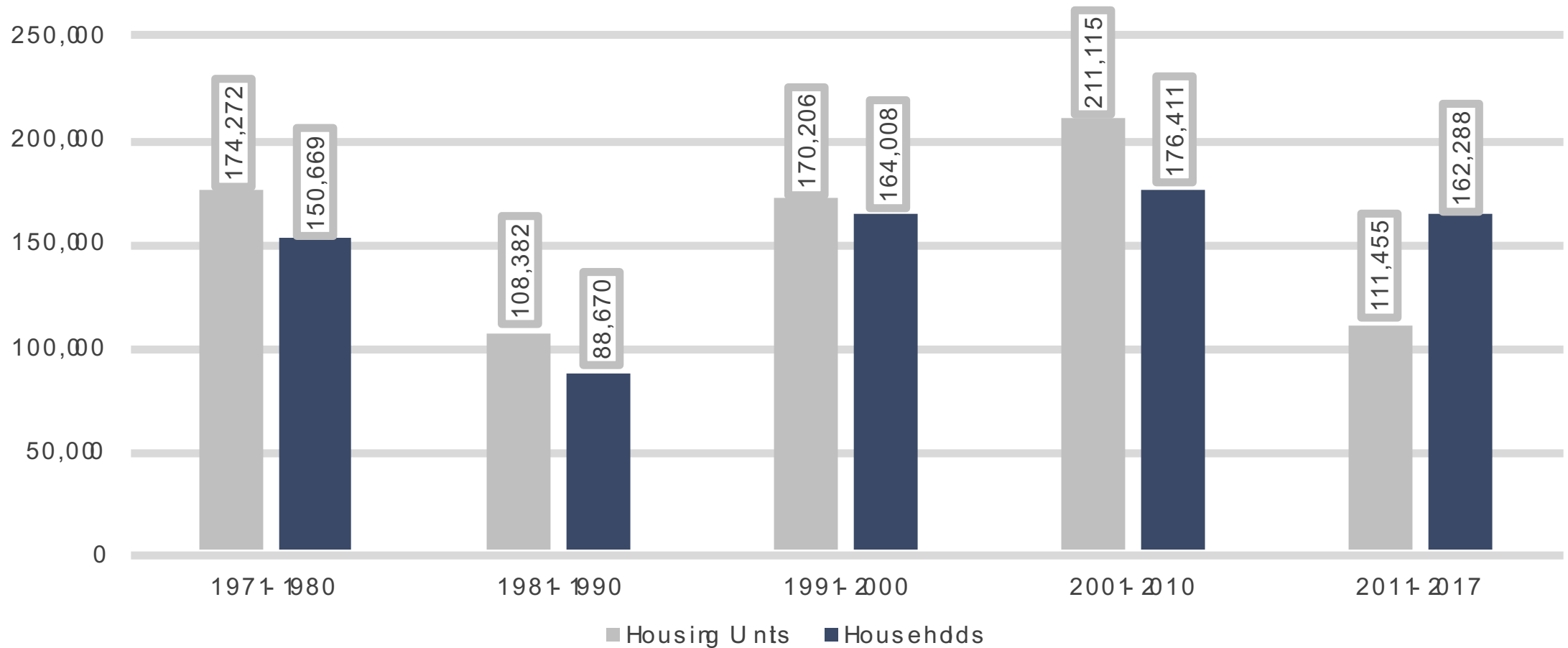




# SALT LAKE COUNTY

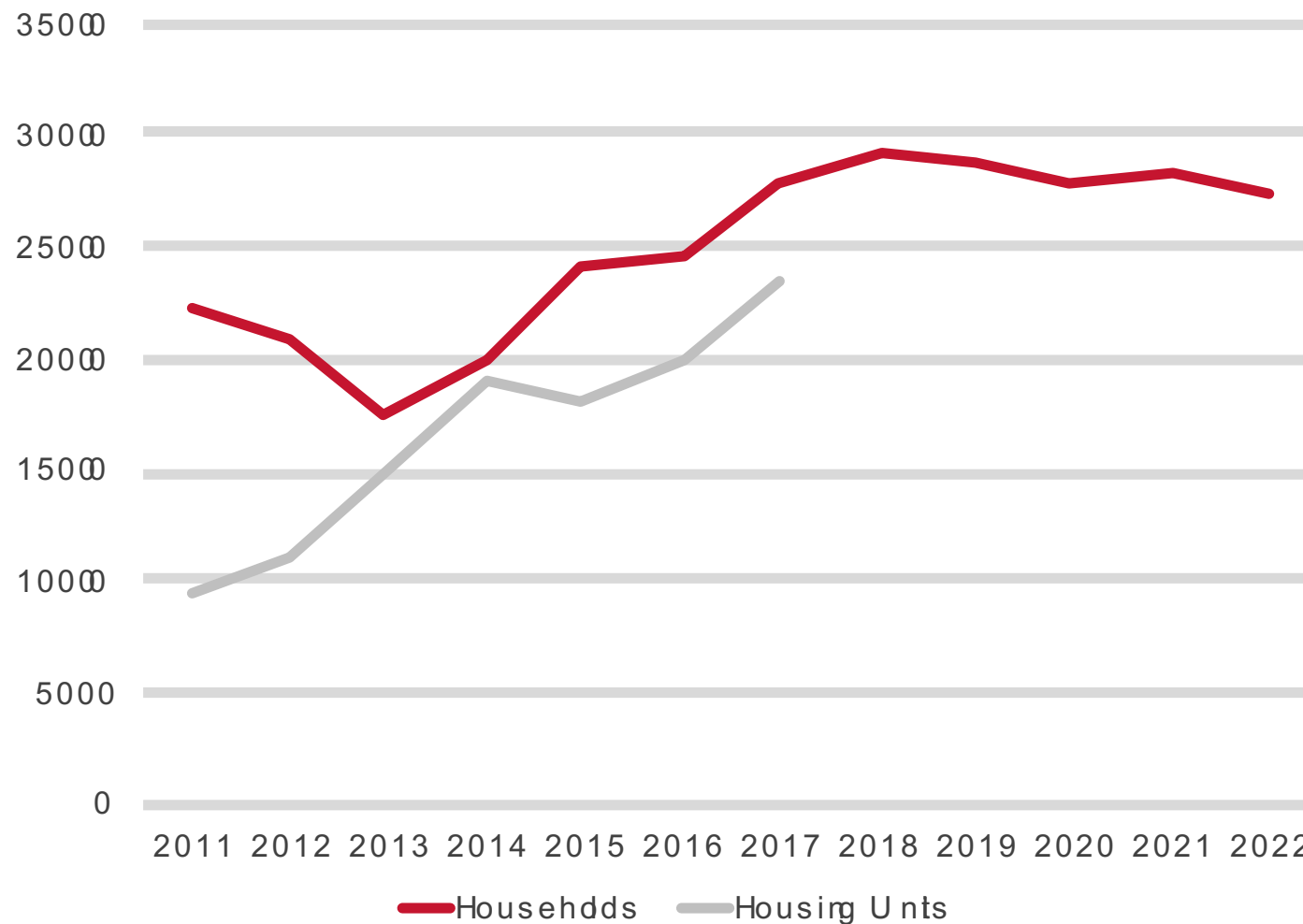
July 17, 2018

# UTAH HOUSING UNIT VS. UTAH HOUSEHOLD GROWTH



Source: U.S. Census Bureau and Ivory-Boyer Construction Database

# PROJECTED INCREASE IN HOUSEHOLDS IN UTAH 2017-2022



Source: Kem C. Gardner Policy Institute

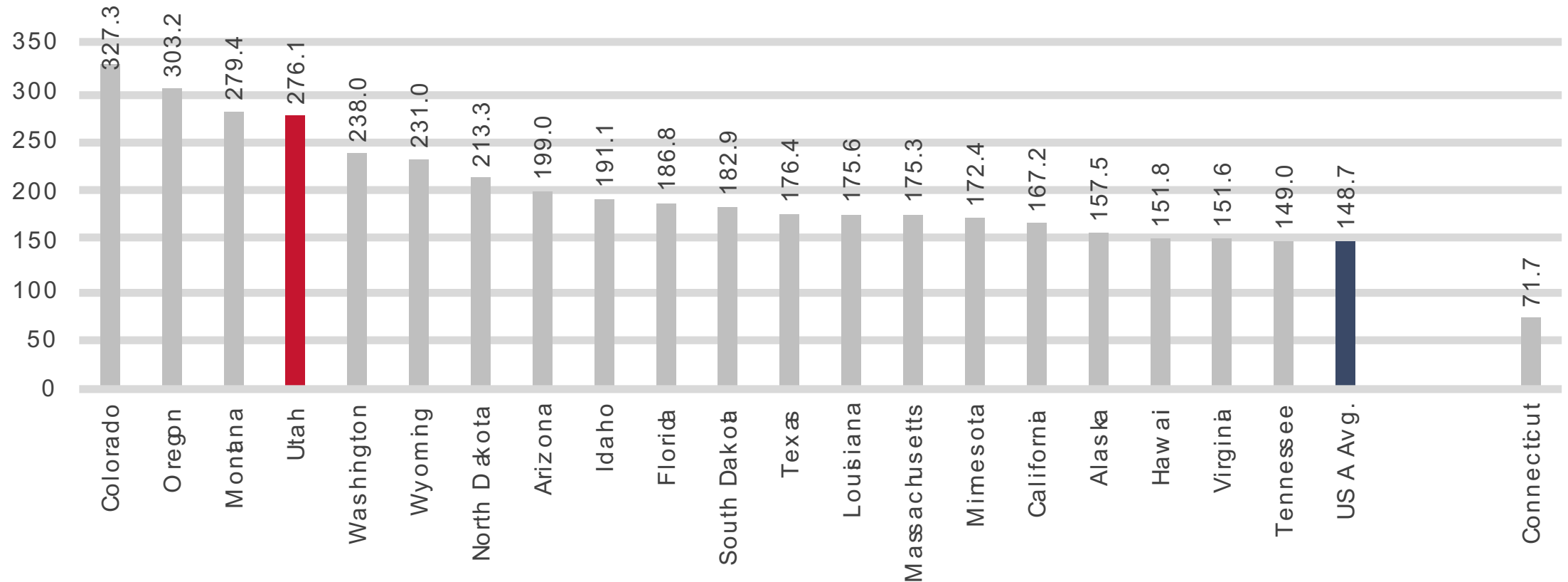
# LANDMARK STUDY



- Noticing the looming housing affordability crisis, the Salt Lake Chamber commissioned a report through the Kem C. Gardner Policy Institute.
- Natalie Gochnour describes it as a landmark study on housing affordability.
- To the best of our knowledge, this is the only study of its kind in the nation that proactively addresses the housing affordability issue before a crisis hits like we see today in San Francisco, San Jose and Seattle.

