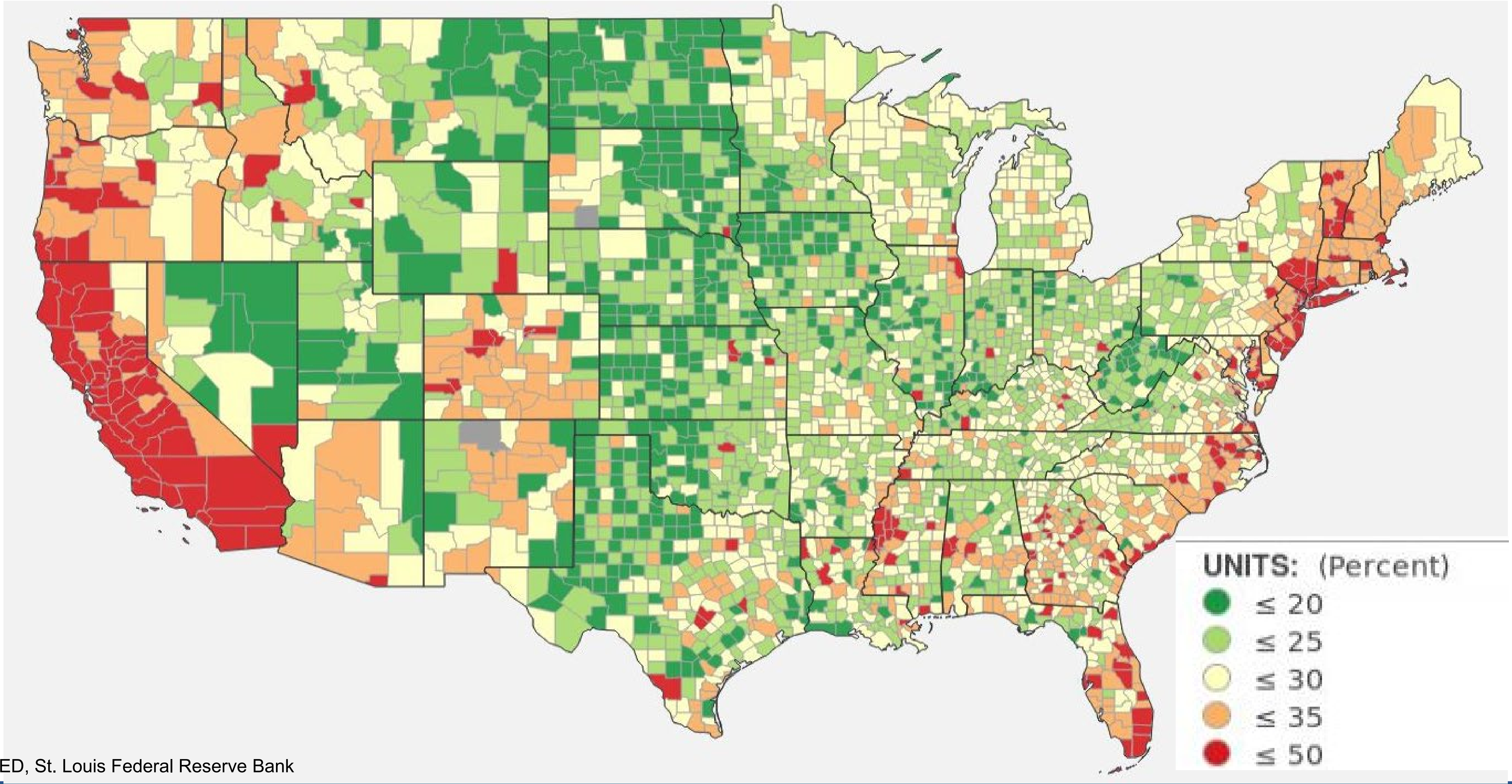
UP FOR GROWTH®

Housing Underproduction in Utah: *COVID, Race, and Economic Stress*

The Utah Land Use Institute *October 21, 2020*

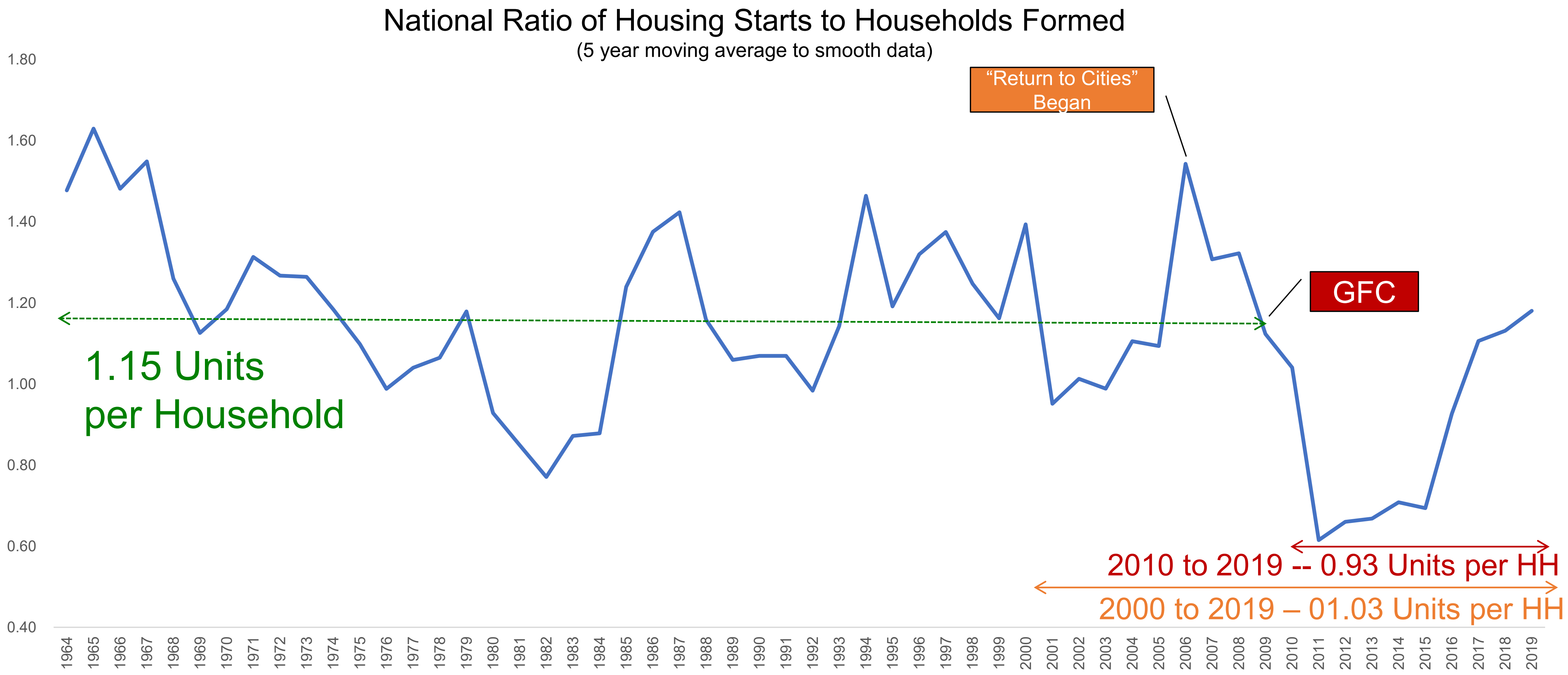
What is Underproduction?

