



# Housing Market Study

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Salt Lake City Corporation



FINAL REPORT

**Final Report**

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# Housing Market Study

**Prepared for**

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# SECTION I.

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Introduction

# SECTION I.

## Introduction

In May 2013, Salt Lake City Corporation contracted with BBC Research & Consulting (BBC) to conduct a housing market study for the city, with a focus on affordable housing needs.

The city, as a condition of receiving federal housing and community development funds, is required to assess housing market conditions and identify the greatest needs. The city also desired to better understand how well the city's private housing stock meets the housing needs of the workforce, as well as current and potential residents.

This report contains the results of the housing market analysis. The Community Profile—Section II—provides context for the housing analysis. It reviews population growth, changing demographics, in-commuting, and employment.

The third section provides an overview of the housing stock in the city. It discusses housing type, rate of homeownership, age of housing, and cost of housing, both rental and for sale housing. Section III also introduces the study's analysis of affordability.

Section IV compares the cost of rental and for sale housing at various price points with resident demand for housing, using income as a proxy. This modeling effort shows where "gaps" in housing provision exist—that is, where there are more households who need affordable housing than is supplied.

The final section, Section V, concludes the study with a summary of key issues and a list of recommendations for the city to consider.

## **SECTION II.**

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### **Community Profile**

## SECTION II.

# Community Profile

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

- Salt Lake City is currently home to about 186,000 people and is forecasted to reach 211,000 people by 2020 (13% increase). Historically, the Salt Lake City area has generated most of its own growth through natural increase (as opposed to in-migration).
- All of Salt Lake City's population growth (4%) between 2000 and 2011 can be attributed to growth in the minority population: The non-Hispanic white population in the city decreased by 2 percent while the minority population increased by 19 percent. Even so, changes in the overall distribution of the population were relatively small. The minority population, as a proportion of total population, increased from 29 percent in 2000 to 33 percent in 2011. The Hispanic share of the population increased from 19 percent in 2000 to 22 percent in 2010 but dropped back to 19 percent in 2011.
- In 2011, 9 percent of Salt Lake City residents were seniors. Although the population of Salt Lake City is aging, forecasts suggest that the city is less likely to experience a significant "graying" of the population than other peer cities and the nation as a whole.
- As is typical in large metropolitan areas, households in the suburbs are more likely to be families than households in the city (75% compared to 52%). However, that gap does not appear to be widening over time; in other words, the city does not seem to be losing a disproportionate proportion of families to the suburbs.
- There are characteristic differences between families in the city and families in the suburbs. Families living in the city are more likely to be living in poverty and are more likely to be single-parent households than families in the balance of the county.
- The city has relatively few middle and upper income households and a high proportion of low income households. Forty-one percent of city households earn less than \$35,000 per year.
- Salt Lake City has a very high proportion of in-commuters compared to peer cities: only 18 percent of Salt Lake City jobs are held by city residents, compared to 44 percent in Boise and 29 percent in Denver.

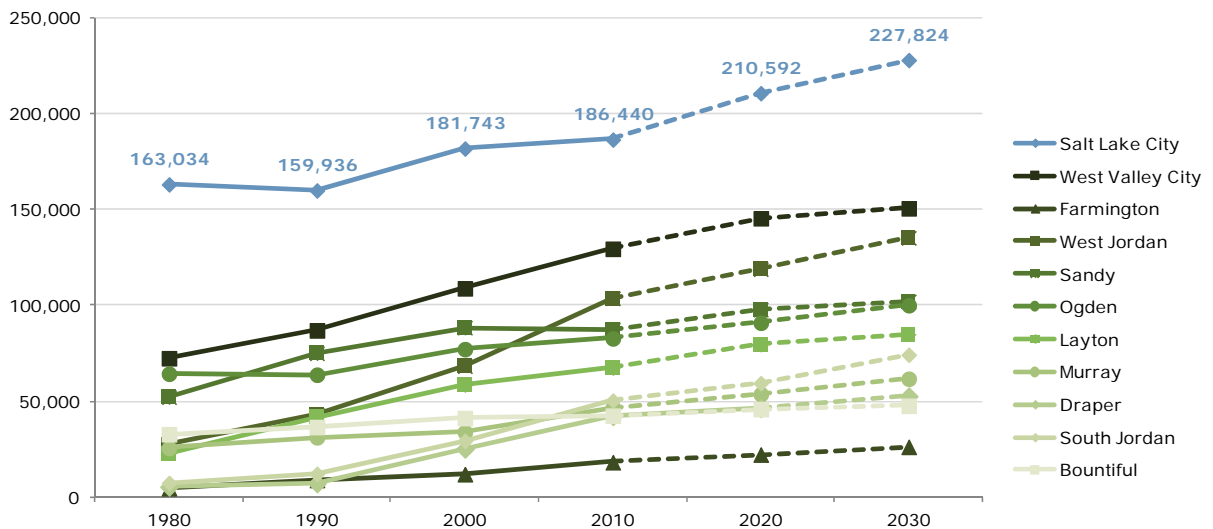
## Demographics

Salt Lake City is home to 186,440 people—18 percent of the county population and 7 percent of the state population. The following demographic section presents trends and statistics for the residents of Salt Lake City in terms of population growth, household size and composition, age, race and ethnicity, disability, poverty, income, and education.

**Population growth.** Between 2000 and 2010, the population of Salt Lake City increased by 3 percent, from about 182,000 to about 186,000. According to the Governor’s Office of Management and Budget, Salt Lake City is projected to have more aggressive growth over the next decade, reaching nearly 211,000 by 2020 (13% increase). Some of that growth may be expected to occur in the Northwest Quadrant of the city (west of the airport) which is in the process of creating a master plan to guide new development land use activities and zoning decisions.<sup>1</sup>

Salt Lake County as a whole expanded its population by 15 percent between 2000 and 2010, largely due to suburban growth. The nearby cities of West Jordan, South Jordan and Draper had growth rates exceeding 50 percent between 2000 and 2010. Figure II-1 displays population trends for Salt Lake City and surrounding municipalities.

**Figure II-1.**  
**Population Trends in Salt Lake City and Surrounding communities, 1980 through 2030**



Note: Population projections are conducted by the Governor’s Office of Management and Budget and use 2010 Census data as a baseline.

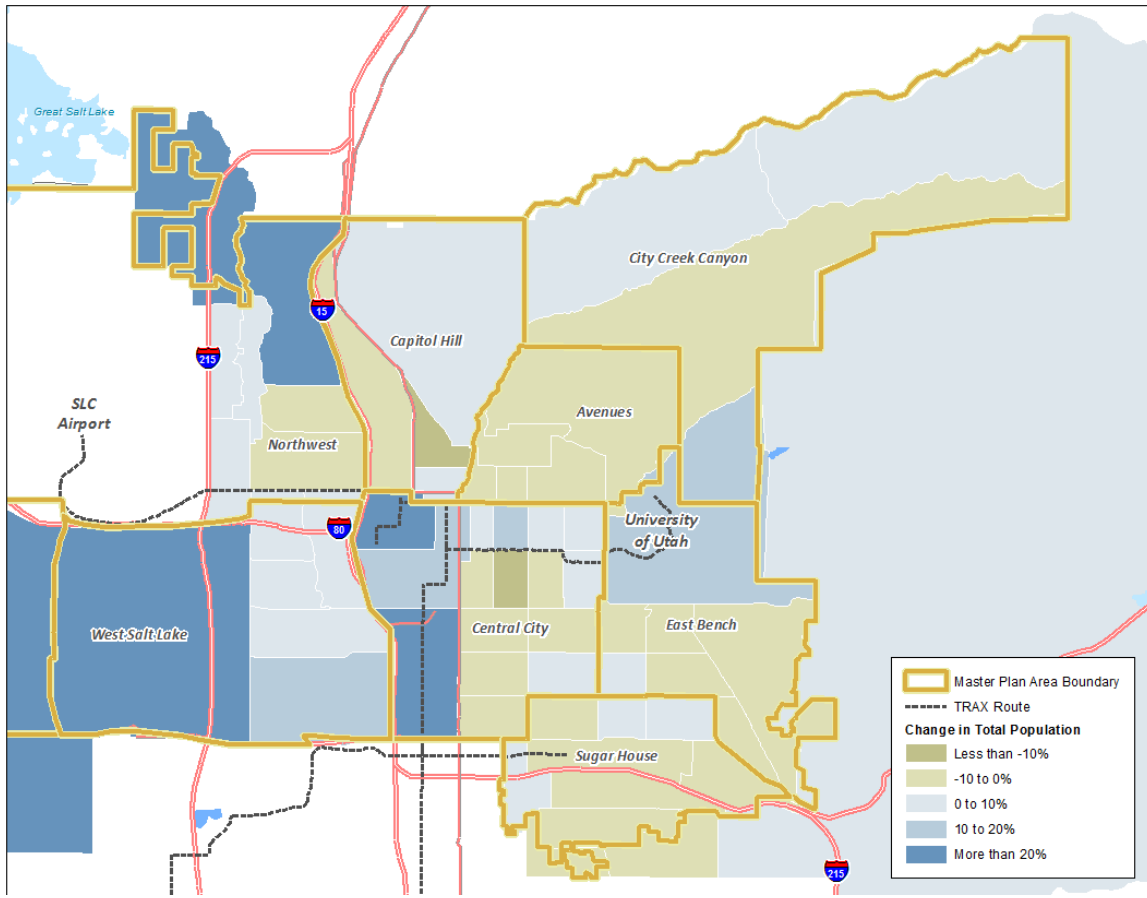
Sources: Utah Population Estimates Committee of the Governor’s Office of Management and Budget Demographic and Economic Analysis and BBC Research & Consulting.

<sup>1</sup> <http://www.ci.sl.c.ut.us/planning/planning-project-northwest-quadrant-master-plan>.



Between 2000 and 2010, population growth was highest in the western half of the city, particularly in the western portions of the West Salt Lake, Central City and Northwest planning areas. Figure II-2 displays Salt Lake City's population growth by Census tract.

**Figure II-2.**  
**Population Growth by Census Tract, Salt Lake City, 2000 through 2010**



Note: Due to minor changes in the geographic boundary of some Census tracts between 2000 and 2010 some tracts were combined for analysis.  
Sources: 2000 Census, 2010 Census and BBC Research & Consulting.

There are two reasons communities gain or lose population:

1. “Natural increase” describes the net effect of births and deaths in a community; and
2. “Net migration” accounts for the net effect of new residents moving into an area and existing residents moving out.

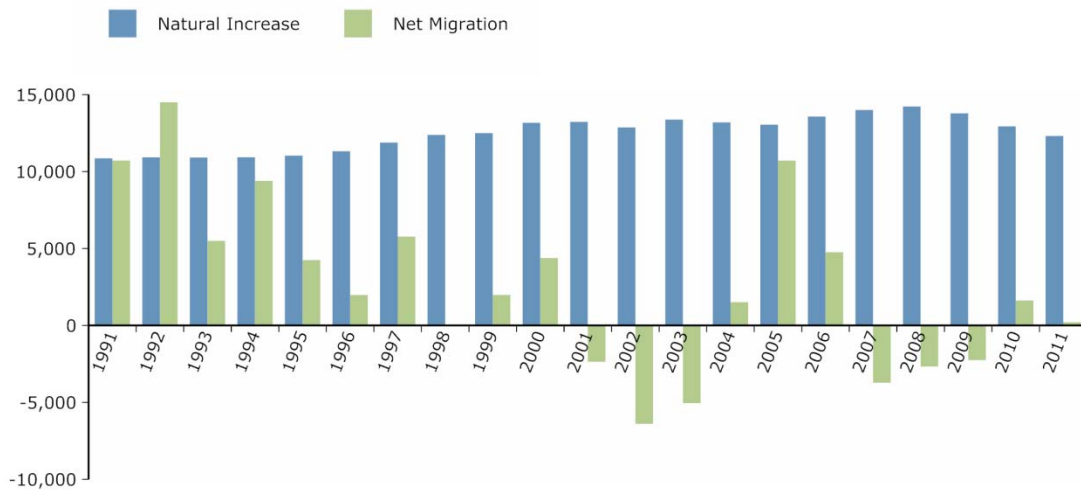
Figure II-3 displays those components of population change in Salt Lake County between 1991 and 2011.<sup>2</sup>

<sup>2</sup> The Governor’s Office of Planning and Budget provides such data at the county level, but not at the city level.

Natural increase has been relatively consistent and positive (more births than deaths), averaging 13,327 per year from 2001 through 2011. Population change due to net migration has been lower and less consistent. In 2001 through 2003 and again in 2007 through 2009 more residents moved out of the county than moved in. In 2010 and 2011 net migration was positive but small (1,624 in 2010 and 214 in 2011).

Utah, unlike neighboring states Arizona, Nevada and Idaho, tends to generate most of its own growth—that that is, in Utah natural increase exceeds net migration.<sup>3</sup> Since 2000, 73 percent of Utah’s growth can be attributed to natural increase. In Salt Lake County 99.5 percent of growth since 2000 can be attributed to natural increase.

**Figure II-3.**  
**Components of Population Change, Salt Lake County, 1991 through 2011**



Source: Utah Population Estimates Committee.

**Household trends.** According to the 2011 ACS, there are 184,107 people living in 74,088 households in Salt Lake City. Of the 74,088 households, 52 percent are families, half of which include children. More than one in three householders in the city live alone. Twenty-three percent of those living alone are seniors.

Approximately 8 percent of all Salt Lake City households are single parent households—1 percent is single fathers (1,069 households) and 7 percent are single mothers (5,087 households). Single parent households account for about one-third of all families with children in the city, compared to just one-quarter in the balance of the county.

Figure II-4 displays household composition for Salt Lake City.

<sup>3</sup> U.S. Census Bureau Population Estimates, 2000 through 2010.

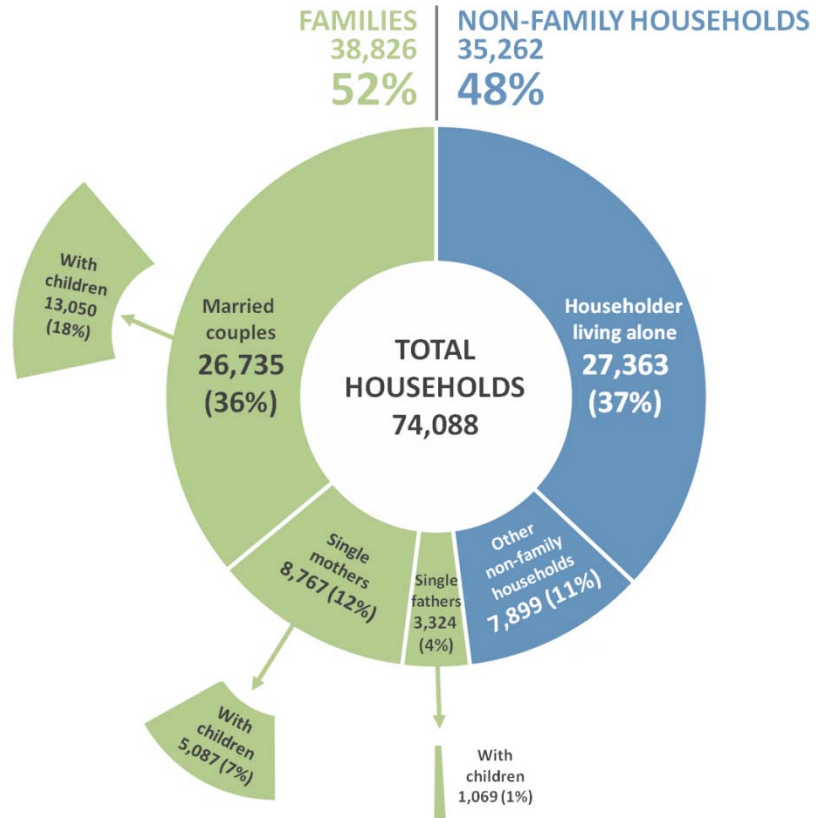
**Figure II-4.  
Household  
Composition, Salt  
Lake City, 2011**

Note:

Seven percent of households in the city are unmarried-partner households. Those households may appear in either family or non-family. An unmarried partner of the householder is present for about one in five children living in “single parent” households.

Sources:

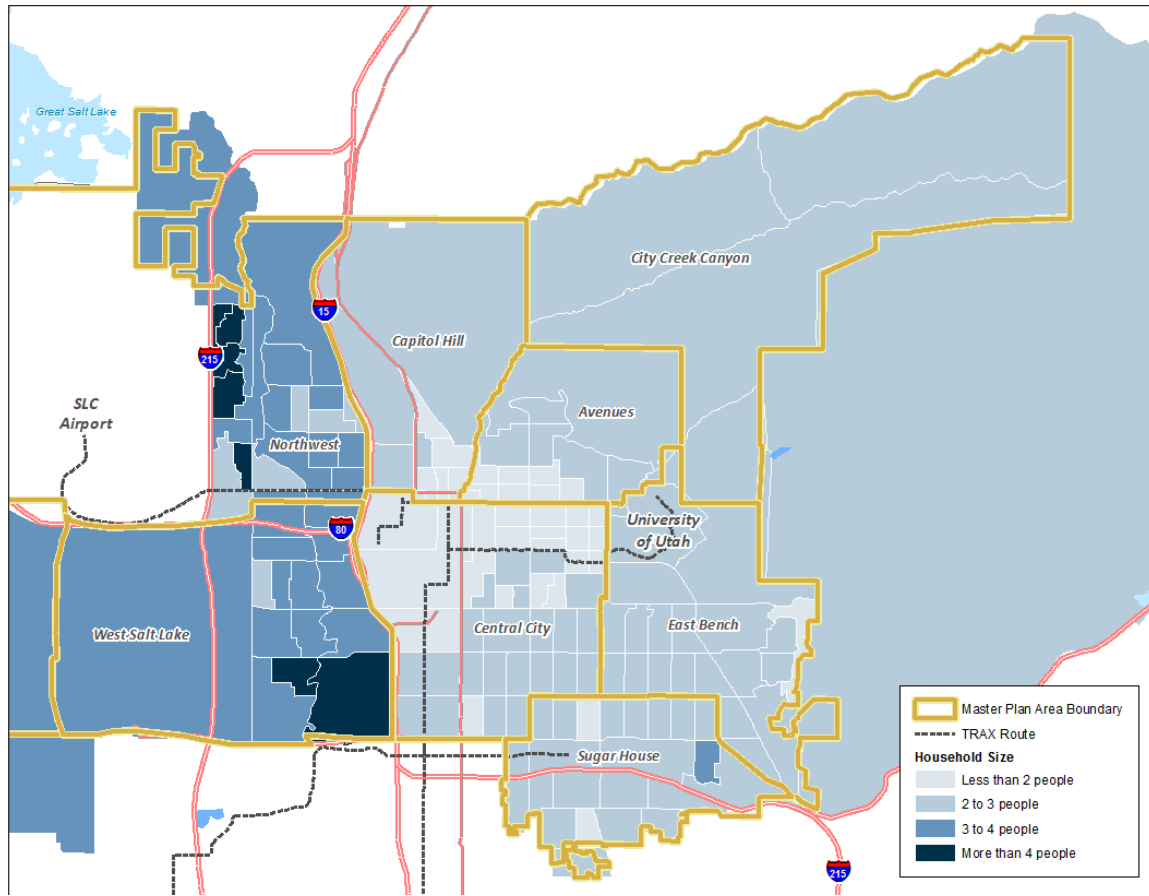
2011 American Community Survey and BBC Research & Consulting.



Compared to surrounding suburban communities, Salt Lake City has a much lower proportion of families—in the balance of the county 75 percent of households are families. While that type of difference is typical for a large metropolitan area, an important question for central cities is whether they are losing families to the suburbs. Between 2000 and 2011, family households as a percent of all households declined in both the city (from 56% to 52%) and the suburbs (from 78% to 75%). Families with children also declined as a percentage of all households in both the city (from 29% to 26%) and the suburbs (from 44% to 38%). Since similar declines were evident in both the city and the suburbs, Salt Lake City does not appear to be losing families to the suburbs.

**Household size.** Utah has the highest average household size in the nation and is the only state where average household size is greater than three. Average household size in Salt Lake City is 2.48, lower than the state (3.13) and county (2.99) but higher than peer cities such as Denver (2.27) and Boise (2.42). Figure II-5 displays the average household size by Census tract for Salt Lake City. Average household size is highest in the western portion of the city and lowest in the city center.

