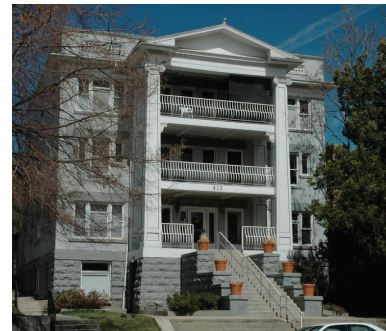


GROWING SLC:

A FIVE YEAR HOUSING PLAN

2017-2021



Salt Lake City
Housing and Neighborhood Development



GROWING SLC: A FIVE YEAR PLAN 2017-2021



Salt Lake City
Housing and Neighborhood Development

ACKNOWLEDGEMENTS

MAYOR'S ADVISORY COMMITTEE

CITY COUNCIL

District 1 – James Rogers

District 2 – Andrew Johnston

District 3 – Stan Penfold; 2017 Council Chair

District 4 – Derek Kitchen

District 5 – Erin Mendenhall

District 6 – Charlie Luke; 2017 Council Vice Chair

District 7 – Lisa Adams

STAFF SUPPORT

Michael Akerlow, Deputy Director, Department of Community and Neighborhoods

Melissa Jensen, Director, Housing and Neighborhood Development Division

Matthew Dahl, Deputy Director, Housing and Neighborhood Development Division

Sean Murphy, Policy Manager, Housing and Neighborhood Development Division

VODA, policy consultants

Mark Morris, director

Laura Bandara, associate

Publication Date: 18 July 2017

TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	9
2.	RESPONDING TO THE CRISIS: COMPREHENSIVE SOLUTIONS & POLICIES	15
3.	GUIDING POLICY	35
4.	HOUSING CRISIS	37
5.	SNAPSHOT SALT LAKE CITY	45
6.	CONCLUSION	57

APPENDIX	61
-----------------	-----------

APPENDIX A: HOUSING MARKET STUDY

APPENDIX B: HOUSING CHOICE SURVEY

APPENDIX C: SALT LAKE CITY'S DOWNTOWN RENTAL MARKET:
PAST, PRESENT, AND FUTURE

APPENDIX D: AFFORDABLE HOUSING FINANCE WORKING GROUP REPORT &
RECOMMENDATIONS

A MESSAGE FROM THE MAYOR

Driven by the vision of finding opportunity to create housing, which is safe, secure, and enriches lives and communities, my administration's team at Housing and Neighborhood Development has been working to build Salt Lake City's first housing plan since 2000. The result of this work is found here in Growing SLC: A Five Year Housing Plan.

Growing SLC acknowledges that it is a moral imperative to ensure Salt Lake City is a community where all people, regardless of race, age, economic status, or physical ability can find a place to call home. We are not simply focused on numbers, but in laying groundwork across the City to support and foster affordable housing.

This five-year implementation plan will help Salt Lake City address the root causes of affordability, create long-term solutions for increasing needed housing supply, and expand opportunities throughout the City, while resolving systemic failures in the rental market, and preserving our existing units.

To achieve these critical goals we must reform City practices to promote a responsive, affordable, high-opportunity housing market. This will require bold, but equitable, changes to existing City policies and procedures.

If we are to truly make an impact, these must include removing local barriers; which limit density, prohibit needed housing types, and create development burdens. All of this contributes to the supply deficit, and worse, economic segregation in the City.

At the heart of Growing SLC is also opportunity to work with community partners to design and build new high-quality, innovative, and affordable homes throughout every part of the City. Salt Lake City has a long tradition of working with public and private partners to fund, design, and construct affordable housing, and it is through these partnerships that the goals outlined in Growing SLC will be addressed.

Growing SLC affirms Salt Lake City's commitment to equity. To ensure that everyone has access to the housing they need to grow and thrive, the City must empower our residents with the tools and education they need to exercise their rights as renters and homeowners.

The true test of any plan lays not in its preparation, but in its implementation. Resolving the crisis will require a community wide effort to embrace change and do what is necessary to ensure that we are always aspiring to be a community of hope, equity, and opportunity.



A handwritten signature in black ink that reads "Jacqueline M. Biskupski". The signature is fluid and cursive, with a large, stylized initial 'J'.

Jacqueline M. Biskupski

Mayor

Message from the Housing and Neighborhood Development Division



Michael Akerlow, Deputy Director
Department of Community and
Neighborhoods

Today, too many in our community are faced with impossible decisions and uncertain circumstances. Households are choosing between food and rent, while feeling the harsh reality of rising housing costs and limited wage growth. In the face of these challenges, Housing & Neighborhood Development (HAND) sees the opportunity to find meaningful and lasting solutions that have the ability to bring stability to all of our residents. That stability, first and foremost, comes from housing that is safe and secure, housing that is affordable, and housing that enriches our communities. We proudly present **“Growing SLC: A Five Year Plan 2017-2021”** as a response to the challenges of our community and as a reflection of our commitment to our mission of enhancing livable, healthy, and sustainable neighborhoods.



Melissa Jensen, Director
Housing and Neighborhood
Development Division

This plan proposes a fundamental shift to how housing is prioritized in the City, as well as a broad restructuring of City process and a commitment to long-term funding. The plan outlines a thoughtful strategy for ensuring long-term affordability and preservation that continues to enhance neighborhoods, while balancing their unique needs. Moreover, it considers that as we grow we must build, but build thoughtfully, in a way that is sustainable, equitable, and durable.



Matt Dahl, Deputy Director
Housing and Neighborhood
Development Division

Over the years, HAND has derived its success and strength from public and private partnerships that have educated our team, built successful projects, and reached out to help those most in need. The implementation of this plan will require those same partnerships to ensure that we are leveraging the brightest minds and maximizing every dollar. HAND has taken bold steps to address the housing crisis and Salt Lake City is committed to working in a thoughtful and deliberate fashion to ensure that as the plan is implemented our stakeholders guide and inform the process. We cannot achieve these goals alone and welcome the participation of our nonprofits, developers, financial institutions, businesses and residents to join us in making Salt Lake City a place where everyone can live.

This plan is an opportunity. An opportunity to respond where the market has failed and to stay true to our values of inclusiveness and innovation. We must embrace the opportunity that exists in the challenges ahead and we look forward to your help, commitment, and partnership over the next 5 years.

1. EXECUTIVE SUMMARY

Universally, the home is the bedrock upon which every person builds the foundation of their lives. The home is fundamental to establishing roots in a community and achieving a basic sense of safety, security, and stability for those that live within its walls. It is when these basic needs are met that people have the ability to take a risk and improve their situations, to contribute socially, culturally, and economically, and build a better community.

In recognition of the role that housing plays in the success of the individual and the community, this plan is intended to establish that **Salt Lake City is a place for a growing diverse population to find housing opportunities that are safe, secure, and enrich lives and communities.** This plan outlines the housing solutions through which Salt Lake City will advance this vision. This plan imagines a city where all residents, current and prospective, regardless of race, age, economic status, or physical ability can find a place to call home. To achieve this goal, the City's housing policy must address issues of affordability at the root cause, creating long-term solutions for increasing the housing supply, expanding housing opportunities throughout the city, addressing systemic failures in the rental market, and preserving our existing units.

Salt Lake City is growing. From 2010-2014, the city gained 4,400 new residents, doubling the pace of growth that was recorded between 2000 and 2010. Estimates anticipate that this growth will continue, adding an additional 30,000 residents by 2030. Salt Lake City's current population of 190,873 people consists of 75,923 households. **The average household in Salt Lake City includes 2.45 people, with 52% of the households being comprised of families.**

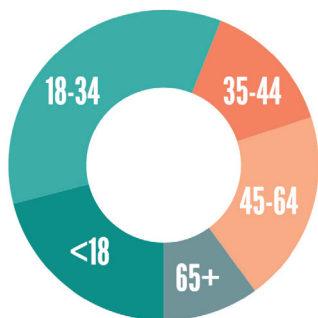
Salt Lake City's population includes unique characteristics, notably a high proportion of millennials and minority groups and a low proportion of seniors. Post-college aged millennials (age 25-34) account for 21% of the population,

SALT LAKE CITY HOUSING PLAN AT-A-GLANCE

Policy solutions over the
five year period of this
plan will focus on :

- (1) UPDATES TO ZONING CODE
- (2) PRESERVATION OF LONG-TERM AFFORDABLE HOUSING
- (3) ESTABLISHMENT OF A SIGNIFICANT FUNDING SOURCE
- (4) STABILIZING LOW-INCOME TENANTS
- (5) INNOVATION IN DESIGN
- (6) PARTNERSHIPS AND COLLABORATION IN HOUSING
- (7) EQUITABILITY AND FAIR HOUSING

Salt Lake City Residents by Age, 2014



Nearly 4 of every 10 Salt Lake City residents is an adult millennial (between 18 and 34 years old).

Source: BBC Housing Market Study, 2016

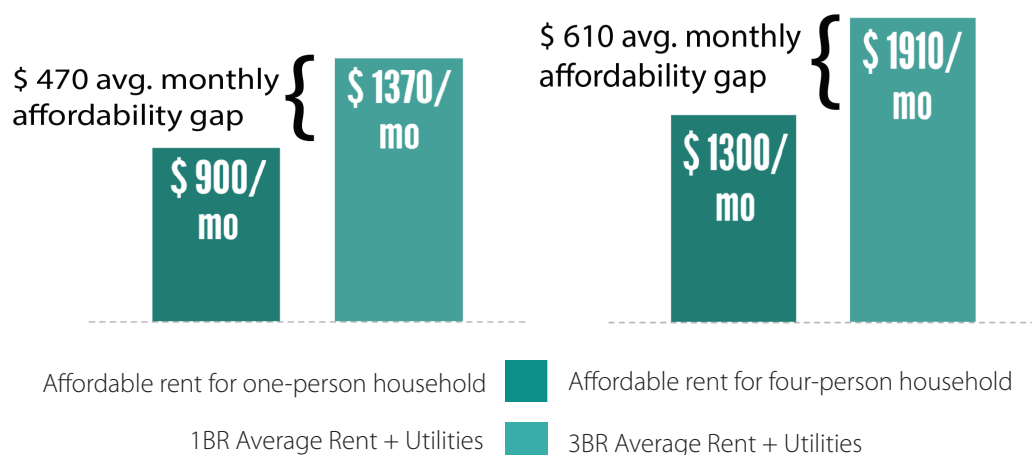
which is higher than peer cities such as Boise (14%) and Portland (19%) and on par with cities like Denver and Austin (both 22%). Additionally, minority groups make up approximately 35% of the city's population, of which one-fifth of the total population identify as Latino. The majority of these groups live west of Interstate 15. Conversely, Salt Lake City has an unusually low population of seniors, with those age 65 and older only accounting for 10% of the population. These demographic characteristics are important to understanding the unique housing wants and needs of the population as a whole. Each generation has different ideas and behaviors that influence their decisions at each stage of life, and in the aggregate create the demand for housing that the city is currently experiencing.

Salt Lake City is in the beginning stages of a systemic housing crisis that highlights the shortcomings of the multi-year economic rally. While many factors have contributed to the housing crisis, at its root is the demand for housing in Salt Lake City driving up home prices and rental rates at a faster pace than wage increases. Between 2011 and 2014, rental rates increased two times faster than the wage increase for renters. Additionally, home sale prices increased four times faster than the wages of homeowners. Unabated, this trend will impact greater numbers of low- and middle-income residents of the city every year pushing out those that make it diverse and dynamic and fill critical roles and occupations in our communities

The growing disparity between wages and rental rates will create greater instability in the lives of low-income households. There is currently a 7,467 unit deficit for the 12,624 residents living in poverty and making \$20,000 per year or less. In the absence of these units which provide predictable, affordable housing, people are forced to live in unclean, crowded, and unsafe conditions, or forced into homelessness. These residents require a rental rate of \$500 per month or less or the burden of housing becomes overwhelming. Today, 49% of renters and 22% percent of homeowners in Salt Lake City spend more than 30% of their income on

Salt Lake City Average Rents vs. Affordability (80% AMI)

(source: CBRE 2016)



housing. Additionally, 24% of renters are severely cost-burdened, spending more than 50% of their income on housing. For those already living in poverty, being cost burdened by their housing can result in having as little as \$500 remaining each month to cover all other costs, including food and healthcare. These groups are also likely to miss rental and mortgage payments, placing the stability of their home in jeopardy. Such a burden has significant impact on children and their lifetime potential for success. Children that are hungry, move frequently, and experience high stress environments at home are less likely to perform well in school, which in turn can contribute to the intergenerational impacts of cost-burdened households and poverty.

The housing crisis also impacts middle-income households.

The historically low vacancy rate of 2% in Salt Lake City has driven prices up in every neighborhood. In many cases, middle-income households are forced to make the decision to locate in neighborhoods that they would not otherwise choose, take on greater amounts of debt, or move to another community. In August 2016, Salt Lake City conducted the Salt Lake Live Work Survey, which included people that commuted into the city for work. Among these commuters, 52% indicated that they would consider living in Salt Lake City if housing were more affordable. Salt Lake City's population grows by 60% every day from in-commuters, which creates significant stress on our transportation network and the environment. Providing more affordable options could greatly reduce these impacts, which are shared by all residents.

Exacerbating the housing crisis are local barriers to housing development.

These barriers, such as density limitations, prohibitions on different types of housing, and other development regulations, have contributed in part to a general supply deficit and economic segregation. Many of these regulations were created at a time of population contraction. For example, much of the east side of the city is zoned for single-family scale development, which significantly reduces the number of residential units that can be built and drives up prices for the limited supply that is available. While the current building boom is in part supported by improvements in land use regulations that were made throughout the last decade, the expanded application of these improvements, as well as further modernization, is required to reduce local barriers and create more housing opportunities throughout the city for low and moderate income households. The removal of these barriers will not solve the housing crisis on its own. Without well-crafted policies and additional incentives, creating greater flexibility could result in the displacement of affordable housing. However, if done correctly, the removal of local barriers is fundamental to opening up neighborhoods with quality infrastructure, as well as strong educational, social, economic, and culture networks

WHAT IS "AFFORDABLE" HOUSING IN SLC?

Housing and utilities for a renter and monthly mortgage payment and housing expenses for a homeowner **should be less than 30%** of a household's gross monthly income.

A single person household in Salt Lake County has an Area Median Income (AMI) of \$51,690; the AMI for a family of four is \$73,800.

Affordable housing for a single person in Salt Lake City currently earning 60% AMI, or \$41,350, would be a rental costing approximately **\$1,034/month, or a home priced around \$175,000 (est. mortgage \$824/mo + taxes and insurance).**

Affordable housing for a Salt Lake City family of four earning 80% AMI, or \$59,050, would be a rental costing about **\$1,476/month or or a home priced around \$265,000 (est. mortgage \$1,193/month + taxes and insurance).**

Source: Salt Lake County Community Resources and Development (2016 Area Median Income).

and institutions, to low- and moderate-income households. Raj Chetty, a professor of Economics at Stanford University and co-author of “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project,” found that children that move to neighborhoods with less poverty will have a higher earning potential than their peers. While earning potential is not the only measurement of success, it is an indicator that policies that effectuate economic segregation also contribute to intergenerational poverty. It’s critical that these barriers be removed to create greater opportunity for the residents of Salt Lake City and contribute to further breaking down the systems that perpetuate poverty in our community.

In addition to locally created barriers, resolving the housing crisis will also require addressing the economic inequities in the market.

This includes providing financial assistance to renters, programs to support home-ownership, financial incentives for developers, and risk mitigation for landlords, with the end goal of decreasing the cost of renting or owning a home for low- and moderate-income households and increasing the amount of funding they have available for rent and mortgage payments. These fixes are not inexpensive, and will require a long-term and sustainable funding source. The development of such a funding source will require support from the community and a network of committed local partners.

The systemic affordable housing crisis has implications for every Salt Lake City resident and business.

While the unique needs of our vulnerable population such as those with disabilities, refugees, or people experiencing homelessness are not specifically addressed, this plan creates a flexible framework that can address the needs of these groups as they too search for affordable housing options. Resolving the crisis will require a community wide effort to embrace change and develop a willingness to invest a little to change a lot. The following are the housing goals and objectives established in this plan. Through these goals and objectives, Salt Lake City will work to remove local barriers to housing development, address economic conditions that prevent the development and preservation of affordable housing, and support access to affordable housing for all Salt Lake City residents.

Goal 1: Reform City practices to promote a responsive, affordable, high-opportunity housing market.

Objective 1: Modernize land-use and zoning regulations to reflect the affordability needs of a growing, pioneering city.

Objective 2: Remove impediments in City processes to encourage housing development.

Objective 3: Lead in the construction of innovative housing solutions.

Objective 4: Provide residents, community advocates, business leaders, and elected officials with high-quality data to drive decision-making.

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

Goal 2: Increase housing opportunities for cost-burdened households

Objective 1: Prioritize the development of new affordable housing with an emphasis on households earning 40% AMI and below.

Objective 2: Pursue funding for affordable housing opportunities.

Objective 3: Stabilize very low-income renters.

Objective 4: Secure and preserve long-term affordability.

Objective 5: Work with landlords to improve their housing stock and rent to very low-income households earning 40% AMI and below.

Objective 6: Increase home ownership opportunities.

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

Goal 3: Build a more equitable city.

Objective 1: Eliminate incidences of housing discrimination in Salt Lake City.

Objective 2: Align resources to create areas of opportunity

Objective 3: Implement lifecycle housing principles in neighborhoods throughout the city.

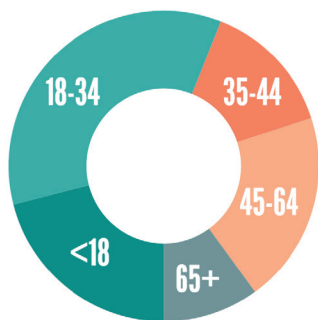
GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

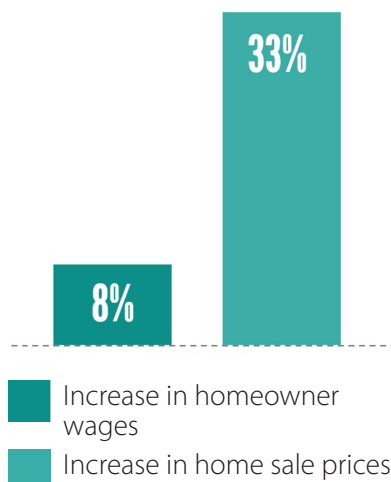
SNAPSHOT SALT LAKE: SUMMARY

Salt Lake City Residents by Age, 2014



Source: BBC Housing Market Study, 2016

Wage Increase vs. Home Sale Price Increase 2011-2014



Source: BBC Housing Market Study, 2016

Salt Lake City Workforce



Source: BBC Housing Market Study, 2016

Nearly 4 of every 10 Salt Lake City residents is an adult millennial (between 18 and 34 years old). **Demand for housing in walkable neighborhoods and non-single family housing types by this demographic will drive the housing market for the next decade.**

In addition, similar housing choice preferences among the Baby Boomer cohort as they retire will put added pressure on urban types of housing development.

Nearly **one-half of all renters in Salt Lake City are cost-burdened**, and nearly one-quarter are extremely cost-burdened (spend more than 50% of income on rent)

Homeowners in Salt Lake City are increasingly cost-burdened. **Wages over the last 5 years have not nearly kept pace with the average home sale price in the city.**

With an **average annual cost in Utah of more than \$18,000 to own and operate two cars per household**, the option of transit access can have a major impact on the financial stability of a cost burdened household. It is imperative that new housing be constructed in the right locations of the city.

(Source: Utah Business)

Salt Lake City has a very high in-commuter percentage as a portion of the city's total workforce relative to comparable cities. Of those surveyed, **52% of in-commuters would consider relocating to Salt Lake City if housing were more affordable.** (Salt Lake Live Work Survey, 2016)

Cost-burdened City



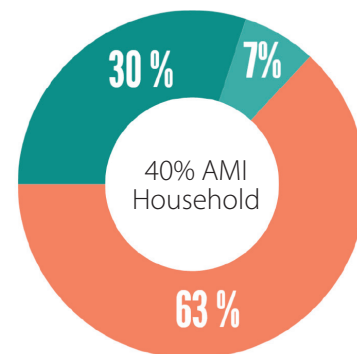
Not cost-burdened



Cost-burdened & Extremely Cost-burdened

Source: BBC Housing Market Study, 2016

Monthly Cost Burden of Housing + Transportation



Housing Costs
Costs for 2 Cars
Remaining budget ~\$2,000/year

2. RESPONDING TO THE CRISIS: COMPREHENSIVE SOLUTIONS & POLICIES

Salt Lake City is witnessing tremendous growth as households are expanding and new housing is being developed. The vision of this plan, that Salt Lake City is a place for a growing diverse population to find housing opportunities that are safe, secure, and enrich lives and communities, recognizes the changing nature of the city, and provides the foundation for creating goals and strategies to manage the housing needs of tomorrow. The following pages outline the housing goals, objectives and strategies through which City departments and divisions, and public and private partners can achieve the outcomes identified in Plan Salt Lake and the Comprehensive Housing Policy adopted by the Council in February 2016.

GOAL 1: INCREASE HOUSING OPTIONS: REFORM CITY PRACTICES TO PROMOTE A RESPONSIVE, AFFORDABLE, HIGH-OPPORUNITY HOUSING MARKET

GOAL 1: REFORM CITY PRACTICES
GOAL 2: AFFORDABLE HOUSING
GOAL 3: EQUITABLE & FAIR HOUSING

In order to respond to Salt Lake City’s changing demographics and the housing needs of its diverse communities, it is critical to begin to look within the City for real and responsive change that will encourage the market to develop the housing and infrastructure needed to accommodate our growing community. This goal focuses on the need to increase the diversity of housing types and opportunities in the city by seeking policy reforms that can enhance the flexibility of the land-use code and create an efficient and predictable development process for community growth. Strategic policy decisions that integrate the transportation system, development related infrastructure, financial institutions, and data, as well as innovative design and construction methods, can break down social and economic segregation, thus building a city for everyone.

GOAL 1: REFORM CITY PRACTICES
GOAL 2: AFFORDABLE HOUSING
GOAL 3: EQUITABLE & FAIR HOUSING

Objective 1: Modernize land-use and zoning regulations to reflect the affordability needs of a growing, pioneering city

Plan Salt Lake's Existing Conditions report shows that the City has not had a significant update to its zoning code since the mid-1990s. Land use decisions of the 1990s came about as a reaction to the gradual population decline that occurred over the preceding three decades. Conversely, the city's population has grown by 20% in the last two decades, (the fastest rate of growth in nearly a century) presenting a need for a fundamentally different approach. Household type and makeup has also significantly changed to reflect smaller household sizes in the city. A concentrated zoning and land use review is warranted to address these critical issues.

1.1.1 Develop flexible zoning tools and regulations, with a focus along significant transportation routes.

In order to respond to the demographic shift described above, modernizing zoning is key not only to catching up with the demand, but creating housing that responds to every stage of life whether just starting out or downsizing later in life. Immediate strategies that will be pursued for greatest impact include improving or expanding on zones that have supported recent housing development, including the Transit Station Area (TSA), Residential Mixed-Use (R-MU), Sugar House Business District (CSHBD), Gateway Mixed-Use (GMU), Central Business District (D-1), Downtown Warehouse/Residential District (D-3), and new form-based zones (FBUN), as well as creating in-fill ordinances that allow for greater density in existing neighborhoods, offering owners the option to subdivide large parcels to increase the utility and value of their land, removing impediments to innovative construction types, such as accessory dwelling units, and reducing parking requirements to bring down the cost of developing new housing units.

Form-based zoning is not the only zoning tool that can support new housing growth, but it has many benefits, including allowing the City and residents to determine what height, depth, and general shape a building should be, thus allowing the private market to decide the best use of that space. Form-based zoning has been piloted in select neighborhoods around the city, including the Central 9th neighborhood, and has proven a successful tool for creating regulatory flexibility that supports new development, while ensuring that neighborhood character is preserved and enhanced. This has been accomplished by ensuring that the form of a building fits into the neighborhood surrounding it, rather than focusing regulation on the specific use of that building as traditional zoning code requires.

Expanding this system of zoning with a focus on new residential and commercial development along transportation corridors will allow the private market to fill the housing demand where the city needs it most. . To ensure that the maximum potential of these regulatory changes is realized, the City will need to plan, design, fund, and construct the infrastructure that will be required to support the increases in residential density. This will require significant and targeted investment in multiple utility systems and other public improvements. Where possible, the City will seek public-private partnerships to fund the infrastructure improvements.

1.1.2 Develop in-fill ordinances that promote a diverse housing stock, increase housing options, create redevelopment opportunities, and allow additional units within existing structures, while minimizing neighborhood impacts.

In-fill ordinances provide both property owners and developers with options to increase the number of units on particular parcels throughout the city. Such options would also help restore the “missing middle” housing types whereas new construction has principally been limited to single-family homes and multi-story apartment buildings for decades. Missing middle housing types are those that current zoning practices have either dramatically reduced or eliminated altogether: accessory dwelling units, duplexes, tri-plexes, small multi-plexes, courtyard cottages and bungalows, row houses, and small apartment buildings. Finding a place for these housing types throughout the city means more housing options in Salt Lake City.

Apart from traditional infill ordinances, responding to the unusual age, form, and shape of housing stock should be addressed and leveraged to add incremental density in existing structures. This would include options for lot subdivision where there is ample space to build an additional home on a property or alternatively expand rental opportunities in existing structures. This solution responds to the strong preference for single-family homes that was captured in the Salt Lake Live Work Survey. Allowing land owners to subdivide their large, underutilized lots creates a path to building more single family homes in a city that has limited space left for them under its current land-use regulations.

While lot subdivision responds to some of the single-family home demands, the expansion of rental opportunities in existing structures is another strategy to meet affordability needs and increase access to opportunity. Allowing owners to subdivide large homes into apartments could be a solution resulting in rent rates closer to \$500 - \$600 per unit based on current market examples. Older homes throughout the city that were dissected into apartments have been grandfathered

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING



Encouraging in-fill housing like this multi-unit building throughout the city means more people are able to find homes in Salt Lake City. (Image: Atlas Architects)

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING



Because the land is already owned, the production cost on these small, inexpensive units is reduced even further, making ADUs the most cost-effective method of new construction for small housing units. (Image: Pacific Residential Mortgage)

in through a unit legalization process. That ordinance is designed to increase the safety of those existing units, not increase the total number of available units. It allows large homes with existing apartments to become legal if certain criteria are met, but there is no streamlined mechanism that allows additional units to be built within existing structures such as large homes or apartment complexes. Allowing property owners to subdivide those existing structures to add new units within them could boost the total number of inexpensive rental units on the market without affecting the scale of development in a neighborhood. Such an ordinance could actually create more units on the market without demolishing or constructing any structures.

1.1.3 Revise the Accessory Dwelling Unit ordinance to expand its application throughout the city and develop measures to promote its use.

Accessory dwelling units (ADU) will contribute to creating a range of housing options throughout the city. These units, typically 500-600 square feet in size, fit on existing properties, usually behind single-family homes. The production cost on these small, relatively inexpensive units is reduced, because the price of land is removed from the equation. This model also allows for households to accommodate their changing family needs, perhaps housing a student or aging parent. Financing of these units may be the biggest barrier, however it is intended that the new ordinance be rolled out with City approved building plans, financing options, and a clear internal process.

The ordinance should focus on three principles:

Design standards should ensure the unit integrates with the neighborhood.

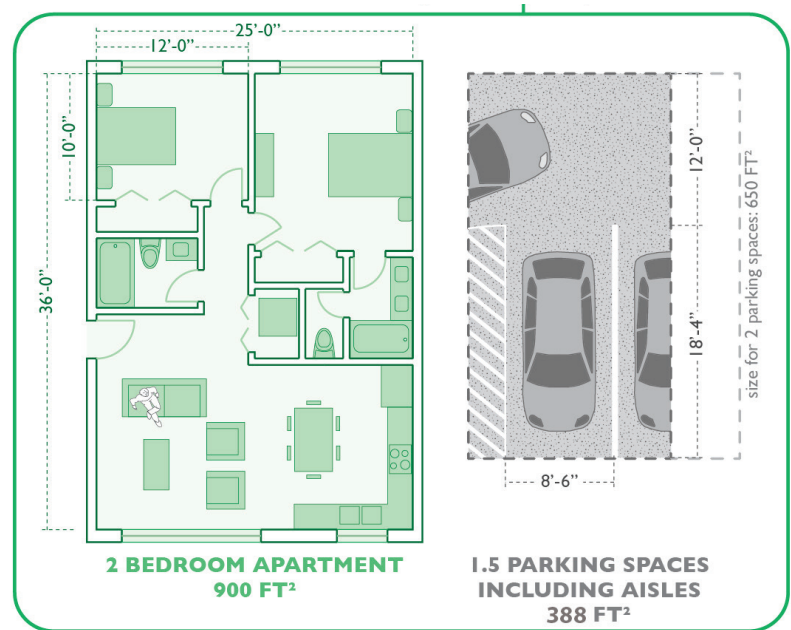
Units should not be restricted to certain neighborhoods in the city and should not be tied to fixed transit locations.

The owner of the property should not be required to live on the property.

1.1.4 Reduce parking requirements for affordable housing developments and eliminate parking requirements where it makes sense for community and neighborhood development.

The City's parking requirements for new development have been identified by numerous local housing developers as a hurdle to keeping rents low in their projects. Reforming parking regulations has also been identified as a prerequisite

for reducing housing costs by policy analysts across the country. The opportunity and construction costs associated with constructing surface or structured parking can be extremely expensive, running as high as \$50,000 per parking stall. This expense subsequently adds hundreds of dollars to the rental rates for a development. This financial impact, paired with financial institutions hesitancy to loan money on projects with limited parking, will require a flexible and strategic approach from the City. This means that parking requirements will be based on the needs of each neighborhood. Further, this same approach will be utilized for transit-oriented development. City parking requirements for new development in transit-rich areas will be significantly reduced or eliminated to reduce the cost of construction and ultimately reduce apartment rental prices.



Minimum parking requirements focus more funding and resources towards storing cars than to housing. (Image source: Sightline Institute).

Objective 2: Remove impediments in City processes to encourage housing development

The City consistently hears that internal permitting and licensing procedures add to the total cost of all projects, especially affordable housing developments. Adjusting this process to incentivize affordable units may serve as an incentive for housing developers to engage with the City on how to integrate affordability into projects. Further, the savings from fee waivers and time could function as a subsidy for some developers, increasing the number of affordable units throughout Salt Lake City.

1.2.1 Create an expedited processing system to increase City access for those developers constructing new affordable units.

To encourage the construction of affordable units, the City will create an expedited administrative process that will oversee the permitting, licensing, and inspection process of projects that meet a minimum threshold of long-term affordable units. Providing developers who build affordable units with a fast-tracked permitting process will decrease the cost of those projects, increasing the likelihood that such projects make it to the market.

The process will empower the administration with the authority to waive fees and expedite City procedures.

GOAL 1: REFORM CITY PRACTICES
GOAL 2: AFFORDABLE HOUSING
GOAL 3: EQUITABLE & FAIR HOUSING

Objective 3: Lead in the construction of innovative housing solutions

Reducing regulation and decreasing processing times are two examples of reform the City needs to lead in, but the value of actually constructing new housing will stimulate local development and cannot be overlooked. One of the most important areas that the government can and should influence the private market is in pioneering technologies that provide a long-term public benefit, but that must first be “proven.” Additionally, the City must provide examples of how affordable housing can incorporate high-quality exterior design that is durable, aesthetically appealing, and neighborhood compatible. Quality design is particularly important, because it is often the few poorly designed developments that are remembered and create negative expectations for future developments.

1.3.1 Lead in the development of new affordable housing types, as well as construction methods that incorporate innovative solutions to issues of form, function, and maintenance.

Through the City’s Housing Innovation Lab the City will seek opportunities to incorporate green technologies and innovative construction methods that use fewer natural resources and lower consumer’s utility costs when developing new housing units. Additionally, the City will support the development of new or underutilized housing types that meet the unique needs of the diverse communities that live in Salt Lake City. By contributing the development of well designed and built homes that serve the needs of the community the City will improve the housing stock for future residents.

1.3.2 Establish partnerships with housing industry leaders to construct innovative and affordable developments.

Two entities within the City are currently working to fill this need. The Redevelopment Agency has a proven record of utilizing innovative land-use policies, such as the City’s Form Based Urban Neighborhood Zone, and working with private partners to develop new housing types, including accessory dwelling units and cottage homes. The City’s Housing Innovation Lab located in the Housing and Neighborhood Development division also works with public and private partners to develop single-family homes and mixed-use projects to encourage the next generation of housing innovations. In the past year, the Housing Innovation Lab has undertaken a variety of projects with the goal of spurring innovation:

- Design Build Salt Lake: Design Build Salt Lake is a partnership between

the City and the University of Utah with the goal of building high-quality homes that are sustainable and affordable. As part of the program, students will assess the development potential of small City-owned parcels, prepare construction plans, and work with the City to build new homes.

- **Emery Passive House:** In 2016, as part of the Housing Innovation Lab, Salt Lake City constructed a solar-ready passive home at 381 South Emery Street. The 2,100 square foot home includes four bedrooms, 2 ½ bathrooms, and a two car garage. The home also incorporates innovative design features with goal of minimizing utility expenses. These features include cutting edge insulation products and techniques, and advanced mechanical systems.
- **Housing Innovation Competition:** In 2016, Salt Lake City held the Housing Innovation Competition, which sought two teams to design and build high-quality, innovative, and affordable homes on City-owned property.

It is imperative that the City continue to work with its partners to spread the innovative designs and constructions methods that come from their projects, so housing that is sustainable, functional, and affordable can become the standard in our community.

Objective 4: Provide residents, community advocates, business leaders, and elected officials with high quality data to drive decision-making

In order to measure the success of any of the objectives outlined above and below, the City will need to focus on accurately monitoring and reporting its progress as it implements this plan. Consistent and timely monitoring can also be used to assess impact and necessary changes that may be warranted by evolving market conditions.

1.4.1 Maintain a public-facing set of housing metrics to provide insight into market characteristics and the performance of regulatory changes that will drive decision making.

Ultimately, this effort will allow the public, advocates, private businesses, and elected officials the ability to participate in and hold the City accountable to this Plan. In order to accomplish this objective stakeholders must have access to

GOAL 1: REFORM CITY PRACTICES
GOAL 2: AFFORDABLE HOUSING
GOAL 3: EQUITABLE & FAIR HOUSING

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

meaningful and understandable information such as:

The current rate of housing unit production

The impact zoning changes are having on housing unit production

The full cost of housing development for every housing type

GOAL 2: AFFORDABLE HOUSING: INCREASE HOUSING OPPORTUNITIES AND STABILITY FOR COST-BURDENED HOUSEHOLDS

This aggressive goal is dedicated to serving and addressing the needs of those most vulnerable in our community. It is driven by a strong belief that housing stability is good for the entire city, adding income to small businesses, creating food stability for children, and allowing residents to enrich their neighborhoods. Salt Lake City needs to pursue a combination of strategies outlined in the objectives below to achieve this goal. There is no singular initiative that will resolve this crisis, it must be addressed with a range of strategies to best fit the diverse needs of our entire community.

To that end, over the last several years, City staff has focused on understanding how growth in the local economy has affected its most cost-burdened households. As this understanding grew, the City developed a strategy for allocating federal funds that would result in the greatest impact to these households. That initial effort culminated in the 2015-2019 Consolidated Plan, "Neighborhoods of Opportunity". Unfortunately, the total amount of those federal grants is insufficient to cover the city's need for affordable housing assistance. What is more troubling is that the funds are consistently decreasing.

If the City is going to increase the chances that cost-burdened households will weather the housing crisis, it needs to increase funding for housing development, preservation, and assistance programs.

Objective 1: Prioritize the development of new affordable housing with an emphasis on households earning 40% AMI and below

Recognizing the growing need to identify financing opportunities for new affordable housing, the City convened a Finance Working Group in the Spring



Providing developers who build affordable units a fast-tracked permitting process will decrease the cost of those projects, increasing the likelihood that such projects make it to the market. (Image: VODA)

of 2016, comprised of experts in the finance and development field, to explore feasible solutions to address the affordability gap for those primarily earning 40% of AMI. This resulted in the production of the “Affordable Housing Finance Working Group Report and Recommendations”. The Working Group’s report, available in the Appendix, charts the path for increasing primary financing options for affordable housing across a range of possibilities from those that the City can initiate entirely on its own, to those that will require long-term effort. These recommendations are evident in the following objectives.

2.1.1 Convene a Blue Ribbon Commission for affordable housing comprised of industry experts, advocates, partners, and government entities.

As discussed earlier, collaboration is a key component of mitigating the housing crisis, as such the need for ongoing community leadership and guidance is critical to arriving at robust and locally-relevant solutions. Under the Mayor’s leadership a Blue Ribbon Commission, comprised of policy and industry leaders, will evaluate the best ways in which to leverage a variety of resources, while focusing on some of the city’s most challenging housing issues. This group will also be able to look at the issue without geographical constraints, cultivating partnerships across jurisdictions and with a variety of public and private organizations.

2.1.2 Consider an ordinance that would require and incentivize the inclusion of affordable units in new developments.

The need for large scale inclusion of affordable housing has driven the exploration of an inclusionary zoning (IZ) policy. Such practices fit into a larger theme surrounding a comprehensive strategy to increase affordable housing throughout the city and increase the available housing stock across the “affordable” spectrum. While the greatest need for housing is at the Extremely Low and Very Low Income levels, there is housing need across a broad income spectrum. Inclusionary zoning programs refer to local land use ordinances that require or encourage developers to include affordable units in new residential developments, creating mixed income communities. Affordability is often achieved through an indirect subsidy to residential developers—including through increased development capacity or other accommodations during the development review process—and therefore the public cost of generating affordable homes can be relatively low. The Housing and Neighborhood Development Division’s staff have produced an analysis (see full report in the Appendix) of how an inclusionary zoning program may be structured, namely identifying the need for an incentive to be paired with any requirement therefore easing the financial burden on developers while increasing the likelihood

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING



9TH EAST LOFTS AT BENNION PLAZA

444 South 900 East
Salt Lake City

54 Affordable Units
68 Total Units

The 9th East Lofts at Bennion Plaza, in which 80% of units are affordable, opened in 2017. Located just steps from the 900 East TRAX station, and in walking distance of shops and restaurants, the 9th East Lofts at Bennion Plaza are midway between Downtown and the University.

Salt Lake City’s Housing Trust Fund provided a \$ 750,000 loan to develop this apartment complex.

Image: Method Studio

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

for partnership. This strategy could eliminate the common criticisms of inclusionary programs related to slowing overall development and unduly increasing costs for developers who simply pass those costs on to consumers.

2.1.3 Offer incentives to developers of affordable housing such as land discounts and primary financing options.

Many of the primary financing options for affordable housing, such as tax credits and loan programs, are not meeting current funding needs. While the Salt Lake City Housing Trust Fund plays a critical role by providing low interest debt, the need for affordable housing funding continues to increase overall. As the strategies in this plan are deployed, funding sources will need to increase their capacity and their flexibility in order to incentivize new development. In addition to conventional financing, the use of land “write-offs” and other non-traditional methods of incentive will be incorporated when developing available City-owned land. While this is a common practice of the RDA and Housing and Neighborhood Development Division, the practice will be expanded and policy should require long-term affordability and increased affordability compliance measures.

Objective 2: Pursue funding sources for affordable housing opportunities

There is no greater need than to identify a long-term sustainable and predictable funding source. There is no one-size-fits-all approach to addressing the housing crisis. A diverse set of tools and menu of options is needed. There is no current policy or subsidy that has the capacity to address the affordable housing crisis. If this is neglected it will result in a deepening crisis that will have lasting consequences. Current financing programs, like the tax credit program mentioned above, and grants are insufficient to meet demand and are a diminishing pool of resources with extremely burdensome regulatory barriers. This environment drives the objectives below, which target not only a funding source, but a new way of deploying resources quickly and efficiently to meet the unique needs of current and future residents.

2.2.1 Propose a significant, long-term, and sustainable funding source for the development, preservation, and stability of affordable housing.

A local funding source needs to be designed in a way that could subsidize new units under an inclusionary program, infuse the Housing Trust Fund’s loan program with capital, purchase and preserve vacant land for future affordable development, offer program assistance, or purchase dilapidated properties for

housing redevelopment projects. Most importantly this funding source would target the difficult task of stabilizing current cost burdened households through an incentivized rent assistance program (this is further outlined in Objective 3).

Such a pool of funding would provide a significant investment that could be structured into a long-term and sustainable fund. No matter which specific initiative these funds would be focused on, it would provide an immediate boost to closing the current affordability gap and providing housing to those households earning 40% AMI and less.

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

2.2.2 Pursue legislative change at the state level that would create opportunities for new incentives and revenue sources.

