of units affordable to renters earning less than \$20,000 per year	5,226	5,158
Number of renters earning less than \$20,000 per year	- 13,466	12,624
Difference (rental gap)	-8,240	-7,467

## Gaps in the For Sale Market

This section discusses how easy it is for renters at various income levels to buy in Salt Lake City. It concludes with an assessment of how easily current homeowners can buy “up” or “down” in the market.

**Market options for renters wanting to buy.** A similar gaps analysis was conducted to evaluate the market options affordable to renters who may wish to purchase a home in Salt Lake City. Again, the model compared renters, renter income levels, the maximum monthly housing payment they could afford, and the proportion of units in the market that were affordable to them. The maximum affordable home prices shown in Figure IV-3 assume a 30-year mortgage with a 10 percent down payment and an interest rate of 3.95 percent. The estimates also incorporate property taxes, insurance and utilities (assumed to collectively account for 30% of the monthly payment).

The “Renter Purchase Gap” column in Figure IV-3 shows the difference between the proportion of renter households and the proportion of homes sold in 2014 or 2015 that were affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units.

**Figure IV-3.**  
**Market Options for Renters Wanting to Buy, Salt Lake City, 2014/15**

Income Range	Renters who want to buy: Maximum Affordable Home Price	Percent of all Renters	Total Homes for Sale/Sold, 2014-15		Cumulative Percent of Sold Homes, 2014-15	Renter Purchase Gap
			Number	Percent		
Less than \$5,000	\$20,283	8%	4	0.1%	0%	-8%
\$5,000 to \$9,999	\$40,566	8%	14	0.2%	0%	-8%
\$10,000 to \$14,999	\$60,845	7%	24	0.3%	1%	-7%
\$15,000 to \$19,999	\$81,128	9%	71	1%	1%	-8%
\$20,000 to \$24,999	\$101,411	8%	157	2%	3%	-6%
\$25,000 to \$34,999	\$141,976	18%	813	11%	14%	-8%
\$35,000 to \$49,999	\$202,825	13%	1,742	23%	37%	9%
\$50,000 to \$74,999	\$304,240	15%	2,248	29%	66%	15%
\$75,000 to \$99,999	\$405,654	8%	1,365	18%	83%	10%
\$100,000 or more	\$405,654+	7%	1,280	17%	100%	10%

Note: Maximum affordable home price is based on a 30 year mortgage with a 10 percent down payment and an interest rate of 3.95%. Property taxes, insurance and utilities are assumed to collectively account for 30% of the monthly payment.

Source: 2014 American Community Survey, Multiple List Service and BBC Research & Consulting.

The for sale gaps analysis shows the Salt Lake City market to be relatively affordable for renters earning more than \$35,000 per year. For renters earning less than \$35,000 just 14 percent of homes are affordable, most of which are condos. For renters earning \$50,000 per year 37 percent of homes are affordable and for those earning \$75,000 per year two-thirds of all homes on the market are affordable.

Figure IV-4 shows the typical characteristics of a home affordable to renter households earning \$50,000 and \$75,000 in Salt Lake City. Although older, these homes are adequately sized for a starter home and are mostly comprised of single family detached housing.

**Figure IV-4.**  
**Characteristics of Homes Affordable to Renters, Salt Lake City and Balance of County, 2014/15**

Note:

Maximum affordable home price is based on a 30 year mortgage with a 10 percent down payment and an interest rate of 3.95%. Property taxes, insurance and utilities are assumed to collectively account for 30% of the monthly payment.

Source:

Multiple List Service and BBC Research & Consulting.

	Renters earning \$50,000 or less	Renters earning \$75,000 or less
<b>Property Characteristics</b>		
Average number of bedrooms	2.8	3.0
Average number of bathrooms	1.6	1.8
Average square footage	1,359	1,587
Average year built	1961	1958
<b>Property Type</b>		
Single family detached	64%	72%
Condo	30%	23%
Townhome	5%	4%

Figure IV-5 displays the characteristics of homes affordable to the average Salt Lake City *worker* (earning \$48,290), both in the city and in the balance of the county. Affordable homes in the balance of the county are slightly newer and slightly larger than affordable homes in the city but overall, workers have comparable choices in the city and balance of the county.

