

GROWING SLC: A FIVE YEAR HOUSING PLAN 2017-2021



Salt Lake City
Housing and Neighborhood Development



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Housing and Neighborhood Development

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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, matching the printed name below it.

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, 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 occupy 75,923 households. **The average household in Salt Lake City includes 2.45 people, resulting from 52% of the households being comprised of families.**

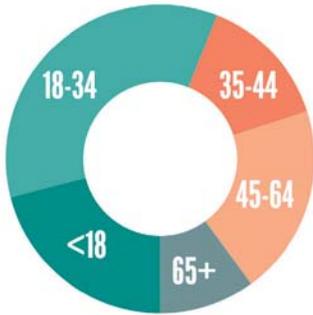
Salt Lake City's population includes unique characteristics, notably a high proportion of millennials and minority groups and a low proportion of seniors. Post-college aged millennials (age 25-34) account for 21% of the population,

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

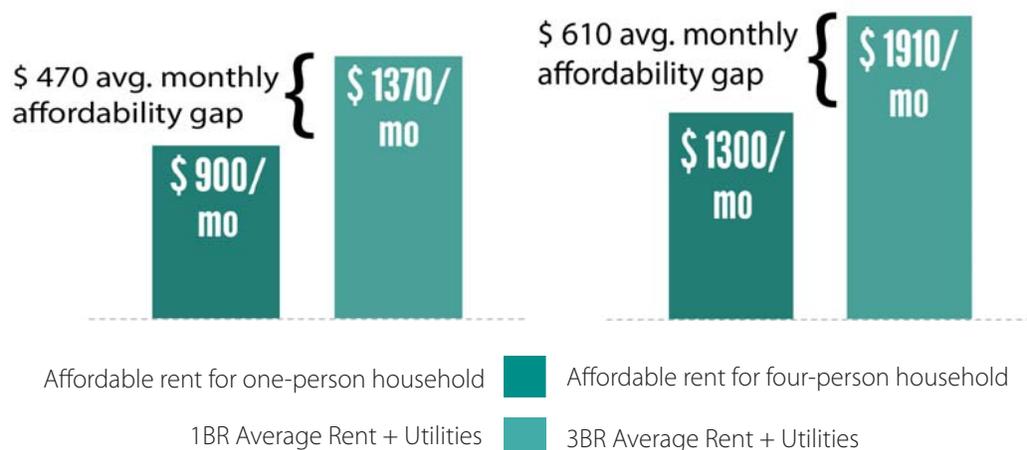
which is higher than peer cities such as Boise (14%) and Portland (19%) and on par with cities like Denver and Austin (both 22%). Additionally, minority groups make up approximately 35% of the city’s population, of which one-fifth identify as Latino. The majority of these groups live west of Interstate 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.

The growing disparity between wages and rental rates will create greater instability in the lives of low-income households as they are forced into homelessness or become more cost-burdened. 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, 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 housing. Additionally, 24% of renters are

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

(source: CBRE 2016)



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-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 and institutions, to low- and moderate-income households. Raj Chetty, a professor of Economics at Stanford

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).

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

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)

Cost-burdened City



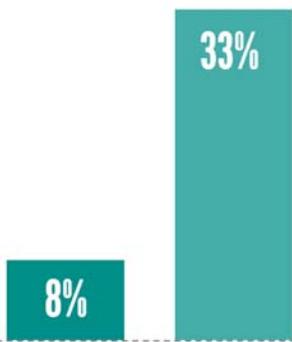
Not cost-burdened



Cost-burdened & Extremely Cost-burdened

Source: BBC Housing Market Study, 2016

Wage Increase vs. Home Sale Price Increase 2011-2014



- Increase in homeowner wages
- Increase in home sale prices

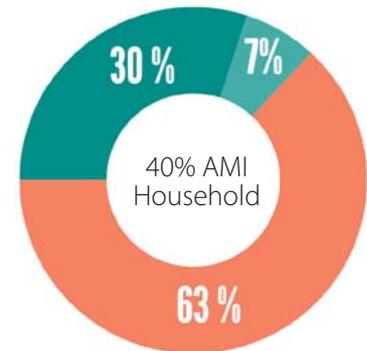
Source: BBC Housing Market Study, 2016

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)

Monthly Cost Burden of Housing + Transportation



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

Salt Lake City Workforce



Source: BBC Housing Market Study, 2016

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)

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 where 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 may be able 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. Older homes throughout the city that were dissected into apartments have been grandfathered in through a unit legalization

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)

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, 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.