Cost Burdening Varies by County in 2018



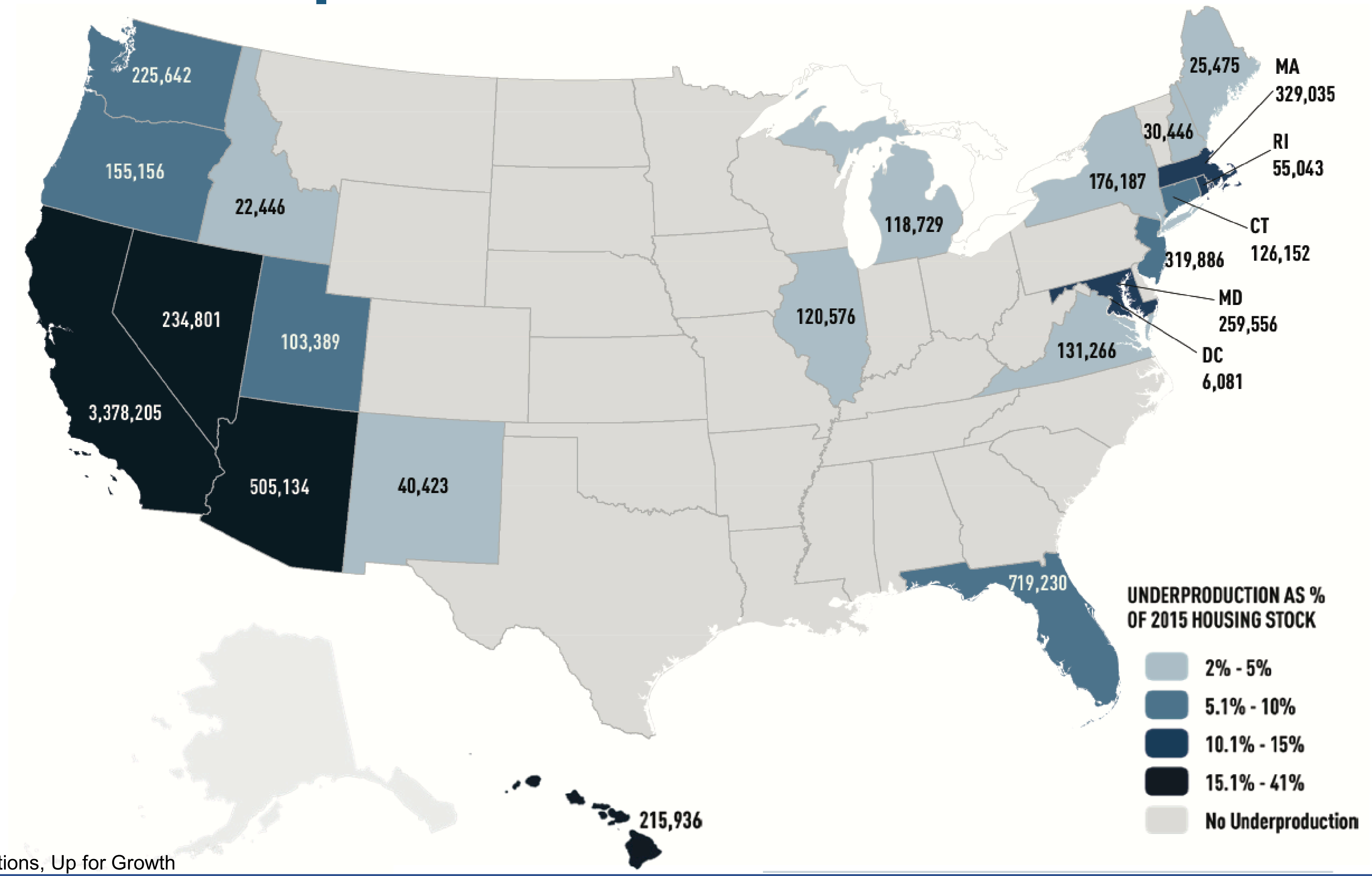
Source: GeoFRED, St. Louis Federal Reserve Bank

Housing Production Has Slowed Nationally Since 2000



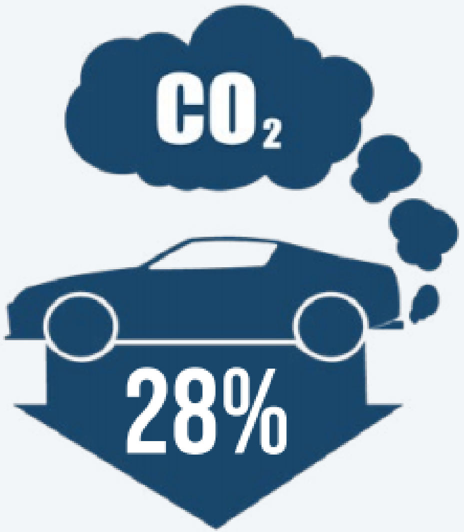
Source: U.S. Census Bureau

23 States Underproduced 7.3 Million Units Since 2000



Source: ECONorthwest Calculations, Up for Growth

The National Cost of Housing Underproduction

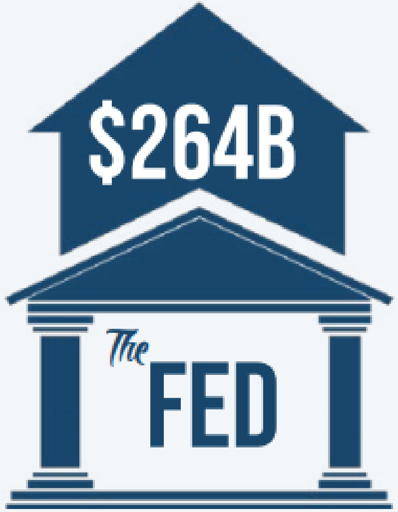


CLEAR SKIES AHEAD

Shifting from More of the Same development to Accessible Growth development would require just 25% of the land to deliver the same number of units. Because these areas would be denser and transit-adjacent, this would reduce vehicle miles traveled (VMT) and cars on the road by as much as 28%.

GDP BOOST

Using a Accessible Growth development pattern, cumulative gross domestic product (GDP) over a 20-year period would increase by $400 billion compared to More of the Same. Accessible Growth delivers $2.3 trillion in cumulative GDP over the baseline forecast, which represents 2.4% of GDP growth over that period.

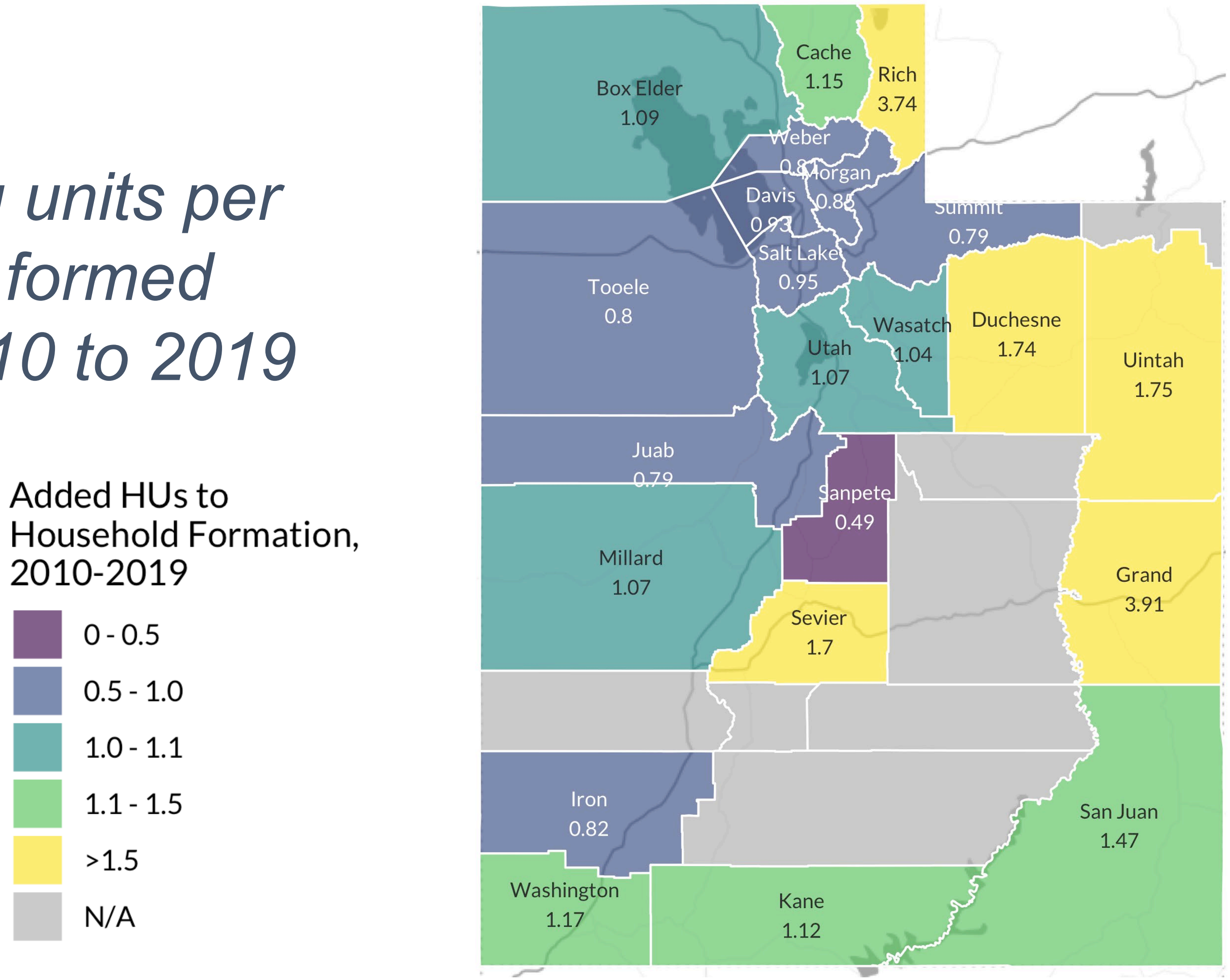


FEDERAL REVENUE HIKE

Accessible Growth generates an additional $66 billion in federal revenue over the 20-year growth period compared to More of the Same: federal payroll and income taxes increase $264 billion with Accessible Growth development compared to the baseline forecast. In the peak year of production, the additional federal revenue generated would equal 6.2% of the current federal deficit.

