WORKFORCE HOUSING: QUESTIONS AND ANSWERS

Idaho Department of Commerce Virtual Roundtable
September 21, 2017
Presented by Michael Witry, Intermountain Fair Housing Council
WHO ARE YOU?

- Fair Housing Litigator/Housing Law Coordinator, Intermountain Fair Housing Council
- IFHC is a nonprofit organization whose mission is to ensure open and inclusive housing for all people. The IFHC’s purpose is to advance equal access to housing for all persons without regard to race, color, sex, religion, national origin, familial status, gender identity, sexual orientation, source of income, or disability. The IFHC attempts to eradicate discrimination through education of the fair housing laws, housing information and referrals, housing counseling and enforcement including filing complaints under the Fair Housing Act.
WHY IS THE ANTI-DISCRIMINATION ORGANIZATION TALKING ABOUT BUILDING MORE WORKFORCE HOUSING?

• Discrimination gets worse when there’s not enough housing to go around—if you’ve got twenty buyers or renters to choose from, you can afford to discriminate without leaving a housing unit vacant

• Shortages are tough on people with disabilities because there are fewer accessible units to compete over

• Shortages also increase competition with people who aren’t in the work force or who are on fixed incomes, driving up their cost of living
WHAT IS WORKFORCE HOUSING?

- No generally accepted definition, but usually refers to housing that is affordable for households making between 50% and 120% of the Area Median Income (AMI)
- According to HUD, housing is “affordable” if you’re not spending more than 30% of your monthly income on it
- Idaho AMI is $48,275, so for a generic city in Idaho, a median household can afford $1,207/mo in housing costs
- Sometimes workforce housing is subsidized and income-restricted, other times it isn’t
WHO LIVES IN WORKFORCE HOUSING?

- Paramedics
- Secretaries
- Court employees
- Mechanics
- Truckers
- Information technology employees
- Retail employees
- Entry-level professionals
- Teachers
- Nurses
- Police
- Firefighters
- Paralegals
- Manufacturing employees
- Nonprofit employees
- Me! (and maybe also you)

Source: datausa.io (you should bookmark this site right now)
Does Idaho Have Enough Workforce Housing?

In every metro area in the state, at least a third of renters are paying more than 30% of their incomes in rent, and in most metro areas, about a quarter of renters are paying more than half their incomes in rent.

Source: Harvard Joint Center for Housing Studies

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HOW DOES THIS AFFECT ECONOMIC DEVELOPMENT?

• In 2014, 30.6% of U.S. governments surveyed saw high housing costs as either a “medium” or a “high” barrier to economic development. (ICMA Economic Development Survey, Oct. 21, 2014)

• Cost of housing is the most important non-work professionals use to determine where to live: 37% of professionals would eliminate a city from consideration if the cost of housing was too high (Chapman University Center for Demographics & Policy, July 2017)

• 62% of corporate relocation professionals consider housing availability and costs to be very important when locating new facilities—more important than climate, schools, or recreational opportunities (Center for Housing Policy, 2011)

• Cities in which the average home sold for three times the average income experienced a 2% slower economic growth rate than cities where the average home only sold for twice the average income (Id.)
SO WHY ISN’T EVERYONE BUILDING WORKFORCE HOUSING RIGHT NOW?
THE COST OF LAND IS TOO EXPENSIVE!

Potential solution: **Community Land Trust**

Nonprofit organization owns the land under the house

House itself sold to workers who have to use it as a primary residence

Land leased to homeowner at below-market rate

Prof. Stephen Miller at the UI College of Law has written about CLTs

More information at cltnetwork.org

Could be established by a housing authority, a city or county government, or a private nonprofit

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**Community Land Trusts**

How does a community land trust work?

- Various sources of public and philanthropic capital...
- ...are used by community land trusts...
- ...to acquire homes in a geographic focus area.

Community land trusts tweak the normal process of homebuying...

A new resident buys their house outright...

...but leases the land underneath from the CLT.

...and the CLT retains permanent ownership of the land.

...to make housing permanently affordable.

Current resident sells their house at a price set by the CLT, earning a portion of the increase in value of their home...

The CLT's geographic focus allows it to not only provide affordable housing, but to play an important role in stabilizing neighborhoods.

As it diversifies its portfolio, the CLT can also own land in trust for permanently affordable rental housing or community-focused commercial developments.

For more information on Community Land Trusts, see: community-wealth.org/clts

Designed by Benjamin Yi
CONSTRUCTION COSTS ARE TOO HIGH!

Potential solution: Modular Homes

Factory-built, delivered onto permanent foundations on the building site

Unlike manufactured homes, built to the same standards as stick-built homes and last just as long

Available at many different sizes, styles, and price points

Many built and sold right here in Idaho

Modular homes in Boise
THE CITY IS COMPLETELY BUILT OUT!

Potential solution: **Gradually increase density**

Change zoning codes to allow more duplexes and triplexes
duplexes and triplexes can be built to look just like single-family homes, preserving neighborhood character
Building in, instead of building out, keeps people close to work and to services
Example: City of Payette allows duplexes in all residential zones

Can you tell which of these houses is a duplex?
THE TOWN IS FULL OF VACANT HOUSES!

Potential solution: **Land bank**

Nonprofit or government organization acquires vacant, abandoned, forfeited, and tax-delinquent housing

Land bank clears out liens, renovates the house, and sells to first-time homebuyers

Over 170 land banks in operation in the U.S.

Detailed report available from the Center for Community Progress

Chicago house under land bank renovation
NEW HOUSING WILL RUIN OUR RURAL CHARACTER!