While Salt Lake City is committed to addressing local issues, there is a realistic understanding that there is a shortage of affordable units in many Wasatch front cities and across the state. To this end there are several mechanisms that should be approached as long term legislative actions, including:

- Tax abatement allowing the City to issue a reduction of a developer's taxes if that developer constructed a certain percentage of affordable units within their project. This could effectively reduce or refund the additional cost associated with constructing the affordable units.
- An impact fee for affordable housing that assesses the impact that new, large construction projects have on overall housing affordability and impose a fee on that new development to offset that impact. These fees are calculated and assessed for other impacts that new growth has on the city, such as streets, parks, police and fire.
- Real estate fees which could consist of a flat fee that generates ongoing revenue to offset the cost of affordable housing. These fees are widely used throughout the nation to mitigate the effects of housing booms much like the one we are experiencing. Communities such as Philadelphia, PA and St. Louis, MO charge fees ranging from \$50-100 for recording certain real estate documents, which generates several million dollars annually.

Any of these initiatives would require state legislative action, and therefore, a coordinated effort with legislators, municipalities and public partners. These efforts will be worked on in collaboration with the Blue Ribbon Commission and the legislature as a whole.

Objective 3: Stabilize very low-income renters

Since there has not been an increase in wages that matches the increase in cost of living the need for additional resources to stabilize very low income renters

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING



616 LOFTS

616 South State Street
Salt Lake City

274 Affordable Units
274 Total Units

Situated south of the downtown business district, 616 Lofts will open in 2017.

The 616 Lofts are two blocks from the Courthouse TRAX stop, and along bus routes with 15 minute headways.

Salt Lake City's Housing Trust Fund provided a \$ 1,000,000 loan to develop this affordable apartment complex.

Image: Wasatch Group

(40% AMI) is a critical piece of a comprehensive solution. Historically, the primary source of stabilization has been the Housing Choice Voucher program, and while it is the foundation of support for those on fixed incomes, the elderly, and many with disabilities, it is also clear that the federal requirements demand a great deal of administration. Additionally, the application of vouchers is not responsive to our local market, and residents can wait years to access this benefit as the availability of vouchers is incredibly limited, therefore the need for a new, outcome based and innovative method of stabilization is long overdue.

2.3.1 Work with housing partners and government entities to create an incentivized rent assistance program.

This strategy gets to the heart of program creation and innovation, assisting families and working with partners to ensure responsiveness to the needs of those seeking assistance through a robust rent assistance program. Under the direction of this strategy the City could utilize its own source of funding, creating guidelines tailored to meet the needs of Salt Lake City residents, taking into account the housing needs, gaps that exist in the community, and the current housing market. The program would have flexibility in a way that incentivizes economic mobility for program participants and reduces dependence on such assistance. It would also allow recipients to live in areas of high opportunity. This would provide households with the opportunity to locate closer to schools of their choosing, their workplace, healthcare facilities, or other amenities that match their needs.

Objective 4: Secure and preserve long-term affordability

As a result of low vacancy rates, rising housing costs, and flattening wages it is not only necessary to create new affordable housing units, but also preserve them in the long term. This need is described in Kem C. Gardner Policy Institute's report on the downtown rental market, which details the tremendous growth of real estate prices downtown, property that is now the most expensive in the state. Downtown also has the densest allowed zoning, the best access to transit, and the greatest number of amenities, making it an ideal location for affordable housing development. However, without tangible preservation tools existing housing affordability is at risk of being lost amidst one of the greatest construction booms Salt Lake City has seen.

2.4.1 Create an Affordable Housing Community Land Trust.

In order to preserve the ability to develop affordable housing in the future, the City will create a Community Land Trust and work with its institutional partners to

purchase land and entrust it for future development. This will ensure that as values continue to rise, there will still be land available to build new affordable housing as the city grows. This mechanism preserves affordability in perpetuity in a way that also ensures housing stock (single and multi-family) is maintained and well taken care of through formalized partnerships.

2.4.2 Work with community partners to acquire hotels and multi-family properties to preserve or redevelop them as affordable housing.

The most cost-effective means of adding new affordable units may be to purchase existing multi-family structures, either hotels and motels or apartment complexes, renovate or redevelop those units, and partner with a local housing operator to manage the properties. Vacant, abandoned, and underutilized properties pose safety risks to the public, place a strain on the City's resources, and detract from neighboring property values. The City will identify these properties and purchase them for redevelopment, while preserving long-term affordability. The City will work with partners to acquire, redevelop and ensure long-term affordability, and also explore opportunities to acquire or partner in the redevelopment of aging public housing facilities and tax credit funded developments that are nearing the expiration of their affordability restrictions.

2.4.3 Structure renovation programs to reduce utility, energy, and maintenance costs while promoting healthy living.

As the housing stock continues to age, especially for homeowners, rehabilitation and energy efficiency upgrades will be central to long term community preservation. The City's home repair programs provide efficiency upgrades that decrease the long-term cost for households earning modest incomes. Continued development of these programs can bring stability to households whose utility bills fluctuate considerably over the course of the year as the seasons change. The expansion of these programs will be essential in improving and maintaining Salt Lake's multi-family and single family units.

Objective 5: Work with landlords to both improve their housing stock and rent to very low-income households

Throughout Salt Lake City, the age and condition of the housing stock is varied with some rental properties being maintained and improved, while others slowly deteriorate causing blight, vacancy and increased crime. These poorly-maintained properties are typically rented at lower cost and serve a lower-income population making them de facto affordable housing. However, this stock is not

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

Home Repair Program

Salt Lake City offers home repair loans and technical assistance to homeowners and investors within the city. The images below illustrate the positive impacts the program can achieve for residents and neighborhoods.



GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

rent-restricted and may become unaffordable overnight through changing market conditions and ownership. In addition, such properties are often rented at lower costs serving a low-income population while the conditions of the units are not suited for habitability. This issue is complex as renovation can increase rents and therefore displace current tenants however, the current condition merits significant improvement to be habitable. In order to begin to address a few of these issues the objectives lay out some alternative methods for both serving low-income renters and improving housing conditions.

2.5.1 Support and potentially expand incentives for landlords to rent low-income households, including landlord insurance programs.

Based on both the number of currently homeless individuals in the city and the feedback provided through a workshop at St. Vincent's, there is a great need for more housing options, specifically for those exiting homelessness. The need for affordable options, outside of new development, but within existing neighborhoods is a key piece of equitable distributions of housing and access to opportunity. While community partners have long developed relationships with landlords there is further opportunity to increase those willing to rent to low-income and formerly-homeless populations while also improving the current condition of their property. This may be most propelled by the creation of a landlord insurance program that covers possible damages and other related costs to ease concerns as they relate to individuals who may traditionally be considered hard to house. Adding the incentive of rehabilitation or repair can be used as an engagement and educational opportunity to increase understanding of those who are in most need of housing.

2.5.2 Enhance neighborhood development programs to entice landlords of substandard properties to improve their rental units.

Home repair programs like the one the City operates can be marketed specifically towards landlords whose properties are in need of improvement. In practice, these two concepts would pair nicely together, creating incentives for property improvements and gaining a larger pool of tenants for landlords who are willing to provide rentals to previously-homeless tenants. Partnering with service agencies and engaging landlords through the process will be a critical piece of expanding this program.

In addition, the program will be geared toward landlords who own properties in specific neighborhoods, streets, or nodes where additional City investment is already planned specifically in accordance with Master Plans thereby magnifying the overall impact of efforts in the target area. This process is directly related to the objective of aligning resources to create Areas of Opportunity in Goal 3 below.

Objective 6: Increase home ownership opportunities

As mentioned throughout this plan, Salt Lake City has become an increasingly difficult market in which to purchase a home, quickly becoming out of reach for anyone making less than area median income. One of the underlying issues here is that, along with the compounding effects of longer commute times and increased burden on infrastructure and resources, first-time homebuyers who move out of the city to purchase a home they can afford may never return. The objective below is designed to increase accessibility to homeownership and provide a pathway for families to stay in Salt Lake City.

2.6.1 Increase funding and marketing for affordable homeownership programs.

As noted in the Salt Lake Live Work Survey the primary reason for leaving the Capitol City was related to housing and homeownership options and affordability. Therefore, the increase in funding should be leveraged through an increase in down payment assistance and through increased access to permanent mortgages. Currently, there is a strong infrastructure of agencies that administer housing programs and such partners should be used to expand their current programs and explore new and diverse ways of making homeownership more accessible. In addition, both the City and partners should look to the land trust model to ensure long-term affordability as it applies to homeownership. This approach will ensure that investment benefits generations to come.

GOAL 3: EQUITABLE & FAIR HOUSING: BUILD A MORE EQUITABLE CITY

Equity is not only about eliminating discrimination, it is also about increasing access to opportunity. One of the guiding principles of Plan Salt Lake is create an equitable city by ensuring “access to all city amenities for all citizens while treating everyone equitably with fairness, justice, and respect.” The City will accomplish this by working to eliminate housing discrimination, strategically investing in neighborhoods that stand the most to gain, and building a city that meets needs of a diverse population.

Actively rooting out discrimination in housing is not only a standard that Salt Lake City holds itself to, but it is also a requirement under the U.S. Department of Housing and Urban Development (HUD) administrative ruling of 2015, the

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

Affirmatively Furthering Fair Housing (AFFH)

Interpretations of the recent AFFH administrative ruling and experts on the Fair Housing Act of 1968 point to evidence that economic and racial segregation existing within America’s housing market today are largely an outcome of zoning policies enacted in the 1950s and 1960s.

One of the most powerful tools that localities—cities and towns—possess is zoning control. Since its inception, zoning has been an effective means of eliminating the opportunities for low-income residents to live in high-opportunity neighborhoods.

This clarification on the 1968 law asserts that simply providing protections for individuals who traditionally face discrimination is insufficient in eliminating discriminatory practices. Municipalities must prove that they are actively working to identify and eliminate discriminatory housing practices.

GOAL 1: REFORM CITY PRACTICES
GOAL 2: AFFORDABLE HOUSING
GOAL 3: EQUITABLE & FAIR HOUSING

Affirmatively Furthering Fair Housing rule (AFFH). The City's AFFH plan will be due in 2019. In that plan, the City will need to focus on both identifying discrete acts of discrimination against protected classes, such as documented instances of housing discrimination against persons with disabilities, and policies that create a structure of discrimination, such as residential zoning practices that eliminate the opportunity for low income households to live in high opportunity neighborhoods.

Meeting the City's requirements under the new ruling will help sustain the ongoing effort to create new high-opportunity neighborhoods, which will require alignment across the City's Departments and Divisions. Concentrating the City's investment and its institutional partners' investments in neighborhoods and nodes within those neighborhoods will yield a greater impact with finite funding. Spreading the concept of equity to new development and infrastructure investment also means integrating Lifecycle Housing creating neighborhoods that accommodate every stage of life.

Objective 1: Eliminate incidences of housing discrimination in Salt Lake City

Discrimination grows when market conditions increase competition among renters, and competition is strong and on the rise in Salt Lake City. The Policy Institute reports the competition among new and existing units is incredibly strong: citywide vacancies rates are around 3% while vacancy in new construction is below 2%. Working to increase the housing supply will help decrease competition over time, which may reduce instances of discriminatory housing practices in the long-term, but there are distinct actions the City will pursue to make a direct impact on reducing discrimination.

3.1.1 Utilize data and evaluation efforts developed by partner organizations about housing discrimination to meet the City's requirements under the Affirmatively Furthering Fair Housing ruling.

While Salt Lake City's plan to respond to the Affirmatively Furthering Fair Housing ruling is not due until 2019 it is imperative that actions are undertaken to understand current discriminatory practices and evaluate ways to reduce their occurrence. Many ways in which equity can be established are through policies and zoning as laid out earlier in this plan. During the implementation of this plan special attention will be paid to:

- Ensuring that local zoning policies do not create segregation
- Creating affordable opportunities in high-opportunity neighborhoods

- Directing resources to invest in the lifting up of traditionally low-income neighborhoods
- Utilizing local data about instances of discrimination to steer policymaking
- City staff receives the necessary training to identify discriminatory housing practices and work with community partners to reduce such practices.

These efforts will go a long way to increasing access and creating a more equitable city. There is no doubt that to accomplish this there must be a deepening of the City's relationship with local partners currently working on housing discrimination.

3.1.2 Work with partners to enhance awareness and resources around tenant rights and responsibilities.

Another key aspect of promoting equity is ensuring the community understands and is empowered to expose discriminatory practices and defend their rights as tenants. The importance of this was made abundantly clear through the comments, questions, and stories that were expressed by the attendees at the housing workshop held at St. Vincent de Paul, who were primarily those experiencing homelessness. Through the input provided at the workshop, several specific areas of education were identified as being needed, including how to qualify for programs, what to do in the face of eviction, and tenant rights and responsibilities.

The City will coordinate across local service providers to help inform and guide tenants about their rights and responsibilities. City employees and service providers would then be able to also provide information about services available throughout Salt Lake County that support tenants while also directing individuals to active lists of available properties.

Objective 2: Align resources to create Areas of Opportunity

The City is in the unique position of having acquired a depth of knowledge about neighborhoods and possesses the ability to direct funds to produce the greatest impact in those neighborhoods. A key priority in alignment of resources is ensuring that they create opportunity in underserved neighborhoods or conversely create access to neighborhoods considered areas of opportunity, where residents have access to jobs, healthcare, education, transportation, and other amenities.

3.2.1 Align financial resources to increase access to housing in high opportunity areas.

Access to jobs, quality education, healthcare, fresh food, transportation, and other amenities is key to unlocking the potential of the city's residents to succeed

GOAL 1: REFORM CITY PRACTICES

GOAL 2: AFFORDABLE HOUSING

GOAL 3: EQUITABLE & FAIR HOUSING

St. Vincent de Paul Housing Workshop

November 15, 2016

"We're in a tough position. My daughter collects disability and I am her fulltime caretaker, so I can't hold down a regular job. With her disability payment alone we could just about afford rent, but not first and last month's rent on top. Or a security deposit. If we got help with those, we wouldn't be out here on the street."

-Workshop Participant

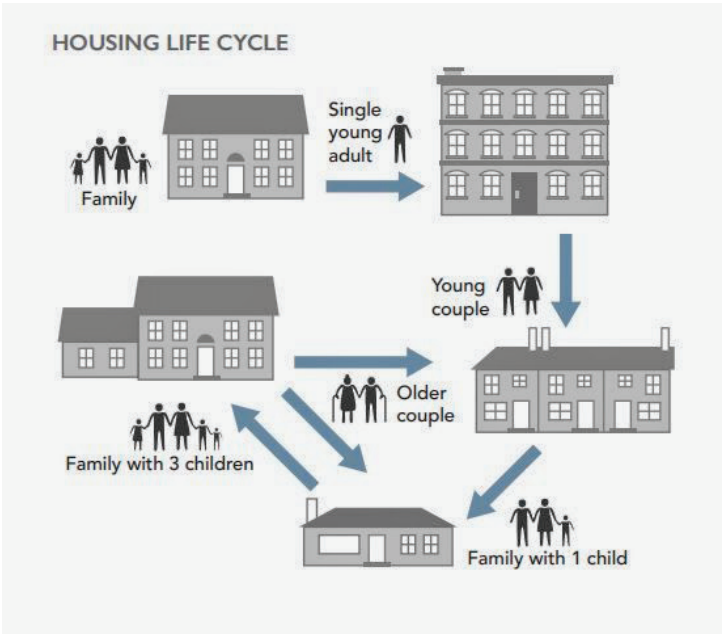
"Why is it that most [apartment] complex or private owners refuse to overlook an eviction? They act like it is your fault. Nobody is willing to even consider giving you a second chance. The biggest problem is when most people hear that you live at the Road Home they automatically look down on you, they look at you like you're garbage."

-Workshop Participant

GOAL 1: REFORM CITY PRACTICES
GOAL 2: AFFORDABLE HOUSING
GOAL 3: EQUITABLE & FAIR HOUSING

economically. Unfortunately, these opportunities are not available in every neighborhood in Salt Lake City. To address this geographic inequity, Salt Lake City will align its resources to achieve significant and impactful change within specifically targeted areas of concentrated poverty. This investment strategy is intended to increase access to opportunity, and ultimately improve the lives of the residents that live in the target areas. In addition to this long-term strategy, Salt Lake City will also seek to encourage and fund the development of new affordable housing units and preservation of existing affordable units in neighborhoods that are already considered areas of opportunity. Recent studies have shown that relocating a child from a low-opportunity neighborhood to a high-opportunity neighborhood can significantly increase their earning potential over their lifetime. In light of this finding and others like it, Salt Lake City should strive to be a community where the success of an individual is not determined by their address, but on the merits of their effort.

3.2.2 Work with partners at the Kem C. Gardner Policy Institute to produce an updated Opportunity Index assessment as a tool for guiding City investment.



Lifecycle housing seeks to provide housing choice for all residents, for all phases of their lives, within each neighborhood. (Image source: VODA)

Understanding how and where opportunity is will drive how alignment should be implemented. Further, identifying which community assets should be built, leveraged or enhanced is a process that should be driven by residents and the community partners. In 2013, James Wood of the University of Utah led a study that mapped finite details about housing and opportunity in Salt Lake County. Part of this process was developing an Opportunity Index “to quantify the number of important liabilities and assets that influence the ability of an individual, or family, to access and capitalize on opportunity.” An update will be necessary in order to track the impact of alignment efforts and to help neighborhoods identify which primary asset opportunities are missing.

Objective 3: Implement Lifecycle Housing principles in neighborhoods throughout the city

Salt Lake City should be a place where residents are not stifled in their housing choice, because certain neighborhoods are not conducive to their stage of life. The goal with this objective is to enable a diversity of housing types that responds to

housing needs, allowing individuals to stay in their communities as their housing needs evolve.

The Kem C. Gardner Policy Institute's demographic projections show a growing senior population statewide, and while we know from the housing market study that Salt Lake City's percentage of seniors (10% of total population) is relatively low compared to other municipalities in the state, the City will begin anticipating the needs of a growing senior community. However, seniors are not the only population that is demanding a different type of housing. Across the country there are trends for micro housing, community style living, generational housing to accommodate aging parents, and intentional community and living space that co-exist (like a day care in a Senior Center). There is not one way to achieve lifecycle housing, but infinite possibilities and it is the goal to engage the community in way that not only fosters the possibility, but creates policy that allows for the building.

3.3.1 Support diverse and vibrant neighborhoods by aligning land use policies that promote a housing market capable of accommodating residents throughout all stages of life.

In order to truly encourage new types of housing that considers cost, energy efficiency, and accessibility a strong land use and zoning foundation must be laid that supports new types of building.

As resources are aligned a program will be structured that encourages new ways of adaptive re-use or new build through the use of City-owned land and request for proposals. This shift in programming will also closely align with the Housing Innovation Lab as lifecycle housing is not just applicable to low-income populations, but for every resident in the City.

3. GUIDING POLICY

The goals, objectives, and strategies outlined in this plan were developed using a combination of public input, professionally generated data and analysis, and existing housing policy. The primary sources of current policy are Plan Salt Lake and the Salt Lake City Comprehensive Housing Policy. The following is a summary of those two documents:

Plan Salt Lake

Plan Salt Lake was adopted by the Salt Lake City Council on December 1, 2015 and sets a citywide vision for Salt Lake City for the next twenty-five years. It considers where we are as a city, where we want to be, and establishes the framework for decision making that will get us there. The plan is a result of consolidated existing City policies and input gathered from thousands of city residents and visitors, leaders, business owners, experts, and concerned citizens. The plan sets the stage for future neighborhood, community, and city system plans to address how they will each contribute to the established 2040 Vision for Salt Lake City.

Plan Salt Lake establishes a guiding principle for housing that seeks to achieve, “Access to a wide variety of housing types for all income levels throughout the city, providing the basic human need for safety and responding to changing demographics.”

The plan also sets the following 2040 Targets specific to housing:

1. Increase diversity of housing types for all income levels throughout the city.
2. Decrease percent of income spent on housing for cost-burdened households.

PLAN SALT LAKE

HOUSING INITIATIVES:

1. Ensure access to affordable housing citywide (including rental and very low income).
2. Increase the number of medium density housing types and options.
3. Encourage housing options that accommodate aging in place.
4. Direct new growth toward areas with existing infrastructure and services that have the potential to be people-oriented.
5. Enable moderate density increases within existing neighborhoods where appropriate.
6. Promote energy efficient housing and rehabilitation of existing housing stock.
7. Promote high density residential in areas served by transit.
8. Support homeless services.

Salt Lake City Comprehensive Housing Policy



Focusing housing density around rail and bus transit facilities can have many positive impacts on the city, as well as on individual households. (Image: VODA)

The Salt Lake City Comprehensive Housing Policy was adopted on March 1, 2016. The Housing Policy represents the City Council's efforts to establish a policy direction to address current conditions in Salt Lake City. The intent is that this direction will be followed whenever the City engages in housing funding assistance, zoning and land use planning, master planning neighborhoods, and creating economic incentives. Additionally, the Housing Policy is intended to achieve the following:

1. Foster and celebrate the urban residential tradition;
2. Respect the character and charm of predominantly residential districts, including those with historic character and qualities, while also providing opportunities for the provision of local goods and services easily accessed by neighborhoods;
3. Promote a diverse and balanced community by ensuring that a wide range of housing types and choices exist for all income levels, age groups, and types of households;
4. Develop new housing opportunities throughout the City;
5. Ensure that affordable housing is available in all neighborhoods and not concentrated in a few areas of the city;
6. Emphasize the value of transit-oriented development, transit accessibility, and proximity to services;
7. Recognize that residents, business owners, and local government all have a role to play in creating and sustaining healthy neighborhoods;
8. Create an appropriate balance of rental and ownership opportunities in neighborhoods without jeopardizing and adequate supply of affordable housing;
9. Strongly incentivize or require the use of green building techniques and sustainability practices in public and private housing developments;
10. Examine the changing needs of Salt Lake City's population, and develop and maintain reliable demographic information to support housing policy and residential development;
11. Consider the needs of multi-generational households and ensure housing products are available to meet those needs.
12. Address the livability of neighborhoods and concentrations of ageing adults, and plan and implement strategies that will allow residents to Age in Place.

4. HOUSING CRISIS

Salt Lake City has been experiencing an unprecedented multifamily residential boom since the end of the Great Recession. **Between 2010 and 2020, there will be nearly as many apartment units built in the downtown area than in the previous 100 years.** According to the Ivory-Boyer Construction Report and Database, in 2016 nearly 3,000 multi-family apartment units were permitted. Vacancy rates are also at an all-time low, hovering around 2%, with little indication that they will raise in the near future. Even with the increase in the inventory of apartments, rental rates are exceeding \$2 per square foot. According to the October 2016 Research Brief written by James Wood from the Kem C. Gardner Policy Institute at the University of Utah, new downtown apartments have the highest rents in the state: the average rent for a studio is \$1,000, \$1,100 for a one bedroom, and \$1,450 for a two-bedroom unit. This tremendous growth is resulting in an increasingly vibrant city in which a growing number of people want to live, but only those with high incomes can afford.

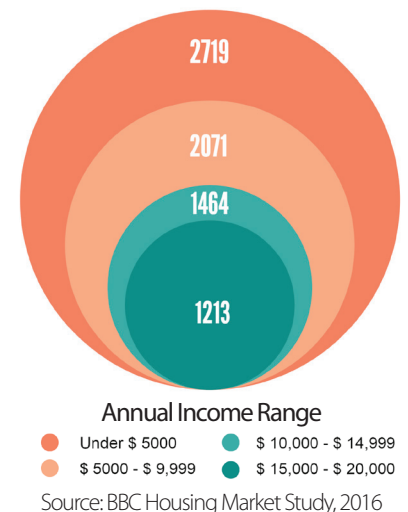
However, while the market rate apartment inventory continues to grow, affordable multi-family is at a net loss, even with the addition of new units.

Many existing affordable units throughout the city are being leased at higher rental rates due to market demand, or in the fastest growing areas of the city, such as Downtown and Sugarhouse, they are being sold and converted to housing for those with higher incomes. In 2013, a Salt Lake City Housing Market Study and Gaps Analysis was completed by BBC Research primarily using Census and American Communities Survey data from 2000-2010. In addition to reporting demographic data and trends in Salt Lake City, this study identified a gap of approximately 8,200 rental units for those at 40% or below of area median income. An updated Market Study and Gaps Analysis was recently completed using 2010-2014 data that indicates a rental housing shortage of approximately 7,500 units in Salt Lake City for those making \$20,000 or less a year. This decrease is not a result of



A recent study suggests the boom in construction of new rental housing units in downtown Salt Lake City will continue over the next five years.(Image: VODA)

7,500 households in SLC need help paying rent



WHAT IS A "COST-BURDENED HOUSEHOLD"?

A household spending 30% or more of its entire income on total housing expenses – rent/mortgage, basic utilities, and property taxes – is considered "cost burdened." A household spending 50% or more of its entire income on housing is "severely cost burdened."

49% of all renters in Salt Lake City are cost burdened and 23% of all renters are severely cost burdened.

In comparison, 22% of all homeowners are cost burdened and only 8% are severely cost burdened.

new affordable housing units, but is due to a slight increase in incomes between 2011 and 2014.

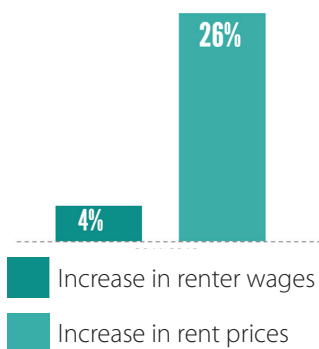
The development and preservation of affordable housing is one of the most pressing and complicated issues facing not only Salt Lake City, but the nation as a whole. And while it is a conversation that is continuing both at federal and local levels, funding resources continue to be jeopardized and, in many cases, decreased. Salt Lake City has proven itself as a leader in creative and thoughtful ways to address its housing shortage through stronger relationships with the for-profit and non-profit community, financing organizations, and advocacy groups in addition to funding housing needs through federal grants and the City's Housing Trust Fund. However, even with the great strides that have been taken, the city has now entered the beginning of a systemic crisis in providing affordable housing for all of its residents in all communities.

As described later in the Snapshot Salt Lake City section, the data from the 2013 Housing Market Study and Gaps Analysis identified the alarming trend that incomes are not keeping up with the increase of housing costs. The updated report shows that this disparity continues and may be increasing at a higher rate than before.

Salt Lake City is experiencing an affordable housing crisis and despite the efforts of many, it is not improving. Too many people are not able to find appropriate and affordable housing and many of those who are housed are spending too much of their income on housing costs. The updated Market Study provides the following data:

- Both renters and owners lost purchasing power between 2011 and 2014 (continuing the trend from 2000). That is, **sales prices increased faster than owner incomes (33% vs 8%) and rent increased faster than renter incomes (8% vs 4%).**
- 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

Wage Increase vs. Rent Increase,
2011-2016



Source: BBC Housing Market Study, 2016

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.
- Nearly 33% of all renters earn 30% or less of area median income and nearly 60% of renters earn 50% or less of area median income.
- Nearly half of all renters (18,672 households) in Salt Lake City are cost burdened. **A quarter of renters are severely cost burdened spending more than 50% of their income on housing costs.** This situation prevents those with low incomes from being able to afford the basic necessities of life and further exacerbates the issues surrounding poverty.
- Approximately 4% of the city's households—or about 3,265 households—are overcrowded. Two percent of owner-occupied housing units are overcrowded and 7% of renter-occupied units are overcrowded.
- 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 8,240 units in 2011). This is due to a slight increase in incomes over the past couple of years and not from an increase of units.

The data indicates that the housing market is not supplying enough affordable housing—in particular rental units—for those with fixed incomes who desire to live in the city. Incomes are not keeping up with housing costs and too many people are cost burdened, severely cost burdened, or living in overcrowded homes. And while the number of rental units decreased from 8,200 to approximately 7,500 it is due to a very slight increase in incomes, which is not enough to cover other housing and living expenses.

Poverty

Even with the slight increase in incomes, too many of those living in Salt Lake City are in poverty. The Census Bureau determines those who are living in poverty by using money thresholds that vary by family size and composition. In 2014, the federal poverty level for a family of four (two parents and two children) was \$24,008 and \$12,071 for an individual. In Salt Lake City, the 2014 poverty rate was 21%, or 40,248 people, which is down from 22% in 2010, but substantially higher than the County and State who are both at 12%. The city's poverty rate does include University of Utah students who may have more opportunities for economic mobility and thus inflate poverty rates, so it may be best to look at the family poverty rate. Fifteen percent or 5,707 families in Salt Lake City are living in poverty, which is higher than peer cities of Boise at 9% and Denver at 12%. Poverty is highest among children in the city with 30% (11,763) living at or below the threshold and is especially prevalent with 39% of single parents in poverty. The west side area of Salt Lake City has a higher concentration of minorities and has a



Nearly one-half of all renters in Salt Lake City are cost-burdened, and nearly one-quarter are extremely cost-burdened.

Source: BBC Housing Market Study, 2016



Source: BBC Housing Market Study, 2016

poverty rate of 30-40%. In 2010, one quarter of the city's population was under 18 and approximately 43% of the city's youth live on the west side. This data indicates that a higher number of youth living on the west side are also living in poverty.

The effects of poverty negatively impact the physical, mental health, and wellbeing of the city's children. Unfortunately, the effects of poverty are long lasting and create a barrier to breaking the cycle. According to the American Psychological Association's website, some of the academic, physical, and psychosocial outcomes of poverty include:

- Chronic stress associated with living in poverty has been shown to adversely affect children's concentration and memory, which may impact their ability to learn
- They are more likely to be developmentally delayed or have a learning disability
- They are more likely to not complete high school
- Children in poverty are more likely to have chronic asthma, pneumonia, and anemia
- They are more likely to have lead poisoning
- They are more likely to be low birth weight
- Children in poverty are more likely to have an ongoing emotional or behavioral problem that lasts 3 months or more
- Female teens in poverty are more likely to have a child out of wedlock
- Children are ten times more likely to have experienced hunger at least once in the past year
- They are more likely to be victims of child abuse or neglect

SALT LAKE CITY'S GREATEST HOUSING NEEDS

1) **7,500 affordable rental units** to meet the needs of the city's lowest income renters (those earning \$20,000 and less per year).

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.

Source: BBC Housing Market Study, 2016

While there are certainly other contributing factors, the lack of affordable, healthy, and safe housing further compounds the issues of poverty. As shown previously, 25% of renters are extremely cost burdened, spending more than 50% of their income on housing. A family of four living in poverty who spends half of their income on housing and 20% on transportation costs, is left with only \$20 each day to provide health care, food, and other basic essentials of healthy living. Stable and affordable housing allows parents to feel some degree of financial security as their very basic need of shelter is being met. Such stability diminishes the feeling of always being in crisis and allows parents to focus on getting out of poverty.

Defining Affordable Housing

Dialogue around affordable housing often uses words that are interchangeable or not clearly defined. In the truest sense, "affordable housing" is something that every person needs regardless of his or her income. Affordable housing means that no

person should spend more than 30% of his or her income on housing costs. HUD uses the following categories and Area Median Income (AMI) percentages to break incomes into segments so that specific housing needs can be met:

Median Family Income	100%
Low Income	80%
Moderately Low Income	60%
Very Low Income	50%
Extremely Low Income	30%

However, in common vernacular, affordable housing has come to mean housing for those with lower incomes and is further defined by associating the term “low-income housing” for those in the Very Low and Extremely Low Income categories. Some of those who need low-income housing would include those experiencing or are near homelessness or those making a minimum wage. Even those who are working full time being paid \$12-14 per hour would qualify for housing at 50% of AMI. **One third of Salt Lake City renters are at 30% or below AMI, and yet only 15% of our housing inventory would be affordable for them.** A family of four between 60% and 80% of area median income (which equates to a salary range of \$44,280 to \$59,050) could most likely afford a smaller rental unit or, at the higher end of the spectrum, could afford to purchase a home. Once again, the inventory isn’t available or the living conditions would be substandard which may include overcrowding. Much of the existing inventory of housing that is affordable to very low income and extremely low income households is not restricted stock and is at risk with changing market conditions.

Impediments to Affordable Housing

Lack of Funding

One of the primary impediments to the construction and management of affordable housing is a lack of financial resources. Typical funding sources include two federal tax credit programs that allow tax credits to be sold to an investor in turn giving a project 40-90% equity. While this is an incredibly valuable financing tool, the 9% tax credits that are the main source for funding housing for the very low and extremely low income are limited, making them very competitive to obtain. A project funded by the 9% tax credits usually has about 90% equity with the rest of the funding, if needed, from financial institutions, government resources and/or deferred developer fees, but the program is only available once a year with a limited number of available credits. A 4% tax credit project offers lower equity amounts but can be done at any time. A 4% project does require a Private Activity



NORTHWEST PIPELINE BUILDING DEVELOPMENT

In August 2015, Salt Lake City launched a request for proposals to develop the historic 1958 Northwest Pipeline Building at 315 East 200 South. The development will provide new market rate, affordable, and permanent supportive housing units.

The development will include the rehabilitation of the Northwest Pipeline building and new construction on parcels adjacent to it. In addition, the project will provide much-needed Central City public space and commercial space for local businesses.

Bond in the amount of at least 51% of the cost of the project however the State's bond amounts have also becoming increasingly popular and recently have not been sufficient to meet developer demand. The 4% projects are typically more expensive to finance and require more debt resulting in higher rents thus excluding most people below 60% AMI. There are very few other funding sources for the construction of affordable housing and those that do exist can be expensive and time consuming thus driving up costs. Another typical funding source are Section 8 Housing Choice vouchers that include tenant and rental based subsidies. These traditional subsidies are limited and may not be available to new applicants for years. In fact, many housing agencies are not currently accepting applications for this program. Finally, traditional bank financing is not a strong resource for the creation of affordable housing due to higher interest rates and other costs resulting in higher rents passed to the tenants.

Land Costs and Availability

Land costs are closely associated with the ability to finance affordable housing. Reducing land costs is an effective way to create opportunities for below-market rate housing units. The more a project is subsidized the greater the opportunity for deeply discounted units providing housing for those with very low and extremely low incomes. Land values on the east side of the city and in major east side corridors (such as 400 South) are usually higher than other areas, thus limiting the opportunities for affordable housing. In addition, developable property for both multifamily and single-family housing on the east side of the city is scarce, which results in higher land costs.

Current Zoning

A third impediment to the creation of more affordable housing is City zoning ordinances. **Zoning affects land values, and if unit density is not available then land costs are too high to make affordable housing cost effective.** One of Salt Lake City's main concerns in zoning is a lack of middle income housing options. The current residential multi-family zones (RMF) do not allow for the density to make townhomes, duplexes, and small multi-family developments affordable and financially feasible. Other unit types, such as Accessory Dwelling Units, are also currently prohibited from most areas of the city, in particular areas of high opportunity. Additionally, **large sections of the city are zoned for a low-density residential land use pattern that requires lots of at least 10,000 square feet.** Allowing for these lots to be subdivided into two buildable lots, could increase the density and housing options in a neighborhood without significantly impacting the scale of the buildings.

Neighborhood Resistance - “Not in my backyard” (NIMBY)

NIMBYism is unfortunately becoming more of an impediment, especially as the need for affordable housing grows and the conversation is becoming more prevalent. **Too many neighborhoods lack deeply affordable housing and vocally oppose it coming into their communities.** This opposition takes many forms. In some cases the concern can be about the compatibility of new housing types with the existing development pattern of a neighborhood or the increase of people and vehicles in a neighborhood without the requisite infrastructure. Often the concern is founded in the belief that affordable housing will result in a rise in crime and safety issues, a decrease in property values, and that it will be a barrier to future economic development.

Those who live in affordable housing, in particular low-income housing, include a range of people: young couples beginning their careers, teachers, social workers, government employees, single mothers with children, those with disabilities—people in our communities who may be working one, two, or three jobs to make ends meet. Low-income housing is also built for those who may be struggling with substance abuse issues, homelessness, or mental illness. It is presumptuous and unfair to determine that low-income housing equates to higher crime rates and cannot be supported by any evidence. In fact, affordable housing, as a tool of economic development, can often help to lower crime rates. The National Crime Prevention Council calls for the construction of affordable housing to reduce crime because “neighborhood cohesion and economic stability are enhanced in areas where the continuing supply of dispersed, affordable housing is assured.” When managed effectively by experienced professionals these buildings are safe, bring eyes to the street, and often add value to a neighborhood. One excellent example is Kathleen Robison Huntsman transitional housing located on 300 South and 300 East where neighbors would probably never know that it is a place that provides housing for low income women seeking refuge from domestic violence.

Recent studies by Trulia and another by the Joint Center for Housing Studies at Harvard University evaluated values of properties that surround low-income housing developments throughout the country. There is no evidence to support the claim that affordable housing negatively affects surrounding property values and in fact, in most cases, there was an increase. This is a result of two things: good design and good management. Affordable housing developments in Salt Lake City are proving to demonstrate both of these qualities. Taylor Springs, Liberty Citywalk, Citifront, and NorthSix are just a few of the many developments that either have a mix of incomes or are exclusively affordable (some being low-income developments) and are designed and managed well and contribute to their respective neighborhoods.

Finally, **the belief that low-income housing is a detriment to economic development is unsubstantiated.** Studies show that those with low incomes patronize local businesses more than those with higher incomes. In addition, growing companies seeking to expand facilities and the numbers of employees often have difficulty attracting workers, because there is no place for them to live or reliable transportation to and from work.

Salt Lake City is experiencing tremendous residential growth with new homes and apartment buildings being constructed. Due to low vacancy rates and all-time high rental rates, the increase in housing costs is far outpacing incomes. Too many of our renters, both individuals and families, are spending more than half of their incomes on their housing costs that prohibits them providing other essentials such as transportation, health care, nutritious foods and vegetables, and recreation. Families and individuals living in poverty cannot find stable and affordable housing that would help them to start on the path to financial security. As the data proves, poverty has lifelong implications, not to mention that younger generations will most likely continue its detrimental cycle-- a cycle that may be most interrupted by housing stability.

The city is in an affordable housing crisis and if growth projections are correct, it will not improve unless bold and strategic measures are developed and enacted. Solutions must include using zoning ordinance to provide a mix of housing types in an effort to relieve the pressure put upon existing housing, creating sustainable and significant funding sources, preventing and diverting low-income families from entering homelessness, and creating innovative housing for all income types.

5. SNAPSHOT SALT LAKE CITY

The home is the intersection of the core components of daily life, where economies meet the personal matters of the home. It is the place where budgets are laid out, crises are undergone or averted, meals are prepared, much needed rest is granted, Band-Aids and bikes are stored, and where life is shared and experienced. Housing is critically linked to many other important policy considerations, like education, health and transportation. These linkages create opportunities for a holistic view as well as potential to bring in non-traditional housing partners to make an impact. In effort to focus the scope of this plan, data is used to understand how each of these unique sectors interplays with the housing market and housing affordability.

Data is the key to understanding how our city is growing and developing, what barriers and challenges exist when solving the affordable housing crisis, and how system design can create a more equitable place to live. This section will focus on the story the data shares about such growth and development, and how that affects the residents of the city.

The basis of this plan is an understanding of the complexity of housing, the affordability crisis, and the larger structural needs of a growing Capitol City. While the scale of available information is great, there are some key data sets that have been identified as critical to the development of the City's housing plan: first, determining the growth and changing demographics of the city; second, identifying the complexities of the housing market; and third, understanding the needs and wants of the residents.

A look inside Salt Lake City

There is no doubt that Utah continues to grow at an unprecedented rate. Projections from the Kem C. Gardner Policy Institute validate a tremendous population growth ranging from 10% to 20% over a single decade as a result



LIBERTY CITYWALK APARTMENTS

210 South 300 East
Salt Lake City

73 Affordable Units
73 Total Units

Located just east of the downtown business district, Liberty CityWalk opened in 2010.

In walking distance of TRAX and several bus lines, this fully affordable apartment complex received a loan in the amount of \$ 500,000 from Salt Lake City's Housing Trust Fund.

Image: Cowboy Partners

of net in-migration and natural child birth increase. Utah, long known for its “young” population will need to prepare not only for such growth, but the shift in aging demographics. Salt Lake City is not exempt from such growth, in fact it is the epitome of such growth having seen the largest increase in just the past 4 years. This growth opportunity is reflected through increased economic and job availability, increased labor force, and additional diversity. This vibrant city continues to attract people from all ages and backgrounds to build a life here in a place known not only for its mountains, but also for its local businesses and its strong communities.

Population growth trends are of particular interest to Salt Lake City and the opportunities it provides should not be missed due to a lack of infrastructure, housing, or job opportunities. The consequences of a lack of these elements can be seen as in-commuter trends are analyzed:

Salt Lake City Workforce

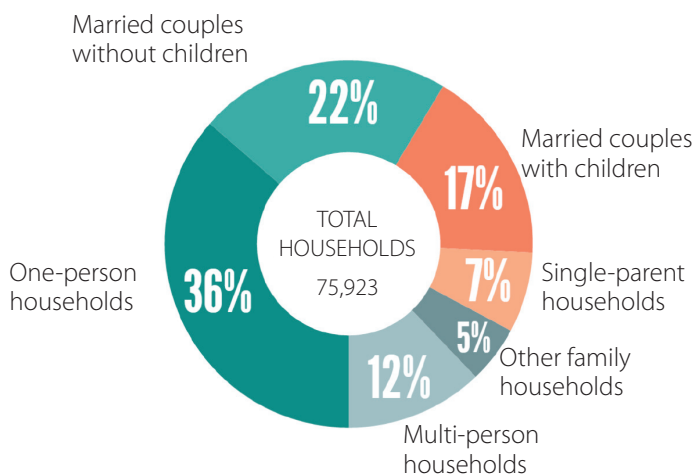


Source: BBC Housing Market Study, 2016

“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.”