# HOUSING PRICE INDEX % CHANGE

1991 – 3Q 2017



Source: Federal Housing Finance Agency

- Based on this growth rate, the value of a \$125,000 home in Utah in 1991 has increased to \$347,000 by 2017, but at the national growth rate that same home has increased to only \$184,000 by 2017.

# SALES PRICE OF A SINGLE FAMILY HOME

*Median Sales Price: Percent Change 1991 – 2017*

Rank	Metro Area	1991 1 <sup>st</sup> Qtr.	2017 4 <sup>th</sup> Qtr.	Percent Change	AAGR
1	Boulder, Colorado	\$95,000	\$484,000	410%	5.6%
2	Greeley Colorado	\$66,000	\$324,000	391%	5.4%
3	San Francisco, California	\$265,000	\$1,257,000	374%	5.2%
4	Fort Collins, Colorado	\$78,000	\$361,000	363%	5.1%
5	Portland, Oregon	\$80,000	\$364,000	355%	5.0%
6	San Jose, California	\$220,000	\$945,000	330%	4.7%
7	Salt Lake City, Utah	\$76,000	\$307,000	304%	4.4%
8	Reno, Nevada	\$103,500	\$415,000	301%	4.3%
9	Colorado Springs, Colorado	\$70,000	\$275,000	293%	4.2%
10	Seattle, Washington	\$130,000	\$501,000	285%	4.1%
11	Eugene, Oregon	\$67,000	\$255,000	281%	4.0%
12	Provo-Orem, Utah	\$80,000	\$302,000	278%	4.0%

\*111 metropolitan areas.

*Source: National Home Builders Association*

# PRICED OUT



Utahns are Cost Burdened

- Part of our growth and prosperity in this state is due to the fact that so many Utahns want to stay here, close to their families and in the communities they love. The way things are going, that simply won't be possible for many. *They'll be priced out.*
- This affects every industry and every profession.
- A first year teacher in Nebo School District can afford 1% of the housing market. In ten years, the same teacher can afford 16% of the housing market.

- One in eight Utah homeowners below the median income are severely cost burdened, paying 50% or more of their income on housing.
- One in five Utah renters below the median income are severely cost burdened.
- In the next several years, the typical Utah family will spend nearly 50% of its income on housing if current trends persist.

# WHAT'S DRIVING UP HOUSING COSTS?

- Housing Shortage
- Construction & Labor Costs
- Local Zoning Ordinances & Nimbyism
- Land Costs & Topography of Wasatch Front Counties
- Demographic & Economic Growth



# HOUSING SHORTAGE

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# 4 HOUSEHOLDS : 3 HOUSING UNITS

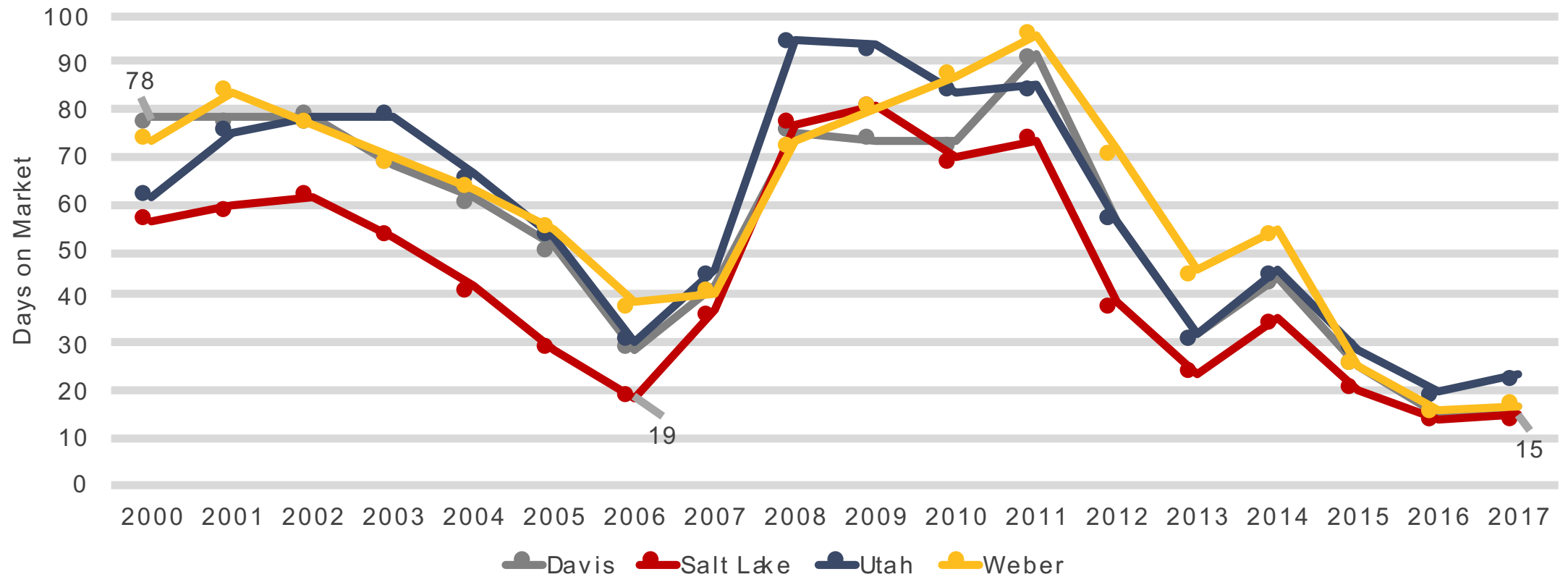
*Since 2010*



- Since 2010, Utah has added four new households for every three new housing units.
- All three housing markets are strained:
  - Existing homes
  - New construction
  - Rentals and apartments