**Figure II-5.**  
**Average Household Size by Block Group, Salt Lake City, 2010**



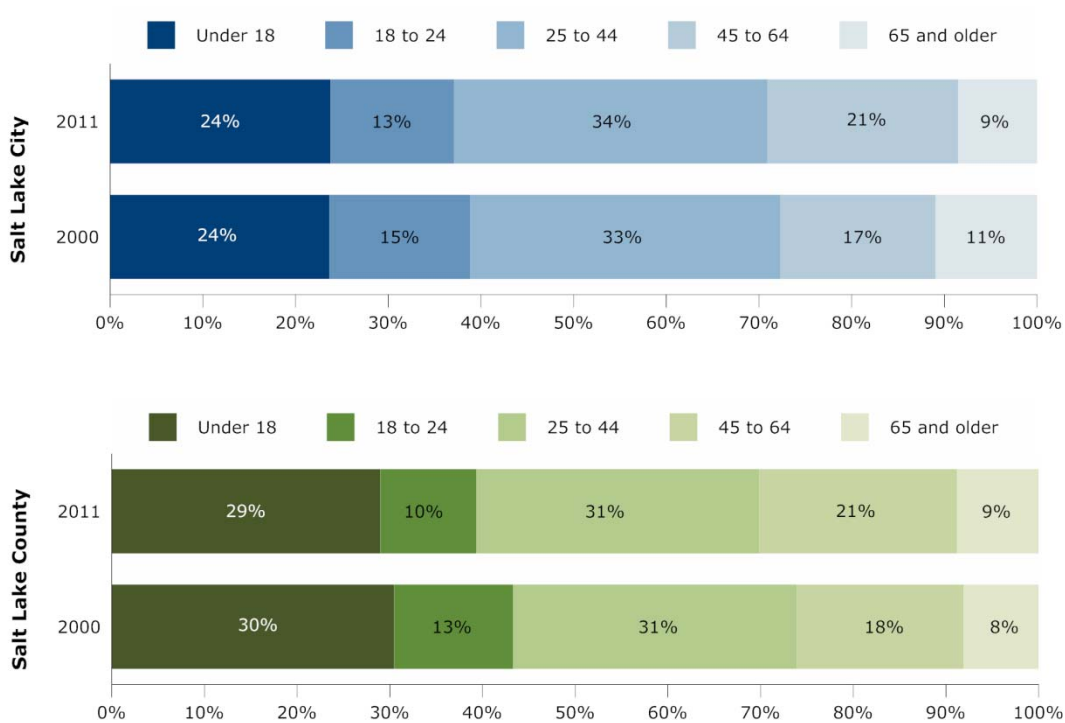
Sources: 2010 Census and BBC Research & Consulting.

**Age.** About one-third of the city’s population are middle aged (between 25 and 44), one-quarter are children and 9 percent are seniors. Compared to the county as a whole, the city has a smaller representation of children and a higher representation of young adults and middle aged residents.

Between 2000 and 2011, the median age of Salt Lake City increased only slightly, from 30 to 31. Increases in median age were more pronounced in the county (29 to 31), the state (27 to 30) and the nation (35 to 37). As the Baby Boomers age, increases in median age are expected and a rising senior population is forecasted. That aging trend is evident in Salt Lake City, but to a lesser extent than in the nation as a whole.

Figure II-6 compares Salt Lake City’s residents by age from 2000 to 2011. The county’s age profile is also included for comparison.

**Figure II-6.**  
**Age Profile, Salt Lake City, 2000 and 2011**



Sources: 2000 Census, 2011 American Community Survey and BBC Research & Consulting.

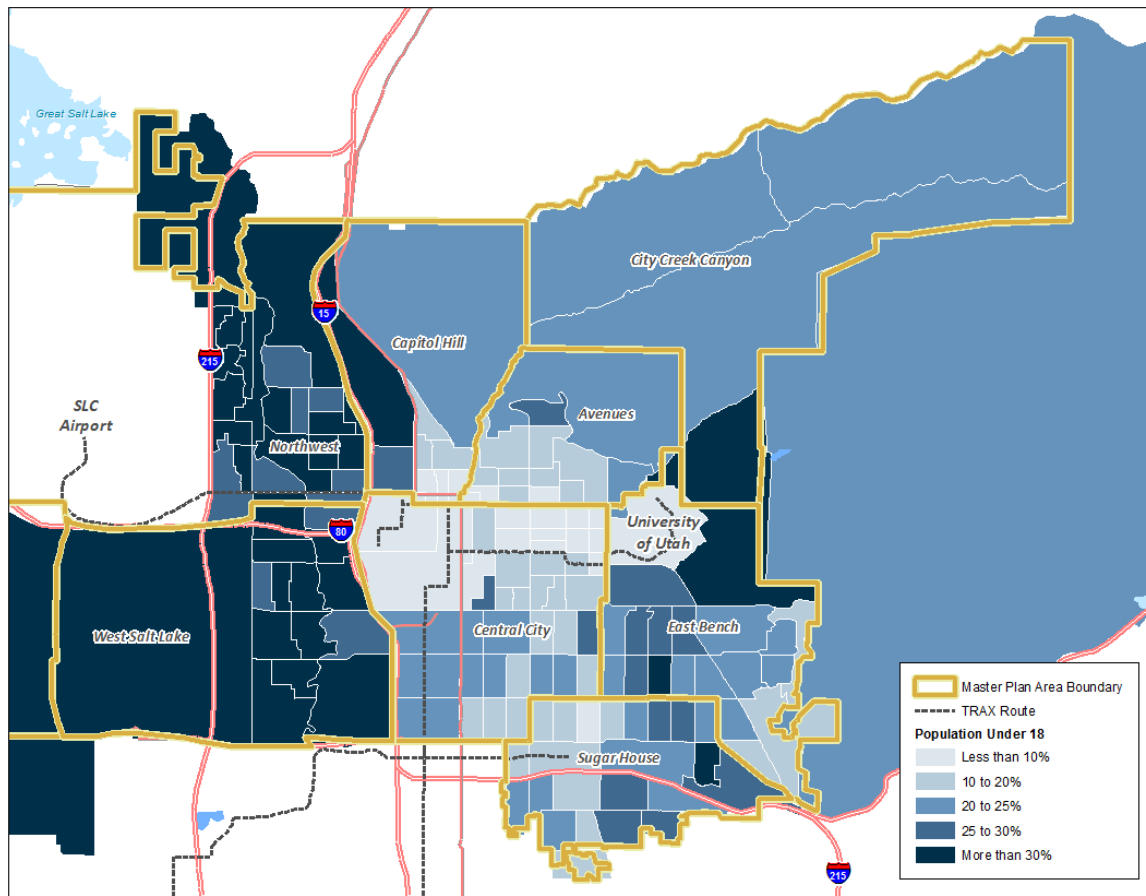
Between 2000 and 2011, the proportion of the city’s population 45 and older increased from 28 percent to 30 percent. However, the senior subset of that population (those aged 65 and older) actually decreased as a proportion of the total population—from 11 percent to 9 percent.

Aging was more pronounced in the county as a whole where the proportion of residents 45 and older increased from 26 percent to 30 percent and the proportion of seniors increased from 8 percent to 9 percent.

The following three maps present age characteristics by geography for Salt Lake City residents:

- Figure II-7 displays the proportion of block group residents that are children (under 18);
- Figure II-8 maps the proportion of block group residents that are seniors (65 and over); and
- Figure II-9 shows the change in the proportion of residents that are seniors by Census tract (between 2000 and 2010).

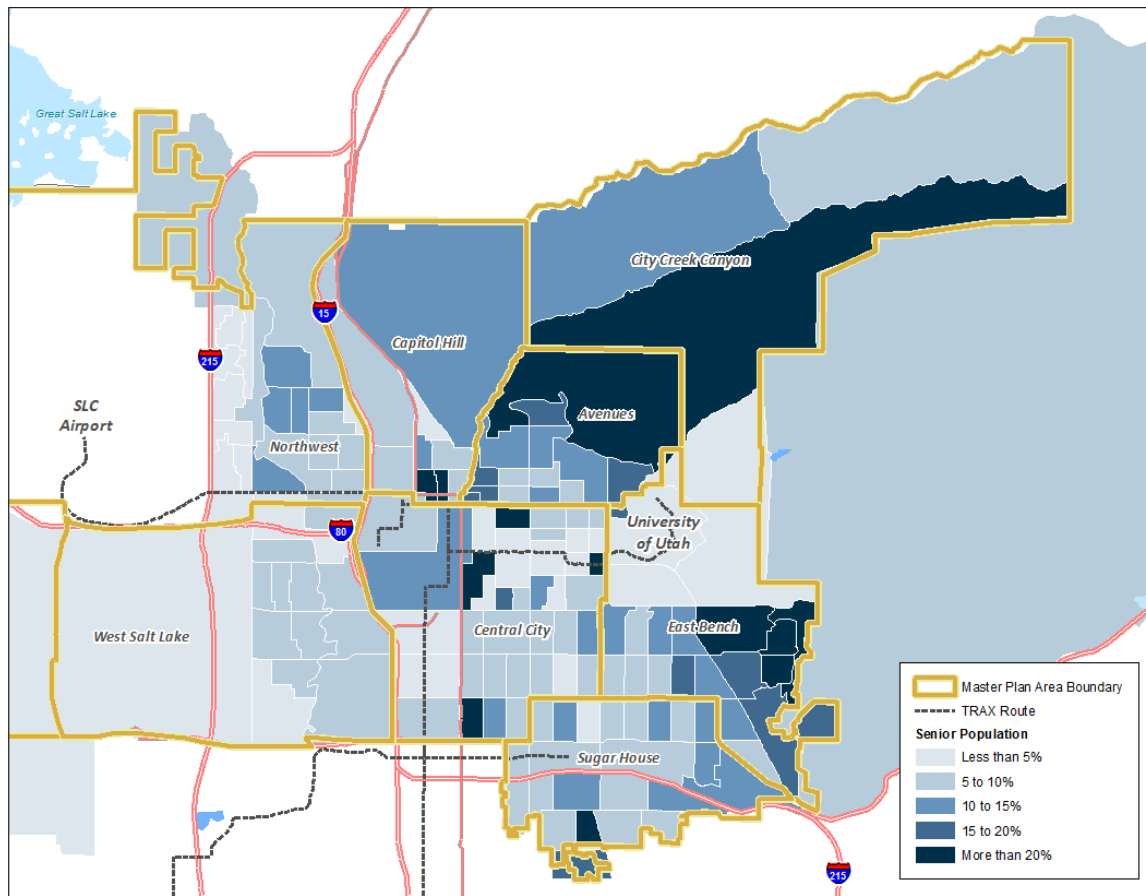
**Figure II-7.**  
**Percent of Block Group Residents Under Age 18, Salt Lake City 2010**



Sources: 2010 Census and BBC Research & Consulting.

The city center has a relatively low concentration of children while the western portion of the city contains many block groups in which 30 percent or more of the residents are children.

**Figure II-8.**  
**Percent of Block Group Residents that are Seniors, Salt Lake City, 2010**

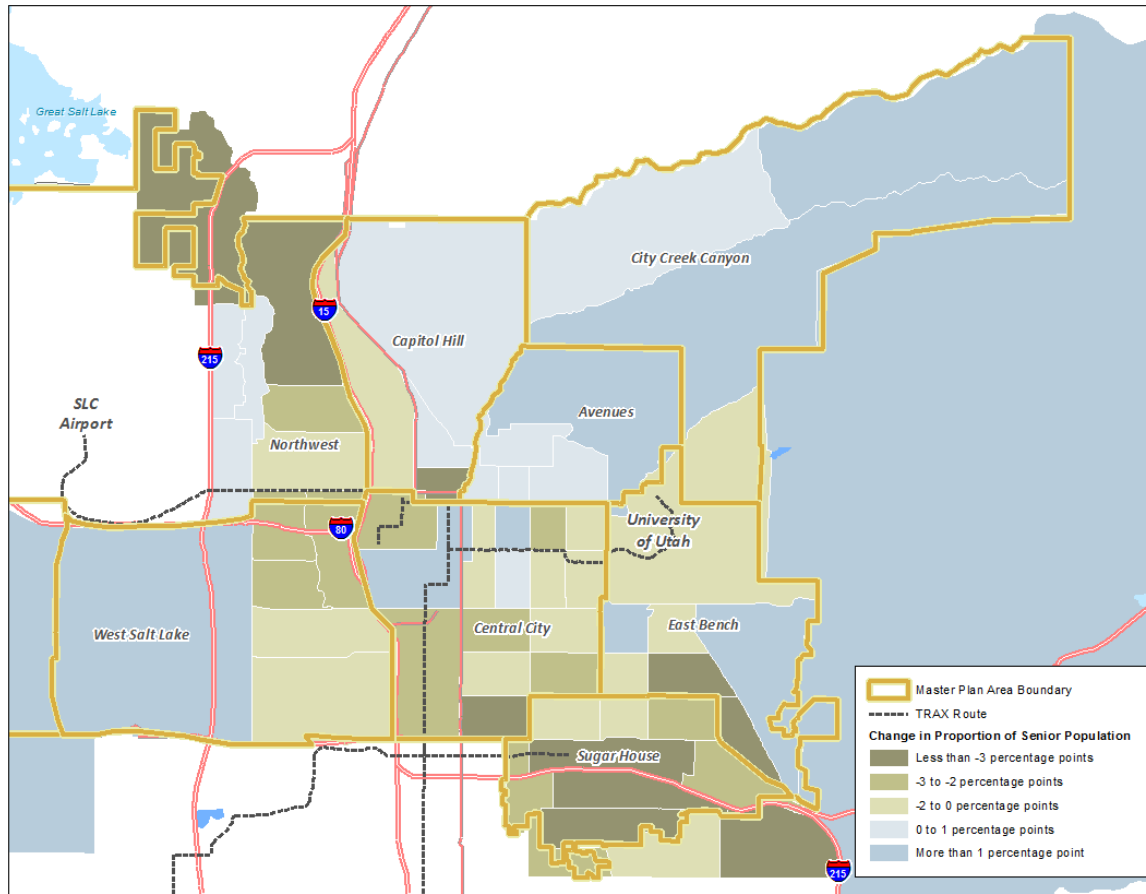


Note: Seniors are residents aged 65 or older.

Sources: 2010 Census and BBC Research & Consulting.

As displayed in Figure II-8, seniors are more likely to live on the eastern side of the city, particularly in the City Creek Canyon, Avenues and portions of the East Bench planning areas. Those areas of the city, along with West Salt Lake, also experienced an above average increase in the proportion of seniors by Census tract (Figure II-9).

**Figure II-9.**  
**Change in the Proportion of Block Group Residents that are Seniors, Salt Lake City, 2000 to 2010**



Note: Seniors are residents aged 65 or older. Negative percentage point change does not necessarily indicate a decrease in the number of seniors but does indicate that growth in the senior population was lower than growth in the total population. Due to minor changes in the geographic boundary of some Census tracts between 2000 and 2010, some tracts were combined for analysis.

Sources: 2000 Census, 2010 Census and BBC Research & Consulting.

According to the Governor’s Office of Management and Budget population forecasts, by 2020, one in 10 residents living in Salt Lake County will be 65 or older (up from 9% in 2011).<sup>4</sup> Relative to out-of-state peer communities, such as Denver, and the nation as a whole, forecasted growth in the Salt Lake senior population is low. As such, Salt Lake is less likely to experience a significant “graying” of the population.

Even so, Salt Lake County’s population forecasts suggest there will be a decrease in the proportion of the population under 40 and an increase in the proportion 40 or older—particularly those aged 60 or older—between now and 2020. Such a shift can have significant impact on housing preferences and service demands.

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



**Race and ethnicity.** Two thirds of Salt Lake City residents are non-Hispanic white; one-third belong to a minority group. About one in five (19%) are Hispanic, 5 percent are Asian and 3 percent are African American. The county and the state are somewhat less diverse with population distributions that are 27 and 20 percent minority respectively. Figure II-10 displays the population by race/ethnicity for Salt Lake City in 2000, 2010, and 2011.

**Figure II-10.**  
**Race and Ethnicity, Salt Lake City, 2000, 2010, and 2011**

	2000		2010		2011		Total Growth, 2000 to 2010	Total Growth, 2000 to 2011
	Number	Percent	Number	Percent	Number	Percent		
<b>Total Population</b>	<b>181,743</b>	<b>100 %</b>	<b>186,440</b>	<b>100 %</b>	<b>189,906</b>	<b>100 %</b>	<b>3 %</b>	<b>4 %</b>
<b>Race and Ethnicity Combined</b>								
All minority groups	53,366	29 %	64,115	34 %	63,531	33 %	20 %	19 %
Non-Hispanic white	128,377	71	122,325	66	126,375	67	-5	-2
<b>Race Detail</b>								
Black or African American	3,433	2 %	5,088	3 %	5,382	3 %	48 %	57 %
American Indian and Alaska Native	2,442	1	2,316	1	3,097	2	-5	27
Asian	6,579	4	8,247	4	9,255	5	25	41
Native Hawaiian/Pacific Islander	3,437	2	3,776	2	5,363	3	10	56
White	143,933	79	140,080	75	141,084	74	-3	-2
Some other race	15,482	9	20,036	11	19,334	10	29	25
Two or more races	6,437	4	6,897	4	6,391	3	7	-1
<b>Ethnicity Detail</b>								
Hispanic	34,254	19 %	41,637	22 %	36,001	19 %	22 %	5 %
Non-Hispanic	147,489	81	144,803	78	153,905	1	-2	4

Note: Census data on race and ethnic identification vary with how people choose to identify themselves. The U.S. Census Bureau treats race and ethnicity separately: the Bureau does not classify Hispanic/Latino as a race, but rather as an identification of origin and ethnicity. In 2000, 15,556 Hispanic respondents racially identified as white and 15,188 Hispanic respondents racially identified as Some other race. In 2011, 14,709 Hispanic respondents racially identified as white and 17,355 Hispanic respondents racially identified as Some other race.

Source: 2000 Census, 2010 Census, 2011 American Community Survey, and BBC Research & Consulting.

The total population of Salt Lake City increased by 4 percent between 2000 and 2011. Although small, all of that growth can be attributed to growth in the minority population. Indeed, the non-Hispanic white population in the city decreased by 2 percent while the minority population increased by 19 percent. Growth rates were highest for African Americans, Native Hawaiians/other Pacific Islanders, and Asians. A recent BEBR publication documented similar trends between 2000 and 2010.<sup>5, 6</sup>

Yet growth in the Hispanic population was lower in the city than in surrounding areas. In the portions of Salt Lake County surrounding the city, the Hispanic population doubled between 2000 and 2011—increasing the Hispanic share of total population from 10 percent to 17 percent. The peer city of Boise also experienced very rapid growth in the Hispanic population (113%). Like Salt Lake's, Denver's Hispanic population growth was not nearly as large, increasing by 12 percent.

National growth patterns show a substantial increase in the share of minorities living in metro-area suburbs throughout the 2000s.<sup>7</sup> Some explanations posed for the racial/ethnic diversification of American suburbs include employment decentralization and an increase in the affordability of suburban housing stock.<sup>8</sup>

Figure II-11 provides a graphical representation of the racial/ethnic distribution of Salt Lake City in 2000, 2010 and 2011. Despite the difference in growth rates between minorities and non-Hispanic whites, changes in the overall distribution of the population were relatively small. The minority population, as a proportion of total population, increased from 29 percent in 2000 to 33 percent in 2011. The Hispanic share of the population increased from 19 percent in 2000 to 22 percent in 2010 but dropped back to 19 percent in 2011.

Assuming constant growth rates for minorities and non-Hispanic whites, the city could be minority majority in the future, although this would not occur until at least 2040 (based on the growth rates between 2000 and 2010) or 2051 (based on the growth rates between 2000 and 2011).

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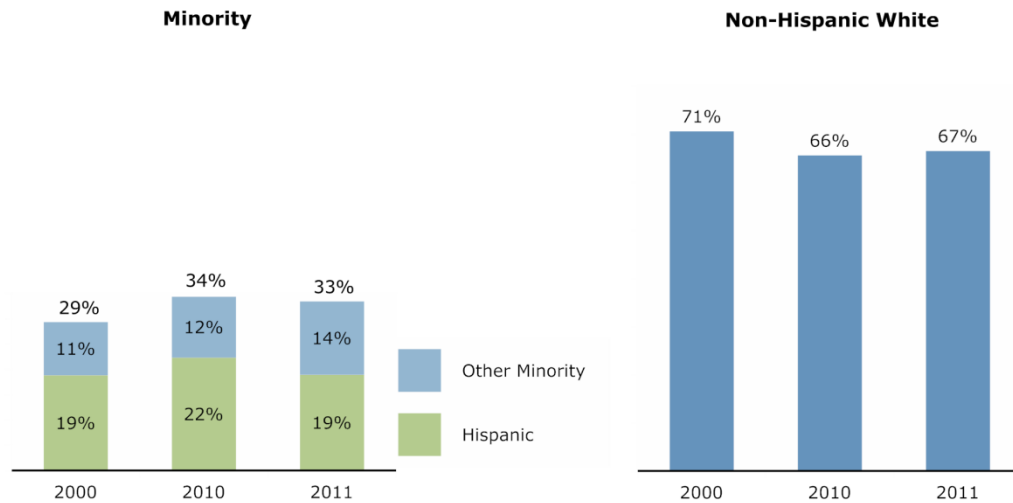
<sup>5</sup> [http://www.bibr.utah.edu/Documents/SLCAtlas2010/SLC2010Atlas\\_3RaceEthnicity.pdf](http://www.bibr.utah.edu/Documents/SLCAtlas2010/SLC2010Atlas_3RaceEthnicity.pdf).

<sup>6</sup> It should be noted that the 2010 Census reported moderately higher growth than the 2011 ACS for the Hispanic population. It is unclear if the difference between the 2010 Census data and the 2011 ACS data indicates a trend or if it reflects sampling error.

<sup>7</sup> [http://www.brookings.edu/~media/research/files/papers/2011/5/04%20census%20ethnicity%20frey/0504\\_census\\_ethnicity\\_frey.pdf](http://www.brookings.edu/~media/research/files/papers/2011/5/04%20census%20ethnicity%20frey/0504_census_ethnicity_frey.pdf).