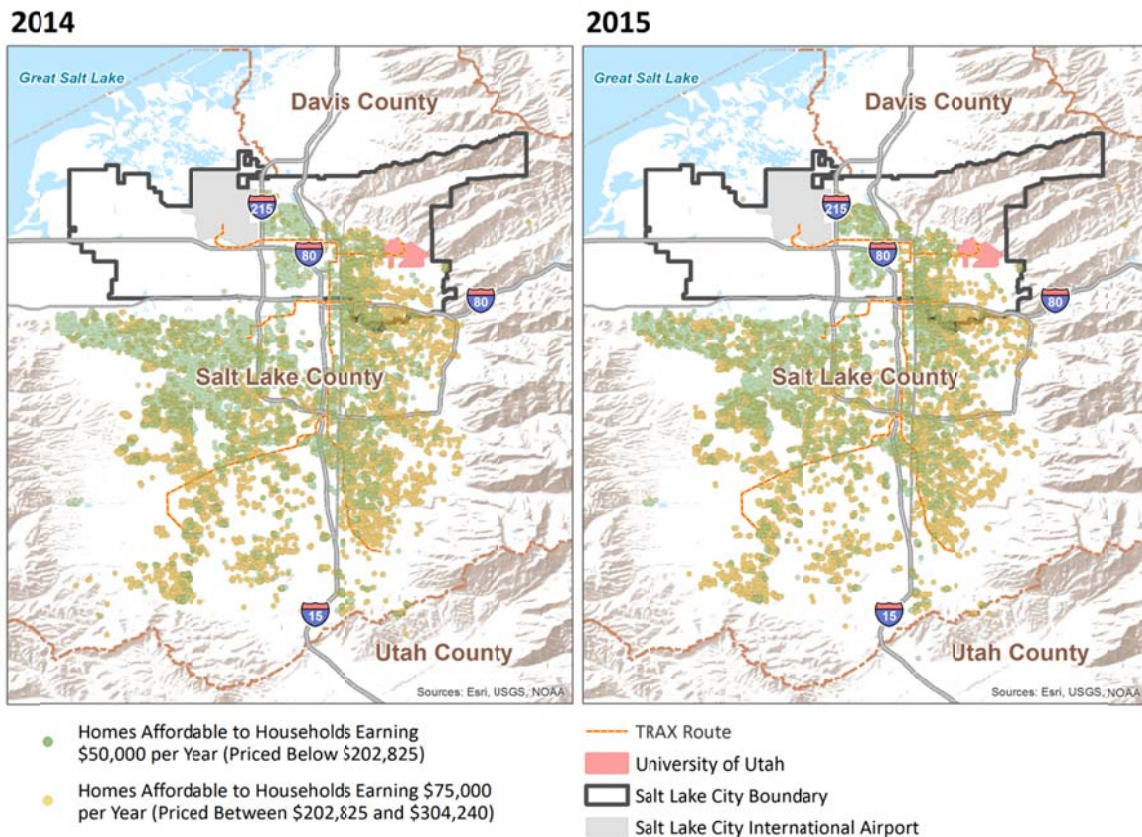
**Figure IV-5.  
Characteristics of Homes  
Affordable to the Average  
Worker, Salt Lake City and  
Balance of County, 2014/15**

Source:  
Multiple List Service (MLS) and BBC Research &  
Consulting.

	Salt Lake City	Balance of County
<b>Property Characteristics</b>		
Average number of bedrooms	2.7	3.1
Average number of bathrooms	1.6	2.0
Average square footage	1,338	1,544
Average year built	1961	1979
<b>Property type</b>		
Single Family Detached	63%	58%
Condo	31%	19%
Townhome	5%	21%

Figure IV-6 displays the location of homes affordable to households earning \$50,000 and \$75,000 per year in both the city and the county. The map shows all homes listed or sold in 2014 and homes listed or sold in Q1-Q3 of 2015.