# CUMULATIVE DAYS ON MARKET

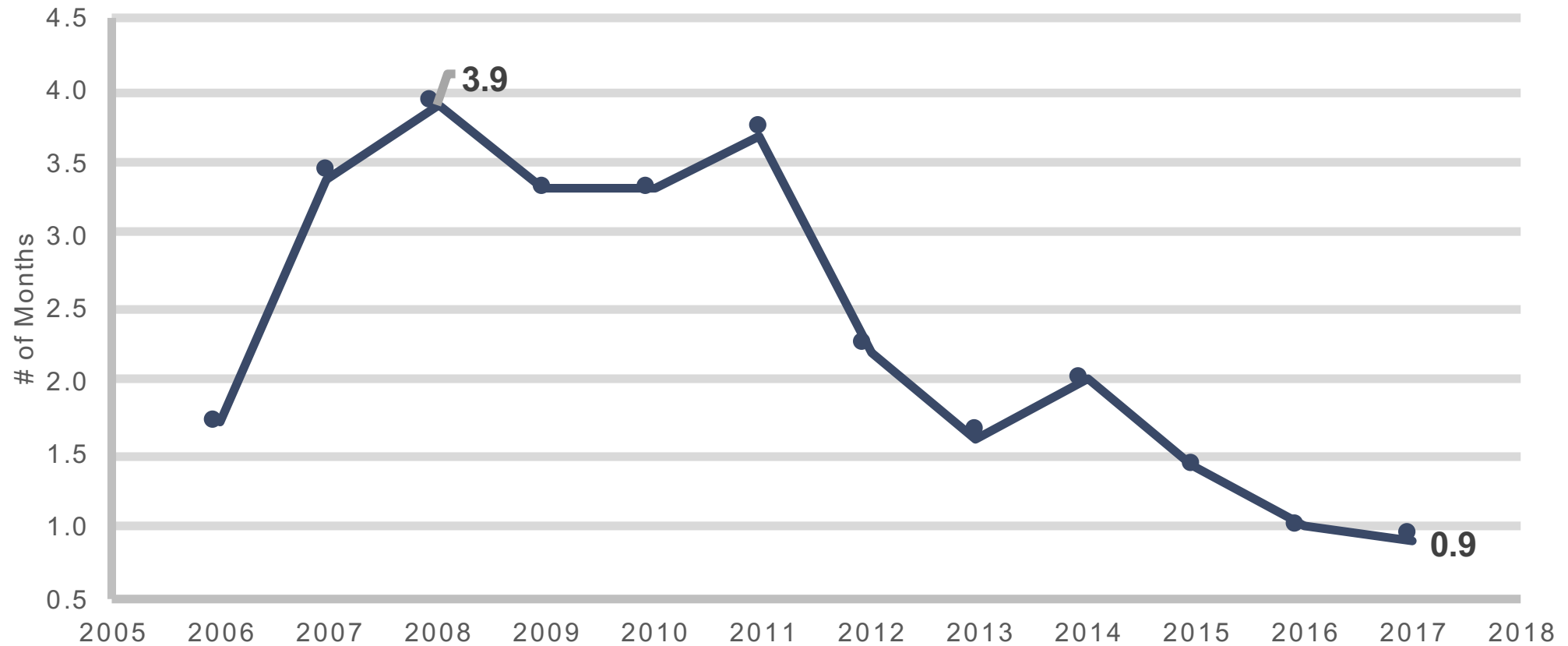
## Existing Single Family Homes



Source: [UtahRealEstate.com](http://UtahRealEstate.com)

# NUMBER OF MONTHS SUPPLY

*Finished Vacant Inventory of New Homes in Utah*



Source: Metrostudy Utah Database

# APARTMENTS

## *Vacancy Rate and New Apartment Units in Wasatch Front Counties*

Year	Davis County		Salt Lake County		Utah County		Weber County	
	Vacancy Rate	New Apartment Units	Vacancy Rate	New Apartment Units	Vacancy Rate	New Apartment Units	Vacancy Rate	New Apartment Units
2005	9.70%	107	6.10%	1,302	8.70%	474	9.20%	6
2006	7.40%	52	4.00%	338	7.10%	560	6.50%	106
2007	5.70%	275	3.20%	898	3.80%	320	6.30%	31
2008	4.60%	73	4.60%	1,521	3.60%	76	7.00%	193
2009	5.90%	108	7.20%	2,442	5.70%	87	9.00%	0
2010	8.00%	4	5.70%	541	7.00%	274	6.90%	36
2011	5.10%	538	5.20%	488	5.50%	579	6.70%	0
2012	5.80%	712	3.80%	538	5.00%	431	6.10%	55
2013	6.60%	251	3.90%	1,605	3.20%	415	7.00%	18
2014	4.60%	394	3.00%	3,326	4.40%	2,318	4.90%	311
2015	4.50%	198	2.70%	2,918	3.60%	1,315	4.00%	384
2016	4.50%	327	2.90%	4,461	3.40%	435	3.50%	235
2017	4.00%	477	2.60%	2,306	4.20%	1,654	2.40%	163

Source: Equimark and CBRE

# CONSTRUCTION & LABOR COST

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# CHANGE IN CONSTRUCTION JOBS AND WAGES, 2007-2016

State of Utah	2007	2016	% diff. 2007-2017
Construction Jobs	104,613	92,756	-11%
Construction as % of total state employment	8.40%	6.50%	
Construction of Buildings	22,153	19,133	-14%
Heavy and Civil Engineering Construction	12,398	10,194	-18%
Specialty Trade Contractors	70,062	63,430	-9%
Average Construction Monthly Wage	\$3,138	\$3,956	26%

Source: Utah Department of Workforce Services



- Construction and labor cost is driving up housing costs.
- Construction demand is increasing.
- Labor force is constrained.
- Labor demographics are changing.
  - Before 2010, one in five immigrants in Utah worked in the construction industry. Currently, only 2% of Utah's foreign-born population is in construction.