<sup>8</sup> <http://www.brookings.edu/research/speeches/2011/07/14-census-suburbs-berube>.

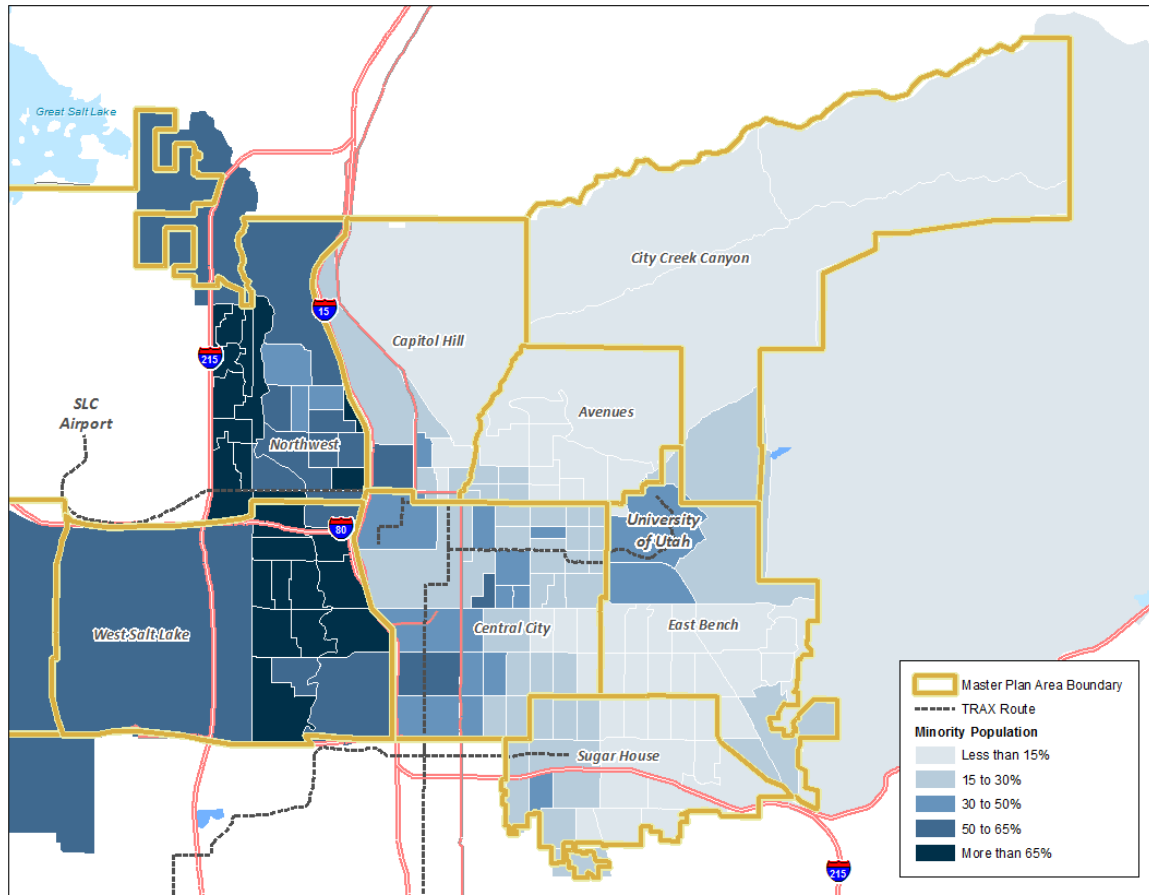
**Figure II-11.**  
**Racial and Ethnic Composition, Salt Lake City, 2000, 2010, and 2011**



Source: 2000 Census, 2010 Census, 2011 American Community Survey and BBC Research & Consulting.

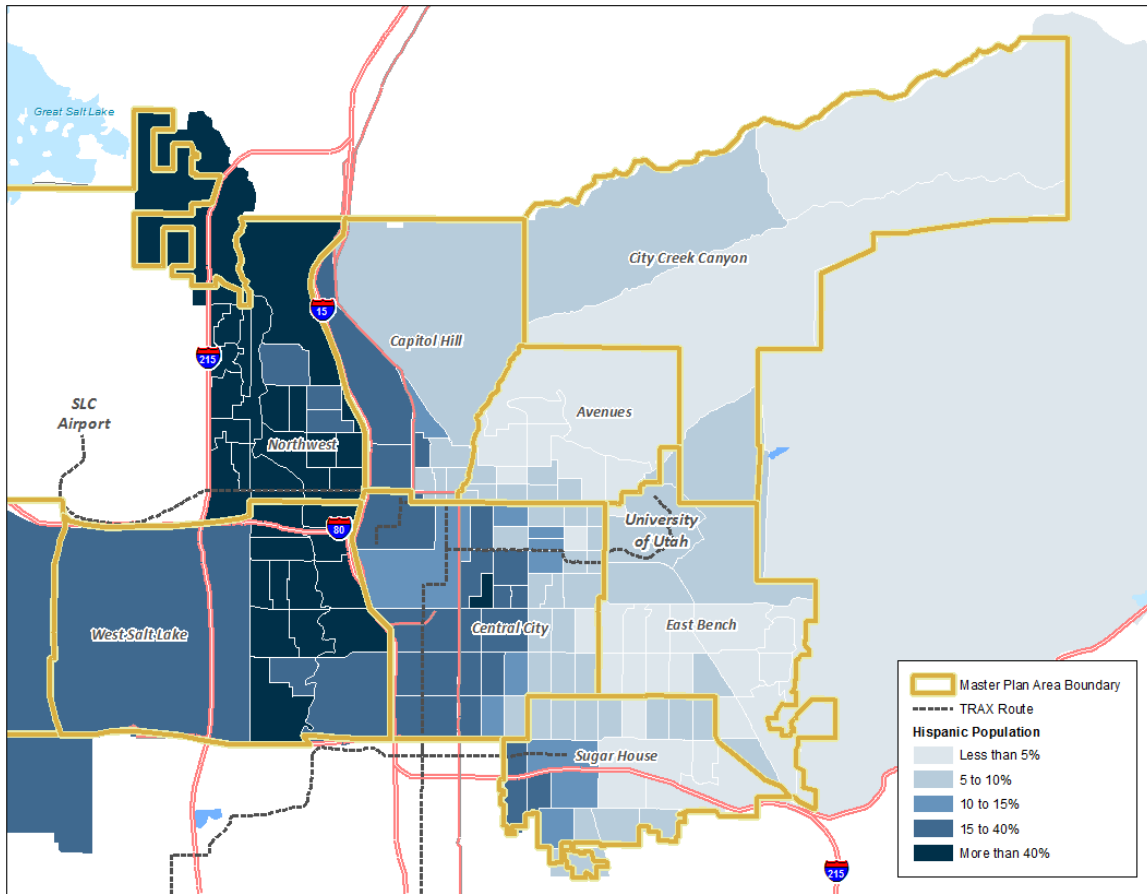
Figures II-12 and II-13 display the Hispanic population proportion and total minority population proportion in Salt Lake City by block group. Minorities constitute a majority in most block groups West of I-15, and in some block groups in the city center and near the University. Hispanics, in particular, comprise a high proportion of the population on the western side of the I-15 corridor.

**Figure II-12.**  
**Percent of Block Group Population that is Minority, Salt Lake City 2010**



Sources: 2010 Census and BBC Research & Consulting.

**Figure II-13.**  
**Percent of Block Group Population that is Hispanic, Salt Lake City 2010**

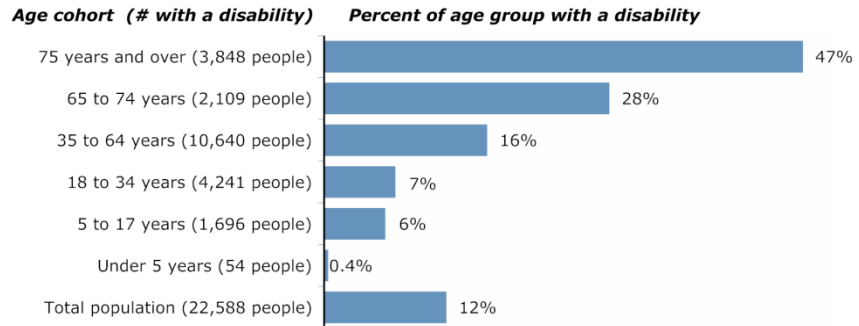


Sources: 2010 Census and BBC Research & Consulting.

**Disability.** In 2011, about 22,600 Salt Lake City residents—12 percent of the total population—had at least one type of disability. Among residents aged 65 to 74, 28% had a disability and among residents aged 75 or older nearly half (47%) had a disability. Figure II-14 displays disability incidence rates by age group for Salt Lake City.

There are currently 5,957 seniors with at least one type of disability living in the city. Based on population forecasts and incidence rates, that figure is likely to increase to 8,049 by 2020.

**Figure II-14.**  
**Disability by Age Cohort, Salt Lake City, 2011**



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

**Poverty.** The poverty rate for Salt Lake City was 23 percent in 2011, substantially higher than the county and the state (both at 14%).<sup>9</sup> Because of the presence of the University of Utah—the limited incomes of students can inflate true poverty numbers—family poverty may be a better measure of true poverty in the city. Eighteen percent of Salt Lake City families lived in poverty in 2011, somewhat higher than peer cities such as Boise and Denver (both at 13%). Ogden and West Valley City had relatively high rates of family poverty (17% and 20% respectively) but most suburban communities outside Salt Lake City had low rates of family poverty.

Figure II-15 displays individual poverty by age and family poverty by household type for the city. Poverty is highest for children (31% of all children in the city are living in poverty), especially those living in single parent households (54% of single mother households and 43% of single father households are living in poverty).

**Figure II-15.**  
**Poverty, Salt Lake City, 2011**

	Number Living in Poverty	Percent Living in Poverty
<b>Individuals</b>		
All people	42,336	23 %
Children (under 18 years)	13,828	31
Adults (18 years and over)	28,508	20
18 to 64 years	27,153	22
65 years and over	1,355	9
<b>Families</b>		
All Families	6,845	18
Married couple families	2,651	10
with children	2,349	17
Male householder, no wife present:	851	26
with children	619	43
Female householder, no husband present:	3,343	38
with children	3,212	54

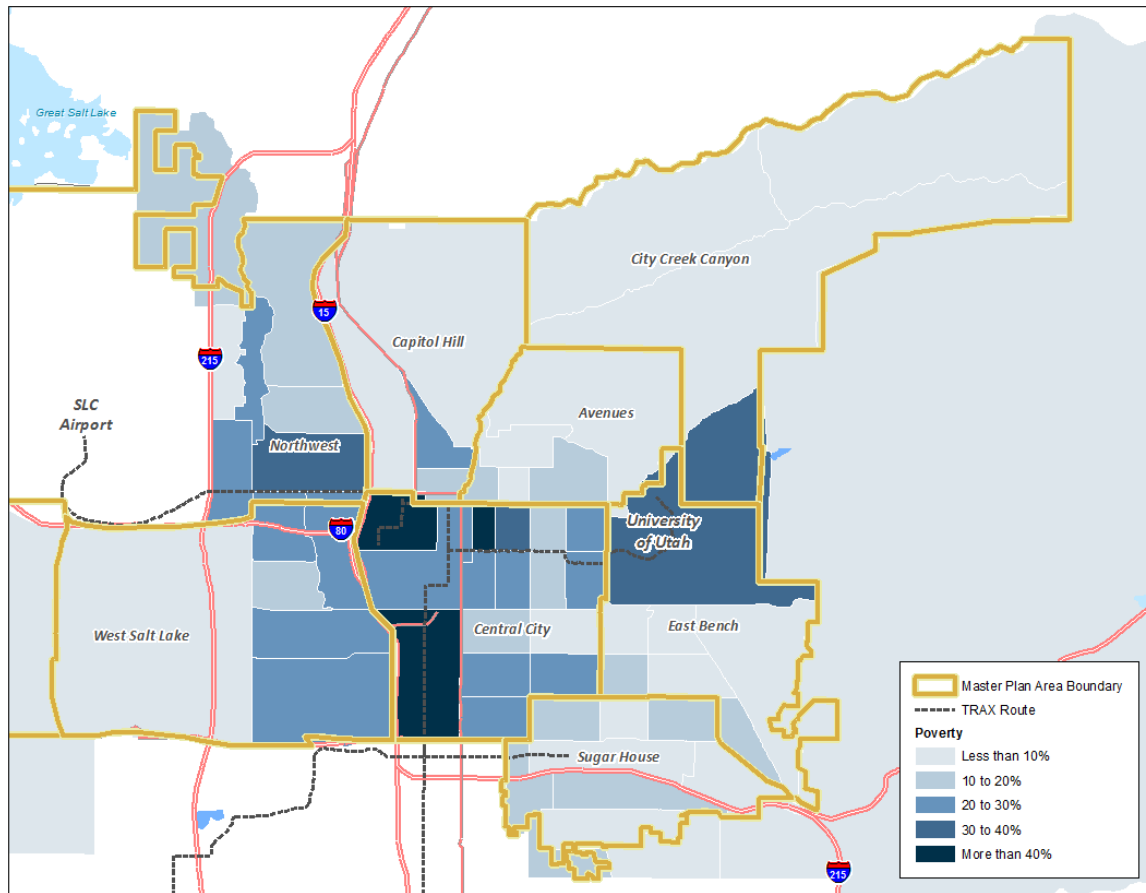
Sources:  
2011 American Community Survey and  
BBC Research & Consulting.

Figure II-16 maps poverty rates in Salt Lake City by Census tract. The darkest blue shading indicates a poverty rate exceeding 40 percent; research has shown that a 40 percent poverty threshold is the point at which an area becomes socially and economically dysfunctional.

<sup>9</sup> Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. For example, in 2011, the federal poverty threshold for individuals was \$11,484 and the threshold for a family of four (with two children) was \$22,811.

Individual poverty is highest in the Central City planning area. There are also high poverty areas West of I-15, which are highly correlated with Hispanic concentrations displayed in Figure II- 13. High poverty around the University of Utah reflects the low incomes of students. Areas of high poverty do seem to be well-served by the TRAX light rail line.

**Figure II-16.**  
**Poverty Rate by Census Tract, Salt Lake City, 2011**



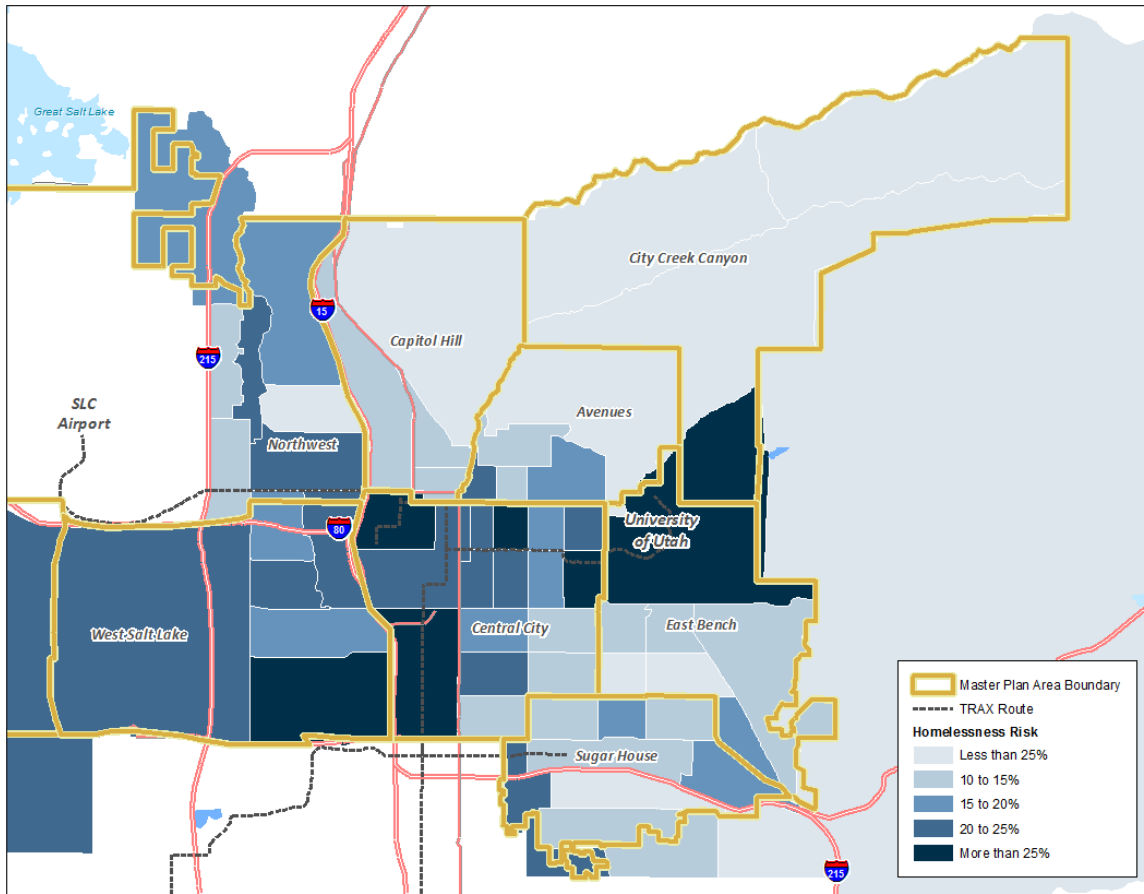
Sources: 2011 American Community Survey 5-year Estimates and BBC Research & Consulting.

In addition to poverty, which measures only income, it is important to consider residents' housing expenses relative to their income. Residents spending 50 percent or more of their income on housing are said to be "severely cost burdened" and are considered at risk for homelessness.

According to the 2011 ACS, 14,526 households (20% of all households) in Salt Lake City are at risk of homelessness. Figure II-17 displays the percent of households that are at risk of homelessness, as indicated by severe cost burden, for each Census tract in Salt Lake City.

As indicated by the map, risk of homelessness is correlated with poverty (see Figure II-16) and to a lesser extent, minority status (see Figure II-12).

**Figure II-17.**  
**Percent of Census Tract Households at Risk of Homelessness, Salt Lake City, 2011**



Note: Households spending more than 50 percent of their monthly income on housing are considered to be at risk of homelessness.

Sources: 2011 American Community Survey 5-year Estimates and BBC Research & Consulting.

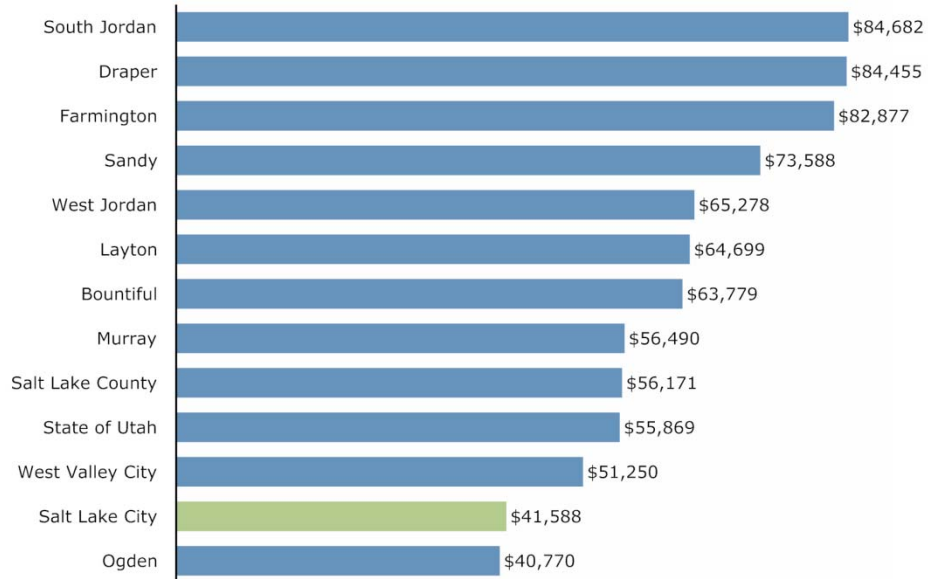
**Income.** In 2011, the median household income for Salt Lake City was \$41,588. As is often the case for urban centers, Salt Lake City’s median income was lower than many surrounding, suburban communities. Figure II-18 shows the median income for Salt Lake City along with surrounding municipalities, Salt Lake County and the State of Utah.