Housing Production Has Not Kept Up with Growth in Urban Areas

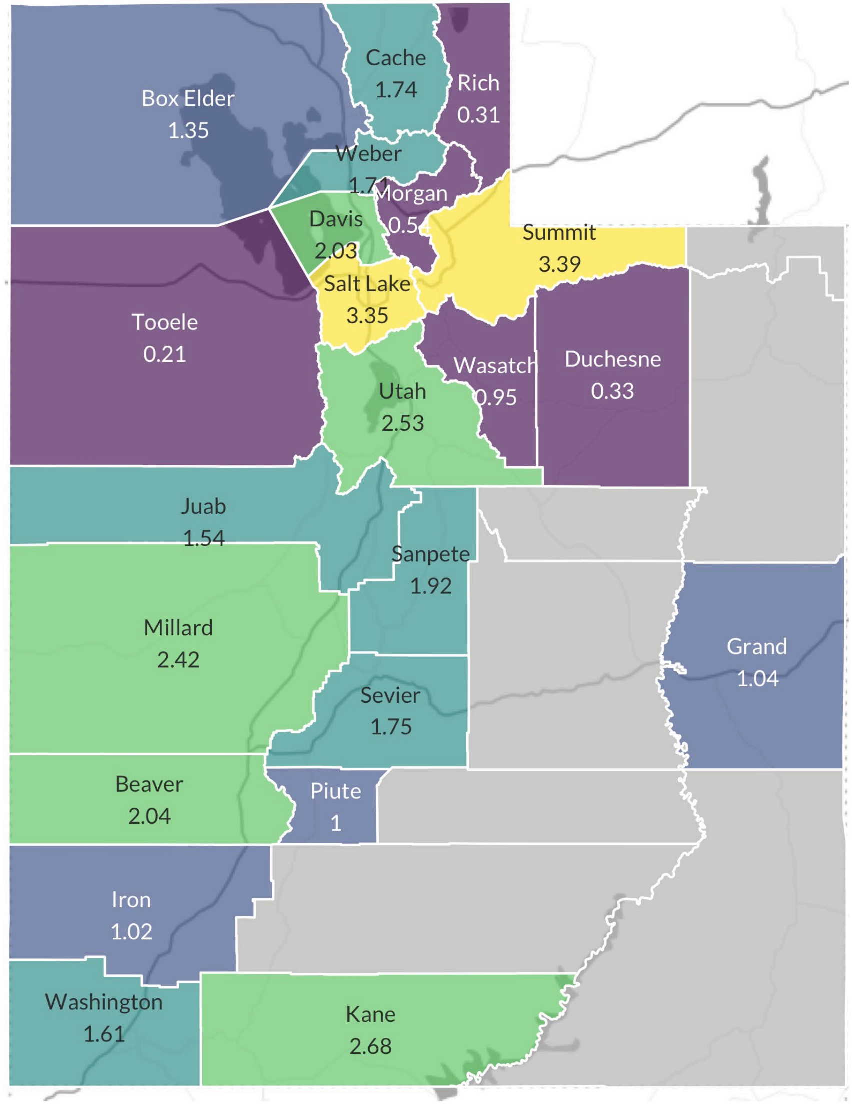
1.02 Housing units per household formed Statewide 2010 to 2019