# HARD CONSTRUCTION COST DRIVERS

*Percent Change 2007-2017*

**DRYWALL**

**15%**

**CABINETRY**

**40%**

**ROOFING**

**70%**

**SIDING**

**148%**

**LUMBER**

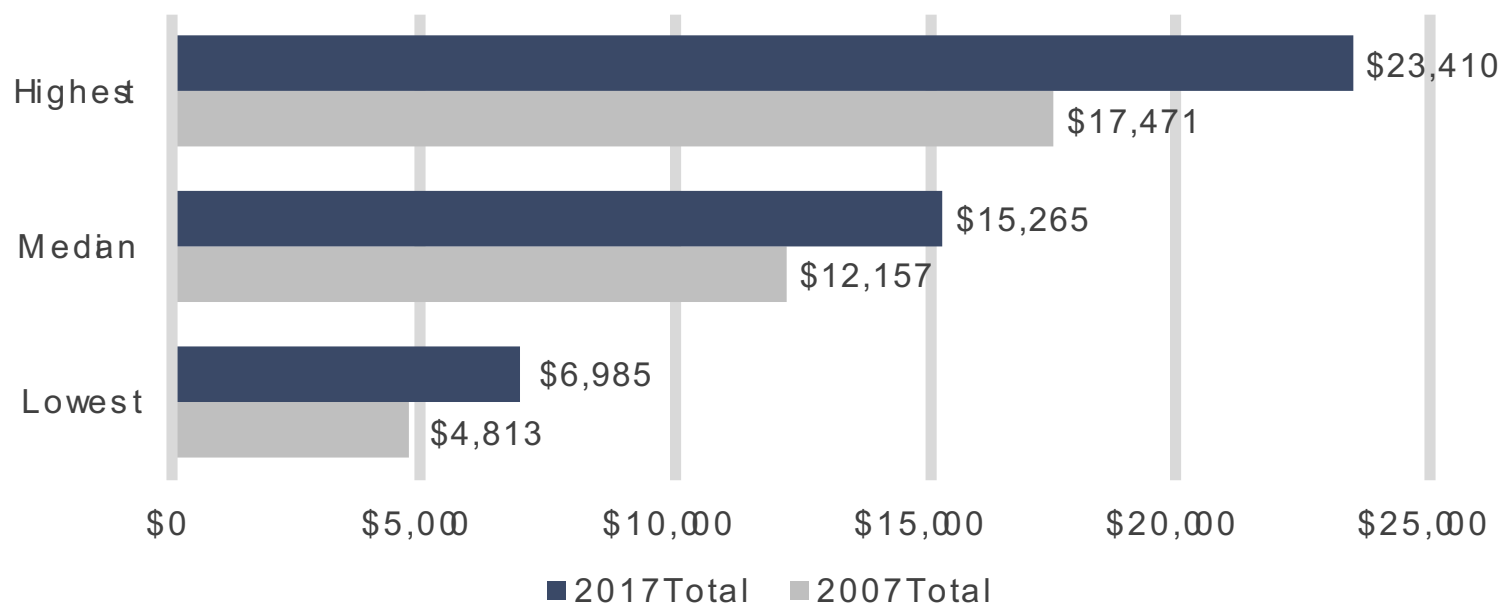
**60%**

*Source: Ivory Homes*



# PERMIT AND IMPACT FEE

*Percent Change 2007 – 2017*



*Source: Kem C. Gardner Policy Institute*

- Increasing of permit fees are reflective of CPI and raw material cost increasing, and at the high end are still less than 10% of the overall home cost.

# LOCAL ZONING ORDINANCES & NIMBYISM

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# BALANCE OF HOUSING TYPES

- Zoning ordinances determine:
  - Density
  - Spatial distribution of housing types (renter versus owner)
  - Construction material standards
  - As well as, regulatory requirements that can increase housing prices and cause developmental delays
- There needs to be a balance between housing types to make sure we aren't pricing people out.
- Cities must continue to implement smarter growth policies to ensure their residents are able to afford the quality of life they want them to enjoy.
- Local opposition, also known as NIMBYism (not in my backyard) has driven up costs and constrained supply, particularly for affordable high density rental housing.
- A lot of cities have found good ways to mitigate this problem. We need to work together to find other ways to expand these efforts throughout the state.



