Ivins City Finance Report

Date: *June 21, 2018*

Purpose: *Updates on Select Items*

There are several items that staff has been looking at that will be included in this report. The items are as follows:

- **ULCT Legislative Policy Committee**

    - LPC meeting in Salt Lake City was held this last Monday. This meeting gave an update on legislative items that are being discussed for the interim. The majority of the meeting was spent discussing the economic outlook for the State and the Affordable Housing Gap. All of the other items for the Legislative Interim are driven by the economy, population growth, and housing. Some key items to watch are:
        - Economic update and trends *(Rep. Robert Spendlove)*
            - Rep. Spendlove is an economist for Zions Bank and his Economic Snapshot is attached.
            - The State is 1st in the country in employment growth and 3rd in population growth.
            - It is a tight economy, pushing wages, energy, and housing costs higher.
            - The economy is starting to overheat but we should see continued growth through 2019 before a downturn hits.
        - Housing affordability and affordable housing (*Abby Osborne*)
            - Abby Osborne is the VP of Government Relations for the SL Chamber and a Housing Gap Fact sheet is attached.
            - There is a housing shortage – more households than housing units
            - Factors affecting affordability
                - Construction Labor / Materials Costs
                - Land Costs / Topography
                - Populations & Economic Growth
                - Zoning & Permitting
            - There is no one size fits all solution
            - https://slchamber.com/housinggapcoalition/

- Land Use Task Force update *(Rachel Otto)*
  - The prevailing narrative is that cities violate Land Use Development and Management Act (LUDMA on purpose
- Update on water study groups (*John Hiskey)*
- Law enforcement Three Rs: Recruitment, Retention, and Retirement: Background article *(John Hiskey)*
- SB 189 - Small cell deployment *(Roger Tew)*
- SB 136 – Transportation Governance next steps *(Cameron Diehl)*
- Medical Marijuana initiative *(Cameron Diehl)*
- Our Schools Now initiative *(Cameron Diehl)*
- Other issues: towing, billboards, local direct democracy, alcohol *(Rachel Otto)*

- Wednesday Webchats preview for June/July (Rachel Otto) – ULCT Facebook Page
  - June 13th – Tax Commission on online sales tax (video)
  - June 20th at approximately 3:00 – interim day wrap-up
  - June 27th at 12:00 – HB 259 training with Department of Workforce Services
  - July 11th at 2:00 – Housing Gap Coalition
  - July 18th at approximately 3:00 – interim day and special session wrap-up

- **Upcoming Finance / Budget Items**

  - Everything appears to be on track to end the fiscal year where we had planned
  - I am being appointed to the State Private Activity Bond Review Board

Respectfully,

Wally Ritchie
Director of Finance

June 21, 2018



ZIONS BANK

ECONOMIC SNAPSHOT

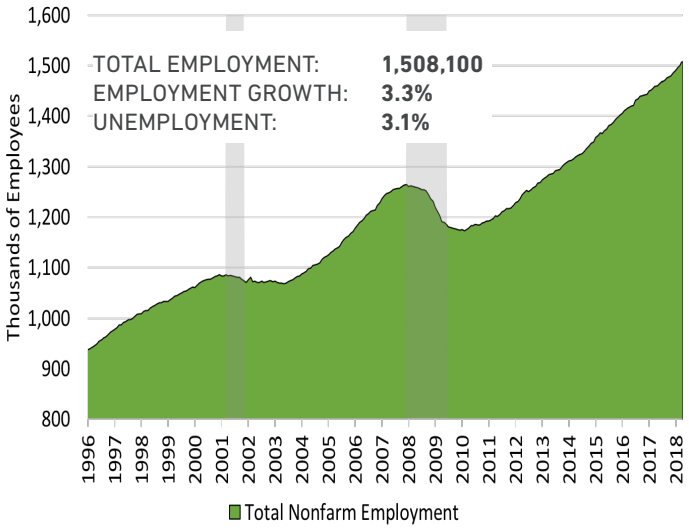
UTAH

JUNE 2018

Utah's labor market continued to expand in April. The state's year-over-year employment growth was tied for second in the nation with Idaho at 3.3 percent. Job creation was widespread, with the trade, transportation, and utilities; professional and business services, and leisure and hospitality sectors adding the most jobs over the past year. The only sectors to experience job losses were other services and natural resources and mining. The unemployment rate remained level at 3.1 percent, a level at which it has been stuck for the past four months. Consumer confidence declined across Utah in May, with the Zions Bank Consumer Attitude Index falling to 110.7 - the lowest-level since July 2016.