Consideration must be given for creating opportunities to attract people to live where they work. Such high rates of commuters significantly deteriorates air quality and adds unnecessary strain on city resources when daytime population increases by nearly 60%.

Salt Lake City Household Composition, 2014



Nearly two-thirds of all households in Salt Lake City are composed of one or two people.

Source: BBC Housing Market Study, 2016

While prediction of growth is valuable for planning, it is also necessary to understand current needs in the Capitol City. To date, 191,000 people call Salt Lake City their home. The city has had an average growth rate of 5% since the year 2000, seeing the majority of that growth in recent years. Today, 52% of this population are families, 7% are single parents (the large majority of which are single mothers), and 35% are made up of racially and ethnically diverse households. **An aggressive growth rate promises a future with a robust labor force, diverse communities, and a strong economy, however it will also demand new types of housing, community amenities like fresh food and libraries, and spaces to bring talent and art alive.**

With this promise of growth there are three main

demographic areas that have shifted over the past four years and will be the cornerstone of future development and community composition.

1. Post-college aged Millennials (ages 25-35)
2. Aging Population (esp. Baby Boomers that are entering senior status)
3. Communities of Color (continue to account for the largest share of population growth and are most geographically segregated)

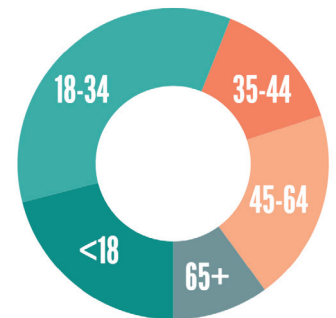
The Millennial population, while influential throughout the country, are particularly abundant in Salt Lake City. This population exceeds peer cities and primarily lives in Central City, University neighborhoods, and Sugar House. Not surprisingly however the existing housing is not meeting their needs.

“The Salt Lake City metro area ranks second among all large metropolitan areas (those with at least one million residents) for the most Millennials as a proportion of the population—behind only Austin, Texas. 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**—higher than peer cities such as Boise and Portland, and on par with popular millennial cities such as Austin and Denver. Homeownership rates among this age group were relatively low (21%), in line with the tenure choices of Millennials in other cities.” (BBC Housing Market Study, 2016).

This unique population is demanding a new way of living, preferring walkable communities with access to transit, looking for vibrant cultural and recreational opportunities, and open to smaller living spaces. In return, such a population continues to add to the economic health and growth of the economy and becomes vested residents that care for and enrich the community. **To date, the supply of housing options that meet the housing preferences of this population has been limited. This reduces the likelihood that this population can remain local and have long-term stability.**

Conversely, Salt Lake’s aging population while not surpassing peer cities continues to grow at a noteworthy rate; those ages 45 years and older make up about 30% of the population. These households generally live on the Upper East Side, Avenues, and City Creek Canyon. This population has legacies in their communities, raised families in a single home for decades, built up their network, and shaped the culture of their neighborhoods. However, without accommodating their changing needs, such as increased accessibility, smaller homes within their current area, and

Salt Lake City Residents by Age, 2014



Nearly 4 of every 10 Salt Lake City residents is an adult millennial (between 18 and 34 years old).

Source: BBC Housing Market Study, 2016

**extremely low-income seniors
and people with disabilities**
=< \$16,000 per year, poverty level
<30% AMI

Affordable rent & utilities: <\$400/mo.

People 65 years and older, People with disabilities, People who live on a fixed income such as social security

Low-Wage Workers
\$ 16,640 to \$ 25,300 per year for an
individual
30-50% AMI

Affordable rent: \$420 - \$635/mo.

Affordable home: <\$175,000

Childcare Provider, Veterinary Assistant, Ski Patrol, Cashier, Visual/Performance Artist, Custodian, Fast Food Cook, Hotel Clerk

Low-Income Families
\$ 36,100 TO \$ 57,750 per year for a family of four
50-80% AMI

Affordable rent: \$900 - \$1,445/mo.

Affordable home: \$175,000 - \$200,000

Home Health Aide, Accounting Clerk, Legal Secretary, Physical Therapy Assistant, Truck Drivers, Flight Attendant, Automotive Mechanic, Kindergarten Teacher

Moderate-Income Families
\$ 57,800 TO \$ 72,200 per year for a family of four
80-100% AMI

Affordable rent: \$1,445 - \$1,805/mo.

Affordable home: \$200,000 - \$255,000

Special Education Teacher, Graphic Designer, Electrician, Sales Representative, Chef, Chiropractor, Social Worker

High-Income Families
\$ 86,600 TO \$ 108,000 per year for a family of four
120-150% AMI

Affordable rent: \$2,000 - \$2,700/mo.

Affordable home: \$300,000 - \$400,000

Chemist, Electrical Engineer, Human Resources Manager, Nurse Practitioner, Attorney, Dentist, IT Manager

increase access to transit, Salt Lake City may find itself losing many of those who've helped create a strong community fabric.

Lastly, **as growth is being considered it cannot be done without recognition of the contribution of racially and ethnically diverse residents.** Today the minority population makes up about 35% of total Salt Lake City residents with 21% of the total population identifying as Latino. This population is primarily responsible for all the population growth in the last decade and continues to be the largest contributor to new birth growth. This mimics the national trend of metropolitan areas slowly becoming "minority majority" communities – which is predicted for Salt Lake City by the year 2042. Salt Lake's current demographic distribution of this population depicts a very segregated picture. The majority of the minority population currently lives within the Westside Master Plan geographic area and in general west of Interstate 15. These areas also have a deficit of traditional opportunities, such as highly rated schools, access to fresh food, quality medical



An Envision Utah survey reported that 78% of Utahns supported mixing housing types in their neighborhood. (Image: VODA)

care, and transit. This has several implications for a growing city as it prevents it from enriching all communities with the assets, art, language, entrepreneurship, and unique heritages of non-white communities. It also limits access to opportunity for the largest growing population in the city, thus creating a poor foundation for success in health, education, and income mobility.

Each of the above-mentioned populations are growing and have housing needs that are not currently being met. Markedly, the difference of where these three distinct populations (Millennials, Aging, and Communities of Color) are living speaks to a myriad of issues. Primarily, aging populations living in high-resource and high-income communities while many minorities continue to be concentrated in areas with higher rates of poverty. Certainly, income and lifecycle plays a role -- intuitively an older adult presumably may afford more affluent areas while younger populations are at the will of the market. However, there is notable inequity when looking to where our more diverse communities live. In the context of this report, it is clear that racial and ethnic barriers exist, preventing career mobility and limiting the access to opportunity through the mere geography of housing. **However, in the context of Salt Lake City's anticipated growth it is also clear that there are not enough housing types or housing affordability to sustain the demand from each of these populations.** Our current neighborhoods are not equipped to serve the needs of our growing and evolving population. Therefore, it will be critical that there is a focus on land-use reform that can integrate the needs of each growing population into the now homogenous design of neighborhoods and there is demonstrable support for such a shift. According to an 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 this goal.

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. 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.

SLC WORKFORCE

Top 10 Industries & Average Annual Wage

1. Health and Social Services
 - \$ 43,419 (60% AMI)
2. Manufacturing
 - \$ 58,279 (81% AMI)
3. Public Administration
 - \$47,439 (66% AMI)
4. Professional Services
 - \$ 73,341 (102% AMI)
5. Hospitality
 - \$ 17,067 (24 % AMI)
6. Retail Trade
 - \$ 33,359 (46% AMI)
7. Transportation and Warehousing
 - \$ 46,531 (64% AMI)
8. Finance and Insurance
 - \$ 69,872 (97% AMI)
9. Admin and Waste Services
 - \$ 32, 455 (45% AMI)
10. Wholesale Trade
 - \$ 65,700 (91% AMI)

Source: BBC Housing Market Study, 2016

Living and Thriving

Considering the demographic and population growth described above, it becomes clear that an in-depth understanding of the housing market is absolutely necessary as plans are created, zoning is modified, and racial and income segregation is addressed. **Not only is it necessary to shift how land-use is regulated and housing is built in order to allow more housing and opportunity throughout the city, it is also necessary to understand who in the city is most underserved in the market and what factors influence affordability.** In 2016, the Housing and Neighborhood Development Division of Salt Lake City worked with BBC Research to produce the “Housing Market Update” to help understand the challenges facing low-income families and specifically the barriers to housing within the city. Below is a highlight of the most significant barriers to meeting the housing needs of Salt Lake City’s residents.

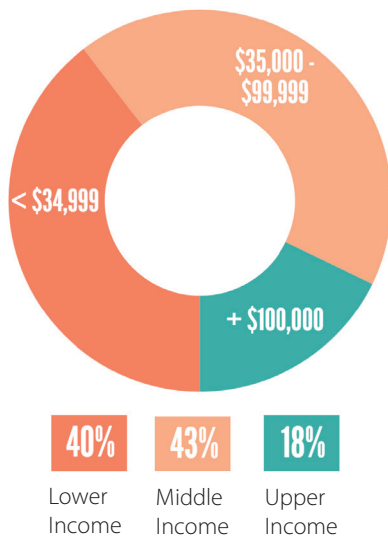
Income

The area median income for residents in Salt Lake City is nearly \$20,000 less than that of the County as a whole, holding at \$46,711. In addition, only two of the five largest employment industries in Salt Lake City pay wages high enough to afford the city’s median home price of \$271,000, thus it may be difficult for households earning their income in those (or other) industries to afford to buy a home on a single income, requiring both adults in the household to work. While overall there is some growth in income (8%) over the last few years, it was not significant enough to keep up with market inflation. There is also a discrepancy in income gain among renters and owners. Owners experienced income growth at twice that of renters and the gap in income between these two populations has widened dramatically in the past 5 years. Without consistent increase in wages that match the increase in market inflation many of Salt Lake’s low and moderate income households will be pushed out of the city creating additional financial burdens, decrease in opportunity, increase of in-commuters, and a great loss of mixed-income and diverse neighborhoods. This is, of course, intensified as 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. Since it is unlikely wages will increase – especially for those making \$20,000 per year (or 40% AMI), Salt Lake City must consider alternative methods for stabilizing this population and creating access to safe housing.

Housing Stock

A key challenge that is unique to this market is the unusual age and type of

Salt Lake City Household Income Distribution, 2014



Source: BBC Housing Market Study, 2016

existing housing stock. About half of the housing is single-family detached, which consumes large lots and is generally out of reach for many low-income households and the other half consists primarily of apartments, duplexes, and condos. However, the vast majority of rental units (80%) has only two bedrooms thus amplifying both the need for new units, but also increased affordability for families that are renting. While structure (type) and availability (# of units) are clearly underserving renters and owners the age and condition of units deepens the complexity of serving the general market's needs. **The majority of our city's housing stock was built before 1940 indicating that chances of dilapidation, blight, and unsafe conditions may exist, increasing the likelihood of obsolescence, dilapidation, blight and unsafe conditions.** In fact, nearly 1,000 units lack key facilities such as plumbing or complete kitchens. These issues demonstrate that preservation, adaptive re-use, and energy efficiency will need to be addressed as this plan explores how to best leverage existing structures for long term affordability and increased density.

Rental Market

There is currently a "housing boom" in Utah's Capitol City. Most residents have experienced this through either a gain in equity; or on the other end of the spectrum a dramatic increase in rent resulting in displacement or increased housing cost burden. These experiences are also clear in the data. **Average rents along the Wasatch Front reached an all-time high in 2016, and rents increased 26% in the five-year period between 2011 and 2016 .** Although Salt Lake City is in the midst of an unprecedented building boom, it has yet to keep pace with the rising numbers of people who want to call the city home. Rising rents and low vacancy rates of 2% are driving more and more city residents to either seek housing elsewhere, or live burdened with housing costs that exceed 30%, and in some cases, more than 50%, of their household income . According to recent U.S. Census data, 49% of all renters in Salt Lake City are cost-burdened, and 24% are extremely cost burdened. For those low-income families and workers who are unable to move outside the city limits (where rents also continue to rise), or who are unable to spend an increasing share of their wages on rent, this housing crisis often creates a direct route into homelessness.

Homeownership

Homeownership is not exempt from the housing boom nor are those who desire to purchase a home exempt from feeling the market exclusion of such an opportunity. According to the 2016 Housing Market Study Update BBC Research shows that home sale prices increased 33% between 2011 and

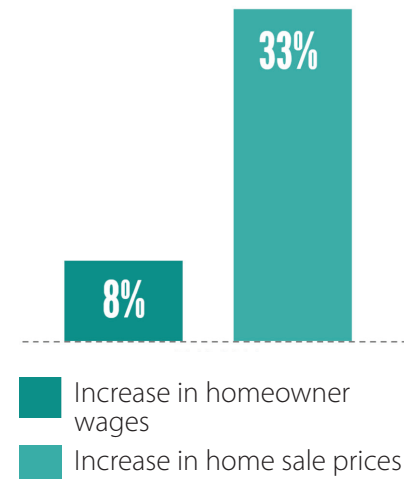


Nearly one-half of all renters in Salt Lake City are cost-burdened, and nearly one-quarter are extremely cost-burdened.

Source: BBC Housing Market Study, 2016

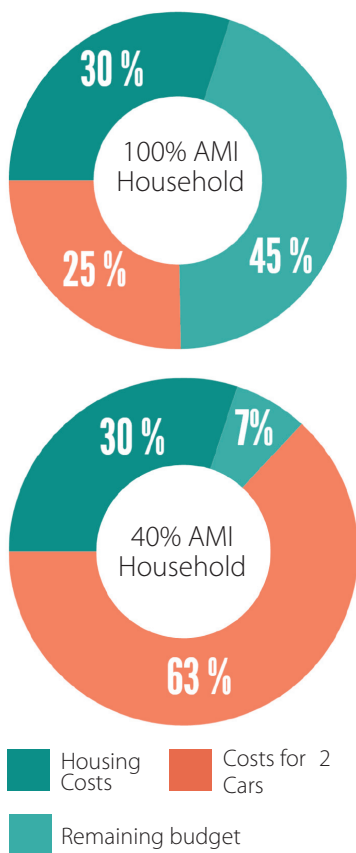
Wage Increase vs. Home Sale Price Increase

2011-2014



2014, while homeowner wages increased only 8%. This steep rise in prices has created a market in which most for-sale homes are only affordable for those in the high-income bracket. This is in direct conflict with the opportunity to retain more Millennials and first time home-buyers. Access to homeownership is often cited as key to community engagement and stability. Currently, homeownership is inaccessible to those making less than 80% area median income and current programs, while creating access through subsidies, generally lose affordability after a few years thus only serving a portion of those in need.

Monthly Cost Burden of Housing + Transportation



With an average annual cost in Utah of more than \$18,000 to own and operate two cars per household, the option of transit access can have a major impact on the discretionary income of a cost burdened household. (Source: Utah Business)

Transportation

As mentioned previously, the home is the intersection of life and transportation. Access to transit can either be the key to housing stability or the component that creates instability. **This is why it is recommended that the cost of housing and transportation for a household should not exceed 45% of the household's monthly budget.** The cost of owning a car can have a dramatic impact on household income and purchasing power, especially for those at 80% AMI and below. In 2013, Utah Business noted that the average annual cost of owning a car in Utah was \$ 9,122. This amount makes up nearly 31% of a family's income at \$30,000 per year, at such rates the loss of this car or any other cost that comes up could send a family into crisis.

For a household earning 100% AMI in Salt Lake City, assuming 30% of income goes to housing, the cost of owning two cars would consume 25% of household income.

The cost of two cars rises to 63% of household income at 40% AMI, again assuming 30% of income for housing. Even more striking, while in this scenario a 100% AMI household would have nearly half of its total income remaining for discretionary spending after meeting housing and transportation costs, a 40% AMI household would have only 7% total income remaining – or \$165 – to meet all its other monthly expenses. For a family at 40% AMI, reducing to one car would produce a monthly gain in discretionary income of 31%, or \$760. If that same household lives in a transit-rich neighborhood and is able to forgo car ownership and uses a reasonable 15% of income for transportation, their funds available for discretionary spending would increase to 55% of total income, or \$ 1,324 per month. The affordable housing crisis cannot be addressed without exploring solutions in which transportation access and cost are considered.

Collaboration

The housing market is influenced by many factors and a collaborative approach across sectors is needed to make an impact on stability and availability. Currently

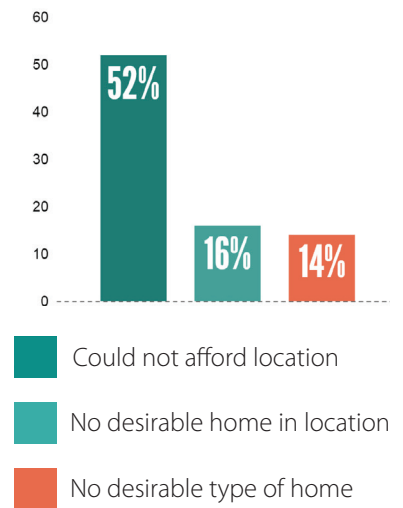
there is no infrastructure of programs, intentional alignment, or resource availability that would create a path to comprehensive housing change. Such change should occur at every level of the housing development pipeline, including those experiencing the housing crisis, those building housing, and to those who are creating statewide housing policy. This effort is intended to work with existing advocates, local governments, and residents. Without the input and expertise of all communities the stark challenge that lies ahead cannot be met with the solutions it needs.

Citizen Voices

Contemplating and understanding data are key to any plan, however, it is only within the context of the community that data can truly be leveraged and understood. In the creation of this plan it was a priority to understand the views, desires, and needs of Salt Lake City's unique populations. To that end a housing choice survey was conducted: Salt Lake Live Work Survey. This was launched in late summer 2016 and garnered tremendous response (over 1,400 respondents); perhaps the largest survey response in recent record. The incredible response rate included about 15% of in-commuter responses adding significant context for those who work in the city, but don't live here either by choice or market circumstance. Since housing affects every income and race, a key outreach strategy was to deliver the survey in ways that accommodated populations that consistently are underserved or misrepresented, this meant that both an online survey was available as well as a paper survey that was distributed at community events primarily throughout the west side of the city. A full summary can be found in the appendix. Below are several highlights that reflect much of what is laid out in the data above – however, a story takes shape telling of the opportunity that exists for the entire city through increased housing options and affordability.

- Nearly two-thirds of renters have wanted to buy a home in the past five years, and most wanted to buy in Salt Lake City.
- Thirty percent of residents plan to move in the next 5 years in order to buy a home (44%) or because they want a bigger home (42%).
- Respondents named two primary reasons for not purchasing a home in Salt Lake City: 1) Could not find an affordable home in the preferred location (31%); and 2) couldn't afford the down payment or didn't have enough saved for a down payment (51%).
- Residents report spending about \$1,100 - \$1,153 per month on rent and \$1,489 - \$1,555 on monthly mortgage payments.
- Nearly one in five residents report finding additional employment and 12% have friends or relatives living with them in order to support their housing cost or better described as housing burden.

What were the reasons Salt Lake City renters did not buy a home?



52% of in-commuters would consider moving to Salt Lake City if housing were more affordable.

If you spent 25% less per month on housing, how would you spend that extra money?



- Thirteen percent of residents went without needed medication/healthcare/dental care and 9% reduced their clothing budget in order to meet housing costs.
- Nearly one in ten survey respondents whose home or apartment needs repairs believe their home is unsafe to live in (4% of respondents overall).
- Top things residents would change about their neighborhood if they could: safer (29%); neighbors would do a better job keeping up their homes (23%); fewer apartments/rentals (18%); and more affordable homes to purchase in my neighborhood (14%).
- The majority of residents (more than 70%) reported being truly satisfied with both their housing and their neighborhood.
- In-commuters who previously lived in the city moved for a bigger home (23%) and because they could not afford to buy in Salt Lake City (17%).
- 52% of in-commuters would consider relocating to Salt Lake City if housing were more affordable.
- Affordability was the primary reason in-commuters chose their current home (32%), followed by: having a lot of space inside their home (13%) and outside their home (13%); safety (8%); and owning rather than renting (7%).

This survey data is highly reflective of the data outlined throughout this plan, however, there are several aspects that add additional details to the numbers. Key among these is that residents truly enjoy the environment in which they live, namely the access to amenities, art, culture, and proximity to work. **In addition, the housing market strain is evident as many indicated that they may or would have to leave to achieve their desired housing model.** This is directly correlated to the lack of housing options that exists currently. Without additional development of new and innovative products Salt Lake's current and future residents will be

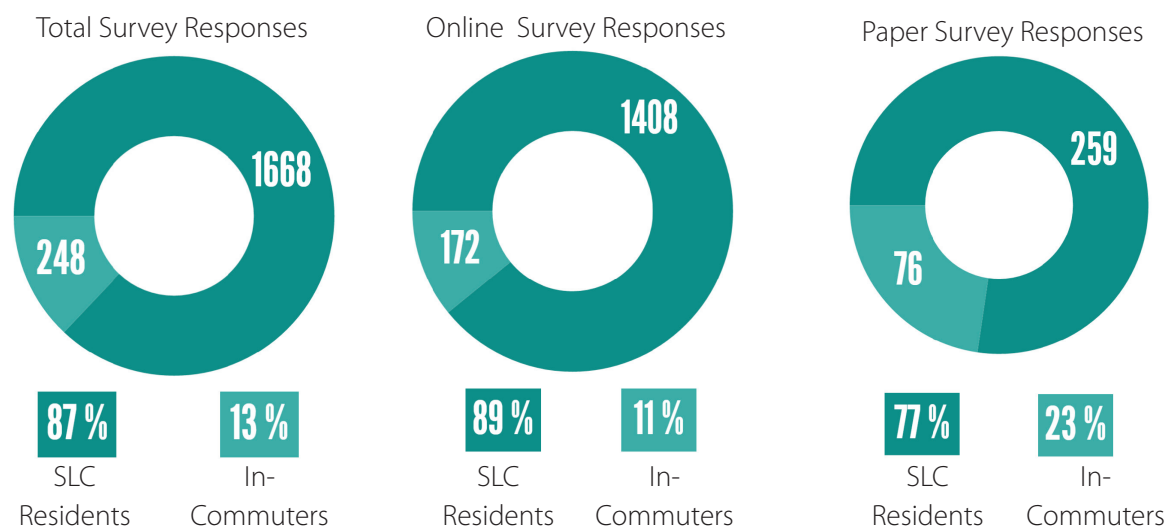
4TH SOUTH TRANSIT-ORIENTED DEVELOPMENT (BARNES BANK PROPERTY)



In January 2017, Salt Lake City launched a request for proposals to develop the 4th South Transit-Oriented Development at 320 East 400 South and 340 East 400 South, in order to further innovative approaches to affordable housing.

The development will include at least 40 micro-units (between 250 and 500 square feet) with 40% AMI maximum affordable rent, as well as mixed income housing, with at least 20% of the units reserved for households making 60% AMI or less.

A business incubator with space for offices and short-term retail is also included, as well as long-term ground floor retail space designed to activate the public realm along surrounding streets. Urban solutions such as shared parking, alternative transportation, public art, and gathering places, will play a critical role, as will sustainable approaches to building, energy use, and recycling.



forced to look elsewhere for their desired livability.

Affordability needs are acute within the survey results and are even more prominent when paper survey respondent results were reviewed separately from the online respondents. Paper survey respondents were 70% Latino and primarily from traditionally underserved communities. Overall, affordability of homes and rental units are a primary concern, but the cost burden became more evident when rental and homeownership monthly payments were reviewed. For many of those that responded via the paper survey it was noted that their mortgage was slightly lower which may reflect the housing being concentrated in lower income areas of the city, again, reiterating the need for increased choice and access. Not surprisingly this population also reported incidents of discrimination for about 50% of the respondents; discrimination was directly linked to race, immigration status, or ethnicity (primarily Latino). This information was in direct contrast to the online respondents who felt the primary reason for discrimination was the ownership of a pet.

Affordable housing isn't just about the numbers, it is about the lives affected by sky-rocketing housing prices, poor living conditions, exclusion of basic needs, and the daily choice of food versus rent, and as Matthew Desmond points out in his book "Evicted" – **'the rent always eats first'**. Salt Lake City does not disregard these numbers, but is constantly and profoundly aware of the many faces they reflect and that so many of those are children. As this plan progresses, recognizing the failure of the market to accommodate the changing needs of this community is key to also identifying solutions. While the market challenges affect everyone in the city a closer look at those most underserved merits additional review so that this can be a city for everyone.

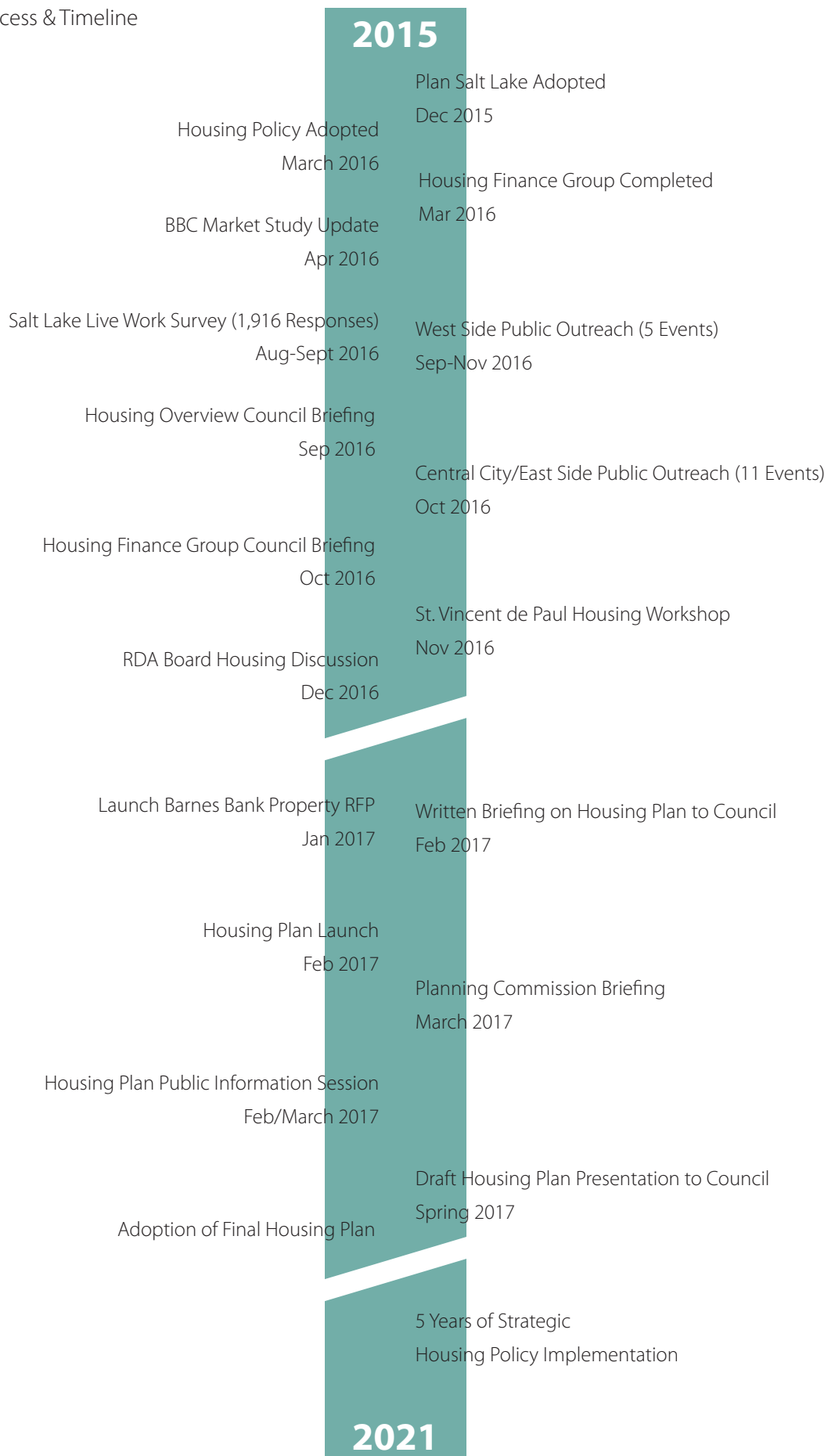
6. CONCLUSION

Salt Lake City is in the beginning of a systemic housing crisis. The goals, objectives, and strategies outlined in this plan are intended to guide the modernization of public policy and the deployment of resources that are needed to address the crisis. This effort will require that the City examine its own processes and procedures to ensure that it is functioning at the highest, most efficient levels. If administrative systems do not improve to match the goals established here, they could hinder the successful implementation of this plan.

This is a five-year plan. While its duration is relatively short, the speed of markets, innovation, and demographic change, warrant regular review and potential course corrections as needed. As part of the execution of this plan, the City will commit to accountability and transparency toward achieving its goals and will create a work plan to establish expectations and chart the city's progress.

Finally, Salt Lake City must be a place for a growing diverse population to find housing opportunities that are safe, secure, and enrich lives and communities. The execution of this plan is a fulfillment of Salt Lake City's legacy as a welcoming community that is committed to equity and access to affordable housing for all of its residents.

Housing Plan Process & Timeline



APPENDIX A: HOUSING MARKET STUDY

BBC RESEARCH & CONSULTING 2016



Housing Market Update

Salt Lake City Corporation



FINAL REPORT

Final Report

November 22, 2016

Housing Market Update

Prepared for

Salt Lake City Corporation
Housing and Neighborhood Development
451 South State Street
Room 406
Salt Lake City, Utah 84114
www.slcgov.com/hand

Prepared by

BBC Research & Consulting
1999 Broadway, Suite 2200
Denver, Colorado 80202-9750
303.321.2547 fax 303.399.0448
www.bbcresearch.com
bbc@bbcresearch.com



Table of Contents

ES. Executive Summary

What Were the Primary Demographic Changes Between 2000 and 2014?	ES-1
How Affordable is Salt Lake City Housing?	ES-2
What Types of Households are most likely to need Affordable Housing?	ES-3
Does Salt Lake City's Housing Stock Accommodate Future Housing Needs?	ES-4

I. Community Profile

Demographic Overview	I-2
Economic Indicators	I-18

II. Income Profile

Income and Poverty	II-1
Income by Tenure.....	II-7
Cost Burden	II-8

III. Housing Profile and Affordability

Existing Housing Stock.....	III-1
Profile of Renters and Owners	III-4
Housing Cost and Affordability.....	III-8

IV. Market Mismatches and Gaps

Rental Gaps	IV-1
Gaps in the For Sale Market	IV-3
What Can Workers Afford?	IV-6

Executive Summary

Housing Market Update

EXECUTIVE SUMMARY.

Housing Market Update

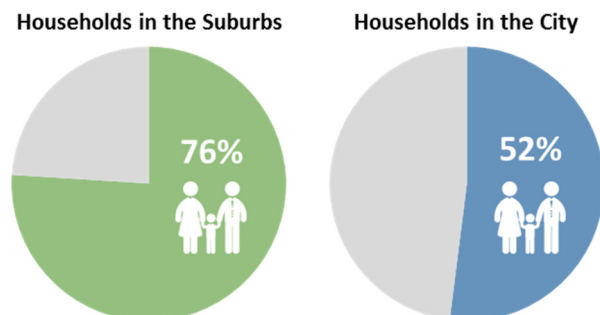
In 2013 BBC Research & Consulting (BBC) conducted housing market study for Salt Lake City Corporation, with a focus on affordable housing needs. This report provides an update to key demographic indicators from that market study and an in-depth analysis of housing affordability in Salt Lake City. This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

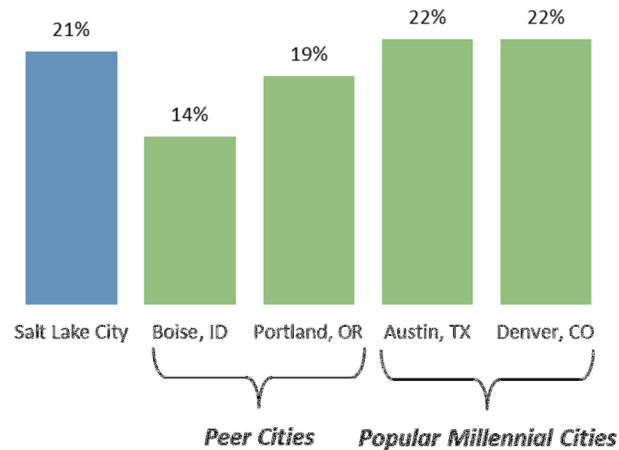
The Executive Summary highlights key findings from the analysis.

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.

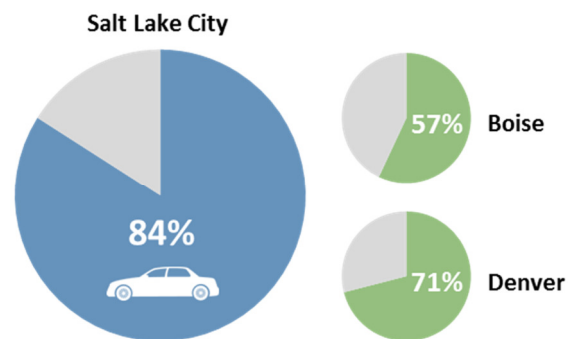


- The Salt Lake City metro area ranks second among all large metros (those with at least 1,000,000 residents) for the most millennials aged 25-34 as a proportion of the population—second only to Austin, Texas.¹ The city itself has a higher proportion of millennials and stronger millennial growth than 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.

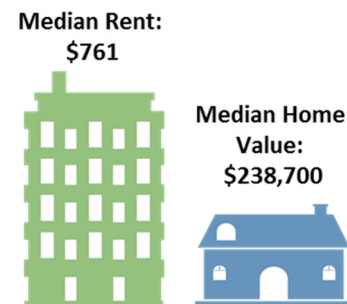
- Salt Lake City has a very high proportion of in-commuters compared to peer cities: 84 percent of Salt Lake City jobs are held by in-commuters (up from 82% in 2011), compared to 57 percent in Boise and 71 percent in Denver. The city's in-commuting population will continue to grow if job growth exceeds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

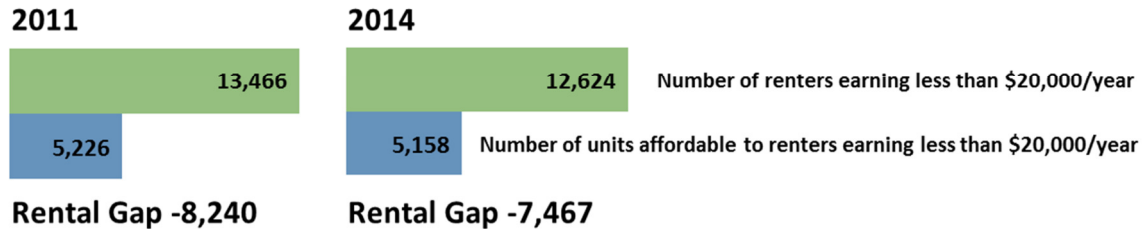
How Affordable is Salt Lake City Housing?

- 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%).



¹ <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.²

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.

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.

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

SECTION I.

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).

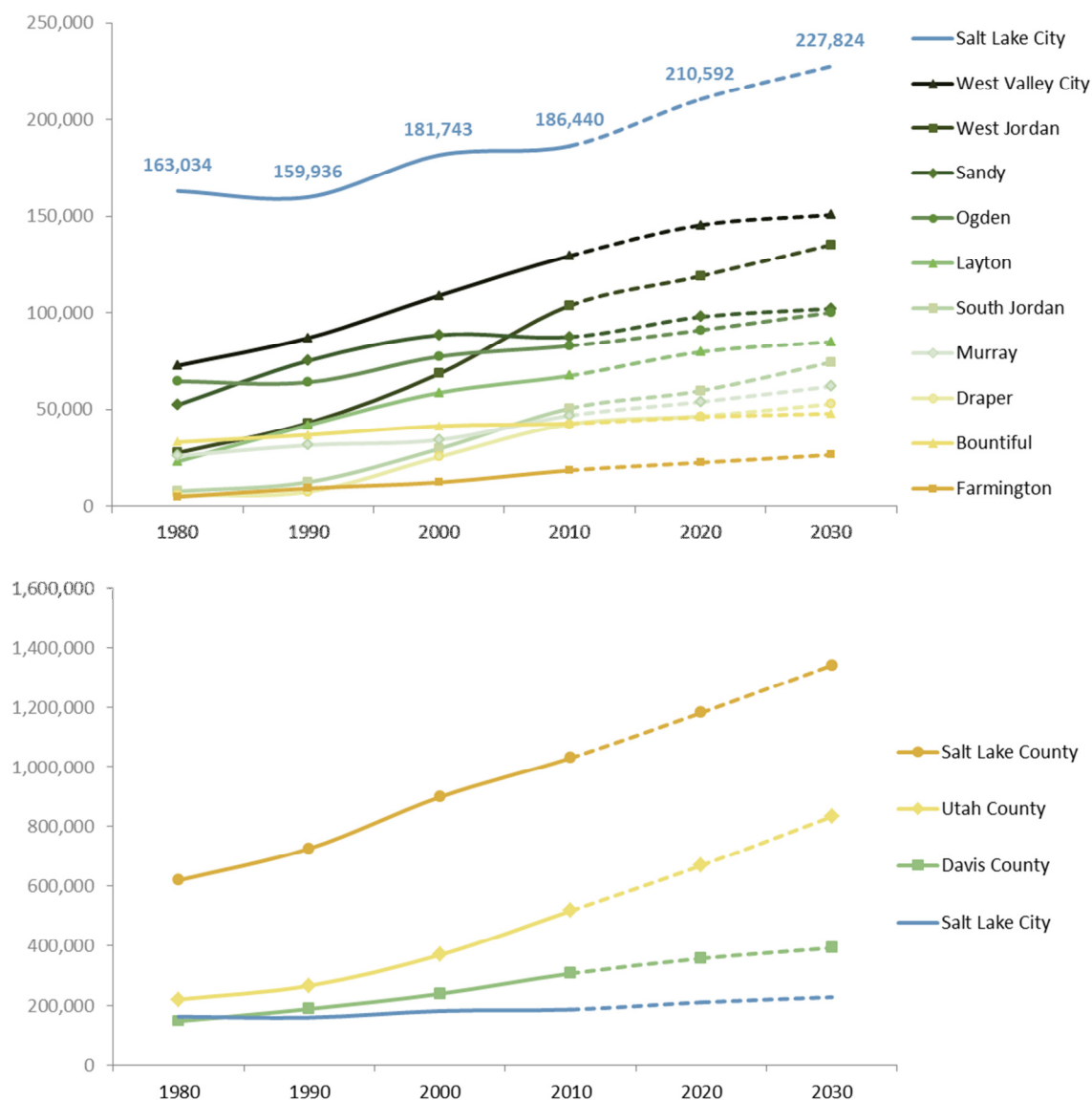
Figure I-1.
Population, Salt Lake
City, Surrounding
Counties and State,
2000-2014

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.