**Figure IV-6.  
Homes Affordable to Households earning \$50,000 and \$75,000, Salt Lake County, 2014/15**



Note: Does not include recreational or mobile homes.

Source: Multiple List Service and BBC Research & Consulting.

**Current homeowner equity and options.** Between 2000 and 2014, housing prices increased faster (36%) than owner incomes (26%). However, the market is still relatively affordable to current homeowners. Even if we assume owners would not use their current equity for the purchase of a new home, the distribution of market offerings is similar to the income distribution of current owners. In other words, there appears to be no substantial mismatches between owner affordability and the for sale market.

## **What Can Workers Afford?**

As discussed in the Community Profile (Section I), Salt Lake City has a substantial number of in-commuters: 173,548 people work but do not live in the city. Although housing preferences among in-commuters may differ, it is important to evaluate the city's affordable options in order to understand the tradeoffs related to housing and commute. Figure IV-7 displays affordable rental and ownership options for workers earning the average county wage by industry.

Among the five largest industries in Salt Lake City, which account for about half of all workers, four industries have average wages high enough to afford the city's median rent and two of the five industries (20% of all workers) have average wages high enough to afford the 2014/15 median sale price of \$235,000.

Overall, the average Salt Lake City worker—earning \$48,290 per year—could afford 80 percent of the city's rental units and 35 percent of the homes sold in 2014/15. The same worker could afford just 30 percent of the homes in the balance of the county.



**Figure IV-7.**  
**Affordability for Workers by Industry, Salt Lake City, 2014/15**

Industry	Average Annual Wage	Percent of All Workers	Affordable Rent	Can Afford Median Rent?	Affordable Home Price	Can Afford Median Home Price?	Percent of Available Homes That Are Affordable	
							Salt Lake City	Balance of County
Health and Social Services	\$43,419	12%	\$1,085	yes	\$176,133	no	28%	21%
Manufacturing	\$58,279	12%	\$1,457	yes	\$236,414	yes	48%	48%
Public Administration	\$47,439	9%	\$1,186	yes	\$192,440	no	33%	28%
Professional Services	\$73,341	9%	\$1,834	yes	\$297,514	yes	64%	68%
Hospitality	\$17,067	8%	\$427	no	\$69,234	no	1%	1%
Retail Trade	\$33,359	7%	\$834	yes	\$135,324	no	12%	8%
Transportation and Warehousing	\$46,531	7%	\$1,163	yes	\$188,757	no	32%	27%
Finance and Insurance	\$69,872	6%	\$1,747	yes	\$283,442	yes	61%	64%
Admin and Waste Services	\$32,455	6%	\$811	no	\$131,656	no	11%	7%
Wholesale Trade	\$65,700	5%	\$1,643	yes	\$266,518	yes	56%	60%
Management of Companies	\$88,196	4%	\$2,205	yes	\$357,774	yes	77%	82%
Construction	\$49,671	4%	\$1,242	yes	\$201,495	no	36%	32%
Educational Services	\$34,709	3%	\$868	yes	\$140,800	no	14%	9%
Information	\$62,696	3%	\$1,567	yes	\$254,332	yes	53%	55%
Other Services	\$35,912	3%	\$898	yes	\$145,680	no	15%	10%
Real Estate	\$47,609	2%	\$1,190	yes	\$193,130	no	33%	29%
Arts and Recreation	\$30,706	1%	\$768	no	\$124,561	no	8%	5%
Utilities	\$89,750	1%	\$2,244	yes	\$364,078	yes	78%	82%
Mining	\$91,939	1%	\$2,298	yes	\$372,958	yes	80%	84%
Natural Resources	\$33,862	0%	\$847	yes	\$137,364	no	12%	8%

Source: US Census Bureau's Longitudinal Employer-Household Dynamics, Bureau of Labor Statistics Quarterly Census of Employment and Wages (BLS QCEW), Multiple List Service (MLS), 2014 American Community Survey and BBC Research & Consulting.