UTAH'S LABOR MARKET REMAINS ROBUST

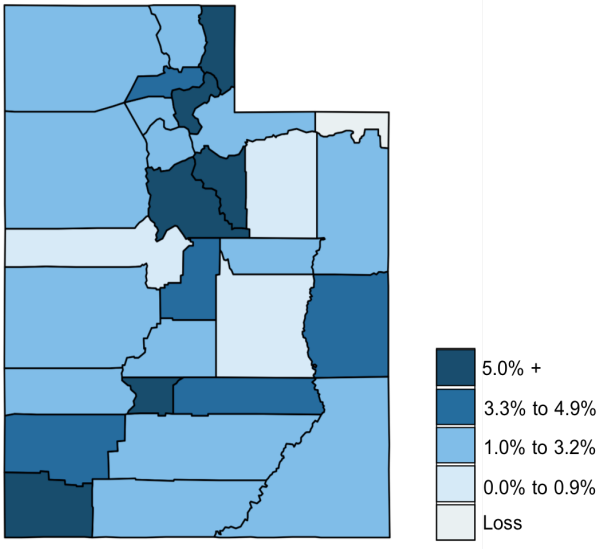
April 2018



Source: Bureau of Labor Statistics
Note: Shaded area represents recession

MANY UTAH COUNTIES SEEING EMPLOYMENT GROWTH

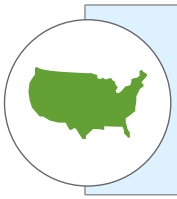
April 2017 - April 2018



Source: Utah Department of Workforce Services;
Not Seasonally Adjusted, Nonfarm

UNITED STATES EMPLOYMENT FACTS

May 2018



JOBS ADDED:	223,000
EMPLOYMENT GROWTH:	1.6%
UNEMPLOYMENT:	3.8%

Sources: Bureau of Labor Statistics

ECONOMIC GROWTH REMAINS STRONG

Change in U.S. Gross Domestic Product

Q2 2017	Q3 2017	Q4 2017	Q1 2018
3.1%	3.2%	2.9%	2.2%

Source: Bureau of Economic Analysis

JOB GROWTH ACROSS MOST INDUSTRIES

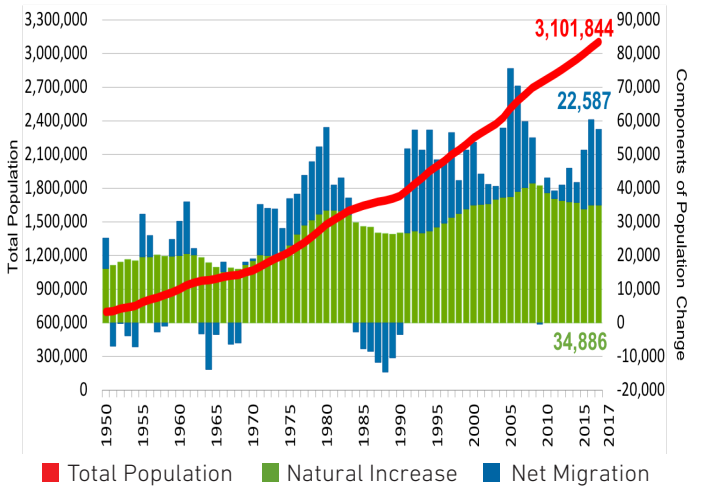
April 2017 - April 2018

INDUSTRY	12-Month Total Change	12-Month % Change
Natural Resources & Mining	-200	-2.4%
Construction	7,100	7.5%
Manufacturing	3,600	2.8%
Trade, Trans., Utilities	11,600	4.2%
Information	500	1.3%
Financial Activity	1,900	2.3%
Professional & Business Services	9,100	4.5%
Education & Health Services	5,400	2.7%
Leisure & Hospitality	6,900	4.8%
Other Services	-600	-1.5%
Government	4,100	1.7%
TOTAL	+49,400	