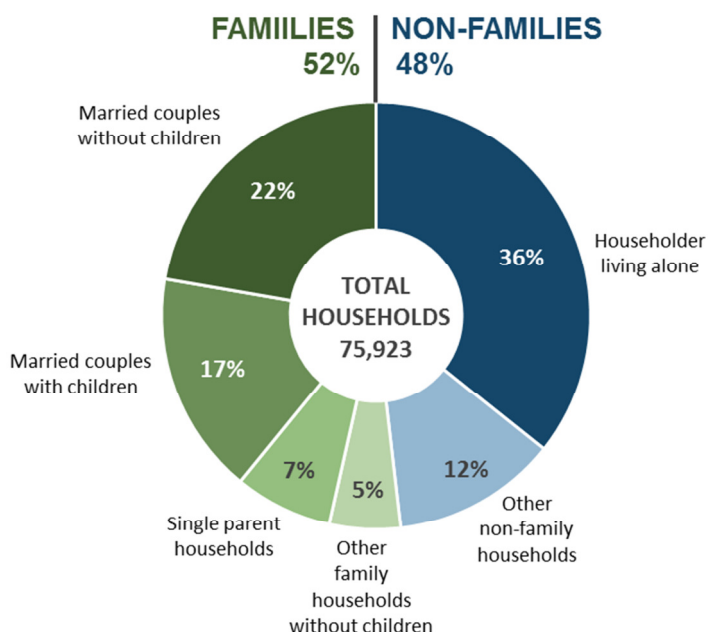
Approximately 7 percent of all Salt Lake City households are single parent households—2 percent are single fathers (1,512 households) and 5 percent are single mothers (4,104 households). Single parent households account for about 31 percent of all families with children in the city, compared to 23 percent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

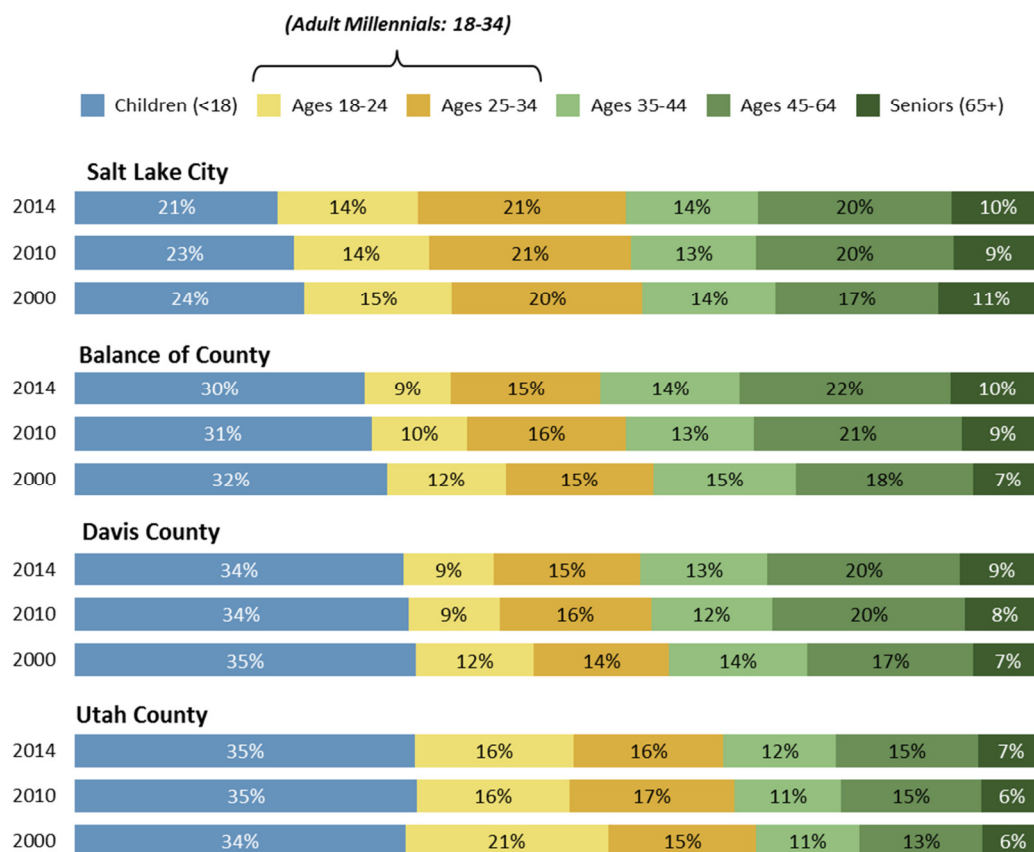
Household size. Utah has the highest average household size in the nation and is the only state where average household size is greater than three. Average household size in Salt Lake City is 2.45, lower than the state (3.16) and county (3.01) but higher than peer cities such as Denver (2.30). Twenty-three 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.¹
- 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%).² 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.³ 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.

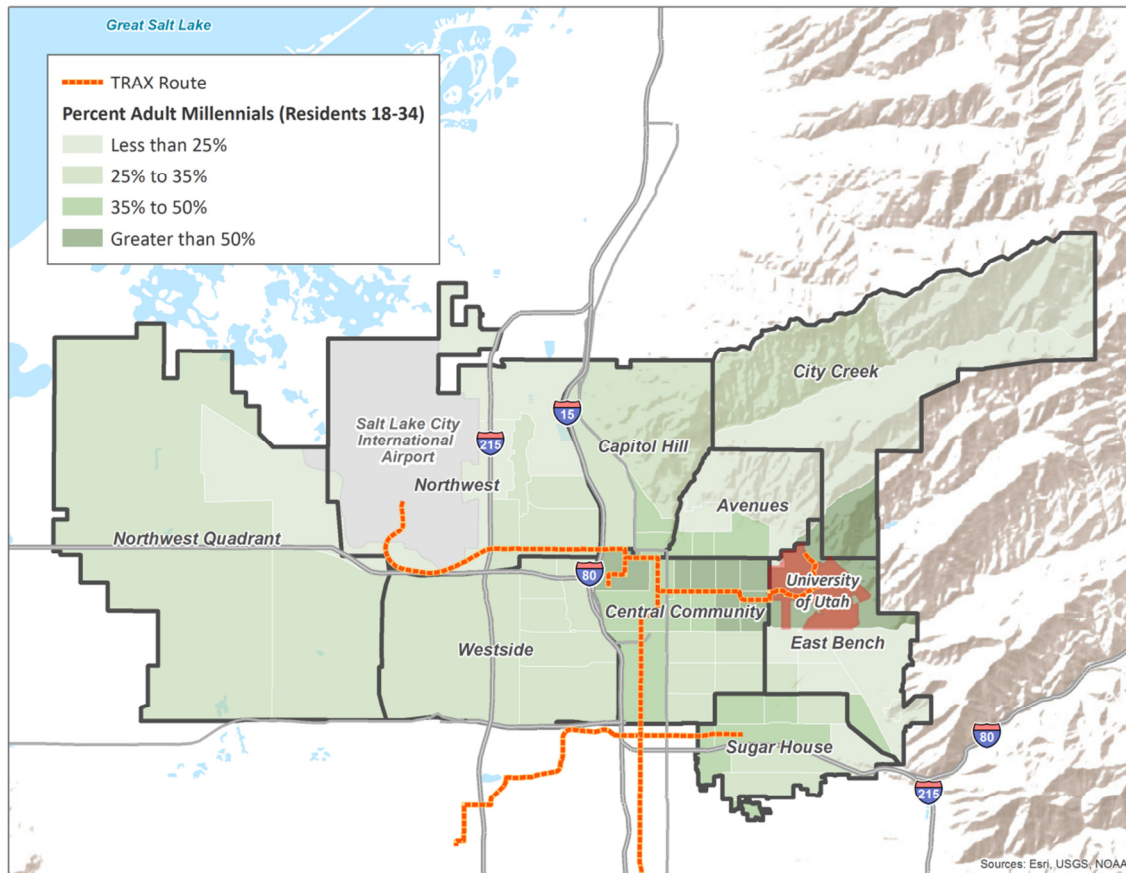
The following two maps present age characteristics by geography for Salt Lake City residents: Figure I-5 displays the proportion of Census tract residents that are adult millennials (ages 18-34) and Figure I-6 displays the proportions that are seniors.

¹ 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).

² 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.

³ <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.

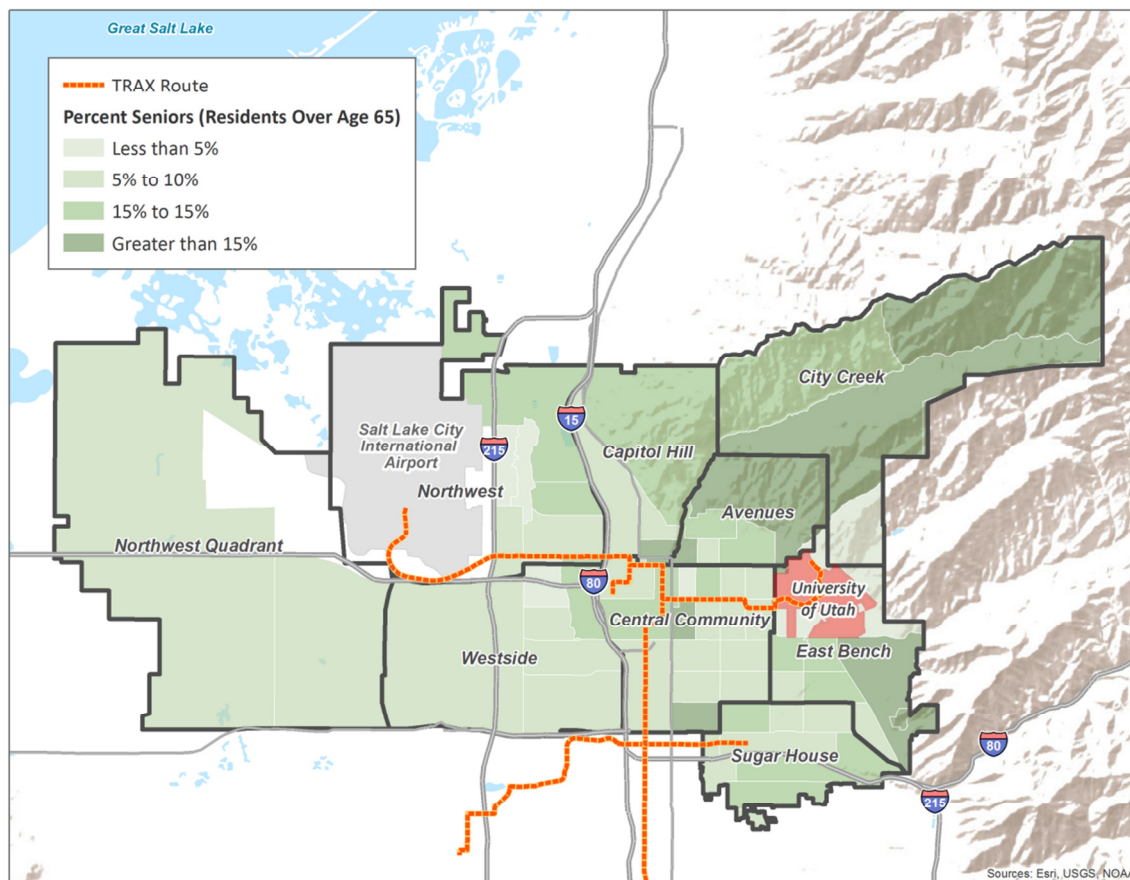
Source: 2010-2014 ACS Census and BBC Research & Consulting.

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.⁴ 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.

⁴ 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
Total Population	181,743	100%	186,440	100%	190,873	100%	3%	0.3%	2%	0.6%
Race and Ethnicity Combined										
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%
Race Detail										
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%
Ethnicity Detail										
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.⁵

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.

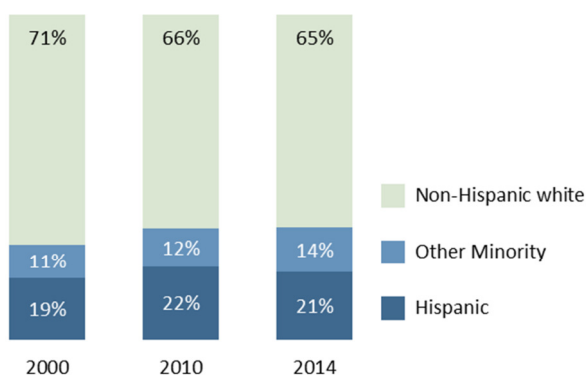


Figure I-9 shows the percentage of minorities out of the total population and the percentage of the largest racial/ethnic group in Salt Lake City, surrounding counties and the state in 2000 and 2014. Across all geographies, the percentage of minorities and the percentage of Hispanic residents have increased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

⁵ http://www.brookings.edu/~media/research/files/papers/2011/5/04%20census%20ethnicity%20frey/0504_census_ethnicity_frey.pdf.

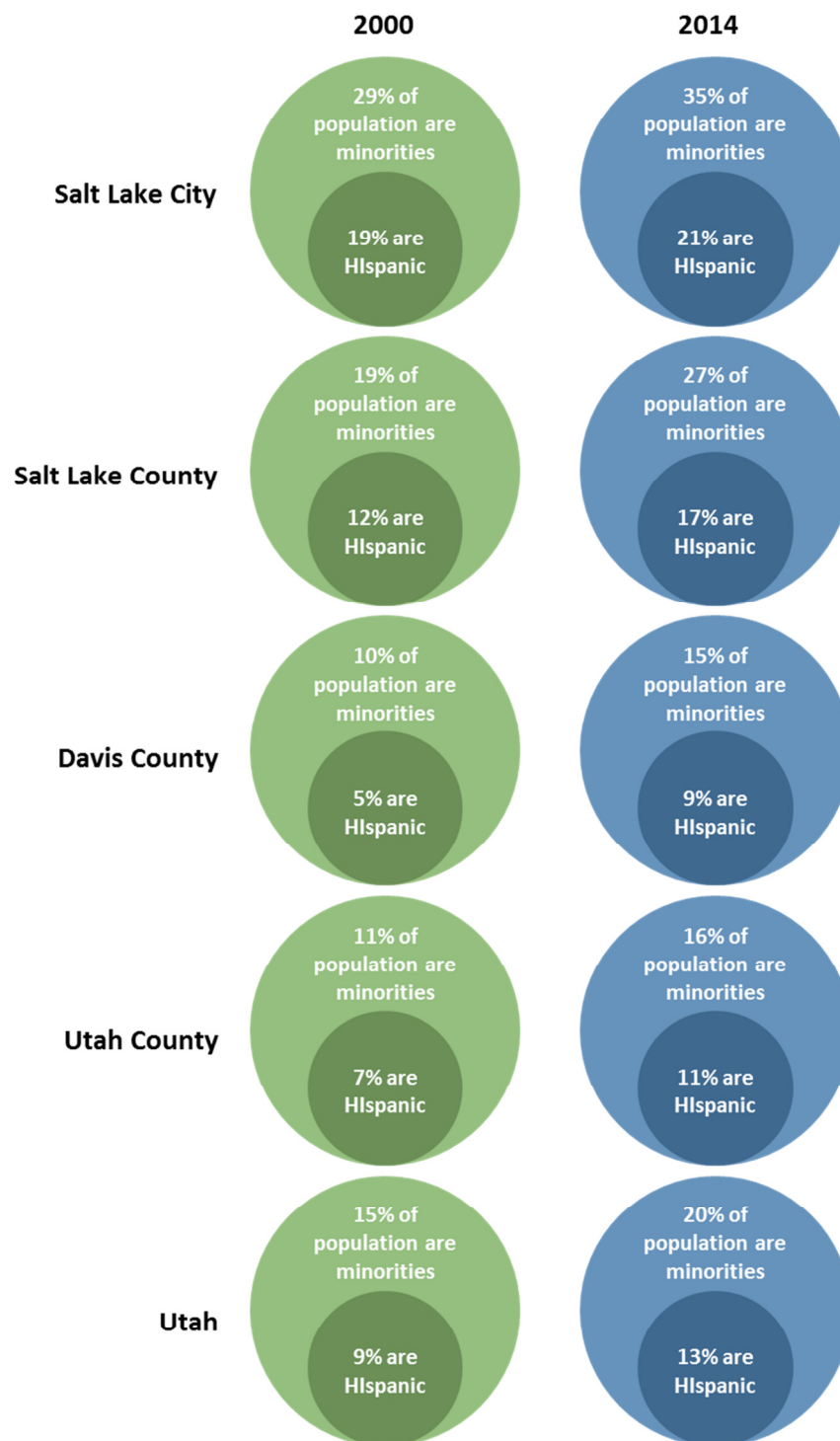
**Figure I-9.
Racial and Ethnic
Composition, Salt
Lake City,
Surrounding
Counties and State,
2000 and 2014**

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.

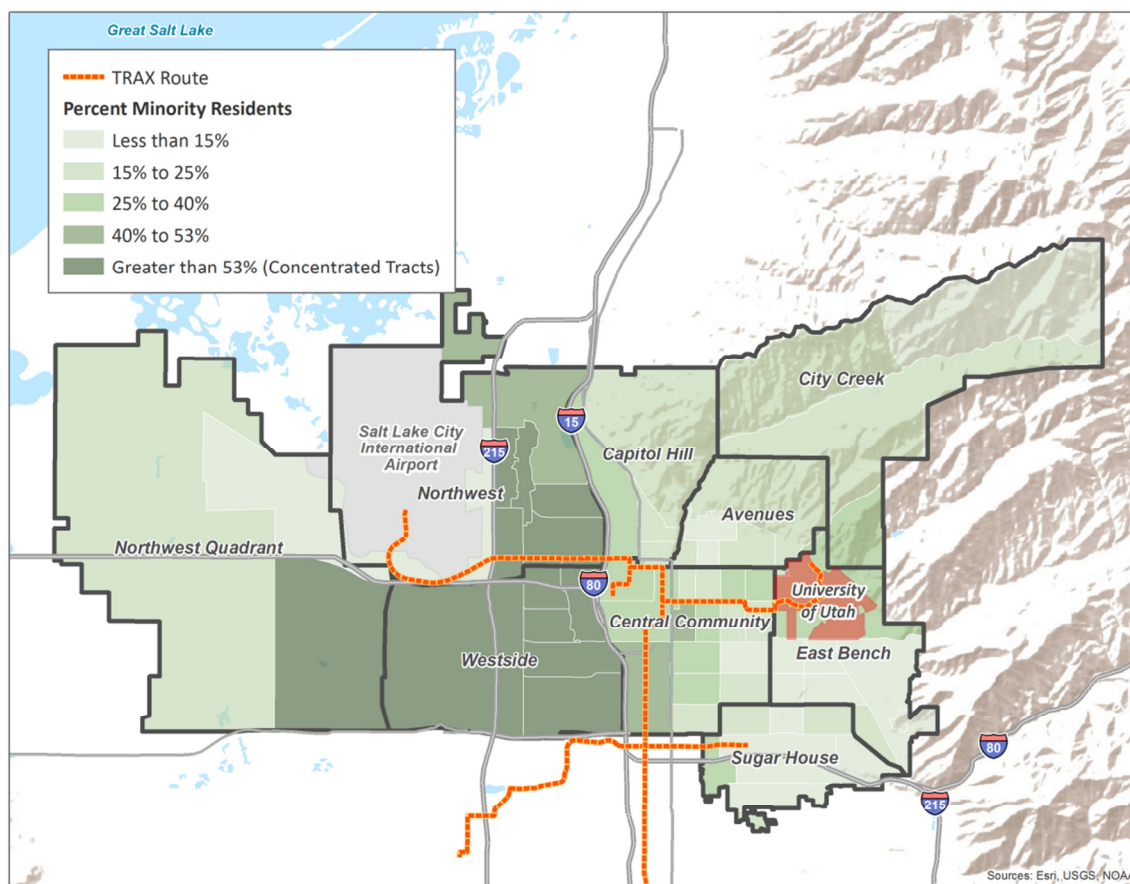
In some cases, minority concentrations are a reflection of preferences—e.g., minorities may choose to live near family and friends of the same race/ethnicities or where they have access to grocery stores or restaurants that cater to them. In other cases, minority populations are intentionally steered 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.

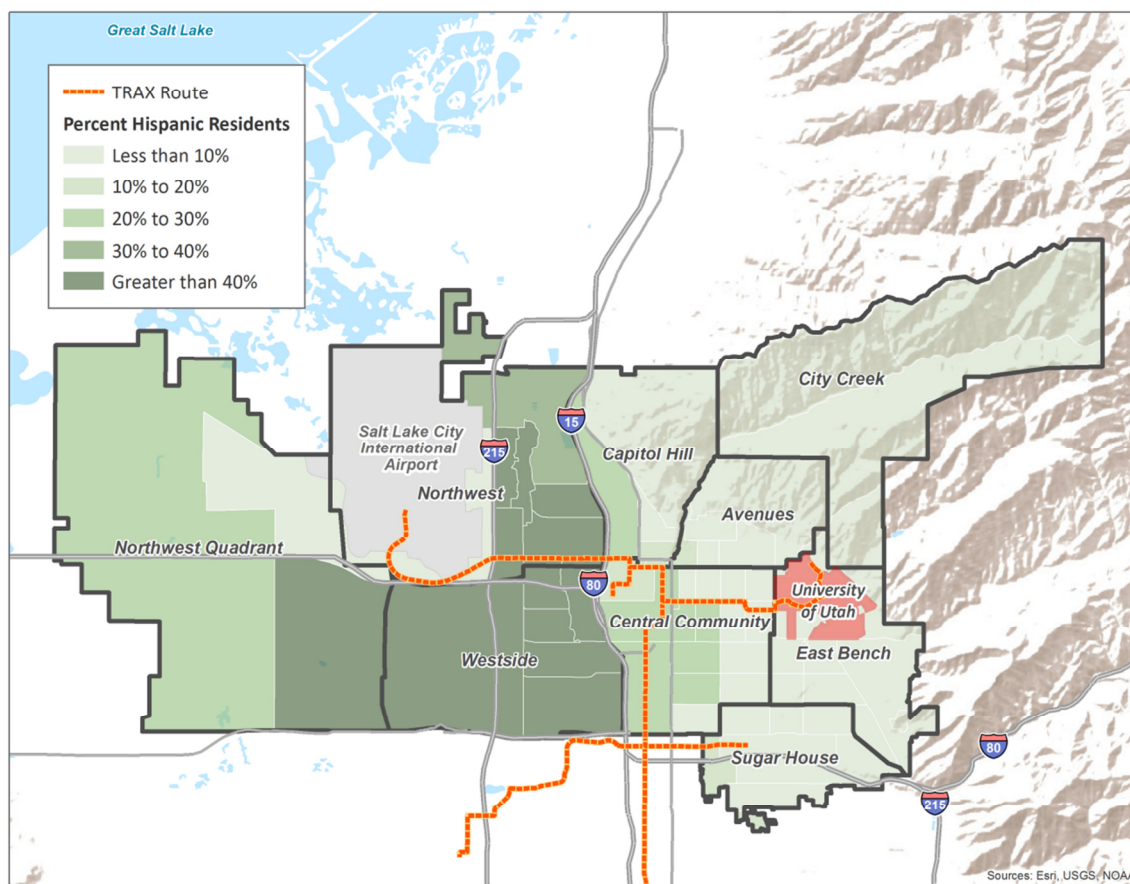
Figure I-10.
Percent of Census Tract Population that is Minority, Salt Lake City 2014



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
Total Residents	189,945	18,540	10%
Residents 5 years and younger	11,913	0	0%
Residents 5 to 17 years	27,927	1,225	4%
Hearing		46	0%
Vision		256	1%
Cognitive		866	3%
Ambulatory		46	0%
Self-care		123	0%
Population 18 to 64 years	132,406	10,530	8%
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%
Population 65 years and over	17,699	6,785	38%
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.

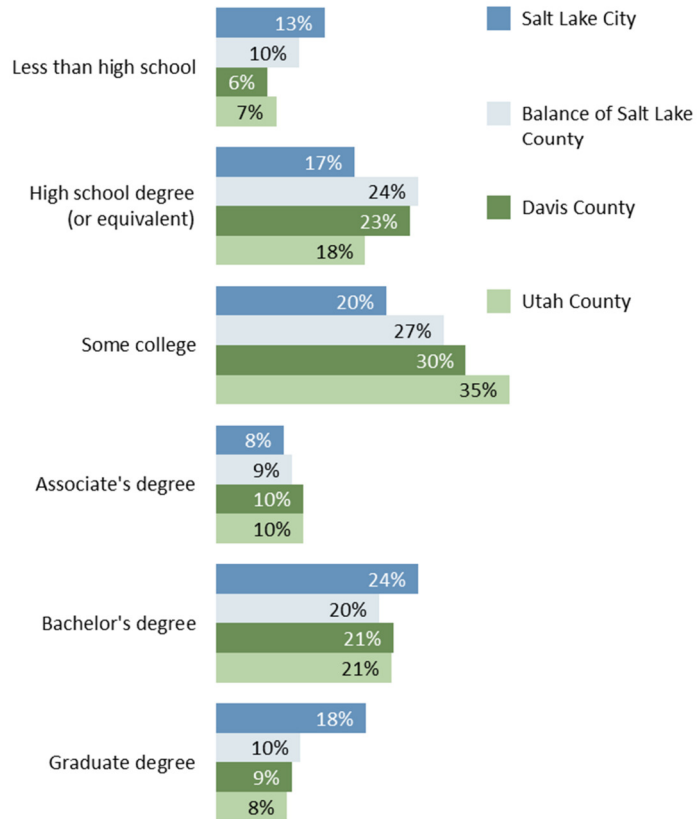


Figure I-14 shows educational attainment by gender, foreign born residents, poverty rate and median earnings for Salt Lake City, surrounding counties and the state. In Salt Lake City, educational attainment among male and female residents is almost identical. At the county and state level, educational 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
Male, 25 years and over	62,335		323,598		88,591		130,518		815,629	
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%
Female, 25 years and over	59,383		327,201		92,034		132,249		827,099	
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%
Foreign Born	25,618		106,718		12,595		29,391		191,504	
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%
Poverty Rate, 25 years and over										
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%
Median Earnings	\$31,675		\$35,349		\$40,709		\$35,316		\$35,208	
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.

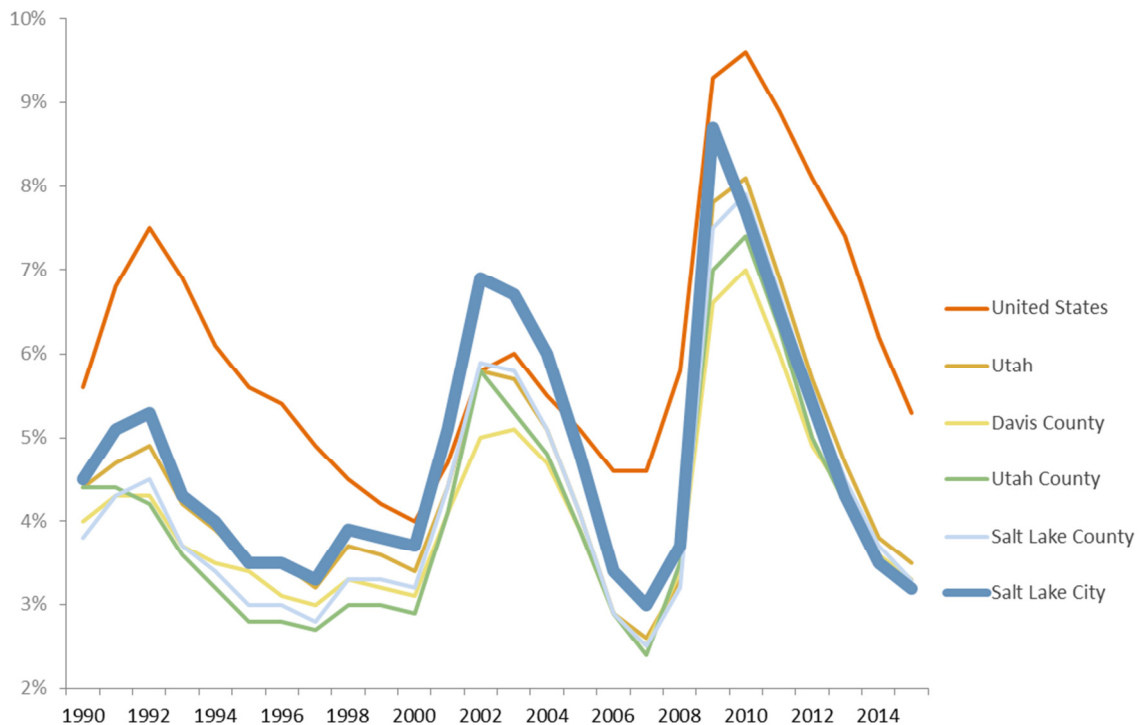
Economic Indicators

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.

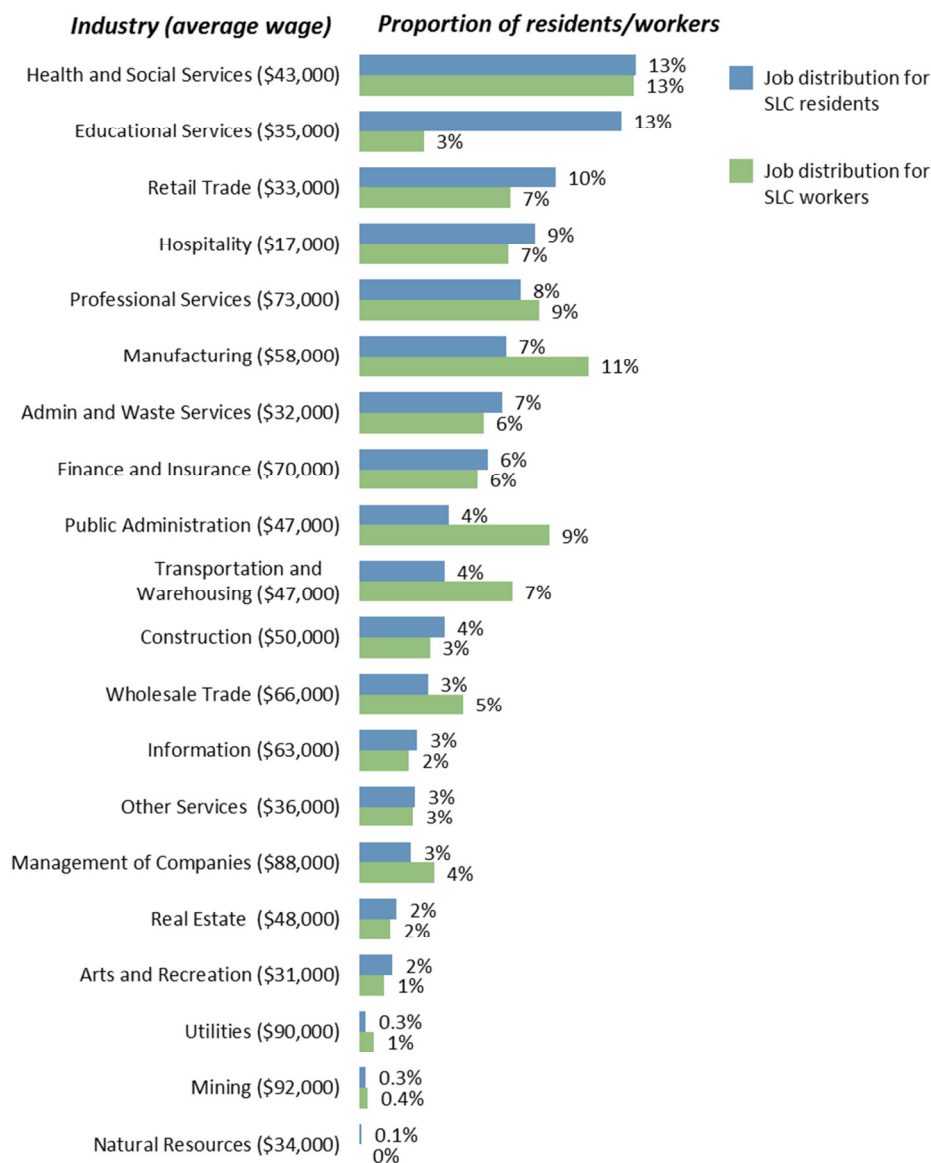
Commuting. Salt Lake City is a job center for the region as a whole, hosting many more jobs than working residents. According to the US Census Bureau's Longitudinal Employer-Household Dynamics, there are 33,968 workers that both live and work in Salt Lake City. Another 173,548 people work in Salt Lake 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.

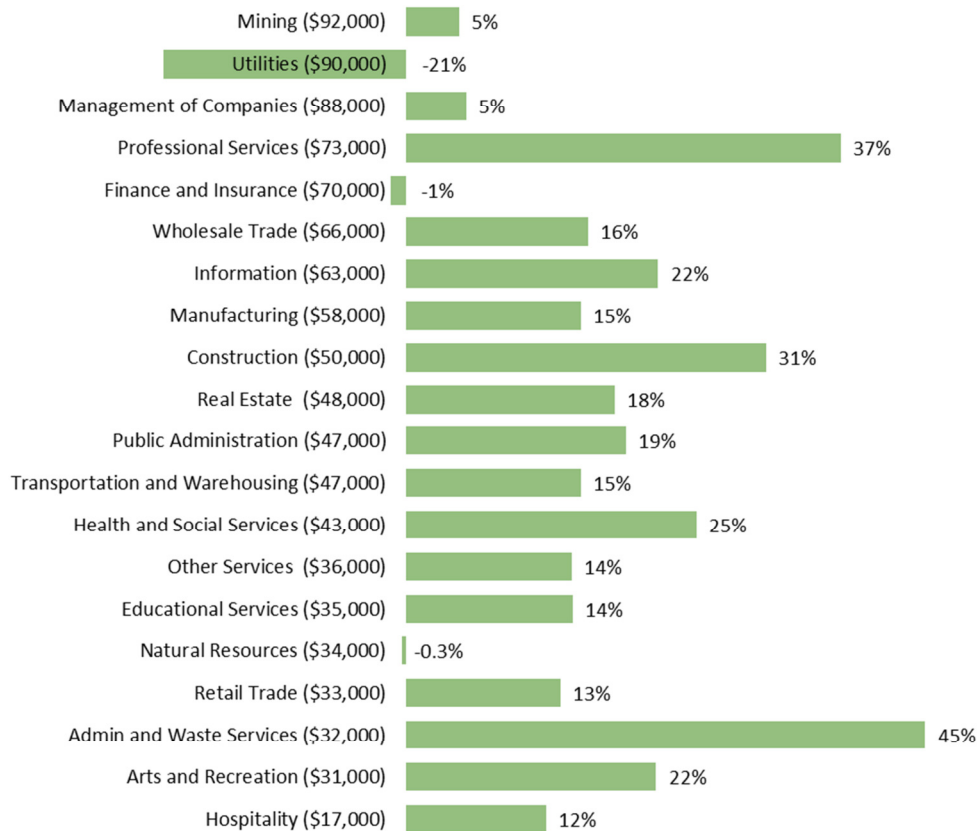
Health and Social Services supports the largest proportion of both residents (13%) and workers (14%). For residents, the next largest sectors are Education, Retail and Hospitality—all relatively low paying industries. For workers, the next largest sectors are Manufacturing, Public Administration and 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 | 6. USPS |
| 2. Intermountain Health Care | 7. L3 Communications Group |
| 3. UofU | 8. SLC School District |
| 4. Smith's Food and Drug Center | 9. Delta |
| 5. Salt Lake County | 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.

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.

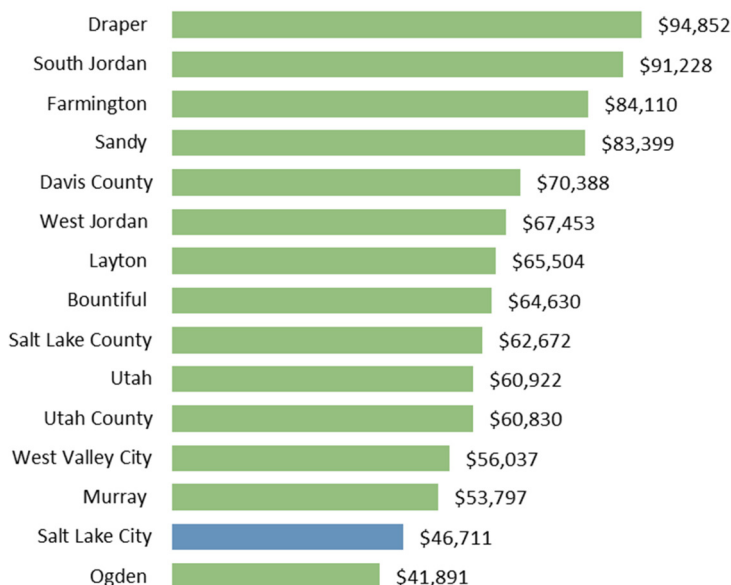
Figure II-1.
Median Income, Salt Lake City
Surrounding Communities,
Surrounding Counties and
State, 2014

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:

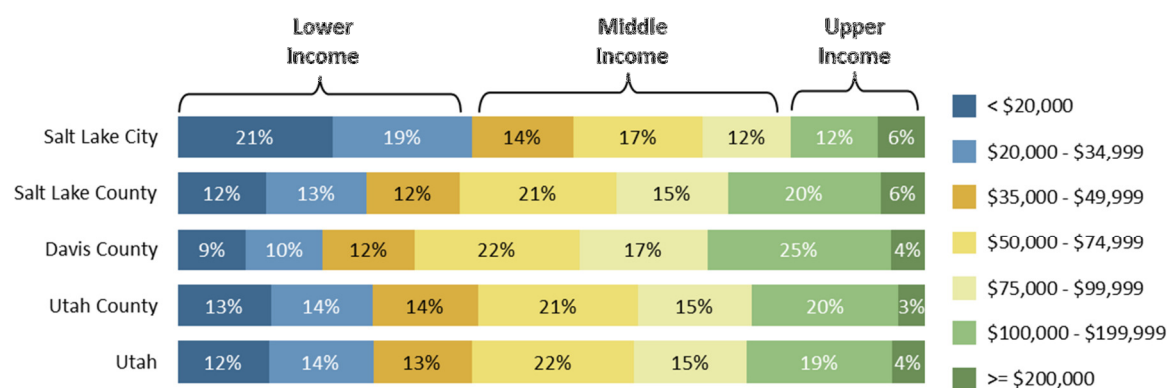
2014 ACS 1-year and 5-year estimates and BBC Research & Consulting.



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).¹

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.² 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.

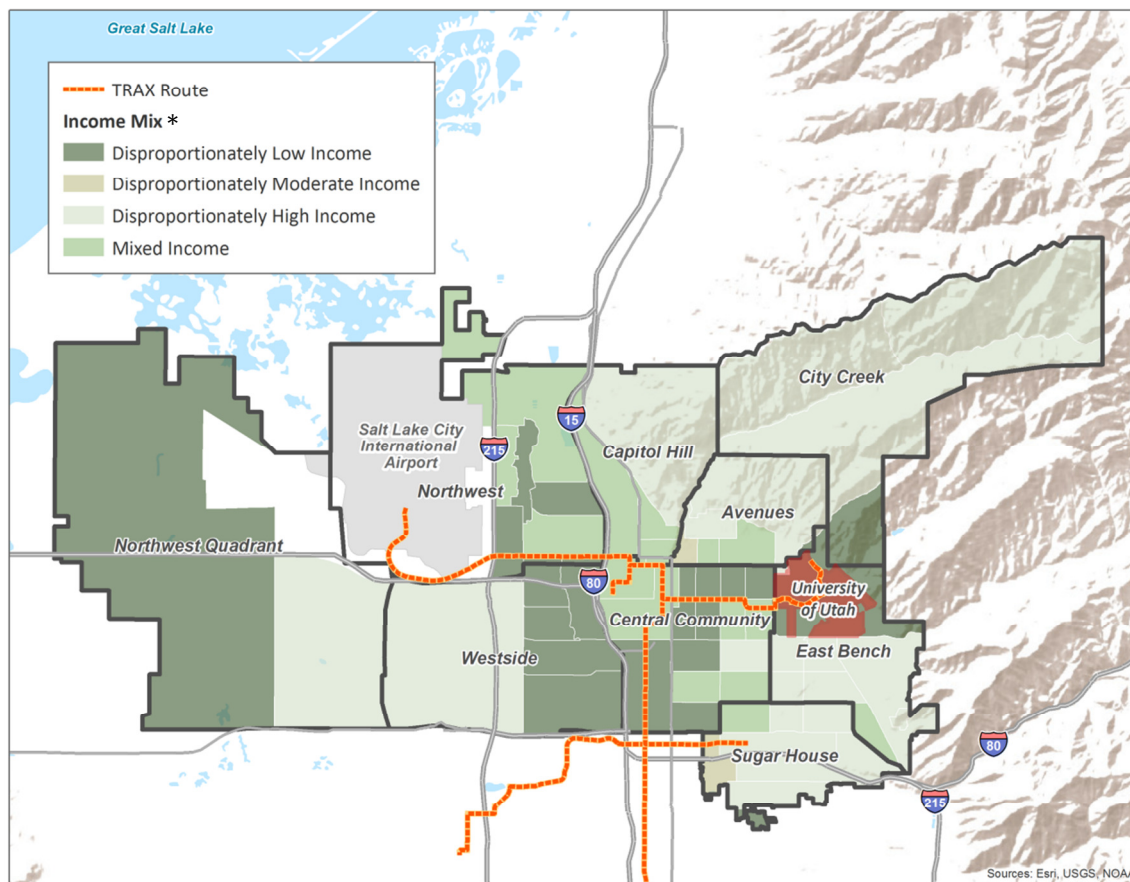
In other words, "mixed income" tracts generally reflect the income balance of the city whereas other tracts have a specific income group that is disproportionately represented and may be economically segregated.

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.

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

²<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
HUD Area Median Income (AMI)	\$72,200		
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%).³ 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.