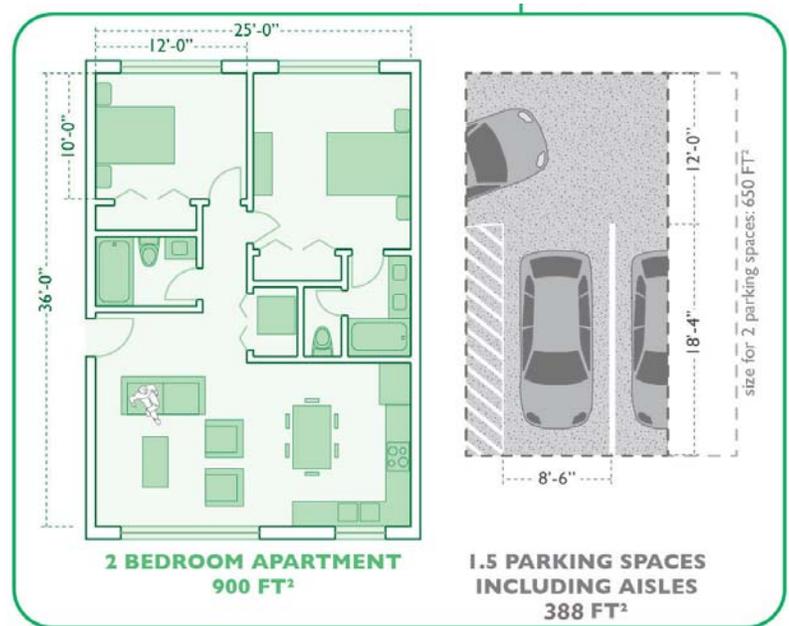
Units should not be restricted to certain neighborhoods in the city and should not be tied to fixed transit locations.

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 may serve as an incentive for affordable 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.

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 innovative 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.

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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 intently 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. Undoubtedly the continued growth of the city paired with an inevitable slowdown of the market will require a review of the progress in meeting the plans goals and possibly warrant changes.

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

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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 STABILIZATION 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 stabilization 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.



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)

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

of 2016, comprised of experts in the finance and development field, to explore feasible solutions to addressing the affordability gap from 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 required. 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 and increase the available housing stock across the “affordable” spectrum. Inclusionary zoning programs refer to local land use ordinances that require or encourage developers to include affordable units in new residential developments. 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 for partnership. This strategy could eliminate the common criticisms of inclusionary programs related to slowing overall development and unduly increasing costs for

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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

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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 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 funding source. 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 programs, like the tax credit program mentioned above, and grants are not meeting the current 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.

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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 (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

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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

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 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 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 an improved, while others slowly deteriorate causing blight, vacancy and increased crime. 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

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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.

Before



After



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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 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 one of the most

difficult markets 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 physically and gerontologically 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 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

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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.

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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 possess 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 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

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**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

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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 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.

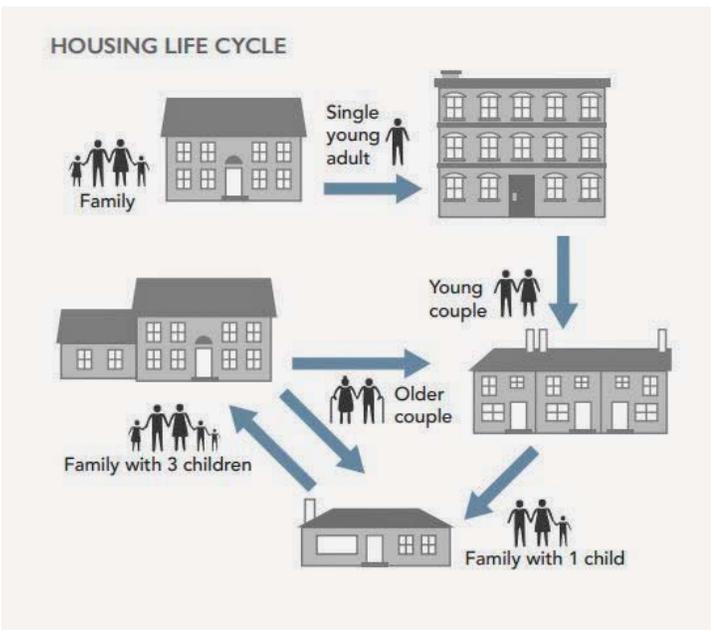
Understanding how and where opportunity is will drive how alignment should be implemented. Further, identifying which community assets should be built, leveraged or enhanced is a process that should be driven by residents and the community partners. In 2013, James Wood of the University of Utah led a