**Figure II-18.  
Median Income,  
Salt Lake City and  
Surrounding  
Communities,  
2011**

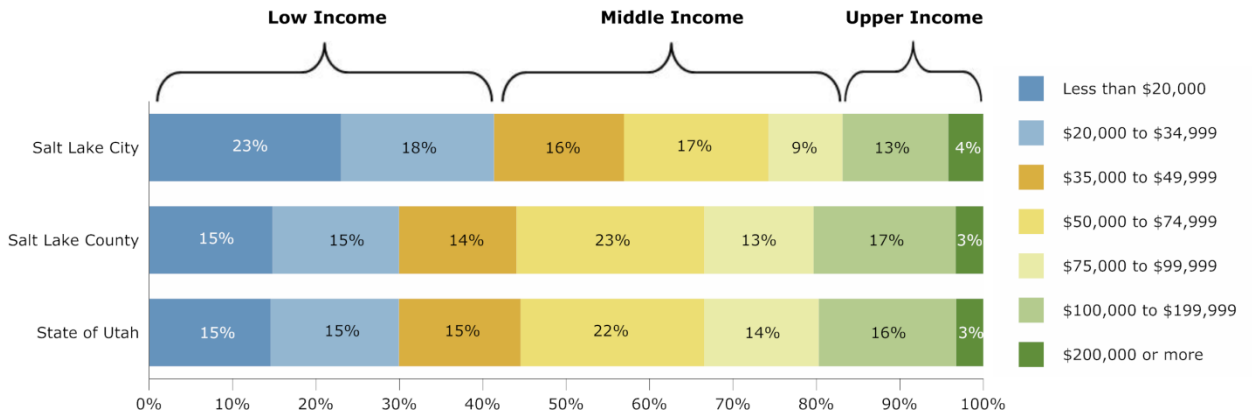
Note:  
Data presented for Salt Lake City, Salt Lake County and Utah reflect 2011 1-year estimates; Farmington reflects 2011 5-year estimate and all other municipalities reflect 2011 3-year estimates.

Sources:  
2011 American Community Survey 1-year, 3-year and 5-year estimates and BBC Research & Consulting.



The city has fewer middle and upper income households compared to the county and state and a higher proportion of low income households. Forty-one percent of households in the city earn less than \$35,000 per year, compared to 30 percent for both the county and the state. Figure II-19 displays the distribution of household incomes for Salt Lake City, Salt Lake County and the State of Utah.

**Figure II-19.  
Income Distribution, Salt Lake City, Salt Lake County and Utah, 2011**



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

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

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

HUD Area Median Family Income (HAMFI) is used by HUD’s state and local policy makers to qualify households for housing programs. HAMFI is the same for all counties located within the Salt Lake City MSA: \$70,300 in 2013 for a four-person household.

As displayed in Figure II-20, nearly one-quarter of Salt Lake City households earn less than 30 percent of the area median income. Another 17 percent earn less than half the area median income.

**Figure II-20.  
Income Distribution by  
HAMFI, Salt Lake City,  
2011**

	Income Limit	Number of Households	Percent of Households
HUD Area Median Family Income (HAMFI)	\$70,300		
0-30% HAMFI	21,090	18,102	24 %
31-50% HAMFI	35,150	12,677	17
51-80% HAMFI	56,240	14,941	20
81-100% HAMFI	70,300	7,049	10
101-120% HAMFI	84,360	4,704	6
More than 120% HAMFI	84361+	16,616	22

Sources:

2011 American Community Survey, HUD and BBC Research & Consulting.

**Education.** Salt Lake City residents are relatively well educated: approximately 40 percent of city residents 25 or older have at least a bachelor’s degree, compared to 30 percent in the county and state overall. However, the city also has a slightly higher proportion of residents that failed to complete high school (13%) than the state (10%) or county (11%).

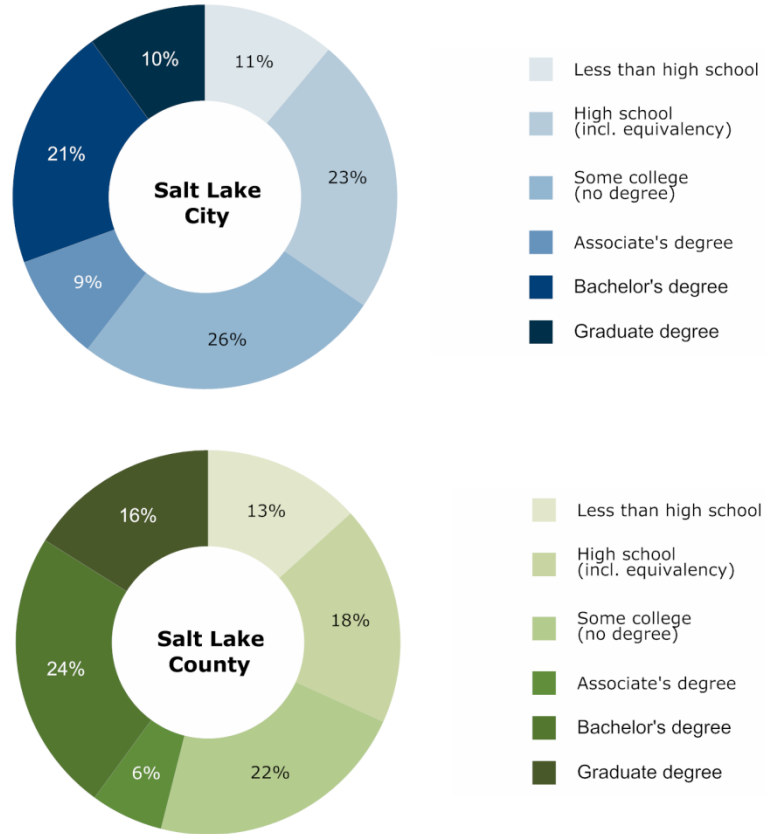
Compared to a peer city, such as Denver, the educational attainment of Salt Lake City is pretty typical. In Denver, 14 percent of residents 25 and older had less than a high school degree and 43 percent had a bachelor’s degree or higher. Boise had fewer residents with less than a high school degree (7%) and a bachelor’s degree or higher (36%).

Figure II-21 shows educational attainment for the Salt Lake City population 25 years and older.

<sup>10</sup><http://www.equality-of-opportunity.org/>.

**Figure II-21.**  
**Educational Attainment,**  
**Salt Lake City and Salt Lake**  
**County, 2011**

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



Approximately one-third of Salt Lake City residents are enrolled in school. As shown in Figure II-22, there are 32,455 children enrolled in preschool through high school and 24,983 enrolled in college or graduate school. Over 95 percent of school-aged children are enrolled in elementary or high school.

**Figure II-22.**  
**School Enrollment, Salt Lake City, 2011**

	Number	Percent of Population	Percent of School Enrollment
Nursery school, preschool	2,748	2 %	5 %
Kindergarten	2,823	2	5
Elementary: 1st through 4th grade	10,442	6	18
Elementary: 5th through 8th grade	7,805	4	14
High School: 9th through 12th grade	8,637	5	15
College (undergraduate)	18,266	10	32
Graduate or professional school	6,717	4	12
<b>Total enrolled in school</b>	<b>57,438</b>	<b>32 %</b>	<b>100 %</b>

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

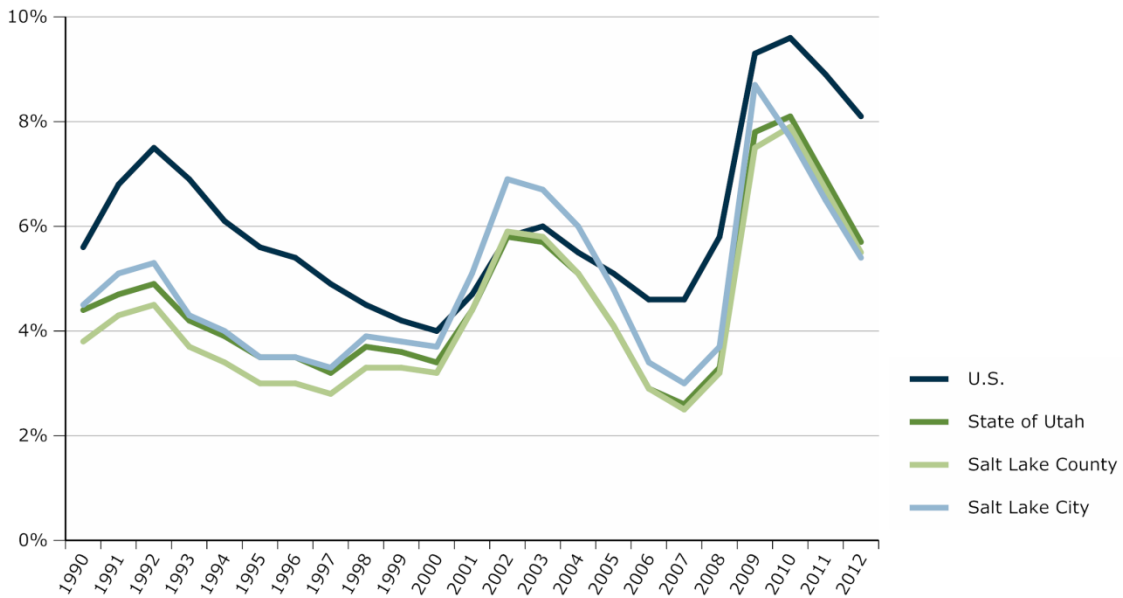
## Economic Indicators

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

**Labor force and unemployment.** Among Salt Lake City residents aged 16 and older, 70 percent, about 105,000 residents, participate in the labor force. This indicates these residents were currently employed (either part-time or full-time) or were actively looking for a job.

As displayed by Figure II-23, the city has historically exhibited similar trends in unemployment as the county and state. Typically, the city's unemployment rate is slightly higher than the county and state but in 2010, 2011 and 2012 unemployment in the city dropped below county and state rates. As of April 2013, Salt Lake City's unemployment rate was 4.1 percent and Salt Lake County's unemployment rate was 4.2 percent.

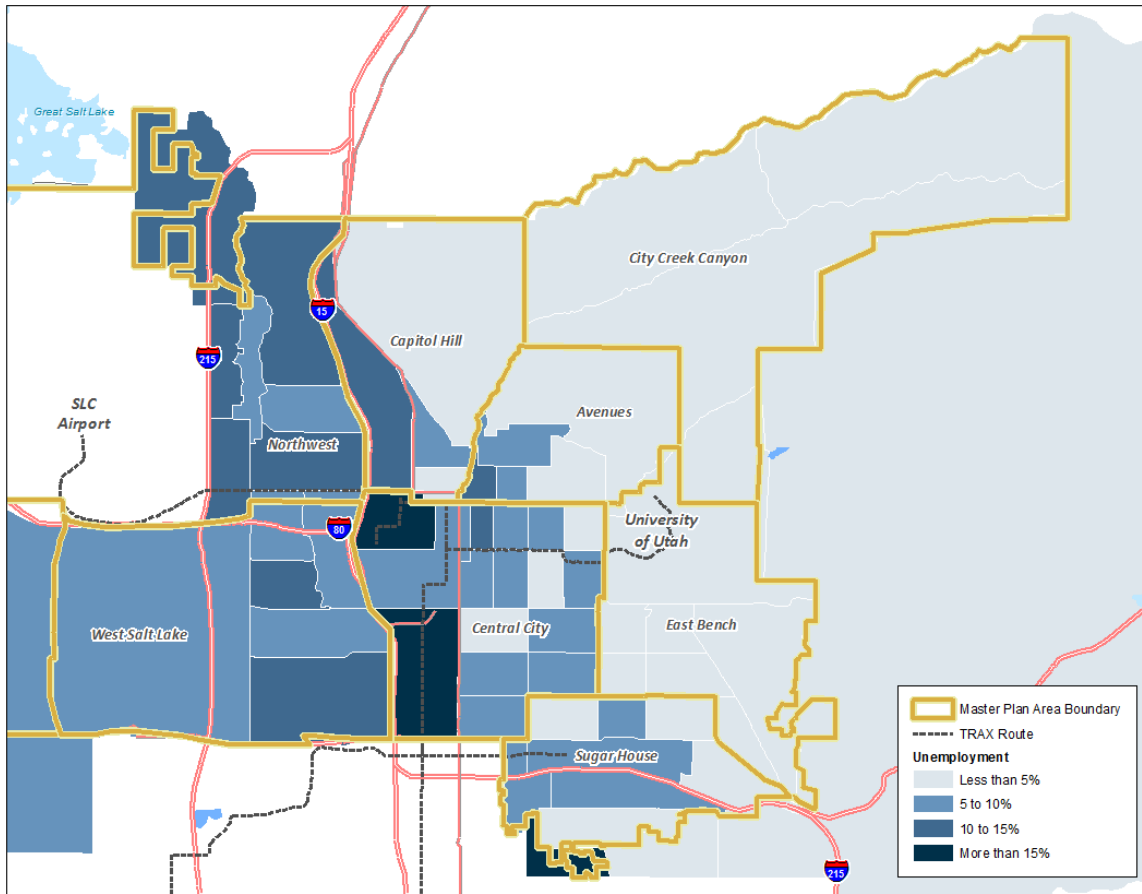
**Figure II-23.**  
**Unemployment Rates, Salt Lake City, Salt Lake County, Utah and the U.S., 1990 through 2012**



Source: Bureau of Labor Statistics.

Unemployment is highest in the south-western half of the city and appears to be strongly correlated with risk of homelessness (see Figures II-24 and II-17).

**Figure II-24.**  
**Average Unemployment Rate by Census Tract, Salt Lake City, 2007 through 2011**



Note: The ACS data typically report higher rates of unemployment than the BLS; for instance, the ACS reported Salt Lake City's unemployment rate to be 8.8 percent in 2011, compared to 6.5 reported by the BLS. The BLS does not report unemployment by Census tract.

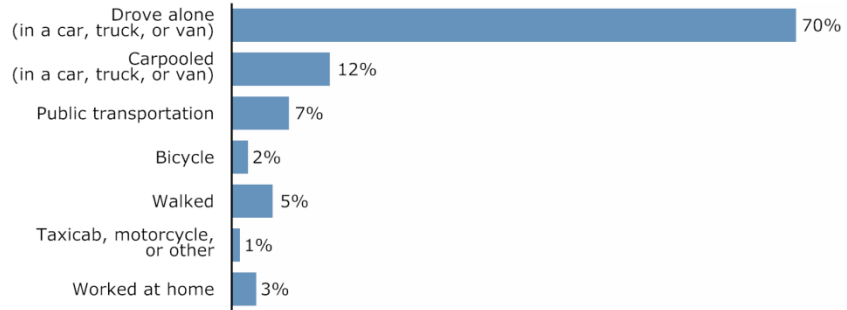
Sources: 2011 American Community Survey 5-year Estimates and BBC Research & Consulting.

**Commuting.** Salt Lake City is a job center for the region as a whole, hosting many more jobs than working residents. According to the US Census Bureau's Longitudinal Employer-Household Dynamics, there are 37,943 workers that both live and work in Salt Lake City. Another 175,190 people work in Salt Lake City but live outside the city. Just over 35,600 people live in the city but commute to jobs outside the city. That means just 18 percent of Salt Lake City jobs are held by city residents, compared to 44 percent in Boise and 29 percent in Denver. About 48 percent of Salt Lake City's working residents have jobs in the city, compared to 52 percent in Denver but only 30 percent in Boise.

Nearly 70 percent of Salt Lake City's working residents drove to work alone in 2011. Seven percent used public transportation and 7 percent either walked or biked. Another 12 percent carpool—higher than the carpool rate for Denver (9%) and Boise (7%) but similar to the carpool rate for Utah as a whole. Utah had the highest proportion of workers commuting by carpool in the continental United States in 2011.

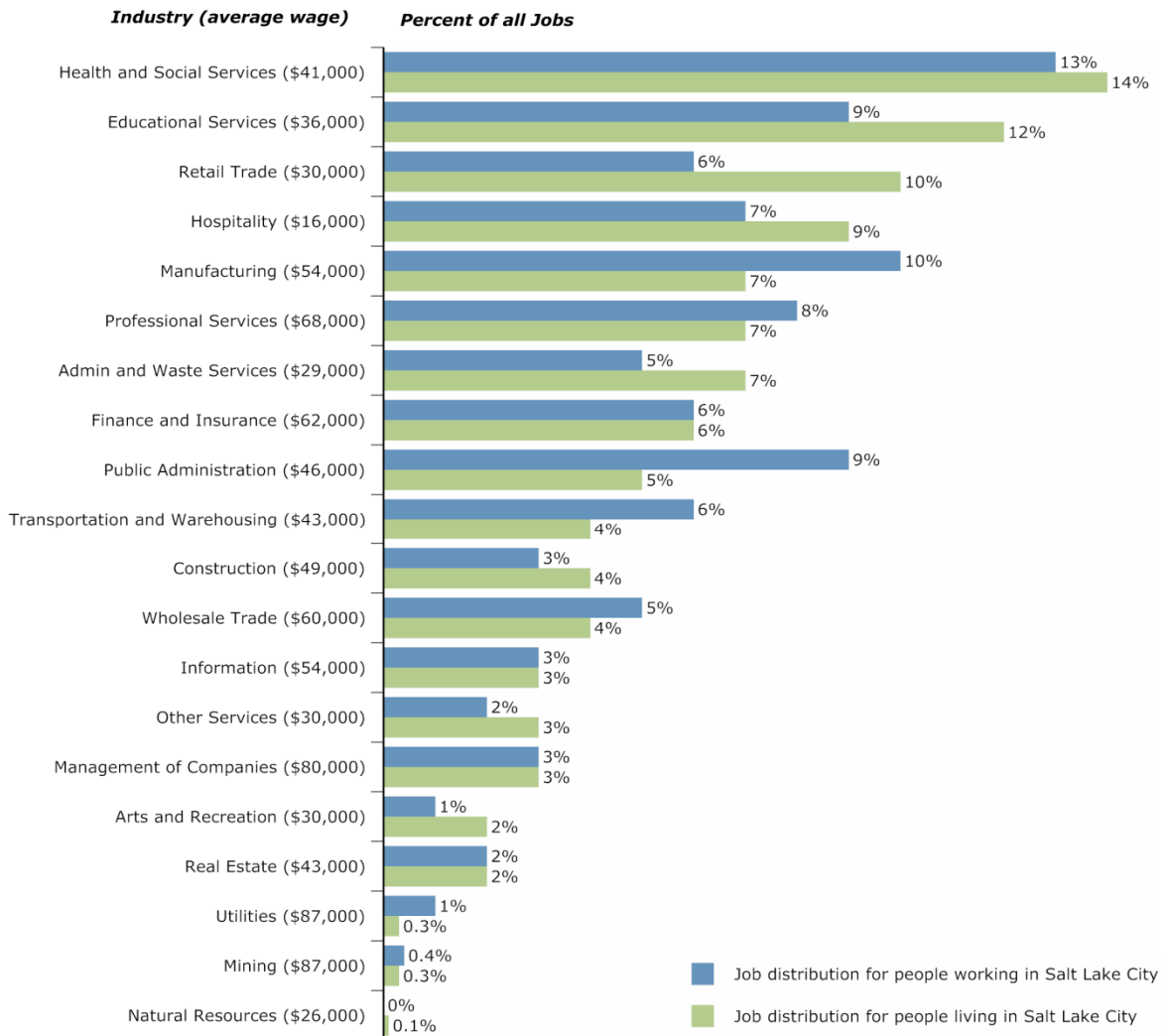
**Figure II-25.**  
**Means of**  
**Transportation to**  
**Work, Salt Lake City,**  
**2011**

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



**Employment and earnings by industry.** Figure II-26 displays employment by industry for people working in the city and for people living in the city. The figure also displays the average 2011 wage for each industry.

**Figure II-26.**  
**Employment and Earnings by Industry, Salt Lake City, 2011**



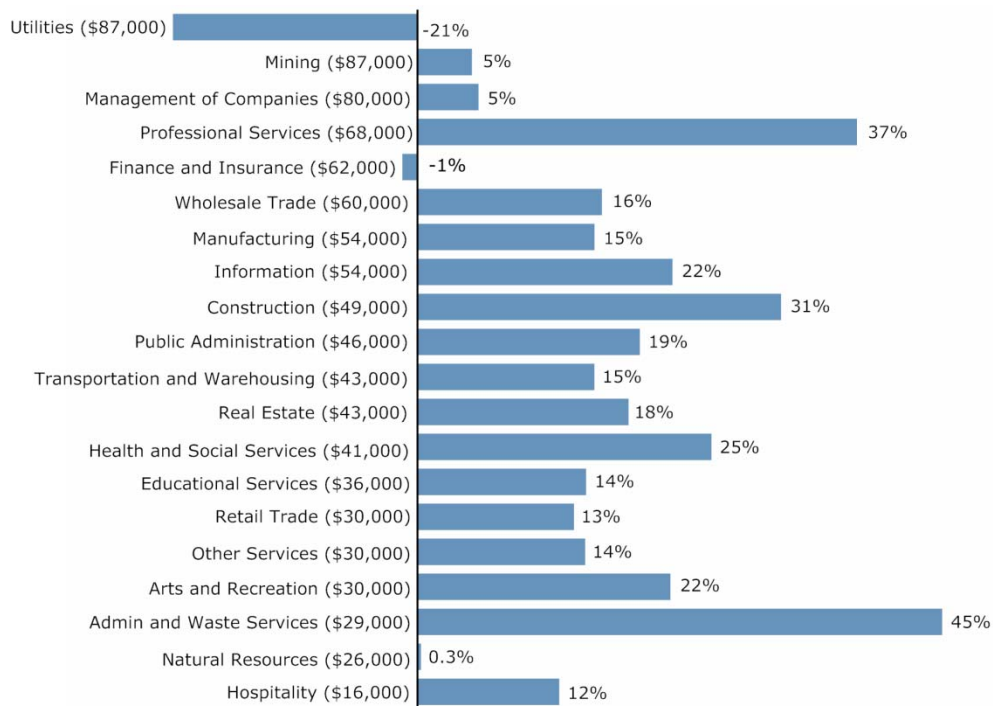
Note: People who live and work the city are included in both distributions. Average annual wages are estimated for the county as a whole.