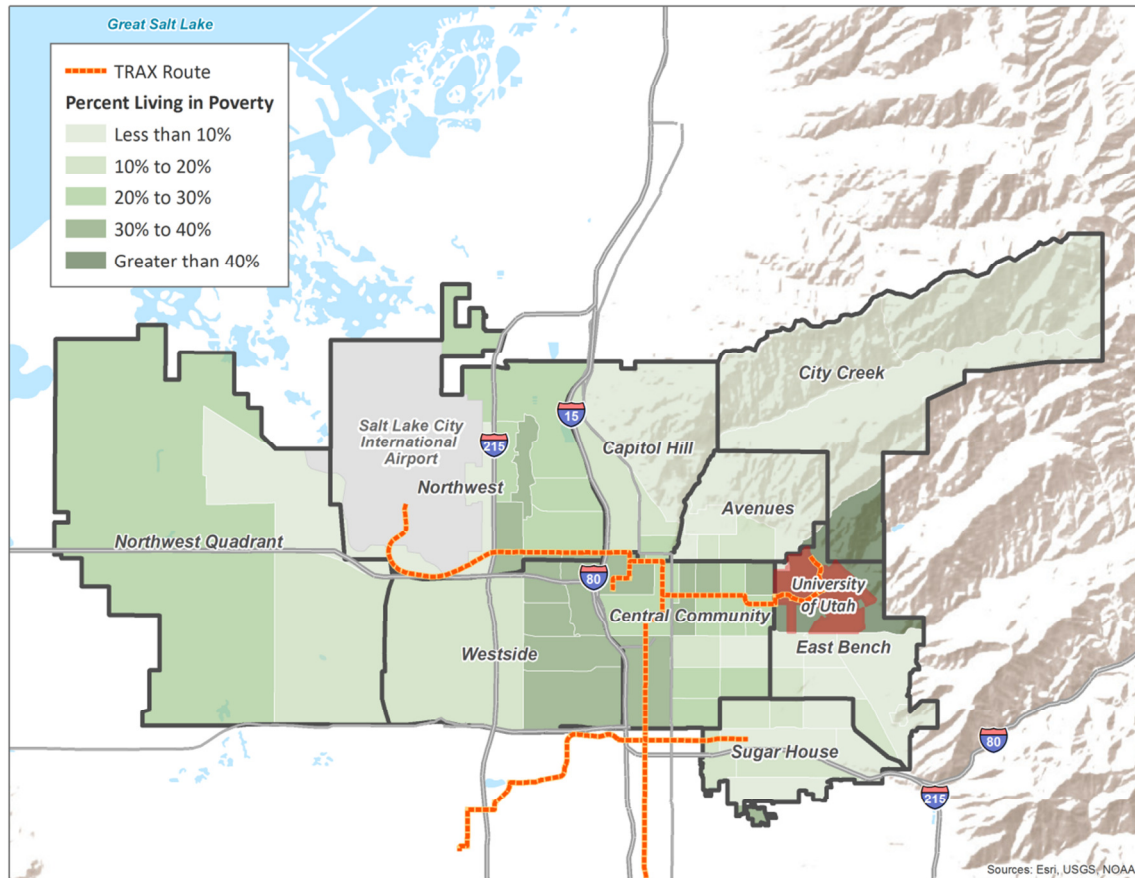
	Number Living in Poverty	Percent Living in Poverty
Individuals		
All people	40,248	21%
Children (under 18 years)	11,763	30%
Adults (18 years and over)	28,485	19%
18 to 64 years	26,699	21%
65 years and over	1,786	10%
Families		
All Families	5,707	15%
with children	4,579	23%
Married couple families	2,848	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.

³ 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.

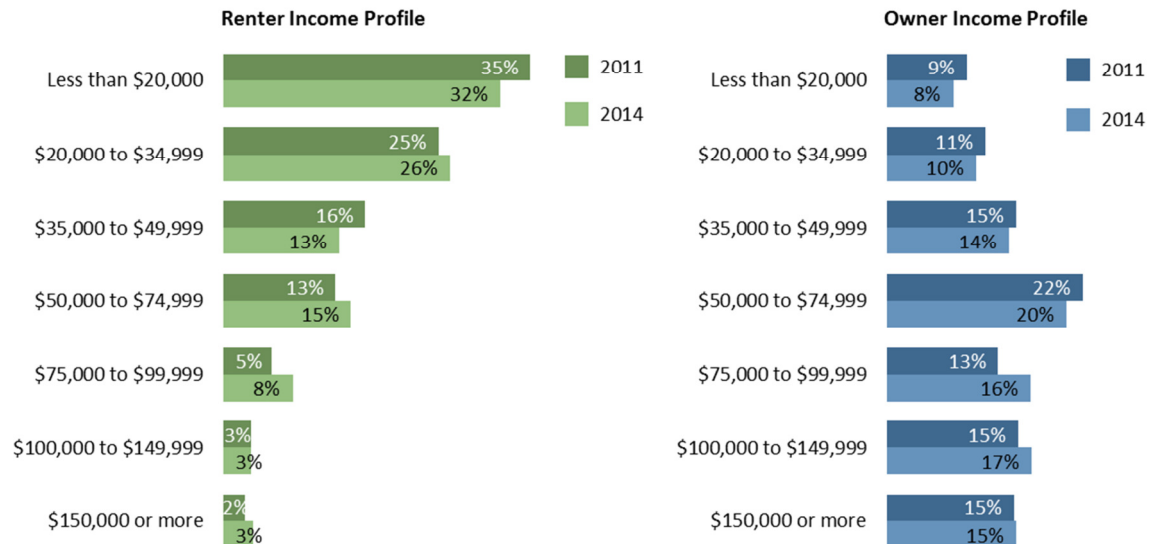
**Figure II-8.
Median Income by Tenure,
Salt Lake City, 1999-2014**

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
HUD Area Median Income (AMI)	\$72,200				
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

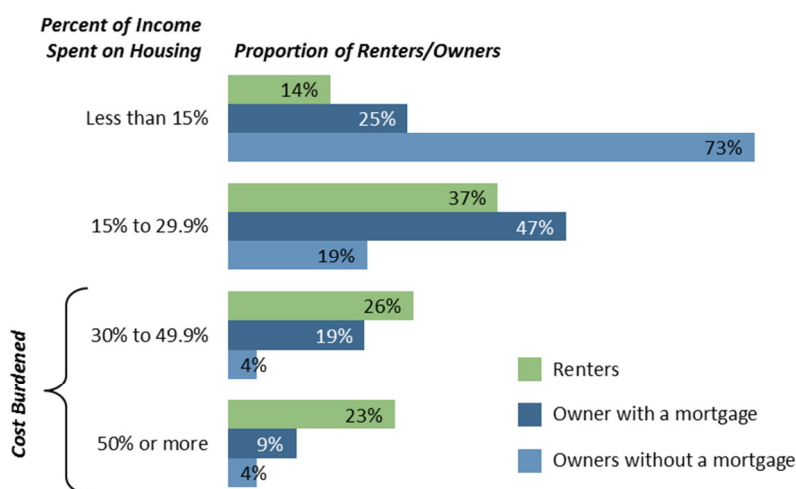
In addition to income, it is important to consider residents' housing expenses relative to their income. Residents spending 30 percent or more of their income on housing are said to be "cost burdened" and residents spending 50 percent or more of their income on housing are said to be "severely cost burdened."

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**

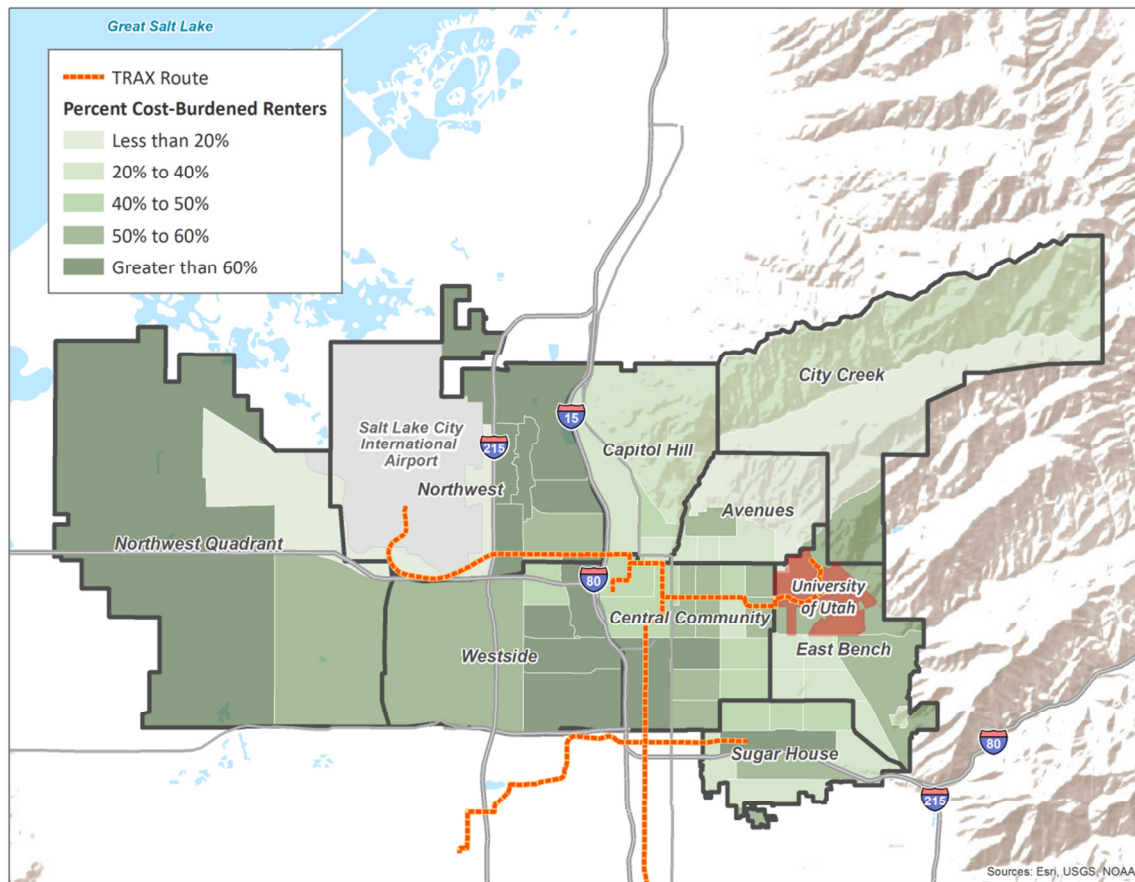
Note:
Cost-burdened households spend 30
percent or more of their monthly
income on housing expenses.

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.

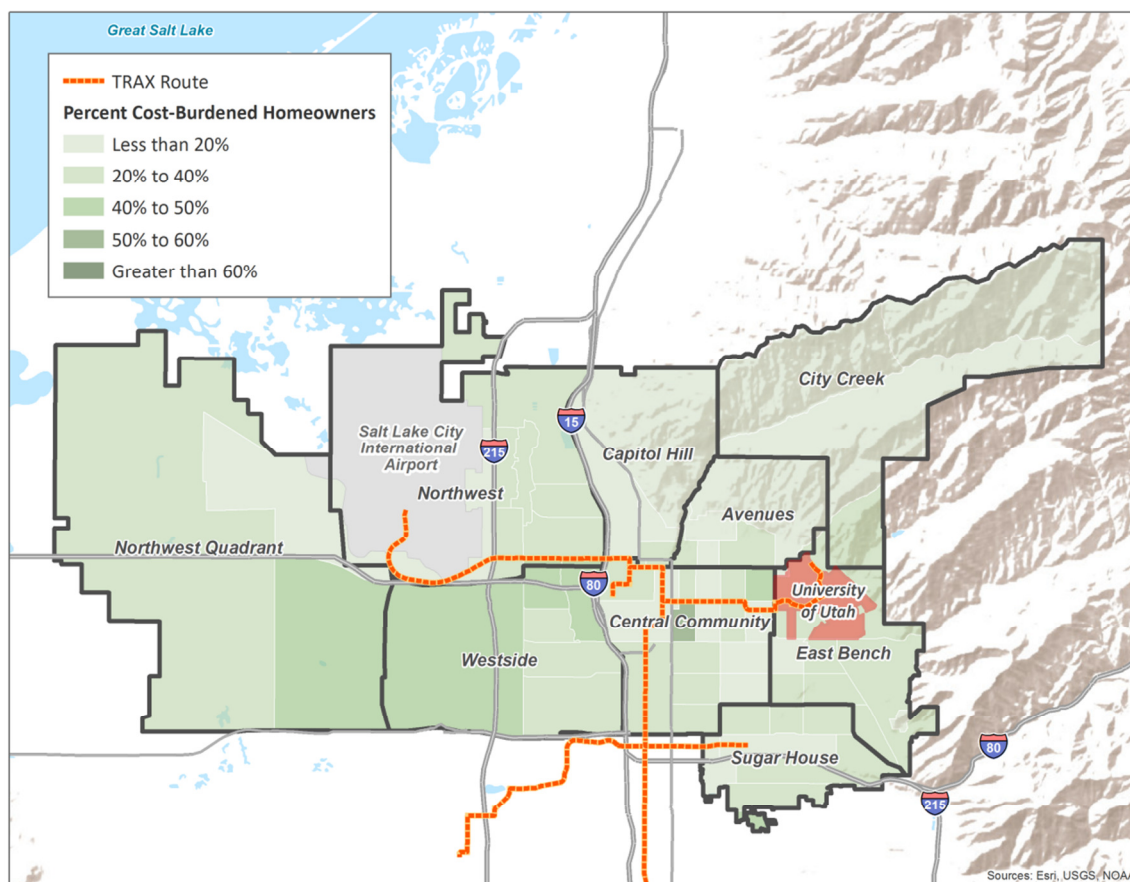
Figure II-12.
Proportion of Census Tract Renter Household that are Cost-Burdened, Salt Lake City, 2014



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.

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.

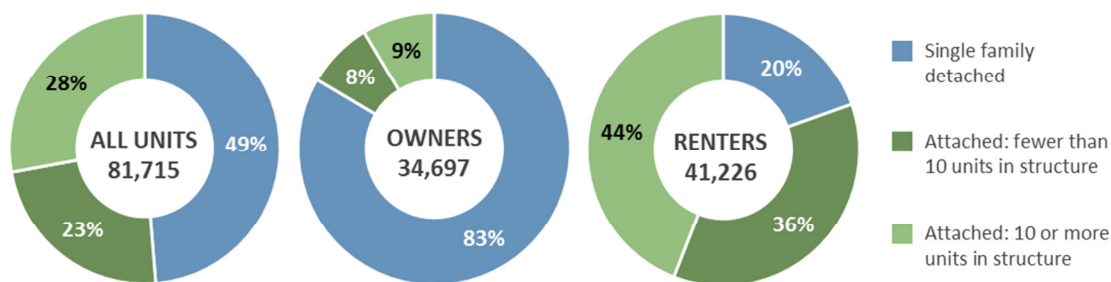
Existing Housing Stock

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.

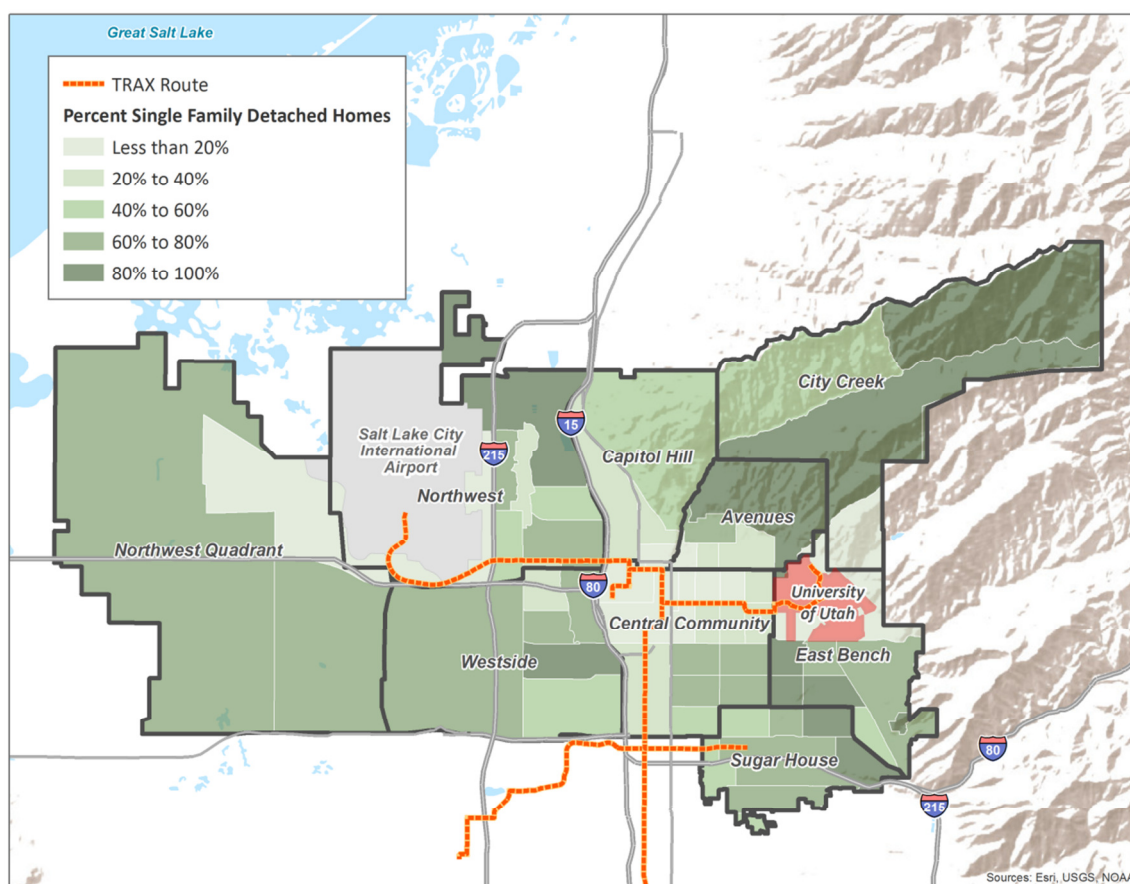
Figure III-1.
Housing Type by Tenure, Salt Lake City, 2014



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.

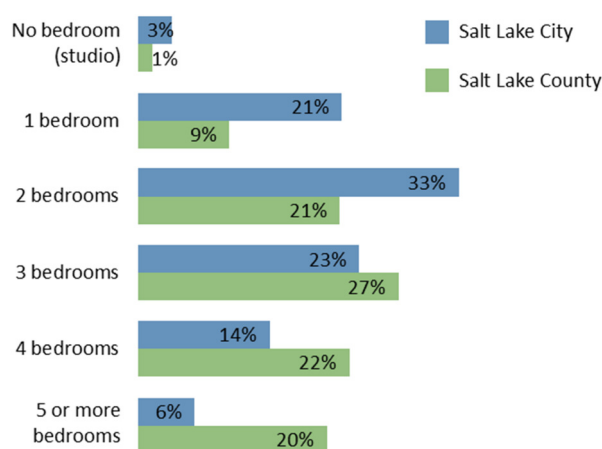
Source: 2010-2014 ACS and BBC Research & Consulting.

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.¹

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.

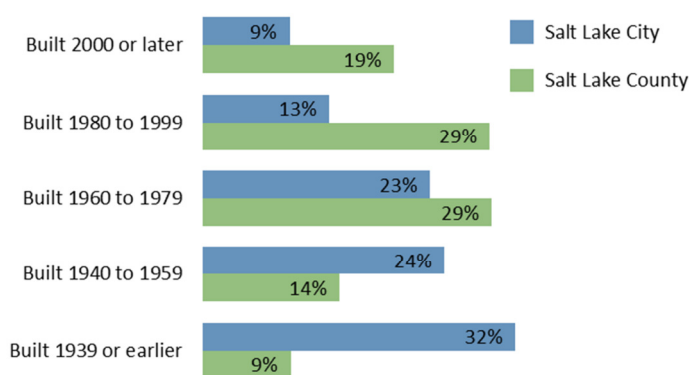
Age of housing stock. About 9 percent of Salt Lake City's housing stock was built in the past 15 years (since 2000); another 13 percent was built between 1980 and 2000. Nearly half (47%) was built between 1940 and 1980 and nearly one-third was built before 1940. Figure III-4 displays the city's housing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

¹ <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.² 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.³ 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

² 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.

³ 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
	Number	Percent	Number	Percent	Rate
Total households	41,232	100%	34,691	100%	46%
Median Income	\$30,360		\$71,903		
Age of householder					
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%
Household Type					
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%
Householder Educational Attainment					
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%
Race/Ethnicity of householder					
Non-Hispanic white	28,396	69%	29603	85%	51%
Hispanic	7094	17%	3414	10%	32%
Other minority	5,742	14%	1,674	5%	23%

Source: 2014 ACS and BBC Research & Consulting.

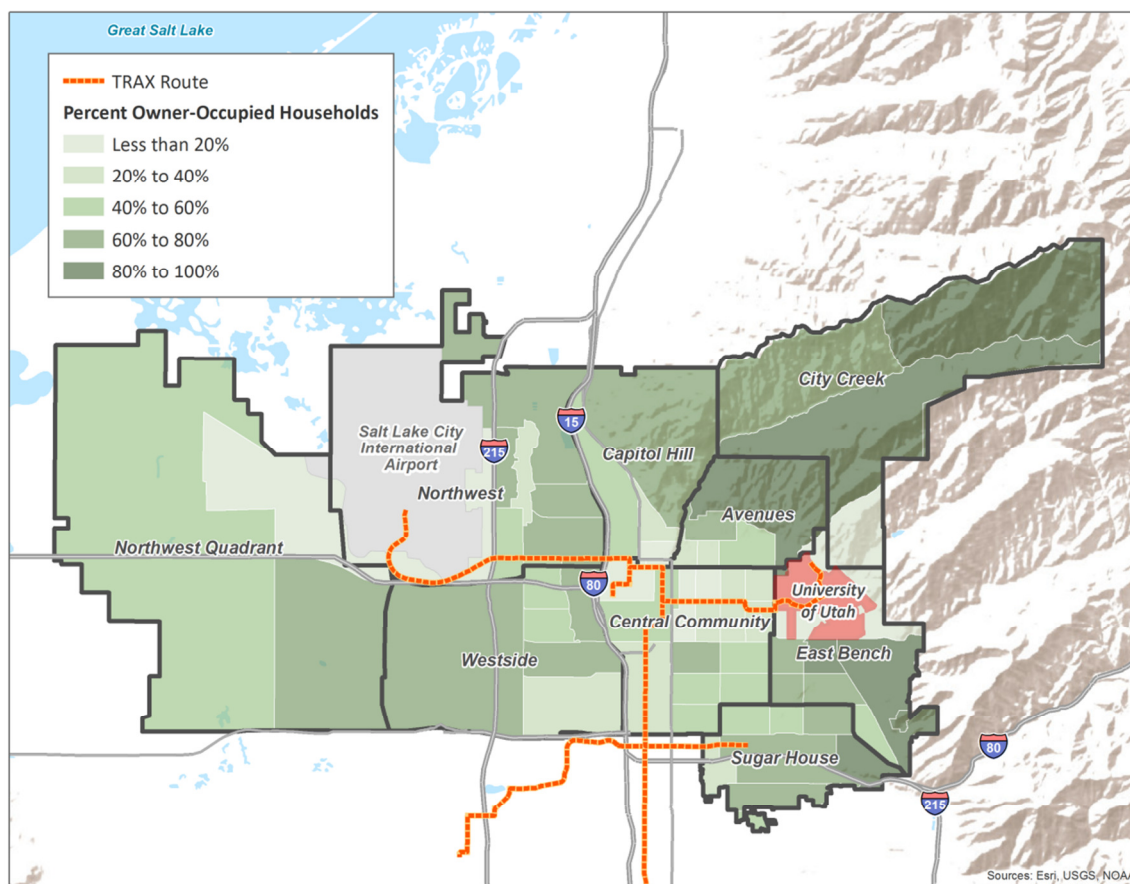
Some of the key differences between Salt Lake City renters and owners are summarized below:

- 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.

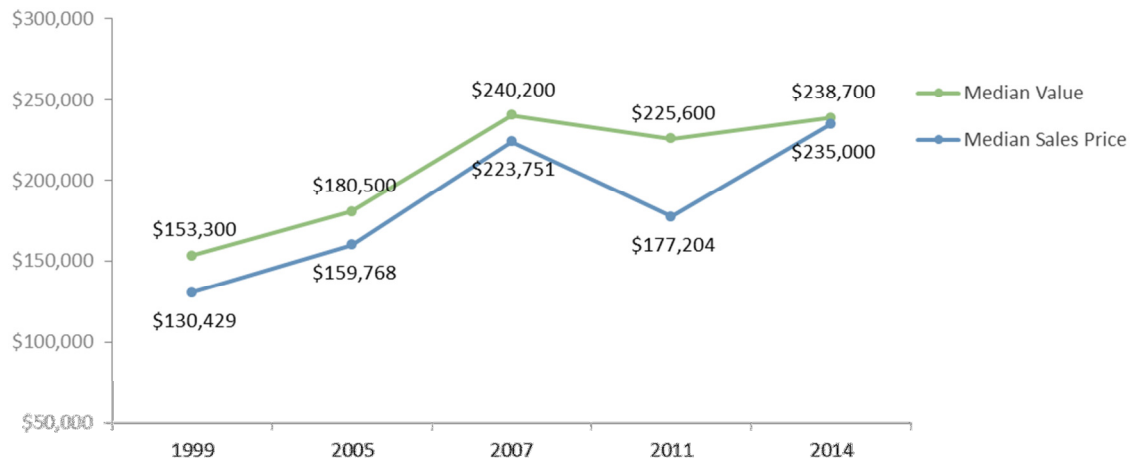
Housing Cost and Affordability

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.

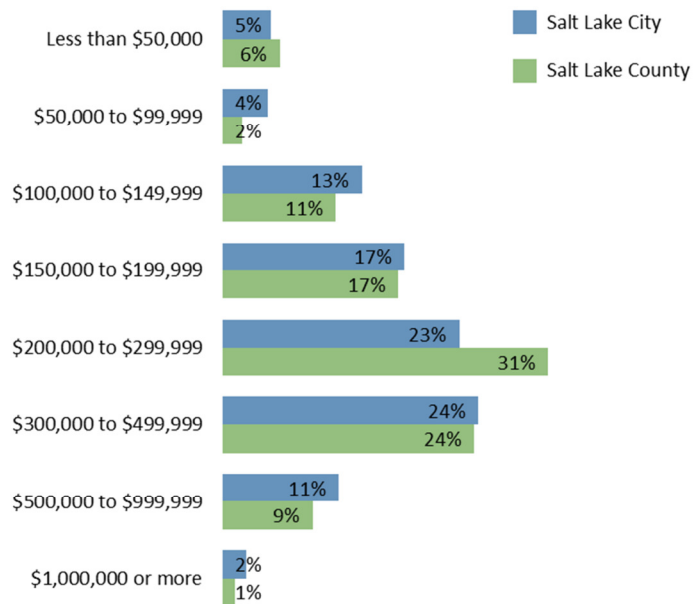


Figure III-9 compares the median home value in Salt Lake City to that of surrounding communities, Salt Lake County and the State of Utah. Salt Lake City home values are in the middle portion of the range defined by surrounding communities.

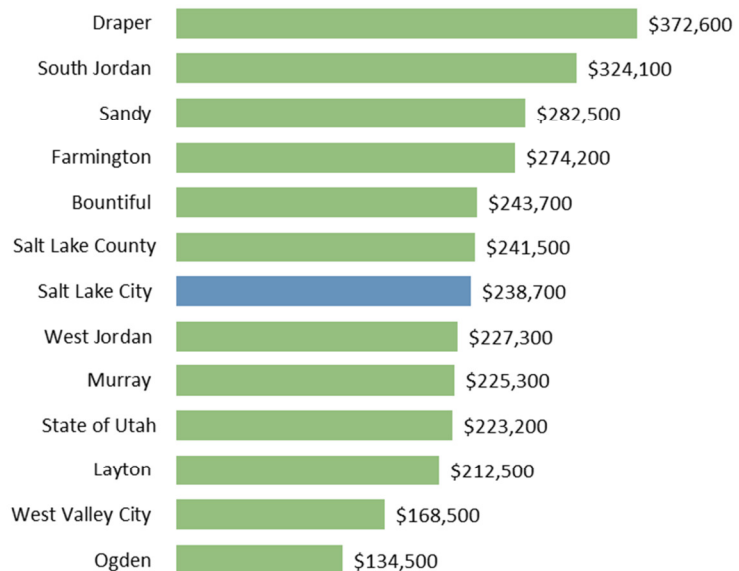
**Figure III-9.
Median Home Value, Salt
Lake City and Surrounding
Communities, 2014**

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.

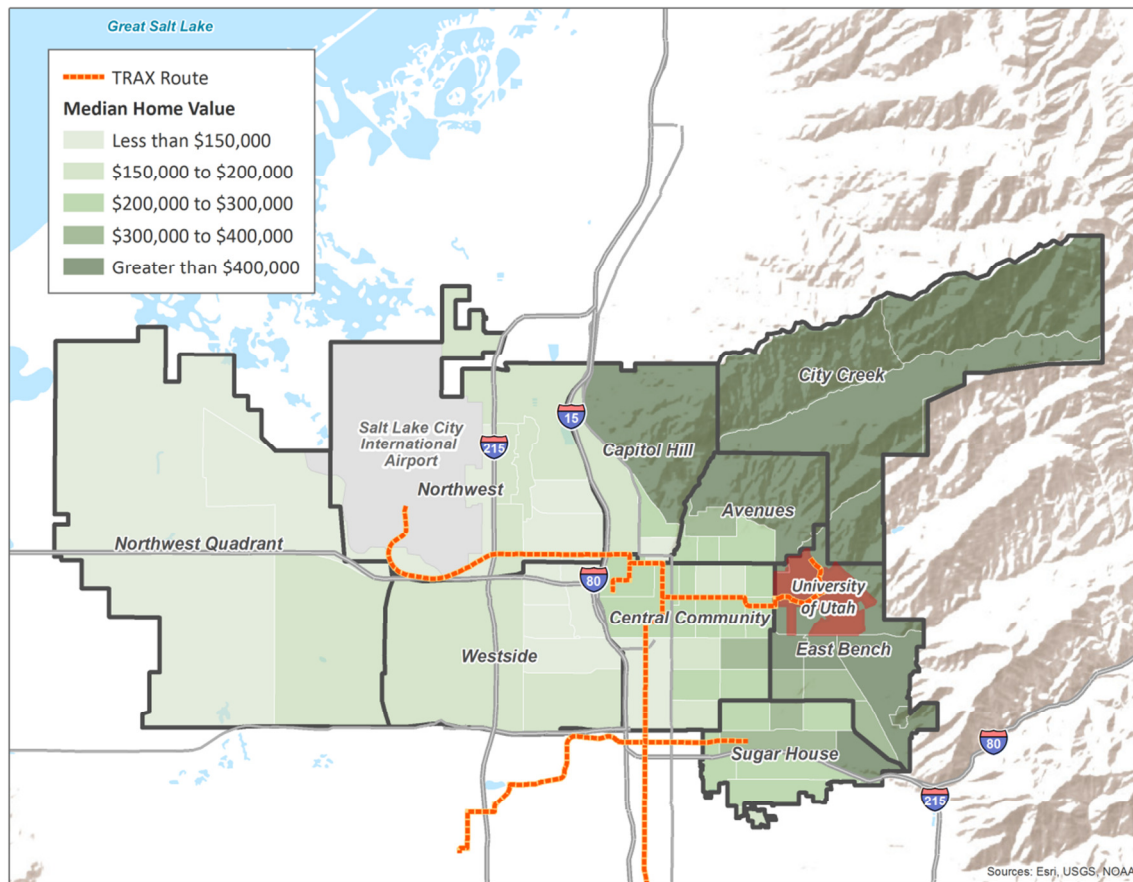
Sources:

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
Salt Lake City					
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%
Salt Lake County					
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.

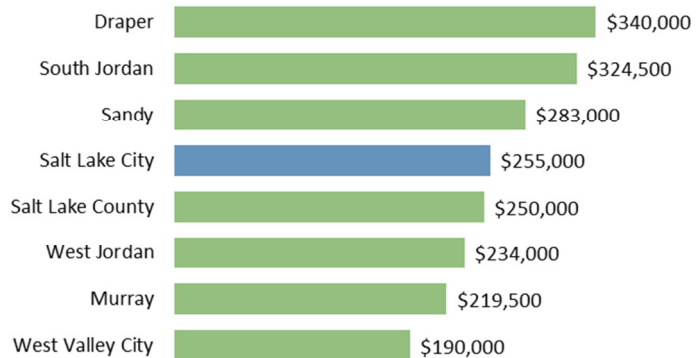
Figure III-12.
Median Sold Price, Salt Lake City and Surrounding Communities, 2015

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.⁴ 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.⁵

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.

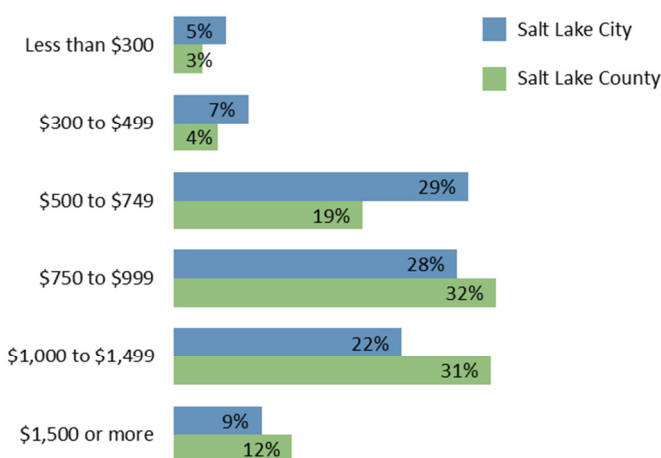


Figure III-14 compares the median rent in Salt Lake City to that of surrounding communities, Salt Lake County and the State of Utah. As indicated by the figure, the median rent in Salt Lake City is relatively affordable compared to surrounding communities.

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

⁵ Ibid.

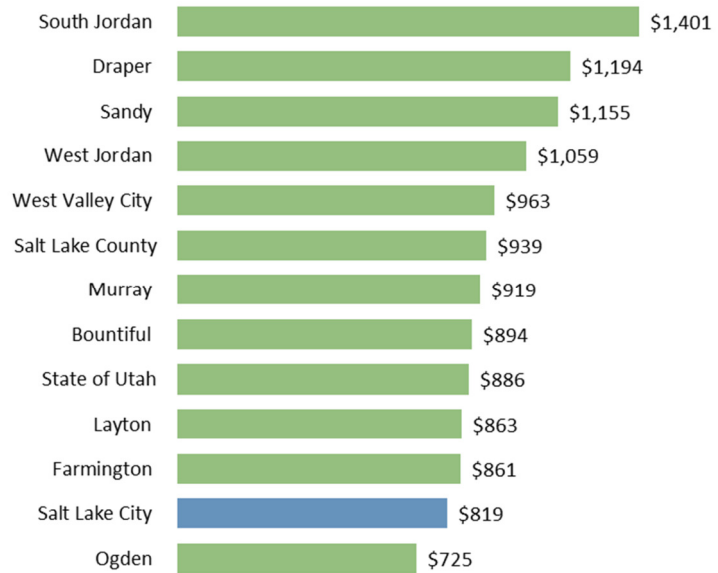
**Figure III-14.
Median Rent, Salt Lake City and
Surrounding Communities, 2014**

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.

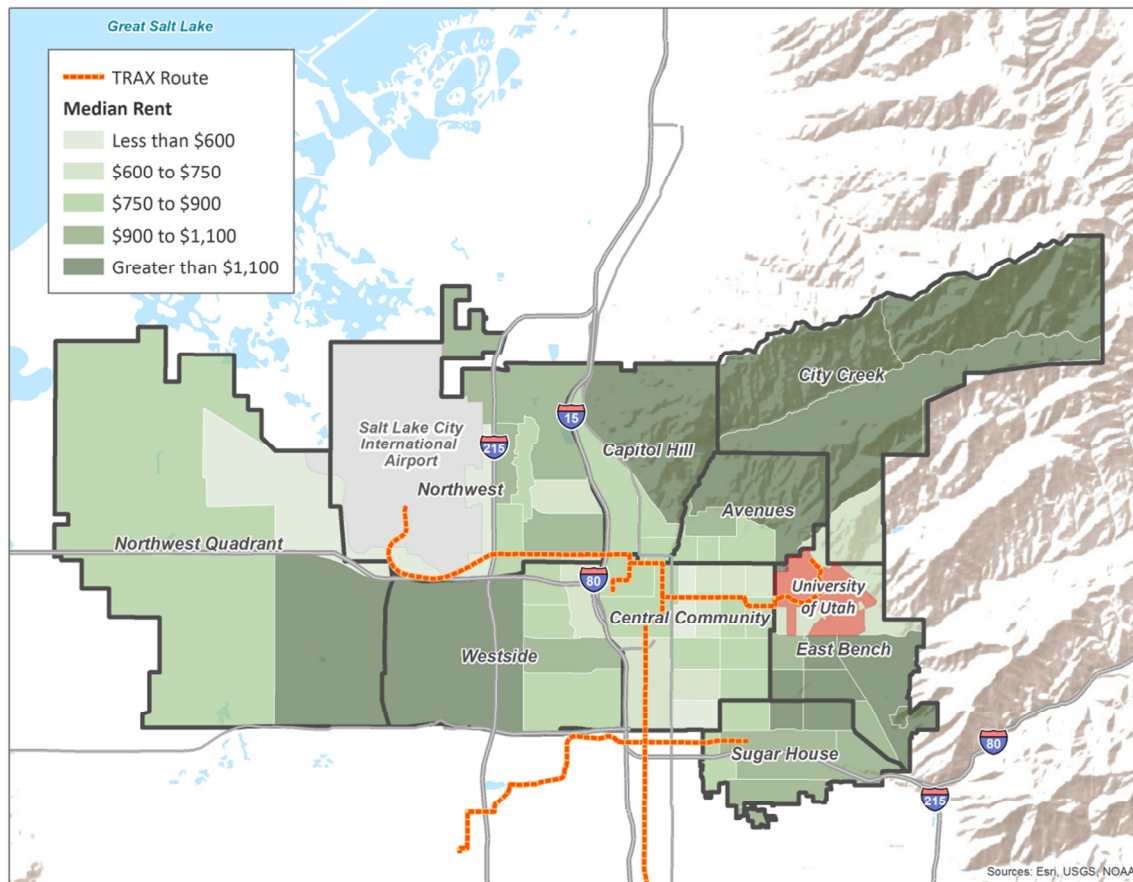
Sources:

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 \$823.⁶

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

⁶ 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.

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)
Total/Low Income Gap		39,792	100%	41,637	100%	(7,467)

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.¹ 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.²

¹ 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.

² 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 incorporates 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
Property Characteristics		
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
Property Type		
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.

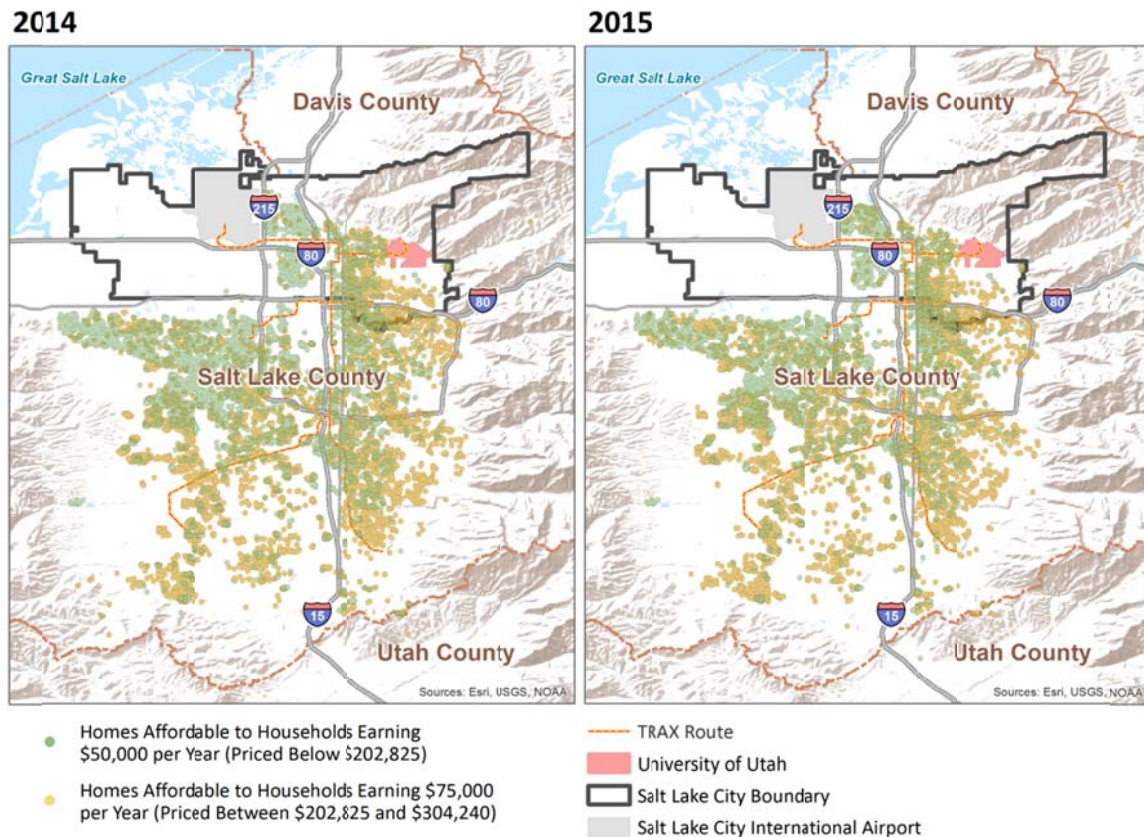
**Figure IV-5.
Characteristics of Homes
Affordable to the Average
Worker, Salt Lake City and
Balance of County, 2014/15**

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

	Salt Lake City	Balance of County
Property Characteristics		
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
Property type		
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.

