

Final Report

Wasatch Back Affordable Housing Economic Impact Analysis

The Economics of Land Use



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Mountain Lands Community Housing Trust

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1. Introduction

Background

Originally a mining and agricultural community, the Wasatch Back has evolved into a prominent hub for summer and winter outdoor recreation, which has led to substantial levels of growth in the local population, in guest visitation, and with part-time residents. All three components represent important elements of the local community and economy. The purpose of this report is to illuminate the interdependency of economic vitality and community vibrancy and document how the ability to leverage the economic drivers represented by visitation is dependent on the availability and affordability of housing for the local workforce.

In this analysis, these interconnected elements are presented collectively, discussed in terms of community benefits, economic value, and opportunity costs. This approach quantifies the economic benefit of resident housing in the Wasatch Back, highlighting the importance in sustaining both the local economy and community vibrancy amidst continued rapid growth and change.

Community Context

The Wasatch Back region has experienced significant economic and demographic shifts in the recent past. Total employment has increased by 47.6 percent, largely driven by in-commuters who now account for 70 percent of this growth. The substantial shift in the composition of the local workforce, with increasing reliance on workers living outside the region represents a risk to the economic longevity of the Wasatch Back. In-commuting workers, by definition, are mobile and have choices as to where to work. Maintaining a commitment to local business has become increasingly difficult, given the growing reliance on out-of-town employees.

It is significant to note that the income landscape has changed dramatically, with households earning \$75,000 or less decreasing by 17 percent, while those earning \$200,000 or more has increased by 291 percent. These trends highlight the shift in the region's workforce and socioeconomic profile, with cumulative impacts to the availability of affordable housing. The increase in jobs, with more in the pipeline, requires a labor pool to staff them.

What is an approximate cost for the community to take action and invest in local housing solutions and what is the benefit? This return on investment (ROI) can be depicted as the initial investment (i.e., financial gap closure) divided by economic benefit, as measured by a range of returns to the community. The purpose of this report is to document these benefits and the associated ROI.

Employment Trends



Total employment has increased by **47.6%** since 2010

In-commuters account for **70%** of employment growth

Household Trends



Households making \$75K or less have *decreased* by **17%** since 2010

Households making \$200K or more have *increased* by **291%** since 2010

Key Assumptions



100 resident housing units



1.73 jobs per housing unit



0.40 school aged children per housing unit

A study of this nature incorporates a series of assumptions to model the local conditions accurately. Most of the data utilized are sourced from the local environment of the Wasatch Back, with additional data from the State of Utah and select federal sources. The primary objective has been to prioritize and utilize local data whenever possible to ensure the model accurately reflects the specific conditions of the area.

A core assumption in this analysis quantifies the economic impact of 100 deed-restricted housing units, which are designated for residents employed locally. The economic impact of these units includes the benefits arising from new residents and employees, highlighting the positive ripple effect of expanding the housing supply. According to current local household data, each dwelling unit supports 1.73 jobs and includes 0.40 school-aged children, based on primary local sources.

Questions have been raised regarding the potential costs municipalities and counties may incur to serve new residential units. This study recognizes that existing land use entitlements accommodate significant future growth within the Wasatch Back. Consequently, promoting locally occupied housing may entail similar fiscal costs as any other unit while offering substantially greater economic benefits. Additionally, steps can likely be taken to situate affordable housing near existing population centers and along existing infrastructure corridors, thereby minimizing the marginal increase in service costs.

A final consideration under assumptions challenges the conventional binary view that commercial growth funds local government while residential growth incurs costs. This study, reflecting the experiences of comparable mountain-resort communities throughout the Rocky Mountain West, posits that the fiscal benefits of commercial activities are contingent upon an ample labor supply. When these elements are balanced, communities thrive.