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

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

**Projections by industry.** The Utah Governor’s Office of Planning and Budget provides employment projections by industry at the county level. Figure II-27 shows the projected growth of each industry between 2010 and 2020 for Salt Lake County. The industries are listed in order of highest to lowest average 2011 wage.

**Figure II-27.**  
**Employment Projections by Industry, Salt Lake County, 2010 to 2020**



Note: Average annual wages reflect 2011 estimates.

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

The utilities industry and the finance and insurance industry are both projected to shrink between 2010 and 2020. The utilities industry, which includes electric power, natural gas, steam supply, water supply and sewage removal, has relatively high wages but employed only a small proportion of the workforce in 2010 (less than 1%).

The industries with the highest projected growth are Administrative and Waste Services, Professional Services and Construction. Both Professional Services and Construction have relatively high average wages.

## **SECTION III.**

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### **Housing Profile and Affordability**



## SECTION III.

# Housing Profile and Affordability

This section provides an overview of Salt Lake City's housing stock, including unit types, renter versus owner comparison and vacancy rates. Affordability is also discussed but market mismatches are addressed in Section IV. Key findings from this section include:

- Salt Lake City is home to more renters (53%) than owners (47%). Renters tend to be younger, have lower levels of educational attainment and earn lower incomes than owners. Renters are also more likely to be non-family households and single-person households.
- Minority households in the city much less likely to be homeowners than non-Hispanic white households but tend to be larger than non-Hispanic white households.
- Compared to surrounding communities, median rent is relatively low (\$761) and median home value (\$225,600) is moderate.
- Both renters and owners lost purchasing power between 2000 and 2011; that is, home values (and sale prices) increased faster than owner incomes and rent increased faster than renter incomes.
  - Median home value increased 47 percent and median sale price for homes increased 36 percent but owner incomes increased by only 26 percent.
  - Median rent increased 35 percent but renter incomes increased only 17 percent.
- Forty-two percent of Salt Lake City households are cost burdened (spending 30% or more of their income on housing). About two-thirds of those households are renters.

### Existing Housing Stock

According to the 2011 ACS there are 79,105 housing units in Salt Lake City, up from 77,054 in 2000—a 3 percent increase. The city's housing stock accounts for 19 percent of the housing units in Salt Lake County. Just fewer than half (47%) of households in the city are owner-occupied.

**Housing type.** Overall, about half of Salt Lake City's housing stock is single family detached and half is attached housing (apartments, condos, townhomes, etc). The vast majority of owners (85%) live in single family detached houses and the vast majority of renters (81%) live in attached units. Figure III-1 displays housing type by tenure for Salt Lake City.

**Figure III-1.  
Housing Type by  
Tenure, Salt Lake  
City, 2011**

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

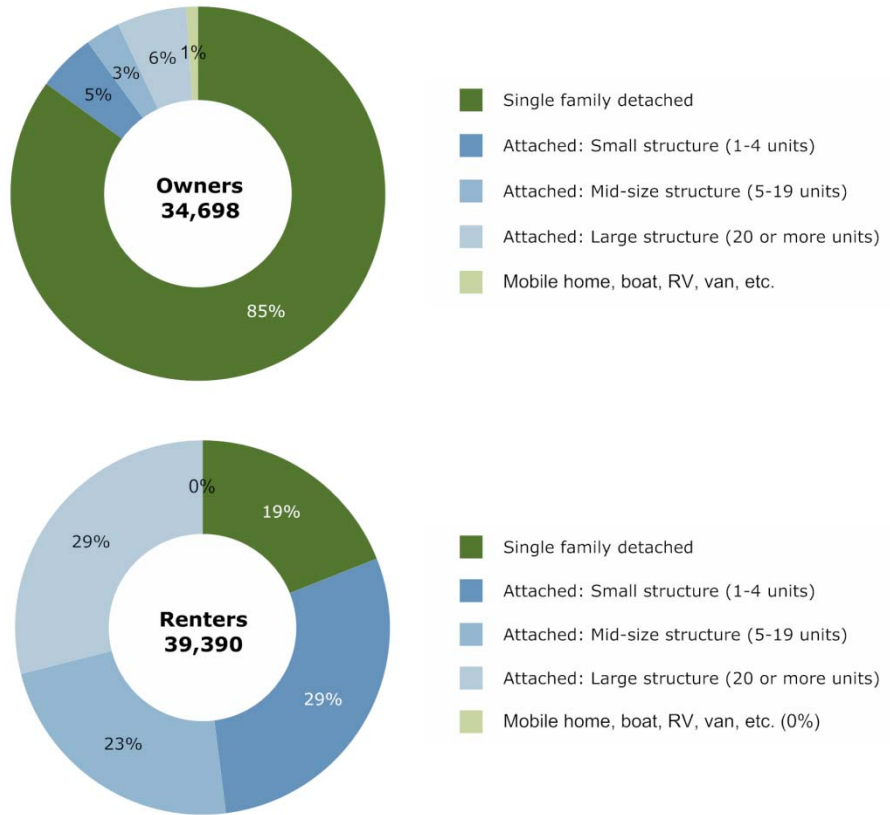
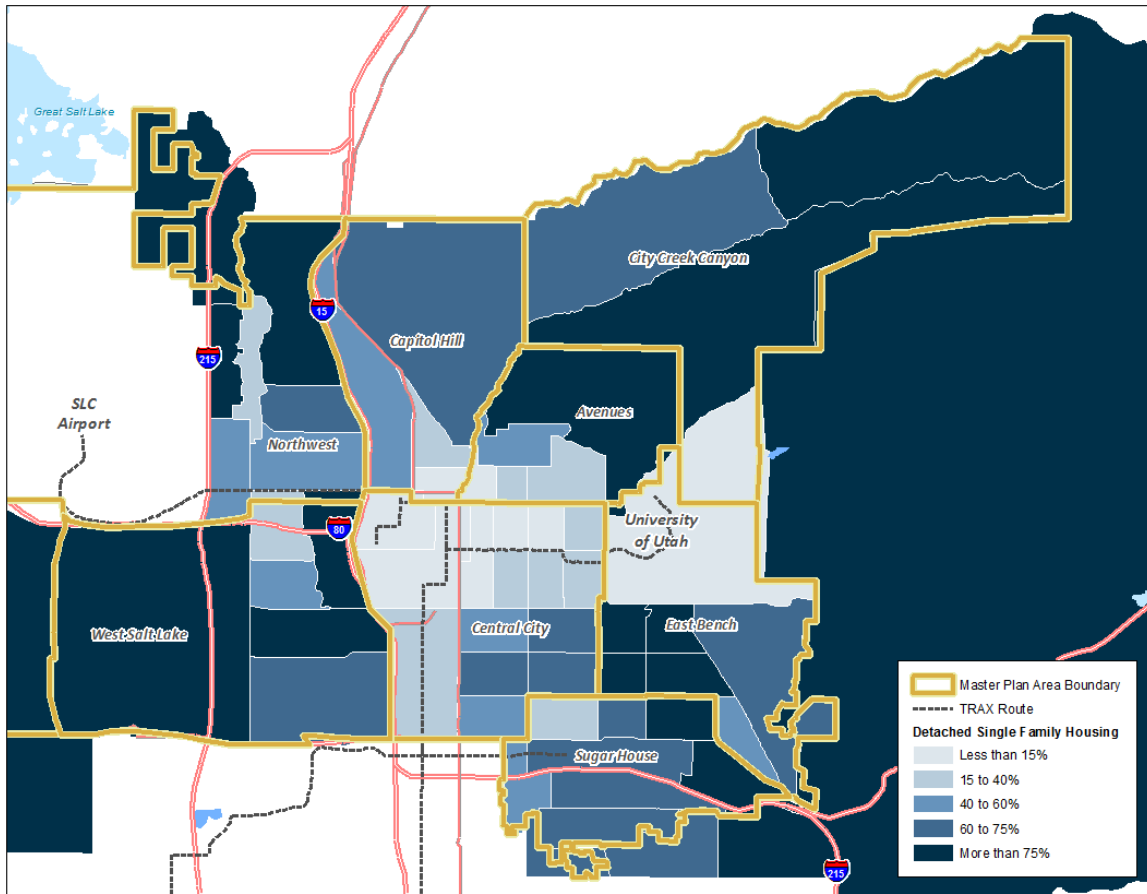


Figure III-2 displays the proportion of homes that are detached single family homes by Census tract. Not surprisingly, the city center and University area have a low proportion of detached homes and the outer portions of the city have a higher proportion of detached homes.

**Figure III-2.**  
**Percent of Census Tract Households that are Single Family Detached, Salt Lake City, 2010**

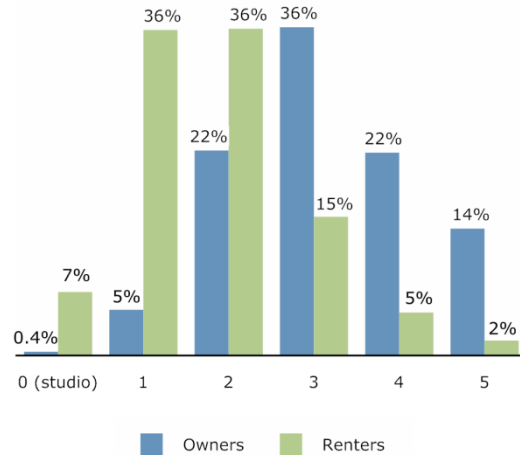


Source: 2010 Census.

**Household size and bedrooms.** On average, owner-occupied households in Salt Lake City are larger (2.73 people) than renter occupied households (2.27 people). Owner occupied units also tend to have more bedrooms than renter occupied units. Nearly three quarters of owner occupied homes have three or more bedrooms, compared to less than one quarter of renter occupied homes (see Figure III-3).

**Figure III-3.  
Number of Bedrooms by Tenure,  
Salt Lake City, 2011**

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



**Household size and tenure by race and ethnicity.** As discussed in Section II, the average household size for Salt Lake City is 2.48, lower than the state (3.13) and county (2.99) but higher than peer cities such as Denver (2.27) and Boise (2.42). As displayed in Figure III-4, minority households in the city tend to be larger than non-Hispanic white households but minorities are much less likely to be homeowners than non-Hispanic white households.

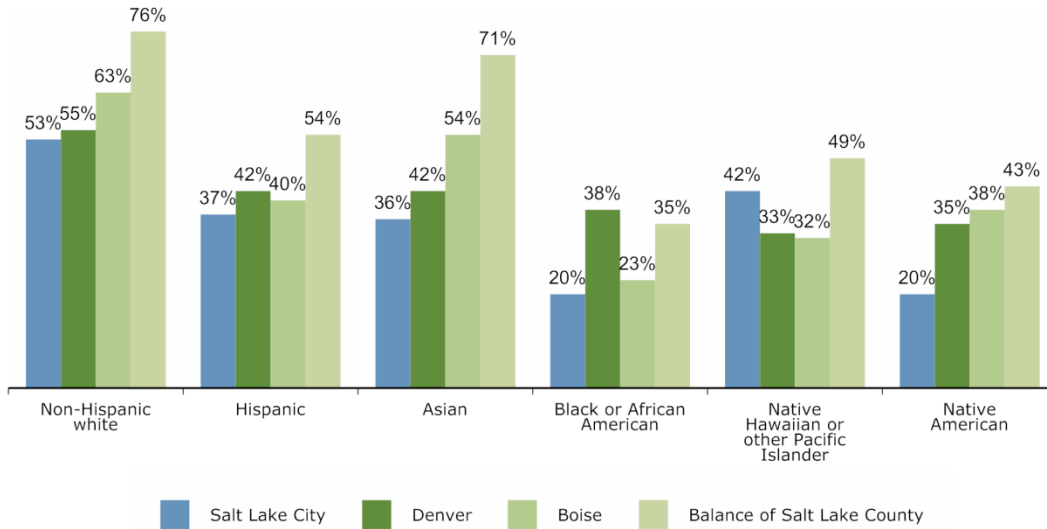
**Figure III-4.  
Average Household Size  
and Ownership Rate by  
Race and Ethnicity, Salt  
Lake City, 2010**

Source:  
2010 Census and BBC Research & Consulting.

	Average Household Size	Ownership Rate
Non-Hispanic white	2.17	53%
Hispanic	3.66	37%
Asian	2.42	36%
Black or African American	2.67	20%
Native Hawaiian or other Pacific Islander	4.60	42%
Native American	2.78	20%

In Salt Lake City, 53 percent of non-Hispanic white householders are owners compared to only 37 percent of Hispanic householders. Ownership rates are even lower for African American (20%), Native American (20%) and Asian (36%) householders. Ownership rates for all groups are higher outside the city (in the balance of the county) but similar racial/ethnic disparities exist. Figure III-5 compares tenure by race and ethnicity in Salt Lake City to the balance of the county, the state and peer cities (Boise and Denver).

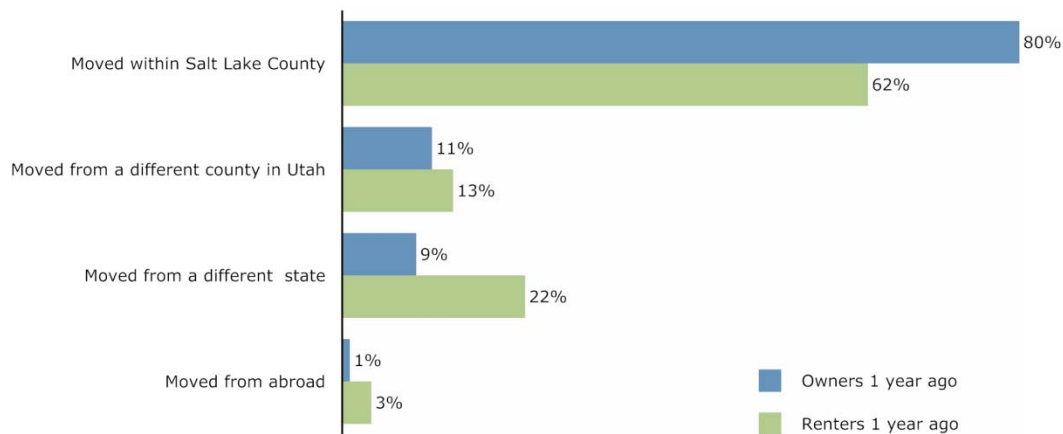
**Figure III-5.**  
**Homeownership Rate by Race and Ethnicity, Salt Lake City and Comparison Geographies, 2010**



Note: Balance of Salt Lake County includes all portions of Salt Lake County except Salt Lake City.  
 Source: 2010 Census and BBC Research & Consulting.

**Residents who moved in the past year.** Approximately 39,000 current Salt Lake City residents (21% of all residents) moved in the past year. Four out of five households that moved were renters. Among residents who moved, most relocated to a different house within Salt Lake County (data are not available at the city level) but nearly one in five moved from a different state.

**Figure III-6.**  
**Residency in 2011 Compared with 2010, Salt Lake City**



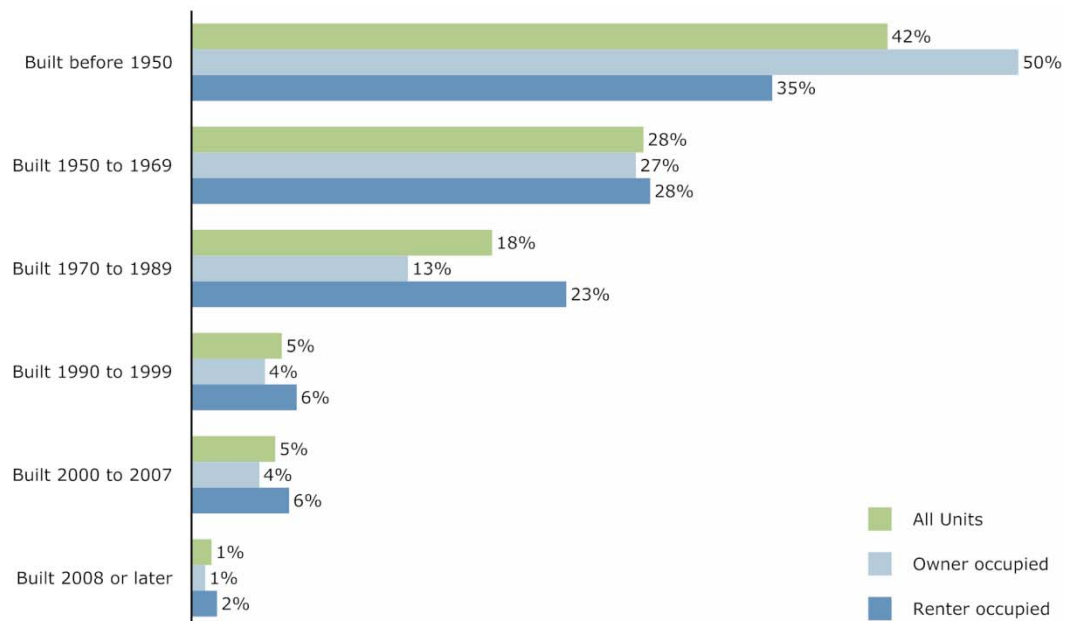
Source: 2011 American Community Survey and BBC Research & Consulting.

Overall, more than half (52%) of Salt Lake City residents moved into their current home prior to 2008; one quarter moved into their current home prior to 2000. Not surprisingly, owners are much more likely to have been in their homes longer than renters—about half of all owners moved into their current home prior to 2000 compared to just 6 percent of renters. Nearly three quarters of renters moved into their current home in 2008 or later.

**Age of housing stock.** An important indicator of housing condition is the age of the home. Older houses tend to have more condition problems and are more likely to contain materials such as lead based paint. Approximately 32 percent of the housing units in Salt Lake City were built before 1940, when the risk of lead-based paint is highest.<sup>1</sup> In areas where revitalization of older housing stock is active, many old houses may be in excellent condition; however, in general, condition issues are still most likely to arise in older structures.

About one quarter of Salt Lake City’s housing stock was built between 1970 and 2000; another 6 percent was built in 2000 or later. Forty-two percent was built prior to 1950. When examined by tenure, the city’s owner occupied units are older than renter occupied units. For example, half of owner occupied units were built before 1950 compared to just over one-third of renter occupied units. Figure III-7 displays the age of the city’s housing stock overall and by tenure.

**Figure III-7.**  
**Age of Housing Stock, Salt Lake City, 2011**

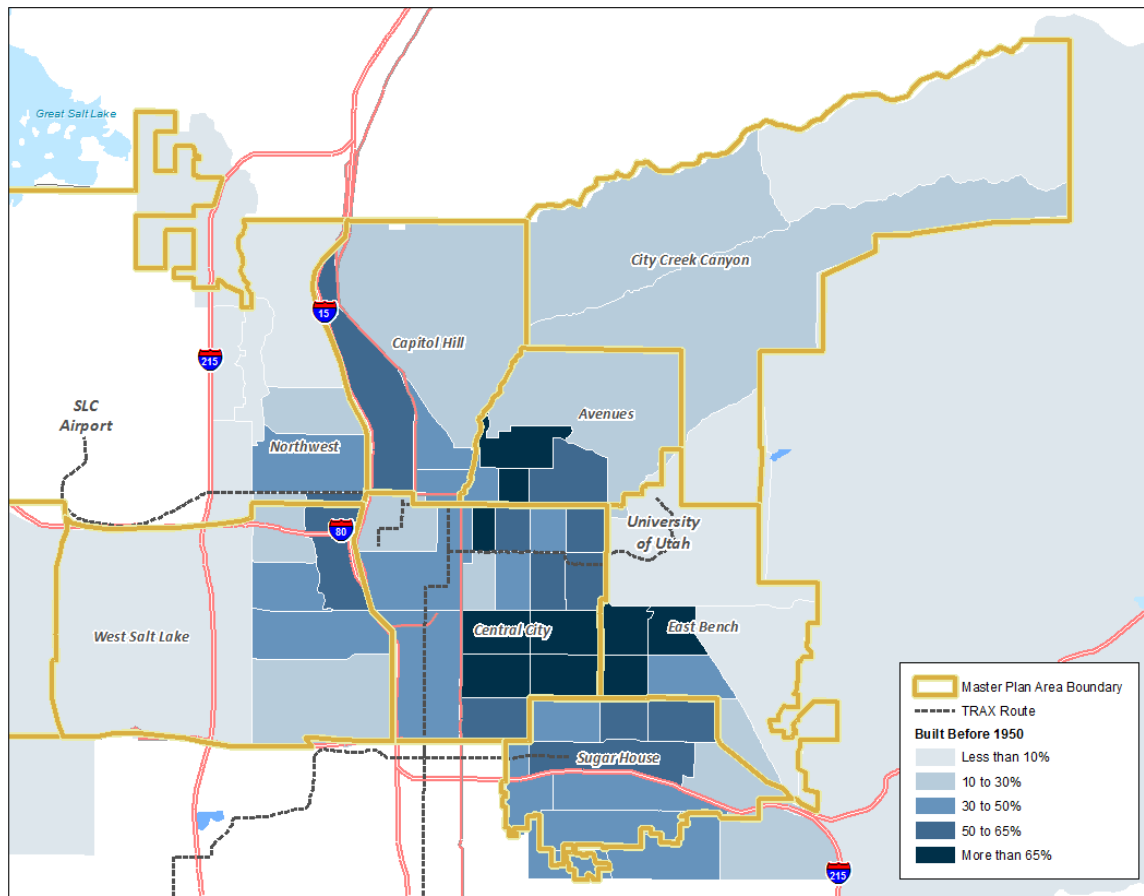


Source: 2011 American Community Survey and BBC Research & Consulting.