APPENDIX B: HOUSING CHOICE SURVEY

BBC RESEARCH & CONSULTING 2016

Salt Lake City Housing Choice Survey

To better understand the housing choices and needs of Salt Lake City residents and those who work in Salt Lake City but live elsewhere (in-commuters), the city fielded a Live Work Survey as part of the Housing Plan. The survey was available in two forms: an extended version available online and an abbreviated version offered in person or on paper at various community events.

The online survey was distributed through neighborhood associations and promoted through the city's communications department. The abbreviated paper survey was managed by a local community engagement organization, Communities United (CU), and was made available to residents living in West Salt Lake through community meetings and neighborhood activities (school events, community and recreations centers, etc.). A total of 1,409 residents and 172 in-commuters responded to the online live work survey. Another 259 residents and 76 in-commuters completed the abbreviated paper survey.

Altogether, **1,668 residents** and **248 in-commuters** responded to the survey.

This report presents the findings of the survey effort and is organized around the following topics:¹

- **Respondent characteristics**—presents demographic and socioeconomic characteristics of resident and in-commuter survey respondents;
- **Housing choice**—discusses respondents' current housing situation, housing preferences, desire to live in Salt Lake City (in-commuters), and plans to move;
- **Resident housing needs**—includes desired changes to home and neighborhood, housing costs, indicators of housing insecurity, experiences of housing discrimination, and accessibility needs of resident respondents;
- **Millennial snapshot**—provides an overview of housing preferences and needs among post-college millennial residents (aged 25-35);
- **Paper survey results**—presents the results of the abbreviated paper survey; and
- **Summary of findings**—summarizes the overarching themes and findings from the report.

¹ The results from the paper survey are presented separately from the online survey due to differences in 1) the survey instruments, 2) different sampling methodologies, and 3) representation of resident groups.

Respondent Characteristics

Respondents and the city. That the survey was open to anyone interested in participating means that the results are based on non-probability sampling methods. Unlike a statistically valid, random probability sample, the results from this survey are not necessarily representative of all Salt Lake City residents or in-commuters.

Compared to Salt Lake City's demographic characteristics, the survey data over-represent homeowners (82% compared to 46% citywide), households with incomes greater than \$50,000 (75% compared to 47% citywide), and householders aged 35 to 64 (61% compared to 48% citywide). The data also over-represent—albeit slightly—householders with children under 18 living in the home (30% v. 24% for Salt Lake City as a whole).

The survey data slightly under-represent post-college millennial householders aged 25 to 34 (20% compared to 26% citywide).

Because the data are based on a non-probability sample, they are not weighted to match Salt Lake City's demographic profile. Findings are presented based on the responses received. While the results should not necessarily be projected to Salt Lake City's population, they provide insights into how residents and in-commuters make complex housing decisions, their preferences and attitudes, and can inform policy development.

Residents and in-commuters. Figure 1 compares resident and in-commuter survey respondent demographic and socioeconomic characteristics. The typical Salt Lake City resident participating in the survey:

- Is a homeowner (82%). Seventeen percent rent and 1 percent live with other adults, including parents, and are not paying rent or mortgage.
- Is a long-time resident of Salt Lake City. Most respondents have lived in the city for at least 10 years (63%). Nearly half (45%) have lived in Salt Lake City for 20 years or more.
- Works in Salt Lake City (83%).
- Does not have children under 18 living in the home (70%).
- Is white (79%). One in ten respondents identified as a racial/ethnic minority and another one in ten declined to provide race/ethnicity.

Compared to resident respondents, in-commuters responding to the survey are more likely to be middle-aged, have children living in the home and have a higher household income. In-commuters are also less likely to be renters than residents.

Figure 1.
Comparison of Resident
and In-Commuter Survey
Respondent Characteristics

Note:

n=1409 residents and n=172 in-commuters.

Source:

BBC Research & Consulting from 2016
Salt Lake City Live Work Survey.

	Residents	In-Commuters
Housing Tenure		
Homeowner	82%	87%
Renter	17%	8%
Living with others but not paying rent	1%	4%
Household Income		
Less than \$25,000	8%	2%
\$25,000 up to \$50,000	17%	8%
\$50,000 up to \$75,000	20%	14%
\$75,000 up to \$100,000	16%	25%
\$100,000 up to \$150,000	20%	26%
\$150,000 or more	19%	26%
Age		
Under 25	3%	1%
25 to 34	20%	18%
35 to 44	23%	32%
45 to 54	17%	26%
55 to 64	20%	16%
65 and older	17%	7%
Children (under 18) living in home		
Yes	30%	54%
No	70%	46%
Race or Ethnicity		
White	79%	83%
Hispanic	4%	2%
Other minority	7%	7%
Decline to respond	11%	8%

Housing Choice

Both residents and in-commuters shared the importance of different factors to their current housing choice decision and discussed considerations for future moves.

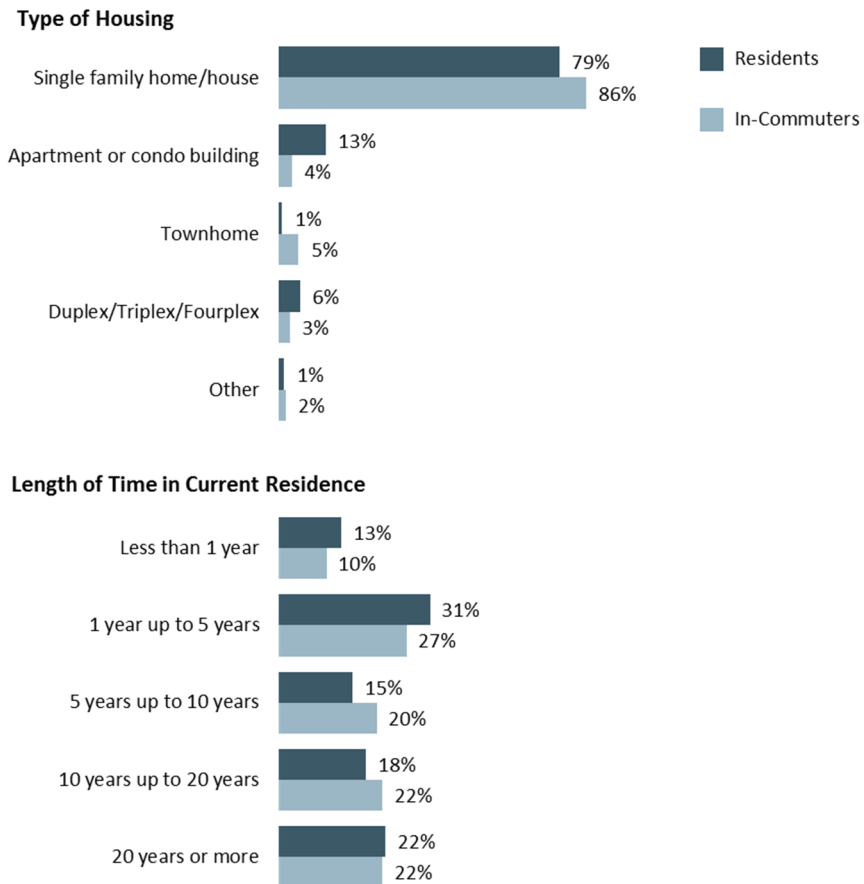
Type of home and duration of residence. A substantial majority of both residents and in-commuters live in single family homes—79 percent and 86 percent, respectively. Resident respondents are more likely than in-commuters to live in apartments or condos but less likely to live in townhomes.

As shown in Figure 2, 44 percent of resident respondents report living at their current address for less than five years, compared to 37 percent of in-commuter respondents. However, an equal proportion of renter and in-commuter respondents—22 percent—has lived at their current address for 20 years or more.

Figure 2.
Type of Housing and
Length of Time in
Current Residence

Note:
n=1,401 residents and n=168 in-
commuters.

Source:
BBC Research & Consulting from
2016 Salt Lake City Live Work
Survey.



Essential factors for selection of current residence. Figure 3 presents how essential residents considered a number of factors to their decision to buy or rent their current home. Factors were rated on a scale of zero to nine where zero is “not at all important” and nine is “essential.” The figure shows the average rating for each factor.

Having the rent or mortgage fit into their budget was the most essential factor, on average, affecting residents’ current housing decision, followed by having a short drive to shopping, restaurants and entertainment, owning instead of renting, and feeling safe. Of less importance was living with a known roommate, being close to quality schools, and having neighbors different than themselves.

Figure 3.
How important were the following factors to you when choosing your current home?



Note: n ranges from 1,235 to 1,315.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Residents and in-commuters are highly and equally cost-conscious: Both groups placed the highest importance on making sure housing costs fit within their budget. Compared to residents, in-commuters are less-likely to value being close to work and retail, an urban environment, walk- and bikeability, and having neighbors different than themselves.

In-commuters place more importance than residents on safety, having space both inside and outside the home, and being close to quality schools.

Desire to live in Salt Lake City. Residents and in-commuters shared their perspectives on the desirability of living in Salt Lake City relative to surrounding communities.

Resident perspectives. Just 23 percent of Salt Lake City residents participating in the survey considered living in other communities when searching for their current home. These included Mill Creek, Holladay, Sandy, Murray, Bountiful and Cottonwood Heights—generally closer in suburbs and/or areas with easy mountain access.

When asked what factor(s) encouraged them to choose Salt Lake City over other communities, four primary themes emerged:

- Proximity to work or commute time;
- Amenity location factors, such as neighborhood and being close to downtown;
- Culture and amenities (e.g., diversity, urban lifestyle, restaurants and shopping); and
- Transportation options including walkability, bikeability and public transit.

Other common responses included schools—both University and primary schools—proximity to family and friends, and affordability.

“Short commute to work”

“Preference to be downtown and near more diverse and locally owned businesses - restaurants, shops, etc.”

“Political, economic, social cultures and diversity fit with our views”

“Wanted to raise our kids around cultural diversity”

“Multiple transportation options: TRAX, bus, bike lanes, and even walking to work and recreation.”

— Resident survey respondents

In-commuter perspectives. Most in-commuters (59%) considered Salt Lake City when making their current housing choice. Among those who did *not* consider Salt Lake City, the most

“I needed a bigger house than I could afford in Salt Lake City.”

Top reason among in-commuters who did not consider living in Salt Lake City

common reason was “I needed a bigger house than I could afford in Salt Lake City.” Other common reasons given for not considering Salt Lake City were preference for rural or suburban environments, inability to afford desirable neighborhood in the city, no desire to live in the city, and proximity to family.

Among in-commuters who used to live in Salt Lake City, the top two reasons for moving out of the city were:

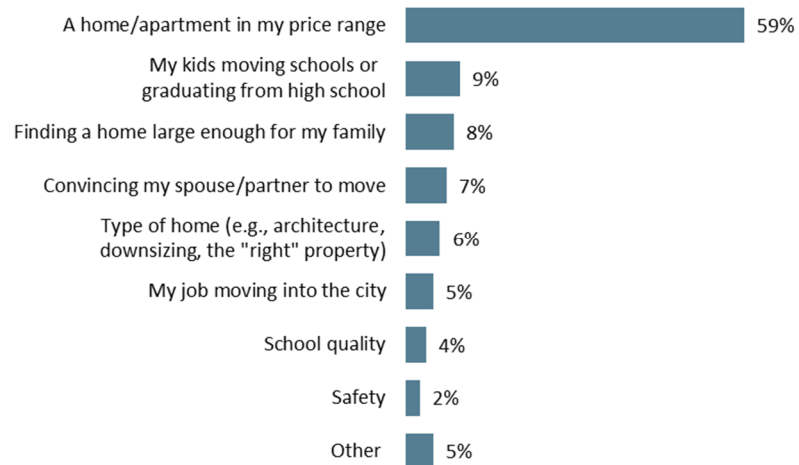
- “I wanted a bigger home;” (36%) and
- “I could not afford to buy in Salt Lake City” (28%).

Nearly two in three in-commuters would consider living in Salt Lake City in the future. When asked what factor would be most important for them to consider relocating into Salt Lake City, 52 percent of respondents said affordability. This was far and above other primary factors, as shown in Figure 4.

Figure 4.
What is the most important factor that would cause you to consider relocating into Salt Lake City?

Note:
 n=96 residents.

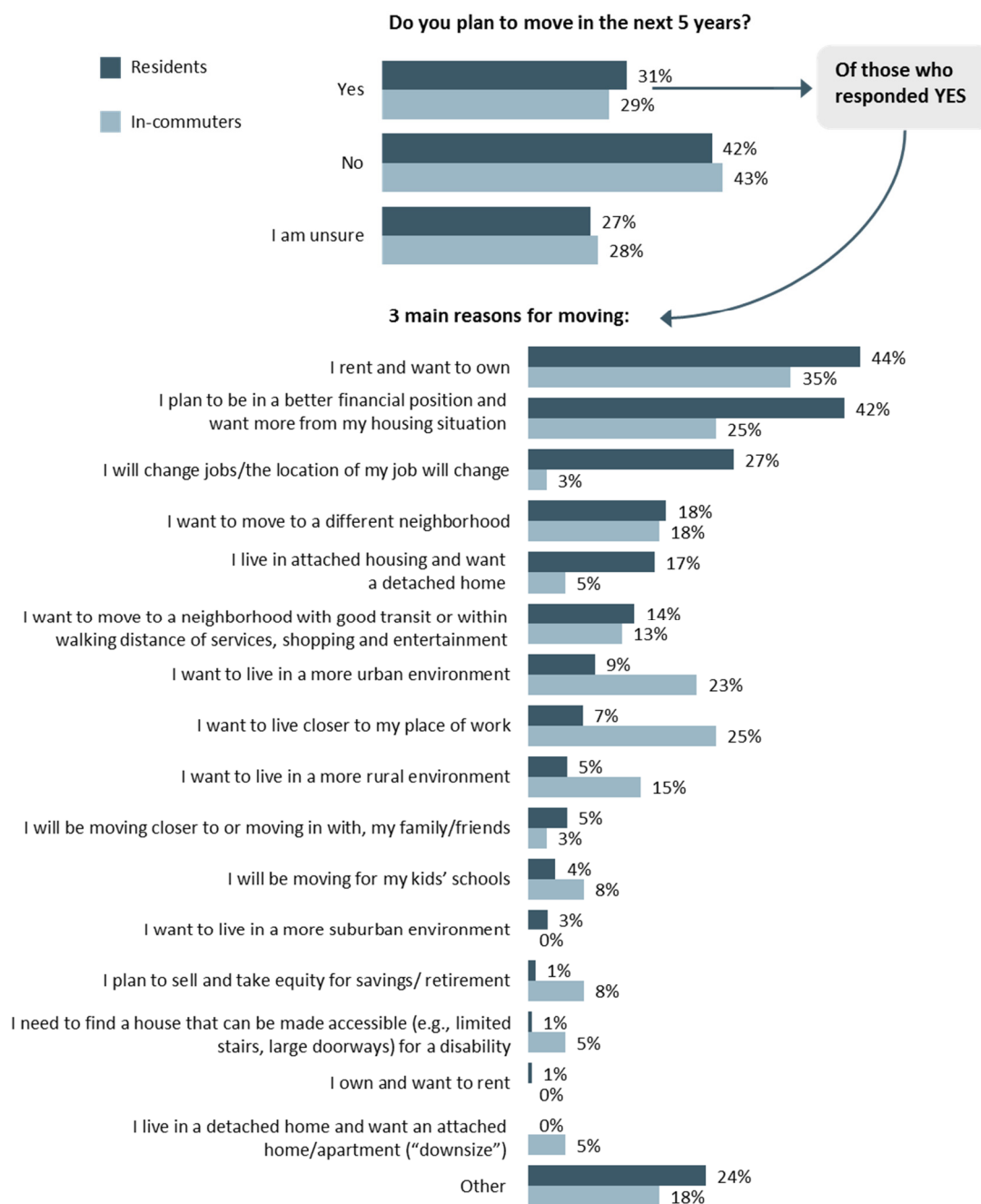
Source:
 BBC Research & Consulting from
 2016 Salt Lake City Live Work
 Survey.



Overall, the preferences expressed by both residents and in-commuters suggest that housing stock and affordability are key factors in the city's effort to attract and retain residents, particularly middle-aged householders with families.

Plans to move in the next five years. About the same proportion of residents as in-commuters report that they plan to move in the next five years, as shown in Figure 5. The greatest proportion of residents and in-commuters plan to move because they rent and want to own. In-commuters are more likely to plan to move to shorten their commute time or to move to an area that is either more urban or more rural. More than one quarter of residents expect to move as a result of a job change—far more than the 3 percent of in-commuters.

Figure 5.
Plans to Move in the Next Five Years and Why



Note: n=608 residents and n=138 in-commuters.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Renter perspectives on homeownership. Sixty one percent of Salt Lake City renters wanted to buy a home in the past five years and did not, as did 83 percent of in-commuters who rent. Most had wanted to buy a detached single family home, although one in four desired attached products like townhomes and condos. Over half did not buy a home because they could not find an affordable home in their location of choice. Three of the top 10 factors renters

identified as reasons why they did not buy a home in the past five years are related to the supply side of the homeownership equation:

- 52 percent could not find a home they could afford to buy in the desired location;
- 16 percent could not find a home they wanted to buy in the desired location; and
- 14 percent could not find the type of home they wanted to buy.

Figure 6.

What were the reasons why you did not buy a home? (Top Ten Responses)



Note: n=143 resident renters who wanted to buy a home in the past five years.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Resident Housing Needs

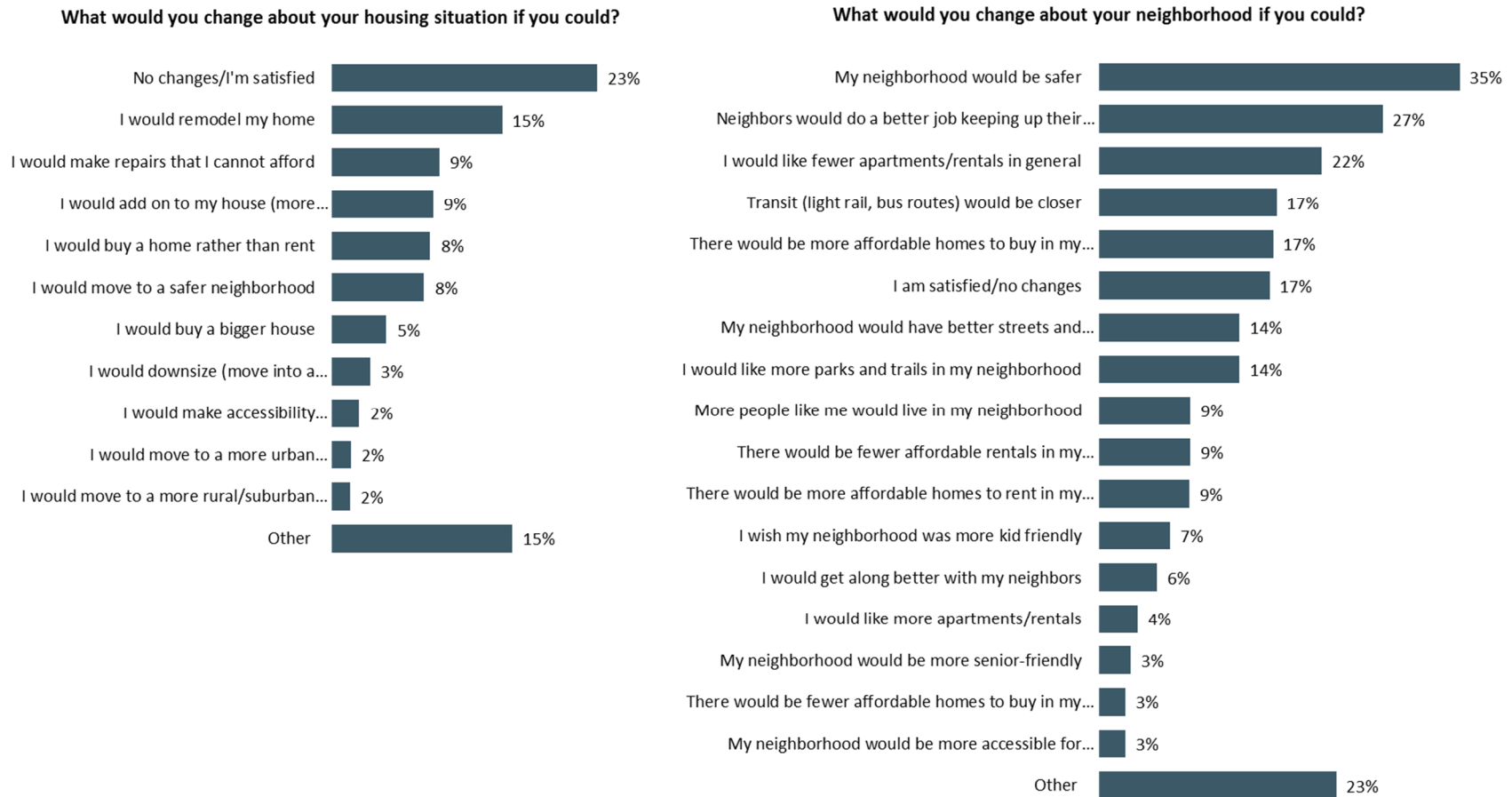
This section discusses resident housing needs with a focus on desired changes to housing and neighborhood, condition and repairs, housing costs and insecurity, discrimination and accessibility.

Satisfaction and desired changes. Overall, Salt Lake City resident respondents are very satisfied with their housing situation: 74 percent rated their level of satisfaction a seven or higher on a nine-scale (where zero was “very dissatisfied” and nine was “very satisfied”). Residents also indicated high levels of satisfaction with their neighborhood, with 70 percent of respondents rating their satisfaction a seven or higher on the same nine-scale.

Even though highly satisfied, all residents were asked what they would change about their housing situation and about their neighborhood if they could. Figure 7 displays the responses. These are, for the most part, amenity preferences.

For their own housing situation, residents were most likely to want to remodel or add on to their home. For their neighborhood, residents most desired increased safety, neighbors to do a better job of keeping up their homes and fewer apartments/rentals in general. They also desired access to transit and more affordable homes in their neighborhood.

Figure 7.
Desired Changes to Housing Situation and Neighborhood



Note: n=1,287.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Figure 8.
If your home needs repairs that you currently can't afford, please list the top 3 most needed repairs.

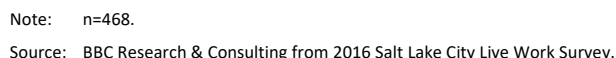


Figure 9.
Monthly Housing Costs

Note: n ranges from 103 to 868 for residents and from 20 to 98 for in-commuters.
Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

LIVE WORK SURVEY, PAGE 11

- 55 percent of residents and 70 percent of in-commuters would save for retirement;
- 48 percent of residents and 43 percent of in-commuters would save for emergencies; and
- 16 percent of residents and 17 percent of in-commuters would save for a down payment on a house.

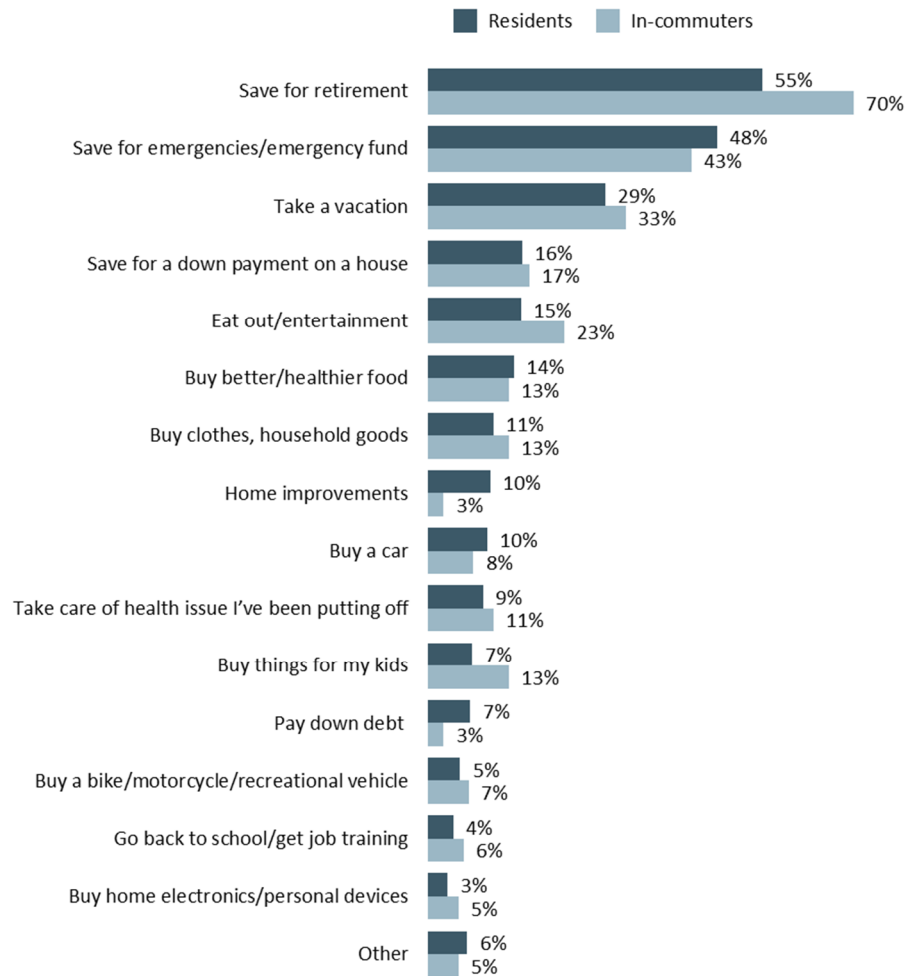
Figure 10.
If you spent 25% less per month on your housing, what would you do with those extra dollars?

Note:

n=1,014 residents and 120 in-commuters.

Source:

BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

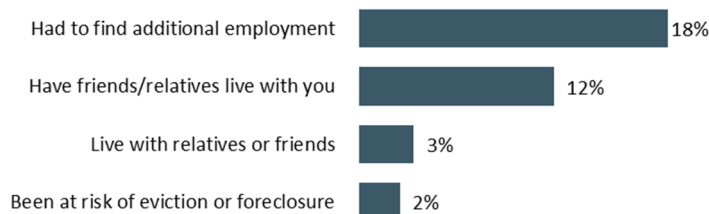


Housing insecurity. Residents and in-commuters challenged by housing costs, changes in employment or other factors that make it difficult to pay housing costs pursue different strategies to afford their rent or housing. Nearly one in five residents report finding additional employment and 12 percent have friends or relatives living with them, as shown in Figure 11.

Figure 11.
Strategies Used by Some
Residents in Order to Pay Rent,
Mortgage or Other Housing Costs

Note:
n=1,228.

Source:
BBC Research & Consulting from 2016 Salt Lake
City Live Work Survey.

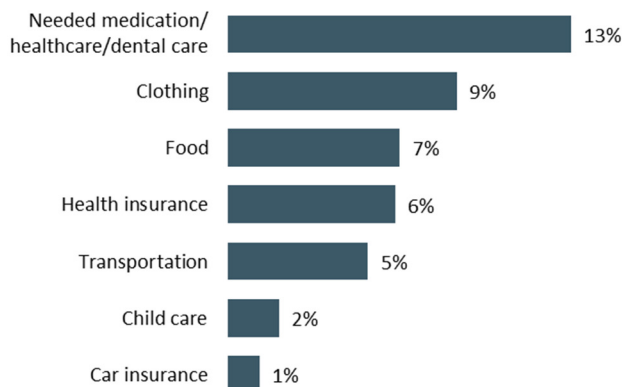


Some residents reduced their spending on basic needs in order to afford their rent or mortgage. As shown in Figure 12, 13 percent of residents went without needed medication/healthcare/dental care and 9 percent reduced their clothing budget. Among the basic needs considered, residents and in-commuters were least likely to reduce spending on car insurance and child care.

Figure 12.
In the past year, have
you/members of your household
had to reduce/go without any of
the following basic needs to
afford your rent/mortgage?

Note:
n=1,228.

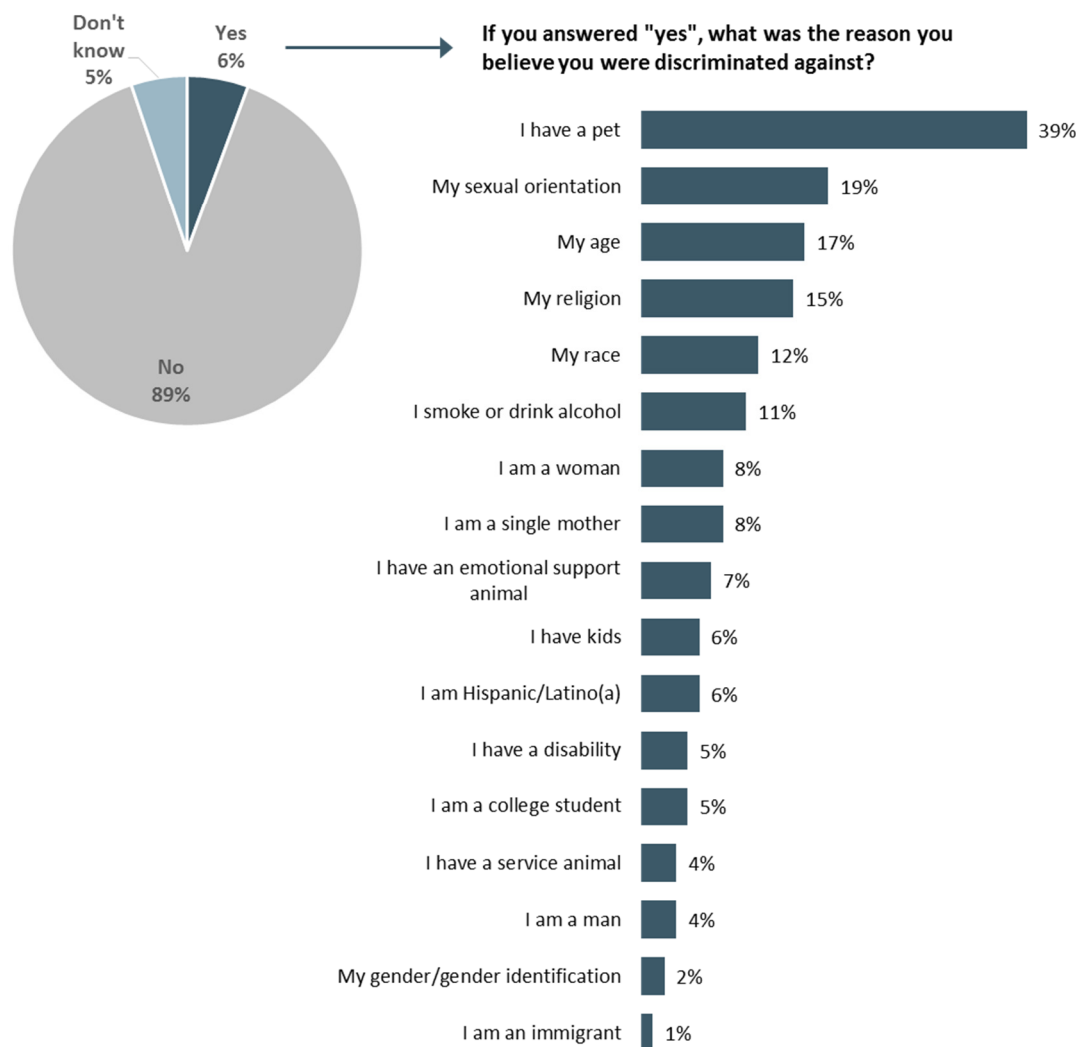
Source:
BBC Research & Consulting from 2016 Salt Lake
City Live Work Survey.



Housing discrimination. Just six percent of resident respondents felt they had experienced housing discrimination when looking for housing in Salt Lake City in the past five years. Another five percent of respondents weren't sure. The most common reason respondents provided for perceived discrimination was having pets (although not a protected class under the Fair Housing Act). Other reasons included sexual orientation (19%), age (17%), religion (15%), race (12%), and smoking or drinking alcohol (11%. This is not a protected class but could be a proxy for religious beliefs).

Figure 13.
Resident Experience with Housing Discrimination

In the past five years, have you experienced discrimination related to housing to rent or buy in Salt Lake City?



Note: n=1,296.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Accessibility. Fourteen percent of resident respondents indicated their household included a person with some type of disability (physical, mental or developmental)—slightly higher than the proportion of Salt Lake City residents that have a disability (10%). Most resident respondents said their current house or apartment meets the accessibility needs of the member with a disability; however, 23 percent of those with a disability said their house does not meet their accessibility needs. The most common improvements needed were grab bars or other bathroom improvements, handrails and ramps.

Millennial Snapshot

Millennial residents are a focus of planning efforts in many communities—there is an expectation that millennial housing choices may be markedly different than previous generations. This section of the report provides a snapshot of post-college millennial respondents (aged 25 to 35) to the online survey.

Characteristics. Figure 14 displays the characteristics of millennial respondents compared to all respondents. Millennials are less likely to be owners and have a lower income distribution than non-millennials.

Millennial residents are equally likely to have children in the home as non-millennial residents (30%). In-commuting millennials are twice as likely to have children (61%) than millennials living in the city and are also more likely to have children than other in-commuters (54%). In this respect, in-commuting millennials look more like other in-commuters than they do resident millennials.

Figure 14.
Post College Millennial Respondent Characteristics

	Post College Millennials		All Ages	
	Residents	In-Commuters	Residents	In-Commuters
Housing Tenure				
Homeowner	69%	70%	82%	87%
Renter	29%	26%	17%	8%
Living with others but not paying rent	1%	4%	1%	4%
Household Income				
Less than \$25,000	8%	0%	8%	2%
\$25,000 up to \$50,000	22%	18%	17%	8%
\$50,000 up to \$75,000	23%	23%	20%	14%
\$75,000 up to \$100,000	17%	32%	16%	25%
\$100,000 up to \$150,000	21%	14%	20%	26%
\$150,000 or more	9%	14%	19%	26%
Children (under 18) living in home				
Yes	30%	61%	30%	54%
No	70%	39%	70%	46%

Note: n=250 millennial residents, n=23 millennial in-commuters, n=1409 total residents and n=172 total in-commuters..

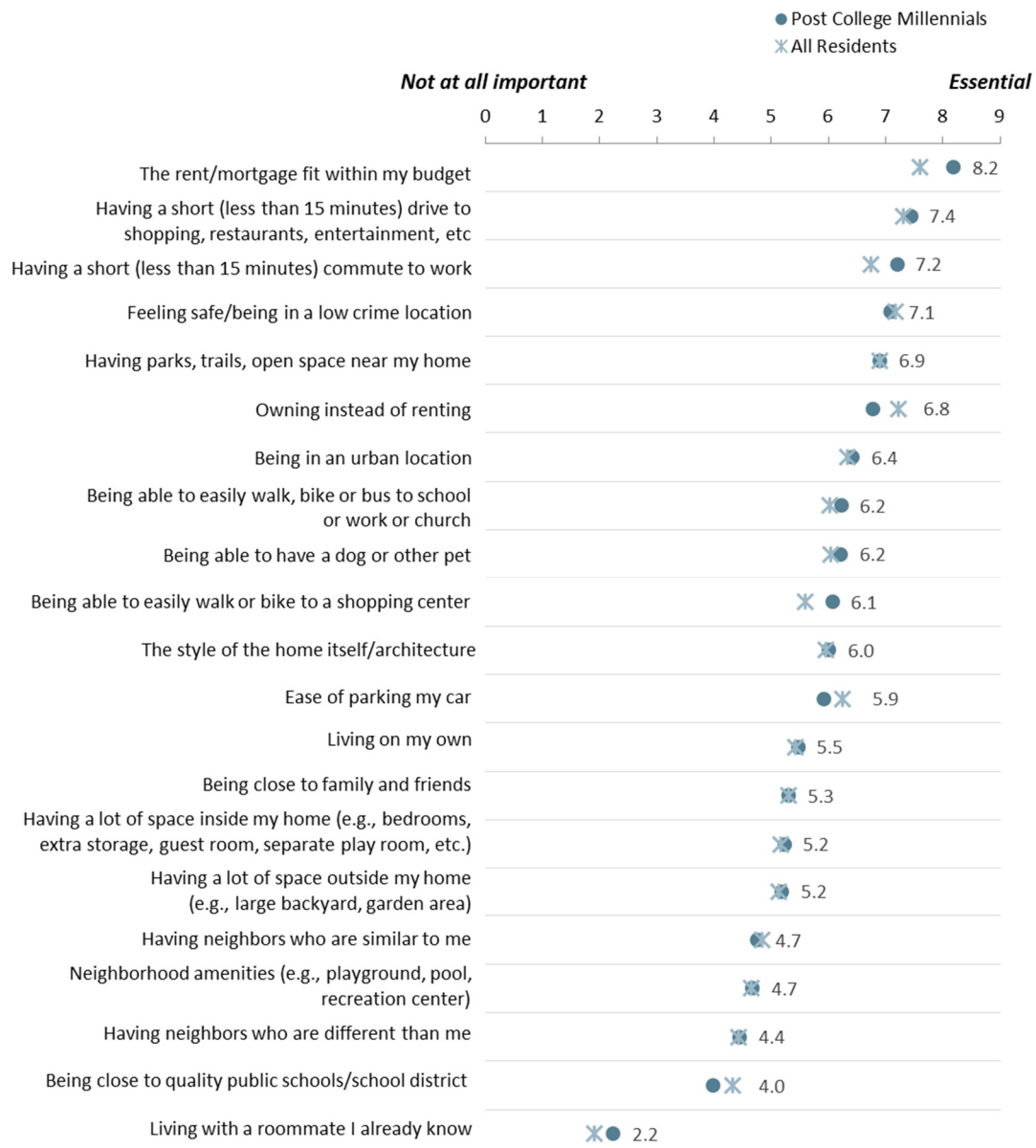
Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Important factors housing choice. In many ways, millennial residents are similar to other residents in the factors that were most important in choosing their current home. They are similarly—if not more—cost-conscious (most essential factor with an average rating of 8.2 on a 9.0 scale) and value proximity to shopping, feeling safe and having access to parks and trails. Millennial residents place more importance than other residents on proximity to work and less importance on owning versus renting.

Though not shown in the figure, in-commuting millennials place less importance than resident millennials on distance to shopping/entertainment and work, being in an urban location, walk-and bikability, style or architecture of home, ability to have pets and proximity to trails and open space. In-commuting millennials place more importance than resident millennials on affordability (though both groups considered this the top factor), crime, owning instead of renting, ease of parking, having space both inside and outside the home and proximity to good schools.

Overall, the factors important to millennial residents of the city were more similar to the factors valued by other city-dwellers than to other millennials who are in-commuters.

Figure 15.
How important were the following factors to you when choosing your current home? (Post College Millennials)

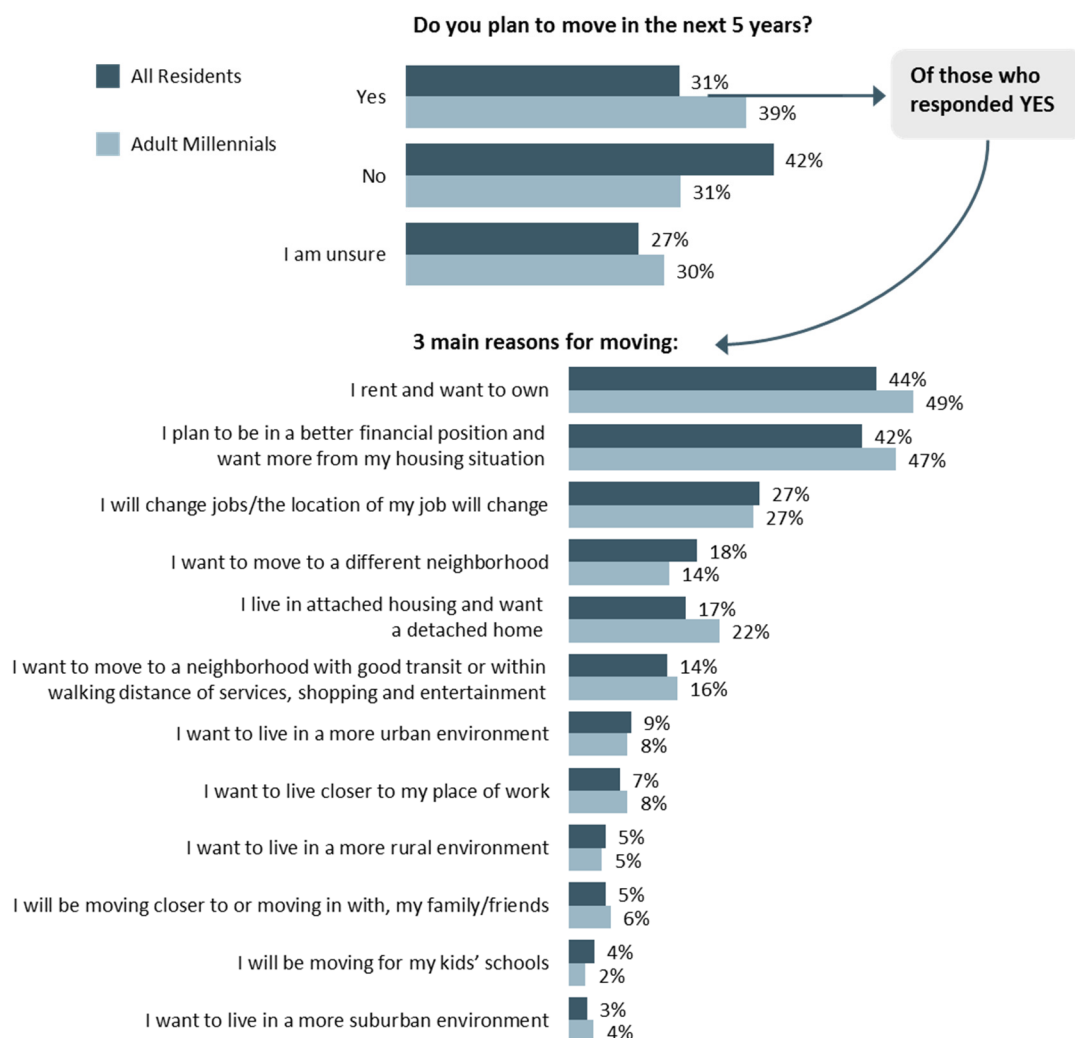


Note: n ranges from 1,235 to 1,315 for all residents and from 244 to 252 for adult millennials.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Plans to move. Thirty nine percent of post-college millennials living in Salt Lake City plan to move in the next five years. Top reasons among those who do plan to move are a desire to own a home (44%) and expectations of better finances to improve their housing situation (47%). One in five resident millennials said they currently live in attached housing but would like to move to a detached single family home in the next five years. For post-college millennials to stay in the city, the market will need to provide affordable ownership options—including single family detached homes—in walkable and/or transit oriented neighborhoods.