Source: Census ACS 2010 and 2019

Jobs Added Faster than Housing Increases Demand

2.3 jobs added per housing unit statewide since 2010



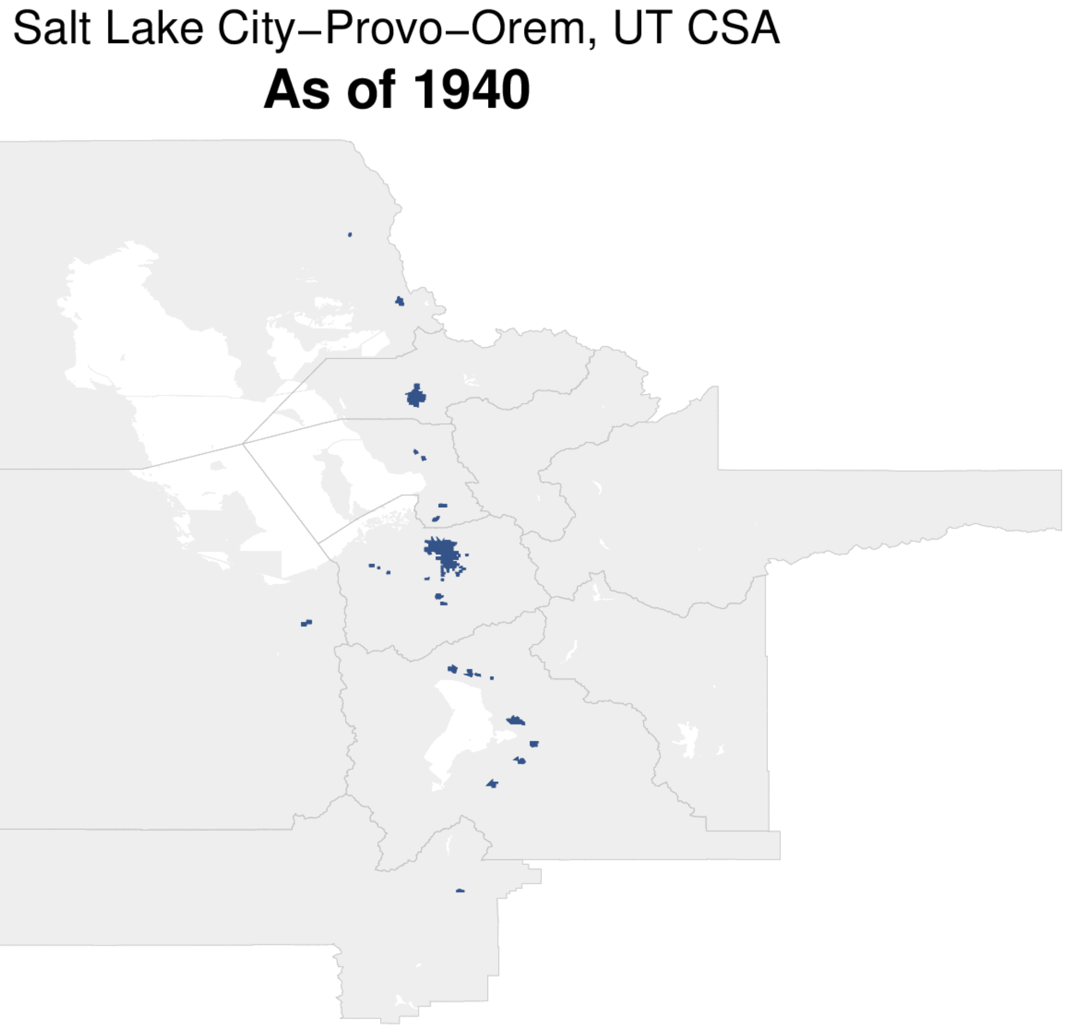
Added Jobs to Added HUs, 2010-2019

- 0 - 1.0
- 1.0 - 1.4
- 1.4 - 2.0
- 2.0 - 3.0
- >3.0
- N/A

Source: Census ACS, OntheMap/LODES

Implications and Paradigms for Growth

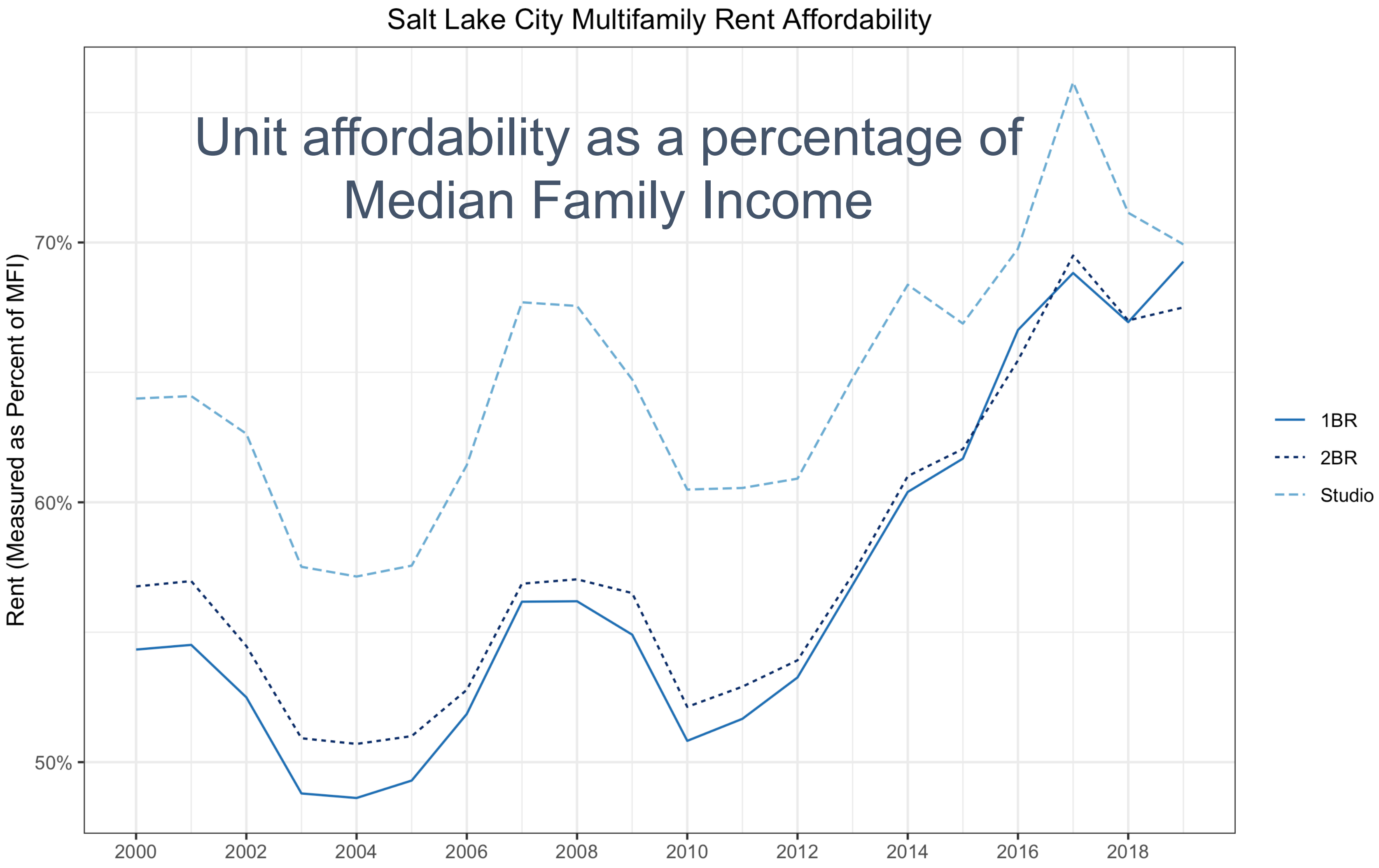
Developed Residential Area Growth in Salt Lake Metro



Source: BuildZoom

Notes: areas considered developed when they first exceed 200 currently existing homes per square mile.

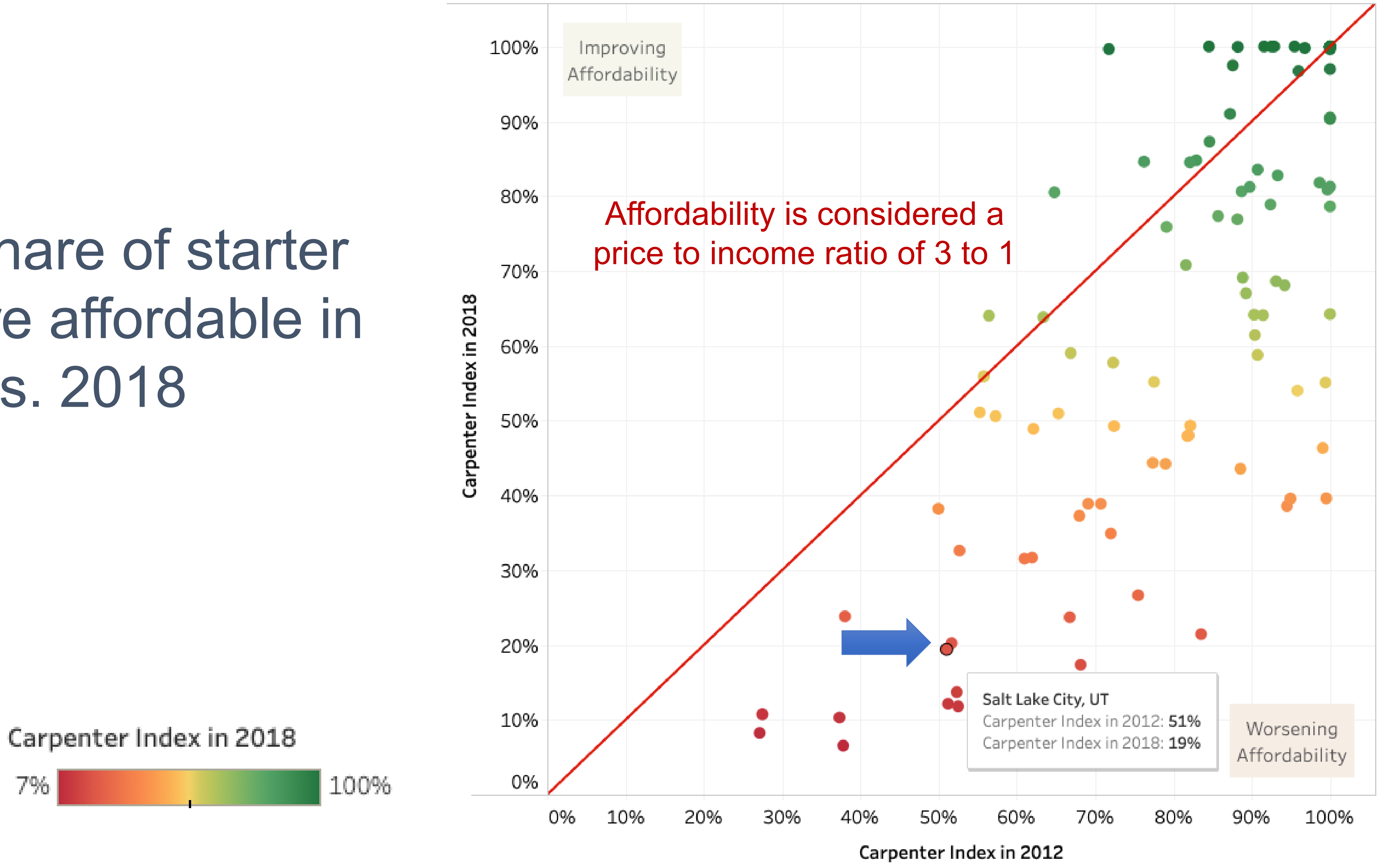
Rent Affordability Decreasing for All Unit Types in SLC



