

HOUSING & NEIGHBORHOOD DEVELOPMENT

A DIVISION OF COMMUNITY & NEIGHBORHOODS

GROWING SLC: A 5 YEAR PLAN - SALES TAX PROPOSAL



WHY HOUSING?

- **1 in 2 SLC residents are cost burdened and 1 in 4 is paying more than 50% of their income in housing**
- **Housing is where public safety, air quality, transit, education, and health intersect**
- **Many households on the verge of instability: one unforeseen medical bill or rent increase can result in no longer being housed, triggering huge societal costs**

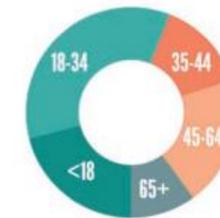
50% AMI	MONTHLY	ANNUAL
Household of 3	\$ 3,000	\$ 36,000
Market Rent (2bdrm)	\$ 1,500	\$ 18,000
Food Budget	\$ 650	\$ 7,800
Car Costs	\$ 833	\$ 9,996
TOTAL	\$ 17	\$ 204

50% AMI	MONTHLY	ANNUAL
Household of 3	\$ 3,000	\$ 36,000
Affordable Rent (2bdrm)	\$ 900	\$ 10,800
Food Budget	\$ 650	\$ 7,800
Car Costs	\$ 833	\$ 9,996
TOTAL	\$ 617	\$ 7,404

STABLE HOUSING PRODUCES NEARLY \$7,500 IN INCOME THAT IS INVESTED IN BOTH THE FAMILIES HEALTH AND THE ECONOMY

SNAPSHOT SALT LAKE: SUMMARY

Salt Lake City Residents by Age, 2014



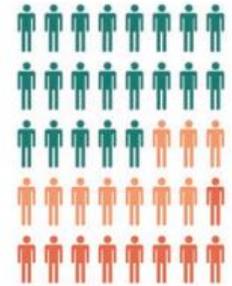
Source: BBC Housing Market Study, 2016

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

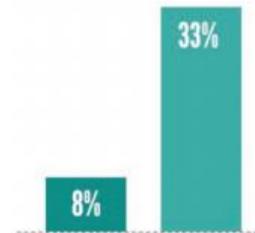


Not cost-burdened

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

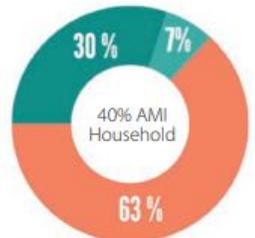
Source: BBC Housing Market Study, 2016

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)

A GAP OF 7,500

The gap is not a need for all new units – rather a creation of affordability (can be existing units)

Downward pressure + competition from high income earners makes finding housing more challenging for lower income households

Regardless of housing demand the market will not provide housing for 40% AMI

Need for outcome based approach with layering of quality support services

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

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



SOLVING THE CRISIS

MULTI-FACETED APPROACH – NOT A ONE-SIZE-FITS-ALL

1. Increase all housing
2. Create affordability
3. Equitable & Fair Distribution

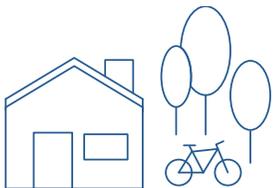
Must create housing across the income spectrum
(focus on 0%AMI – 80%AMI)

A long term sustainable funding source is the key to creating a comprehensive solution

Other assets are leveraged through strategic and proactive planning of dollars

Land is a part of this but insufficient on its own

Diversity of tools + strategies



REALIZING OUR LAND POTENTIAL

- ~10 small lot parcels available for single family (zoning/utility needs still being evaluated)
- ~8 parcels identified for development (some historic or currently being utilized)
- Most city-owned undeveloped residentially zoned land is for single family use which only serves a portion of the need for affordable housing (typically 60-80% AMI)
- The majority of parcels are on the west side
- Land that can be developed for affordable housing will require early investment and outreach to create value in the community

SALES TAX PROPOSAL

OVERVIEW

Why Sales Tax Funding for Housing:

1. **Current funding is insufficient**
2. **Sales tax revenue presents an ongoing, reliable funding source to support long-term investments**
3. **Flexibility of sales tax revenue presents opportunities to be more nimble, responsive and creative**

Investment along the pathway from housing crisis to stabilization and success:

1. **Capital to build and acquire/rehabilitate units**
2. **Rental subsidies to reduce rent burden and allow residents to be stably housed**
3. **Resident services programming to support residents in achieving opportunity**
4. **Capital to increase access to homeownership**

Mix of immediate results and longer-term impact

All trackable with progress reported annually – with new funding can design specific reporting requirements

Y1 PROPOSAL

HOUSING TRUST FUND INVESTMENT

- Development and rehabilitation
- Loan rehabilitation programs
- Loans for new development of mixed income housing

STABILIZING LOW INCOME RENTERS

- Building on best practices for those entering housing or at risk of losing housing
- Models include House 20, school district pilot, incentivized rent assistance & case management

INCREASING ACCESS TO HOMEOWNERSHIP

- Expands the Community Land Trust
- Works with providers to increase down payment assistance