Figure 16.
Plans to Move in the Next Five Years and Why, Post-college millennials



Note: n=608 all residents and n=213 post-college millennials.

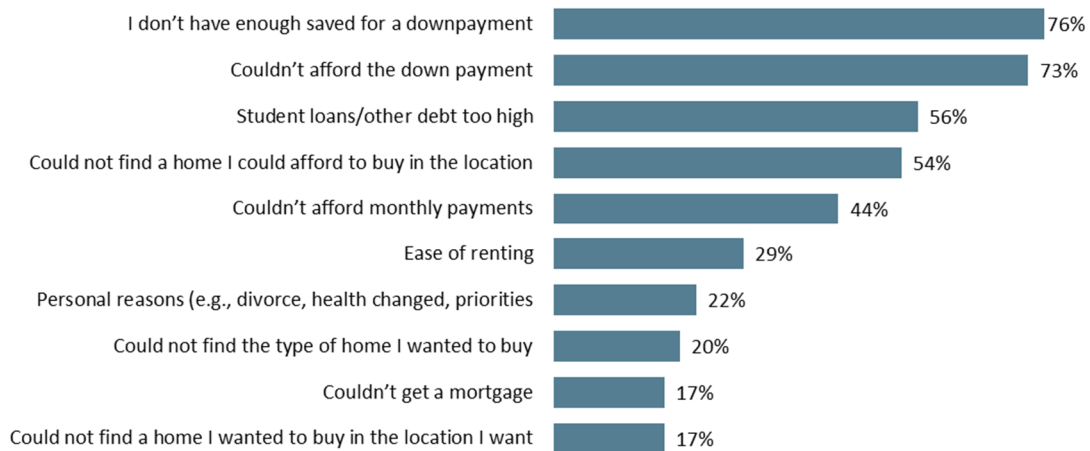
Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Sixty one percent of post-college millennial renters living in the city wanted to buy a home in the past five years and did not. Figure 17 shows the reasons those millennial renters did not

purchase a home when choosing their current residence. The top five reasons are all related to affordability—the top two were specific to downpayment affordability:

- 76 percent didn't have enough saved for a downpayment;
- 73 percent couldn't afford the downpayment;
- 56 percent have student loans or other debt that is too high;
- 54 percent could not find a home they could afford to buy in the desired location; and
- 44 percent could not afford the monthly payments.

Figure 17.
What were the reasons why you did not buy a home? (Post-college millennials' Top Ten Responses)



Note: n=41 resident post-college millennial renters who wanted to buy a home in the past five years.

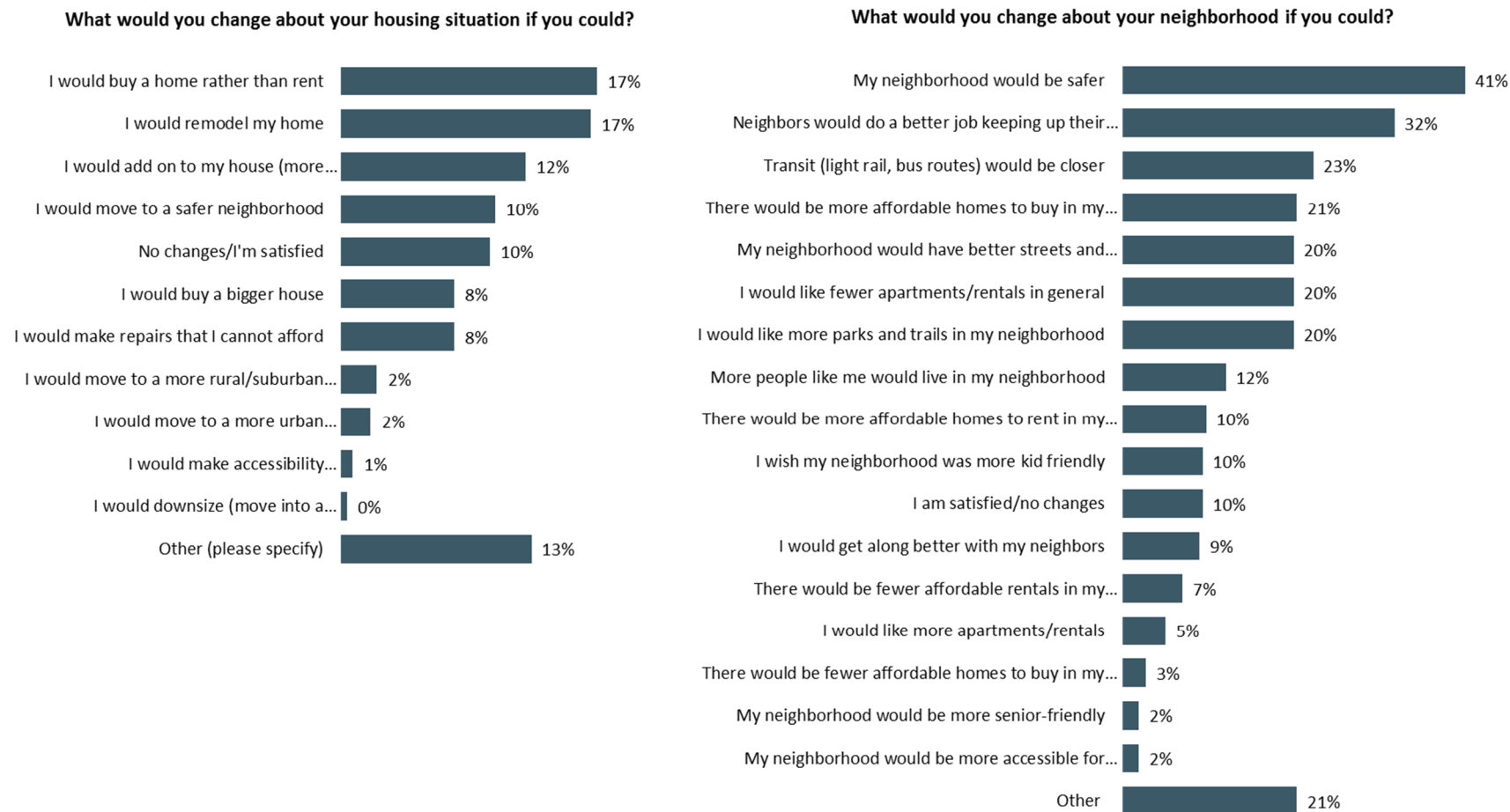
Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Desired changes. Most post-college millennials express satisfaction with their housing situation and neighborhood, though their level of satisfaction lags other residents:

- 62 percent of post-college millennials rated their level of satisfaction a seven or higher on a nine-scale (where zero was "very dissatisfied" and nine was "very satisfied"), compared to 74 percent of all residents; and
- 67 percent rated satisfaction with their neighborhood a seven or higher, compared to 74 percent of all residents.

The changes post-college millennials desired are shown in Figure 18. Post-college millennials wanted to buy a home instead of renting (17%) and remodel their current home (17%). The top neighborhood changes were similar to the desires of all residents: increase safety (41%) and have neighbors that do a better job keeping up their homes (32%).

Figure 18.
Desired Changes to Housing Situation and Neighborhood



Note: n=251.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Housing costs. On average, housing costs for post-college millennials were lower than other resident respondents. As shown in Figure 19, average rent among millennial residents was \$961 per month and the average mortgage was \$1,360.

Figure 19.
Monthly Housing Costs of Millennials

	All Residents	Adult Millennial Residents
Monthly rent	\$1,107	\$961
Monthly mortgage payment (including insurance and property taxes)	\$1,555	\$1,360
Monthly Homeowners Association Fee (if applicable)	\$272	\$246
Total Monthly utilities including water, sewer, electric and gas	\$263	\$209

Note: n ranges from 103 to 868 for all residents and from 23 to 197 for post-college millennial residents.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

If their housing costs were 25 percent lower, post-college millennial residents are most likely to use the money to save for emergencies (54%), save for retirement (43%), save for a downpayment (28%) or take a vacation (28%). Their responses demonstrate a similar level of cost sensitivity as other residents. Even so, millennial residents are more likely to spend the extra dollars on food, entertainment, clothes and household goods than residents of other ages.

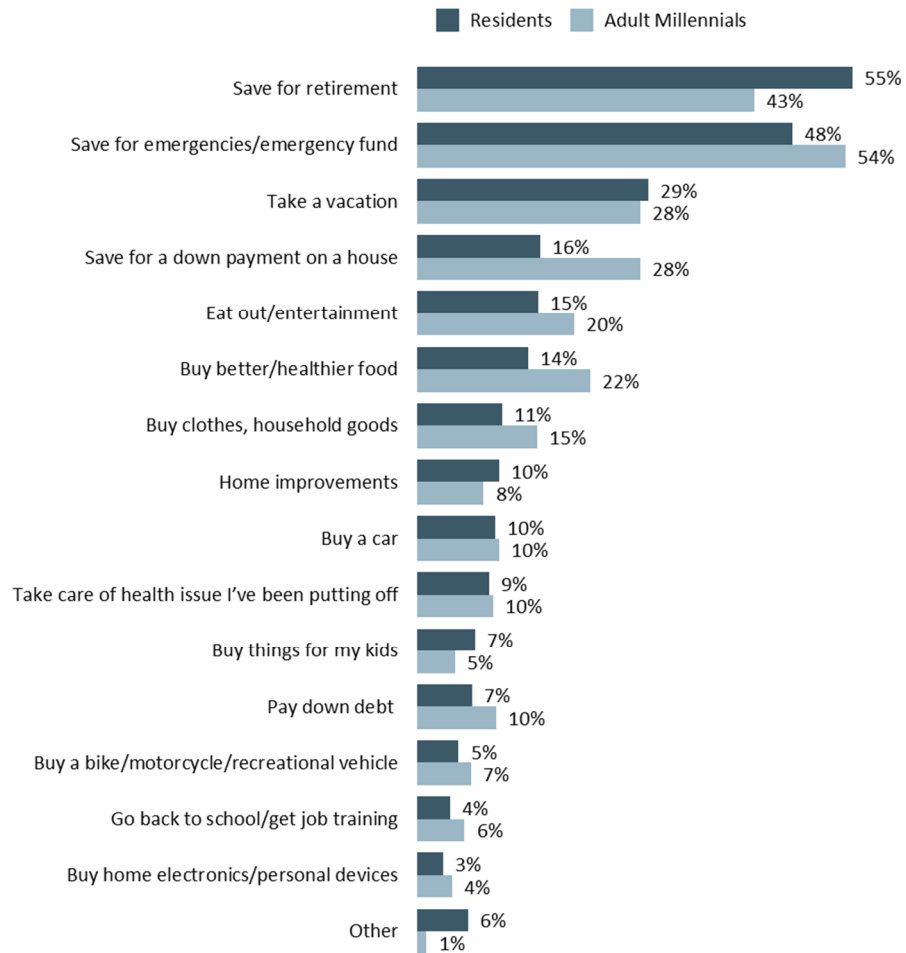
Figure 20.
If you spent 25%
less per month
on your housing,
what would you
do with those
extra dollars?

Note:

n=1,014 all residents and
 251 post-college
 millennials.

Source:

BBC Research &
 Consulting from 2016 Salt
 Lake City Live Work
 Survey.



Paper Survey

As discussed in the introduction, the city's survey effort also included an abbreviated paper survey which was made available to residents living in West Salt Lake through community meetings and neighborhood activities (school events, community and recreations centers, etc.). The survey was offered in both English and Spanish. A total 259 residents and 76 in-commuters completed the abbreviated paper survey.

Demographic characteristics. Compared to the respondents of the online survey, respondents to the paper survey had lower incomes, were more likely to be renters and were more likely to be Hispanic or Latino/a.

Figure 21.
Paper Survey Respondent Characteristics

	Abbreviated Paper Survey		Extended Online Survey	
	Residents	In-Commuters	Residents	In-Commuters
Housing Tenure				
Homeowner	31%	29%	82%	87%
Renter	65%	60%	17%	8%
Living with others but not paying rent	3%	11%	1%	4%
Household Income				
Less than \$25,000	57%	61%	8%	2%
\$25,000 up to \$50,000	32%	28%	17%	8%
\$50,000 up to \$75,000	8%	8%	20%	14%
\$75,000 up to \$100,000	2%	3%	16%	25%
\$100,000 up to \$150,000	0%	0%	20%	26%
\$150,000 or more	0%	0%	19%	26%
Race or Ethnicity				
White	11%	11%	79%	83%
Hispanic	82%	77%	4%	2%
Other minority	5%	8%	7%	7%
Decline to respond	2%	3%	11%	8%

Note: n=259 paper survey residents, n=62 paper survey in-commuters, n=1409 online residents and n=172 online in-commuters.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Housing costs. On average, paper survey respondents who are resident renters spent \$1,153 on monthly housing costs and those who are resident owners spent \$1,489 on monthly housing costs (including rent/mortgage, utilities, insurance, etc). In-commuter housing costs were similar (\$1,201 on average for renters and \$1,413 on average for owners).

These estimated housing costs are surprisingly high given the relatively low incomes of most respondents. It may be that many of the paper survey respondents are cost burdened. Indeed, the housing costs of resident respondents to the *online* survey are only slightly higher on average, despite having substantially higher incomes (see Figure 22).

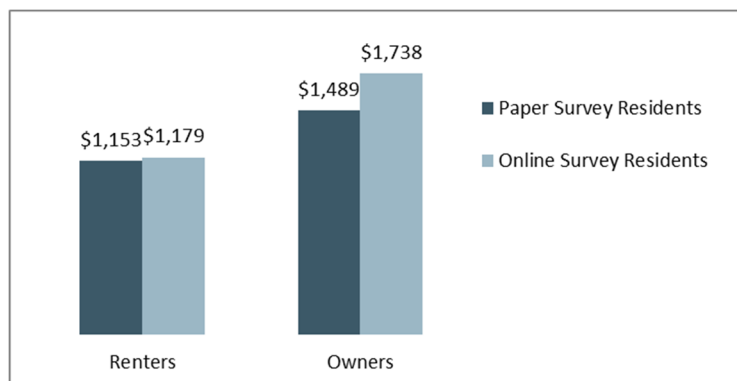
Figure 22.
**Monthly Housing Costs,
Paper and Online Survey
Resident Respondents**

Note:

n=199 paper survey renters, n=101 paper survey owners, n=189 online renters and n=794 online owners.

Source:

BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.



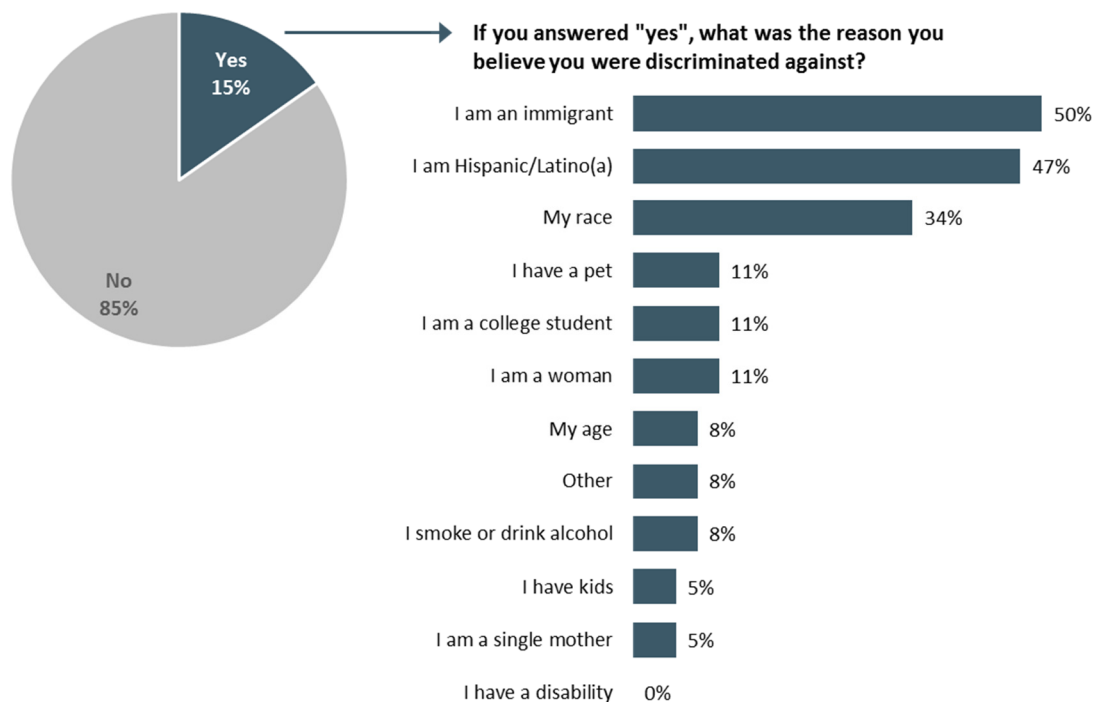
Discrimination. Respondents to the paper survey were asked if they had ever experienced discrimination related to renting or buying housing and if so, what was the reason. Fifteen

percent of resident respondents indicated they had experienced discrimination—more than twice the proportion of respondents to the online survey that felt they had experienced discrimination in the last five years (6%).

Among those that answered “yes,” the top reasons were being an immigrant (50%), being Hispanic (47%) and race (34%).

Figure 23.
Resident Experience with Housing Discrimination, Paper Survey Respondents

Have you ever experienced discrimination related to renting or buying housing?

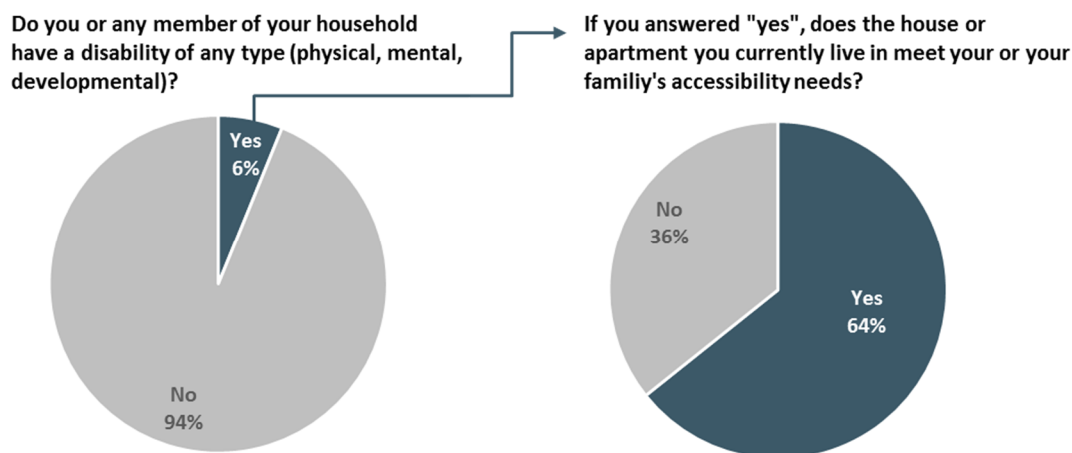


Note: n=249.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Accessibility. Just six percent of resident respondents to the paper survey indicated they or a member of their household have a disability, compared to 14 percent of online survey respondents. One-third of those that said “yes” indicated their home does not need their current accessibility needs (compared to just 23% of online survey respondents). Thus, paper survey respondents are less likely to have a disability (or a household member with a disability) but those that do are more likely to need accessibility improvements.

Figure 24.
Disability and Accessibility



Note: n=259.

Source: BBC Research & Consulting from 2016 Salt Lake City Live Work Survey.

Although the paper survey was not as detailed as the online survey it does highlight housing needs among predominately low income and Hispanic households:

- Affordable rental and ownership housing options;
- Fair housing education and outreach to address perceived housing discrimination; and
- Accessibility improvements for households including a person with a disability.

Summary

Key themes and findings from the survey effort are summarized below:

- Residents and in-commuters are highly and equally cost-conscious: Both groups placed the highest importance on making sure housing costs fit within their budget. Location, tenure and safety were also important considerations in their current housing choice.
- Compared to residents, in-commuters are less-likely to value being close to work and retail, an urban environment, walk- and bikeability, and having neighbors different than themselves. In-commuters place more importance than residents on safety, having space both inside and outside the home, and being close to quality schools.
- Resident respondents chose Salt lake City over surrounding communities based on proximity to work, locational amenities, culture and transportation options (transit and walk- and bikability).
- A high proportion of in-commuters considered living in the city or would consider it in the future. Among in-commuters, affordability and home size were the key factors in determining their desire and ability to live in Salt Lake City.

- Housing costs among in-commuters are not materially different than housing costs reported by residents. For both residents and in-commuters rental costs are approaching mortgage costs.
- A small but significant proportion of residents identified housing condition as a critical need in Salt Lake City. Four percent of all resident respondents have needed repairs that make their home unsafe and 3 percent of resident respondents need accessibility improvements to accommodate a household member with a disability.
- Post-college millennial residents are strikingly similar to non-millennial residents in regard to their housing preferences—more so than they are to their millennial counterparts who live outside but work in the city. Resident millennials are similarly—if not more—cost-conscious as other residents and value proximity to shopping, restaurants, entertainment and work, feeling safe and having access to parks and trails.
- Millennials are more likely than other residents to be renters and are more likely to move in the next five years, many with the hope of purchasing a home. For post-college millennials to stay in the city, the market will need to provide affordable ownership options—including single family detached homes—in walkable and/or transit oriented neighborhoods.
- Based on the results of the paper survey, lower income, minority residents have acute housing needs related to affordability, accessibility and discrimination in rental and for-sale housing markets.

APPENDIX C: SALT LAKE CITY'S DOWNTOWN RENTAL MARKET: PAST, PRESENT, AND FUTURE

KEM C. GARDNER POLICY INSTITUTE

Salt Lake City's Downtown Rental Market: Past, Present, and Future

Authored by: James Wood | Ivory-Boyer Senior Fellow | Kem C. Gardner Policy Institute

Highlights

- In 2010, after 100 years of development, the number of downtown rental units in Salt Lake City totaled 5,200. By 2020, that number is expected to double to 10,000 units and the downtown population will grow to 20,000, about the same population as Payson or Brigham City, in an area of 1.65 square miles.
- Since 1910, the downtown rental market has seen several apartment development booms but the size of the current boom is unprecedented. Nearly 1,900 units have been completed in the past four years. The current vacancy rate of these units is less than two percent. New downtown apartments have the highest rents in the state; the average rent for a studio unit is \$1,000, \$1,100 for a one-bedroom unit, and \$1,450 for a two-bedroom, two-bath unit.
- The magnitude of the current boom combined with very high rental rates seems like a recipe for an overbuilt market. However, as of October 2016, there are no signs of a distressed market; vacancy rates are low, rental rates are increasing, and absorption rates are strong. Demand for downtown rentals is supported by a unique set of locational and demographic advantages.
- Over the next three to four years, vacancy rates will increase as an additional 3,000 units are completed. The doubling of the rental inventory by 2020 could dampen market conditions and investment opportunities and bring the current boom to a close.

Background

The development of rental housing in downtown Salt Lake City has always been prone to periods of intense activity followed by years of inactivity. Downtown, for the purposes of this research brief, includes the area from approximately 700 East to 700 West and from 400 South to North Temple.ⁱ A look back at apartment development in this area shows that prior to the early 20th century, housing in downtown was limited to detached single-family units. Tenement and row housing, common features in some downtown markets, were never part of the housing patterns of Salt Lake City. The first multifamily rental units in downtown were completed around 1910. Over the next few years, some notable apartment communities were developed along South Temple and North Temple, including the Kensington, Buckingham, Hillcrest, and Eagle Gate Apartments. By 1920, the downtown rental inventory had reached about 1,000 units.

Following a six-year break, development resumed in 1926. Over the next four years, several new apartment projects were completed. Most were small apartment communities, less than 35 units, and by 1930 the rental inventory had increased to around 1,400 units.

This pre-Depression apartment boom was followed by a long, quiet 50-year interlude with no new large apartment developments in downtown. During these years, the rental inventory slowly increased through the conversion of some owner-occupied units, to renter-occupied housing units and the development of small scale rental housing.

By the late 1970s, the downtown housing market captured the interest of developers as home building in the suburbs was threatened by serious overbuilding. Up to this time, downtown multifamily housing had been exclusively rental housing. A new concept of owner occupied multifamily housing (condominiums), however, was about to be tested by the 337-unit American Towers condominium project, which at the time was by far the largest housing development in downtown's history. American Towers, along with several other condominium projects developed at about the same time, had very mixed success; in some cases, absorption took several years. In sharp contrast, the apartments developed during this period were well received by the market. Some 600 new rental units were developed. Half of the new units were developed by Zions Securities (now Property Reserve Inc.), the commercial real estate division of the Church of Jesus Christ of Latter-day Saints. By 1985, this period of apartment development had ended.

It took almost 15 years before developers in the late 1990s returned to the downtown market. When they did, both condominium and apartment development took off. Condominium development was concentrated in remodeling and rehabilitation of existing buildings rather than new construction while apartment development included three very large rental projects: Northgate Apartments at Gateway (340 units); Brigham Apartments (337 units); and the Palladio Apartments (250 units). This building boom, which extended into the 2000s, and was stimulated by the 2002 Olympic Winter Games, pushed the downtown rental inventory to 5,200 units by the 2010 Census. It had taken roughly 100 years and four periods of concentrated apartment development for the downtown rental inventory to reach 5,200 units. In addition to the rental units, there were almost 900 owner-occupied units downtown by 2010. The 2010 Census reported a total downtown population of 10,703. The average household size was small at 1.75 persons and rental housing accounted for 85 percent of occupied housing units (see Table 1).

Since the 2010 Census, almost 4,000 new units in large downtown apartment projects have been added to the inventory; 1,864 completed units and 1,991 under construction units (see Tables 2 and 3). In addition, there are another 1,179 units proposed that will be built over the next two to three years. The total number of completed, under construction, and proposed downtown

units is 5,044, just 165 units shy of doubling the downtown rental inventory in ten years. A note on the proposed projects: they are almost certain to be developed. All the developers are first rate and have local development experience.

By 2020, the number of renter households in downtown Salt Lake City will exceed 10,000. Add the 425 condominiums at City Creek to the existing owner occupied inventory and the downtown housing market will have close to 11,700 occupied dwelling units. The downtown population will increase from 10,700 in 2010 to over 20,000 by 2020, equivalent to the population about the size of Payson or Brigham City in just 1.65 miles of downtown Salt Lake City.

Table 1
Population and Housing in Downtown Salt Lake City

	2010	2020 forecast
Population	10,703	20,500
Households	6,097	11,695
Average Household Size (persons)	1.75	1.75
Owner Occupied Units	888	1,500
Renter Occupied Units	5,209	10,195
Total Occupied units	6,097	11,695
Percent of Renter Households	85%	87%

Source: U.S. Census for 2010 and forecast, Kem C. Gardner Policy Institute, University of Utah

Is the Downtown Rental Market Overbuilt?

The size of the current apartment boom is unprecedented. In just 10 years, nearly as many apartment units will be developed downtown as were developed in the previous 100 years. The boom, however, has brought much higher rental rates. The 15 apartment projects completed since 2011 have the following average rents: studio \$1,000, one bedroom \$1,100, two-bedroom two-bath \$1,450. There are no three bedroom units in the recently completed projects. The rents do not include the charges for a media package, sewer, water, trash, or parking fees, which could easily add another \$150 to \$200 to the base rent.

The historic magnitude of the current boom, combined with very high rental rates, seems like a ready-made recipe for an overbuilt market. The top-end rental rates

are equivalent to the mortgage payment on the median priced home (\$290,000) in Salt Lake County; surprisingly, the vacancy rate in the 15 new projects (1,864 units) is less than two percent. Furthermore, the absorption rates of some of the projects under construction indicate demand is still strong in the third quarter of 2016.

The market will be seriously tested in the next two years with the completion of the under construction projects and the addition of the proposed projects. Probably the most interesting test case will be the nearly 1,000 units under construction by Salt Development north of Gateway: Hardware Villages' 470 units and 4th West Apartments' 498 units. These two projects will have the highest quality and the highest priced units in the state. Rents will be over two dollars a square foot, or \$2,000 per month for a typical two-bedroom unit. Using the typical housing cost to income ratio of 30 percent, the renter of a \$2,000 apartment would need at least \$80,000 in income to afford a unit at Hardware Village. According to the 2015 American Community Survey, 22,500 renters in Salt Lake County have incomes of at least \$80,000, or 20 percent of all renters. The renter pool certainly looks deep enough in terms of income to support the development of high-priced rental units, but of course the key question is preference and suitability. How many of these high income renters want or can (family size considerations) live in a two-bedroom two-bath unit in downtown Salt Lake?

Every renter faces three primary considerations in their decision to rent: cost, configuration (size, bedrooms, space), and location. The cost of renting downtown, at least in the newer projects, excludes about 80 percent of the renters in Salt Lake County. The configuration of downtown rental units is a bit friendlier to renter households. Sixty percent of all renter households in Salt Lake County are one and two-person households. These smaller households are a deep market and well matched for configurations of studio, one, and two bedroom units.

Another factor affecting market depth and related to configuration is the relatively rapid growth of "nonfamily renter households", or unrelated roommates. This household type—no children present—does not have the configuration concerns of a family household. A two-bedroom two-bath apartment is suitable. Since 2000, the number of households with individuals that

are "nonfamily, not living alone and with the householder 18 to 34 years" has increased annually at a six percent growth rate in Salt Lake City, an increase of 3,000 households. For roommates who are single, young professionals, and working downtown, the cost of housing can be shared, making downtown living much less financially intimidating.

One more favorable demographic trend is the increase in net in-migration. From 2009 to 2014, net in-migration statewide never exceeded 11,000 individuals, but in 2015, it jumped to 21,300 and is projected to average 32,000 over the next four years. Conservatively, at least one-third of these in-migrants will locate in Salt Lake County, and some will be attracted to the downtown rental market, due to the nearness of employment and life style considerations boosting demand for downtown rentals.

Location is probably the greatest and most obvious advantage of downtown living. Proximity to public transportation, restaurants, shopping opportunities, cultural amenities, nightlife, and walking distance to 75,000 jobs makes for a unique rental market. Salt Lake City's Central Business District is the largest concentrated job market in the state. Four out of five employees in downtown work in office settings at jobs with an average pay of \$52,000. This proximity to a large base of job opportunities with above average pay is integral to the success of downtown rental housing.

Will the doubling of the downtown rental inventory in 10 years lead to an overbuilt market? First, a little context may help. In 2015, the Salt Lake County rental market had about 126,000 occupied rental units, only 7,000 of these units were located downtown; not quite six percent of the county's rental inventory. Countywide the vacancy rate is about three percent while downtown the rate is less than two percent. Rental rates for one and two-bedroom units in newer downtown projects are 30 percent higher than similar units in the suburban market. Two thousand of the 6,700 apartment units presently under construction countywide are in the downtown market, and 1,200 of the 7,300 apartment units proposed countywide are downtown.

The recent surge in downtown apartment development is part of a larger apartment boom, a boom that extends throughout Salt Lake County. The downtown market will face some competition from the large number of under construction and proposed units in the county's suburban areas as well as the several hundred

units on the periphery of the downtown market, but the fundamental advantages of a downtown location and favorable demographic trends will effectively offset much of the competitive headwinds. Employment opportunities will continue to grow with development of new office, retail, and commercial space. One example is the completion of downtown's newest office building (462,000 square feet) at 111 South Main, which should increase office employment by as much as 1,000 jobs over the next few years. Demographically, the increase in non-related households (roommates), higher levels of net in-migration, as well as the growing number of individuals in the prime age group for renting (18-34 years), bodes well for the apartment market in general. Nearly half of all renters in Salt Lake County are between 18-34 years old and this age group is expected to grow by five percent from 2015 to 2020, an increase of 17,000 individuals.ⁱⁱ

The previous four periods of apartment development have typically increased the rental inventory by at least 50 percent. But no previous expansion compares in relative or absolute terms to the present boom. In the two most recent expansions (early 1980s and early 2000s), new apartment developments were very successful and overbuilding was not an issue. In the current expansion, as noted, a total of 5,000 units will be added to the market. So far, 2,000 units have been completed and quickly absorbed by the market and the vacancy rate is at a low of two percent.

As the remaining 3,000 units reach the market over the next four years, the vacancy rate downtown will increase. But how much will vacancy rates increase? Even if only 85 percent (2,550 units) of the remaining new units were rapidly absorbed, the vacancy rate in the downtown market would still be under seven percent.

Rental rates are likely more vulnerable to the building boom than occupancy rates with regards to the building boom. As vacancy rates increase to more normal and healthier levels, developers and owners will be less aggressive with their rental rate increases and may offer concessions to new renters such as reduced deposit and/or reduced rent.

A snapshot of the downtown apartment market in October 2016 does not show an overbuilt market; rental rates are increasing, vacancy rates are very low, and absorption of new units is strong. Over the next three to four years, vacancy rates will increase as an additional

3,000 units are completed but the market will not be destabilized nor suffer double-digit vacancy rates or falling rents. But a doubling of the rental inventory in roughly 10 years will likely dampen market conditions and investment opportunities. By 2020, the current boom will very likely recede and take its place as the fifth period of downtown rental market expansion since 1910.

Table 2
Apartment Projects Developed in Downtown Salt Lake City (2011-2015)

Apartment Community	Year Built	Number of Units
Seasons at City Creek	2011	176
City Creek Landing	2011	111
Eastside Apartments	2011	180
Rendon Terrace (tax credit)	2011	70
Wasatch Advantage	2012	160
Citifront II	2012	91
644 City Station	2012	132
The Lotus	2012	84
Cityscape	2013	122
Liberty Gateway	2013	160
Newhouse	2015	61
Encore	2015	220
Seasons at Library Square	2015	119
Seasons on the Boulevard	2015	92
North Sixth (tax credit)	2015	86
Total		1,864

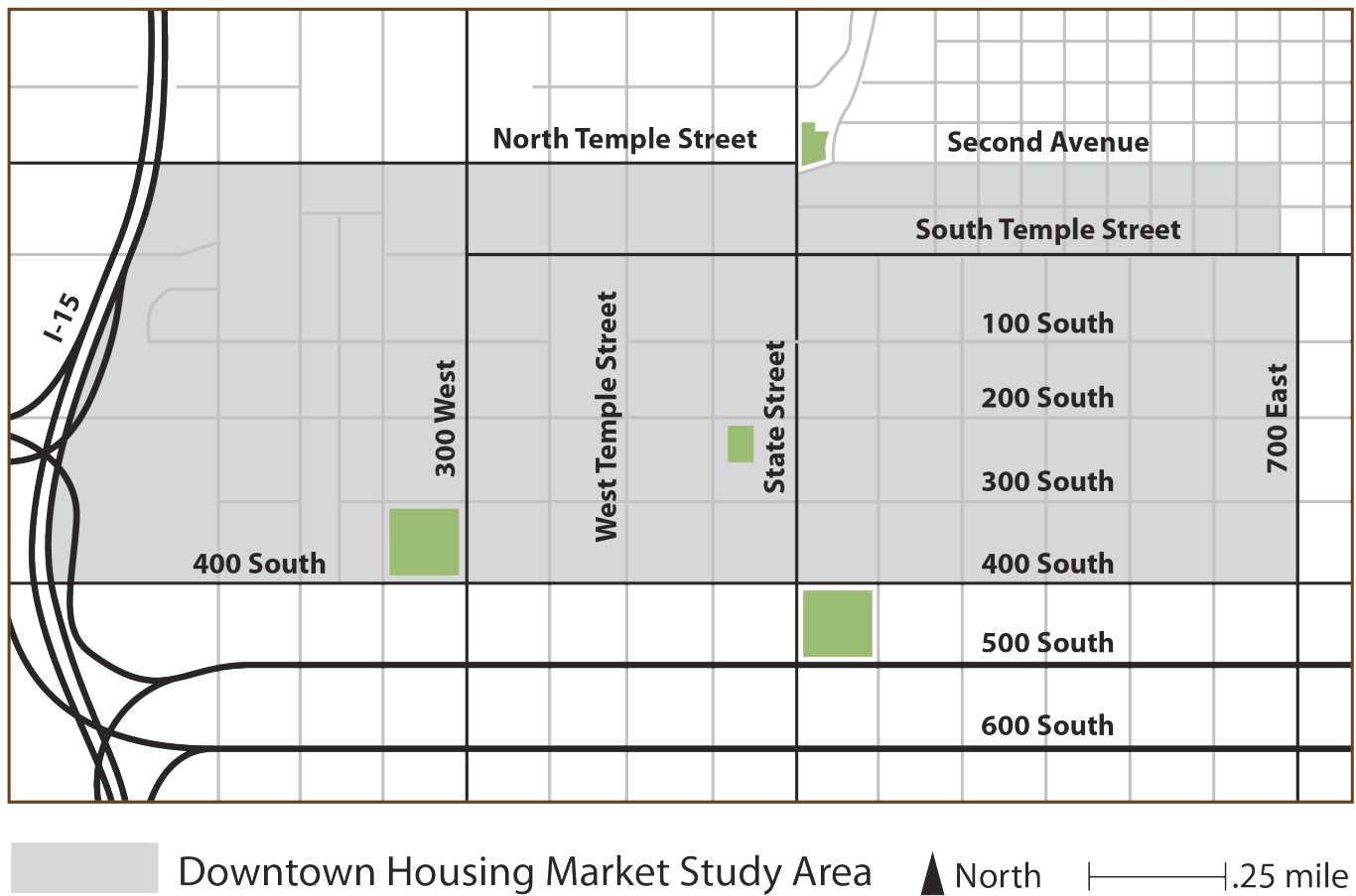
Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute

Table 3
Apartment Projects Under Constrcution in Downtown Salt Lake City, 2015

Apartment Community	Units
Fourth West Apartments	498
Hardware Village	470
Liberty Crest	177
360 Apartments	151
Alta Gateway	264
The Bonneville	158
616 Apartments	273
Total	1,991

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute

Figure 1: Map of Downtown Housing Market Study Area



Endnotes

- i. As defined in this research brief, downtown Salt Lake City includes approximately the area from 700 East to 700 West, 400 South to North Temple (see Figure 1). This area includes census tracts 1019, 1021, 1025, part of 1140, part of 1011.01, and part of 1011.2.
- ii. The projected increase in the 18-34 year age group for Salt Lake County was estimated from statewide population projections published by the Kem C. Gardner Policy Institute. In both the 2000 and 2010 Census, the number of individuals in the 18-34 year age group in Salt Lake County was 37 percent of the statewide count of individuals in that age group. This 37 percent share was applied to the 2020 statewide population projections by age to derive the number of 18-34 year old individuals in Salt Lake County in 2020.



ADVISORY BOARD

Advisory Board members provide strategic direction to the institute and help establish it as an enduring community asset that assists elected officials, business and community leaders, and the public make informed decisions.