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2. Economic Impact Metrics

Overview

At the root of the region's resident housing investment policies, dedicated resident housing units ensure that year-round residents can live and work locally, which ripples through the economy and reinforces the stability of other sectors of the economy. The adequate supply of locals housing also impacts the character of the community through greater potential for civic/resident engagement and presence of school-aged children. It also improves the quality of the guest experience with employees that are more engaged in and committed to the local community. In this analysis, these and other elements are presented collectively and stated in terms of community benefits, economic value, and opportunity costs, as shown below in **Figure 1**.

Figure 1. Economic Impact Metrics



Community Benefits

Maintaining and sustaining a sense of community is fundamental to the Wasatch Back's economy, character, and longevity. The presence of residents enhances the community's vitality and increases the quality of the guest experience. For those benefiting from resident housing, less time on the road may grant them flexibility to volunteer their time or be more engaged in the community. For business owners, fewer unfilled positions mean greater resources to operate the business at full capacity, and provide attentiveness to customers and a higher-quality guest experience.

The annual community benefits of an investment in 100 units of resident housing include:

- The elimination of approximately 66,000 commute hours resulting in **\$1.2 million** in the value of time savings per year
- A reduction of 3.3 million vehicle miles traveled per year, equating to a value of **\$75,000** in greenhouse gas emissions
- An increase in local revenues of **\$180,000** from the State of Utah revenue in the form of per-pupil funding for 40 school-aged children
- An expansion of **\$150,000** of value derived from an increase in volunteer labor value per year to the nonprofit community

Commute Hours Saved

Utilizing drive time data from the U.S. Census Longitudinal Employee Household Dynamics (LEHD), it is estimated that more than 65,700 annual commuting hours are avoided by an investment in 100 resident housing units. This equates to approximately \$1.2 million in value of time (\$18.80 per hour of intercity travel), as shown in **Table 1**. The commuter data encompasses all communities in the state that contribute at least 1 percent to the workforce of Summit County or Wasatch County. To ensure comprehensiveness, every commuter is included, including those commuting between Summit and Wasatch counties, up to the point where a community represents a very small percentage of the total workforce. For the new, locally based workforce, an estimated 1,730 daily minutes of commute time will be required (accounting for driving, cycling, or transit needs). This change represents an approximate 90 percent reduction in time spent commuting.

Table 1. Value of Time from Commute Hours Saved

Description	Factor	Existing In-Commuters	Future Residents	Difference
Avg. Commute Minutes		101.2	10.0	91.2
Total Commuters		173	173	0
Daily Commute Minutes		17,514	1,730	15,784
Annual Commute Minutes		4,378,518	432,500	3,946,018
Annual Commute Hours		72,975	7,208	65,767
Value of Time (VOT)	\$18.80	\$1,371,936	\$135,517	\$1,236,419
VOT per Unit		\$13,719	\$1,355	\$12,364

Source: Economic & Planning Systems, U.S. Census, U.S. Department of Transportation

Equivalencies of Greenhouse Gas Emissions

The analysis of environmental impact assumes that fewer workers need to commute to their jobs, decreasing distance traveled and reducing greenhouse gas (GHG) emissions. Utilizing LEHD data, an analysis of the in-commuter distribution shows that the average roundtrip distance traveled to the Wasatch Back is approximately 82 miles, as shown in **Table 2**. Using the same data, it was assumed that the average distance traveled by new occupants of resident housing would have traveled five miles round-trip reflecting an assumption that new residential developments will be built in various locations throughout the Wasatch Back proximate to employment centers.

Over the course of a year, this reduction in commute time totals more than 3.3 million miles. As a result, overall GHG emissions are reduced in the Wasatch Back significantly, resulting in a total value of \$75,048, based on economic inputs provided by federal sources.