Source: Utah Department of Workforce Services

UTAH POPULATION CONTINUES TO RISE

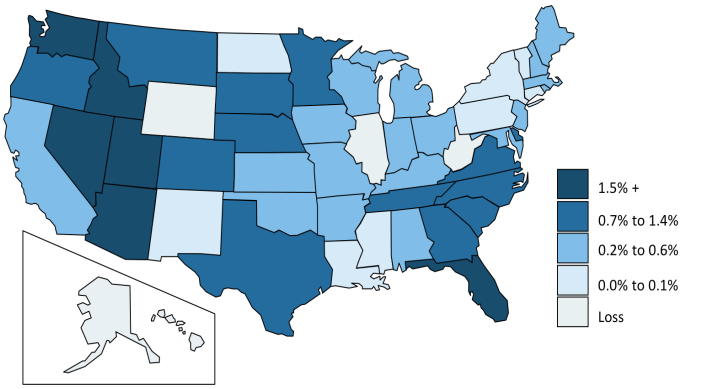
Utah Population and Components of Change



Sources: Utah Governor's Office of Management and Budget, U.S. Census Bureau
Note: Left axis = total population; Right axis = components of population change

UTAH HAS THE 3RD FASTEST POPULATION GROWTH

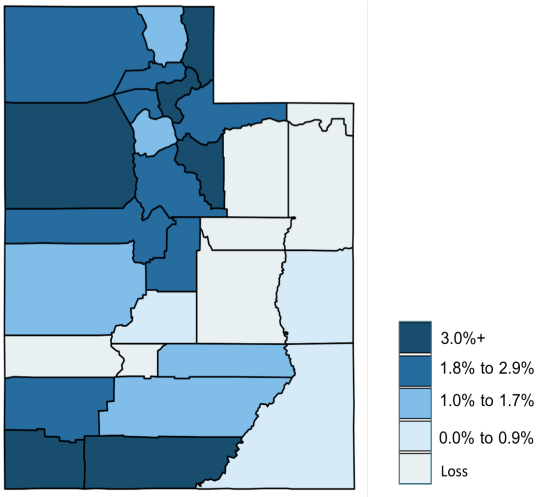
July 2016 - July 2017 Utah: 1.9% US: 0.7%



Source: U.S. Census Bureau

STRONG POPULATION GROWTH IN SEVERAL COUNTIES

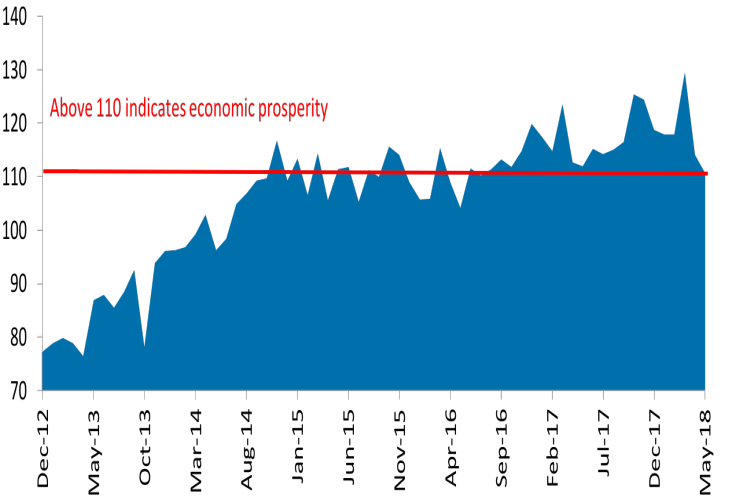
July 2016 - July 2017



Source: U.S. Census Bureau

UTAH CONSUMER CONFIDENCE DECLINED IN MAY

May 2018: Zions Bank Utah Consumer Attitude Index = 110.7



Source: Cicero Group for Zions Bank

STATE FACTS (VALUE & RANK)