Source: Costar, HUD, ECONorthwest Calculations

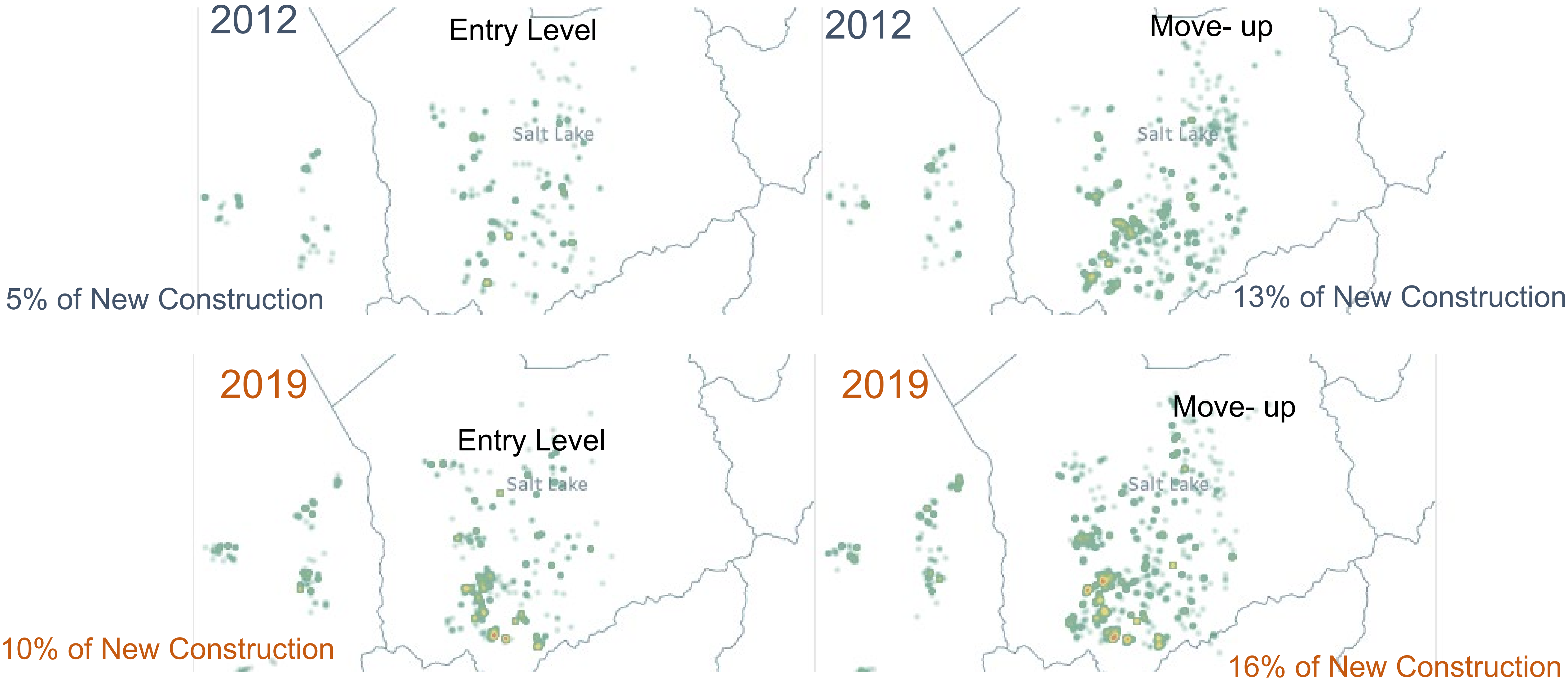
Carpenters Index – They Build It, Can They Afford It?

Comparing share of starter homes that are affordable in 2012 vs. 2018



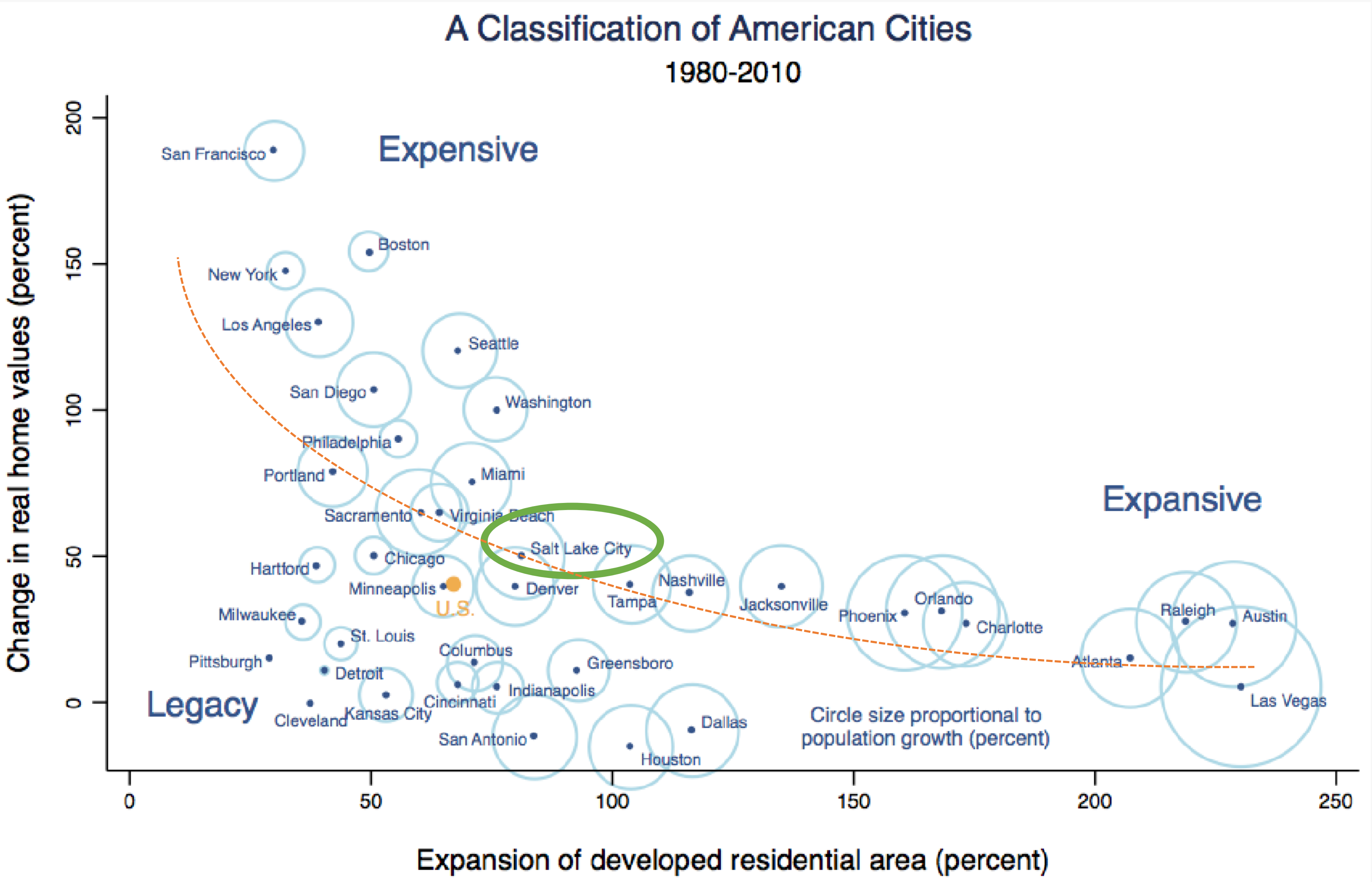
Source: AEI

Entry-Level Growing but Still Lower than Move-Up



Source: AEI

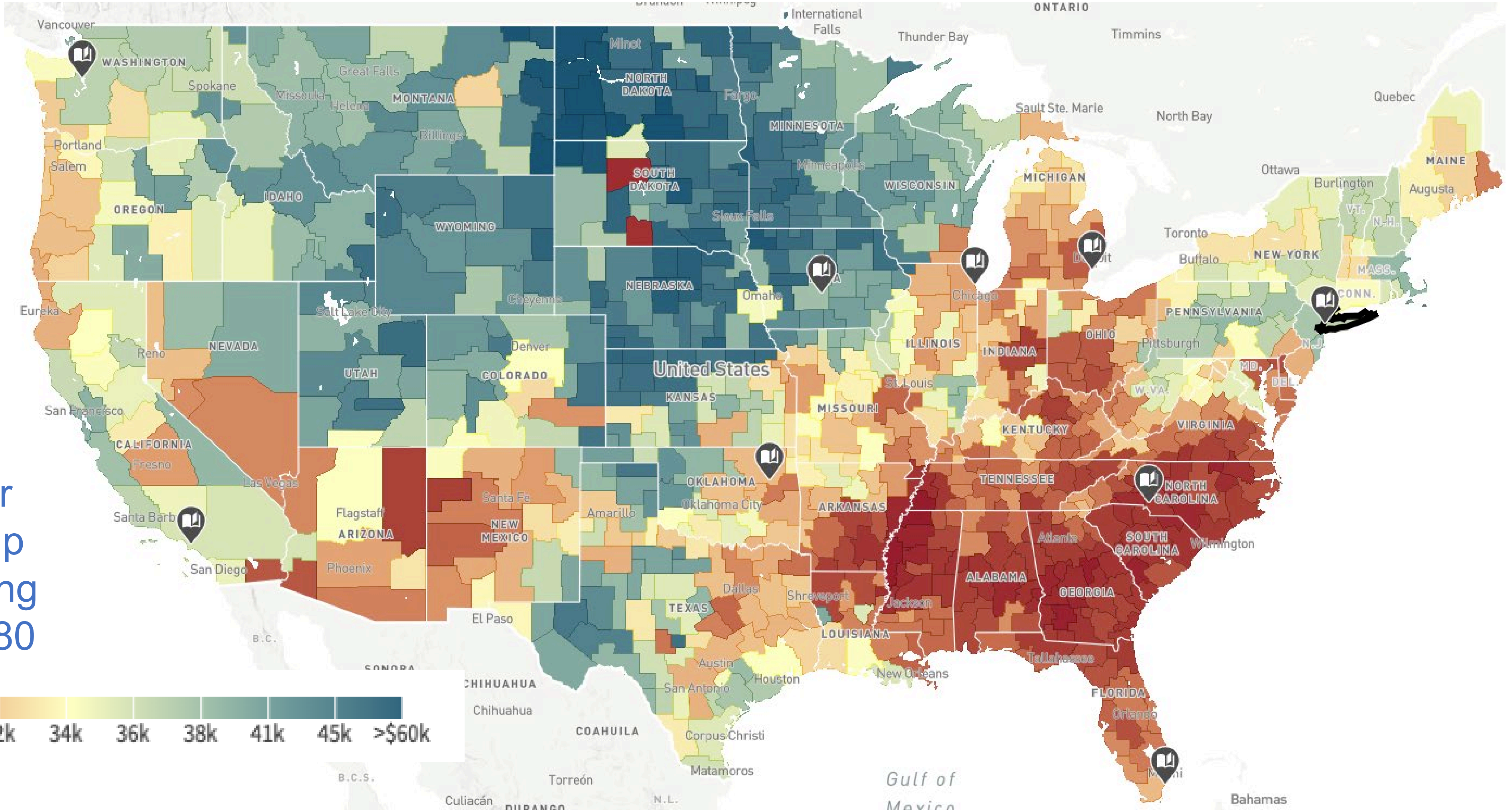
What is the New Paradigm for Growth?