Table 2. Equivalencies of GHG Emissions

Description	Factor	Existing In-Commuters	Resident Housing	Difference
Average Distance Traveled (Miles, Roundtrip)		82.1	5.0	77.1
Total Commuters		173	173	0
Daily Vehicle Miles Traveled (VMT)		14,205	865	13,340
Annual VMT		3,551,127	216,250	3,334,877
Total Emissions				
CO	1.3304 per mile	4,724,579	287,709	4,436,870
CO2	375.2857 per mile	1,332,687,431	81,155,542	1,251,531,888
NOX	0.1076 per mile	382,228	23,276	358,952
SOX	0.0037 per mile	13,203	804	12,399
PM2.5	0.0027 per mile	9,652	588	9,064
Emissions Cost				
CO	\$1,000 per metric ton	\$4,725	\$288	\$4,437
CO2	\$51 per metric ton	\$67,967	\$4,139	\$63,828
NOX	\$8,010 per metric ton	\$3,062	\$186	\$2,875
SOX	\$47,341 per metric ton	\$625	\$38	\$587
PM2.5	\$366,414 per metric ton	\$3,536	\$215	\$3,321
Total Emissions Cost	\$422,816 per metric ton	\$79,915	\$4,867	\$75,048
Emissions Cost per Unit		\$799	\$49	\$750

Source: Economic & Planning Systems, U.S. Census; U.S. Environmental Protection Agency

Student Generation

An estimated 40 school-aged children are generated by the investment in 100 housing units, for which it is anticipated that the State of Utah backfills at a per-pupil rate of \$4,443. This would contribute approximately \$178,677 in revenues to local school districts annually, as shown in **Table 3**.

Table 3. Value of Student Generation

Description	Factor	Value
Students to Housing Units		
Total Enrolled Students (Public)		16,060
Total Housing Units		<u>39,935</u>
Students to Housing Units		0.40
New Student Population		
Estimated Net New Housing Units		<u>100</u>
Students Generated		40
Estimated Annual Value of Volunteerism Per-Unit	\$4,443 [1]	\$178,677
		\$1,787

[1] 2024 Utah Per-Pupil Funding

Source: Utah State Office of Education; Economic & Planning Systems

Volunteerism

In a typical community, a portion of residents volunteer their time to local nonprofits, including the health care industry, arts and entertainment, or other community-oriented and civic services.

According to the U.S. Census Bureau, approximately 40.7 percent of Utah residents volunteer for an average of 67.5 hours per year. Volunteer hours from 100 resident housing units would contribute approximately \$149,622 in labor value to the nonprofit community in the region (at \$31.46 per hour of volunteer time), as shown below in **Table 4**.

Table 4. Economic Benefit of Volunteerism

Description	Factor	Value
Total Volunteers		
Total Population		83,767
Estimated Volunteers	40.7% [1]	34,093
Economic Benefit of Volunteerism		
Total Resident Housing Units		100
Residents per Household		1.73
Net New Population in Resident Housing		173
New Volunteer Population		70
Estimated Volunteer Hours per Year	67.5 [1]	4,756
Estimated Annual Value of Volunteerism	\$31.46 [2]	\$149,622
Per-Unit		\$1,496

[1] U.S. Census Bureau; AmeriCorps, 2021 Civic Engagement and Volunteering Supplement

[2] Independent Sector

Source: Economic & Planning Systems

Economic Value

With an expanded inventory of housing, numerous sectors of the business community benefit in that a portion of previously unfilled positions become filled. Business owners from other mountain-resort communities that are considered peers to the Wasatch Back have reported a reduction in services and hours of operation due to labor shortages, with a corresponding contraction in overall economic activity. With an assumed increase in local labor supply, the increased economic activity ripples through the local economy supporting other business-to-business economic activity, as well as new household spending.

The annual economic value of an investment in 100 units of resident housing is:

- **\$43.1 million** as a result of an increase in 173 filled positions
- **\$4.2 million** in increased local household spending
- **\$73,000** in new local sales tax revenue
- **\$186,000** in new local property tax revenue

Filled Positions

The availability of additional homes for residents and the workforce translates to fewer unfilled positions, either now, or in the future, as residents decide to work outside the region. It is estimated that approximately 173 full-time positions would be filled or retained as a result of a resident housing investment of 100 units, which accounts for an estimated \$43.1 million annually, as shown below in **Table 5**.