Conveners

Michael O. Leavitt
Mitt Romney

Board

Scott Anderson, Co-Chair
Gail Miller, Co-Chair
Doug Anderson
Deborah Bayle
Lane Beattie
Cynthia A. Berg
Roger Boyer

Ken Bullock
Wilford Clyde
Sophia M. DiCaro
Lisa Eccles
Spencer P. Eccles
Matt Eyring
Kem C. Gardner
Christian Gardner
Matthew S. Holland
Clark Ivory
Ron Jibson
Mike S. Leavitt
Vivian S. Lee
Kimberly Gardner Martin
Ann Millner
Cristina Ortega
Jason Perry
Taylor Randall

Jill Remington Love
Brad Rencher
Josh Romney
Charles W. Sorenson
James Lee Sorenson
Vicki Varela
Ruth V. Watkins
Ted Wilson
Natalie Gochnour, Director

Ex Officio

Senator Orrin Hatch
Governor Gary Herbert
Speaker Greg Hughes
Senate President Wayne Niederhauser
Mayor Ben McAdams
Representative Brian King
Senator Gene Davis

STAFF AND FACULTY ADVISORS

Natalie Gochnour, Director
Jennifer Robinson, Associate Director
James A. Wood, Ivory-Boyer
Senior Fellow
Dianne Meppen, Director of
Survey Research
Pamela S. Perlich, Director of
Demographic Research
Juliette Tennert, Director of
Economic and Public Policy Research
Adam Meirowitz, Faculty Advisor
Matt Burbank, Faculty Advisor
Samantha Ball, Research Associate

DJ Benway, Research Analyst
Anna Bergevin, Research Associate
Cathy Chambless, Senior Research
Associate
John C. Downen, Senior Research
Analyst
Ken Embley, Senior Research Associate
Emily Harris, Demographic Analyst
Michael T. Hogue, Senior Research
Statistician
Mike Hollingshaus, Demographer
Colleen Larson, Administrative
Manager

Shelley Kruger, Accounting and
Finance Manager
Jennifer Leaver, Research Analyst
Sara McCormick, Senior Research
Associate
Levi Pace, Research Analyst
Nicholas Thiriot, Communications
Specialist
Effie Johnson Van Noy, Utah State
Data Center Coordinator
Natalie Young, Research Analyst

INFORMED DECISIONS™



APPENDIX D: AFFORDABLE HOUSING FINANCE WORKING GROUP REPORT & RECOMMENDATIONS



SALT LAKE CITY HOUSING AND NEIGHBORHOOD DEVELOPMENT

AFFORDABLE HOUSING
FINANCE WORKING GROUP
REPORT AND RECOMMENDATIONS

APRIL
20
16



1

INTRODUCTION

In 2013, Housing and Neighborhood Development (HAND) identified a gap of 8,240 rental apartment units for those at 40% or below the area median income of Salt Lake County. In 2016, updated numbers revealed a slightly smaller gap of approximately 7,600 units however the decrease is a result of a growth income level and not additional housing units. Salt Lake City renters are cost burdened with half paying more than 30% of their income on housing costs; more troublesome is that a quarter of renters in Salt Lake City are paying more than 50% of their income toward housing costs.

Salt Lake City has seen a market rate multifamily boom with rents at all-time highs and vacancy rates at historic lows. Yet affordability remains an issue in the city despite the increase in new units. A projected multifamily pipeline created by HAND staff shows a healthy number of new units coming to market over the next few years, with a good number targeted to those with low incomes; however, even with these new units, there remains a large gap in Salt Lake City's affordable housing market.

One of the predominant impediments to the creation of affordable housing is the lack of funding resources available to the for-profit and non-profit housing development communities. The primary sources for funding construction of new or rehabilitation of existing housing consist of 4% and 9% Low Income Housing Tax Credits and other gap funding sources that include the State's Olene Walker Housing Trust Fund and the City's Housing Trust Fund. Other federal sources include HUD financing tools such as a 221(d)4, Section 8 vouchers, and federal grants such as HOME and Community Development Block Grants. While tax credits are a useful tool they are very competitive and may require the developer to take on more expensive debt thus requiring

higher rents. Funding from federal grants, such as CDBG and HOME, has been reduced over the past ten years and also as stringent restrictions.

Understanding the difficulties of funding affordable housing, HAND created a **Finance Working Group** comprised of for-profit and non-profit developers, CRA lending institutions, representatives from Utah Housing Corporation and the National Development Council, and Housing Trust Fund Board members who met over a two month period with the objective to identify possible financing tools and policy recommendations. These include potential funding sources on city, county, and statewide levels and changes to current city ordinances and policies to incentivize and help finance the large gap in affordable housing.

The group understands that to see an increase in affordable housing in the city, that new funding sources must be created in conjunction with changes to City policies and ordinances.

WORKING GROUP MEMBERS

Steven Akerlow - Morgan Stanley

Joni Clark - Salt Lake CAP

Irena Edwards - Key Bank and Housing Trust Fund Board member

Ryan Hackett - Utah Non-Profit Housing Corp

Michael Lohr - Goldman Sachs

Jeff Nielsen - Wasatch Development Group

Claudia O'Grady - Utah Housing Corporation

Ali Oliver - UTA and Housing Trust Fund Board member

Chris Parker - Giv Group

Amy Rowland - National Development Council

Marion Willey - Utah Non-Profit Housing Corp

Salt Lake City Staff included: Mike Akerlow, Melissa Jensen, Sean Murphy, Todd Reeder, Tammy Hunsaker, Marina Scott

THE PROCESS

The group met over a two month period for a total of six meetings during which time they identified a number of tools and then developed financial pro formas on specific case studies using those tools. The agenda was as follows:

Meeting 1 – Discussed meeting schedule, goals, and expectations

Meeting 2 – Created and discussed list of possible financing and policy tools

Meeting 3 – Reviewed Case Study 1: Sugar House development

Meeting 4 – Presentation from UTA regarding Transit Oriented Development; reviewed Case Study 2: High Opportunity Area; reviewed Case Study 3: Small Scale Acquisition

Meeting 5 – Presentation and discussion of recommended solutions

Meeting 6 – Joint meeting between Finance Working Group and Non-Profit Housing Strategy Group to gather input on solutions and gained consensus on recommendations

The Housing Finance Working group recommends that the Housing Trust Fund Board, Mayor Biskupski and the Salt Lake City Council endeavor to explore the following recommendations as possible solutions for the affordable housing shortage in Salt Lake City. Affordable housing requires a long-term strategy with some short-term solutions that make building, acquiring, and preserving units actionable and sustainable. The group presents these recommendations with the understanding that public input, feasibility, and detailed analysis of impact is further required.



2 GLOSSARY

AFFORDABLE HOUSING DEFINITIONS

The following list of terms is by no means inclusive but serves as a reference for informed discussion. The term “affordable housing” truly means housing that is affordable for anyone. Categories within affordable housing include moderate income, low income and extremely low income. To foster clear communication, HAND staff has compiled the following list of often used terms and definitions and where possible, the source of those definitions.

AFFORDABLE HOUSING: A home is generally considered affordable if the household pays 30% or less of their gross income (before taxes are taken out) towards rent/mortgage payments. The term usually refers to homes affordable to people with low, very low and extremely low income, including low-wage working families, seniors on fixed incomes, veterans, people with disabilities and the homeless. There are different kinds of affordable homes, including public housing (owned by the local housing authority), Section 8 vouchers that help people rent privately owned homes, and privately owned housing developments with restricted rents.

HUD Definitions of Affordable Housing:

Low Income: Income does not exceed **80%** of Area Median Income (AMI)

Moderate Income: Income does not exceed **60%** of AMI

Very Low Income: Income does not exceed **50%** of AMI

Extremely Low Income: Income does not exceed **30%** of AMI

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>

AFFORDABILITY RENT FORMULA: The industry standard for calculating affordable rents according to area median income. The formula uses the published income limit tables from HUD with a combination of FMR. For example, a family of 3 at 50% AMI is making roughly \$33,250 annually and can afford a 2 bedroom apartment at about \$800/month minus utilities. The formula is technical and also accounts for slight variances but ensures that projects have consistent rent rates that accommodate a variety of incomes.

AFFORDABLE MARKETS: This refers to communities that are driven by market forces that also align with HUD’s definitions of “affordable rent”. These markets can change at any time and have no obligation to remain affordable.

AREA MEDIAN INCOME (AMI): The median income of each Metropolitan Statistical Area (MSA) and each county based on all wage-earners in the area. The U.S. Department of Housing and Urban Development (HUD) issues a listing of AMIs each year. AMI is used to determine the eligibility of applicants for both federally and locally funded affordable housing programs and depends on family size.

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>

AREAS OF OPPORTUNITY: Areas of opportunity have been best described this way “places that effectively connect people to jobs, quality public schools and other amenities” (HUD Secretary Shaun Donovan). HUD frequently refers to these as “geographies” of opportunity and has created an opportunity index in order to quantify such opportunity throughout the US. The most notable work has been done by Jim Woods in 2004.

FAIR HOUSING: Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex or national origin. In Utah, state law also includes source of income as a recognized protected class.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/progdesc/title8

FAIR MARKET RENT (FMR): Rental rates set by the U.S. Department of Housing and Urban Development (HUD), that represents the estimated monthly rent for a modest apartment. FMRs determine the eligibility of rental housing units for the Section 8 program and serve as the payment standard used to calculate subsidies under the Rental Voucher program.

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>

HOUSING ASSISTANCE PAYMENT (HAP): Section 8 Housing Assistance Payment Contracts (“HAP Contracts”) provide that the resident pays a portion of the Contract rent (the resident’s portion is limited to a percentage of the resident’s income), with the remainder of the Contract Rent being paid under the HAP contract as a Housing Assistance Payment. For example, if the Contract Rent is \$600 and the resident’s portion is \$200, the HAP portion would be \$400.

<https://www.hudexchange.info/resources/documents/Glossary-of-Multifamily-Affordable-Housing-Preservation-Terms.pdf>

HOUSING COST BURDEN: When 30% or more of a household’s income is spent on housing costs. Many households are severely over-burdened and pay more than 50% of their income towards housing (see Severe Cost Burden).

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>

HOUSING CHOICE VOUCHER / SECTION 8

PROGRAM: Federal rent-subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible households. The voucher payment subsidizes the difference between the gross rent and the tenant’s contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). There are two main types of voucher programs:

Tenant Based: The subsidy remains with the tenant and allows them to move to a unit that best suits their needs.

Project Based: The subsidy remains with the unit and the property qualifies tenants according to the parameters of the program.

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>

HOUSING FINANCE AGENCY (HFA): Each State has a Housing Finance Agency in Utah it is Utah Housing Corporation (UHC). UHC manages Utah’s low income housing tax credit program and allocation process, distributing over \$6.7MM in 2016. HFAs are State-chartered, were established to help meet the affordable housing needs of State residents, have statewide authority to finance affordable housing, and typically are governed by a board of directors appointed by the Governor.

<https://www.hudexchange.info/resources/documents/Glossary-of-Multifamily-Affordable-Housing-Preservation-Terms.pdf>

INFILL DEVELOPMENT: A strategy for accommodating growth and preventing sprawl through greater density and efficiency in land use development within existing urban boundaries.

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>

LOW INCOME HOUSING TAX CREDIT PROGRAM

(LIHTC): The LIHTC program was created in the Tax Reform Act of 1986, and it includes both competitively allocated “9 percent” tax credits and non-competitive “4 percent” tax credits. Developer-owners of LIHTC properties can claim credits against their federal income tax liability, for up to ten years after the property is completed and leased up, provided that the property remains in compliance with LIHTC requirements. Typically, a LIHTC property is owned by a limited partnership or limited liability company in which the real estate developer is the general partner or managing member and in which corporate investors hold the remaining ownership interests. In Utah, many of the industrial banks are the primary investors in these partnerships providing a unique market for purchase of these credits.

<https://www.hudexchange.info/resources/documents/Glossary-of-Multifamily-Affordable-Housing-Preservation-Terms.pdf>

MARKET RATE HOUSING: Rental housing that is privately owned but charges rents consistent with the property amenities as well as local housing market prices and conditions. Typically, these property owners do not receive direct subsidies. Conventional market-rate properties may offer rental housing that is also considered “affordable”.

https://www.fanniemae.com/content/fact_sheet/wpworkhouse.pdf

MIXED-USE DEVELOPMENT: A building or group of buildings that combines multiple revenue producing uses in an integrated and coherent plan. As an example, a mixed-use development might include retail space on the ground floor, offices on the middle floor, condominiums on the top floors and a garage on the lower level.

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>

PUBLIC HOUSING: Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with

disabilities. Public housing comes in all sizes and types, from scattered single family houses to high rise apartments for elderly families. There are approximately 1.2 million households living in public housing units, managed by some 3,300 HAs.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph

PUBLIC HOUSING AUTHORITIES Local government agencies that are authorized to manage housing for very low- and extremely low-income households, either as public housing, through Section 8 vouchers, or with other types of affordable housing. Generally, households pay no more than 30% of their income for rent and the remainder is subsidized by the Federal government through HUD.

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>

QUALIFYING CENSUS TRACTS: A Qualified Census Tract (QCT) is any census tract (or equivalent geographic area defined by the Census Bureau) in which at least 50% of households have an income less than 60% of the Area Median Gross Income (AMGI). HUD has defined 60% of AMGI as 120% of HUD's Very Low Income Limits (VLILs), which are based on 50% of area median family income, adjusted for high cost and low income areas.

RACIALLY/ETHNICALLY CONCENTRATED AREAS OF POVERTY:

A census tract where the number of families in poverty is equal to or greater than 40 percent of all families, or an overall family poverty rate equal to or greater than three times the metropolitan poverty rate, and a non-white population, measured at greater than 50 percent of the population.

SEVERE HOUSING COST BURDEN: When 50% or more of a household's income is spent on housing costs.

<http://nonprofithousing.org/wp-content/uploads/Media-Packet-Affordable-Housing-Glossary.pdf>



3 FINDINGS

OVERVIEW

During the group's discussions, several key findings emerged as issues facing developers and those financing affordable housing. While there are many issues, the following are five key findings from the group that helped inform the recommendations.

SUBSIDY AMOUNTS

The working group dedicated significant time to determining what kind of subsidy would be needed for the development of affordable housing units. Scenarios from throughout the city were presented to the group for their consideration of varying sizes, a range of AMI's, and uses. Land location continues to be the key determining factor in the subsidy needed. The working group concluded that the gap ranged from \$12,000 - \$50,000 per unit when used in conjunction with 4% credits and \$67,000 - \$360,000 per unit without any other subsidy. Concluding that in order to increase the affordable housing stock a significant financial commitment would need to be made.

WORKING WITH THE CITY

The development professionals in the working group felt that the City could be a better and more collaborative partner in affordable housing development. They are unsure of what's available to them as far as incentives, fee waivers, expedited processes, etc. If the City wants more affordable housing developers building new units, the working group felt that the City needs to create a more streamlined and productive environment.

9% TAX CREDITS

The working group recognizes that the 9% tax credits are the single most important tool for providing financing for affordable housing. Because of the amount of equity created as a result of the 9% credits, many projects using this tool are able to provide units to those with extremely and very low incomes. However, the process to get these tax credits is extremely competitive and occurs only once each year. Many times developers will have to wait 2 to 3 years before they may get the credits which can increase costs.

4% TAX CREDITS

The 4% tax credits do not provide as much equity as the 9% tax credits and therefore require other funding sources. To be eligible for the tax credits, a developer must also get a Private Activity Bond which is more than 50% of the cost of the project. These bonds are expensive to finance and thus drive up the costs of the project resulting in higher rental rates. As a result, 4% tax credit projects often are targeted to those at 60% of area median income. The Private Activity Bonds are allocated by the State and have an annual cap which over the past couple of years has been expended by the spring. However, these credits may change and become less desirable if interest rates increase.

SMALL ACQUISITION AND DEVELOPMENT

The working group believes that a critical component missing is affordable housing in smaller developments. These may include townhomes, cottages, small apartment buildings, etc. However, land and development costs are typically higher which results in a higher sales or rental rate. The group stated that these types of units are an effective tool for addressing affordability but the financing is not available for medium density projects.

SALT LAKE CITY HOUSING TRUST FUND

The City's Housing Trust Fund is recognized as a valuable and necessary tool to maximize the tax credits and to leverage other available funding sources. The working group discussed the need for the fund to be sustainable with a constant funding source in addition to more flexibility to do projects that might not fit the status quo.



4

RECOMMENDATIONS

OVERVIEW

The Finance Working Group began their work by creating a list of over 20 financing tools and policy changes that may result in additional funding or incentives for developers to build affordable housing in Salt Lake City. They categorized their recommendations into three groups: **policy, incentives, and funding resources.**

The working group notes that concessions may need to be made within each recommendation and continued conversation is needed on how each solution could be modified for the greatest good. This includes dialogue on not only solutions but the ability to monitor and administer those solutions. The group also noted that further clarity of the definition of affordable housing is needed in order to ensure consistency on the parameters in which each solution is discussed. **In addition, the group generally felt the Housing Trust Fund Board should be the main body that manages and recommends subsidies either in the form a loan or a grant to the Mayor and City Council.** Each recommendation also had various discussions on ease, convenience and timeliness as key factors to offering any incentive or subsidy to developers. Lastly, it is noted that each solution should be explored in the context of leveraging legislative dollars, county collaboration and feedback to the State's affordable housing group.



5 POLICY RECOMMENDATIONS

INCLUSIONARY ZONING

Inclusionary Zoning policies are common around the country and ensure that as cities change and develop, affordability is included in the early stages of development. An inclusionary zoning ordinance requires that any new residential construction has a certain percentage of affordable units included. Some cities will also allow developers to make “in lieu” payments should they decide not to include affordable units. Inclusionary zoning throughout the country has typically been targeted at those between 40%-120% AMI. These policies also have the ability to limit concentrated areas of affordability and poverty. While other policies around zoning could be explored to include density and other incentives the group focused on inclusionary zoning due to its success throughout the nation.

Salt Lake City continues to be a high performing market that attracts businesses, residents, and developers. In the opinion of the group inclusionary zoning would not be an outright deterrent for development however, considerations for compliance and design of the policy would be critical in the long-term impact of the policy.

RECOMMENDATION

A citywide inclusionary zoning policy should be considered as a long-term strategy for ongoing affordability. This zoning would require that 5%-10% of new construction of over 50 units be affordable to people with low to moderate incomes. The group was amenable to the option of “in lieu” fees which

could range from \$60,000 - \$250,000 per unit should a developer decide not to include any affordable units. Pricing would vary depending on the location of the units and the need for affordability in the desired area. Distinct policy elements would have to be designed for multi-family developments and single-family developments. Variations could be added to this policy including targeting geographic areas where there is a lack of affordable housing, incentive zoning and upzoning waive certain parameters in order to allow for more density at which time the developer would include an affordable component.

In addition, the group recognizes the need and expense to ensure that the inclusionary zoning requirements are being met. Such compliance would include auditing rent rolls and incomes, inspecting units, and enforcing when necessary.

CASE STUDIES

Seattle, Washington
San Francisco, California
Washington D.C.

IMPACT

A citywide ordinance would ensure that affordability is being included in all housing projects or providing a revenue to subsidize future housing. The impact of this policy would most likely be seen through infill development and development on the west side where the majority of land is still available.

THE MISSING MIDDLE

Over the past 5 years, Salt Lake City has seen a multi-family renaissance with thousands of units built, under construction, or in the permitting process. While new single family construction, especially in subdivisions, has been somewhat limited due to a scarcity of undeveloped land, there is still a strong market particularly where homes are torn down and rebuilt or go through extensive remodeling. While much of the new construction in the city has been at market rate, there has been a slight increase in affordable multi-family and single family homes.

The “Missing Middle” refers to an absence of multi-unit, clustered housing or other medium density housing types compatible in scale with single family homes that help meet the demand for not only urban living, but for affordability as well. Examples of these unit types include townhomes, duplexes, accessory dwelling units such as carriage homes or mother-in-law apartments, and small scale apartment buildings or bungalow courts.

Current zoning in Salt Lake City tends to favor either single family or high density multi-family with limited opportunities for missing middle type housing. The Residential Multi-Family zone (RMF) allows some of this type of housing to be built however the density requirements in that zone are such that large land parcels would be necessary for development. As a result of the larger parcels and therefore higher price, it becomes difficult to build medium density housing at an affordable price. The Planning Division recognizes that there are barriers in building this type of housing in the current ordinance.

Accessory dwelling units, townhomes, and small scale apartment buildings are sensitive to the look and feel of single family neighborhoods and can be sold or rented to those with fixed incomes. Housing

types such as these are ideal for the city’s shifting demographics including those who are aging in place, students graduating from college, young families who want to remain in the city, and those who are living on a working wage.

RECOMMENDATION

Creating missing middle housing in the city will require changes to current zoning ordinances. Any solution or proposal will need to be coordinated through the Planning Division.

To create more affordable housing opportunities, the working group recommends that the City Council seriously consider Accessory Dwelling Units as a tool to providing affordable housing units throughout the city. ADU’s provide affordable housing to family members, aging adults, young families, single parents with children, those with disabilities.

The group also recommends that the City Council address the efficacy of density bonuses. In some cities, density bonuses are used as an incentive for affordable housing, yet most developers in Salt Lake City do not take advantage of them because of the increased cost of other building systems.



6 INCENTIVES

INCENTIVES

Incentives are items that would increase some affordability but may not have a direct monetary correlation. In addition, the working group believes these are some of the more immediate actions that might be able to be taken.

COMMUNITY LAND TRUST

A Community Land Trust is an entity that develops and stewards affordable housing, community gardens, civic buildings, commercial spaces and other community assets on behalf of a community. They are public or community-owned entities generally created to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties. In addition, they can be used in an opportunistic fashion to purchase land at an affordable price in an attempt to preserve it. While a public entity may manage the Trust, a nonprofit structure allows public entities like a city to contribute but also provides an opportunity for tax-deductible donations to be made in the form of property.

An alternative to a trust is the strategic effort of land banking for affordable housing purposes. This would include a committed plan for buying and preserving land and buildings that are currently hard to access or it is anticipated as communities gentrify that the property will be hard to access. This method also ensures affordability by maintaining ownership but offering long-term leases.

RECOMMENDATION

Land Banking and participating in Community Land Trust are some of the most powerful tools for long-term preservation of affordable housing. The group agreed that any revenue targeted for affordable housing should be partially used for land acquisition and preservation in either of these entities. Further, the land within the trust should be developed by a wide variety of public and private entities according to what each community needs. Both a Community Land Trust and a model of land banking bring extreme value and it is recommended that the administration prioritize the analysis of these unique models.

CASE STUDIES

Champlain, Vermont
Albuquerque, New Mexico
Durham, North Carolina

IMPACT

Geography	2014	2015
West Side Single Family	\$215,000	\$234,750
East Side Single Family	\$305,000	\$319,250
West Side Multi-Family	\$171,250	\$185,250
East Side Multi-Family	\$178,750	\$193,500
East Side Median Land Cost	\$98,750	\$125,000
West Side Median Land Cost	\$80,000	\$79,500

Salt Lake County Median Sales Price

An annual investment of \$1,000,000 would produce roughly 5 pieces of land and while that may appear minimal, this would be preserved in perpetuity ensuring long-term affordability.

TAX ABATEMENT

Abatement is a reduction in the level of taxation faced by an individual or company. Examples of abatement include tax decrease, a reduction in penalties or a rebate. If an individual or business overpays its taxes or receives a tax bill that is too high, it can request abatement from the taxing authorities. This incentive would allow affordable housing developers the ability to increase their financial capacity for debt service and therefore add some affordability in the overall project.

RECOMMENDATION

Salt Lake City should consider sponsoring a statewide tax abatement program in collaboration with the State and Salt Lake County. The tax abatement should be in proportion to the level of affordability in any given housing project. Meaning that if the percent of affordability is 50% the tax relief should correlate at 50% and should be validated annually. The group agreed that this long-term strategy would significantly incentivize affordability on an ongoing basis.

CASE STUDIES

Washington, D.C.
New York City, New York
Portland, Oregon

IMPACT

A tax abatement of roughly \$40,000 per year would leverage an additional \$600,000 in available debt increasing the developers ability to add affordable units.

INCREASED CITY ACCESS

The ease in which developers are able to do business with Salt Lake City was a key area identified to help incentivize affordability. The group discussed many variations of how this might work and the value it would bring to each project. The intention of this recommendation is to expedite current affordable projects and increase mixed income development.

RECOMMENDATION

The City should create a decision making body represented by each department that reviews project transactions jointly, commits to a response time and has the ability to waive fees (in accordance with policies). This group could only be accessed by developers who commit to a percentage of units at a specific level of affordability. Authority is a key component of this policy and the group would need to be able to act quickly to waive fees and expedite affordable housing developments through the permitting process. For example:

- Impact Fees
- Density
- Parking Requirements
- Design Changes

In addition it is recommended that a housing ombudsman be the point person to facilitate and communicate with the group and the developers.

IMPACT

Based on a recent affordable housing development in Salt Lake City:

Cost Type	Amount
Impact Fees (total for all units)	\$899,816
Permit Fees	\$102,771
Parking Meter Fee	\$51,744
Waiting Period (5 Months) Interest & Revenue	\$100,000
Waiting Period (5 Months) Tax Credit Adjustment	\$160,000
Total	\$1,314,331



7 FUNDING RESOURCES

FUNDING RESOURCES

A committed revenue source is an integral part of funding the subsidies needed for affordable housing. While incentives create lasting partnerships and support for affordability they are not sufficient to house those at 40% AMI and below long term. These may be the most challenging yet critical recommendations to consider.

EQUITY INVESTING

Currently Salt Lake City issues a Request for Proposals for a development, negotiates a purchase price and then sells the property to the developer. Equity investing would allow the City to contribute equity through a land or cash donation in exchange for a return on its investment. The group contemplated several forms of equity and joint venture scenarios with diverse return expectations. This form of contribution is seen as a way to create sustainable funding over a long term period but requires a much higher risk tolerance than generally seen from public entities.

RECOMMENDATION

The City should explore a limited partnership agreement structure in which they offer a percentage of equity for a higher return. This would require a comfort in investing in projects with a limited amount of affordability in order to produce revenue that could be reinvested as a subsidy for existing or future projects.

IMPACT

The standard for general investors is a 10% return, however, since the City's main interest is sustainability the target would range from 4-5% returns which would be fully reinvested in subsidy, loans, or land acquisition for future affordable housing development.

CITY-ISSUED BOND OR LEVY

A general obligation bond, revenue bond, other types of bonds or levy would supply an initial investment in affordable housing. This type of revenue would help address the current gap that exists by providing immediate subsidy to developers, however, without a plan to issue a bond every 5-7 years it doesn't provide much sustainability.

RECOMMENDATION

A bond issuance should be explored in order to address the current gap. It is recommended that the administration and Council explore the feasibility of being a bond issuer. Further, if there is a model that allows the bond dollars to be revolving through the loan fund that would be a very effective tool for leveraging such dollars. As a supplemental recommendation the group favors a legislative appeal to increase the amount the Private Activity Board issues toward multifamily housing as a way to leverage additional 4% tax credits.

CASE STUDIES

Charlotte, North Carolina: \$15MM every 2 years for 8 year cycle
Austin, Texas: \$55MM one time bond
Miami, Florida: \$3B over 40 years (\$195MM for affordable housing)
California: \$3B over 30 years
Seattle, Washington: \$140MM levy voter approved every 7 years

IMPACT

Bond Amount	Per Unit Cost	Units
\$15,000,000	\$50K - \$100K	225 – 300 Units
\$25, 000,000	\$15K - \$25K	1,000 – 1,667

CITY AND/OR COUNTY FEES

Fees arose in the group as the most consistent, fair, and long term solution to begin to fill the gaps on

affordable housing and mixed use/income developments. Notably, fees can also be a polarizing issue for communities drawing out opposition to affordable housing and whose role it is to pay for it. This is seen as an approach that should be viewed through a long-term lens with the most-long term impact.

REAL ESTATE DOCUMENT FEES

Document Fees (Transaction Fees) are a mechanism designed to produce revenue from specific transactions at the City/State level. Such revenues are then a dedicated source of funding for a specific public purpose. While variations are wide the group specifically explored a document/real estate recording fee which is the most common fee used across the country for this purpose. This would produce significant revenue and provide a consistent source of funding for affordable housing.

RECOMMENDATION

While a document fee would provide significant revenue the group preferred options that remained in the jurisdiction of the city. They felt that any fee would be valued so long as the city had the authority to charge it and that it was in some way related to the real estate/housing markets. However, should the possibility arise to impose a fee that could benefit both the county and the city it would be favored within the working group.

CASE STUDIES

Philadelphia, Pennsylvania: \$12MM annual revenue
Washington State: \$27MM
Oregon State: \$12MM

IMPACT

At a \$25 fee for each home sold in Salt Lake County, revenues and potential units would be as follows:

2014: 14,767 homes sold
\$369,175 in revenue
\$50K-\$100K per unit cost
5 affordable units

LINKAGE FEE AND/OR IMPACT FEES

Commercial linkage fees are a form of impact fee assessed on new commercial developments or major employers based on the need for workforce housing generated by new and expanding businesses. An impact fee would be imposed on property developers by municipalities for the new infrastructure that must be built or increased due to new property development. These fees are designed to offset the impact of additional development and residents on the municipality's infrastructure and services, which include the city's water and sewer network, police and fire protection services, schools and libraries. These fees can also be levied against any individual or entity where its actions create an externality within a municipality. These fees are one of the more consistent mechanisms to fund affordable housing seen throughout the country.

RECOMMENDATION

The working group recommends that either a linkage fee or impact fee be explored. With anticipated growth of the Salt Lake City market over the next decade these fees would play a critical role in supporting affordable housing. Lastly, it is recommended that the City conduct the necessary diligence of a nexus study as quickly as possible in order to validate how much revenue would be produced and assess the actual link of development on affordable housing. The group also notes that exceptions can and should be made for industry specific businesses that the city is trying to attract.

CASE STUDIES

Somerville, Massachusetts: \$500,000
Boston, Massachusetts: \$7MM

PEER-TO-PEER RENTAL FEES

Peer-to-peer fees are increasingly common in urban, tourist, driven cities. This approach could supply revenue that would see an increase over the next 10 years, however, there is consideration for compliance in a gig economy like peer-to-peer rental such as Airbnb. Hotel fees would be easier to administer but could garner larger opposition.

RECOMMENDATION

The city should explore how an occupancy fee could be charged in the peer-to-peer market. Currently, the compliance and implementation of enforcing fees is new and best practices are still being formed. In addition, this is an opportunity to be innovative in our approach and curve the impact this market is having in urban areas throughout the county. In Salt Lake City there is no zone clarity for this type of rental and Housing & Zoning Enforcement is currently shutting down these enterprises in residential zones. It is recommended that a permit fee and occupancy fee are explored to determine the best benefit to the community.

IMPACT

It is estimated that Airbnb has approximately 150 units available online in Salt Lake City. If a permit fee of \$350 were charged that would generate \$52,500 in revenue. If an occupancy fee of \$5 per person were charged (average stay of three people with 200 stays per year at each location) it would generate \$450,000 in revenue.



8

STAFF RECOMMENDATIONS

OVERVIEW

The working group understands that the preceding recommendations are effective tools but they may require more due diligence, public outreach, and support and/or action from legislative bodies including the City Council, the County, and the State. HAND staff has evaluated the proposals and recommends the following:

INCLUSIONARY ZONING A form of inclusionary zoning may work in Salt Lake City in certain geographically targeted areas. These areas could include transit corridors and east side locations. HAND staff recommends that the Mayor and the Council evaluate best practices and determine how inclusionary zoning could work in Salt Lake City to produce more affordable housing.

PEER-TO-PEER HAND staff recommends that the Mayor and Council consider peer-to-peer occupancy and permit fees as a source of revenue. While this may be new to many cities and possibly difficult to enforce, it could be a strong generator of revenue for affordable housing.

HOUSING BOND OR LEVY To generate a funding source large enough to address the affordable housing needs in the city, HAND staff recommends that the Mayor and Council approve a housing bond or levy that is voter approved and repeated every predetermined number of years.

COMMUNITY LAND TRUST To ensure preservation of existing affordable housing and to secure property in high opportunity areas HAND staff recommends that the City work with a non-profit to create a community land trust.

ZONING HAND staff recommends that the Mayor and City Council approve ADU's throughout the city; create a density program that would be an incentive to developers; and examine the RMF density requirements so that medium density products could be built on smaller parcels in neighborhoods.

IMPACT FEE/LINKAGE FEE As an ongoing funding source to the Housing Trust Fund, HAND staff recommends that the City impose an affordable housing impact fee or linkage fee.

INCREASED CITY ACCESS The creation of a team within the City that could make quick decisions and an ombudsman who could help navigate city processes would reduce costs for affordable housing developers. Reduced costs translate into more housing units. The ability for this team to waive fees and make quick decisions is crucial to its success.

Affordable Housing Development - Case Study Summaries

The Process: Teams were asked to consider three different housing development opportunities. The goal was to model a mixed-income development financing scenario for each case study that didn't use the 9% Low Income Housing Tax Credit (LIHTC), but still included some units affordable to households with incomes below 40% of the Area Median Income. The projects could include market rate units as well. Teams were allowed to consider a reduction of the land cost and use of other available affordable housing subsidies to make the proposed projects feasible. The proposals are summarized below, in a format which illustrates the subsidy amount needed per affordable unit.

CASE STUDY 1: Sugarhouse Land - Old Deseret Industries Property

This 1.4 acre site at 2234 S Highland Dr. is city-owned and is in a High Opportunity (low poverty) neighborhood. It is zoned CSHBD-1 (Sugarhouse Business District), with a potential building height of 105 feet, and is valued at \$3MM. The site is not in an area that qualifies for the tax credit basis boost.

Proposal Specifics	With 4% Credits		Conventional (no LIHTC)	
	Notes		Notes	
# Units Proposed	110		60	
Development Cost Per Unit	\$142,844	\$1MM land cost	\$140,740	\$0 land cost
# of Units @ 60% ami	77	70%	0	
# of Units @ 40% ami	33	30%	12	20% affordable
		100% affordable		
Sources per Unit				
Bank Debt Supported	\$53,499		\$88,733	
Equity	\$50,023	1.18 pricing	\$29,901	10% IRR
Developer Loan	\$4,545		\$0	
Public Debt	<u>\$18,182</u>	\$2MM OW+City	<u>\$22,106</u>	\$1MM City
Remaining Gap/unit	\$16,594		\$0	
Total Subsidy	\$5,825,386	w/ full land cost	\$4,326,350	w/ full land cost
Subsidy Required per Affd. Unit	\$52,958		\$360,529	

Findings: The 4% LIHTC provided additional equity, but the project still needed significant subsidy to be feasible; over \$5.8MM for a 110 unit project, with all units meeting the tax credit rent requirements. This is primarily because the location does not provide the 30% boost in credit basis that makes downtown 4% tax credit projects more feasible.

With 20% of the units affordable, the conventionally-financed project required an extremely high subsidy per affordable unit of \$360K. The model assumes that a conventional equity investor would need to receive the same rate of return a 100% market rate project would provide in order to allow the developer to commit the affordable units. The project would require 100% of the land cost to be contributed, as well as requiring an additional \$1MM in soft subordinate financing.

CASE STUDY 2: Vacant Land at 454 E South Temple

This site is privately-owned land in a Historic Landmark District and High Opportunity Area. The site is 1.14 acres, and was listed for \$3.7MM. The zoning is R-MU. Site is located in a LIHTC Basis Boost Area. The teams were asked to do essentially the same exercise as in Case Study #1; provide as many units affordable to households at or below 40% ami as possible, either using 4% credits or within a market rate development.

	With 4% Credits + Boost		Conventional (no LIHTC)	
Proposal Specifics		Notes		Notes
# Units Proposed	110		70	
Development Cost Per Unit	\$174,760	\$3.5MM Land	\$171,844	\$2.7MM Land
# of Units @ 60% ami	77	70%	0	
# of Units @ 40% ami	33	30%	7	10% affordable
		100% affordable		
Sources per Unit				
Bank Debt Supported	\$53,207		\$129,423	
Equity	\$107,727	1.18 pricing	\$42,421	10% IRR
Developer Loan	\$4,545	Repaid in 15 yrs	\$0	
Public Debt	<u>\$9,281</u>	\$1MM OW	<u>\$0</u>	
Modeled Gap/unit	\$0		\$0	
Total Subsidy	\$1,220,900	w/ full land cost	\$800,000	w/ full land cost
Subsidy Required per Affd. Unit	\$11,099		\$114,286	

Findings: With the same unit mix as the previous case study, the 4% LIHTC model yielded a much more feasible project, requiring only an \$11K per unit subsidy. The difference was almost entirely due to the additional equity available with the tax credit basis boost which the location provides. This example illustrates the value of a basis boost eligible sites in creating affordable units with minimal additional subsidy.

Once again, the conventionally-financed project was much less feasible, with a required subsidy of \$114K per affordable unit; and only 10% of the units restricted at a 40% ami affordable rent level.

CASE STUDY 3: Acquire Existing Downtown Apartment Building

Subject is a 20 unit, 1925 vintage multi-family building located at 254 S 300 E. The building sits on .20 acres and includes 16 parking spaces. The building is privately-owned and is being marketed for a purchase price of \$2,935,000. It was substantially renovated in 1998, and has had other major capital improvements in the last few years.

The teams were instructed to investigate the feasibility of providing some portion of the units at affordable rent levels without using tax credits.

Proposal Specifics	Conventional (no LIHTC)		Conventional (no LIHTC)	
	half@ 40% ami	Notes	all @ 60% ami	Notes
# Units Proposed	20		20	
Development Cost Per Unit	\$152,625	\$60K in rehab	\$173,775	\$500K in rehab
# of Units @ 60% ami	0		20	100% affordable
# of Units @ 40% ami	10	50% affordable	0	
Sources per Unit				
Bank Debt Supported	\$67,226		\$78,750	
Equity	\$17,941	10% IRR	\$21,000	10% IRR
Developer Loan	\$0		\$0	
Public Debt	\$50,000	\$1MM City	\$50,000	\$1MM City
Modeled Gap/unit	\$17,459		\$24,025	
Total Subsidy	\$1,349,171		\$1,480,500	
Subsidy Required per Affd. Unit	\$67,459		\$74,025	

Findings: Though the existing rents in the building are very close to 60% ami rents already (avg. \$853/unit), the teams found that the operating expenses provided by the seller were unreasonably low, making the building essentially overpriced. Using a market level of operating expenses, and assuming some level of capital improvements were likely to be necessary (this amount varied between teams), the result was a necessary subsidy of around \$70K per unit, depending on the depth and percentage of affordability being modeled.

COMPREHENSIVE LIST OF TOOLS EVALUATED BY WORKING GROUP

Tool Name	Description	Tool Parameters	Type
General Obligation Bond	Funding to support the preservation, assistance, and new development of affordable housing	This would be designed to address the current gap in the community (8,200 units)	One time funding
Private Activity Bond	Funding to support the preservation, assistance, and new development of affordable housing	This would be designed to address the current gap in the community (8,200 units)	One time funding
Tax Allocation	Would provide subsidy from General Fund to affordable housing developers	Roughly \$39K annually for 15 years	Incentive
Inclusionary Zoning	Ordinance that requires a given share of new construction to be affordable	Policy can vary and the requirement may be substituted with "in lieu" fees	Policy
Community Land Trust	Develop and steward affordable housing and other neighborhood spaces on behalf of a community	Generally held by a nonprofit group but contributed to by the city	Preservation
Letter of Credit	Offering a letter of credit for a certain percent of an affordable housing transaction so that the developer can access higher LTV and lower cash flow transactions	Varied	Incentive
Loan Loss Reserve	Using the Housing Trust Fund allocation to leverage private dollars. The money would act as a first loss position but actual dollars loaned would come from a financial institution pool. City would be the first in and then subordinate its own position.	Varied but the loan parameters are likely to be less flexible than current structure	Incentive
Density Bonus	Zoning tool that that permits developers to build more housing units, taller buildings, or more floor space than normally allowed, in exchange for provision of a defined public benefit	Varied	Incentive
SLC Deal Team	A cross functional team (similar to RDT) that meets to review applications and apply waivers. Important that the group have decision making authority	Decisions would be based upon certain parameters but also leave some discretion to the team	Incentive
Energy Efficiency Waiver	Having a standard that is more cost effective such as Enterprise Green Certification	Varied	Incentive
Car Charging Requirements	Flexibility on requirement based on the merits of the project	Varied	Incentive
Impact Fee Waiver	Additional fee waiver on properties that have some affordable housing but is not 100%	Varied	Incentive
Reduce Parking Restrictions	Reduce ratio of parking needed and encourage finance institutions to support that ratio	Instead of 1:1 it would be 1:2	Incentive
Design Leniency for "Hard to Develop"	Flexible design standards on hard to develop properties (like historic or environmental land issues)	Varied	Incentive
Affordability Term in Housing Trust Fund Ordinance	The term in which a property needs to remain affordable to access certain benefits such as tax credits or Housing Trust Fund dollars	Currently HTF ordinance has a 55 year term. A fee could be instituted in cases in which the developer changes the affordable units to market rate	Preservation
Peer to Peer Short Term Rental Services (Airbnb)	Additional Tax on overnights stays in single family homes.	Can vary but include whether or not it is a primary residence or additional property etc...	Revenue Generation
Deed & Mortgage Document Recording Fees	Fees collected when deed and mortgage documents are being recorded	Generally all transactions and fees can range from \$50 - \$130	Revenue Generation
Real Estate Transfer Fee	Charge on real estate based on the sale price of the property being transferred	.50% & 1% Can be limited or equally instituted (i.e. no fee for family transfers)	Revenue Generation
Impact/Linkage Fee	Commercial linkage fees are a form of impact fee assessed on new commercial developments or major employers based on the need for workforce housing generated by new and expanding businesses	Generally determined by studies that can equate impact on community to a dollar amount.	Revenue Generation