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.
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**

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

*111 metropolitan areas.

Source: National Home Builders Association
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
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
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Davis County</th>
<th>Salt Lake County</th>
<th>Utah County</th>
<th>Weber County</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vacancy Rate</td>
<td>New Apartment Units</td>
<td>Vacancy Rate</td>
<td>New Apartment Units</td>
</tr>
<tr>
<td>2005</td>
<td>9.70%</td>
<td>107</td>
<td>6.10%</td>
<td>1,302</td>
</tr>
<tr>
<td>2006</td>
<td>7.40%</td>
<td>52</td>
<td>4.00%</td>
<td>338</td>
</tr>
<tr>
<td>2007</td>
<td>5.70%</td>
<td>275</td>
<td>3.20%</td>
<td>898</td>
</tr>
<tr>
<td>2008</td>
<td>4.60%</td>
<td>73</td>
<td>4.60%</td>
<td>1,521</td>
</tr>
<tr>
<td>2009</td>
<td>5.90%</td>
<td>108</td>
<td>7.20%</td>
<td>2,442</td>
</tr>
<tr>
<td>2010</td>
<td>8.00%</td>
<td>4</td>
<td>5.70%</td>
<td>541</td>
</tr>
<tr>
<td>2011</td>
<td>5.10%</td>
<td>538</td>
<td>5.20%</td>
<td>488</td>
</tr>
<tr>
<td>2012</td>
<td>5.80%</td>
<td>712</td>
<td>3.80%</td>
<td>538</td>
</tr>
<tr>
<td>2013</td>
<td>6.60%</td>
<td>251</td>
<td>3.90%</td>
<td>1,605</td>
</tr>
<tr>
<td>2014</td>
<td>4.60%</td>
<td>394</td>
<td>3.00%</td>
<td>3,326</td>
</tr>
<tr>
<td>2015</td>
<td>4.50%</td>
<td>198</td>
<td>2.70%</td>
<td>2,918</td>
</tr>
<tr>
<td>2016</td>
<td>4.50%</td>
<td>327</td>
<td>2.90%</td>
<td>4,461</td>
</tr>
<tr>
<td>2017</td>
<td>4.00%</td>
<td>477</td>
<td>2.60%</td>
<td>2,306</td>
</tr>
</tbody>
</table>

Source: Equimark and CBRE
CHANGE IN CONSTRUCTION JOBS AND WAGES, 2007-2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Jobs</td>
<td>104,613</td>
<td>92,756</td>
<td>-11%</td>
</tr>
<tr>
<td>Construction as % of total state employment</td>
<td>8.40%</td>
<td>6.50%</td>
<td></td>
</tr>
<tr>
<td>Construction of Buildings</td>
<td>22,153</td>
<td>19,133</td>
<td>-14%</td>
</tr>
<tr>
<td>Heavy and Civil Engineering Construction</td>
<td>12,398</td>
<td>10,194</td>
<td>-18%</td>
</tr>
<tr>
<td>Specialty Trade Contractors</td>
<td>70,062</td>
<td>63,430</td>
<td>-9%</td>
</tr>
<tr>
<td>Average Construction Monthly Wage</td>
<td>$3,138</td>
<td>$3,956</td>
<td>26%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>DRYWALL</th>
<th>CABINETRY</th>
<th>ROOFING</th>
<th>SIDING</th>
<th>LUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>40%</td>
<td>70%</td>
<td>148%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: Ivory Homes
PERMIT AND IMPACT FEE

Percent Change 2007 – 2017

- 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.

Source: Kem C. Gardner Policy Institute
LOCAL ZONING ORDINANCES & NIMBYISM
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 IMPROVEMENT COST CHANGE, 2007-2017

The best land is not saved for last.

40% Increase 2007-2017

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

HOUSING GAP COALITION
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?
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)

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 read the full report, visit SLChamber.com/HousingGapCoalition

Follow us on Twitter @UtahHousingGap

For sponsorship or membership information, contact Brynn Mortensen bmortensen@slchamber.com 801-706-9853