Table 5. Economic Impact of Filled Positions

Description	Employment Expansion				Economic Impact by Industry			
	Direct	Indirect	Induced	Total	Direct	Indirect	Induced	Total
Accommodation and Food Services	30	3	3	35	\$3,304,822	\$289,432	\$276,832	\$3,871,086
Administrative and Waste Management	7	4	1	12	\$899,811	\$550,516	\$75,030	\$1,525,357
Agriculture, Forestry, Fishing and Hunting	3	1	0	4	\$114,998	\$51,246	\$7,922	\$174,166
Arts, Entertainment, and Recreation	19	2	1	22	\$1,991,067	\$170,426	\$85,561	\$2,247,055
Construction	20	2	0	22	\$3,799,540	\$357,797	\$38,113	\$4,195,451
Educational Services	11	0	1	11	\$772,310	\$22,040	\$37,420	\$831,770
Finance and Insurance	3	6	2	12	\$671,588	\$1,291,319	\$467,334	\$2,430,240
Health Care and Social Assistance	12	0	3	16	\$1,383,602	\$11,887	\$379,200	\$1,774,689
Information	2	1	0	4	\$1,319,850	\$775,800	\$209,070	\$2,304,719
Mngmt. of Companies and Enterprises	1	4	0	5	\$188,746	\$614,751	\$53,125	\$856,621
Manufacturing	7	0	0	7	\$3,000,865	\$106,497	\$23,587	\$3,130,948
Mining, Quarrying, and Oil and Gas\	0	0	0	0	\$199,437	\$108,913	\$3,925	\$312,274
Other Services (except Public Admin.)	6	2	2	9	\$692,322	\$202,662	\$176,662	\$1,071,646
Profess., Scientific, and Technical Services	12	9	1	21	\$2,036,247	\$1,561,372	\$181,848	\$3,779,467
Public Administration	5	1	0	6	\$1,349,652	\$299,361	\$65,079	\$1,714,092
Real Estate and Rental and Leasing	8	5	3	15	\$2,492,373	\$1,644,448	\$829,734	\$4,966,555
Retail Trade	20	2	3	25	\$2,614,244	\$270,754	\$440,883	\$3,325,881
Transportation and Warehousing	3	2	0	6	\$427,560	\$237,487	\$50,957	\$716,004
Unclassified	0	0	0	0	\$0	\$0	\$0	\$0
Utilities	1	1	0	2	\$1,020,687	\$994,670	\$116,320	\$2,131,677
Wholesale Trade	3	2	0	5	\$1,072,128	\$498,032	\$135,477	\$1,705,636
Total	173	47	21	241	\$29,351,845	\$10,059,409	\$3,654,081	\$43,065,334

Source: IMPLAN; Economic & Planning Systems

Household Spending

Local resident households spend more of their income on retail goods and services in the Wasatch Back than the daily spending patterns of in-commuters. It is estimated that retaining or expanding 100 resident housing units equates to resident household spending of approximately \$4.2 million per year, as shown in **Table 6**.