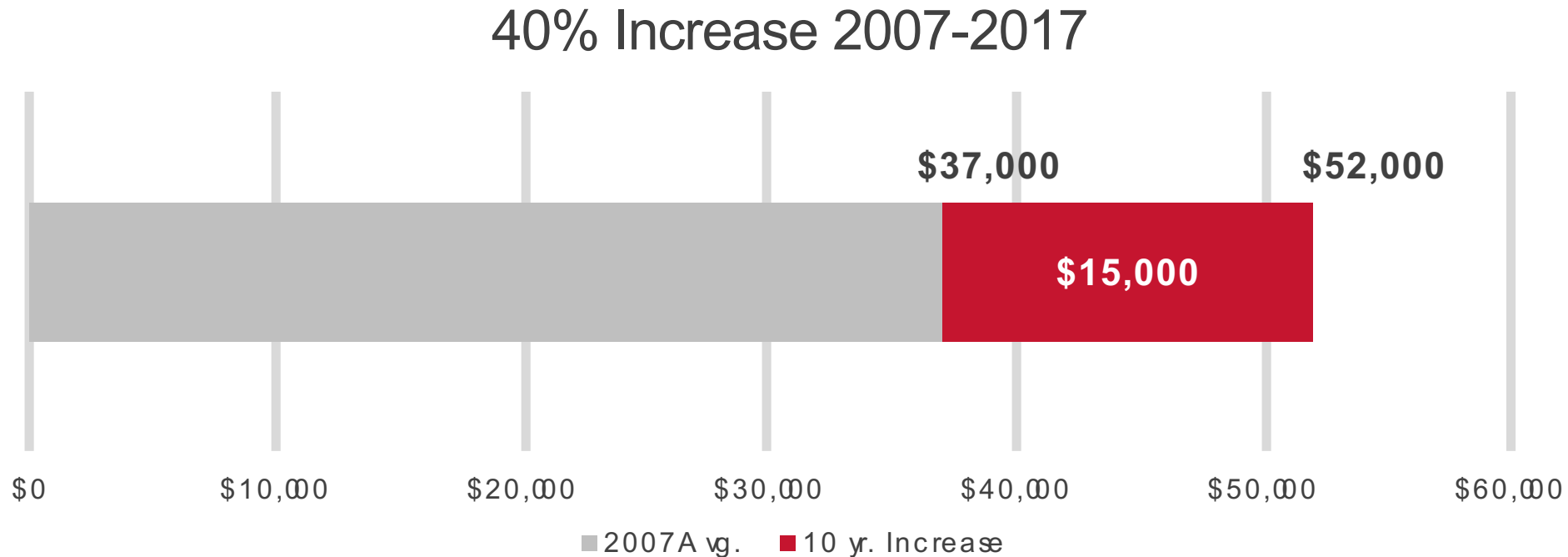
# LAND COSTS & TOPOGRAPHY

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# LAND IMPROVEMENT COST CHANGE, 2007-2017

*The best land is not saved for last.*



Source: Kem C. Gardner Policy Institute

# WE CAN ONLY GROW SO FAR

- There are physical constraints on developable land due to topography.
- We have the mountains to our east and the lake to our west, we can only grow so far.
- There is insufficient land in metro areas close to jobs.
- Building only single-family homes will require more infrastructure and more travel time for homeowners.