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 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



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

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

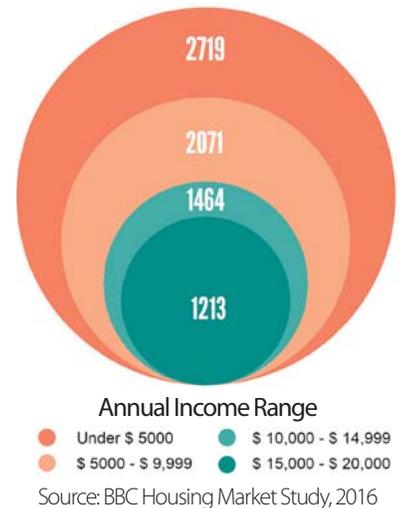
Salt Lake City has been experiencing an unprecedented multifamily residential boom since the end of the Great Recession. **Between 2010 and 2020, there will be nearly as many apartment units built in the downtown area than in the previous 100 years.** According to the Ivory-Boyer Construction Report 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 a 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 do 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.

Wage Increase vs. Rent Increase,
2011-2016



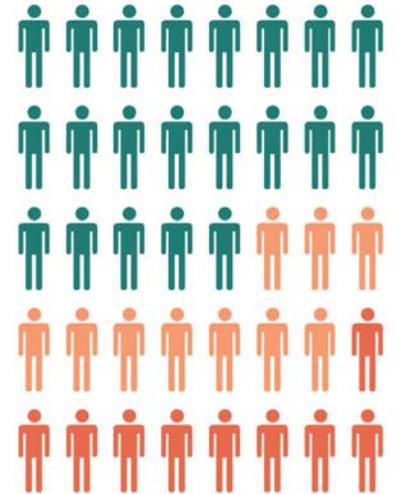
Source: BBC Housing Market Study, 2016

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

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 income 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.



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

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



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.

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 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

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.

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. 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

ordinance. **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 in all communities. 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. The home is where every piece of life comes to a head, which is why there is no area, whether it's education or health that does not warrant discussion when it comes to housing. 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 a clear and profound 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 of net in-migration and natural child birth increase. Utah, long known for its



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

“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 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

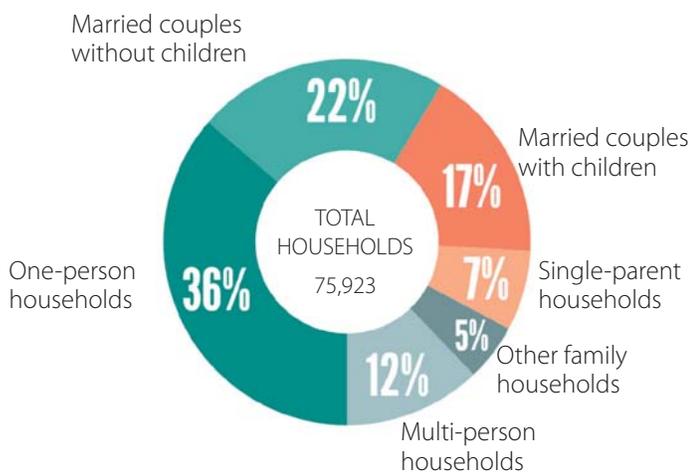


Source: BBC Housing Market Study, 2016

“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 status 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 strong 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)

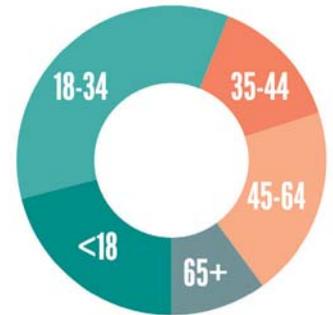
The Millennial population, while influential throughout the country, are particularly abundant in Salt Lake City. This population exceeds peer cities and primarily lives in Central City, university neighborhoods, and Sugar House. Not surprisingly however the existing housing is not meeting their needs.