Source: Build Zoom

Housing and Economic Opportunity

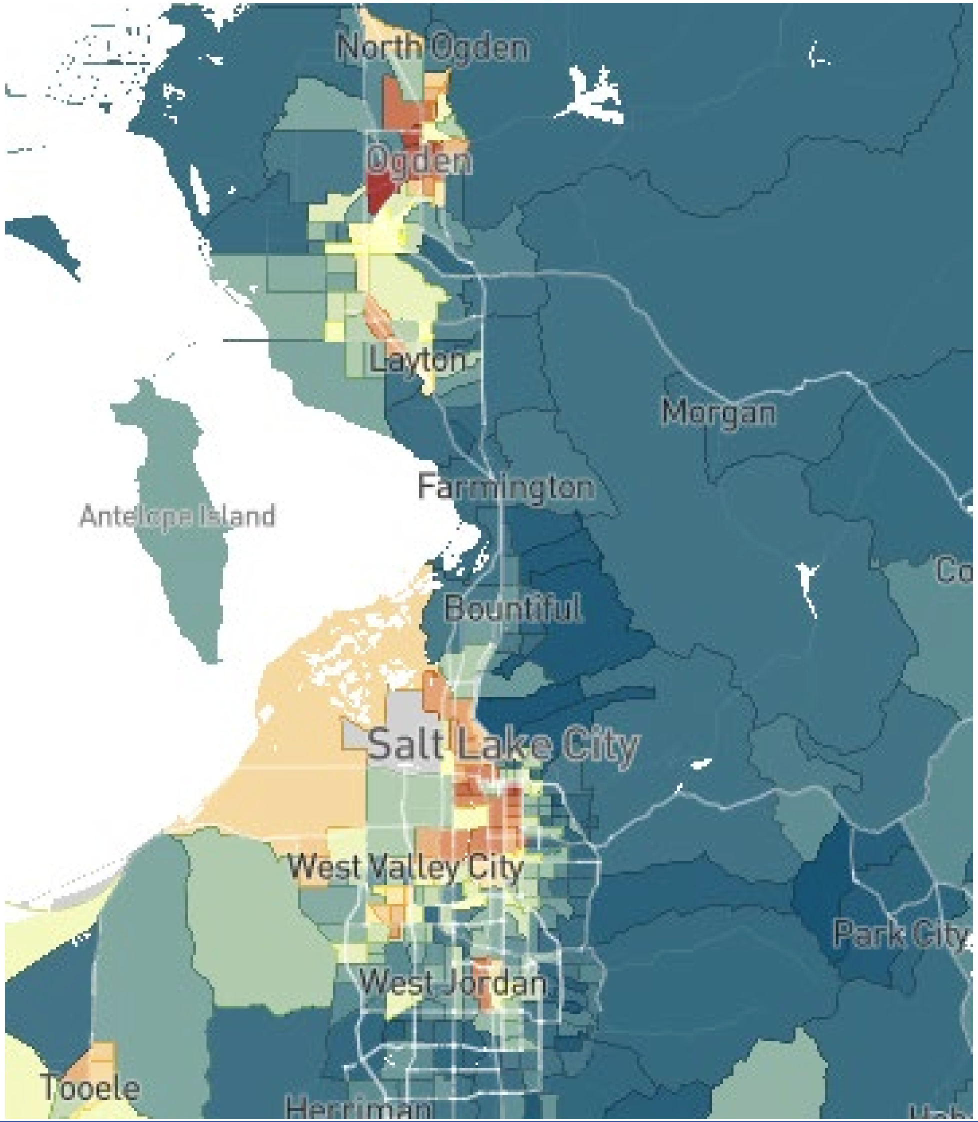
Utah is an Area of High Economic Opportunity



Average incomes for children who grew up in households earning $25k annually in 1980

Source: Opportunity Insights

Economic Opportunity Varies by Neighborhood



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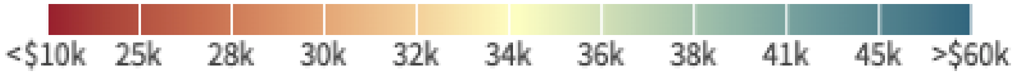
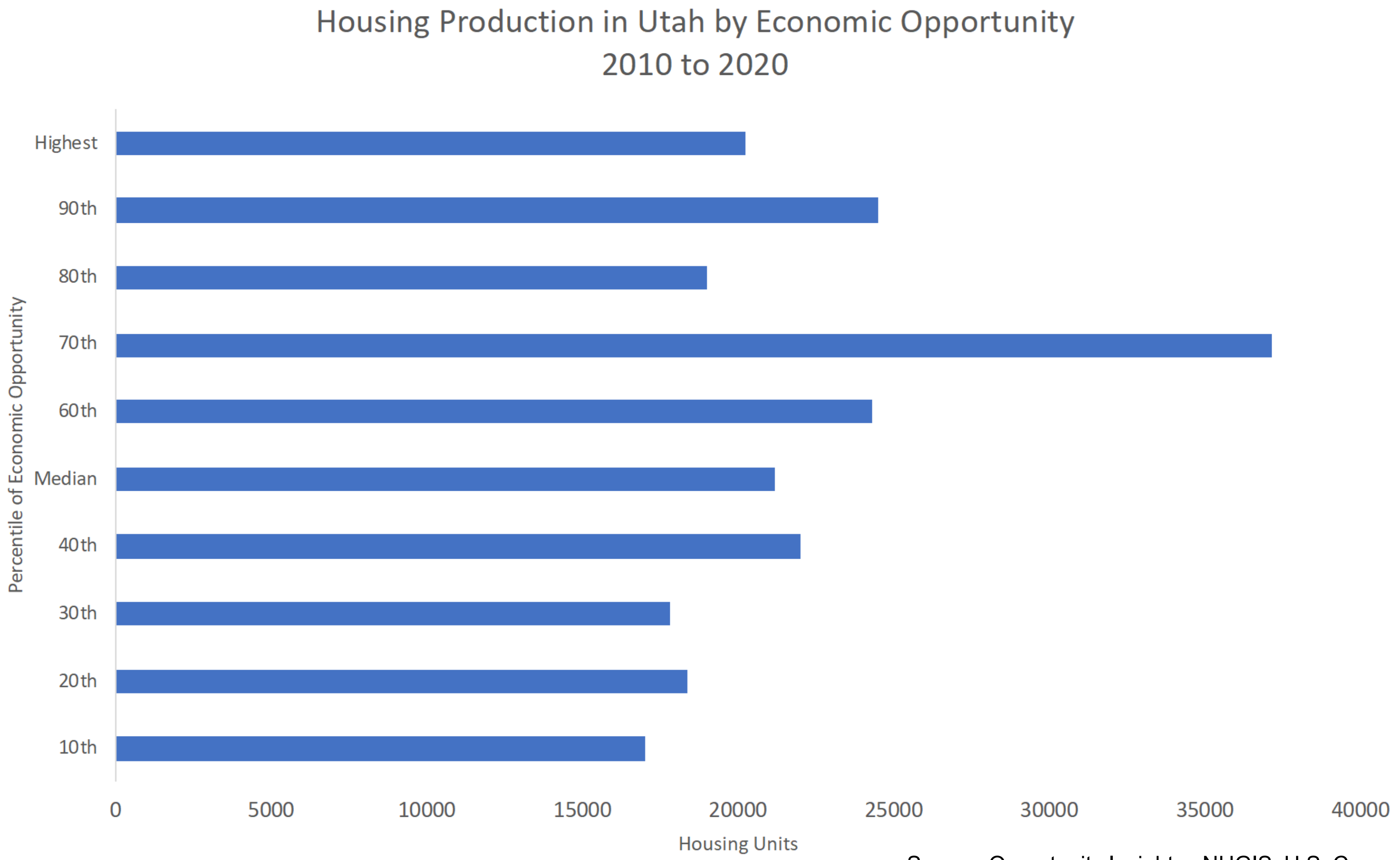