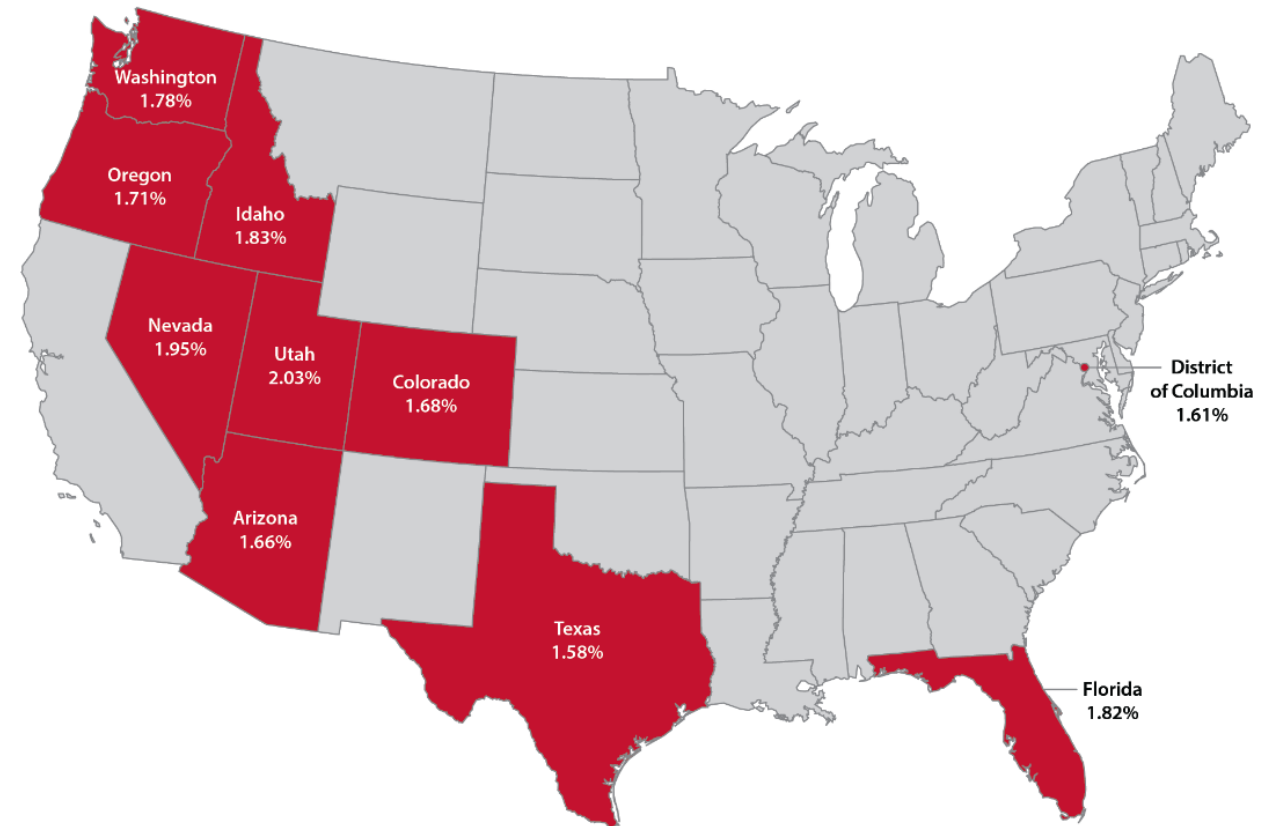
# DEMOGRAPHIC & ECONOMIC GROWTH

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# POPULATION GROWTH: TOP TEN STATES

*Annual Average Rate of Change 2010-2016*

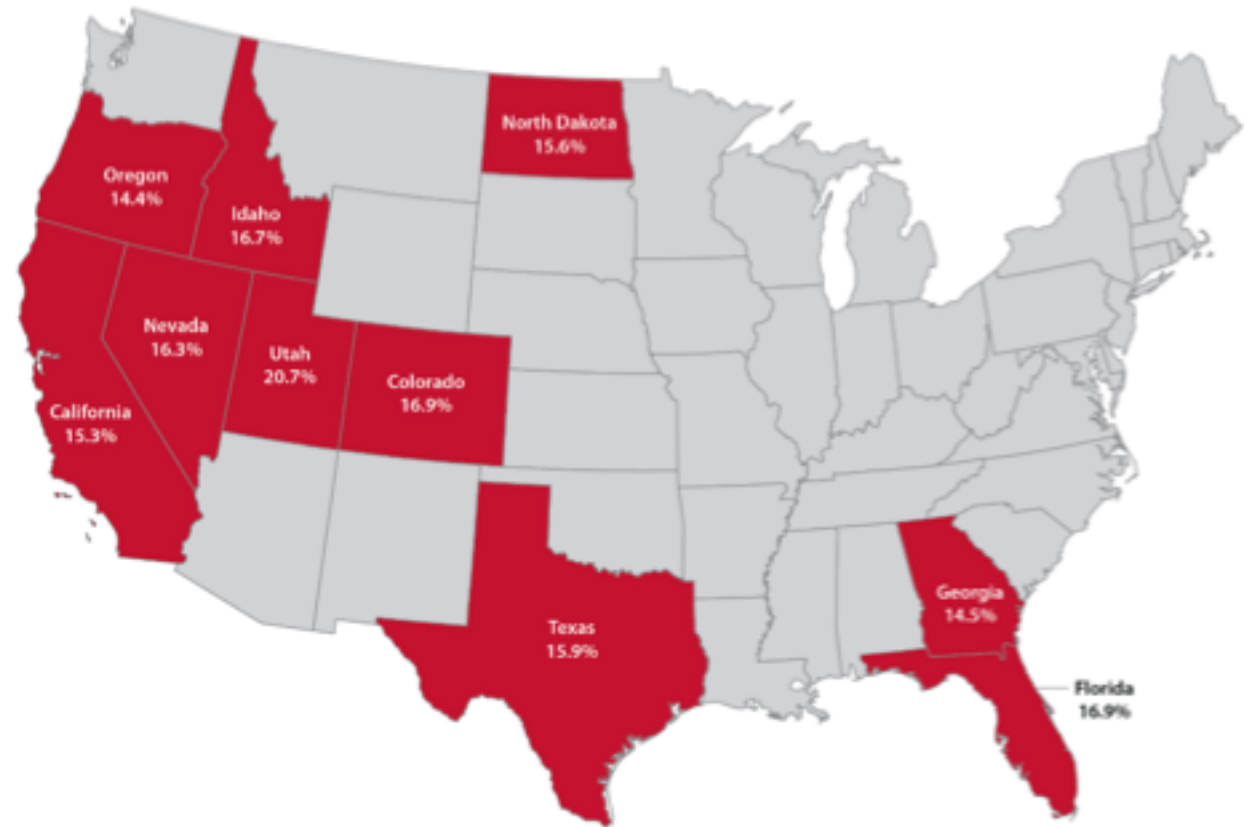


Source: U.S. Census Bureau



# JOB GROWTH: TOP TEN STATES

*Percent Change 2010-2016*



Source: U.S. Census Bureau

# UNCHECKED HOUSING PRICES

*By 2044, Utah Housing Prices could be Equivalent to Today's San Francisco Prices*

 = **More than  
\$700,000  
in next 26 YEARS**

# WHAT NOW?

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- After commissioning the study and seeing the report, the Salt Lake Chamber launched the Housing GAP Coalition in May.
- The Coalition is poised to address the challenges associated with housing affordability to ensure the American Dream is kept alive for all Utahns.
- This can be done by providing access to a variety of housing types for all income groups.
- As a business community, we've had great success when we've worked together to address other issues like transportation and education.
- In a similar fashion, we've organized this Housing GAP Coalition to proactively address housing affordability before it becomes a crisis.
- We are bringing together the state's brightest minds from business, academia and government to tackle this very real threat to our long-term economic prosperity.