Figure III-8 maps the proportion of households built before 1950 by block group. Portions of the Central City, East Bench and Avenues planning areas have the highest proportion of older homes.

<sup>1</sup> Lead-based paint was banned from residential use in 1978. Housing built before 1978 is considered to have some risk, but housing built prior to 1940 is considered to have the highest risk. After 1940, paint manufacturers voluntarily began to reduce the amount of lead they added to their paint. As a result, painted surfaces in homes built before 1940 are likely to have higher levels of lead than homes built between 1940 and 1978.

**Figure III-8.**  
**Percent of Block Group Households Built Before 1950, Salt Lake City, 2010**



Source: 2010 Census and BBC Research & Consulting.

**Overcrowding and substandard conditions.** A key factor to examine in evaluating housing condition is overcrowding. Overcrowding in housing can threaten public health, strain public infrastructure, and points to an increasing need of affordable housing. This study uses HUD’s definition of having more than one person per room to identify overcrowded units.<sup>2</sup> Approximately 4 percent of the city’s households—or about 2,920 households—are overcrowded. Two percent of owner-occupied housing units (608 units) were overcrowded and 6 percent of renter-occupied units (2,312 units) were overcrowded.

In addition to overcrowded units, another key factor to examine in evaluating housing condition is substandard units. The 2011 ACS reported that 150 housing units (vacant and occupied) in the city lacked complete plumbing facilities and 576 housing units (vacant and occupied) lacked complete kitchens. Together, assuming no overlap, these 726 severely substandard units represent 1 percent of the city’s total housing units.

<sup>2</sup> The HUD American Housing Survey defines a room as an enclosed space used for living purposes, such as a bedroom, living or dining room, kitchen, recreation room, or another finished room suitable for year-round use. Excluded are bathrooms, laundry rooms, utility rooms, pantries, and unfinished areas.

## Profile of Renters and Owners

Salt Lake City is home to more renters (53%) than owners (47%). Renters tend to be younger, have lower levels of educational attainment and earn lower incomes than owners. Renters are also more likely to be non-family households and single-person households. Figure III-9 summarizes some of the key differences between renters and owners in Salt Lake City. Additional detail on the age, educational attainment, household composition, and income of renters and owners follow.

**Figure III-9.  
Key Differences  
Between Renters and  
Owners, Salt Lake City,  
2011**

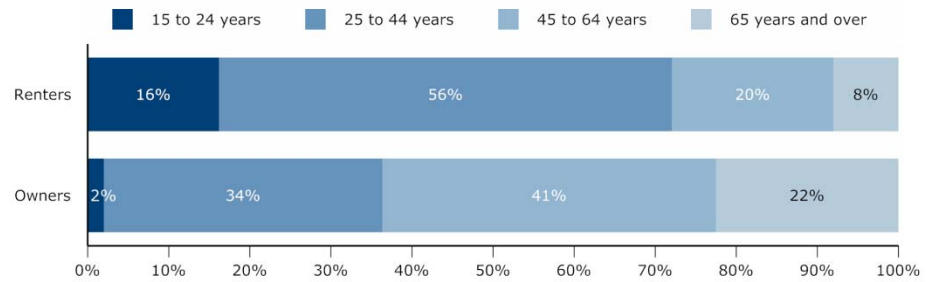
Source:  
2011 American Community Survey  
and BBC Research & Consulting.

	Owner householders	Renter householders
<b>Age: 25 to 44</b>	34%	56%
<b>Education: Bachelors degree or higher</b>	49%	36%
<b>Income: Median</b>	\$66,297	\$29,133
<b>Household type: Families</b>	66%	41%

**Age.** About one-third of owners are middle aged (25 to 44), compared to more than half (56%) of renters. Homeowners are also more likely to be seniors—22 percent of owners are 65 or older compared to 8 percent of renters. Figure III-10 displays the age profile of renters and owners in Salt Lake City.

**Figure III-10.  
Age of Householder  
by Tenure,  
Salt Lake City, 2011**

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

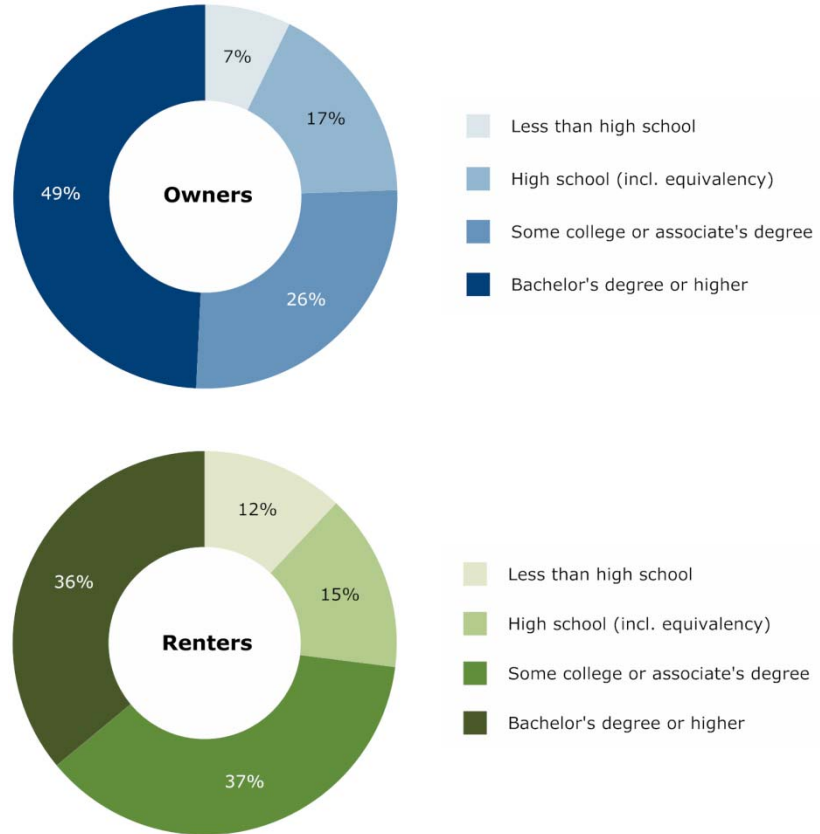


**Educational attainment.** Nearly half of homeowners have a bachelor's degree or higher and only 7 percent failed to complete high school. Among renters, 12 percent have less than a high school degree and 36 percent have a bachelor's degree or higher.



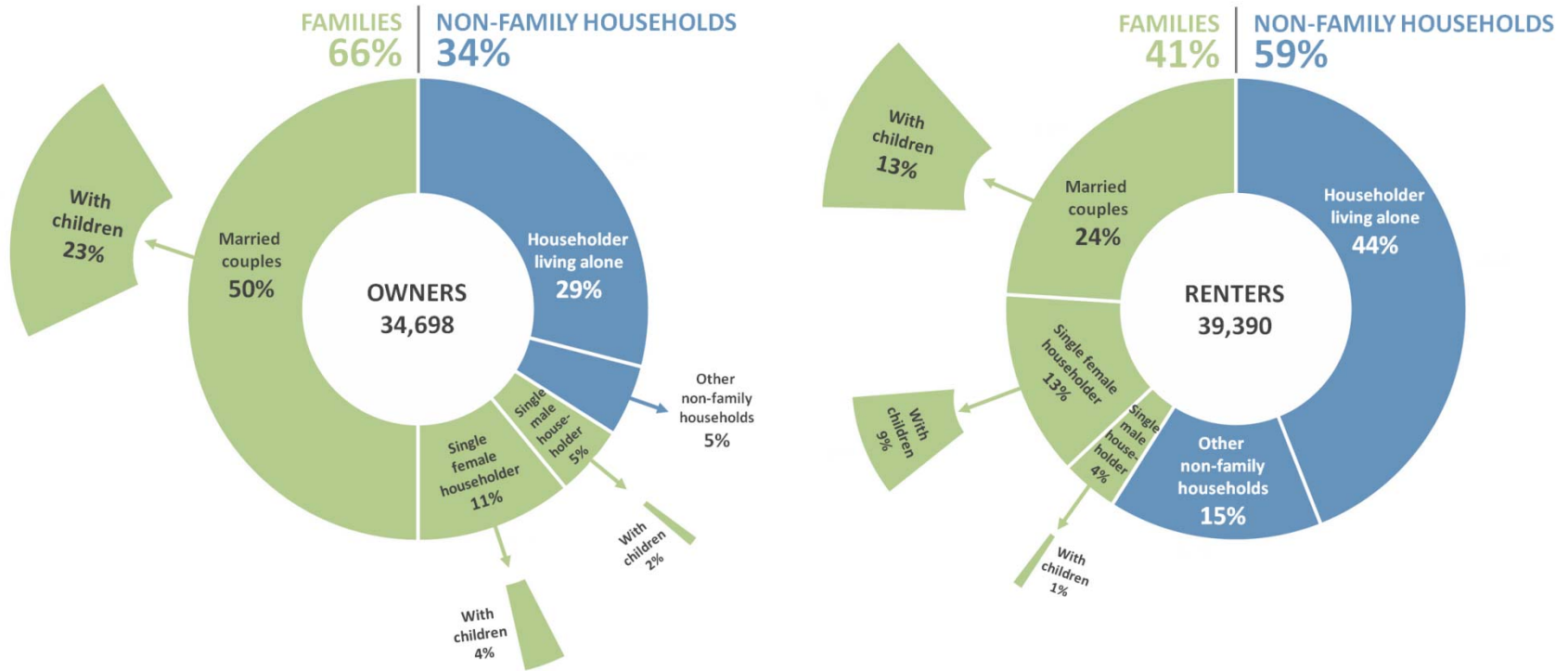
**Figure III-11.**  
**Educational Attainment of**  
**Householder by Tenure,**  
**Salt Lake City, 2011**

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



**Household composition.** About two-thirds of owners are living in family households, compared to 41 percent of renters. Owners are also more likely to be married and have children than renters; however, renters are more likely to be single parent households (10% of renters compared to 6% of owners). Renters are more likely to live alone (44%) than owners (29%). Figure IV-12 compares renters and owners by household type.

**Figure III-12.**  
**Household Type by Tenure, Salt Lake City, 2011**



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

**Income.** In 1999, the median income for renters was \$24,887 compared to \$52,525 for owners. Between 1999 and 2011, the gap between renter and owner incomes widened as owner incomes increased by 26 percent while renter incomes only increased by 17 percent. By 2011, the median household income for Salt Lake City renters (\$29,100) was less than half that of owners (\$66,300).

Figure III-13 displays the 2011 income distribution of renters and owners using the HUD Area Median Family Income (\$70,300), which applies to the entire Salt Lake City MSA.

**Figure III-13.  
Household  
Income by HAMFI  
and Tenure, Salt  
Lake City, 2011**

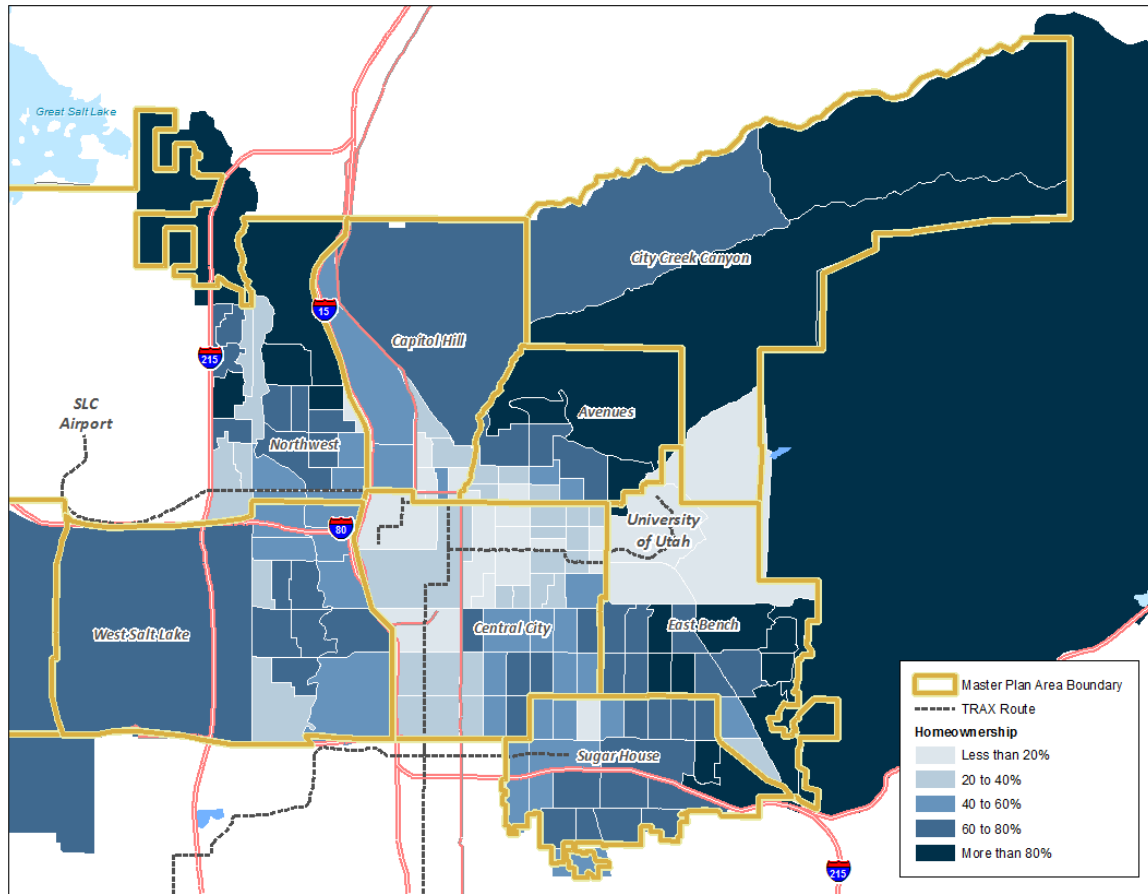
Source:  
2011 American Community  
Survey and BBC Research &  
Consulting.

	Income Limit	Owners		Renters	
		Number	Percent	Number	Percent
<b>HUD Area Median Family Income (HAMFI)</b>	\$70,300				
0-30% HAMFI	\$21,090	3,457	10 %	14,645	37 %
31-50% HAMFI	\$35,150	3,682	11	8,964	23
51-80% HAMFI	\$56,240	7,028	20	7,599	19
81-100% HAMFI	\$70,300	4,376	13	2,845	7
101-120% HAMFI	\$84,360	3,117	9	1,760	4
More than 120% HAMFI		13,038	38	3,578	9

More than one-third of all renters earn 30 percent or less of HAMFI and 60 percent of renters earn 50 percent or less of HAMFI. Only 10 percent of owners earn 30 percent or less of HAMFI and 21 percent earn 50 percent or less of HAMFI.

**Geographic distribution of renters and owners.** Figure III-14 maps the homeownership rate for each block group in the city. The Central City planning area is predominately renter occupied as is the area immediately surrounding the University. City Creek Canyon has a very high proportion of owners, as does the northern half of the Avenues planning area. The northwest corner of the city, along with the east side of the Sugar House and East Bench planning areas, also has a high rate of homeownership. For the most part, block groups adjacent to the TRAX light rail line are majority renter.

**Figure III-14.**  
**Percent of Block Group Households that are Owner Occupied, Salt Lake City, 2010**



Source: 2010 Census and BBC Research & Consulting.

## Housing Cost and Affordability

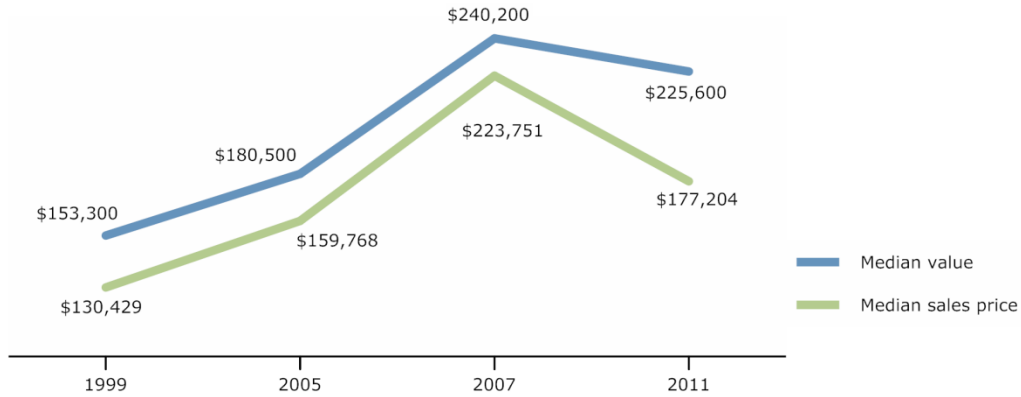
This section of the report discusses housing costs in Salt Lake City through the lens of affordability. The for-sale, or ownership market, is discussed first, followed by the rental market and an analysis of cost burdened renters and owners in the city.

**Vacancies.** Of the 79,105 housing units in Salt Lake City, 5,017 (6%) were vacant in 2011. The homeowner vacancy rate is 3.3 percent, slightly higher than the county and state (both 2.5%). The rental vacancy rate is 4 percent suggesting a reasonably tight rental market in the city. Both the county and state have rental vacancy rates just over 5 percent. According to a recent survey of mid-size to large-size apartment communities in Salt Lake County, vacancies are lowest for studio and one-bedroom apartments. Vacancy rates by community size indicate that renters have a preference for smaller developments (fewer than 100 units).

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

decline in values). Figure III-15 displays the median home value and the median sales price for Salt Lake City in 1999, 2005, 2007 and 2011.

**Figure III-15.**  
**Median Home Value and Median Sales Price Trends, Salt Lake City, 1999 through 2011**



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

**Home value.** According to the 2011 ACS, the median value of owner-occupied homes in Salt Lake City was \$225,600, very similar to the median value for the county as a whole (\$225,800). Figure III-16 displays the distribution of Salt Lake City homes by value. Approximately one in five homes are valued at less than \$150,000.

**Figure III-16.**  
**Home Value Distribution, Salt Lake City, 2011**

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

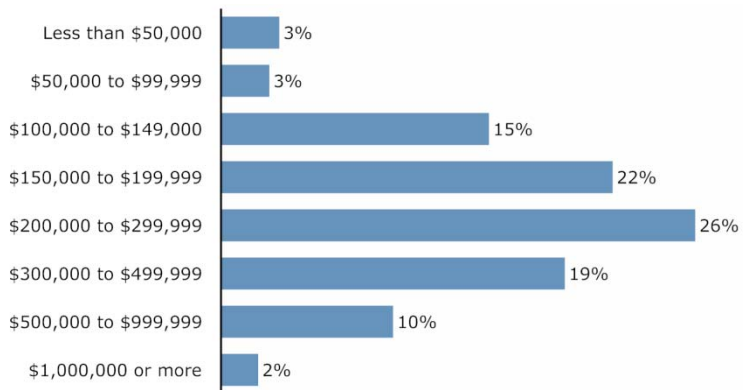


Figure III-17 compares the median home value in Salt Lake City to that of surrounding communities, Salt Lake County and the State of Utah. Salt Lake City home values are in the lower middle portion of the range defined by surrounding communities.

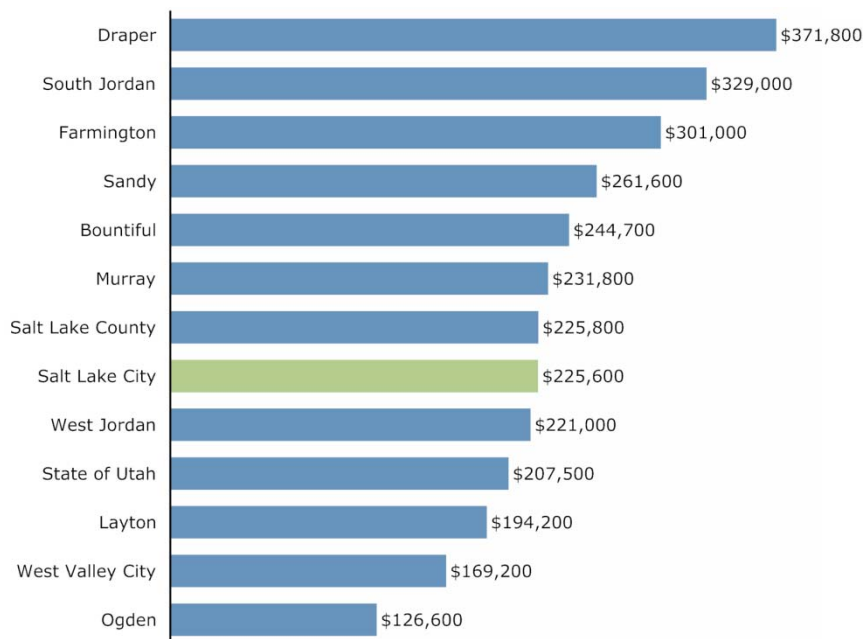
**Figure III-17.  
Median Home Value,  
Salt Lake City and  
Surrounding  
Communities, 2011**

**Note:**

Data presented for Murray, Bountiful, South Jordan and Draper reflect 2011 3-year estimates; Farmington reflects 2011 5-year estimate and all other municipalities reflect 2011 1-year estimates.