- Median Household Income: **$65,977** (2016) **12th**
- Annual Mean Wages & Salaries: **$44,130** (2015) **28th**
- Per Capita Personal Income: **$42,043** (2017) **41st**
- Personal Income (% Change): **4.4%** (2016-2017) **4th**
- Population Growth Rate: **1.9%** (2017: 3,101,833) **3rd**
- Total Fertility Rate: **2.33** (2013) **1st**
- Median Age: **30.6** (2016) **1st**
- Household Size: **3.17** (2015) **1st**

Sources: Census Bureau, Bureau of Economic Analysis, Bureau of Labor Statistics, National Center for Health Statistics, statista.com



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As of June 5, 2018

HOUSING GAP COALITION

Addressing Housing Challenges and Rising Costs in Utah

THE CHALLENGE

For the first time in 40 years, Utah has more households than available housing units. This creates a serious threat to our state's economic prosperity. Land is becoming scarce in metro areas close to jobs, the labor market is tight and current local policies have limited the number of housing projects brought to market. This means the average Utah family is struggling with a gap between their housing needs and affordable options. Furthermore, the public perceives that we have a strong housing market but doesn't have a clear understanding of the issues at play.

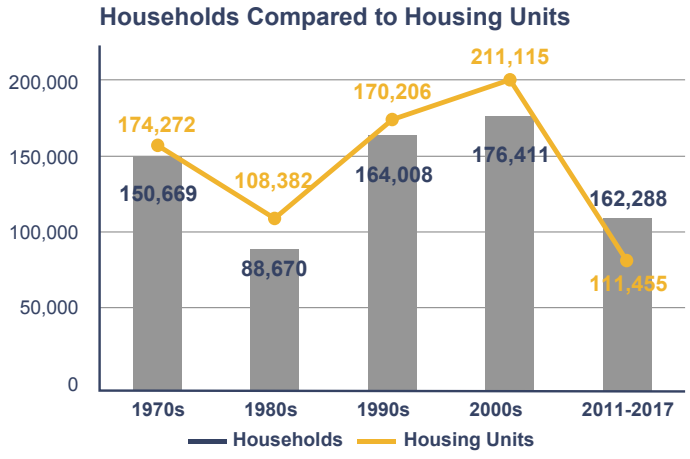
THE GAP: HOUSING AFFORDABILTY



The Gap: Increase in Households Exceeds Increase in Housing Units

All three housing markets are strained: existing homes, rentals and new construction. These conditions caused single-family and rental prices to increase up to **6%** last year. Since 2010, Utah has added four new households for every three new housing units. That means we'll need 250,000 additional housing units to close the housing gap.

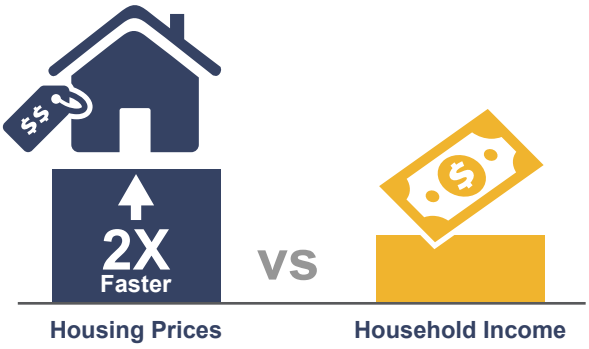




Population Doubling by 2040

Utah's population has doubled in the past 30 years and will double again by 2040. Only a third of population growth is due to people moving to the state—our increasing family numbers contribute the other two thirds. So tackling Utah's housing gap is about your kids, grandkids and aging parents.

PRICED OUT



Utah Housing Costs Skyrocket

Since 1991, Utah's housing prices have increased at a faster rate than housing in San Francisco, San Jose and Seattle.



Utahns are Cost Burdened

One in eight Utah homeowners (or over 125,000 households) are severely cost burdened, paying 50% or more of their income on housing. One in five Utah renters 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.