\$5MM INVESTMENT PROPOSAL: FULL FISCAL YEAR

OBJECTIVE	IMPLEMENTATION STRATEGY	DESCRIPTION	DOLLAR ALLOCATION	UNITS PER YEAR	AMI TARGET*	POTENTIAL PROGRAM INCOME
Prioritize development of new housing - emphasis 40% AMI and below	Inclusionary Zoning	Possible incentives for developers - link to policy decisions	\$ -		60%	-
	Land discounts and financing	HTF Dollars (gap financing & pre-development dollars)	\$ 2,550,000	143	40% - 60%	X
Pursue Funding sources	Sustainable funding source	Sales tax commitment meets this objective providing seed money for this to be leveraged in a sustainable way				X
Stabilize very low-income renters	Incentivized rent assistance program	Build on existing best practices but with outcome based approach	\$ 796,875	129	>40%	
	Support and enhance service models for the most vulnerable	Expand successful pilot programs (House 20, Families that are homeless in the school system, ACT and case management for motels)	\$ 265,625	217	>40%	-
Secure and preserve long-term affordability.	Community Land Trust	Expand number of homes to be put into the pilot	\$ 250,000	3	60%-80%	X
	Hotel / multi-family acquisition	Could access HTF for this objective	\$ -		>60%	X
	Renovation programs	Could access HTF for this objective	\$ -		>60%	X
Work with landlords to improve housing stock and rent to households earning 40% AMI and below.	Incentives for landlords to rent to low-income households through insurance program	Increase rental pool for very low income renters	\$ 500,000		>40%	-
	Entice landlords to improve substandard rental properties	Would leverage insurance program	\$ -		>40%	-
Increase home ownership	Increase funding and marketing for homeownership programs	Increase down payment assistance support & possible collaboration with CLT	\$ 175,000	13	60%-80%	-
Remove Impediments in City process to encourage housing development	Create an expedited processing system to increase City access for those developers constructing new affordable units	Offset to general fund impact and building services	\$ 400,000	TBD	>60%	
Administration	Contemplate re-allocation of federal funds	Accounting and grant administration	\$ 175,000			
TOTAL			\$ 5,112,500	505		

*Any rental build or rehabilitation will most likely be mixed income - so in addition to affordable we will be getting additional market units

TRACKING & RECORDED

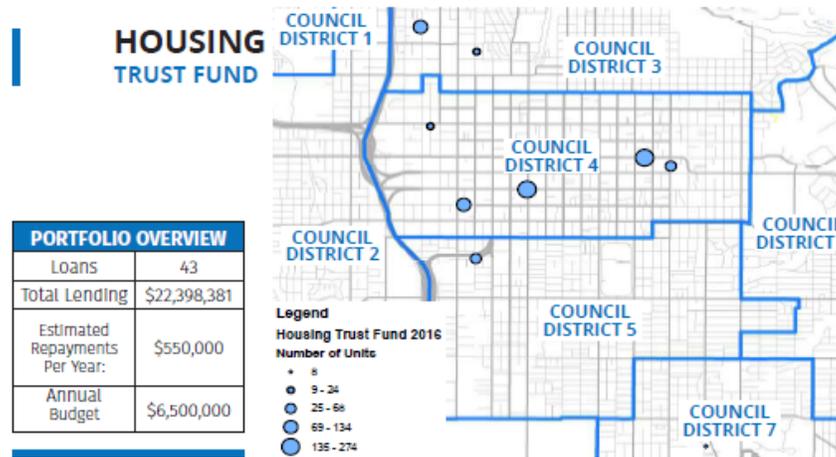
HAND HAS ROBUST TRACKING AND REPORTING ON HOUSING FUNDS

- Federal Funds: quarterly reporting from grantees on households served and funds expended
- Housing Trust Fund: annual reporting includes affordability compliance and property financial audit

Example of Annual Reporting from FY 16

FEDERAL FUNDING

PROJECT		FUNDING AWARD	HOUSEHOLDS ASSISTED
CDBG			
ASSIST	Emergency Home Repair, Accessibility	\$ 350,000	128
CDCU	Affordable Housing and Revitalization	\$ 70,000	44
NWSL	Revolving Loan Fund	\$ 100,000	3
HAND Housing	Rehabilitation and LMI Homebuyer	\$ 600,000	93
HOME			
Salt Lake CAP	Tenant Based Rental Assistance	\$ 70,000	72
CDCU	Down Payment Assistance	\$ 75,000	15
Neighborworks	Revitalize and Rebuild Blight	\$ 22,000	0
The Road Home	Tenant Based Rental Assistance	\$ 150,445	98
SLC HAND Housing	Rehabilitation and LMI Homebuyer	\$ 422,108	5
ESG			
The Road Home	Rapid Rehousing	\$ 87,960	168
HOPWA			
SL County Housing Authority	Project and Tenant Based Rental Assistance	\$ 225,577	38



Property Name	Type	Affordable Units	Affordable Defined	HTF LOAN
The Road Home (House 20 Program)	Supportive	20	>30%	\$128,000
Tenfifteen Partners	Multifamily	11	31-60%	\$380,000
Low Wage Workers Subsidy	Supportive	8	31-60%	\$200,000
Granary Place LLC.	Multifamily	134	31-60%	\$1,000,000
Liberty Blvd. Apartments	Multifamily	54	31-60%	\$1,200,000
Village Marmalade	Multifamily	24	31-60%	\$750,000
616 South Holdings	Multifamily	274	31-60%	\$1,000,000
900 East Lofts	Multifamily	54	31-60%	\$750,000
North 4 th	Multifamily	80	31-60%	\$1,525,000