“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. One based in community, smaller living spaces, vibrant art opportunities, and access to transit that is easy and affordable. 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 demand of this population to remain local is met with limited options for long-term stability due to the lack of housing options, whether that be homeownership, accessory dwelling units, or micro-apartments.**

Conversely, Salt Lake’s aging population while not surpassing peer cities continues to grow at a noteworthy rate, in fact 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 those 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 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 care, and transit. This has several implications for a



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

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 contribute to the success of this city, and while it is not comprehensive, it does speak to the major growth areas and helps outline 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 of 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.** Each neighborhood, while serving one portion of this population, is not currently equipped to serve the diverse needs of all three. 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

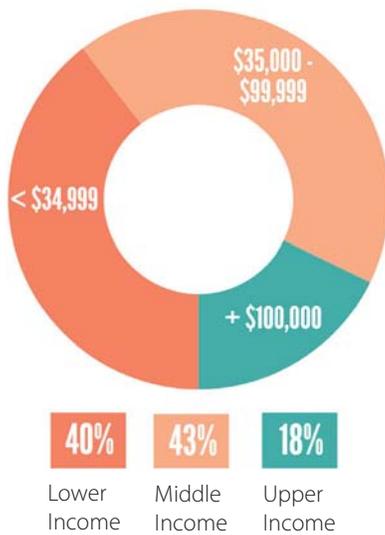
1. Health and Social Services
 - \$ 43,419 (60% AMI)
2. Manufacturing
 - \$ 58,279 (81% AMI)
3. Public Administration
 - \$47,439 (66% AMI)
4. Professional Services
 - \$ 73,341(102% AMI)
5. Hospitality
 - \$ 17,067 (24 % AMI)
6. Retail Trade
 - \$ 33,359 (46% AMI)
7. Transportation and Warehousing
 - \$ 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 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.

Salt Lake City Household Income Distribution, 2014



Source: BBC Housing Market Study, 2016

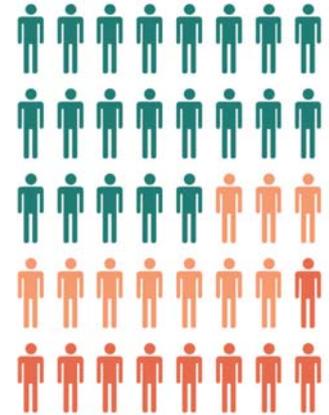
Income

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

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.** 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.



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

Rental Market

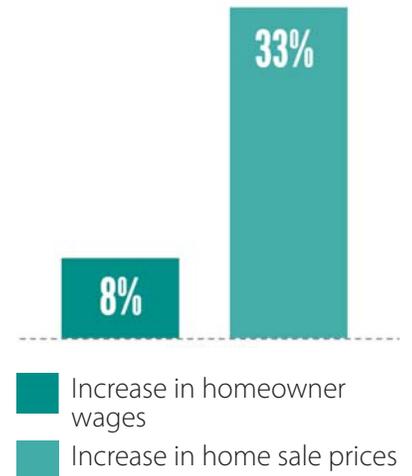
There is currently a “housing boom” in Utah’s Capitol City. Most residents have experienced this through either a gain in equity; or on the other end of the spectrum a dramatic increase in rent resulting in eviction or voluntary re-location. These experiences are also clear in the data. **Average rents 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 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

Wage Increase vs. Home Sale Price Increase

2011-2014



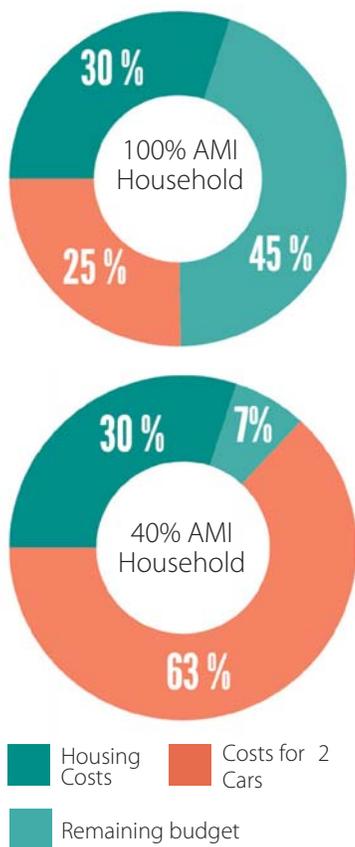
the high-income bracket. This is in direct conflict with the opportunity to retain more Millennials and first time home-buyers. Access to homeownership is often cited as key to community engagement and stability. Currently, homeownership is inaccessible to those making less than 80% area median income and current programs, while creating access through subsidies, generally lose affordability after a few years thus only serving a portion of those in need.

