

Mayor Mendenhall,

Now that you have secured a second term in office, we are writing to urge you to do more and be bolder on housing policy. While there have been significant gains in the number of affordable units, in the City's investment in affordable housing, and new ordinances will make increasing the housing stock easier, housing is less affordable to average Salt Lakers than it has ever been. ***Now is the time to invest in publicly owned social housing.***

Housing is unaffordable and the affordable housing system is broken. This is evidenced by a letter received by residents of the Holladay Hills apartments in Millcreek, a Low-Income Housing Tax Credit project, in November 2023. The letter informed residents that the affordability period had ended and that residents must move out starting in January. While not an official eviction notice, its function is the same: removing people from their housing and upending lives and communities. The 130 units, 60 percent of which were deed-restricted affordable units, represent real people who now need to search for affordable housing in a region where there simply is not enough.

To maintain the affordability of these units, public funding is needed to extend deed-restrictions *and* the owner would have to agree to extend the affordability period, meaning that *the traditional model of affordable housing requires paying for these units multiple times*. Additionally, once affordability expires on these units, landlords do not have to accept public funding to maintain affordability.

Over the course of your next term, there are hundreds of units in Salt Lake City that will exit the affordability period and could convert to market rate. It is unlikely that the City will be able to maintain affordability on all of these units, and it is unlikely that all of the landlords will opt to voluntarily maintain affordability. Salt Lake City will lose affordable housing stock in this way.

Beyond the fact that the current system only maintains affordability temporarily, the system does not create truly affordable housing, creates benefit cliffs, does not produce housing to meet needs, and excludes residents from affordable housing. In short, the current system does not align with the United Nations' declaration that ***housing is a human right***.

Truly Affordable Housing – The current system of affordable housing uses federal designations of income to determine bands of affordability. These affordability bands (typically, 80%, 50%, 30% of Area Median Income or AMI) for Salt Lake City are determined at the county level. This is problematic for SLC residents because they have a lower median household income (MHI) than County residents (\$65,880 and \$82,206, respectively). In fact, the MHI for Salt Lake City is 80% of the MHI for Salt Lake County. While AMI and MHI are not the same, the comparison is telling: were MHI used as a metric, *half of SLC residents would qualify for affordable housing*.

This means that affordability is set at rates higher than what Salt Lakers can afford. Even for deed-restricted affordable housing, residents who qualify may either pay more than 30% of their income on housing (thereby being rent-burdened) or may need to seek housing vouchers to offset the cost difference. If residents need to have housing vouchers to help them pay for “affordable” housing, can we truly call it affordable?

Benefit Cliffs – The current system also picks winners and losers by creating benefit cliffs. This happens when a household earns just above an affordability threshold (81% AMI, for example) and therefore does not qualify for the benefit. The difference between a four-person household earning 80% AMI (\$84,800) and 81% AMI (\$85,860) is \$1,060 annually. The benefit in being eligible for deed-restricted housing at 80% likely outweighs the benefit of earning more as a household, up to a certain point. This can serve as a disincentive to seek higher earnings and it creates cost-burden disparities between socioeconomically similar households.

Misalignment between Housing Built and Housing Needs – It is a misconception that demand dictates what is built. If this were the case, private developers would build affordable, family-sized units with daycare centers attached that have options for ownership. In reality private developers have a profit motive. This is not to demonize – rather, it is to state the facts. Private developers build housing that brings them a return on investment. Depending on the developer and the investors, that return may be higher or lower, but it still needs to be there. As a result, we get a lot of studios and one-bedroom rental units – not because this is what the market is demanding but because it yields high returns. To change this, we need to acknowledge this fact.

Exclusion of Residents – The current affordable housing system is administered primarily using federal funding administered through states. Because of this, certain residents are excluded from accessing affordable housing. Populations that may be excluded include people with prior criminal histories, undocumented immigrants, and asylum seekers. Residents in these groups face barriers that other groups do not. Because of this, they may end up in exploitative or unsafe living conditions, pay much more than they can afford on rent, end up on the streets, or enter (back) into the criminal justice system.

*As a society, we can and should do better.* Fortunately, there is a path forward. Cities, counties, and states throughout the country are beginning to see publicly funded social housing as an answer to these failures of our current system.

During your campaign, you argued against the idea of social housing, suggesting it is more expensive than the current model. We disagree. While the up-front costs may be higher for social housing, the long-term public benefits are significantly greater. Additionally, publicly funded social housing pays for itself and generates revenue that can be reinvested into new social housing units. Rather than paying for affordable units up front and again 15 or 30 years later, publicly owned social housing creates *a growing stock of perpetually affordable housing*. It *eliminates benefit cliffs, it is inclusive of all people, and it aligns with the needs of people*, not the profit motives of private developers.

We urge you to act boldly on housing. We urge you to look at systems that work elsewhere. We urge you to be a national leader on housing. ***We urge you to make social housing a priority of your administration by setting a goal to establish a public developer of social housing this year and dedicating funding to the establishment of a social housing program*** in your recommended budget to the City Council.

While the best time to build social housing was 100 years ago, the next best time is today. As you look toward the future – a future with a new MLB stadium and the Olympics back in SLC – we hope that you will see the opportunity of putting Salt Lake City on the map for its ***commitment to housing as a human right*** and ***a commitment to high quality social housing*** as well.

We acknowledge that social housing is not a panacea. It will take time, effort, and resources to see real change. In the meantime, we need to meet the needs of residents who are suffering under the current system. Our broken housing system needs fixing and publicly owned social housing must be a part of that. We must decommodify our housing if we are to meet the needs of our residents. We would be happy to meet and discuss how you could make social housing a reality in Salt Lake City.

Sincerely,

SLC Housing 4 All