Home Buyers May Be Priced Out

By 2044, Utah housing prices could be equivalent to today's San Francisco prices.

Local Policy Decisions Can Help Housing Affordability

- Adopt zoning that allows for a wide variety of housing types and prices.
- Improve cost-prohibitive impact and permit fees.
- Support multi-use land development.



Insufficient Land in Metro Areas Close to Jobs

There are physical constraints on developable land due to topography, and building only single-family homes will require more infrastructure and more travel time for homeowners. Growing population places a strain on water availability, impacts air quality and increases commute times, so responsible growth and wise utilization of resources will help preserve our high quality of life.

LABOR SHORTAGE

Construction Demand is Increasing

Low unemployment rates, population and economic growth have increased demand for construction labor. In addition, there is a lack of workers entering the construction field.





Labor Force is Constrained

Large-scale construction projects have constrained the skilled labor force, such as the Salt Lake International Airport expansion, a new billion-dollar funding for transportation projects and the construction of the new state prison.



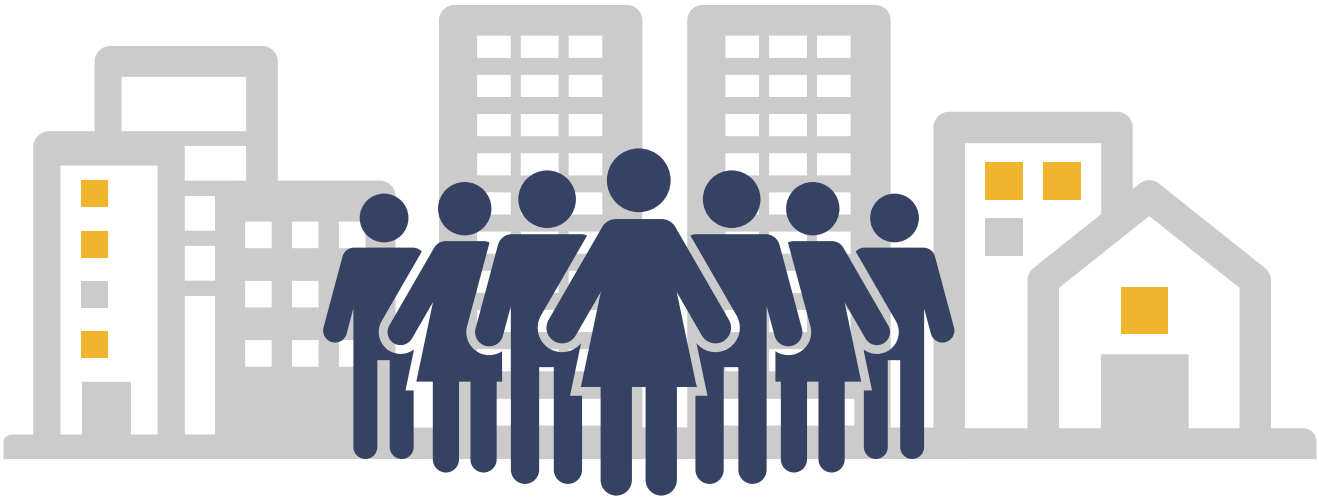
Labor Demographics are Changing

Demographics have changed Utah's labor market. 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.

THE SOLUTION

Housing GAP Coalition

The Housing GAP Coalition is poised to address the challenges associated with housing affordability to ensure that the American Dream is kept alive for all Utahns by providing access to a variety of housing types for all income groups. This Salt Lake Chamber initiative is bringing the state's brightest minds from business, academia and government together to tackle this very real threat to our long-term economic prosperity.



Key Terms

- *Housing affordability* refers to providing access to different housing types for all income levels.
- *Affordable housing* refers to providing housing for people below the median income level or government-subsidized housing.

Help Us Solve Utah's Housing Problem

The Housing GAP Coalition is seeking partners to safeguard our state's economic prosperity and help us achieve our mission: *Unify Utahns to ensure homeownership is in reach and housing affordability is a priority, protecting our quality of life and expanding opportunities for all.*

For more information and to learn how you can get involved, please contact Brynn Mortensen at:

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