Source: Opportunity Insights

43% of Homes Built in Areas Below Median Opportunity



Source: Opportunity Insights , NHGIS, U.S. Census 2020 Address Survey

Leveraging Investments in Transit Key to Advancing Equity in the Region

Cost Burdening and Transportation Costs

32.8%

of income

Average US household spent
$20,091 on housing in 2018

15.9%

of income

Average US household spent
$9,761 on transportation in 2018

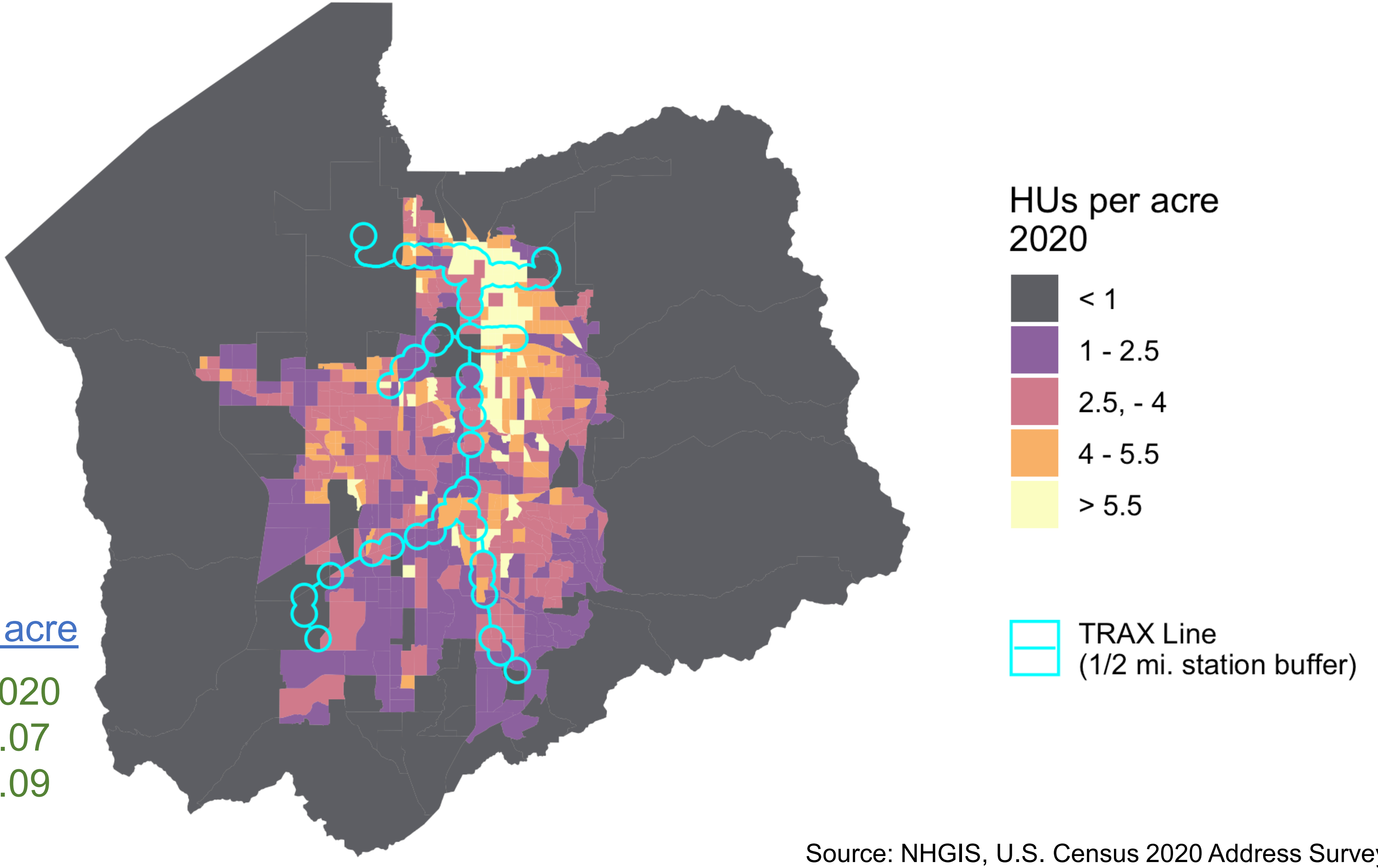
Sources: https://www.bls.gov/news.release/cesan.nr0.htm

Best Practices for Leveraging Transit Investments

1. Place station areas in existing areas of high density residential and office in order to increase access to economic opportunity

2. Leverage transit investments to increase density proximate to station areas

Median Housing Density is 32% Higher in Transit Corridors

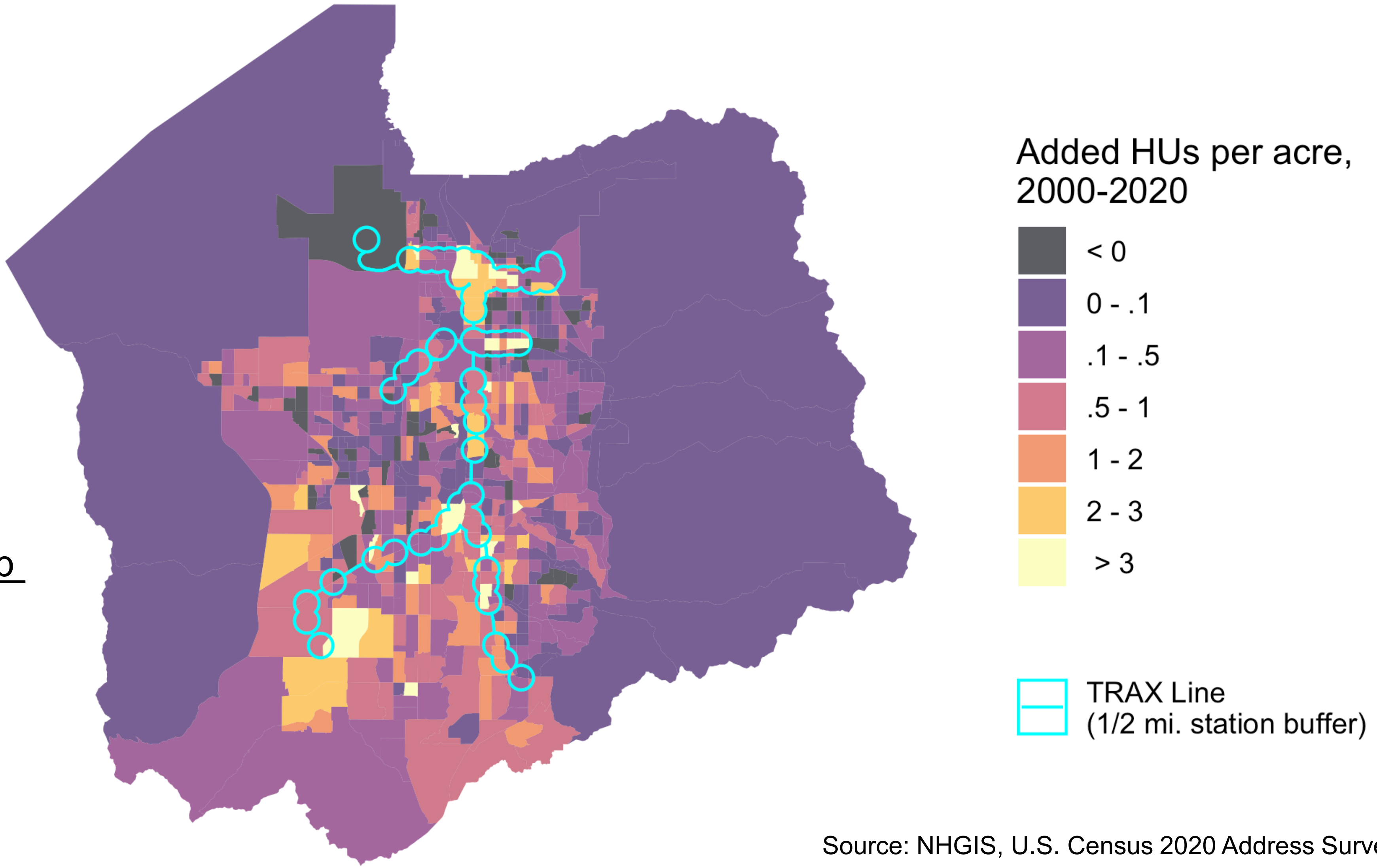


Median housing density per acre

	2000	2020
TRAX Corridor (block groups)	2.83	4.07
Salt Lake County (block groups)	2.72	3.09