# POSSIBLE SOLUTIONS

*Local Policy Decisions can Help Housing Affordability*

ZONING FOR WIDE  
VARIETY OF HOUSING  
TYPES AND PRICES



EVALUATE COST-  
PROHIBITIVE IMPACT  
AND PERMIT FEES



SUPPORT MULTI-USE  
LAND DEVELOPMENT



# POSSIBLE SOLUTIONS

*Community Development Block Grants (CDBG) and Transportation and Land Use Connection (TLC)*



WASATCH FRONT REGIONAL COUNCIL



*Photo: Dominic Valente, The Daily Herald*

# POSSIBLE SOLUTIONS

*Keys to Success program for construction and labor  
"Build to Success"*



# POSSIBLE SOLUTIONS

*General public awareness  
campaign*

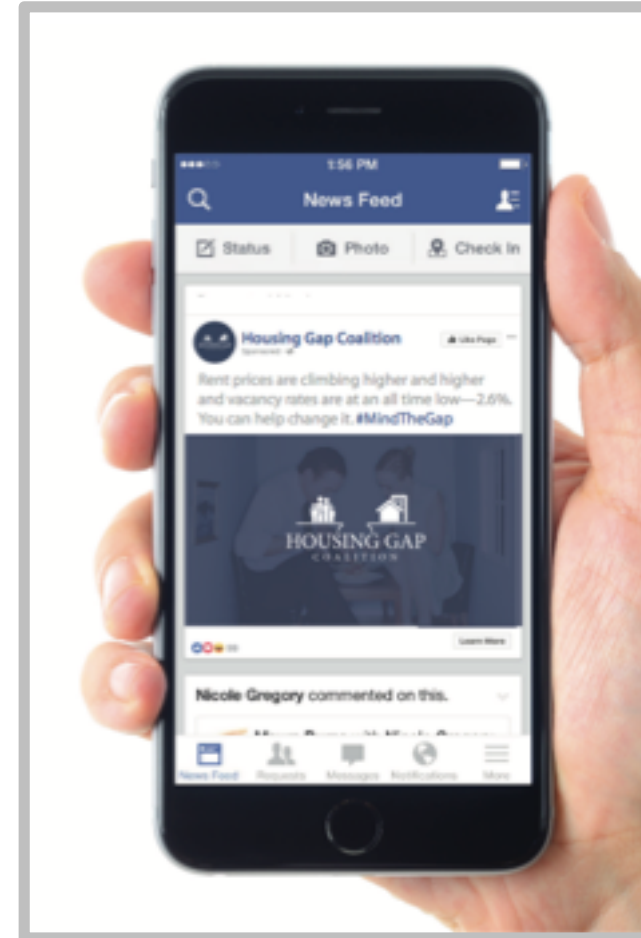


*Photo: KSL.com*



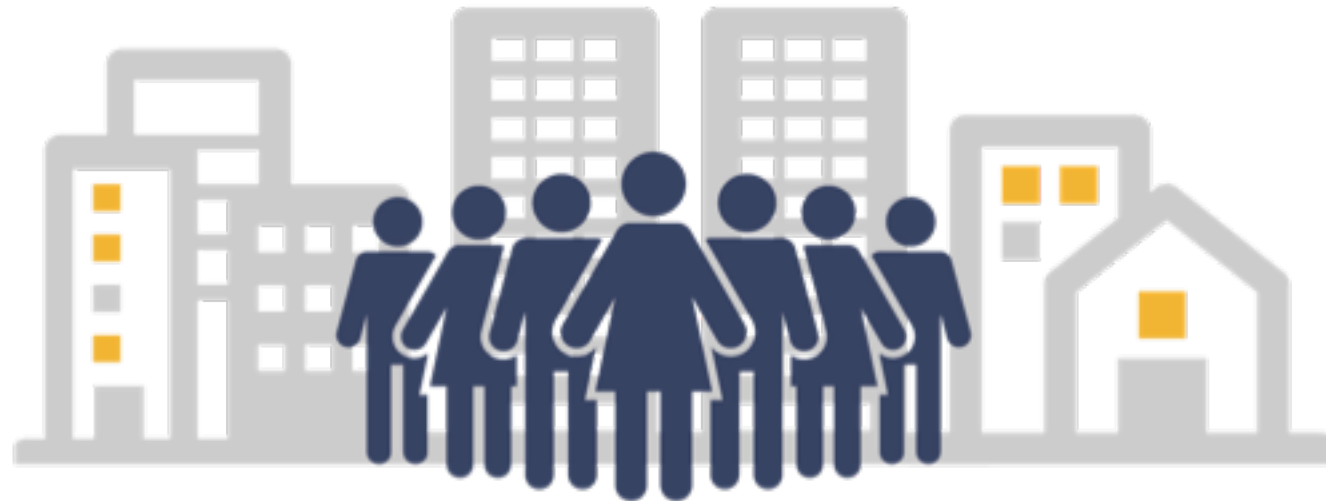
# NEXT STEPS

- As a Coalition, we're creating a public awareness campaign and informing the public about the crucial issue of housing affordability.
- We have partnered with ULCT to have Y2 Analytics provide us with data that will help us understand the hearts and minds of Utahns in regards to housing and growth. This data will illustrate the most effective direction to take the marketing and public awareness campaign.



# CALL TO ACTION & DISCUSSION

- We are visiting every city council across the Wasatch Front and discussing how we can partner with them to address housing affordability in their area.



# FOR MORE INFORMATION OR TO BECOME INVOLVED

For more information or  
to read the full report, visit

**[SLChamber.com/Housing  
GapCoalition](https://slchamber.com/HousingGapCoalition)**

Follow us on Twitter

**[@UtahHousingGap](https://twitter.com/UtahHousingGap)**

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**801-706-9853**