Table 6. Economic Impact of Household Spending

Description	Employment Expansion				Economic Impact by Industry			
	Direct	Indirect	Induced	Total	Direct	Indirect	Induced	Total
Accommodation and Food Services	0.0	0.0	2.0	2.0	\$0	\$0	\$220,031	\$220,031
Administrative and Waste Management	0.0	0.0	0.4	0.4	\$0	\$0	\$56,259	\$56,259
Agriculture, Forestry, Fishing and Hunting	0.0	0.0	0.0	0.0	\$0	\$0	\$0	\$0
Arts, Entertainment, and Recreation	0.0	0.0	0.2	0.2	\$0	\$0	\$6,989	\$6,989
Construction	0.0	0.0	0.7	0.7	\$0	\$0	\$69,241	\$69,241
Educational Services	0.0	0.0	0.2	0.2	\$0	\$0	\$29,744	\$29,744
Finance and Insurance	0.0	0.0	0.3	0.3	\$0	\$0	\$21,329	\$21,329
Health Care and Social Assistance	0.0	0.0	1.7	1.7	\$0	\$0	\$343,286	\$343,286
Information	0.0	0.0	0.2	0.2	\$0	\$0	\$52,249	\$52,249
Mngmt. of Companies and Enterprises	0.0	0.0	2.5	2.5	\$0	\$0	\$279,752	\$279,752
Manufacturing	0.0	0.0	0.3	0.3	\$0	\$0	\$159,687	\$159,687
Mining, Quarrying, and Oil and Gas\	0.0	0.0	0.3	0.3	\$0	\$0	\$41,643	\$41,643
Other Services (except Public Admin.)	0.0	0.0	0.0	0.0	\$0	\$0	\$19,139	\$19,139
Profess., Scientific, and Technical Services	0.0	0.0	0.0	0.0	\$0	\$0	\$3,125	\$3,125
Public Administration	0.0	0.0	1.1	1.1	\$0	\$0	\$128,806	\$128,806
Real Estate and Rental and Leasing	0.0	0.0	0.8	0.8	\$0	\$0	\$137,285	\$137,285
Retail Trade	0.0	0.0	2.0	2.0	\$0	\$0	\$643,493	\$643,493
Transportation and Warehousing	0.0	0.0	2.8	2.8	\$0	\$0	\$1,733,629	\$1,733,629
Unclassified	0.0	0.0	0.3	0.3	\$0	\$0	\$37,817	\$37,817
Utilities	0.0	0.0	0.1	0.1	\$0	\$0	\$92,423	\$92,423
Wholesale Trade	0.0	0.0	0.3	0.3	\$0	\$0	\$110,344	\$110,344
Total	0.0	0.0	16.0	16.0	\$0	\$0	\$4,186,274	\$4,186,274

Source: IMPLAN; Economic & Planning Systems

Sales Tax

Out of the local resident household spending it is estimated that \$1.7 million is taxable spending on retail expenditures, which generates approximately \$73,000 of sales tax revenues per year, as shown in **Table 7**. The estimate of sales tax is based on a locally generated estimate of household income, which has been used to estimate the level of expenditure potential stemming from a given dwelling unit. The U.S. Census of Retail Trade data for the State of Utah documents the percent of gross income spent on retail goods, 37.3 percent, which was then used to estimate the distribution of sales across the full spectrum of retail categories. Approximately 66 percent of resident spending is captured locally, given the nature and depth of the locally oriented retail store composition. Thus, local spending is estimated to total \$1.73 million annually, or \$73,000 in sales tax collections (assuming the location of the project happens to be in Summit County).

Table 7. Sales Tax Generation

Description	Factor	Value
Household Income		
Total Households		100
Average HH Income		\$70,244
Total Personal Income (\$000s)		\$7,024,408
<hr/>		
Supportable Retail Space		
Local Spending		
% of HH Income		37.3%
Total Spending		\$2,618,431
Local Capture (% of Spending)		66%
New Local Spending		\$1,733,629
Total	4.20% [1]	\$72,812
Per Unit		\$728

[1] Summit County Sales Tax Rate

Source: ESRI Business Analyst; U.S. Census Bureau; Economic & Planning Systems

Property Tax

Based on an average home value of \$450,000, 100 resident housing units would equate to a total assessed valuation of \$24.8 million. Using an average of property tax rates in Park City and Heber City, property taxes total an estimated \$185,774 per year, as shown in **Table 8**.