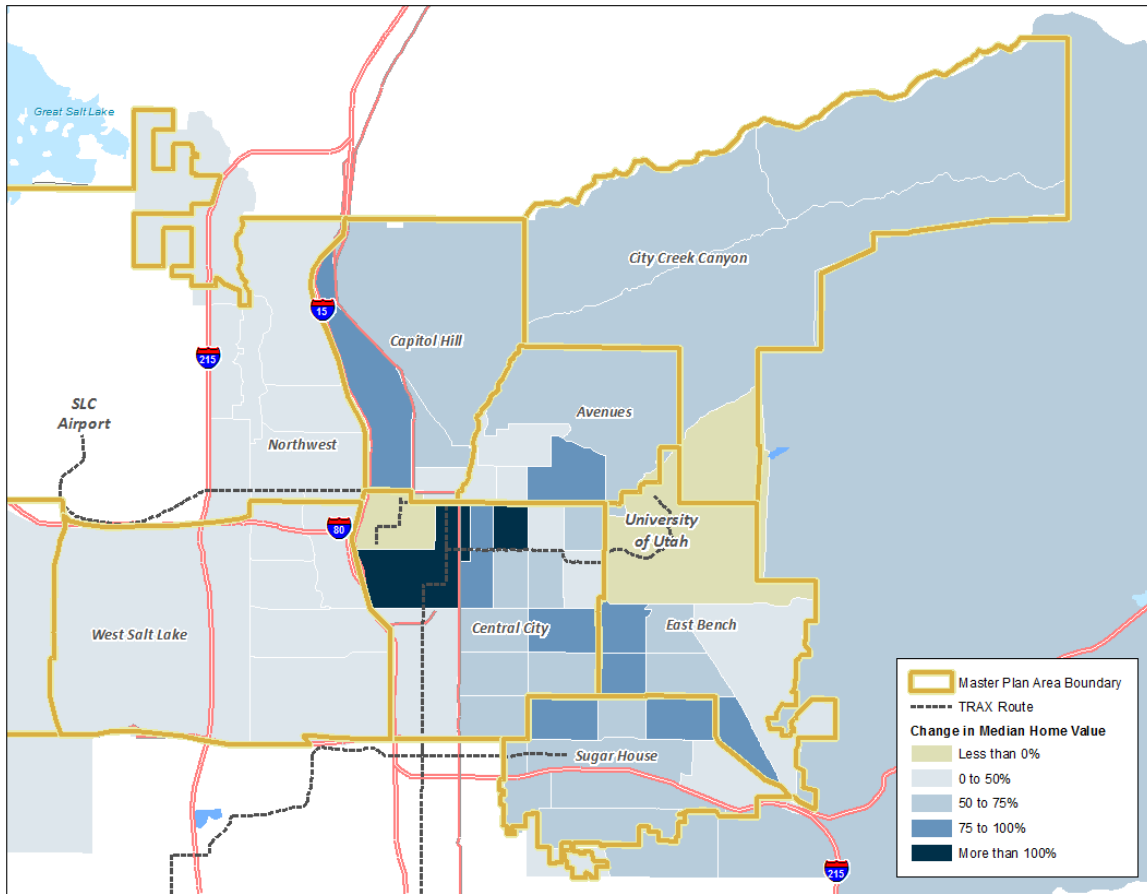
**Source:**

2011 American Community Survey 1-year, 3-year and 5-year estimates and BBC Research & Consulting.



Between 2000 and 2011 the median home value in Salt Lake City increased 47 percent, from \$153,300 to \$225,600. As displayed in the following map, the largest increases were seen in the Central City planning area, along with portions of the East Bench, Sugar House, Avenues and Capital Hill planning areas. There were two Census tracts in the city where median home value actually declined between 2000 and 2011: the northwest corner of the Central City planning area and the Census tract containing the University of Utah.

**Figure III-18.**  
**Percent Change in Median Home Value by Census Tract, Salt Lake City, 2000 to 2011**



Note: Due to minor changes in the geographic boundary of some Census tracts between 2000 and 2010 some tracts were combined for analysis.

Source: 2000 Census, 2011 American Community Survey 5-year estimate and BBC Research & Consulting.

**Home sales.** In 2012, nearly 4,200 homes were sold in Salt Lake City for a median sale price of \$178,162. Approximately four out of five sales were single family detached homes, a proportion representative of the detached housing stock in the city. Between 2005 and 2012, housing prices increased faster in the city (14%) than in the county as a whole (11%).

**Figure III-19.  
Median Sold Price for  
Homes in Salt Lake City and  
Salt Lake County, 2005 and  
2012**

Note:  
Attached includes condos, townhomes,  
and twins.

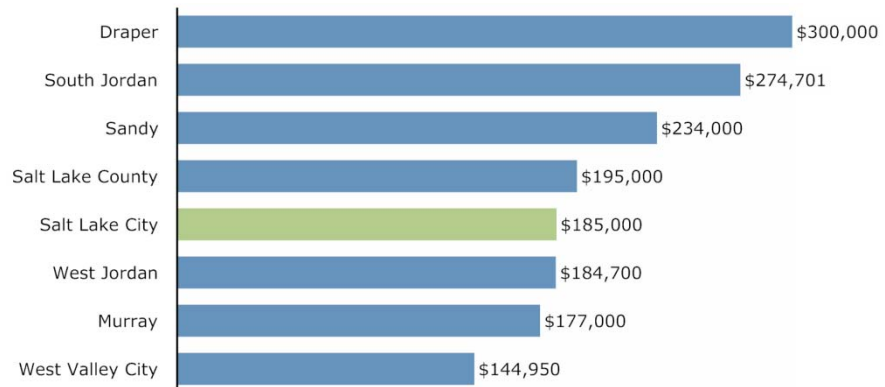
Source:  
Multiple List Service (MLS) and BBC  
Research & Consulting.

	2005	2012	% Change
<b>Salt Lake City</b>			
All Homes	\$162,500	\$185,000	14 %
Single Family Detached	172,500	196,893	14
Attached*	129,950	145,000	12
<b>Salt Lake County</b>			
All Homes	\$175,000	\$195,000	11 %
Single Family Detached	187,500	212,000	13
Attached*	132,900	144,050	8

Figure III-20 compares the 2012 median sale price for homes sold in Salt Lake City to surrounding communities. Similar to Salt Lake City home values (Figure III-17), the median sales price of Salt Lake City homes is in the lower middle portion of the range defined by surrounding communities.

**Figure III-20.  
Median Sold Price,  
Salt Lake City and  
Surrounding  
Communities, 2012**

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

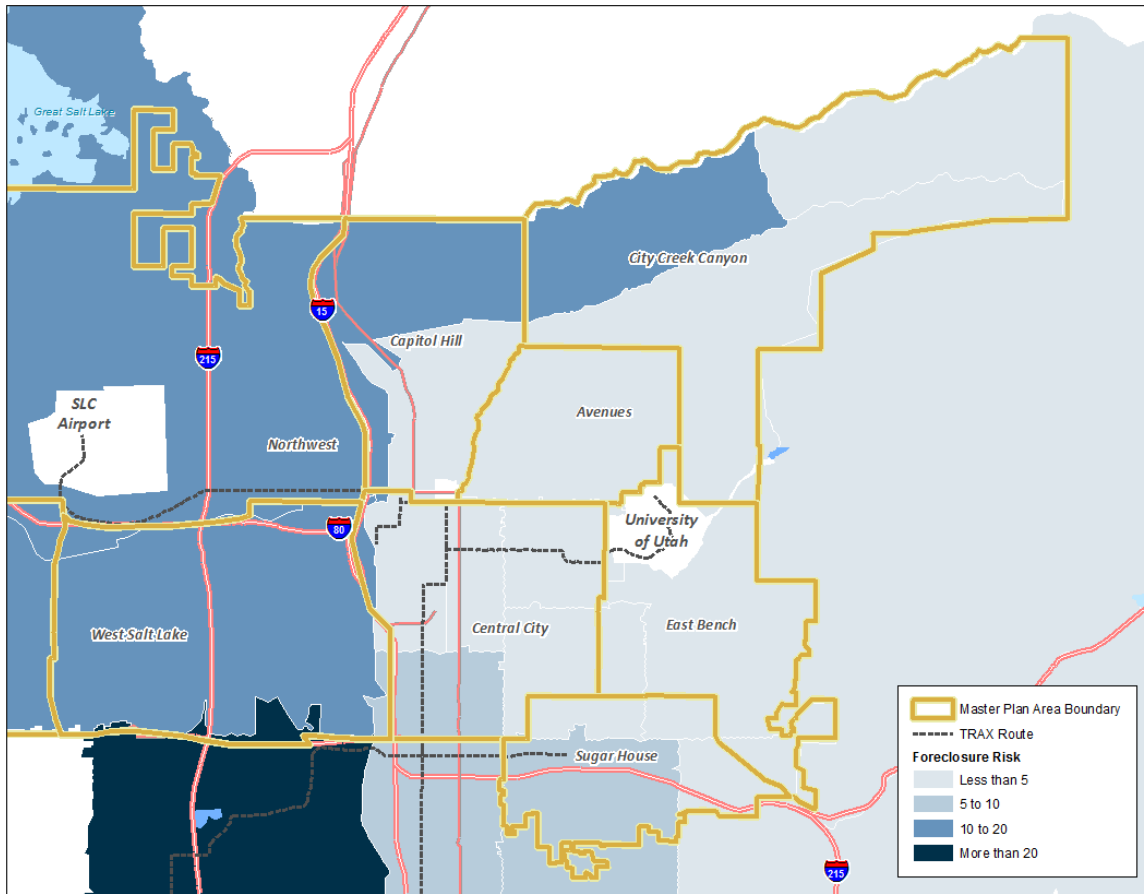


**Foreclosures.** With the recent collapse of the housing market, foreclosures have been on the rise across the country. In an effort to inform community decisions regarding foreclosure prevention and neighborhood stabilization, the Local Initiatives Support Corporation (LISC) provides foreclosure risk scores for zip codes by metropolitan area (data are of March 2013). The highest risk zip code in the metro area is assigned a score of 100 and all others are assigned a relative score.

The zip code with the highest risk in the metro area was 84118, in Kearns. Foreclosure risk in the city itself was relatively low. Figure III-21 displays the LISC foreclosure risk scores for Salt Lake City.



**Figure III-21.**  
**Foreclosure Risk Score by Zip Code, Salt Lake City Metro Area, 2013**



Source: Local Initiatives Support Corporation (LISC) and BBC Research & Consulting.

**Rental market.** According to the 2011 ACS, median rent (including utilities) in Salt Lake City was \$761 per month, up from \$564 in 2000. As shown in Figure III-22, most renters (61%) pay between \$500 and \$1,000 for their units. Six percent pay less than \$300 and 7 percent pay more than \$1,500 per month.

**Figure III-22.**  
**Gross Rent Distribution, Salt Lake City, 2011**

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

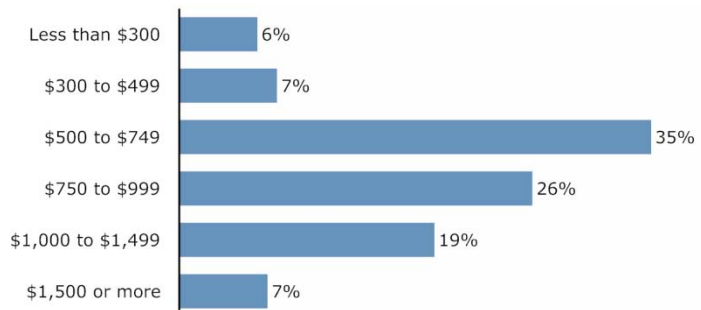


Figure III-23 compares the median rent in Salt Lake City to that of surrounding communities, Salt Lake County and the State of Utah. As indicated by the figure, the median rent in Salt Lake City is relatively affordable compared to surrounding communities.

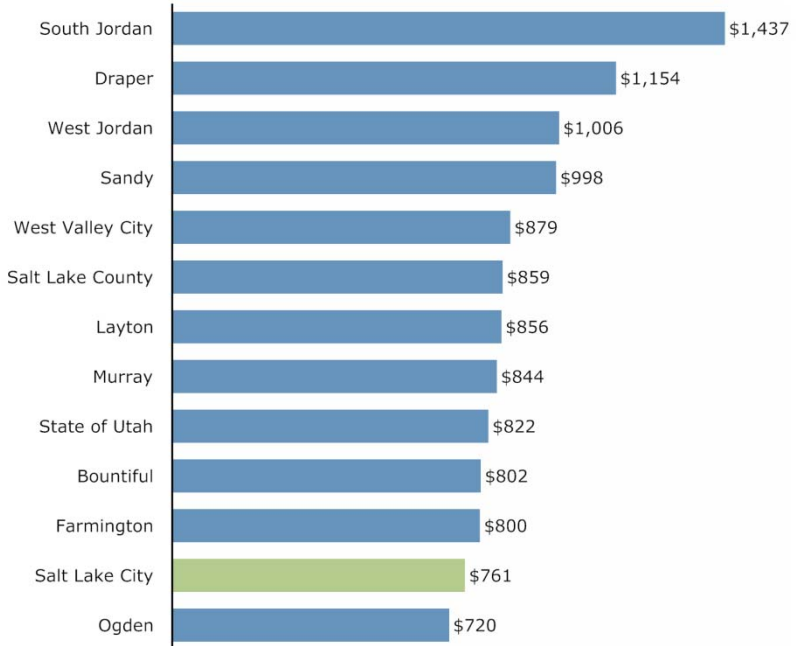
**Figure III-23.  
Median Rent, Salt Lake  
City and Surrounding  
Communities, 2011**

Note:

Data presented for Salt Lake City, Salt Lake County and Utah reflect 2011 1-year estimates; Farmington reflects 2011 5-year estimate and all other municipalities reflect 2011 3-year estimates.

Source:

2011 American Community Survey 1-year, 3-year and 5-year estimates and BBC Research & Consulting.



**Cost burden.** An important measurement of a city’s housing environment is the percentage of a household’s total monthly income that must be spent on housing costs. It is common practice to label any household spending 30 percent or more of their monthly income on housing expenses as “cost-burdened.”

In 2011, over half (54%) of renters spent at least 30 percent of their monthly income on housing costs. Among homeowners, 36 percent of owners with a mortgage and 10 percent of owners without a mortgage were cost burdened. Figure III-24 displays housing costs as a percentage of monthly income for Salt Lake City Households.

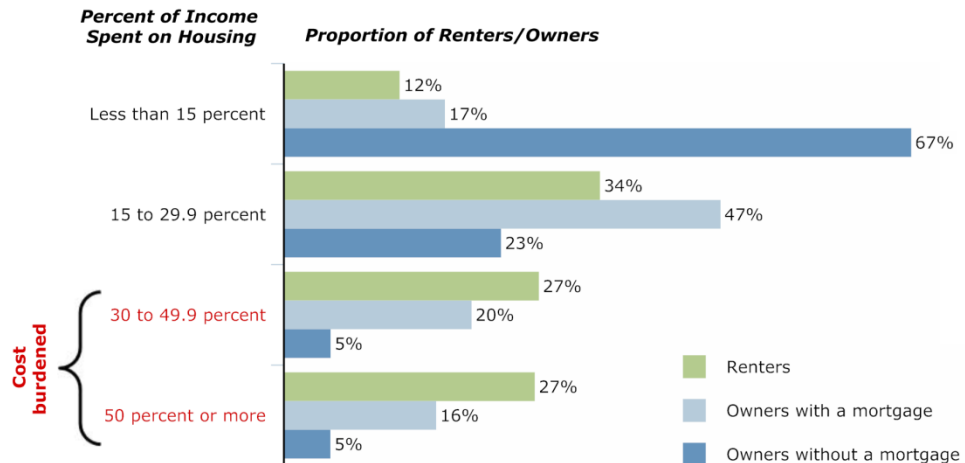
**Figure III-24.  
Cost Burden  
by Tenure,  
Salt Lake  
City, 2011**

Note:

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

Source:

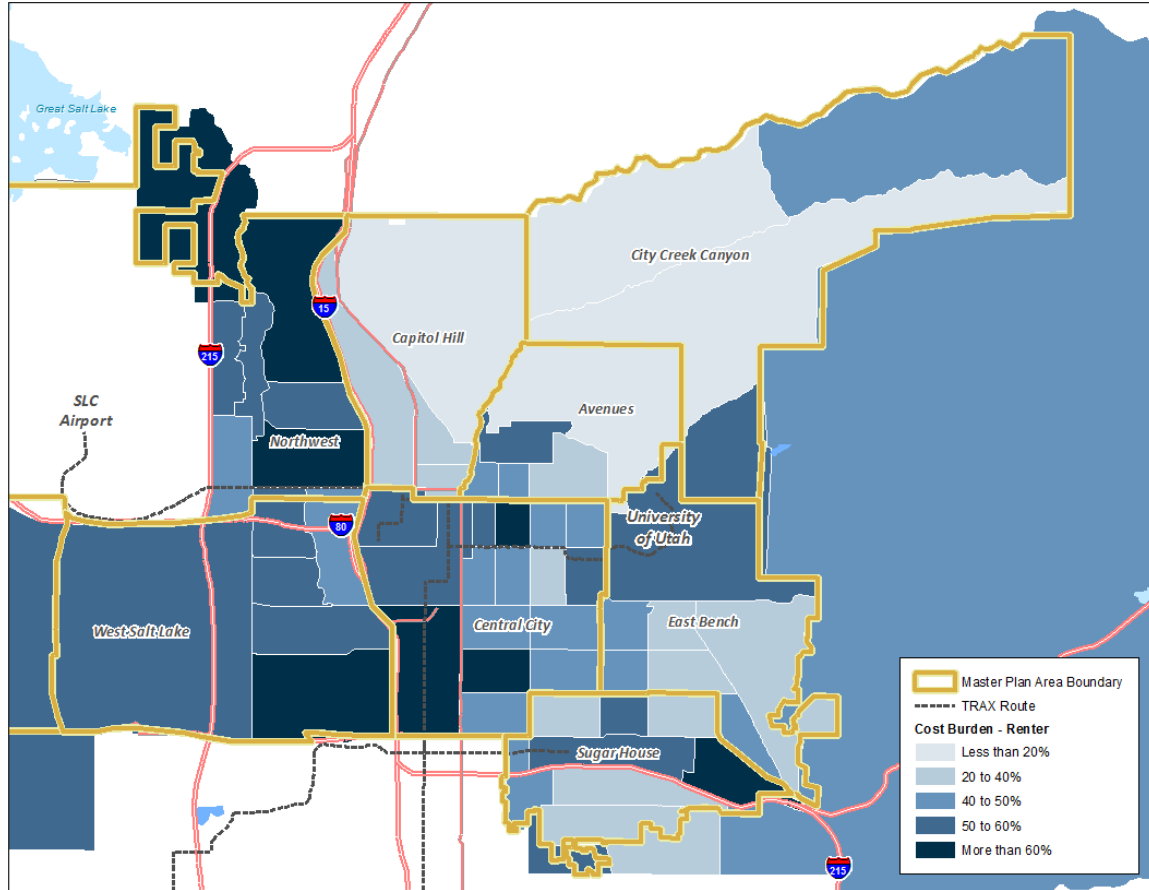
2011 American Community Survey and BBC Research & Consulting.



Figures III-25 and III-26 map the distribution of cost burdened renters and owners in Salt Lake. The West Salt Lake planning area contains a high proportion of cost burdened renters and cost

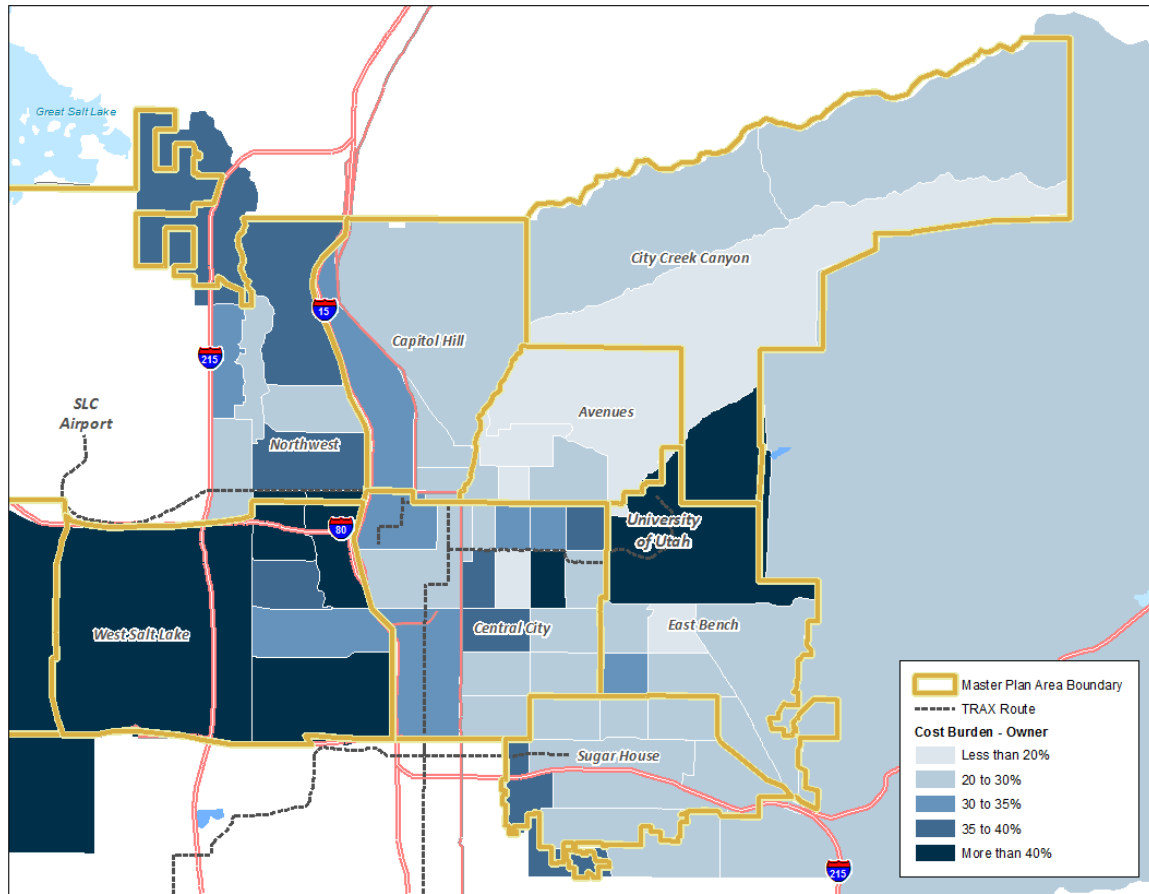
burdened owners. The Northwest planning area also contains a high proportion of renters that are cost burdened.