Potential solution: **Density-based zoning in rural areas**

Large lot sizes in rural areas are a major barrier to affordability

Preserve open space by limiting total number of houses per acre rather than by setting minimum lot sizes

Open spaces can either be HOA-managed or park land

Same number of lots, same amount of open space, but houses in the area on the right will be less expensive
NEW HOUSING WILL RUIN OUR RURAL CHARACTER!

Potential solution: **Flexible lot sizes in rural areas**

Large lot sizes in rural areas are a major barrier to affordability.

Change zoning to recognize when an area’s rural character is naturally changing.

Example: in Payette County, rural residential areas have varying lot sizes depending on which services they connect to: 40,000 square feet if no water or sewer; 20,000 square feet if connected to sewer; 10,000 square feet if connected to both water and sewer.

Payette County’s flexible zoning is helping absorb growth.
NEW HOUSING WON’T BENEFIT LONG-TIME RESIDENTS!

Potential solution: **Accessory dwellings**

Also known as ADUs, granny flats, mother-in-law suites, carriage houses, and Fonzie flats

Secondary houses on the same lot as a larger house

Permitted by many zoning codes

Allows existing homeowners to become landlords

Many modular and kit-built options available

AARP-endorsed: if your existing house isn’t accessible, you can move to your accessible secondary house and rent out the larger house

TimberCab, a prefabricated accessory dwelling that’s completely accessible
APARTMENT BUILDINGS AND CONDOS ARE UGLY!

Potential solution: **Bungalow courts**

Pioneered in the 1920s for workforce housing in boom towns

Modestly-sized houses, placed close together around a central court

Excellent for starter houses or for small households

Central court encourages meeting your neighbors and reduces crime

Bungalow court in Pasadena
WE CAN’T ATTRACT DEVELOPERS!

Potential solution: **Streamlined permitting**

Developers avoid going to new areas in part because they aren’t familiar with local permitting rules and processes, leading to higher costs.

Make the permit process transparent and easy to understand with pre-development meetings and process manuals.

Best practices guide available from the Massachusetts Association of Regional Planning Agencies.

Time is money: help developers save both!
DEVELOPERS ONLY WANT TO BUILD EXPENSIVE HOUSES!

Potential solution: Incentive zoning

Allow developers to do things they couldn’t normally do as long as they agree to put income restrictions on new housing

Common incentives include fewer required off-street parking spaces, extra floor area ratio, smaller setbacks, lower permit fees

Good choice for growing markets and resort towns

Incentive zoning in action in Miami
Potential solution: **Form-based coding**

Regulates size and shape of buildings instead of uses

Usually results in traditional neighborhood designs

Buildings can be easily renovated from duplexes to single-family houses to live/work units to retail to offices without requiring planning permission
NONE OF THE LANDOWNERS WANT TO BUILD WORKFORCE HOUSING!

Potential solution: **Consult with local nonprofits that own land**

Nonprofit organization leases a lot (or a portion of a lot) to another nonprofit that builds and manages rental housing

Pioneered by religious organizations, but available to other nonprofits and government entities

Wesley Village, built on a disused church parking lot in Garden Grove, CA
WE SHOULDN’T CATER TO RENTERS BECAUSE THEY DON’T WANT TO SETTLE DOWN HERE!

Potential solution: Renter’s equity fund

Nonprofit organization operates rental housing

Each rent payment gives credit towards a down payment on a house in the community

Example: Glencove Apartments in North Collinwood, OH: Northeast Shores Development Corporation renovated a disused building into an apartment complex and offers up to $10,000 in down payment assistance based on length of tenancy
NOBODY WANTS TO LIVE NEXT DOOR TO LOW-INCOME PEOPLE!

Potential solution: **Overcome the myths with data**

Housing built using the Low-Income Housing Tax Credit has no effect on neighboring property values (Trulia.com, 2016)

Properties located near supportive housing for people with disabilities and the formerly homeless actually experience an increase in value over properties that are further away (Furman Center for Real Estate & Urban Policy, 2008)

Small-scale housing developments for people with low and moderate incomes have no effect on neighborhood crime rates (Michael C. Lens, UCLA, 2013)

New housing can help keep property taxes down: property taxes increase more rapidly in slow-growth areas (Maine Governor’s Affordable Housing Conference, 2001)

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Houston poster promoting workforce housing
Employment in McCall is shrinking as the median property value rises... because the most common jobs pay modestly.

Source: datausa.io (this is why I told you to bookmark it)
Ski resort town developed a workforce housing plan to preserve affordability for employees

Town gives incentives to workforce housing development, including density bonuses and waiver of permit fees

Town builds new workforce housing and buys housing on the open market and converts it to workforce housing using deed restrictions

Deed restrictions limit housing to owner-occupied and owners who work in the county

Units income-capped at between 80% and 110% of AMI

Resale price capped at 2% annual rate of appreciation

Details at http://www.townofbreckenridge.com/work/workforce-housing/workforce-housing-strategies
WE’VE HEARD ALL THESE GREAT IDEAS AND WE DON’T KNOW WHICH ONE WE LIKE BEST!

Potential solution: Request for Proposals

A government agency’s usual method of procuring someone to solve a problem rather than provide a service with fixed specifications

State how many units you need built, what range you need them to sell for, what land they’ll be built on, and what criteria you’ll use to judge the proposals

Publicize the RFP, wait for responses, determine the best, and award the contract

Consult an attorney to draft it, especially if you’re a government entity

Workforce housing in Philadelphia developed by competitive proposals
INTERMOUNTAIN FAIR HOUSING IS HERE TO HELP!

- Fighting discrimination based on race, color, sex, religion, national origin, familial status, gender identity, sexual orientation, source of income, or disability
- Resources on building housing for people at all levels of income
- Preventing and alleviating homelessness
- Promoting new and inclusive housing
- Providing training opportunities for landlords, property managers, government agencies, homeowners’ associations, real estate agents, and residents

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