Table 8. Property Tax Generation

Description	Factor	Value
Average Market Value of Resident Housing Unit		\$450,000
Assessed Value (Primary Residence)	55.00%	\$247,500
Number of Units		100
Total A.V.		\$24,750,000
Annual Property Tax Generation	0.7506% [1]	\$185,774
Annual Property Tax Generation Per Unit		\$1,858

[1] Average of Park City and Heber City

Source: State of Utah; Economic & Planning Systems

Opportunity Costs

Given the trends of an increasing reliance on in-commuters, there will be an increased need to provide parking for these employees. Parking solutions in and of themselves have construction and maintenance costs. If there is not an investment in resident housing, Wasatch Back communities will likely need to commit greater monetary investments in parking. Moreover, not investing in resident housing also perpetuates the annual costs of worker turnover, new-hire training, and lost productivity in the business community.

The one-time opportunity cost of an investment in 100 units of resident housing is:

- **\$5.3 million** in avoided construction cost for 130 parking spaces
- **\$4.1** in saved costs to businesses for worker turnover, training, and lost productivity

Parking

The first of the opportunity costs relates to the costs of accommodating an expanding in-commuting workforce. This cost is based on the recent construction of structured and surface parking in the region at approximately \$55,410 and \$12,000 per space, respectively.

The cost of structured parking for approximately 130 cars per day (recognizing that a portion of employees use transit) would be \$5.3 million, as shown in **Table 9**.

Table 9. Parking Space Construction Cost

Description	Factor	Value
Parking Investment Opportunity Cost		
Employees Needing Parking	100%	173
Transit	25%	43
Surface Parking	25%	43
Structured Parking	50%	87
Transit	\$0	\$0
Surface Parking	\$12,000	\$519,000
Structured Parking	\$55,410	\$4,792,965
Parking Investment Opportunity Cost		\$5,311,965
Per-Unit		\$53,120

[1] Consultant Report, March 2024
 Source: Economic & Planning Systems

Worker Turnover

If the Wasatch Back opted to invest in resident housing, research and analysis indicates that local businesses could reduce their annual costs associated with turnover, job training, and lost productivity by an estimated \$4.1 million per year, as shown below in **Table 10**.

Table 10. Worker Turnover Costs

Description	Factor	Value
Worker Turnover Opportunity Cost		
Worker Turnover Potential		173
Average Annual Wages	\$70,244	\$12,152,226
Worker Turnover Opportunity Cost	33.3% [1]	\$4,050,742
Per-Unit		\$40,507

[1] Employee Benefit News, 2021
 Source: Economic & Planning Systems

Total Value

The total impact of the community benefits, economic value, and opportunity costs equate to values of \$1.6 million, \$47.5 million, and \$9.4 million, respectively, as shown in **Table 11**. The total economic impact across the three metrics equates in \$58.5 million or \$585,127 per unit.

Table 11. Total Economic Impact

Description	Total	Per Unit
Community Benefits		
Value of Volunteerism	\$149,622	\$1,496
Equivalencies of GHG Emissions	\$75,048	\$750
Value of Time from Commute Hours Saved	\$1,236,419	\$12,364
Value of Student Generation	\$178,677	\$1,787
Subtotal	\$1,639,766	\$16,398
Economic Value		
Economic Impact of Filled Positions	\$43,065,334	\$430,653
Economic Impact of Household Spending	\$4,186,274	\$41,863
Value of Sales Tax	\$72,812	\$728
Value of Property Tax	\$185,774	\$1,858
Subtotal	\$47,510,194	\$475,102
Opportunity Costs		
Parking Investment Opportunity Cost	\$5,311,965	\$53,120
Worker Turnover Opportunity Cost	\$4,050,742	\$40,507
Subtotal	\$9,362,707	\$93,627
Total	\$58,512,667	\$585,127

Source: Economic & Planning Systems

Return on Investment

For rental units, the per-unit investment multiplier is 5.85x, with a \$100,000 public investment yielding a return of \$585,125 (rounded). In contrast, ownership units have a lower multiplier of 1.46x, with a \$400,000 investment also resulting in a \$585,125 return.

Figure 2. Return on Investment