**Figure III-25.**  
**Percent of Renters in Census Tract that are Cost Burdened, Salt Lake City, 2011**



Source: 2011 American Community Survey 5-year estimate and BBC Research & Consulting.

**Figure III-26.**  
**Percent of Owners in Census Tract that are Cost Burdened, Salt Lake City, 2011**



Note: Includes owners with a mortgage and owners without a mortgage.

Source: 2011 American Community Survey 5-year estimate and BBC Research & Consulting.

## **SECTION IV.**

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### **Market Mismatches and Gaps**

## SECTION IV.

# Market Mismatches and Gaps

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

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

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

### Rental Gaps

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

**Mismatch in rental market.** Figure IV-1 compares the number of renter households in Salt Lake City in 2011, their income levels, the maximum monthly rent they could afford without being cost-burdened, and the number of units in the market that were affordable to them. The “Rental Gap” column shows the difference between the number of renter households and the number of rental units affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units.

**Figure IV-1.  
Mismatch in Rental Market, Salt Lake City, 2011**

Income Range	Maximum Affordable Rent, Including Utilities	Renters		Rental Units		Rental Gap
		Number	Percent	Number	Percent	
Less than \$5,000	\$125	2,966	8 %	397	1 %	(2,568)
\$5,000 to \$9,999	\$250	4,608	12	1,168	3	(3,441)
\$10,000 to \$14,999	\$375	2,773	7	1,667	4	(1,106)
\$15,000 to \$19,999	\$500	3,119	8	1,994	5	(1,126)
\$20,000 to \$24,999	\$625	3,569	9	6,847	17	3,279
\$25,000 to \$34,999	\$875	5,866	15	14,125	35	8,259
\$35,000 to \$49,999	\$1,250	6,225	16	8,284	21	2,059
\$50,000 to \$74,999	\$1,875	4,920	13	4,467	11	(453)
\$75,000 or more	\$1875+	4,267	11	999	3	(3,268)
<b>Total/Low Income Gap</b>		<b>38,312</b>	<b>100 %</b>	<b>39,947</b>	<b>100 %</b>	<b>(8,240)</b>

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

The gaps analysis in Figure IV-1 shows that:

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

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

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

In sum, the private rental market in Salt Lake City largely serves renters earning between \$20,000 and \$50,000 per year—73 percent of rental units are priced within that group’s affordability range.

The market fails to adequately serve the 35 percent of renters earning less than \$20,000 per year—only 13 percent of units are priced within that group’s affordability range, even when accounting for the impact of housing choice vouchers. There are 13,466 renters earning less than \$20,000 and 5,226 units affordable to them, leaving a gap of 8,240.

## Gaps in the For Sale Market

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

**Market options for renters wanting to buy.** A similar gaps analysis was conducted to evaluate the market options affordable to renters who may wish to purchase a home in Salt Lake City. Again, the model compared renters, renter income levels, the maximum monthly housing payment they could afford, and the proportion of units in the market that were affordable to them. The maximum affordable home prices shown in Figure IV-2 assume a 30-year mortgage with a 10 percent down payment and an interest rate of 4.25 percent. The estimates also incorporate property taxes, insurance and utilities (assumed to collectively account for 30% of the monthly payment).

The “Renter Purchase Gap” column in Figure IV-2 shows the difference between the proportion of renter households and the proportion of homes sold in 2012 that were affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units.

**Figure IV-2.**  
**Market Options for Renters Wanting to Buy, Salt Lake City, 2011**

Income Range	Renters who want to buy: Maximum Affordable Home Price	Percent of all Renters	Total Homes for Sale/Sold, 2012		Cumulative Percent of Sold Homes, 2012	Renter Purchase Gap
			Number	Percent		
Less than \$5,000	\$19,565	8 %	6	0.1 %	0 %	-8 %
\$5,000 to \$9,999	\$39,131	12	18	0.4	1	-12
\$10,000 to \$14,999	\$58,692	7	81	2	3	-5
\$15,000 to \$19,999	\$78,258	8	152	4	6	-5
\$20,000 to \$24,999	\$97,823	9	252	6	12	-3
\$25,000 to \$34,999	\$136,954	15	697	17	29	1
\$35,000 to \$49,999	\$195,650	16	1,061	25	54	9
\$50,000 to \$74,999	\$293,477	13	1,041	25	79	12
\$75,000 or more	\$293477+	11	882	21	100	10

Note: Maximum affordable home price is based on a 30 year mortgage with a 10 percent down payment and an interest rate of 4.25%. Property taxes, insurance and utilities are assumed to collectively account for 30% of the monthly payment.

Source: 2011 American Community Survey, Multiple List Service and BBC Research & Consulting.



The for sale gaps analysis shows the Salt Lake market to be relatively affordable for renters earning more than \$35,000 per year. At this income level, about 29 percent of units are affordable. Twenty percent of all renters can afford the median home value (\$225,600) and 29 percent of all renters can afford the median sold price in 2012 (\$177,204).

BBC recently conducted similar homebuyer gaps analyses for Denver. In 2010, 13 percent of Denver’s homes sold for less than \$100,000—about the same as in Salt Lake. In Denver, 40 percent of homes were priced at less than \$200,000, compared to 54 percent in Salt Lake.

Figure IV-3 shows the typical characteristics of a home affordable to renter households earning \$50,000 and \$75,000 in Salt Lake City. Although older, these homes are adequately sized for a starter home and are mostly comprised of single family detached housing.

**Figure IV-3.  
Characteristics of Homes  
Affordable to Renters, Salt  
Lake City and Balance of  
County, 2011**

Note:

Maximum affordable home price is based on a 30 year mortgage with a 10 percent down payment and an interest rate of 4.25%. Property taxes, insurance and utilities are assumed to collectively account for 30% of the monthly payment.

Source:

Multiple List Service and BBC Research & Consulting.

	Renters earning \$50,000 or less	Renters earning \$75,000 or less
<b>Property Characteristics</b>		
Average number of bedrooms	3.1	3.2
Average number of bathrooms	1.8	1.9
Average square footage	1,597	1,694
Average year built	1,960	1,958
<b>Property Type</b>		
Single family detached	76%	79%
Condo	19%	17%
Townhome	4%	3%

Figure IV-4 displays the characteristics of homes affordable to the average Salt Lake City *worker* (earning \$44,973), both in the city and in the balance of the county. Affordable homes in the balance of the county are slightly newer and slightly larger than affordable homes in the city but overall, workers have comparable choices in the city and balance of the county.

**Figure IV-4.  
Characteristics of Homes  
Affordable to the Average  
Worker, Salt Lake City and  
Balance of County, 2011**

Source:

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

	Salt Lake City	Balance of County
<b>Property Characteristics</b>		
Average number of bedrooms	3.0	3.3
Average number of bathrooms	1.8	2.1
Average square footage	1,483	1,685
Average year built	1,962	1,979
<b>Property type</b>		
Single Family Detached	74%	69%
Condo	21%	14%
Townhome	4%	15%

**Current homeowner equity and options.** Between 2000 and 2011, owners lost purchasing power in the city’s housing market as housing prices increased faster (36%) than owner incomes

(26%). However, the market is still relatively affordable to current homeowners. Even if we assume owners would not use their current equity for the purchase of a new home, the distribution of market offerings is similar to the income distribution of current owners. In other words, there appears to be no substantial mismatches between owner affordability and the for sale market.

### **What Can Workers Afford?**

As discussed in the Community Profile (Section II), Salt Lake City has a substantial number of in-commuters: 175,190 people work but do not live in the city. Although housing preferences among in-commuters may differ, it is important to evaluate the city's affordable options in order to understand the tradeoffs related to housing and commute. Figure IV-5 displays affordable rental and ownership options for workers earning the average county wage by industry.

Among the five largest industries in Salt Lake City, which account for about half of all workers, all industries have average wages high enough to afford the city's median rent and three of the five industries (27% of all workers) have average wages high enough to afford the 2012 median sold price of \$177,204.

Overall, the average Salt Lake City worker—earning \$44,973 per year—could afford 80 percent of the city's rental units and 47 percent of the homes sold in 2012. The same worker could afford only one-third of the homes in the balance of the county.

**Figure IV-5.  
Affordability for Workers by Industry, Salt Lake City, 2011**

Industry	Average Annual Wage	Percent of All Workers	Affordable Rent	Can afford median rent?	Affordable Home Value	Can afford median home price?	Percent of available homes that are affordable	
							Salt Lake City	Bal. of county
Health and Social Services	\$40,951	13 %	\$1,024	yes	\$160,245	no	41 %	33 %
Manufacturing	54,062	10	1,352	yes	211,549	yes	59	55
Educational Services	35,733	9	893	yes	139,826	no	30	23
Public Administration	46,031	9	1,151	yes	180,122	yes	49	42
Professional Services	67,610	7	1,690	yes	264,563	yes	73	72
Hospitality	16,006	7	400	no	62,633	no	3	2
Retail Trade	30,240	6	756	no	118,332	no	20	14
Transportation and Warehousing	43,447	6	1,086	yes	170,012	no	45	38
Finance and Insurance	61,822	6	1,546	yes	241,914	yes	68	66
Admin and Waste Services	29,411	5	735	no	115,088	no	19	13
Wholesale Trade	59,591	5	1,490	yes	233,184	yes	65	63
Management of Companies	80,019	3	2,000	yes	313,121	yes	82	82
Information	53,805	3	1,345	yes	210,543	yes	59	55
Construction	48,588	3	1,215	yes	190,129	yes	52	46
Other Services	30,229	2	756	no	118,288	no	20	14
Real Estate	43,033	1	1,076	yes	168,392	no	44	36
Arts and Recreation	29,564	1	739	no	115,686	no	19	13
Utilities	87,307	1	2,183	yes	341,639	yes	86	86
Mining	86,578	0.4	2,164	yes	338,787	yes	85	85
Natural Resources	26,331	0.02	658	no	103,035	no	14	9

Source: US Census Bureau's Longitudinal Employer-Household Dynamics, Bureau of Labor Statistics Quarterly Census of Employment and Wages (BLS QCEW), Multiple List Service (MLS), 2011 American Community Survey and BBC Research & Consulting.

## **SECTION V.**

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### **Summary of Key Issues and Recommendations**

## **SECTION V.**

# **Summary of Key Issues and Recommendations**

This section provides a summary of key issues along with recommendations to address and prioritize needs. It begins with a discussion of the study's primary findings.

### **Salt Lake City's Housing Market**

Salt Lake City experienced relatively modest population growth during the past decade. The city's population increased by just 3 percent, or about 4,000 people. The Census reported the city's population in 2010 at 186,000.

Home values increased substantially, rising from a median of \$153,300 in 2000 to \$225,600 in 2011—an increase of 47 percent. Rents increased from \$564 per month in 2000 to \$761 in 2010—an increase of 35 percent.

Household incomes also rose, but at lower rate, meaning that purchasing power was lost during the decade. Homeowners' incomes rose by 26 percent and renters' income rose by just 17 percent. In other words, between 2000 and 2010, overall income growth failed to keep up with growth in housing costs.

Despite the rise in housing prices, Salt Lake City's home values are about average compared to surrounding communities'. Draper and South Jordan have the highest home values of comparative communities (median values of \$371,800 and \$329,000, respectively). Ogden and West Valley City are the most affordable (median values of \$126,600 and \$169,200, respectively). Salt Lake City's median of \$225,600 ranks in the middle.

Salt Lake City, along with Ogden, also offers comparatively affordable rents. As mentioned above, Salt Lake City's median rent was \$761 in 2011. The median rent for Ogden was \$720. These are significantly lower than the median rents for South Jordan (\$1,437/month) and Draper (\$1,154/month).

Yet many households in Salt Lake City still struggle to make their monthly rental payment and to find affordable rental housing. Specifically, the gaps analysis conducted for this study found a shortage of 8,200 affordable rental units for households earning less than \$20,000 per year. More than one-third—35 percent—of the city's renter households earn less than \$20,000 per year. Just 13 percent of rentals in the city are in their affordability range.

Those who can't find affordable rentals are "cost burdened," meaning they pay more than 30 percent of their monthly income in rent and utilities. Twenty-seven percent of the city's renters

are “severely” cost burdened, paying more than 50 percent of their monthly income in rent and utilities. These renters are generally at the highest risk of homelessness.<sup>1</sup>

Gaps in the for sale market are more modest than in the rental market. In 2011, the for sale market was relatively affordable to renters earning \$35,000 per year. At this income level, about 29 percent of units listed or sold in Salt Lake were affordable. Yet these units are older in age, may need repairs and are smaller than what might be found in immediate suburbs at a similar price-point.

### **How will future demographic trends impact needs?**

Growth in the city during the next 10 years is expected to be more aggressive than in the past. Salt Lake City is projected to reach a population of 211,000 by 2020 (13% growth for the decade). Some of that growth may be expected to occur in the Northwest Quadrant of the city (west of the airport) which is in the process of creating a master plan to guide new development. Additional housing units could be generated through increased density and infill of vacant and underutilized properties.

The city’s current homeownership rate—47 percent—is unlikely to change significantly even with this accelerated growth.<sup>2</sup> The presence of the University of Utah and urban lifestyle offered by the city—which appeals to younger residents who are more likely to rent—contribute to the comparatively high renter population of the city.

As is typical in large metropolitan areas, households in the suburbs are more likely to be families than households in the city (75% compared to 52%). This is likely to continue. However, that gap does not appear to be widening over time. In other words, the city does not seem to be losing—nor appears likely to lose—a disproportionate proportion of families to the suburbs. Some of this is due to the difference in family socioeconomic status between the city and suburbs: Salt Lake City’s families are more likely to be lower income and need affordable housing and therefore have limited housing choices in pricier surrounding communities.

Households who are racial and ethnic minorities in Salt Lake have much lower homeownership rates than non-minority households: 37 percent of Hispanic householders own their homes, compared to 53 percent of non-Hispanic white householders. Ownership rates are even lower for racial minorities (20% for African Americans, 20% for Native Americans and 36% for Asians).

In 2011, 9 percent of Salt Lake City residents were seniors. Although the population of Salt Lake City is aging, forecasts suggest that the city is less likely to experience a significant “graying” of the population than other peer cities and the nation as a whole.

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<sup>1</sup> Some renters who appear as having housing needs are college students, whose earnings are likely to increase after school is completed. It is difficult to determine how many students have housing needs from Census and housing market data alone; this typically requires a student housing demand analysis.

<sup>2</sup> If every new housing unit developed between 2010 and 2020 is owned, the homeownership rate would reach a maximum 53 percent.

The highest proportions of seniors are found in the East Bench and northeast Avenues/Canyons neighborhoods. Demand for senior housing in the city will depend on the extent that these seniors choose to and can live independently in their homes as they age. An adequate home health care system will also be important.

Salt Lake City has a very high proportion of in-commuters compared to peer cities: only 18 percent of Salt Lake City jobs are held by city residents, compared to 44 percent in Boise and 29 percent in Denver. The city's in-commuting population will continue to grow if job growth exceeds household growth. Although traffic congestion is modest compared to larger urban areas, it will worsen if residential growth continues to be primarily concentrated outside of the city core.

Taking into consideration Salt Lake City's current housing market and demographics along with future demographic trends, the city's greatest housing needs are:

- 1) A shortage of 8,200 rental units to meet the affordability needs of renters earning \$20,000 and less per year. It should be noted that some of these renters are students who will have future earnings increases—but many of these renters are low income families, persons with disabilities, and persons who are under- and unemployed.
- 2) Additional residential housing product to entice in-commuters to relocate to the city, encourage current residents to remain in the city and provide more homeownership opportunities for minority renters.

## **Recommendations: Policies and Programs to Address Needs**

Salt Lake City is fortunate to be a relatively low density urban center with many opportunities to repurpose and reuse existing land. Focusing on how to better utilize this space should be central component to addressing the city's most pressing current and future housing needs. To that end, we recommend that the city:

**Inventory vacant and underutilized parcels for residential redevelopment potential.** The city could take the lead on assembling a list of available publicly-owned parcels of real estate, including those owned by the city and considered for redevelopment, along with their current use status. The city and potential stakeholders (developers, affordable housing nonprofits, housing authority, school district) could assess the potential of these parcels for mixed income housing locations.

The city could develop a vision for the parcel redevelopments—e.g., suburban style detached and attached housing for families, higher density housing for singles, housing for persons with disabilities and/or seniors—and examine how zoning may need modification to accomplish the redevelopment. Once a development vision is in place, the city would issue a request for proposals for acquisition and redevelopment of the land.

**Explore a land bank.** Land banking is a program whereby land is acquired by a division of government or nonprofit with the purpose of developing affordable/workforce housing or engaging in revitalization activities. After a holding period, the land is sold to a nonprofit or

private developer, often at a price lower than market, who agrees to the land use conditions (e.g., creation of affordable/workforce housing).

Land bank programs can serve dual purposes. While some programs are created solely for the acquisition of land for future affordable housing development, others have broader long-term community planning goals. In distressed communities, land banking programs allow cities to acquire vacant and underperforming parcels, be a catalyst for redevelopment, and to benefit from increased tax revenues from the properties. In communities with rapidly rising land costs, land banking programs promise a long-term savings to taxpayers: for example, when public buildings need to be constructed, they can be built at less than the current market cost due to the earlier acquisition of the property by the land bank.

Salt Lake City could establish a land bank to which private property may be donated (with potential tax benefits) and public property may be held for future affordable and mixed-income housing development. The city could also explore partnerships with the school district, utility companies, and other public landowners to donate the land for affordable housing in exchange for a certain proportion of the units that have first right of refusal to public sector employees (e.g., teachers). The city can also “bank” its own land identified for future residential redevelopment.

Denver’s Urban Land Conservatory—a version of a land bank—acquires land and property for future redevelopment into affordable housing, schools, and community centers. The organization also administers the country’s first transit-oriented fund, which acquires land around future transit sites to preserve them for affordable and mixed income housing. The organization was capitalized through private and public contributions. For more information, see <http://www.urbanlandc.org/>

**Review building and land use restrictions that could make it time consuming and costly to expand or remodel homes.** Many of the city’s aging homes are situated on larger lots in the city core or near desirable areas like the East Bench. Those without historical value may offer a competitive product to suburban single family detached homes if these homes are redeveloped or expanded. The city may want to consider relaxing restrictions or providing incentives for redevelopment (fee waivers, fast track approval, redevelopment grants) in certain development zones and neighborhoods. Providing neighborhoods with potential housing prototypes can also encourage and guide proper redevelopment (see below). Prototypes can also reduce Not-in-My-Backyard Syndrome (NIMBYism) by showing resistant neighbors how attractive, well-designed housing can benefit an existing neighborhood.

**Explore housing prototypes.** The city may want to partner with the University of Utah architecture program to develop infill and redevelopment prototypes that would be attractive to families, renters who want to buy and/or seniors seeking alternative housing products. These prototypes should be shared with neighborhood organizations and available online.

An example can be found in the Alley Flats program in Austin, Texas, an initiative to create new, sustainable, and green affordable housing in small, detached residential units, accessed through underutilized alleyways. See <http://www.thealleyflatinitiative.org/>



**Survey in-commuters and current residents.** To better understand the housing preferences of renters who desire to own, homeowners who want to downsize and in-commuters who may consider relocating to the city, Salt Lake City may want to conduct a survey or focus groups of these targeted populations. Including reactions to housing prototypes is recommended. Given the low homeownership rates for minorities in the city, any market research should include outreach to minority residents about their desire to and challenges in purchasing a home.

**Prioritize the creation of affordable rentals.** Subsidized rental units, affordable to households earning \$20,000 and less, should be incorporated into all mixed-used developments. These units should also receive priority in funding allocations. Although the city's rental gap is not significantly large, the households represented by the gap have extremely limited housing choices and are at the greatest risk of homelessness.