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.

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)

Collaboration

With so many industries affecting housing stability and availability a deliberate and collaborative approach will be necessary. 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

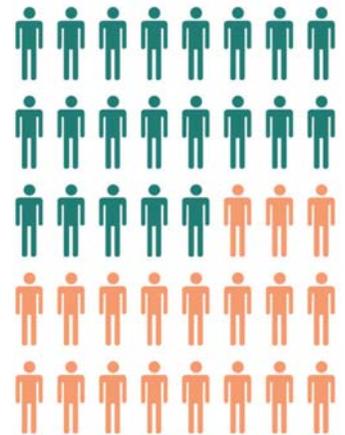
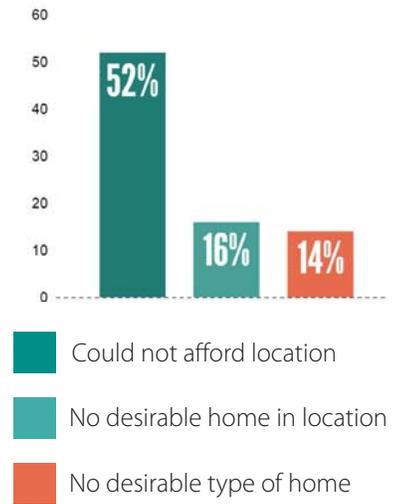
housing development pipeline, including those experiencing the housing crisis, those building housing, and to those who are creating statewide housing policy. This effort is intended to work with existing advocates, local governments, and residents. Without the input and expertise of all communities 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.
- 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

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



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



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 forced to look elsewhere for their desired livability.

Affordability needs are acute within the survey results and are even more

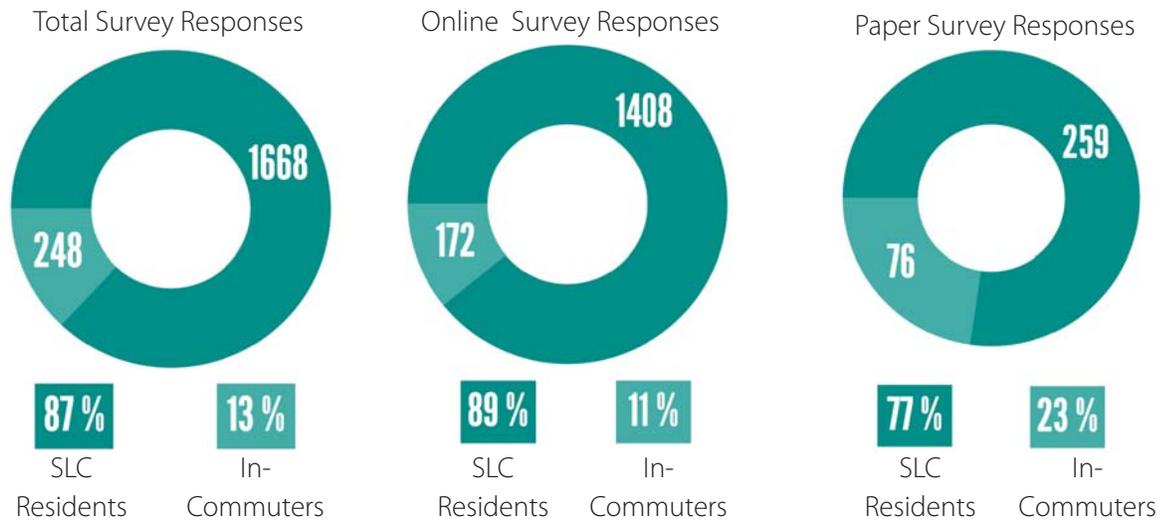
4TH SOUTH TRANSIT-ORIENTED DEVELOPMENT (BARNES BANK PROPERTY)



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.



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 "Eviction" – **'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 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 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 welcoming community that is committed to equity and access to affordable housing for all of its residents.