Source: NHGIS, U.S. Census 2020 Address Survey

Transit Corridors Added 3X More Housing Per Acre

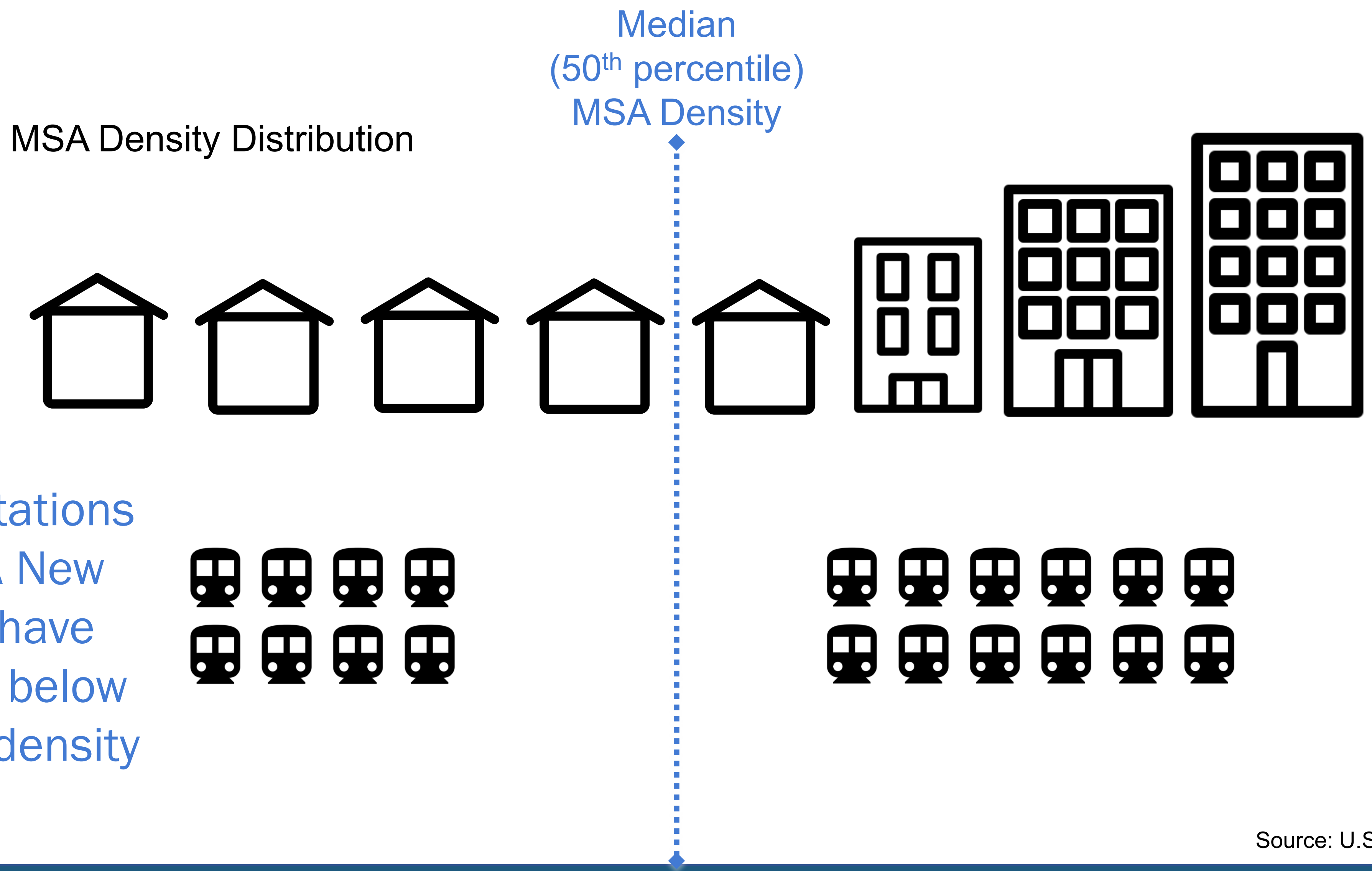


Median units added per block group

TRAX Corridor	136
Salt Lake County	44

Source: NHGIS, U.S. Census 2020 Address Survey

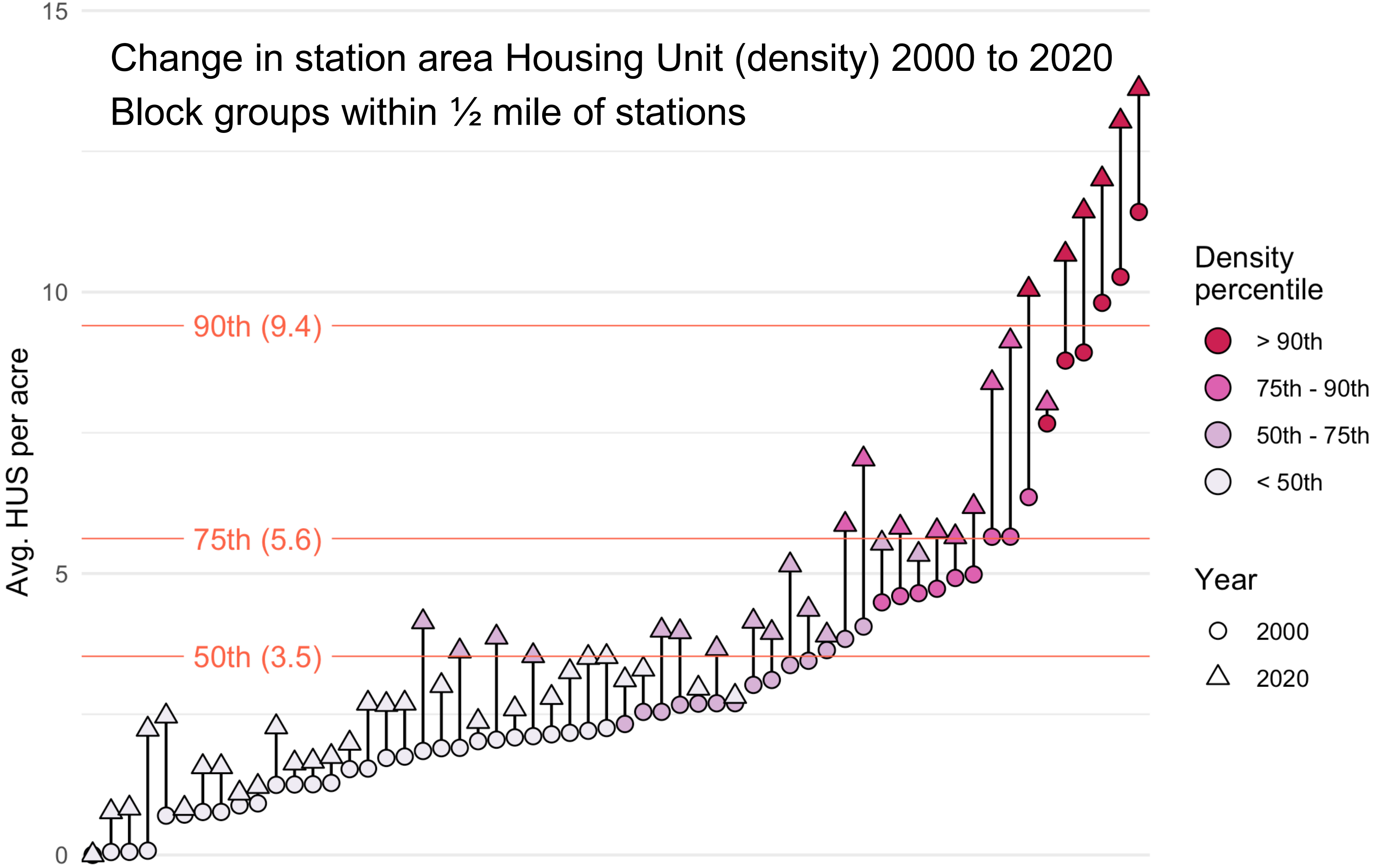
Nationally New Transit Stations Lack Housing Options



38% of 412 transit stations funded through FTA New Starts since 2009 have residential densities below the median regional density

Source: U.S. Census

43% of Stations are Salt Lake County Median Density



Source: NHGIS, U.S. Census 2020 Address County

Final Thoughts

- In the most populated areas of the state the production of housing has not kept pace with household formation
- Cost of entry level housing is increasing, while fewer units are being built.
- Long run affordability requires sustained production of housing units
- Leveraging transit to build units at lower costs, in accessible / high opportunity neighborhoods key to improving equity in the region

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